

CITY OF SAUSALITO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007



Prepared by:
Finance Department

This Page Left Intentionally Blank

CITY OF SAUSALITO

Comprehensive Annual Financial Report
For the Year Ended June 30, 2007
Table of Contents

INTRODUCTORY SECTION:

Table of Contents..... i
Letter of Transmittal..... v
Organization Chartviii
Elected Officials and Appointed Officials..... ix

FINANCIAL SECTION:

Independent Auditor’s Report on Basic Financial Statements 1
Management’s Discussion and Analysis 3

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets 16
Statement of Activities 17

Fund Financial Statements:

Major Governmental Funds:

Balance Sheet 20
Reconciliation of the Governmental Funds – Balance Sheet with
the Statement of Net Assets 21
Statement of Revenues, Expenditures, and Changes in Fund Balances 22
Reconciliation of the Net Change in Fund Balances – Total Governmental
Funds with the Statement of Activities 23

CITY OF SAUSALITO

Comprehensive Annual Financial Report
For the Year Ended June 30, 2007
Table of Contents

FINANCIAL SECTION (Continued):

Major Proprietary Funds:

Statement of Net Assets26
Statement of Revenue, Expenses and Changes in Fund Net Assets.....27
Statement of Cash Flows28

Fiduciary Funds:

Statement of Fiduciary Net Assets30

Notes to Basic Financial Statements31

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:

General Fund.....60
Tidelands Special Revenue Fund61

Notes to Required Supplementary Information63

Supplemental Information:

Non-major Governmental Funds:

Combining Balance Sheets66
Combining Statements of Revenues, Expenditures, and Changes
in Fund Balances.....70
Combining Schedules of Revenues, Expenditures, and Changes
in Fund Balances – Budget and Actual74

Internal Service Funds

Combining Statement of Net Assets.....78
Combining Statements of Revenues, Expenses and Changes in Fund Net Assets79
Combining Statements of Cash Flows.....80

Agency Funds:

Combining Statement of Changes in Assets and Liabilities82

CITY OF SAUSALITO

Comprehensive Annual Financial Report
For the Year Ended June 30, 2007
Table of Contents

STATISTICAL SECTION

Financial Trends

Net Assets by Component..... 87

Changes in Net Assets 88

Fund Balances of Governmental Funds 90

Changes in Fund Balance of Governmental Funds..... 92

Revenue Capacity

Assessed Value of Taxable Property..... 94

Property Tax Rates, All Overlapping Governments 95

Principal Property Taxpayers 96

Property Tax Levies and Collections 97

Debt Capacity

Ratio of Outstanding Debt by Type..... 98

Ratio of General Bonded Debt Outstanding 99

Computation of Direct and Overlapping Debt..... 100

Computation of Legal Bonded Debt Margin 101

Demographic and Economic Information

Demographic and Economic Statistics..... 102

Principal Employers..... 103

Operating Information

Full-Time Equivalent City Government Employees by Function 104

Operating Indicators by Function/Program..... 105

Capital Asset Statistics by Function/Program..... 106

This Page Left Intentionally Blank



CITY OF SAUSALITO

420 Litho Street • Sausalito, CA 94965
Telephone: (415) 289-4100
www.ci.sausalito.ca.us

Date: October 26, 2007

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Sausalito:

State law requires that every general-purpose government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Maze & Associates, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Sausalito’s financial statements for the year ended June 30, 2007. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Sausalito, incorporated in 1893, is located in the northern part of the state in the Marin County. Sausalito is widely recognized as a unique waterfront community with world-renowned natural beauty. It currently occupies 1.9 square miles and serves a population of 7,454. The City of Sausalito is empowered to levy a property tax on both real and personal property located within its boundaries.

The City of Sausalito has operated under the council-manager form of government since 1955. Policy-making and legislative authority are vested in a City Council (Council) consisting of mayor and four other members, all elected on a non-partisan, at large basis. The Council appoints the government’s manager, who in turn appoints the heads of the various departments. Council members serve overlapping four-year terms. The mayor is appointed by the Council on rotating one-year terms.

FAX NUMBERS:

Administration: (415) 289-4167
Recreation: (415) 289-4189

Community Development: (415) 339-2256

Library: (415) 331-7943
Public Works: (415) 289-4138

The City of Sausalito provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; community development; recreation and library services.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Sausalito financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the Council.

Local Economy

The City of Sausalito has a well-established visitor industry and is also home to a growing number of creative businesses, including architects, marketing companies, designers, high tech firms, and artists. In addition, the City of Sausalito has several recreational marinas, along with a number of related maritime businesses.

Because of its location in the San Francisco-Bay Area region, property tax remains the single largest source of municipal revenue, followed by sales tax, transient occupancy tax, municipal parking lot operation, and property rentals. Property tax growth in the City has averaged 6.746 percent per year since 1997-98. This growth is largely due to property sales at increasing values and reassessment from construction. With the decline in housing market, it is anticipated that the increase in property tax will decline but not significant. Sales tax is projected to remain relatively at the same level in the foreseeable future if the state economy remains stable. In 2006-07, 36% of the sales tax revenue was generated by restaurant businesses.

During the past five-year period, the government's expenses have shown a significant increase for employee retirement and benefits cost.

Long-term financial planning

Unreserved, undesignated fund balance in the general fund (0.7 percent of total general fund expenditures) remains below the policy guidelines (5 percent of total general fund expenditures) set by the Council for budgetary and planning purposes. To enhance the economic base and improve city revenue, a business advisory committee was appointed by the Council for the purpose of evaluating the local economy and making recommendations on how to promote the economic health of the business community in the City. Discussion is on-going by six business vision action committees.

Also as part of the strategic plan, the Council envisions improving the City's infrastructure with emphasis on public safety facilities. The City would be working on finding ways to pay for the improvements listed on the 10-year capital improvement program adopted by the Council for 2007-2016.

Relevant financial policies

It is the City of Sausalito's policy that "one-time" resource inflows not be used for operating purposes but for general capital improvement projects.

Major initiatives

It is expected that the construction of the new police building and fire station will start in the summer of 2008. The construction cost will be paid for by the \$15.5 million of general obligation bonds approved by the citizens of the City and sold in December 2006.

Acknowledgements

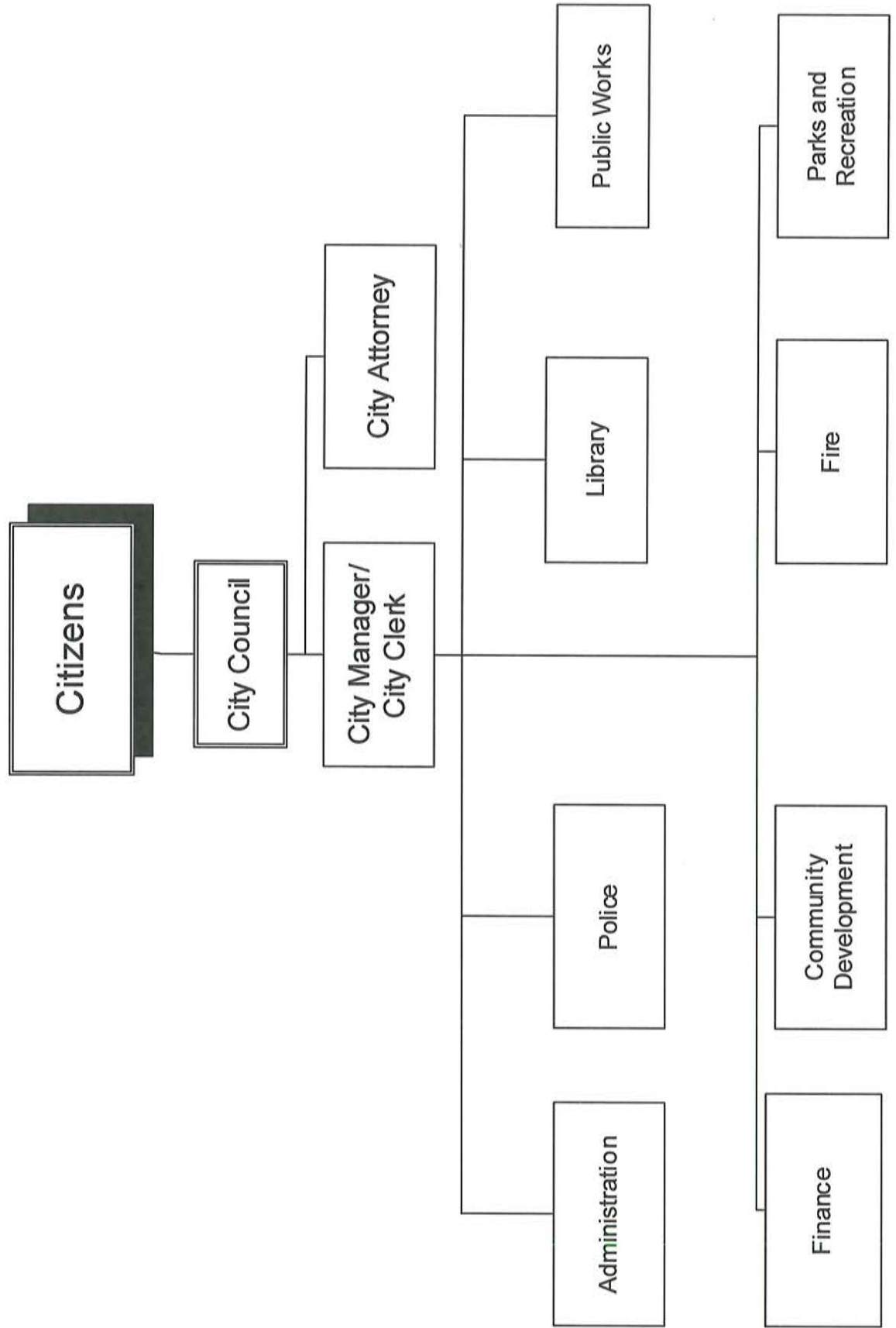
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Sausalito's finances.

Respectfully submitted,


Adam Politzer
City Manager


Louise Ho
Finance Director/Treasurer

City of Sausalito Organization Chart



City of Sausalito
List of Elected and Appointed Officials
June 30, 2007

Elected Officials

Mayor	D. Michael Kelly
Vice Mayor	Amy Belser
Council Member	Paul Albritton
Council Member	Jonathan Leone
Council Member	Herb Weiner

Appointed Officials

City Manager Pro-Tem/Chief of Police	Scott Paulin
City Manager (Appoint)	Adam Politzer
City Attorney	Mary Wagner
City Librarian	Mary Richardson
Community Development Director	Paul Kermoyan
Finance Director/Treasurer	Louise Ho
Parks & Recreation Director	[vacant]
Public Work Director	Tom Birse

This Page Left Intentionally Blank

**INDEPENDENT AUDITOR'S REPORT
ON BASIC FINANCIAL STATEMENTS**

To the Honorable Mayor and City Council
City of Sausalito, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sausalito, California, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the basic financial statements referred to above present fairly in all material respects the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sausalito at June 30, 2007 and changes in the financial position and cash flows, where applicable thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with generally accepted accounting principles in the United States of America.

Management's Discussion and Analysis; General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual; and Tidelands Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual are not required parts of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Sausalito. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Maze & Associates

September 28, 2007

This Page Left Intentionally Blank

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Sausalito, we offer readers of the City of Sausalito's financial statements this narrative overview and analysis of the financial activities of the City of Sausalito for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v-vii of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Sausalito exceeded its liabilities at the close of the most recent fiscal year by \$41,741,644 (*net assets*). Of this amount, \$9,121,921 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$3,483,739. A significant portion of this increase is a result of increases in operating revenues; \$425,000 interest earned on the general obligation bonds issued in December 2006 which are to be used for the construction of two new public safety buildings; and City-wide decreases in expenditures including deferred spending on general capital improvement projects.
- As of the close of the current fiscal year, the City of Sausalito's governmental funds reported combined ending fund balances of \$28,074,325, an increase of \$18,360,051 in comparison with the prior year. Of this amount, approximately 1.5 percent or \$432,101 is *available for spending* at the government's discretion (*unreserved, undesignated fund balance*); 56 percent or \$15,732,510 is *reserved* for the two new public safety buildings.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$83,186, or 0.7 percent of total general fund expenditures.
- The City of Sausalito's total debt increased by \$15,826,984 (74 percent) during the current fiscal year. The key factor in this increase was the issuance of \$15.5 million in general obligation bonds for the construction of two new public safety buildings.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Sausalito's basic financial statements. The City of Sausalito's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Sausalito's finances, in a manner similar to private-sector business.

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

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Sausalito that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Sausalito include general government, public safety, public works, community development, parks and recreation, and library. The business-type activities of the City of Sausalito include sewer services, Old City Hall building, Martin Luther King (MLK) property, and parking services.

The government-wide financial statements can be found on pages 16-17 of this report.

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 City of Sausalito, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Sausalito can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Sausalito maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Public Safety Buildings Fund, all of which are considered to be major funds. The City of Sausalito also elected to include Tidelands Fund as a major fund. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Sausalito adopts an annual appropriated budget for its General Fund and Tidelands funds. A budgetary comparison statement has been provided for the General Fund and Tidelands Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20-23 of this report.

Proprietary funds. The City of Sausalito maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities*

in the government-wide financial statements. The City of Sausalito uses enterprise funds to account for its Sewer, Old City Hall, MLK, and Parking operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Sausalito's various functions. The City of Sausalito uses internal service funds to account for its fleet of vehicles and parking equipment. The City uses the workers compensation fund to account for outstanding claim liability. The City uses the employee benefits fund to account for compensated absences and other post-employment benefits other than pension. The City uses general liability fund to help finance other liabilities including employment. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, Old City Hall, MLK, and parking operation, all of which are considered to be major funds of the City of Sausalito. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Sausalito's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 30 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-56 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* providing a budgetary comparison statement for General Fund and Tidelands Special Revenue Fund. Required supplementary information can be found on pages 60-61 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 66-80 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Sausalito, assets exceeded liabilities by \$41,741,644 at the close of the most recent fiscal year.

By far the largest portion of the City of Sausalito's net assets (68 percent) reflects its investment in capital assets (e.g., land, buildings, machine, and equipment), less any related

debt used to acquire those assets that is still outstanding. The City of Sausalito uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Sausalito's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Sausalito's Net Assets

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$33,727,276	\$14,315,313	(\$1,009,442)	(\$1,500,211)	\$32,717,834	\$12,815,102
Capital assets	22,309,250	22,352,208	12,190,070	12,433,976	34,499,320	34,786,184
Total assets	56,036,526	36,667,521	11,180,628	10,933,765	67,217,154	47,601,286
Long-term liabilities outstanding	17,275,617	958,492	4,208,037	4,698,178	21,483,654	5,656,670
Other liabilities	3,606,149	3,248,349	385,707	438,362	3,991,856	3,686,711
Total liabilities	20,881,766	4,206,841	4,593,744	5,136,540	25,475,510	9,343,381
Net Assets:						
Invested in capital assets, net of related debt	20,560,479	21,354,986	7,982,033	7,841,055	28,542,512	29,196,041
Restricted	4,077,211	4,356,609	-	-	4,077,211	4,356,609
Unrestricted	10,517,070	6,749,085	(1,395,149)	(2,043,830)	9,121,921	4,705,255
Total net assets	\$ 35,154,760	\$ 32,460,680	\$ 6,586,884	\$ 5,797,225	\$ 41,741,644	\$ 38,257,905

An additional portion of the City of Sausalito's net assets (10 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$9,121,921 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Sausalito is able to report positive balances for all three categories of net assets related to governmental activities, but for business-type activities two of the three categories are positive and unrestricted net assets is negative. The same situation held true for the prior fiscal year.

The \$(1,395,149) unrestricted net asset reported in connection with the City of Sausalito's business-type activities resulted from the MLK acquisition and operation funded through long-term borrowings and advances from General Fund.

The government's net assets increased by \$3,483,739 during the current fiscal year. Approximately 22 percent of the increase is attributable to increase in General Fund operating revenues and decrease in operating expenses. About 29 percent represents ongoing revenues from parking operation. The remainder of the increase reflects the operating result of other governmental and business-type activities.

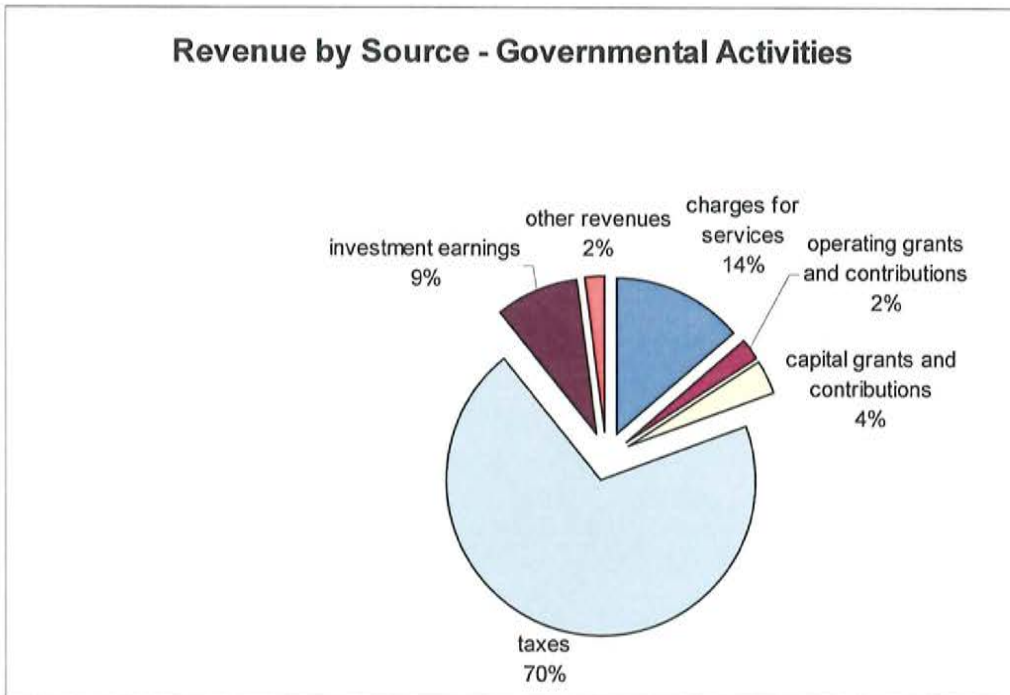
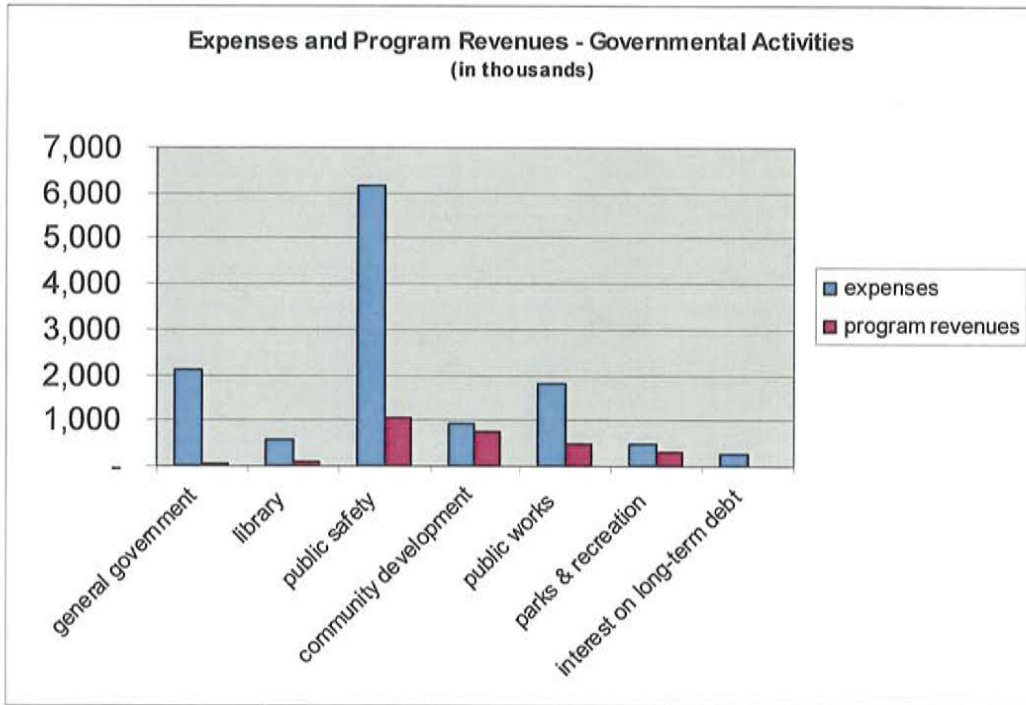
Governmental activities. Governmental activities increased the City of Sausalito's net assets by \$2,694,080, thereby accounting for 77 percent of the total growth in the net assets of the City of Sausalito. Key elements of this increase are as follows:

City of Sausalito's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$1,895,328	\$1,812,964	\$3,342,888	\$3,446,081	\$5,238,216	\$5,259,045
Operating grants and contributions	321,122	432,030	-	-	321,122	432,030
Capital grants and contributions	508,426	175,951	-	-	508,426	175,951
General revenues:						
Taxes	9,763,577	9,279,774	-	-	9,763,577	9,279,774
Investment earnings	1,260,532	1,005,955	175,687	-	1,436,219	1,005,955
Other revenues	274,313	225,093	1,185	-	275,498	225,093
Total revenues	\$14,023,298	\$12,931,767	\$3,519,760	\$3,446,081	\$17,543,058	\$16,377,848
Expenses:						
General government	\$2,108,977	\$1,975,355	-	-	\$2,108,977	\$1,975,355
Library	585,356	556,820	-	-	585,356	556,820
Public safety:						
Police services	3,666,529	3,241,413	-	-	3,666,529	3,241,413
Fire services	2,504,788	2,425,603	-	-	2,504,788	2,425,603
Community development	943,705	983,680	-	-	943,705	983,680
Public works	1,816,865	2,170,131	-	-	1,816,865	2,170,131
Parks & Recreation	474,709	580,431	-	-	474,709	580,431
Interest on long-term debt	248,461	38,730	-	-	248,461	38,730
PERS sidfund expenses					-	-
Sewer			670,158	664,139	670,158	664,139
Old City Hall			80,153	88,485	80,153	88,485
MLK			688,495	796,391	688,495	796,391
Parking			271,123	323,647	271,123	323,647
Total expenses	\$12,349,390	\$11,972,163	\$1,709,929	\$1,872,662	\$14,059,319	\$13,844,825
Increase in net assets before transfers						
	\$1,673,908	\$959,604	\$1,809,831	\$1,573,419	\$3,483,739	\$2,533,023
Transfers	1,020,172	1,074,875	(1,020,172)	(1,074,875)	-	-
Increase in net assets	2,694,080	2,034,479	789,659	498,544	3,483,739	2,533,023
Net assets - Beginning	32,460,680	30,426,201	5,797,225	5,298,681	38,257,905	35,724,882
Net assets - Ending	\$35,154,760	\$32,460,680	\$6,586,884	\$5,797,225	\$41,741,644	\$38,257,905

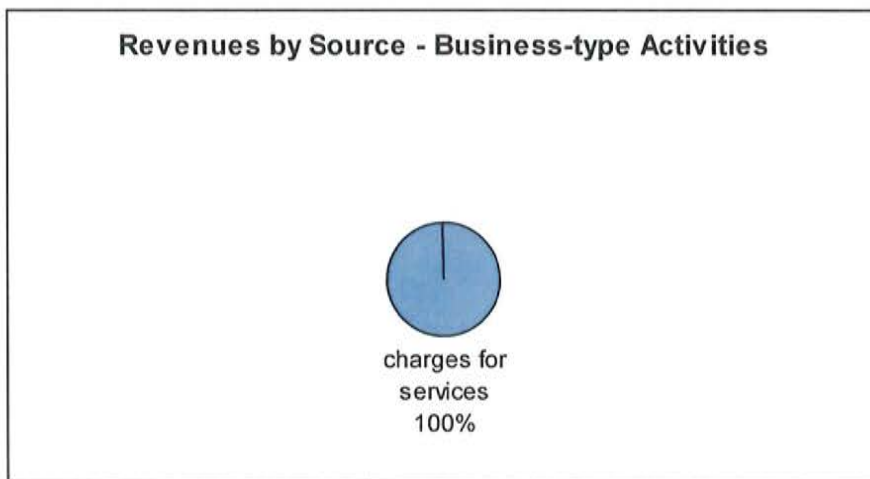
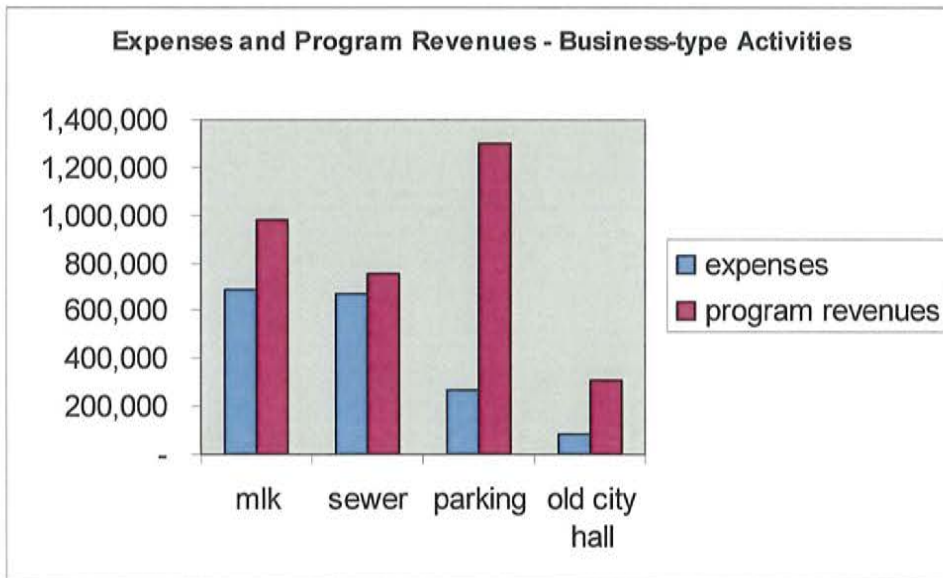
- Operating grants and contributions decreased by \$110,908 (26 percent) during the year. The decrease was primarily due to one-time federal and state disaster assistance for the 2005 winter storm and a wellness grant for fire department.
- Capital grants and contributions increased by \$332,475 (189 percent) during the year. The increase was primarily due to interest earnings on the general obligation bonds issued for the construction of the two new public safety buildings.
- Taxes increased by \$483,803 (5 percent) during the year. The increase was primarily due to higher property value growth and franchise fee revenues. The property tax increase accounted for 60% of the 5 percent increase.
- Investment earnings increased by \$254,577 (25 percent) during the year. The increase was primarily due to improved cash flow from operating result.
- For the most part, increases in general government and public safety (police & fire) expenses were mostly due to increase in legal expense and worker's compensation cost related to public safety operation.
- Public Works expense decreased by \$353,266 (16 percent) during the year. The decrease was primarily due to the recording of a one-time \$247,673 expense in prior year. The expense was for repayment of codes fines overpaid to the City from the Superior Court of California, County of Marin.

- Parks & Recreation expense decreased by \$105,722 (18 percent) during the year. The decrease was due to delay in filling a vacant position.
- Interest on long-term debt increased by \$209,731 (542 percent) during the year. The increase was due to debt service of general obligation bonds.



Business-type activities. Business-type activities increased the City of Sausalito's net assets by \$789,659, accounting for 23 percent of the total growth in the government's net assets. Key elements of this increase in changes of net assets are as follows:

- MLK Fund increased by \$154,528 during the year. The increase is primarily due to full occupancy of the property and reduction in utilities and repairs operating expense.
- Sewer Fund increased by \$66,173 during the year. The increase is primarily due to higher sewer tax collection and interest earnings.
- Parking Fund increased by \$120,841 during the year. The increase is primarily due to a \$100,000 decrease in transfer to General Fund and salary savings of one vacant position.



Financial Analysis of the Government's Funds

As noted earlier, the City of Sausalito uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds:

The focus of the City of Sausalito's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Sausalito's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Sausalito's governmental funds reported combined ending fund balances of \$28,074,325, an increase of \$18,360,051 in comparison with the prior year. Approximately 1.5 percent of this total amount constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed for 1) to build two new public safety buildings (\$15,732,510), 2) to pay debt service (\$185,755), 3) to pay for general capital improvement projects (\$530,607), or 4) to pay for other designated or restricted purposes.

General Fund The general fund is the chief operating fund of the City of Sausalito. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$83,186, while total fund balance reached \$6,383,269. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 0.7 percent of the total general fund expenditures, while total fund balance represents 58 percent of that same amount.

The fund balance of the City of Sausalito's general fund increased by \$1,025,604 during the current fiscal year. Key factors in this growth are as follows:

- Secured property tax revenue increased by \$308,669 during the year. The increase is primarily due to property sales and reassessment due to construction.
- Sales tax increased by \$83,067 during the year. The increase is primarily due to economic recovery.
- Franchise fee increased by \$71,588 during the year. The increase is primarily due to rate change and service need.
- Charges for services increased by \$100,571 during the year. The increase is primarily due to higher demand for city services and the conversion from a full cost recovery to flat fee structure for planning projects.
- Transfer out to other funds increased by \$503,737 during the year. The increase was to adhere to the policy of setting one-time revenue \$250,000 (excess Educational Revenue Augmentation Fund) for general capital improvement projects, and to set aside \$150,000 to pre-fund other post-employment health benefits other than pension (GASB 45).

Tidelands Special Revenue Fund has a total fund balance of \$2,023,896, all of which is reserved for the construction, maintenance, and operation of the water front parcels granted to the City of Sausalito by the State of California. Revenue and expense in this fund showed no significant variation from prior year.

Public Safety Buildings Capital Projects Fund has a total fund balance of \$15,732,510 reserved for the construction of a new police building and a new fire station. The pre-construction costs to-date has been paid for through some private donations and a \$1,132,000 advance from general capital project fund. Key factor in this growth is due to the issuance of general obligation bonds 2006, series A (\$8,205,000) & series B (\$7,489,220) in November 2006.

Proprietary funds. The City of Sausalito's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the current fiscal year, the total fund balance for MLK, parking, and old city hall reported an increase which is due to increase in charges for services and decrease in operating expense.

Unrestricted net assets of the sewer fund amounted to \$2,294,503 which is available for ongoing maintenance and repair projects. The sewer assessment was adjusted to closely follow the five-year rate study conducted in 2003. As a result, there was an increase of \$48,728 in charges for services in the current year. The City will be conducting a new rate study 2008.

General Fund Budgetary Highlights

During the year there was a \$91,863 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- Approximately \$50,000 supplemental appropriation for salary increase to bring management team compensation to market median.
- Approximately \$50,000 supplemental appropriation for payout and recruitment of a key position.

The increase was possible because of additional anticipated revenues. Property tax revenue in the original budget was revised higher by approximately \$270,000 in the final budget. The increase was due to excess Educational Revenue Augmentation Fund. Actual property tax increased by \$127,620 than final budgeted. The increase was due to higher property sales and from reassessment of construction. Actual sales tax was \$104,381 higher than final budget. The increase was primarily due to economic recovery.

The general fund department ended the current year with expenditures lower than final budget by \$562,810. The decrease was primarily due to:

- Salary savings in the police and the park and recreation department.
- Deferred spending in the technology department in acquiring new computer equipment and upgrade.

Capital Assets and Debt Administration

Capital assets. The City of Sausalito's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$34,499,320 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings, furniture and fixtures, machinery and equipment, vehicles, streets, drainage systems, and construction in progress. There was no significant increase in the City of Sausalito's investment in capital assets for the current fiscal year except for the \$168,000 pre-construction cost (construction in progress) spent on the two public safety buildings in governmental activities.

City of Sausalito's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land and improvements	\$15,014,662	\$15,014,662	\$3,796,002	\$3,796,002	\$18,810,664	\$18,810,664
Construction in progress	1,034,401	551,989	0	306,933	1,034,401	858,922
Building and improvements	418,416	307,128	3,827,360	3,921,619	4,245,776	4,228,747
MLK Bus Barn			225,500	231,000	225,500	231,000
Vehicles and equipment	103,199	98,839	91,760	104,991	194,959	203,830
Machinery and equipment	301,044	329,118			301,044	329,118
Infrastructure	5,437,528	6,050,472	4,249,448	4,073,431	9,686,976	10,123,903
Total	\$ 22,309,250	\$ 22,352,208	\$12,190,070	\$12,433,976	\$ 34,499,320	\$ 34,786,184

Additional information on the City of Sausalito's capital assets can be found in note 6 on pages 43-45 of this report.

Long-term debt. At the end of the current fiscal year, the City of Sausalito has total debt outstanding of \$21,483,654.

City of Sausalito's Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Short-term debt						
Notes payable	\$1,147,162	\$958,492			\$1,147,162	\$958,492
GO Bonds	15,694,220				15,694,220	
Capital leases	434,235		\$4,208,037	\$4,698,178	4,642,272	4,698,178
Total	\$17,275,617	\$ 958,492	\$4,208,037	\$4,698,178	\$21,483,654	\$5,656,670

The City of Sausalito's total debt increased by \$15,826,984 (280 percent) during the current fiscal year. Key factors in this increase are as follows:

- \$15.5 million general obligation bond issuance for the City of Sausalito to fund the construction of two new public safety buildings.
- \$247,673 in promissory note to the Superior Court of California, County of Marin, to repay code fines overpaid to the City from 1999 to 2006.
- \$434,235 in capital lease through SunTrust Leasing Corporation for the purchase of a new 2006 fire pumper.

Additional information on the City of Sausalito's capital assets can be found in note 7 on pages 46-50 of this report.

Economic Factors and Next Year's Budgets

At the date of publication of this report, there is continuing uncertainty regarding City revenues for the coming fiscal year and beyond. Property taxes comprise 49% of the General Fund revenues and it appears that this will remain a stable source of revenue into the coming year.

The City expects to be able to maintain its moderate and responsible fiscal policies related to operating expenditures; however, rising costs of workers compensation insurance, rising costs of medical insurance, and rising costs of PERS retirement plan contributions are factors that are largely beyond the City's ability to control, and remain a major impediment to continuing to provide the current level of services and meeting Sausalito's Capital infrastructure needs.

Requests for Information

This financial report is designed to provide a general overview of the City of Sausalito's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director/Treasurer, 420 Litho Street, Sausalito, CA 94965 or www.ci.sausalito.ca.us.

This Page Left Intentionally Blank

**STATEMENT OF NET ASSETS
AND STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets presents information in a way that focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the City's Governmental Activities in a single column.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Debt Service, and Capital Projects Funds.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. The City's general revenues are then listed in the Governmental Activities and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

CITY OF SAUSALITO
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 2)	\$11,389,367	\$4,183,486	\$15,572,853
Restricted cash (Note 2)	15,971,387		15,971,387
Receivables:			
Taxes receivables, net	89,240	3,652	92,892
Accounts receivable, net	540,029	33,789	573,818
Loans receivable (Note 4)	3,736	20,795	24,531
Internal balances (Note 3C)	5,288,617	(5,288,617)	
Advances to fiduciary funds	3,300		3,300
Investment in real property (Note 5)	441,600		441,600
Unamortized issuance costs		37,453	37,453
Capital assets (Note 6):			
Land and construction in progress	16,049,063	3,796,002	19,845,065
Depreciable, net of accumulated depreciation	6,260,187	8,394,068	14,654,255
Total Assets	<u>56,036,526</u>	<u>11,180,628</u>	<u>67,217,154</u>
LIABILITIES			
Accounts payable	820,508	43,482	863,990
Accrued interest payable	195,788	197,996	393,784
Accrued salaries and benefits	269,163		269,163
Compensated absences (Note 1H)			
Due within one year	424,179	583	424,762
Due in more than one year	99,499		99,499
Claims payable (Note 11):			
Due within one year	318,877		318,877
Due in more than one year	968,861		968,861
Refundable deposits	367,616	143,646	511,262
Unearned revenue	141,658		141,658
Long-term debt (Note 7):			
Due within one year	135,520	532,155	667,675
Due in more than one year	17,140,097	3,675,882	20,815,979
Total Liabilities	<u>20,881,766</u>	<u>4,593,744</u>	<u>25,475,510</u>
NET ASSETS (Note 12):			
Invested in capital assets, net of related debt	<u>20,560,479</u>	<u>7,982,033</u>	<u>28,542,512</u>
Restricted for:			
Special revenue programs	3,891,456		3,891,456
Debt service	185,755		185,755
Total Restricted Net Assets	<u>4,077,211</u>		<u>4,077,211</u>
Unrestricted	<u>10,517,070</u>	<u>(1,395,149)</u>	<u>9,121,921</u>
Total Net Assets	<u>\$35,154,760</u>	<u>\$6,586,884</u>	<u>\$41,741,644</u>

See accompanying notes to financial statements

CITY OF SAUSALITO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
General government	\$2,108,977	\$26,533			(\$2,082,444)	(\$2,082,444)
Library	585,356	19,333	\$50,000	\$14,789	(501,234)	(501,234)
Public safety:						
Police services	3,666,529	396,462	100,000	451,612	(2,718,455)	(2,718,455)
Fire services	2,504,788	98,510			(2,406,278)	(2,406,278)
Community development	943,705	748,002			(195,703)	(195,703)
Public works	1,816,865	313,757	171,122	11,875	(1,320,111)	(1,320,111)
Parks & recreation	474,709	292,731		30,150	(151,828)	(151,828)
Interest on long-term debt	248,461				(248,461)	(248,461)
Total Governmental Activities	12,349,390	1,895,328	321,122	508,426	(9,624,514)	(9,624,514)
Business-type Activities:						
MLK	688,495	983,803				295,308
Sewer	670,158	755,547				85,389
Parking	271,123	1,297,275				1,026,152
Old City Hall	80,153	306,263				226,110
Total Business-type Activities	1,709,929	3,342,888				1,632,959
Total	\$14,059,319	\$5,238,216	\$321,122	\$508,426	(9,624,514)	1,632,959
General revenues:						
Taxes					9,763,577	9,763,577
Investment earnings					1,260,532	1,436,219
Other revenues					274,313	275,498
Transfers (Note 3A)					1,020,172	(1,020,172)
Total general revenues and transfers					12,318,594	(843,300)
Change in Net Assets					2,694,080	3,483,739
Net Assets-Beginning					32,460,680	38,257,905
Net Assets-Ending					\$35,154,760	\$41,741,644

See accompanying notes to financial statements

This Page Left Intentionally Blank

CITY OF SAUSALITO

FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City for fiscal 2007. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

The General Fund is used for all general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit, which are not accounted for in another fund.

TIDELANDS SPECIAL REVENUE FUND

To account for lease income and construction, maintenance, and operation of tideland properties granted in trust to the City from the State of California.

PUBLIC SAFETY BUILDINGS CAPITAL PROJECTS FUND

To account for contributions and expenditures related to the design and construction of two new public safety buildings.

CITY OF SAUSALITO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2007

	General	Tidelands Fund	Public Safety Buildings	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 2)	\$1,434,032	\$1,948,813	\$1,134,364	\$2,693,152	\$7,210,361
Restricted cash (Note 2)			15,785,632	185,755	15,971,387
Receivables:					
Taxes receivables, net	88,879			361	89,240
Accounts receivable, net	416,617	75,467	6,183	41,762	540,029
Loans receivable	3,736				3,736
Advances to other funds (Note 3B)	5,296,447			1,132,000	6,428,447
Advances to fiduciary funds	3,300				3,300
Investment in real property (Note 5)	441,600				441,600
Total Assets	\$7,684,611	\$2,024,280	\$16,926,179	\$4,053,030	\$30,688,100
LIABILITIES					
Accounts payable	\$574,492	\$384	\$54,108	\$66,524	\$695,508
Accrued salaries and benefits	269,163				269,163
Refundable deposits	367,616				367,616
Advances from other funds (Note 3B)			1,132,000	7,830	1,139,830
Unearned revenue	90,071		7,561	44,026	141,658
Total Liabilities	1,301,342	384	1,193,669	118,380	2,613,775
FUND BALANCES (Note 12)					
Reserved for:					
Loans receivable	3,736				3,736
Advances to other funds	5,299,747			1,132,000	6,431,747
Investment in real property	441,600				441,600
Debt service				185,755	185,755
Special revenue programs		1,674,981		2,086,288	3,761,269
Capital projects			15,732,510		15,732,510
Unreserved, designated for:					
Emergency reserve	555,000				555,000
Capital projects				530,607	530,607
Unreserved, undesignated	83,186	348,915			432,101
Total Fund Balances	6,383,269	2,023,896	15,732,510	3,934,650	28,074,325
Total Liabilities and Fund Balances	\$7,684,611	\$2,024,280	\$16,926,179	\$4,053,030	\$30,688,100

See accompanying notes to financial statements

CITY OF SAUSALITO
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET ASSETS
 JUNE 30, 2007

Total fund balances reported on the governmental funds balance sheet \$28,074,325

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 21,606,870

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.

Cash and investments	4,179,006
Capital assets, nondepreciable	433,635
Capital assets, net of depreciation	268,745
Claims payable	(1,287,738)
Long-term debt	(434,235)
Accounts payable and accrued interest	(132,400)

LONG TERM LIABILITIES

The liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Long-term debt	(16,833,982)
Accrued interest payable	(195,788)
Compensated absences	(523,678)
	<u>(17,553,448)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$35,154,760

See accompanying notes to financial statements

CITY OF SAUSALITO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	General	Tidelands Fund	Public Safety Buildings	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property tax	\$5,830,081				\$5,830,081
Sales tax	1,598,799				1,598,799
Other tax	1,802,789				1,802,789
Licenses and permits	531,908				531,908
Fines and forfeitures	390,800			\$76,004	466,804
Use of money and property	404,374	\$706,923	\$451,613	116,214	1,679,124
Intergovernmental				328,187	328,187
Charges for services	1,202,154			234,907	1,437,061
Other revenues	103,304	5		15,000	118,309
Total Revenues	11,864,209	706,928	451,613	770,312	13,793,062
EXPENDITURES					
Current:					
General government	1,995,642	85,857			2,081,499
Library	582,394				582,394
Public safety:					
Police	3,391,289			100,000	3,491,289
Fire	2,558,799				2,558,799
Community development	962,469				962,469
Public works	1,133,401			142,835	1,276,236
Parks & recreation	473,093				473,093
Capital outlay			293,096	128,552	421,648
Debt service:					
Principal	2,595	29,919		26,489	59,003
Interest and other charges	578	42,237	2,720	60,668	106,203
Total Expenditures	11,100,260	158,013	295,816	458,544	12,012,633
EXCESS OF REVENUES OVER EXPENDITURES	763,949	548,915	155,797	311,768	1,780,429
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt			15,498,894	484,073	15,982,967
Transfers in (Note 3)	1,162,375			639,418	1,801,793
Transfers (out) (Note 3)	(900,720)	(200,000)		(104,418)	(1,205,138)
Total Other Financing Sources (Uses)	261,655	(200,000)	15,498,894	1,019,073	16,579,622
NET CHANGE IN FUND BALANCES	1,025,604	348,915	15,654,691	1,330,841	18,360,051
BEGINNING FUND BALANCES	5,357,665	1,674,981	77,819	2,603,809	9,714,274
ENDING FUND BALANCES	\$6,383,269	\$2,023,896	\$15,732,510	\$3,934,650	\$28,074,325

See accompanying notes to financial statements

CITY OF SAUSALITO
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2007

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$18,360,051

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance 193,212

Capital asset retirements are added back to fund balance 7,722

Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$55,156 which has already been allocated to serviced funds) (690,448)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Issuance of long-term debt (15,982,967)

Repayment of debt principal is added back to fund balance 59,003

Change in accrued interest payable (108,584)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Compensated absences 158,652

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds.

The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Assets - All Internal Service Funds 697,439

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$2,694,080

See accompanying notes to financial statements

This Page Left Intentionally Blank

CITY OF SAUSALITO

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost providing goods and services be financed primarily through user charges.

The City has identified the funds below as major proprietary funds.

MLK FUND

The City has a lease agreement with the Sausalito School District to finance the acquisition of the Martin Luther King School sit ("MLK"), containing approximately 17 acres of land, with improvements. The City leases units in the building to various tenants under operating leases with terms ranging from one to five years.

SEWER FUND

Accounts for the provision of sewer services to residents and businesses of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing, billing, and collections. The City contracts with Sausalito-Marin City Sanitary District.

PARKING FUND

Accounts for the provision of parking services to residents and businesses of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing, billing, and collections.

OLD CITY HALL FUND

The City leases the Old City Hall to a tenant and uses this fund to account for the rent collections and related costs to administer and maintain the property.

CITY OF SAUSALITO
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2007

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	MLK	Sewer	Parking	Old City Hall	Totals	
ASSETS						
Cash and investments (Note 2)	\$989,470	\$2,319,494	\$633,741	\$240,781	\$4,183,486	\$4,179,006
Receivables:						
Taxes receivable, net		3,652			3,652	
Accounts receivable, net	4,735	10,820	18,234		33,789	
Loans receivable (Note 4)	20,795				20,795	
Issuance costs, net	25,121			12,332	37,453	
Capital assets (Note 6):						
Land and construction in progress	3,786,064			9,938	3,796,002	433,635
Depreciable, net of accumulated depreciation	3,327,826	4,286,405	62,506	717,331	8,394,068	268,745
Total Assets	<u>8,154,011</u>	<u>6,620,371</u>	<u>714,481</u>	<u>980,382</u>	<u>16,469,245</u>	<u>4,881,386</u>
LIABILITIES						
Accounts payable	7,684	33,880	1,918		43,482	125,000
Accrued interest payable	186,467			11,529	197,996	7,400
Compensated absences, due in one year (Note 1H)		583			583	
Refundable deposits	111,208	5,000	27,438		143,646	
Claims payable (Note 11):						
Due within one year						318,877
Due in more than one year						968,861
Advance from other funds (Note 3B)	5,288,617				5,288,617	
Long-term debt (Note 7):						
Due within one year	402,163			129,992	532,155	54,759
Due in more than one year	3,067,992			607,890	3,675,882	379,476
Total Liabilities	<u>9,064,131</u>	<u>39,463</u>	<u>29,356</u>	<u>749,411</u>	<u>9,882,361</u>	<u>1,854,373</u>
NET ASSETS (Note 12)						
Invested in capital assets, net of related debt	3,643,735	4,286,405	62,506	(10,613)	7,982,033	268,145
Unrestricted	(4,553,855)	2,294,503	622,619	241,584	(1,395,149)	2,758,868
Total Net Assets (Deficits)	<u>(\$910,120)</u>	<u>\$6,580,908</u>	<u>\$685,125</u>	<u>\$230,971</u>	<u>\$6,586,884</u>	<u>\$3,027,013</u>

See accompanying notes to financial statements

CITY OF SAUSALITO
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds	
	MLK	Sewer	Parking	Old City Hall		Totals
OPERATING REVENUES						
Building rents				\$306,263	\$306,263	
Charges for services	\$983,803	\$755,547	\$1,297,275		3,036,625	
Other revenue	135	269	781		1,185	\$615,295
Total Operating Revenues	983,938	755,816	1,298,056	306,263	3,344,073	615,295
OPERATING EXPENSES						
Administrative services					41,940	467,379
Other expenses	(8,671)	38,538	12,073		93,550	
Professional services	15	92,428	1,107		47,642	600
Repairs and maintenance	10,325	17,528	19,789		591,358	
Salaries and benefits	35,775	374,296	181,287		92,241	
Utilities	81,116	5,975	5,150		298,632	55,156
Depreciation	77,932	141,393	51,717	27,590	6,164	
Amortization	3,568			2,596		
Total Operating Expenses	200,060	670,158	271,123	30,186	1,171,527	523,135
Operating Income Before Transfers	783,878	85,658	1,026,933	276,077	2,172,546	92,160
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	33,242	105,650	25,990	10,805	175,687	\$189,162
Interest expense	(488,435)			(49,967)	(538,402)	(7,400)
Total nonoperating revenue (expenses)	(455,193)	105,650	25,990	(39,162)	(362,715)	181,762
Income before transfers	328,685	191,308	1,052,923	236,915	1,809,831	273,922
Transfers in (Note 3)						423,517
Transfers (out) (Note 3)	(33,375)	(79,000)	(757,797)	(150,000)	(1,020,172)	
Net transfers	(33,375)	(79,000)	(757,797)	(150,000)	(1,020,172)	423,517
Change in net assets	295,310	112,308	295,126	86,915	789,659	697,439
BEGINNING NET ASSETS (DEFICIT)	(1,205,430)	6,468,600	389,999	144,056	5,797,225	2,329,574
ENDING NET ASSETS (DEFICIT)	(\$910,120)	\$6,580,908	\$685,125	\$230,971	\$6,586,884	\$3,027,013

See accompanying notes to financial statements

CITY OF SAUSALITO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	MLK	Sewer	Parking	Old City Hall	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$1,029,102	\$744,787	\$1,302,423	\$308,859	\$3,385,171	
Payment to employees	(35,775)	(394,053)	(181,287)		(611,115)	
Payment to suppliers	(86,681)	(167,467)	(41,315)		(295,463)	(\$208,846)
Other receipts (payments)	(1,545)	5,269	5,972	(2,596)	7,100	615,295
Cash Flows from Operating Activities	905,101	188,536	1,085,793	306,263	2,485,693	406,449
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advance from other funds	251,839				251,839	
Transfers in						423,517
Transfers (out)	(33,375)	(79,000)	(757,797)	(150,000)	(1,020,172)	
Cash Flows from Noncapital Financing Activities	218,464	(79,000)	(757,797)	(150,000)	(768,333)	423,517
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital expenditures	(5,968)	(16,042)	(32,716)		(54,726)	(501,712)
Principal payments on capital debt	(367,907)			(122,234)	(490,141)	
Interest payment	(511,412)			(51,877)	(563,289)	
Proceeds from issuance of long term debt						434,235
Cash Flows from Capital and Related Financing Activities	(885,287)	(16,042)	(32,716)	(174,111)	(1,108,156)	(67,477)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest receipts	33,242	105,650	25,990	10,805	175,687	189,162
Net Cash Flows	271,520	199,144	321,270	(7,043)	784,891	951,651
Cash and investments at beginning of period	717,950	2,120,350	312,471	247,824	3,398,595	3,227,355
Cash and investments at end of period	<u>\$989,470</u>	<u>\$2,319,494</u>	<u>\$633,741</u>	<u>\$240,781</u>	<u>\$4,183,486</u>	<u>\$4,179,006</u>
Reconciliation of operating income to net cash flows from operating activities:						
Operating income	\$783,878	\$85,658	\$1,026,933	\$276,077	\$2,172,546	\$287,649
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation	77,932	141,393	51,717	27,590	298,632	55,156
Change in assets and liabilities:						
Accounts receivables	(3,000)	(10,760)	5,148		(8,612)	
Issuance/leasing costs	3,568			2,596	6,164	
Loans receivable	44,731				44,731	
Accounts payable and accruals	(3,896)	(12,998)	(3,196)		(20,090)	125,000
Accrued interest payable						
Accrued compensated absences		(19,757)			(19,757)	
Refundable deposits	1,888	5,000	5,191		12,079	
Claims payable						(61,356)
Cash Flows from Operating Activities	\$905,101	\$188,536	\$1,085,793	\$306,263	\$2,485,693	\$406,449

See accompanying notes to financial statements

CITY OF SAUSALITO

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

CITY OF SAUSALITO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash and investments (Note 2)	\$188,268
Assessments receivable	<u>1,094</u>
Total Assets	<u><u>\$189,362</u></u>
LIABILITIES	
Payable to City General Fund	\$3,503
Due to local Improvement Districts	<u>185,859</u>
Total Liabilities	<u><u>\$189,362</u></u>

See accompanying notes to financial statements

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

A. Reporting Entity

The City of Sausalito was incorporated in 1893 under the general laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. The City operates under a Council-Manager form of government. There are five Council Members who serve overlapping terms of four years, and the Council, in turn, elects one of the Council Members to serve as Mayor for one year. This legislative body selects a City Manager to administer the affairs of the City. The City provides the following services: public safety (police, fire, and civil defense), highways and streets, sanitary sewer, storm drainage, culture-recreation, library, public works, planning and zoning, and general administrative services.

The accompanying basic financial statements include all funds and boards and commissions that are controlled by the City Council.

B. Basis of Presentation

The City's Comprehensive Annual Financial Report is prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Statements require that the financial statements described below be presented.

Government-wide Financial Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category —governmental and proprietary — are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Major Funds

The City's major governmental funds are identified and presented separately in the Fund financial statements. All other governmental funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds which have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total or five percent of the grand total. The General Fund is always a major fund. The City may select other funds it believes should be presented as major funds. During fiscal year 2007, the City elected Tidelands Special Revenue Fund as a major fund.

The major governmental funds of the City are:

GENERAL FUND – The General Fund is used to account for the resources to carry out basic governmental activities of the City such as general government, public safety, public works, community development, library, and recreation, which are not required to be accounted for in another fund.

TIDELANDS SPECIAL REVENUE FUND - To account for lease income and construction, maintenance, and operation of tideland properties granted in trust to the City from the State of California.

PUBLIC SAFETY BUILDINGS CAPITAL PROJECTS FUND - To account for contributions and expenditures related to the design and construction of two new public safety buildings.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

MLK FUND – The City has a lease agreement with the Sausalito School District used to finance the acquisition of the Martin Luther King School site (the “MLK site”), containing approximately 17 acres of land, with improvements. The City leases units in the building to various tenants under operating leases with terms ranging from one to five years. This fund is used to account for these activities.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SEWER FUND – Accounts for the provision of sewer services to residences and businesses of the City. All activities to provide such services are accounted for in this fund, including but not limited to, administration, operations, capital improvements, maintenance, financing, billing and collections.

PARKING FUND – Accounts for the provision of parking services to residences and businesses of the City. All activities to provide such services are accounted for in this fund, including but not limited to, administration, operations, capital improvements, maintenance, financing, billing and collections.

OLD CITY HALL FUND – The City leases the Old City Hall to a tenant and uses this fund to account for the rent collections and related costs to administer and maintain the property. This fund is used to account for these activities.

Internal Service Funds - The funds account for vehicle replacement, workers compensation, employee benefits, and general liability, all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds – The Agency Fund is used to account for assets held by the City as an agent for the Area Improvement Districts. The financial activities of this fund are excluded from the Government-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds.

Those revenues susceptible to accrual are property, sales, transient occupancy and franchise taxes, licenses for services and interest revenue. Fines, permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

The City follows statements and interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

E. *Use of Restricted/Unrestricted Net Assets*

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

F. *Budgets and Budgetary Accounting*

The City operates under the general law of the State of California, and annually adopts a budget to be effective July 1 for the ensuing fiscal year.

The City Manager submits a Preliminary Budget to the City Council on or about June 1 each year. This Preliminary Budget is the fiscal plan for the ensuing twelve months starting July 1, and includes proposals for expenditures for operations and capital improvement, and the resources to meet them. City Council conducts public hearings at Council Chambers before adopting the budget. The Council approves total appropriations at the department level in the General Fund, and at the fund level in other funds. The Budget is adopted by City resolution prior to June 30.

The City Manager is authorized to transfer budget appropriations within departments in conformance with the adopted policies set by the City Council. All other transfers must be approved by the City Council. Any revisions that alter the total expenditures of any department must be approved by the City Council. Expenditures are budgeted at, and may not legally exceed, the department level for the General Fund and the fund level for Special Revenue, Capital Projects and Internal Service Funds. Budgeted amounts shown are as originally adopted, or as amended by the City Council during the year. During the year, several supplementary appropriations were necessary.

Budgets for General, Special Revenue, and Internal Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Except for Capital Project Funds, appropriations lapse at fiscal year end and are rebudgeted for the coming year. Capital Project Funds are budgeted on a project length basis.

G. *Inventories and Prepaid Items*

General fund inventories are recorded as expenditures when consumed, rather than when purchased. These inventories are stated at cost, using the first-in, first-out (FIFO) method. Inventories in the proprietary funds are stated at the lower of cost or market, and consist of expendable materials and supplies.

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both the government-wide and fund financial statements.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and prepaid items, as reported in the fund financial statements, are offset by a reservation of fund balance for noncurrent assets in governmental funds, to indicate that they do not constitute resources available for appropriation.

H. Compensated Absences

The City's policy with regard to earned vacation and sick leave is dependent upon years of service and hours of work week per employee.

Accrued vacation – The hours earned each month for accrued vacation range from 9.375 hours up to 28 hours. Non-fire department employees are permitted to accumulate the unused portion, provided that on June 30th of any fiscal year (December 31st of any calendar year for management and confidential employees), they do not have more than 30 working days of vacation time accrued. Fire department personnel may accumulate the unused portion up to 336 hours, consisting of 14 24-hour shifts. Any vacation time in excess of the maximum is paid to the employee on the June 30th payroll, unless he or she is a management or confidential employee, in which case there is no payout. Upon termination of an employee's service with the City, the employee is paid a lump sum for all accrued vacation that has been earned at that time.

Sick leave – Under the City's policy for sick leave, an employee does not receive any amount for accumulated sick leave unless he or she retires. Upon retirement the employee is entitled to be paid up to a maximum of 75 days of sick leave for management, 60 days for firefighters, police, and SEIU and confidential employees, and to convert the remaining unused balance to additional service credit under the California Public Employees' Retirement System (PERS).

Compensated absences comprise of unpaid vacation, compensated time-off, and the vested portion of sick leave which are accrued as earned. The City's liability for compensated absences is recorded in various Governmental funds or Proprietary funds as appropriate. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be permanently liquidated are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Assets.

The changes of the compensated absences were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning balance	\$682,330	\$20,340
Additions	395,186	4,249
Payments	<u>(553,838)</u>	<u>(24,006)</u>
Ending Balance	<u>\$523,678</u>	<u>\$583</u>
Current Portion	<u>\$424,179</u>	<u>\$583</u>

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property Tax Revenues

State Constitution Article 13 provides for a maximum general property tax rate statewide of \$1.00 per \$100 of assessed value. At the time of transfer of ownership, assessed value is calculated at 100% of market value as defined by the above-referenced Article 13; otherwise assessed value is calculated as the lesser of 100% of market value or 2% over the prior year assessed value. The State Legislature has determined the method of distribution of receipts from a \$1.00 tax levy among the counties, cities, school districts and other districts. Counties, cities and school districts may levy additional tax rate as is necessary to provide for voter-approved debt.

The County of Marin assesses properties and bills for and collects property taxes on behalf of the City on the schedule as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation Dates	January 1	January 1
Lien/Levy Dates	July 1	July 1
Due Dates	50% on November 1 50% on February 1	July 31
Delinquent as of	December 10 April 10	August 31

The term “unsecured” refers to taxes on personal property and possessory interest not secured by liens on real property.

Property tax revenues are recognized in the fiscal year, for which the taxes have been levied, provided they become available. Available means due, or past-due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period, usually within 60-days of year end. The City receives property taxes pursuant to an arrangement with the County known as the “Teeter Plan,” whereby the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the City

J. Unearned Revenues

Unearned revenues in governmental funds arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenue also arises when resources are received by the City before it has a legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

K. Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. The City considers all pooled cash and investments as cash and cash equivalents because the pools are used essentially as a demand deposit account from the standpoint of the funds.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

M. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2007, the following expenditures exceeded the budgeted expenditures:

	Expenditures exceeded budget
Traffic Safety Special Revenue Fund	\$9,301
General Fund Fire Department	19,687

The excess expenditures were funded by available financial resources.

N. New Fund

During the fiscal year ended June 30, 2007, the City established the General Liability Internal Service Fund.

NOTE 2 - CASH AND INVESTMENTS

A. Policies

The City invests all funds, except cash with fiscal agents, in investment pools. The goal is to invest at the maximum yield, consistent with safety and liquidity, while individual funds can process payments for expenditures at any time. The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

B. Classifications

The City's total cash and investments, at fair value, are presented on the accompanying statement of net assets in the following allocation:

<i>Statement of Net Assets</i>	
Cash and investments	\$15,572,853
Restricted cash	15,971,387
Subtotal	31,544,240
<i>Fiduciary Funds</i>	
Cash and investments	188,268
Total Cash and investments	\$31,732,508

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

C. Authorized Investments by the City and Debt Agreements

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive that addresses interest rate risk, credit risk and concentration of credit risk. This table also addresses investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City.

The City's investment policy and debt agreements allow the City to invest in the following:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Allowed in Portfolio	Maximum Investment in One Issuer
California Local Agency Investment Fund	N/A	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	N/A	None	None
U.S. Government Agency Obligations	5 years	N/A	50%	None
Bankers Acceptances	180 days	N/A	30%	5%
Commercial Paper	180 days	A1/P1	15%	5%
Certificate of Time Deposits	360 days	N/A	25% (*)	None
Negotiable Certificates of Deposit	360 days	N/A	30%	5%
Repurchase Agreements	360 days	N/A	20%	5%
Reverse Repurchase Agreement	90 days	N/A	15%	None
Medium Term Notes	5 years	A	30%	None

* On uncollateralized deposits, City's portfolio limited to \$99,000

D. Authorized Investments by Debt Agreements

The City must maintain required amounts of cash and investments with fiscal agent under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government code requires these funds to be invested in accordance with City ordinances, bond indentures or State statutes. The City's Investment Policy allows investments of bond proceeds to be governed by provisions of the related bond indentures. Under the terms of the bond indentures of the related debt issue, authorized investments from bond proceeds are governed by the City's Investment Policy.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

E. 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 City's investments to market interest rate fluctuations is provided by the following table that shows the distribution to the City's investments by maturity:

<u>Investments</u>	12 Months or less	Total
Money Market Fund (U.S. Treasury)	\$414,982	\$414,982
U.S. Treasury Bills	17,506,331	17,506,331
Local Agency Investment Fund	13,474,108	13,474,108
 Total Investments	 <u>\$31,395,421</u>	 31,395,421
Cash in banks		330,955
Petty Cash		<u>6,132</u>
 Total Cash and Investments		 <u>\$31,732,508</u>

F. Credit Risk

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. Presented below is the minimum rating required by the California Government Code, the City's investment policy, or debt agreements and the actual rating as of June 30, 2007 for each investment type:

<u>Investment Type</u>	AAA	Total
Money Market Fund (U.S. Treasury)	\$414,982	\$414,982
U.S. Treasury Obligations	17,506,331	17,506,331
 Not Rated:		
Local Agency Investment Fund		13,474,108
Cash in banks		330,955
Petty cash		<u>6,132</u>
 Total Cash and Investments		 <u>\$31,732,508</u>

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. *Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City 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. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of the City's cash on deposit. All of the City's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the City's name.

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, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's Investment Policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by the City, including collateral for repurchase agreements, be conducted on a delivery-versus-payment basis. Securities are to be held by a third party custodian.

H. *Local Agency Investment Fund*

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2007, these investments matured in an average of 176 days.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 3 - INTERFUND TRANSACTIONS

A. Transfers

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Tideland Special Revenue Fund	\$200,000 A
	MLK Enterprise Fund	33,375 A
	Sewer Enterprise Fund	79,000 A
	Parking Enterprise Fund	700,000 C
	Old City Hall Enterprise Fund	150,000 C
Non-Major Governmental Funds	General Fund	535,000 D
	Non Major Governmental Funds	104,418 B
Internal Service Funds	General Fund	365,720 E, F
	Parking Enterprise Fund	<u>57,797 E</u>
	Total Interfund Transfers	<u><u>\$2,225,310</u></u>

The reasons for these transfers are set forth below:

- A To reimburse the General Fund for costs incurred for the benefit of funds making the transfer.
- B To reimburse the fund receiving the transfer for costs incurred for the benefit of funds making the transfer.
- C To fund the General Fund operation.
- D To fund capital improvement projects.
- E To set aside fund for future equipment replacement.
- F To set aside fund for compensated absences and post employment benefits other than pension.

B. Long-term Interfund Advances

The City had the following interfund advances at June 30:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Public Safety Buildings Fund	General Capital Project Fund	\$1,132,000
MLK Enterprise Fund	General Fund	5,288,617
Recreation Grant Special Revenue Fund	General Fund	<u>7,830</u>
		<u><u>\$6,428,447</u></u>

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

The City General Fund has loaned monies to the MLK Enterprise Fund to be used for any expenses necessary or incidental to carrying out the administration and maintenance of the property. At June 30, 2007, outstanding loans totaling \$5,288,617 (\$3,398,889 in advances and \$1,889,728 of accrued interest) have been made from the General Fund. Repayments would be made as practical to the City. Simple interest accrues at a rate of 5% per annum on the principal amount of the advance. Unpaid interest becomes part of the principal balance.

The City General Capital Project Fund loaned monies to the Public Safety Buildings Fund to cover pre-construction costs for the public safety building construction. This loan does not accrue interest.

The City General Fund loaned monies to the Recreation Fund which arose from the normal course of business and are expected to be repaid shortly after the end of the fiscal year. This loan does not accrue interest.

C. Internal Balances

Internal balances are presented in the entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

NOTE 4 - LOANS RECEIVABLE

A. The Marin School

The City has a loan receivable from The Marin School, a California not-for-profit corporation ("the School"), a tenant leasing premises at the Martin Luther King property. In December 2003, the School entered into an installment payment agreement with the City to pay off its delinquent rent in the amount of \$83,180. The monthly installment payments are \$1,485 and are scheduled to run until August 1, 2008 at zero interest. The balance outstanding at June 30, 2007 is \$20,795.

B. Context Marketing

On December 12, 2003 the City entered into a loan agreement with Context Marketing, a California corporation, and Bob Kenney, an individual (collectively the "Tenant") to repay the City for costs associated with improvements installed at Tenant's premises at the Martin Luther King site. The loan in the original amount of \$150,000 is secured by a promissory note and bears interest at the rate of 6% per annum compounded annually. This loan was paid off in December 2006.

NOTE 5 - INVESTMENT IN REAL PROPERTY

During fiscal 2002, the City entered into a Tenancy in Common agreement with its City Manager to purchase certain real property as set forth under the agreement. As a result, the City invested \$441,600 for a 50% interest in the real property. The agreement provides for among other things that upon sale of the property, the City will receive 50% of the sales proceeds, as defined in the agreement.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 6 - CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Infrastructure capital assets with a value of \$100,000 or more, and non-infrastructure capital assets with a value of \$5,000 or more are capitalized.

All capital assets with limited useful lives are depreciated over their estimated useful lives. Alternatively, the "modified approach" may be used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Buildings and Improvements	50 years
Light Duty Vehicles	5 years
Other Vehicles	10 years
Machinery and Equipment	5-10 years
Infrastructure	10-65 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 6 - CAPITAL ASSETS (Continued)

Changes in fixed assets during the year ended June 30, 2007 comprise:

	June 30, 2006	Additions	Retirements & Adjustments	Transfers	June 30, 2007
Governmental Activities					
Capital assets not being depreciated:					
Land and improvements	\$15,014,662				\$15,014,662
Construction in progress	551,989	\$183,887		(\$135,110)	600,766
	<u>15,566,651</u>	<u>183,887</u>		<u>(135,110)</u>	<u>15,615,428</u>
Depreciable capital assets:					
Building and improvements	968,025			135,110	1,103,135
Vehicles and equipment	1,655,082		(\$36,673)		1,618,409
Machinery and equipment	666,221	45,998			712,219
Infrastructure-	23,701,096				23,701,096
Total	<u>26,990,424</u>	<u>45,998</u>	<u>(36,673)</u>	<u>135,110</u>	<u>27,134,859</u>
Less: accumulated depreciation for					
Building and improvements	(660,897)	(23,822)			(684,719)
Vehicles and equipment	(1,622,872)	(4,732)	9,195		(1,618,409)
Machinery and equipment	(526,298)	(48,950)	(1,473)		(576,721)
Infrastructure	(17,650,624)	(612,944)			(18,263,568)
Total accumulated depreciation	<u>(20,460,691)</u>	<u>(690,448)</u>	<u>7,722</u>		<u>(21,143,417)</u>
Depreciable capital assets, net	<u>6,529,733</u>	<u>(644,450)</u>	<u>(28,951)</u>	<u>135,110</u>	<u>5,991,442</u>
Internal Service Funds					
Capital assets not being depreciated:					
Construction in progress		433,635			433,635
Depreciable capital assets:					
Vehicles and equipment	89,458	68,077			157,535
Machinery and equipment	236,493				236,493
	<u>325,951</u>	<u>68,077</u>			<u>394,028</u>
Less: accumulated depreciation for					
Vehicles and equipment	(22,829)	(31,507)			(54,336)
Machinery and equipment	(47,298)	(23,649)			(70,947)
Total accumulated depreciation	<u>(70,127)</u>	<u>(55,156)</u>			<u>(125,283)</u>
Depreciable capital assets, net	<u>255,824</u>	<u>12,921</u>			<u>268,745</u>
Governmental capital assets, net	<u>\$22,352,208</u>	<u>(\$14,007)</u>	<u>(\$28,951)</u>		<u>\$22,309,250</u>

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 6 - CAPITAL ASSETS (Continued)

	June 30, 2006	Additions	Retirements & Adjustments	Transfers	June 30, 2007
Business-type Activities					
Capital assets not being depreciated:					
Land and improvements	\$3,796,002				\$3,796,002
Construction in progress	306,933	\$37,143		(\$344,076)	
	<u>4,102,935</u>	<u>37,143</u>		<u>(344,076)</u>	<u>3,796,002</u>
Depreciable capital assets:					
Building and improvements	5,707,285	5,972			5,713,257
MLK Bus Barn	275,000				275,000
Vehicles and equipment	994,908	11,611		37,316	1,043,835
Infrastructure	8,191,222			306,760	8,497,982
Total	<u>15,168,415</u>	<u>17,583</u>		<u>344,076</u>	<u>15,530,074</u>
Less: accumulated depreciation for					
Building and improvements	(1,785,666)	(100,231)			(1,885,897)
MLK Bus Barn	(44,000)	(5,500)			(49,500)
Vehicles and equipment	(889,917)	(60,958)	(\$1,200)		(952,075)
Infrastructure	(4,117,791)	(130,743)			(4,248,534)
	<u>(6,837,374)</u>	<u>(297,432)</u>	<u>(1,200)</u>		<u>(7,136,006)</u>
Depreciable capital assets, net	<u>8,331,041</u>	<u>(279,849)</u>	<u>(1,200)</u>	<u>344,076</u>	<u>8,394,068</u>
Total capital assets, net	<u>\$12,433,976</u>	<u>(\$242,706)</u>	<u>(\$1,200)</u>		<u>\$12,190,070</u>

A. Capital Asset Contributions

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

B. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

Governmental Activities:	
General government	\$73,957
Library	900
Police services	20,533
Fire services	10,571
Community development	1,670
Public works	579,654
Recreation	3,163
Internal Service Funds	<u>55,156</u>
Total Governmental Activities	<u>\$745,604</u>
Business-type Activities:	
MLK	\$77,932
Sewer	141,393
Parking	51,717
Old City Hall	<u>27,590</u>
Total Business-type Activities	<u>\$298,632</u>

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 7 - LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The City's debt issues and transactions related to both governmental and business-type activities are summarized below and discussed in detail subsequently.

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007	Current Portion
Governmental Activities						
Department of Boating & Waterways	\$1,200,000	\$938,595		(\$29,919)	\$908,676	\$31,265
California Energy Commission	31,000	19,897		(2,595)	17,302	2,672
General Obligation Bonds:						
2006 Series A	8,205,000		\$8,205,000		8,205,000	
2006 Series B	7,293,894		7,489,220		7,489,220	
Superior Court Promissory Note	247,673		247,673	(26,489)	221,184	46,824
Fire Truck Lease	434,235		434,235		434,235	54,759
Total Government Activities		<u>\$958,492</u>	<u>\$16,376,128</u>	<u>(\$59,003)</u>	<u>\$17,275,617</u>	<u>\$135,520</u>
Business-type Activities						
Capital Leases						
MLK capital lease	\$3,840,494	\$2,635,261		(\$318,410)	\$2,316,851	\$327,163
MLK capital improvement lease	1,770,000	1,215,000		(50,000)	1,165,000	75,000
MLK discount		(12,199)		502	(11,697)	
Old City Hall capital improvement lease (MPA)	1,156,500	860,116		(122,233)	737,883	129,992
Total Business-type Activities		<u>\$4,698,178</u>		<u>(\$490,141)</u>	<u>\$4,208,037</u>	<u>\$532,155</u>

B. Department of Boating and Waterways

Between April 1995 and March 1996, the City borrowed \$1.2 million from the California Department of Boating and Waterways to finance certain improvements. The loan bears interest at 4.5% per annum on the unpaid balance, commencing with the date of each transfer of loan funds to the City. Repayment of the loan commenced August 1995, and is payable in annual installments of \$72,156, including interest, until maturity, August 1, 2025.

C. California Energy Commission

The loan payable bears interest at 3% per annum on the unpaid balance and is payable in semi-annual installments of \$1,586, including interest, until maturity, June 22, 2013.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 7 - LONG-TERM DEBT (Continued)

D. General Obligation Bond 2006 Series A

On November 16, 2006, the City issued General Obligation Bonds Series A in the amount of \$8,205,000. The bond proceeds from this series and the bond proceeds from Series B (see below) are being used to finance the demolition and replacement of a police building and fire station. Interest payments are due each February 1 and August 1, and principal is due each August 1, repayable from General Fund revenues until August 1, 2026. The bonds bear interests at rates from 4.10% to 5.00% per annum. These bonds are repayable from the proceeds of *ad valorem property* taxes.

E. General Obligation Bond 2006 Series B (Capital Appreciation Bonds)

On November 16, 2006, the City issued General Obligation Bonds Series B in the amount of \$7,293,894. The bond proceeds from this series and the bond proceeds from Series A (see above) were used to finance the demolition and replacement of a police building and fire station. These bonds are repayable from the proceeds of *ad valorem property* taxes.

The Bonds unaccrued discount totaled \$18,125,780 at June 30, 2007. The Bonds do not pay periodic interest. Interest on the Bonds will accrete in value at the rates between 4.55% and 4.65%. Repayments of the accreted principal will commence August 1, 2026.

F. Superior Court Promissory Note

On February 2, 2007, the City signed a promissory note in the amount of \$247,673 to repay the Superior Court of California, County of Marin. The purpose of the note is to repay the Superior Court for over payment of court revenues, generated from traffic violations, made to the City from the period July 1999 through June 2006. The note bears interest at 3.873% per annum. Principal and interest are payable monthly commencing from December 2006 until November 2011.

G. Fire Truck Capital Lease

On February 7, 2007, the City entered into a capital lease agreement in the amount of \$434,235 to purchase a fire truck. Principal and interest payments are due each February 7 and August 7, commencing August 7, 2007, until February 7, 2014. The capital lease bears interest at 4.09% per annum.

H. MLK Capital Lease (Martin Luther King School Site)

On August 1, 1987, the City entered into a lease agreement with the Sausalito School District to finance the acquisition of the Martin Luther King School site (the "MLK site"), containing approximately 17 acres of land, with improvements. Effective March 26, 1997, the City and the Sausalito School District (the "District") amended the lease agreement. Under the first amendment, the lease schedule was extended from the year 2007 to the year 2013 and restructured at an interest rate of 7.46%.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 7 - LONG-TERM DEBT (Continued)

The City leases units at the site to tenants. The leases are operating leases with varying terms. Rental income included in the financial statements for the fiscal year ended June 30, 2007 is comprised of the following:

Operating Leases	\$940,743
Utility pass through	<u>43,060</u>
	<u><u>\$983,803</u></u>

Future minimum rents on noncancellable tenant operating leases for fiscal years ending after June 30, 2007 are as follows:

Fiscal Year Ended June 30	Future Minimum Rent
2008	\$856,546
2009	285,905
2010	55,783
2011	<u>29,363</u>
	<u><u>\$1,227,597</u></u>

The future minimum rents do not include amounts that may be received from tenants for reimbursement of certain building operating costs or option to renew.

I. MLK Capital Improvement Lease

On September 29, 1999, the City entered into a capital lease agreement with the Sausalito Capital Improvement Authority, a California joint powers authority, to finance capital improvements on the MLK site.

The Sausalito Capital Improvement Authority assigned the lease to WestAmerica Bank, acting as trustee, which provided a bank-qualified loan. Interest is payable semiannually on each January 15 and July 15, commencing January 15, 2000. Principal is payable annually on July 15 until July 15, 2014, when the loan matures.

J. Old City Hall Capital Improvement Lease

On July 30, 2003, the City entered into a lease agreement with a nonprofit public benefit corporation, to refinance the \$1,600,000 Certificates of Participation issued in April 1992. The refunding took advantage of lower interest rates which were available and resulted in reductions in debt service requirements over the life of the new debt. Proceeds of \$1,134,239 from the MPA lease were transferred to a trustee and placed in an irrevocable trust to redeem the 1992 COPs. These funds were invested in U.S. government securities to provide for the redemption price and interest through the call date. Accordingly, the 1992 COPs were removed from the balance sheet. Interest and principal payments on the refinanced lease are payable semiannually on each October 1st and April 1st until April 1, 2012.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 7 - LONG-TERM DEBT (Continued)

The Old City Hall is in downtown Sausalito and is a designated historic landmark. This 80-year old un-reinforced masonry building was upgraded for seismic safety purposes and renovated to function as retail commercial space. The City entered into an agreement with a tenant in April 1993 to lease the retail space. The agreement was for ten years and provided for a minimum monthly rent of \$16,667 and a percentage of the tenant's revenue as defined in the agreement.

On December 1, 2004, the City executed an amended lease extending the term of the lease for one additional period of 10 years and 3 months with no option to extend. Minimum monthly rent was established at \$23,750 per month from December 1, 2004 through November 30, 2008, and at \$25,000 per month from December 1, 2008 through February 28, 2014.

K. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt with specified repayment terms:

Fiscal Year Ended June 30	Governmental Activities		Business Activities	
	Principal (A)	Interest	Principal	Interest
2008	\$135,520	\$428,480	\$532,155	\$276,149
2009	206,115	421,260	569,813	239,291
2010	246,945	411,307	609,443	199,543
2011	283,015	399,487	650,065	158,014
2012	292,202	386,102	693,242	113,667
2013-2017	1,783,116	1,706,295	1,165,016	102,572
2018-2022	3,020,624	1,221,578		
2023-2027	4,963,860	393,504		
2028-2032	6,725,000			
2033-2037	8,795,000			
2038-2041	8,950,000			
Total	<u>\$35,401,397</u>	<u>\$5,368,013</u>	4,219,734	<u>\$1,089,236</u>
Reconciliation of long-term debt: MLK discount			<u>(11,697)</u>	
Net long-term debt			<u><u>\$4,208,037</u></u>	

(A) Includes General Obligation Bonds 2006 Series B unaccreted discount in the total amount of \$18,125,780

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 8 – DEBT WITH NO CITY COMMITMENT

A. *Local Improvement District Debt with No City Commitment*

Local Improvement Districts (LID's) are established in various parts of the City to provide improvements to properties located in those districts. Properties in these districts are assessed for the cost of improvements; these assessments are payable over the term of the debt issued to finance the improvements and must be sufficient to repay this debt. The City acts solely as the collecting and paying agent for the Districts' debt which is not included in the general debt of the City. The City has no legal or moral liability with respect to the payment of these debts. The outstanding balance of each of these issues as of June 30, 2007 is as follows:

	<u>Balance, June 30, 2007</u>
Downtown Assessment District 1989-1	\$190,000
Sunshine Central Assessment District	95,000

B. *Rotary Village Senior Housing Project*

On March 1, 2004, the City sponsored the issuance of a \$2,500,000 bond on behalf of the Rotary Housing Corporation, a 501(c)(3) corporation and a California Nonprofit Public Benefit Corporation (the "Corporation"). These bonds were issued to raise loan proceeds to finance the construction of the Rotary Village Senior Housing Project. The bonds are payable solely out of the amounts pledged by the Corporation and is not included in the long-term debt of the City. The City has no legal or moral liability with respect to the payment of this debt. The balance at June 30, 2007 is \$2,320,000.

NOTE 9 – TAX REVENUE ANTICIPATION NOTES AND BONDS

In July 2006, the California Statewide Communities Development Authority issued the 2006-07 Tax and Revenue Anticipation Bonds. The City participated in the pooled bond sale and the City's portion of the debt is \$505,000. The bonds bore interest at 4.5% per annum and were fully repaid as of June 30, 2007.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 10 - EMPLOYEE RETIREMENT PLANS

A. CALPERS Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (Police and Fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2007, are summarized as follows:

	Police	Fire	Miscellaneous
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	55	55
Monthly benefits, as a % of annual salary	2.4% to 3%	2.4% to 3%	2.0% to 2.5%
Required employee contribution rates	9%	9%	8%
Required employer contribution rates	29.048%	23.462%	12.726%

Effective July 1, 2003, the City adopted the provisions of Internal Revenue Code Section 414(h)(2) on behalf of its miscellaneous and police safety personnel. Base salaries for these employees are grossed up 8%-9% so that employees may pay their own PERS contribution out of pre-tax compensation. The City continues to pick up the tax deferred contributions on behalf of and for the accounts of fire safety personnel.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the years ended June 30, 2007, 2006 and 2005 amounted to \$1,519,272, \$1,489,668 and , \$1,235,452 respectively.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation rate at 3.0 %. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 10 - RETIREMENT BENEFITS (Continued)

As required by new State law, effective July 1, 2005, the City's Miscellaneous and Safety Plans were terminated, and the employees in those plans were required by CALPERS to join new State-wide pools. One of the conditions of entry to these pools was that the City true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS.

Audited annual financial statements and ten year statistical comparison are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

B. *Postemployment Health Care Benefits*

The City pays a portion of insurance premiums to provide health care benefits for retired employees as required by bargaining unit agreements. Non-sworn City employees who retire after reaching age 55 with 20 years or more of service and sworn City employees who retire after reaching age 50 with 20 year or more of service are eligible for benefits. The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. During the year ended June 30, 2007 the City paid \$106,240 on behalf of 29 retirees who were participating in the plan.

C. *Deferred Compensation Plan*

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

NOTE 11 – PUBLIC ENTITY RISK POOL

The City is exposed to various risks of loss related to workers' compensation and general liability. The City participates in joint powers agreements. On July 1, 1977, a Joint Powers Agreement (the "Agreement") was entered into between member cities and the Marin County Risk Management Authority for workers' compensation coverage (City of Sausalito joined on October 1, 1982). In July 1978, the Agreement was extended to include coverage for both auto and general liability exposures. On July 1, 1978, a new Joint Powers Agreement was established for the liability coverage, known as the Marin Cities Liability Management Authority (City of Sausalito joined on October 1, 1986). Effective July 1, 1996, the City transferred its excess liability coverage to Bay Cities Joint Powers Insurance Authority (the "Authority"). Effective July 1, 2003, the Marin County Risk Management Authority was dissolved and the City transferred its workers compensation coverage to the Bay Cities Joint Powers Insurance Authority.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 11 – PUBLIC ENTITY RISK POOL (Continued)

The City reports all of the workers' compensation activities in an internal service fund. Claims expenditures and liabilities are reported in the internal service fund when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. All of the City's general and ERMA (Employment Risk Management Authority) liability risk management activities are reported in an internal service fund.

A. Workers' Compensation Coverage Statistics

The Workers' Compensation Fund is self-insured for the first \$150,000 of loss per occurrence. Excess coverage is provided by an outside insurance carrier up to statutory limits.

As defined by Government Accounting Standards Board Statement No. 10 ("GASB -10"), the Bay Cities Joint Powers Insurance Authority is "a claims servicing or account pool." The Authority manages separate accounts for each pool member from which losses and expenses of that member are paid, up to the self-insured retention limit. The Authority purchases commercial excess insurance. The annual assessment of each member includes allocations for loss payments, expenses, and excess insurance premiums.

The Authority has a policy under which there is an annual evaluation of the assets of each pool member in comparison to future liabilities. The "financial risk position" of each member is determined by subtracting case reserves, incurred but not reported (IBNR) amounts and claim development from the members' cash balances. If a negative risk position is found, a supplemental element is added to its annual assessment.

At June 30, 2007, the City's estimated workers' compensation liability for unpaid losses was as follows:

	2007	2006
Beginning balance	\$1,153,605	\$1,271,261
Incurred claims	243,156	83,120
Claims paid	(304,512)	(200,776)
Ending balance	<u>\$1,092,249</u>	<u>\$1,153,605</u>
Current portion	<u>\$281,203</u>	<u>\$292,601</u>

Financial statements for the Bay Cities Joint Powers Authority may be obtained from Bickmore & Associates, 6371, Auburn Blvd., Citrus Heights, CA 95621.

B. General Liability Coverage

The City participates with other public entities for the purpose of obtaining general liability coverage in the Bay Cities Joint Powers Insurance Authority (BCJPIA) for claims incurred on or after July 1, 1996.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 11 - PUBLIC ENTITY RISK POOL (Continued)

As defined by GASB 10, the BCJPIA is an “account pool.” The BCJPIA manages separate accounts for each pool member from which losses and expenses are paid, up to the City’s self-insured retention of \$50,000 per occurrence. The BCJPIA has a policy of annual evaluations to determine the “financial risk position” (cash less claim reserves, IBNR and claim development) of each member. If a member has a negative risk position, a supplement element is added to its annual assessment.

As defined by GASB 10, the BCJPIA is a “risk sharing pool.” The BCJPIA provides liability and errors & omissions coverage in excess of the City’s \$50,000 self-insured retention, up to one million through a risk shared self insurance pool. BCJPIA obtains excess coverage through California Affiliated Risk Management Authorities (CARMA) and Employment Risk Management Authority (ERMA), risk sharing joint powers authorities. CARMA provides excess insurance coverage to \$20 million. ERMA arranges for pooled risk sharing related to employment practices liability. Coverage is provided up to one million.

At June 30, 2007, the City’s estimated general liability for unpaid losses was as follows:

	2007	2006
Beginning balance	\$102,299	\$152,639
Incurred claims	229,794	18,579
Claims paid	<u>(136,604)</u>	<u>(68,919)</u>
Ending balance	<u>\$195,489</u>	<u>\$102,299</u>
Current portion	<u>\$37,674</u>	<u>\$52,168</u>

NOTE 12 – NET ASSETS AND FUND BALANCES

A. Net Assets

Net Assets is the excess of all the City’s assets over all its liabilities, regardless of fund. Net Assets are divided into three captions, which is determined only at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City’s capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects and debt service requirements.

Unrestricted describes the portion of Net Assets which is not restricted to use.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 12 – NET ASSETS AND FUND BALANCES (Continued)

B. Fund Balance

Fund balances and retained earnings consist of reserved and unreserved amounts. Reserved fund balances and retained earnings represent amounts that are legally restricted to a specific use or are not available for appropriation of expenditure. The remainder is unreserved.

Portions of unreserved fund balance may be designated by the City Council or management for tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned. Such plans or intent are subject to change, have not been legally authorized, and may not result in expenditures.

Grants and transfers restricted for use as proprietary fund type capital expenditures are reflected as contributed capital upon expenditure of funds for capital assets.

C. Reservations

Reserve for **loans receivable** are the portions of fund balance set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Reserve for **interfund advances** represents the portion of fund balance set aside for the advance made from General Fund to the MLK Fund.

Reserve for **investment in real property** is the portion of fund balance set aside to indicate that this item does not represent available, spendable resource even though it is a component of assets.

Reserve for **special revenue** is the portion of fund balance legally restricted for capital improvements and maintenance.

Reserve for **debt service** is the portion of fund balance set aside to repay long-term debt.

Reserve for **capital projects** is the portion of fund balance set aside for future capital improvement projects.

D. Fund Balance/Net Asset Deficits

The Martin Luther King (“MLK”) Enterprise Fund had a net deficit in the amount of \$910,120 at June 30, 2007. This was mainly a result of MLK generating insufficient revenues to cover its operating expenditures and lease payments since inception. The City’s General Fund has provided loans to fund these deficits. As of June 30, 2007, the General Fund had a loan receivable of approximately \$5.3 million (principal in the amount of \$3.4 million and interest in the amount \$1.9 million) from the MLK Enterprise Fund. Management expects that the MLK Enterprise Fund will become self-sufficient with full occupancy of the building and will eventually begin to repay the advance to the General Fund after the debt service to the School District is paid off in 2014.

The General Liability Internal Service Fund had net deficit in the amount of \$195,489 at June 30, 2007. Future revenues are expected to eliminate the deficit.

CITY OF SAUSALITO
Notes to Financial Statements

NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS

The City participates in the joint ventures discussed below through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint venture is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint venture, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these joint ventures are not the City's responsibility and the City does not have an equity interest in the assets of each joint venture except upon dissolution of the joint venture.

A. *Marin Emergency Radio Authority*

The City participates in a joint powers agreement through the Marin Emergency Radio Authority ("MERA") under an operating agreement dated February 1, 1999. MERA was created July 1, 1997 by an agreement between certain public agencies in Marin County to provide a public safety radio system to its members. The members have agreed to assign a portion of their property tax revenues and make annual payments, on a pro rata basis to cover the costs of debt financing and operating the system.

NOTE 14 – CONTINGENT LIABILITIES AND COMMITMENTS

A. *Contingent Liabilities*

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

The City participates in Federal and State grant programs. These programs have been audited by the City's independent auditors in accordance with the provisions of the Federal Single Audit Act of 1984 including 1996 amendments and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

This Page Left Intentionally Blank

**GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
BUDGET-TO-ACTUAL STATEMENTS**

Budget-to-actual information in the required supplementary information should be limited to the General Fund and major Special Revenue Funds. This section is provided for the presentation of Budget-to-Actual Statements for the General Fund and the Tidelands Special Revenue Fund.

CITY OF SAUSALITO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$5,432,250	\$5,702,461	\$5,830,081	\$127,620
Sales tax	1,480,000	1,494,418	1,598,799	104,381
Other tax	1,586,200	1,617,000	1,802,789	185,789
Licenses and permits	400,000	420,000	531,908	111,908
Fines and forfeitures	370,000	345,000	390,800	45,800
Use of money and property	130,357	136,957	404,374	267,417
Charges for services	759,000	931,229	1,202,154	270,925
Other revenues	234,300	73,190	103,304	30,114
	10,392,107	10,720,255	11,864,209	1,143,954
EXPENDITURES:				
Current:				
General government	2,063,042	2,164,912	1,995,642	169,270
Library	593,233	593,467	582,394	11,073
Public safety:				
Police	3,581,546	3,543,170	3,391,289	151,881
Fire	2,515,347	2,539,112	2,558,799	(19,687)
Community development	944,732	1,030,855	962,469	68,386
Public works	1,200,395	1,144,882	1,133,401	11,481
Parks & recreation	672,912	643,499	473,093	170,406
Debt service:				
Principal		2,595	2,595	
Interest and other charges		578	578	
	11,571,207	11,663,070	11,100,260	562,810
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,179,100)	(942,815)	763,949	1,706,764
OTHER FINANCING SOURCES (USES)				
Transfers in	1,162,375	1,162,375	1,162,375	
Transfers (out)	(185,000)	(900,720)	(900,720)	
	977,375	261,655	261,655	
NET CHANGE IN FUND BALANCE	(\$201,725)	(\$681,160)	1,025,604	\$1,706,764
BEGINNING FUND BALANCE			5,357,665	
ENDING FUND BALANCE			\$6,383,269	

CITY OF SAUSALITO
TIDELANDS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Original and final budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	\$601,965	\$706,923	\$104,958
Other revenues		5	5
Total Revenues	601,965	706,928	104,963
EXPENDITURES:			
Current:			
General government	91,069	85,857	5,212
Principal	29,919	29,919	
Interest and other charges	42,237	42,237	
Total Expenditures	163,225	158,013	5,212
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	438,740	548,915	110,175
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(200,000)	(200,000)	
Total Other Financing Sources (Uses)	(200,000)	(200,000)	
NET CHANGE IN FUND BALANCE	\$238,740	348,915	\$110,175
BEGINNING FUND BALANCE		1,674,981	
ENDING FUND BALANCE		\$2,023,896	

This Page Left Intentionally Blank

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The City operates under the general law of the State of California, and annually adopts a budget to be effective July 1 for the ensuing fiscal year.

The City Manager submits a Preliminary Budget to the City Council on or about June 1 each year. This Preliminary Budget is the fiscal plan for the ensuing twelve months starting July 1, and includes proposals for expenditures for operations and capital improvement, and the resources to meet them. City Council conducts public hearings at Council Chambers before adopting the budget. The Council approves total appropriations at the department level in the General Fund, and at the fund level in other funds. The Budget is adopted by City resolution prior to June 30.

The City Manager is authorized to transfer budget appropriations within departments in conformance with the adopted policies set by the City Council. All other transfers must be approved by the City Council. Any revisions that alter the total expenditures of any department must be approved by the City Council. Expenditures are budgeted at, and may not legally exceed, the department level for the General Fund and the fund level for Special Revenue and Debt Service Funds. Budgeted amounts shown are as originally adopted, or as amended by the City Council during the year. During the year, several supplementary appropriations were necessary.

Budgets for General, Special Revenue and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Except for Capital Project Funds, appropriations lapse at fiscal year end and are rebudgeted for the coming year. Capital Project Funds are budgeted on a project length basis.

This Page Left Intentionally Blank

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Seized Assets – to account for properties seized by Police Department during the normal course of police operation.

Traffic Safety – To account for projects related to traffic safety. Financing is provided primarily by vehicle code fines.

Gas Tax Fund – To account for the construction and maintenance of the street system in Sausalito. Financing is provided by the City's share of state gasoline taxes.

Construction Impact Fees- to account for costs recovered from applicants for accelerated wear and tear to the City's road as a result of construction projects.

Traffic Congestion Relief- to account for fund received from Proposition 42 for transportation congestion relief program.

Police Grants – To account for costs related to the police department. Financing provided primarily by state grants.

Storm Drain – To account for the maintenance of the City's storm drains. Financing provided primarily by property drainage tax and subsidies from the general fund.

Stairs Fund – To account for the 167 Cazneau legal settlement received. Monies are to be used for improvements to Stairs as defined in the legal settlement.

Disaster Assistance – To account for the costs related to disasters. Financing is provided primarily by federal and state grants.

Recreation Grant- to account for per capita park grant funds for improvements to City public park lands.

Fire Grant – To account for costs related to the fire department. Financing is provided primarily by state grants.

Debt Service Fund

2006 General Obligation Bonds – To account for the accumulation of resources to pay general obligation bonds principal and interest.

Capital Project Funds

Library Capital Improvement – To account for capital projects related to the library. Financing provided primarily by the general fund and state grants.

General Capital Improvements – To account for City-wide construction and improvements not otherwise paid for through the proprietary funds.

CITY OF SAUSALITO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

	SPECIAL REVENUE FUNDS				
	Seized Assets	Traffic Safety	Gas Tax	Construction Impact Fees	Traffic Congestion Relief
ASSETS					
Cash and investments	\$30,051	\$480,545	\$435,880	\$607,260	\$28,064
Restricted cash and investments					
Receivables:					
Taxes receivables, net					
Accounts receivable, net		4,286			29,646
Advance to other funds					
Total Assets	\$30,051	\$484,831	\$435,880	\$607,260	\$57,710
LIABILITIES					
Accounts payable		\$6,696	\$7,216		
Advance from other funds					
Unearned revenue					
Total Liabilities		6,696	7,216		
FUND BALANCE					
Reserved for:					
Special revenue programs	\$30,051	478,135	428,664	\$607,260	\$57,710
Debt service					
Advance to other funds					
Unreserved, designated for:					
Special revenue programs					
Capital projects					
Unreserved, undesignated					
Total Fund Balances	30,051	478,135	428,664	607,260	57,710
Total Liabilities and Fund Balances	\$30,051	\$484,831	\$435,880	\$607,260	\$57,710

SPECIAL REVENUE FUNDS						DEBT SERVICE FUND
Police Grants	Storm Drain	Stairs Fund	Disaster Assistance	Recreation Grant	Fire Grant	2006 General Obligation Bond
\$47,791	\$86,909	\$137,563	\$20,936		\$16,206	\$185,755
	361			\$7,830		
<u>\$47,791</u>	<u>\$87,270</u>	<u>\$137,563</u>	<u>\$20,936</u>	<u>\$7,830</u>	<u>\$16,206</u>	<u>\$185,755</u>
\$44,026				\$7,830		
<u>44,026</u>				<u>7,830</u>		
3,765	\$87,270	\$137,563	\$20,936		\$16,206	\$185,755
<u>3,765</u>	<u>87,270</u>	<u>137,563</u>	<u>20,936</u>		<u>16,206</u>	<u>185,755</u>
<u>\$47,791</u>	<u>\$87,270</u>	<u>\$137,563</u>	<u>\$20,936</u>	<u>\$7,830</u>	<u>\$16,206</u>	<u>\$185,755</u>

(Continued)

CITY OF SAUSALITO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

	<u>CAPITAL PROJECTS FUNDS</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Library Capital Improvement</u>	<u>General Capital Improvements</u>	
ASSETS			
Cash and investments	\$218,728	\$583,219	\$2,693,152
Restricted cash and investments			185,755
Receivables:			
Taxes receivables, net			361
Accounts receivable, net			41,762
Advance to other funds		1,132,000	1,132,000
Total Assets	<u>\$218,728</u>	<u>\$1,715,219</u>	<u>\$4,053,030</u>
LIABILITIES			
Accounts payable		\$52,612	\$66,524
Advance from other funds			7,830
Unearned revenue			44,026
Total Liabilities		<u>52,612</u>	<u>118,380</u>
FUND BALANCE			
Reserved for:			
Special revenue programs	\$218,728		2,086,288
Debt service			185,755
Advance to other funds		1,132,000	1,132,000
Unreserved, designated for:			
Special revenue programs			
Capital projects		530,607	530,607
Unreserved, undesignated			
Total Fund Balances	<u>218,728</u>	<u>1,662,607</u>	<u>3,934,650</u>
Total Liabilities and Fund Balances	<u>\$218,728</u>	<u>\$1,715,219</u>	<u>\$4,053,030</u>

This Page Left Intentionally Blank

CITY OF SAUSALITO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE FUNDS				
	Seized Assets	Traffic Safety	Gas Tax	Construction Impact Fees	Traffic Congestion Relief
REVENUES					
Fines and forfeitures		\$76,004			
Use of money and property	\$1,460	23,299	\$18,565	\$30,396	\$2,893
Intergovernmental			144,612		54,817
Charges for services				165,417	
Other revenues					
Total Revenues	<u>1,460</u>	<u>99,303</u>	<u>163,177</u>	<u>195,813</u>	<u>57,710</u>
EXPENDITURES					
Current:					
Public safety:					
Police					
Public works		35,472	60,262		28,737
Capital outlay					
Debt service:					
Principal					
Interest and other charges		26,489			
		5,340			
Total Expenditures		<u>67,301</u>	<u>60,262</u>		<u>28,737</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,460</u>	<u>32,002</u>	<u>102,915</u>	<u>195,813</u>	<u>28,973</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long term debt					
Transfers in		247,673			
Transfers (out)				(100,673)	(3,745)
Total Other Financing Sources (Uses)		<u>247,673</u>		<u>(100,673)</u>	<u>(3,745)</u>
NET CHANGE IN FUND BALANCES	1,460	279,675	102,915	95,140	25,228
BEGINNING FUND BALANCES	<u>28,591</u>	<u>198,460</u>	<u>325,749</u>	<u>512,120</u>	<u>32,482</u>
ENDING FUND BALANCES	<u><u>\$30,051</u></u>	<u><u>\$478,135</u></u>	<u><u>\$428,664</u></u>	<u><u>\$607,260</u></u>	<u><u>\$57,710</u></u>

SPECIAL REVENUE FUNDS						DEBT SERVICE FUND
Police Grants	Storm Drain	Stairs Fund	Disaster Assistance	Recreation Grant	Fire Grant	2006 General Obligation Bond
\$1,389	\$2,662	\$6,684	\$1,000		\$787	\$4,683
100,000	69,490		1,339	\$23,150		
101,389	72,152	6,684	2,339	23,150	787	4,683
100,000	18,364			4,000		
						55,328
100,000	18,364			4,000		55,328
1,389	53,788	6,684	2,339	19,150	787	(50,645)
						236,400
						236,400
1,389	53,788	6,684	2,339	19,150	787	185,755
2,376	33,482	130,879	18,597	(19,150)	15,419	
\$3,765	\$87,270	\$137,563	\$20,936		\$16,206	\$185,755

(Continued)

CITY OF SAUSALITO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>CAPITAL PROJECT FUNDS</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Library Capital Improvement</u>	<u>General Capital Improvements</u>	
REVENUES			
Fines and forfeitures			\$76,004
Use of money and property	\$10,520	\$11,876	116,214
Intergovernmental	4,269		328,187
Charges for services			234,907
Other revenues		15,000	15,000
Total Revenues	<u>14,789</u>	<u>26,876</u>	<u>770,312</u>
EXPENDITURES			
Current:			
Public safety:			
Police			100,000
Public works			142,835
Capital outlay	4,160	120,392	128,552
Debt service:			
Principal			26,489
Interest and other charges			60,668
Total Expenditures	<u>4,160</u>	<u>120,392</u>	<u>458,544</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>10,629</u>	<u>(93,516)</u>	<u>311,768</u>
OTHER FINANCING SOURCES (USES)			
Issuance of long term debt			484,073
Transfers in		639,418	639,418
Transfers (out)			(104,418)
Total Other Financing Sources (Uses)		<u>639,418</u>	<u>1,019,073</u>
NET CHANGE IN FUND BALANCES	10,629	545,902	1,330,841
BEGINNING FUND BALANCES	<u>208,099</u>	<u>1,116,705</u>	<u>2,603,809</u>
ENDING FUND BALANCES	<u>\$218,728</u>	<u>\$1,662,607</u>	<u>\$3,934,650</u>

This Page Left Intentionally Blank

CITY OF SAUSALITO
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE FUNDS					
	Traffic Safety			Gas Tax		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Fines and forfeitures	\$105,000	\$76,004	(\$28,996)			
Use of money and property	9,000	23,299	14,299	\$7,500	\$18,565	\$11,065
Intergovernmental				148,000	144,612	(3,388)
Charges for services						
Other revenues						
Total Revenues	<u>114,000</u>	<u>99,303</u>	<u>(14,697)</u>	<u>155,500</u>	<u>163,177</u>	<u>7,677</u>
EXPENDITURES						
Current:						
General government						
Public safety:						
Fire						
Public works	53,000	35,472	17,528	69,350	60,262	9,088
Capital outlay	5,000		5,000			
Debt service:						
Principal		26,489	(26,489)			
Interest and other charges		5,340	(5,340)			
Total Expenditures	<u>58,000</u>	<u>67,301</u>	<u>(9,301)</u>	<u>69,350</u>	<u>60,262</u>	<u>9,088</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>56,000</u>	<u>32,002</u>	<u>(23,998)</u>	<u>86,150</u>	<u>102,915</u>	<u>16,765</u>
OTHER FINANCING SOURCES (USES)						
Issuance of long-term debt		247,673				
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)		<u>247,673</u>				
NET CHANGES IN FUND BALANCES		279,675			102,915	
BEGINNING FUND BALANCES		<u>198,460</u>			<u>325,749</u>	
ENDING FUND BALANCES		<u><u>\$478,135</u></u>			<u><u>\$428,664</u></u>	

SPECIAL REVENUE FUNDS

Construct Traffic Road Fees			Traffic Congestion Relief			Storm Drain		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$5,000	\$30,396			\$2,893	\$2,893	\$500	\$2,662	\$2,162
				54,817	54,817			
200,000	165,417					68,500	69,490	990
514,093						77,400		(77,400)
719,093	195,813			57,710	57,710	146,400	72,152	(74,248)
				28,737	(28,737)	15,400	18,364	(2,964)
						30,000		30,000
				28,737	(28,737)	45,400	18,364	27,036
719,093	195,813			28,973	28,973	101,000	53,788	(47,212)
(719,093)	(100,673)	\$618,420	(\$33,700)	(3,745)	29,955	(101,000)		101,000
(719,093)	(100,673)	618,420	(33,700)	(3,745)	29,955	(101,000)		101,000
	95,140			25,228			53,788	
	512,120			32,482			33,482	
	<u>\$607,260</u>			<u>\$57,710</u>			<u>\$87,270</u>	

CITY OF SAUSALITO
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE FUND			DEBT SERVICE FUND		
	Stairs Fund		Variance Positive (Negative)	2006 General Obligation Bond		Variance Positive (Negative)
	Budget	Actual		Budget	Actual	
REVENUES						
Fines and forfeitures						
Use of money and property	\$2,000	\$6,684	\$4,684	\$1,000	\$4,683	\$3,683
Intergovernmental				1,339		(1,339)
Charges for services						
Other revenues	8,000		(8,000)			
Total Revenues	10,000	6,684	(3,316)	2,339	4,683	2,344
EXPENDITURES						
Current:						
General government						
Public safety:						
Fire						
Public works						
Capital outlay						
Debt service:						
Principal						
Interest and other charges					55,328	
Total Expenditures					55,328	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,000	6,684	(3,316)	2,339	(50,645)	(52,984)
OTHER FINANCING SOURCES (USES)						
Issuance of long-term debt					236,400	
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)					236,400	
NET CHANGES IN FUND BALANCES		6,684			185,755	
BEGINNING FUND BALANCES		130,879				
ENDING FUND BALANCES		\$137,563			\$185,755	

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. For the Statement of Activities, the net revenues and expenses of each internal service fund are eliminated by netting them against the operations of the City departments that generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets. However, internal service funds are still presented separately in the Fund Financial Statements.

Vehicle Replacement Fund – Established to finance the replacement of equipment used by the City General Fund departments.

Workers' Compensation Fund – Used to account for outstanding claim liabilities.

Employee Benefits Fund – To help finance the liability for compensated absences and other post employment benefits for City General Fund departments.

General Liability Fund – To help finance other liabilities including employment liabilities.

CITY OF SAUSALITO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>Vehicle Replacement</u>	<u>Workers Compensation</u>	<u>Employee Benefits</u>	<u>General Liability</u>	<u>Total</u>
ASSETS					
Cash and investments	\$2,311,304	\$1,371,690	\$496,012		\$4,179,006
Capital assets, nondepreciable	433,635				433,635
Capital assets, depreciable, net of depreciation	<u>268,745</u>				<u>268,745</u>
Total Assets	<u>3,013,684</u>	<u>1,371,690</u>	<u>496,012</u>		<u>4,881,386</u>
LIABILITIES					
Accounts payable		125,000			125,000
Accrued interest payable	\$7,400				7,400
Claims payable					
Due in one year		281,203		\$37,674	318,877
Due in more than one year		811,046		157,815	968,861
Long-term debt					
Due within one year	54,759				54,759
Due in more than one year	<u>379,476</u>				<u>379,476</u>
Total Liabilities	<u>441,635</u>	<u>1,217,249</u>		<u>195,489</u>	<u>1,854,373</u>
NET ASSETS					
Invested in capital assets, net of related debt	268,145				268,145
Unrestricted	<u>2,303,904</u>	<u>154,441</u>	<u>496,012</u>	<u>(195,489)</u>	<u>2,758,868</u>
Total Net Assets (Deficit)	<u>\$2,572,049</u>	<u>\$154,441</u>	<u>\$496,012</u>	<u>(\$195,489)</u>	<u>\$3,027,013</u>

CITY OF SAUSALITO
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Vehicle Replacement	Workers Compensation	Employee Benefits	General Liability	Total
OPERATING REVENUES					
Operating and other revenue	\$4,000	\$611,295			\$615,295
Total Operating Revenues	4,000	611,295			615,295
OPERATING EXPENSES					
Claims and insurance expense		271,890		\$195,489	467,379
Repairs and maintenance	600				600
Depreciation	55,156				55,156
Total Operating Expenses	55,756	271,890		195,489	523,135
Operating Income (Loss)	(51,756)	339,405		(195,489)	92,160
NONOPERATING REVENUE (EXPENSES)					
Interest revenue	\$109,104	\$64,176	\$15,882		\$189,162
Interest expense	(7,400)				(7,400)
Total nonoperating revenue	101,704	64,176	15,882		181,762
Income before transfers	49,948	403,581	15,882	(195,489)	273,922
Transfers in	221,420		202,097		423,517
Transfers, net	221,420		202,097		423,517
Change in Net Assets	271,368	403,581	217,979	(195,489)	697,439
BEGINNING NET ASSETS (DEFICIT)	2,300,681	(249,140)	278,033		2,329,574
ENDING NET ASSETS (DEFICIT)	<u>\$2,572,049</u>	<u>\$154,441</u>	<u>\$496,012</u>	<u>(\$195,489)</u>	<u>\$3,027,013</u>

CITY OF SAUSALITO
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	Vehicle Replacement	Workers Compensation	Employee Benefits	General Liability	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Payment to suppliers	(\$600)	(\$208,246)			(\$208,846)
Other receipts	4,000	611,295			615,295
Cash Flows from Operating Activities	3,400	403,049			406,449
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	221,420		\$202,097		423,517
Cash Flows from Noncapital Financing Activities	221,420		202,097		423,517
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital expenditures	(501,712)				(501,712)
Issuance of long-term debt	434,235				434,235
Cash Flows from Capital and Related Financing Activities	(67,477)				(67,477)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest receipts	109,104	64,176	15,882		189,162
Net Cash Flows	266,447	467,225	217,979		951,651
Cash and investments at beginning of period	2,044,857	904,465	278,033		3,227,355
Cash and investments at end of period	\$2,311,304	\$1,371,690	\$496,012		\$4,179,006
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	(\$51,756)	\$339,405		(\$195,489)	\$287,649
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	55,156				55,156
Change in assets and liabilities:					
Accounts payable		125,000			125,000
Claims payable		(61,356)		195,489	(61,356)
Cash Flows from Operating Activities	\$3,400	\$403,049			\$406,449

AGENCY FUNDS

All Agency Funds, representing all fiduciary funds of the City, are custodial in nature and do not involve measurement of results of operations. Such funds have no equity since any assets are due to individuals or other entities at some future time.

These funds are presented separately from the Governmental and Fund Financial Statements.

CITY OF SAUSALITO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<u>Third Street Underground Assessment District</u>				
Assets:				
Cash and investments	\$3,966	\$203		\$4,169
Total Assets	\$3,966	\$203		\$4,169
Liabilities:				
Payable to General Fund	\$2,400			\$2,400
Due to local Improvement Districts	1,566	\$203		1,769
Total Liabilities	\$3,966	\$203		\$4,169
<u>Downtown 1989-1 Assessment District</u>				
Assets:				
Cash and investments	\$82,079	\$83,183	\$70,725	\$94,537
Assessments receivable	414	395		809
Total Assets	\$82,493	\$83,578	\$70,725	\$95,346
Liabilities:				
Due to local Improvement Districts	82,493	\$83,578	\$70,725	\$95,346
Total Liabilities	\$82,493	\$83,578	\$70,725	\$95,346
<u>Sunshine Central Assessment District</u>				
Assets:				
Cash and investments	\$43,157	\$32,410	\$23,540	\$52,027
Assessments receivable	132	153		285
Total Assets	\$43,289	\$32,563	\$23,540	\$52,312
Liabilities:				
Due to local Improvement Districts	43,289	\$32,563	\$23,540	\$52,312
Total Liabilities	\$43,289	\$32,563	\$23,540	\$52,312

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>Bulkley Underground Assessment District</u>				
Assets:				
Cash and investments	<u>\$8,490</u>	<u>\$434</u>		<u>\$8,924</u>
Total Assets	<u><u>\$8,490</u></u>	<u><u>\$434</u></u>		<u><u>\$8,924</u></u>
Liabilities:				
Payable to General Fund	\$900			\$900
Due to local Improvement Districts	<u>7,590</u>	<u>\$434</u>		<u>8,024</u>
Total Liabilities	<u><u>\$8,490</u></u>	<u><u>\$434</u></u>		<u><u>\$8,924</u></u>
<u>Downtown Assessment District - Reserve Fund</u>				
Assets:				
Cash and investments	<u>\$28,611</u>			<u>\$28,611</u>
Total Assets	<u><u>\$28,611</u></u>			<u><u>\$28,611</u></u>
Liabilities:				
Due to local Improvement Districts	<u>\$28,611</u>			<u>\$28,611</u>
Total Liabilities	<u><u>\$28,611</u></u>			<u><u>\$28,611</u></u>
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$166,303	\$116,230	\$94,265	\$188,268
Assessments receivable	<u>546</u>	<u>548</u>		<u>1,094</u>
Total Assets	<u><u>\$166,849</u></u>	<u><u>\$116,778</u></u>	<u><u>\$94,265</u></u>	<u><u>\$189,362</u></u>
Liabilities:				
Accounts payable				
Payable to General Fund	\$3,300	\$203		\$3,503
Due to local Improvement Districts	<u>163,549</u>	<u>\$116,575</u>	<u>\$94,265</u>	<u>185,859</u>
Total Liabilities	<u><u>\$166,849</u></u>	<u><u>\$116,778</u></u>	<u><u>\$94,265</u></u>	<u><u>\$189,362</u></u>

This Page Left Intentionally Blank

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Assets by Component
2. Changes in Net Assets
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Ratio of Bonded Debt Outstanding
3. Computation of Direct and Overlapping Debt
4. Computation of Legal Bonded Debt Margin

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

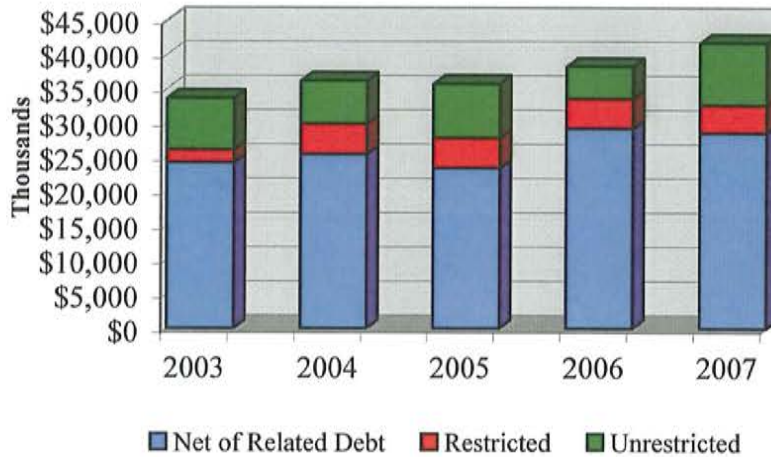
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the City of Sausalito for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

This Page Left Intentionally Blank

CITY OF SAUSALITO
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)



	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<i>Governmental activities</i>					
Invested in capital assets, net of related debt	\$21,678,253	\$23,456,664	\$21,390,365	\$21,354,986	\$20,560,479
Restricted	1,691,910	4,440,011	4,379,746	4,356,609	4,077,211
Unrestricted	5,383,484	3,366,219	4,656,090	6,749,085	10,517,070
Total governmental activities net assets	<u><u>\$28,753,647</u></u>	<u><u>\$31,262,894</u></u>	<u><u>\$30,426,201</u></u>	<u><u>\$32,460,680</u></u>	<u><u>\$35,154,760</u></u>
<i>Business-type activities</i>					
Invested in capital assets, net of related debt	2,541,936	1,984,007	2,037,356	7,841,055	7,982,033
Restricted for Debt Service	160,767				
Unrestricted	2,132,951	2,942,531	3,261,325	(2,043,830)	(1,395,149)
Total business-type activities net assets	<u><u>\$4,835,654</u></u>	<u><u>\$4,926,538</u></u>	<u><u>\$5,298,681</u></u>	<u><u>\$5,797,225</u></u>	<u><u>\$6,586,884</u></u>
<i>Primary government</i>					
Invested in capital assets, net of related debt	\$24,220,189	\$25,440,671	\$23,427,721	\$29,196,041	\$28,542,512
Restricted	1,852,677	4,440,011	4,379,746	4,356,609	4,077,211
Unrestricted	7,516,435	6,308,750	7,917,415	4,705,255	9,121,921
Total primary government net assets	<u><u>\$33,589,301</u></u>	<u><u>\$36,189,432</u></u>	<u><u>\$35,724,882</u></u>	<u><u>\$38,257,905</u></u>	<u><u>\$41,741,644</u></u>

Note: The City of Sausalito implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

CITY OF SAUSALITO
Changes in Net Assets
Last Five Fiscal Years
(Accrual Basis of Accounting)

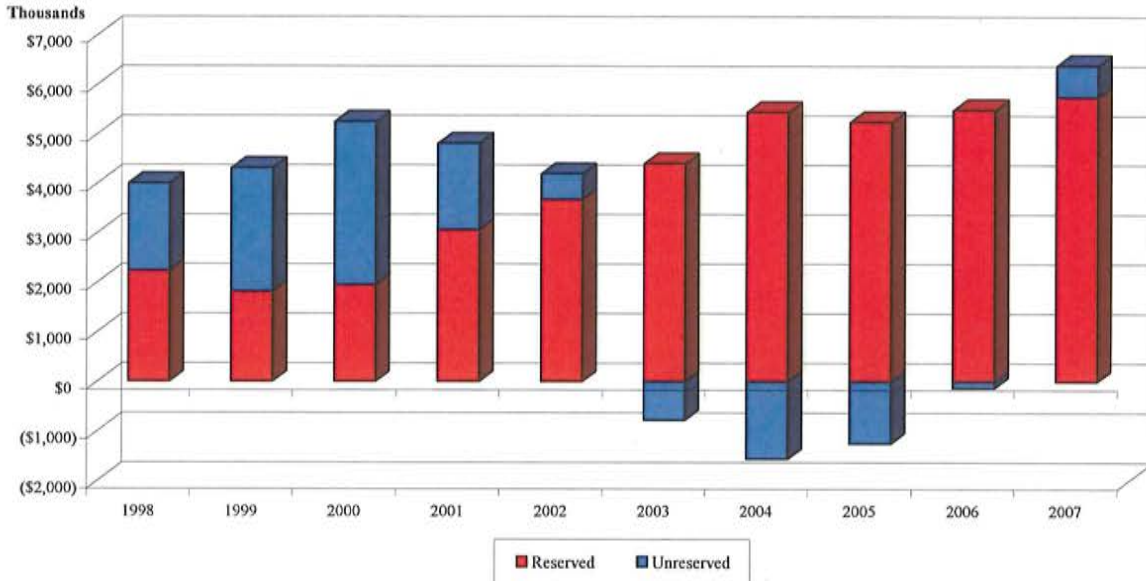
	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General Government	\$2,387,468	\$1,672,262	\$1,858,807	\$1,975,355	\$2,108,977
Library	559,529	514,032	563,306	556,820	585,356
Public Safety:					
Police Services	3,107,334	3,227,089	3,381,396	3,241,413	3,666,529
Fire Services	2,121,670	2,318,546	2,255,289	2,425,603	2,504,788
Community Development	958,260	1,012,057	853,183	983,680	943,705
Public Works	2,228,302	1,901,528	1,846,822	2,170,131	1,816,865
Parks & Recreation	555,263	597,230	591,248	580,431	474,709
PERS sidefund expense	-	-	391,230		
Interest on long-term debt	46,032	22,502	23,391	38,730	248,461
Total Governmental Activities Expenses	11,963,858	11,265,246	11,764,672	11,972,163	12,349,390
Business-Type Activities:					
MLK	1,037,483	925,605	768,866	796,391	688,495
Sewer	756,182	621,682	650,313	664,139	670,158
Parking	388,699	295,693	335,191	323,647	271,123
Old City Hall	141,065	119,474	95,779	88,485	80,153
Total Business-Type Activities Expenses	2,323,429	1,962,454	1,850,149	1,872,662	1,709,929
Total Primary Government Expenses	\$14,287,287	\$13,227,700	\$13,614,821	\$13,844,825	\$14,059,319
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$5,924	\$4,318	\$35,591	\$30,684	\$26,533
Library	16,314	16,997	17,438	20,346	19,333
Public Safety:					
Police Services	312,094	429,926	469,648	366,439	396,462
Fire Services	207	526	110,888	105,208	98,510
Community Development	559,729	774,246	488,616	553,550	748,002
Public Works	168,327	163,009	1,120	406,325	313,757
Parks & recreation	299,760	324,756	395,895	330,412	292,731
Operating Grants and Contributions	95,150	100,000	452,832	432,030	321,122
Capital Grants and Contributions	997,210	1,934,377	416,309	175,951	508,426
Total Government Activities Program Revenues	2,454,715	3,748,155	2,388,337	2,420,945	2,724,876

CITY OF SAUSALITO
Changes in Net Assets
(continued)
Last Five Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
Business-Type Activities:					
Charges for Services:					
MLK	\$857,173	\$827,298	\$817,599	\$970,548	\$983,803
Sewer	516,362	677,753	777,871	789,274	755,547
Parking	1,181,244	1,350,157	1,406,066	1,347,932	1,297,275
Old City Hall	376,525	312,096	299,940	338,327	306,263
Total Business-Type Activities Program Revenue	<u>2,931,304</u>	<u>3,167,304</u>	<u>3,301,476</u>	<u>3,446,081</u>	<u>3,342,888</u>
Total Primary Government Program Revenues	<u>\$5,386,019</u>	<u>\$6,915,459</u>	<u>\$5,689,813</u>	<u>\$5,867,026</u>	<u>\$6,067,764</u>
Net (Expense)/Revenue					
Governmental Activities	(\$9,509,143)	(\$7,517,091)	(\$9,376,335)	(\$9,551,218)	(\$9,624,514)
Business-Type Activities	607,875	1,204,850	1,451,327	1,573,419	1,632,959
Total Primary Government Net Expense	<u>(\$8,901,268)</u>	<u>(\$6,312,241)</u>	<u>(\$7,925,008)</u>	<u>(\$7,977,799)</u>	<u>(\$7,991,555)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes	\$6,843,694	\$7,057,832	\$8,598,378	\$9,279,774	\$9,763,577
Use of Money/Property and interest earnings	802,647	883,506	959,988	1,005,955	1,260,532
Intergovernmental revenues	870,035	722,079	-		
Other Revenues	220,510	198,521	70,602	225,093	274,313
Transfers	1,246,111	1,164,400	1,108,373	1,074,875	1,020,172
Total Government Activities	<u>9,982,997</u>	<u>10,026,338</u>	<u>10,737,341</u>	<u>11,585,697</u>	<u>12,318,594</u>
Business-Type Activities:					
Use of Money/Property and interest earnings	38,268	49,431	100,191		175,687
Transfers	(1,246,111)	(1,164,400)	(1,235,375)	(1,074,875)	(1,020,172)
Other Revenues	75	1,003	56,000		1,185
Total Business-Type Activities	<u>(1,207,768)</u>	<u>(1,113,966)</u>	<u>(1,079,184)</u>	<u>(1,074,875)</u>	<u>(843,300)</u>
Total Primary Government	<u>\$8,775,229</u>	<u>\$8,912,372</u>	<u>\$9,658,157</u>	<u>\$10,510,822</u>	<u>\$11,475,294</u>
Change in Net Assets					
Governmental Activities	\$473,854	\$2,509,247	\$1,361,006	\$2,034,479	\$2,694,080
Business-Type Activities	(599,893)	90,884	372,143	498,544	789,659
Total Primary Government	<u>(\$126,039)</u>	<u>\$2,600,131</u>	<u>\$1,733,149</u>	<u>\$2,533,023</u>	<u>\$3,483,739</u>

Note: The City of Sausalito implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

CITY OF SAUSALITO
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	Fiscal Year Ended June 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$2,236,945	\$1,814,375	\$1,948,981	\$3,057,532	\$3,672,239	\$4,399,411	\$5,437,966	\$5,238,531	\$5,488,760	\$5,745,083
Unreserved	1,763,269	2,496,236	3,297,689	1,748,126	521,305	(779,880)	(1,561,820)	(1,246,604)	(131,095)	638,186
Total General Fund	\$4,000,214	\$4,310,611	\$5,246,670	\$4,805,658	\$4,193,544	\$3,619,531	\$3,876,146	\$3,991,927	\$5,357,665	\$6,383,269
All Other Governmental Funds										
Reserved	\$103,111	\$2,859	\$2,097,673	\$2,831,277	\$3,571,494	\$1,691,910	\$2,080,493	\$2,635,159	\$2,324,457	\$20,811,534
Unreserved, reported in:										
Special revenue funds	2,334,704	2,600,988	2,580,196	2,741,915	-	(12,046)	37,388	72,315	903,306	348,915
Debt Service funds	4,402	4,346	4,593	4,862	5,022					
Capital project funds	498,548	520,748	524,566	296,502	385,534	996,628	924,250	1,448,767	1,128,846	530,607
Total all other governmental fund	\$2,940,765	\$3,128,941	\$5,207,028	\$5,874,556	\$3,962,050	\$2,676,492	\$3,042,131	\$4,156,241	\$4,356,609	\$21,691,056

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

This Page Left Intentionally Blank

CITY OF SAUSALITO
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	1998	1999	2000	2001	2002
Revenues					
Taxes	\$5,564,647	\$5,858,660	\$6,305,727	\$6,269,209	\$6,394,366
Licenses, permits and fees	147,791	163,599	204,030	208,867	843,886
Fines and forfeitures	302,285	380,703	401,590	359,197	326,495
Use of money and property	2,020,293	2,081,731	2,245,749	2,492,358	721,471
Intergovernmental revenues	864,487	1,269,391	744,619	976,837	767,624
Charges for services	883,707	966,955	951,217	958,533	842,578
Reimbursements	133,983	51,646	150,856	227,929	116,411
Special Assessments	252,872	225,015	199,338	165,718	109,043
PERS Superfund Credit					
Other	100,498	277,695	2,093,565	142,941	70,556
Total Revenues	10,270,563	11,275,395	13,296,691	11,801,589	10,192,430
Expenditures					
Current:					
Police	2,367,462	2,599,121	2,716,602	2,957,680	2,660,558
Fire	1,645,433	1,630,813	1,874,556	1,982,581	2,114,574
Public Works	2,276,453	3,031,925	1,974,012	2,113,240	1,966,348
Non-Departmental	780,674	783,533	836,462	932,636	681,088
General Government	1,180,717	883,492	1,045,805	1,399,658	2,104,822
Community Development	765,129	731,058	771,088	1,284,953	1,025,474
Library	473,589	469,242	477,978	494,928	522,228
Parks & Recreation	364,968	513,244	488,345	553,918	588,090
Capital outlay			-	-	
Debt service:					
Principal repayment	140,117	151,022	176,968	45,000	45,000
Interest and fiscal charges	131,900	122,010	111,055	49,315	46,222
PERS Sidefund Expense					
Total Expenditures	10,126,442	10,915,460	10,472,871	11,813,909	11,754,404
Excess (deficiency) of revenues over (under) expenditures	144,121	359,935	2,823,820	(12,320)	(1,561,974)
Other Financing Sources (Uses)					
Issuance of long-term debt					
Contributions/donations returned					(1,796,900)
Transfers in	187,358	224,579	799,844	1,212,598	1,160,794
Transfers (out)	(111,600)	(148,118)	(700,409)	(1,003,401)	(310,904)
Total other financing sources (uses)	75,758	76,461	99,435	209,197	(947,010)
Net Change in fund balances	\$219,879	\$436,396	\$2,923,255	\$196,877	(\$2,508,984)
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)	(a)

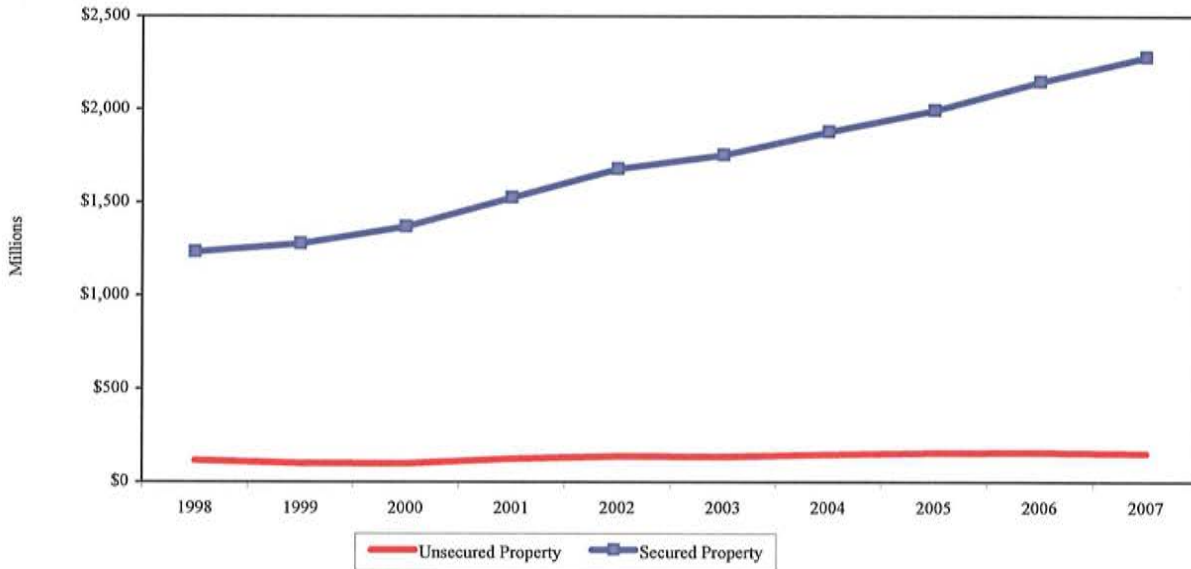
NOTE:

(a) The City implemented GASB Statement 34 in fiscal year 2003. Therefore this calculation is included only for fiscal years subsequent to that date.

Fiscal Year Ended June 30,

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$6,843,694	\$7,057,832	\$8,598,378	\$8,747,139	\$9,231,669
630,064	830,093	737,914	532,635	531,908
388,746	484,426	502,540	415,643	466,804
780,282	854,201	933,447	1,129,124	1,679,124
1,962,395	2,756,456	298,057	354,548	328,187
343,546	399,259	582,329	1,397,321	1,437,061
-	-	-	-	-
-	-	-	-	-
153,504	237,734	-	-	-
66,057	(10,434)	240,422	355,357	118,309
<u>11,168,288</u>	<u>12,609,567</u>	<u>11,893,087</u>	<u>12,931,767</u>	<u>13,793,062</u>
2,959,822	3,106,757	3,461,904	3,218,507	3,491,289
2,018,255	2,245,455	2,317,331	2,441,656	2,558,799
1,540,882	1,290,358	1,229,704	1,598,070	1,276,236
-	-	-	-	-
2,133,739	1,462,190	1,804,390	2,049,278	2,081,499
930,604	1,040,149	845,722	820,015	962,469
541,340	521,133	538,141	556,081	582,394
539,750	580,801	553,372	583,719	473,093
1,031,069	2,595,014	234,772	779,899	421,648
25,089	26,218	27,398	31,149	59,003
47,067	45,938	44,758	44,179	106,203
		391,230		
<u>11,767,617</u>	<u>12,914,013</u>	<u>11,448,722</u>	<u>12,122,553</u>	<u>12,012,633</u>
<u>(599,329)</u>	<u>(304,446)</u>	<u>444,365</u>	<u>809,214</u>	<u>1,780,429</u>
				15,982,967
1,376,111	1,764,400	2,582,531	1,459,727	1,801,793
(351,700)	(837,700)	(1,781,857)	(702,835)	(1,205,138)
<u>1,024,411</u>	<u>926,700</u>	<u>800,674</u>	<u>756,892</u>	<u>16,579,622</u>
<u>\$425,082</u>	<u>\$622,254</u>	<u>\$1,245,039</u>	<u>\$1,566,106</u>	<u>\$18,360,051</u>
0.7%	0.7%	0.7%	0.7%	1.4%

**CITY OF SAUSALITO
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

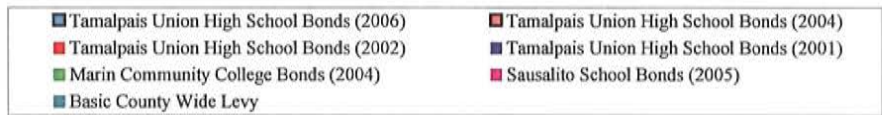
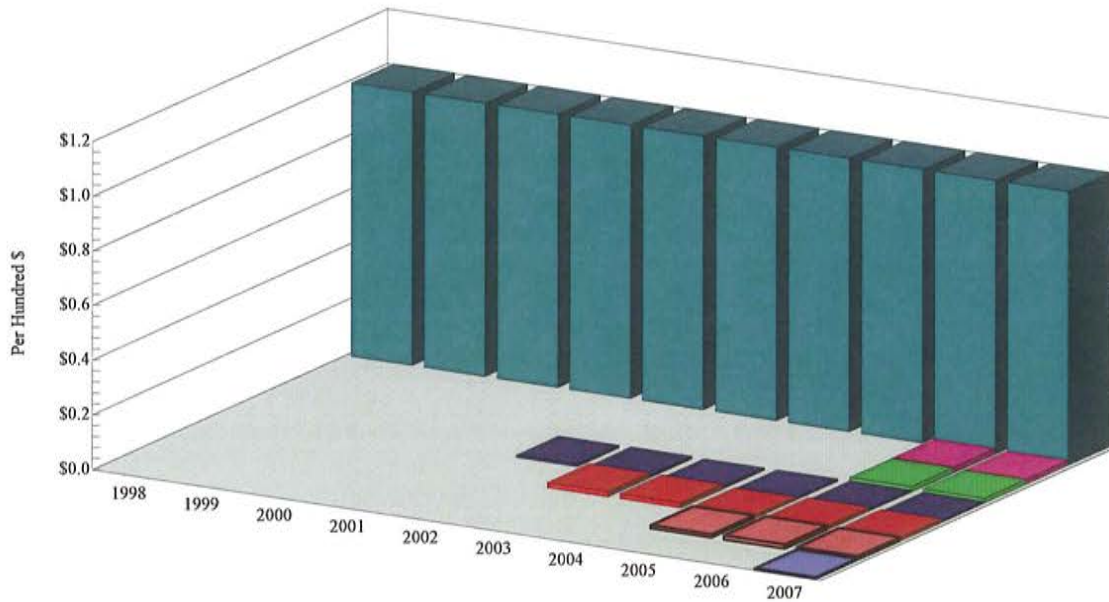


Fiscal Year	Secured Property	Unsecured Property	Total Assessed Value (a)	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate (b)
1998	\$1,115,480,312	\$117,421,499	\$1,232,901,811	*	\$1,232,901,811	1%
1999	1,176,403,205	101,411,298	1,277,814,503	*	1,277,814,503	1%
2000	1,270,370,168	99,166,919	1,369,537,087	*	1,369,537,087	1%
2001	1,400,063,856	125,119,212	1,525,183,068	(\$11,775,782)	1,513,407,286	1%
2002	1,541,431,279	139,151,844	1,680,583,123	(11,714,302)	1,668,868,821	1%
2003	1,618,842,563	136,698,533	1,755,541,096	(11,762,638)	1,743,778,458	1%
2004	1,730,893,690	149,147,611	1,880,041,301	(11,910,864)	1,868,130,437	1%
2005	1,837,392,573	157,555,642	1,994,948,215	(11,794,115)	1,983,154,100	1%
2006	1,989,344,963	160,379,976	2,149,724,939	(11,538,801)	2,138,186,138	1%
2007	2,128,626,510	153,794,746	2,282,421,256	(11,595,924)	2,270,825,332	1%

Source: Marin County Auditor-Controller's Office and California Municipal Statistics, Inc.

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Sausalito encompasses 11 tax rate areas.

**CITY OF SAUSALITO
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>Basic County Wide Levy</u>	<u>Marin Community College Bonds (2004)</u>	<u>Sausalito School Bonds (2005)</u>	<u>Tamalpais Union High School Bonds (2001)</u>	<u>Tamalpais Union High School Bonds (2002)</u>	<u>Tamalpais Union High School Bonds (2004)</u>	<u>Tamalpais Union High School Bonds (2006)</u>
1998	1.0000						
1999	1.0000						
2000	1.0000						
2001	1.0000						
2002	1.0000			0.0080			
2003	1.0000			0.0080	0.0170		
2004	1.0000			0.0060	0.0160		
2005	1.0000			0.0060	0.0100	0.0120	
2006	1.0000	0.0188	0.0203	0.0060	0.0133	0.0151	
2007	1.0000	0.0168	0.0174	0.0051	0.0116	0.0129	0.0048

Source: Marin County Auditor-Controller's Office

CITY OF SAUSALITO
Principal Property Taxpayers
Current Year (A)

<u>Taxpayer</u>	<u>2006-07</u>		Percentage of Total City Taxable Assessed Value
	Taxable Assessed Value	Rank	
CA-One & Three Harbor Drive Office	\$26,856,591	1	1.2%
MCSSM LLC	19,035,208	2	0.8%
MHG Casa Madrona Hotel LLC	14,353,034	3	0.6%
Sidney J. Hendricks Trust	12,893,713	4	0.6%
PSH LLC	12,212,115	5	0.5%
ICB Associates LLC	8,030,118	6	0.4%
Anthony J & Roxanne Marterie	6,389,611	7	0.3%
Richard G. Burge Trust	6,065,411	8	0.3%
Loron Inv	5,741,231	9	0.3%
Joseph B & Frances Brucia	5,713,320	10	0.3%
	<u>\$117,290,352</u>		<u>5.2%</u>

Total Taxable Assessed Valuation:

Fiscal Year 2006-2007

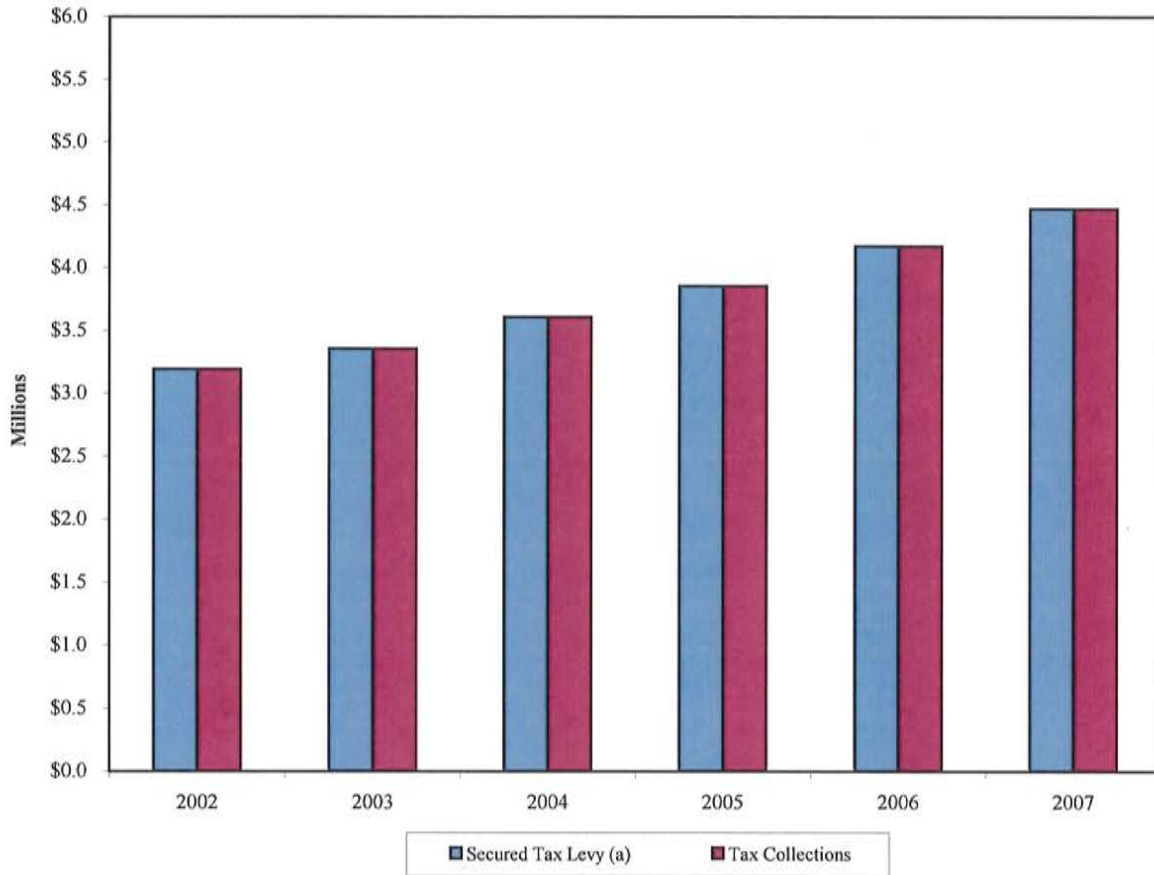
\$2,270,825,332

Source: Marin County Auditor-Controller's Office

Note: (A) The City of Sausalito has elected to show only current year data for this schedule.

Data for nine years ago is not available.

**CITY OF SAUSALITO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST SIX FISCAL YEARS**



Fiscal Year	Secured Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Rate	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2002	\$3,189,747	\$3,189,747	100%	1.54%	\$3,189,747	100%
2003	3,353,939	3,353,939	100%	1.55%	3,353,939	100%
2004	3,604,699	3,604,699	100%	1.40%	3,604,699	100%
2005	3,851,909	3,851,909	100%	1.13%	3,851,909	100%
2006	4,169,392	4,169,392	100%	1.34%	4,169,392	100%
2007	4,467,599	4,467,599	100%	1.78%	4,467,599	100%

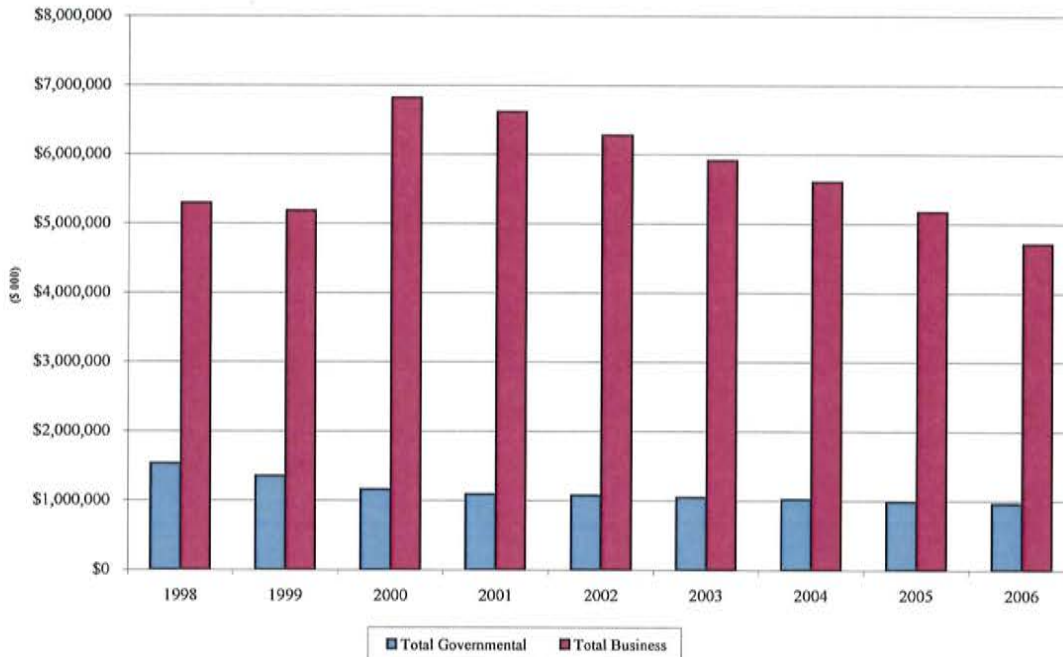
The City of Sausalito has elected to show six years of data for this schedule.

Source: Marin County Auditor-Controller's Office

NOTE: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California

(a) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

CITY OF SAUSALITO
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



Governmental Activities

Fiscal Year	Capital Lease	Notes Payable	General Obligation Bonds	Total
1998	\$399,420	\$1,135,061		\$1,534,481
1999	237,190	1,114,039		1,351,229
2000	64,814	1,092,071		1,156,885
2001	22,201	1,069,411		1,091,612
2002		1,075,379		1,075,379
2003		1,048,072		1,048,072
2004		1,019,484		1,019,484
2005		989,641		989,641
2006		958,492		958,492
2007	434,235	1,147,162	15,694,220	17,275,617

Business-Type Activities

Fiscal Year	Capital Lease	Capital Improvement Lease	Certificates of Participation	Total	Total Primary Government	Percentage of Taxable Assessed Value (a)
1998	\$3,899,584		\$1,395,000	\$5,294,584	\$6,829,065	0.55%
1999	3,840,493		1,345,000	5,185,493	6,536,722	0.51%
2000	3,756,994	1,770,000	1,290,000	6,816,994	7,973,879	0.58%
2001	3,657,267	1,730,000	1,230,000	6,617,267	7,708,879	0.51%
2002	3,530,100	1,590,000	1,160,000	6,280,100	7,355,479	0.44%
2003	3,368,444	1,460,000	1,085,000	5,913,444	6,961,516	0.40%
2004	3,174,730	1,345,000	1,083,131	5,602,861	6,622,345	0.35%
2005	2,931,565	1,265,000	975,054	5,171,619	6,161,260	0.31%
2006	2,635,260	1,215,000	860,116	4,710,376	5,668,868	0.27%
2007	2,316,851	1,165,000	737,883	4,219,734	21,495,351	0.95%

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

Sources: City of Sausalito
 State of California, Department of Finance (population)
 Marin County Auditor-Controller's Office and California Municipal Statistics, Inc.

(a) See Demographic and Economic Statistics Schedule for taxable assessed value and population data.

CITY OF SAUSALITO
Ratio of General Bonded Debt Outstanding
Current Year (A)

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding</u>		<u>Percentage of Taxable Assessed Value</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Total</u>		
2007	\$15,694,220	\$15,694,220	0.69%	\$2,105

Note: (A) FY 2007 is the first year the City has general bonded debt outstanding.

Source: City of Sausalito

**CITY OF SAUSALITO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2007**

2006-07 Total Assessed Valuation \$2,282,421,256

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2007	% Applicable (1)	City's Share of Debt 6/30/2007
Marin Community College District	\$68,800,000	4.983%	\$3,428,304
Tamalpais Union High School District	191,280,000	8.333%	15,939,362
Sausalito Marin City School District	15,734,924	90.152%	14,185,349
Marin Municipal Water District Wolfbackridge Assessment District	820,000	100.000%	820,000
City of Sausalito	15,694,220	100.000%	15,694,220
City of Sausalito 1915 Act Bonds	285,000	100.000%	285,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$50,352,235
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Marin County General Fund Obligations	\$49,521,965	4.974%	2,463,223
Marin County Pension Obligations	112,805,000	4.974%	5,610,921
Marin County Transit District General Fund Obligations	263,258	4.974%	13,094
Marin Municipal Water District General Fund Obligations	214,176	6.422%	13,754
Marin Community College District General Fund Obligations	3,005,834	4.983%	149,781
Sausalito Marin City School District General Fund Obligations	3,800,000	90.152%	3,425,776
City of Sausalito General Fund Obligations	631,373	100.000%	631,373
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$12,307,922
Less: Sausalito City School District QZABs (100% self-supporting from investment agreement deposits)			901,520
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$11,406,402
GROSS COMBINED TOTAL DEBT			\$62,660,157 (2)
NET COMBINED TOTAL DEBT			\$61,758,637

(1) percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

RATIOS TO 2005-06 ASSESSED VALUATION:

Direct Debt (\$15,694,220)	0.69%
Combined Direct Debt (\$16,325,593)	0.72%
Total Direct and Overlapping Tax and Assessment Debt	2.21%
Gross Combined Total Debt	2.75%
Net Combined Total Debt	2.71%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/2007: \$0

Source: California Municipal Statistics, Inc.

**CITY OF SAUSALITO
COMPUTATION OF LEGAL BONDED DEBT MARGIN
LAST TEN FISCAL YEARS**

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
1998	46,233,818	0	\$46,233,818	0.0%
1999	47,918,044	0	47,918,044	0.0%
2000	51,357,641	0	51,357,641	0.0%
2001	57,194,365	0	57,194,365	0.0%
2002	63,021,867	0	63,021,867	0.0%
2003	65,832,791	0	65,832,791	0.0%
2004	70,501,549	0	70,501,549	0.0%
2005	74,810,558	0	74,810,558	0.0%
2006	80,614,685	0	80,614,685	0.0%
2007	85,590,797	15,694,220	69,896,577	18.3%

2006-07 Legal Debt Margin Information (1)

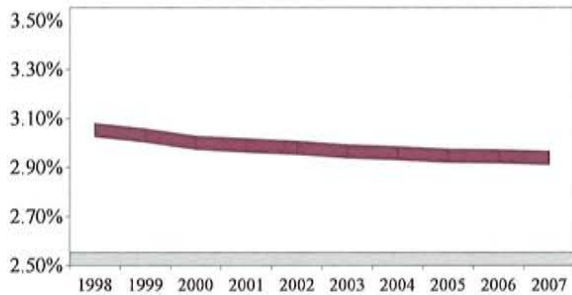
Assessed Valuation	\$2,282,421,256
Conversion Percentage	25%
Adjusted Assessed Valuation	\$570,605,314
Debt Limit Percentage	15%
Debt Limit	\$85,590,797
Total Net Debt Applicable to Limit	
General Obligation Bonds	\$15,694,220
Legal Debt Margin	\$69,896,577
Total Debt Applicable to the Limit as a percentage of the limit	18.3%

Note:

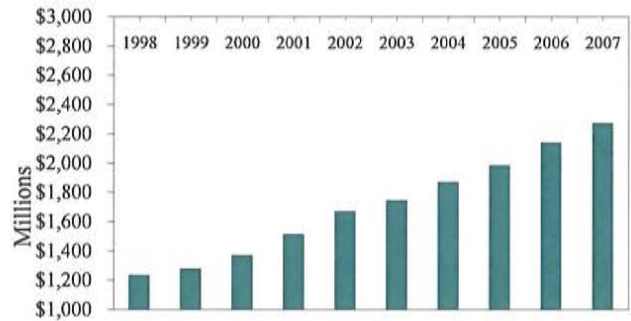
(1) The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: California Municipal Statistics, Inc.

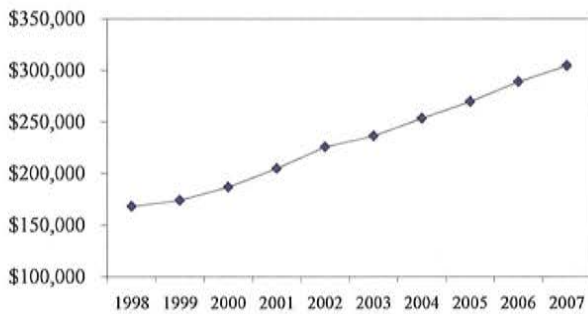
**CITY OF SAUSALITO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



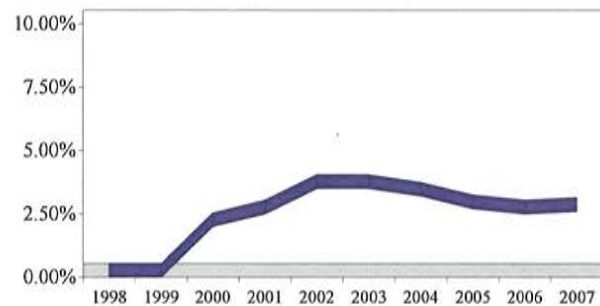
■ City Population as a % of County Population



■ Taxable Assessed Value



◆ Per Capita Assessed Value



■ Unemployment Rate (%)

Fiscal Year	City Population	Taxable Assessed Value	Per Capita Assessed Value	Unemployment Rate (%)	Marin County Population	City Population % of County
1998	7,325	\$1,232,901,811	\$168,314	N/A	242,000	3.03%
1999	7,325	1,277,814,503	174,446	N/A	243,800	3.00%
2000	7,325	1,369,537,087	186,968	2.0%	246,300	2.97%
2001	7,379	1,513,407,286	205,097	2.5%	249,000	2.96%
2002	7,387	1,668,868,821	225,920	3.5%	250,105	2.95%
2003	7,373	1,743,778,458	236,509	3.5%	250,823	2.94%
2004	7,363	1,868,130,437	253,719	3.2%	251,190	2.93%
2005	7,355	1,983,154,100	269,633	2.7%	251,820	2.92%
2006	7,394	2,138,186,138	289,179	2.5%	253,341	2.92%
2007	7,454	2,270,825,332	304,645	2.6%	255,982	2.91%

Source: California State Department of Finance
California Employment Development Department

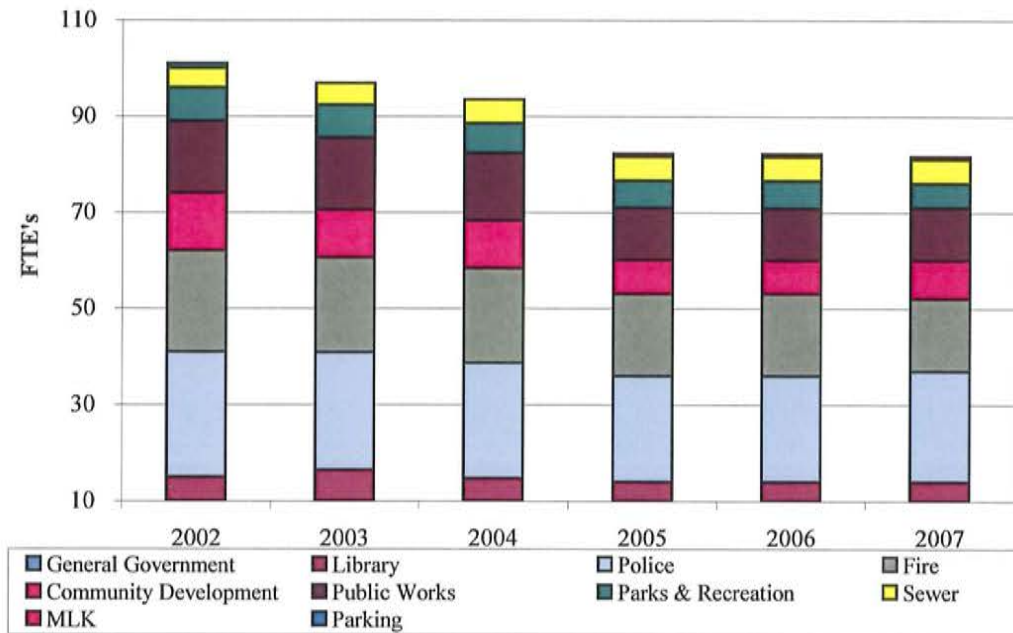
**City of Sausalito
Principal Employers
Current Year (A)**

<u>Employer</u>	<u>2006-07</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
City of Sausalito	110	1	2.1%
Pacific Laser Systems LLC	85	2	1.6%
Butler Shine Stern Partners LLC	78	3	1.5%
Mollie Stone's Market	75	4	1.4%
The Spinnaker	70	5	1.3%
Poggio LP	60	6	1.2%
Casa Madrona Hotel	51	7	1.0%
Sausalito-Marin City School District	50	8	1.0%
Human Concepts LLC	48	9	0.9%
Heath Ceramics Ltd	46	10	0.9%
Total	<u>673</u>		<u>12.9%</u>

Note: Date shown above represents the total employment of all employers located within City limit..
 (A) The City of Sausalito has elected to show only current year data for this schedule.
 Data for nine years ago is not available.

Source: City of Sausalito Business License Department
 California Employment Development Department

CITY OF SAUSALITO
Full-Time Equivalent City Government Employees by Function
Last Six Fiscal Years



Adopted for Fiscal Year Ended June 30,

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Function						
General Government	8	9	8	7	7	7
Library	7	7	7	7	7	7
Police	26	24	24	22	22	23
Fire	21	20	20	17	17	15
Community Development	12	10	10	7	7	8
Public Works	15	15	14	11	11	11
Parks & Recreation	7	7	6	6	6	5
Sewer	4	5	5	5	5	5
MLK	-	-	-	1	1	1
Parking	9	9	6	5	5	4
Total	<u>109</u>	<u>106</u>	<u>100</u>	<u>87</u>	<u>88</u>	<u>86</u>

The City of Sausalito has elected to show six years of data for this schedule.

Source: City of Sausalito Budget Documents

CITY OF SAUSALITO
Operating Indicators by Function/Program
Last Two Fiscal Years

Function/Program	Fiscal Year	
	2006	2007
Public safety:		
Fire:		
Fire calls for service	528	872
Primary fire inspections conducted	-	134
Police:		
Communication Center calls answered		
Police calls for Service	8,578	11,900
Law violations:		
Part I and Part II crimes	582	544
Physical arrests (adult and juvenile)	296	263
Traffic violations	1,614	2,236
Parking violations	8,972	10,210
Traffic Collisions	84	114
Public works		
Street resurfacing (square feet)	43,560	6,858
Potholes repaired (square feet)	2,500	3,000
Trees trimmed	2,000	2,000
Culture and recreation:		
Community Services:		
Recreation class participants	1,656	1,765
Special Events Permit	39	199
Sponsored events	8	29
Library:		
Volumes in Collection		
Books	60,269	60,995
Audio-Visual materials	3,625	3,660
Total Volumes Borrowed	76,805	78,225
Visitation	104,134	111,862
Internet Station Usage	13,300	13,265
Passport applications processed	75	48
Test proctoring	10	6
Community Development		
Applications processed		
Discretionary	63	73
Ministerial	52	43
Encroachments	137	191
Building permits	637	822
Administration		
Parking Permits Issued	1,961	2,122
Business license	1,326	1,586

The City of Sausalito has elected to show two years of data for this schedule.

Source: City of Sausalito

CITY OF SAUSALITO
Capital Asset Statistics by Function/Program
Last Two Fiscal Years

Function/Program	Fiscal Year	
	2006	2007
Public safety:		
Fire stations	2	2
Fire trucks	3	3
Fire boat	1	1
Police station	1	1
Police patrol units	8	6
Public works		
Miles of streets	27	27
Street lights	664	664
Traffic Signals	9	9
Culture and recreation:		
Community services:		
City parks	19	19
City parks acreage	78	78
Beaches	3	3
Playgrounds	3	3
Roadway landscaping acreage	3	3
Recreation classrooms	3	3
Sports centers	1	1
Tennis courts	9	9
Basketball Courts	3	3
Baseball/softball diamonds	2	2
Soccer/football fields	1	1
Library:		
City Library	1	1
Wastewater		
Miles of sanitary sewers	26	26
Miles of storm sewers	15	15

The City of Sausalito has elected to show two years of data for this schedule.

Source: City of Sausalito
 Republic Electric, Inc.