

City of
Sausalito
Sausalito, California

Basic Financial Statements

For the year ended June 30, 2023

Prepared by:
Financial Department

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City of Sausalito
Basic Financial Statements
For the year ended June 30, 2023

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CITY OF SAUSALITO

City Council



Mayor
Melissa Blaustein



Vice Mayor
Ian Sobieski

Council Members



Jill Hoffman



Janelle Kellman



Joan Cox

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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 (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management's for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the required pension and OPEB schedules on pages 5-21 and 92-101, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Mayor and Members of the City Council
of the City of Sausalito
Sausalito, California
Page 3

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund statements, the budgetary comparison schedules for nonmajor governmental funds, and the combining general fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

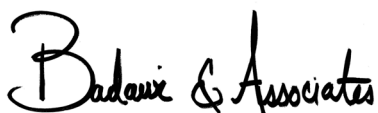
The combining nonmajor fund statements, the budgetary comparison schedules for nonmajor governmental funds, and the combining general fund statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund statements, the budgetary comparison schedules for nonmajor governmental funds, and the combining general fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Badawi & Associates, CPAs
Berkeley, California
December 28, 2023

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**CITY OF SAUSALITO
MANAGEMENT’S DISCUSSION AND ANALYSIS**

As management of the City of Sausalito, California, (the City), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- **STATEMENT OF NET POSITION** The total assets and deferred outflows of the City of Sausalito exceeded its total liabilities and deferred inflows at the close of the most recent fiscal year by \$36,200,718 (*total net position*).
- The City’s government-wide assets and deferred outflows exceed its liabilities and deferred inflows on June 30, 2023, by \$36,200,718 (net position), which is an increase of 21.0% or \$7,601,185 from the prior year, primarily due the city’s intentional efforts to reduce expenses through creative staffing methods, growth in business license tax due to better compliance enforcement, strong investment returns due to current market conditions and lower charge to pension expense than in previous years.
 - Citywide revenues were \$32,165,225, of which \$24,428,980 were generated by governmental activities that increased by \$513,962 as a result strong tax revenues and increase in investment income, and \$7,736,245 were generated by business-type activities, which increased by \$1,260,047 over the prior year due to strong growth in parking revenues and increased rents from the leasing of old Bank of America building to the Sausalito Center for the Arts.
 - Citywide expenses were \$24,564,040, of which \$21,050,972 were incurred by governmental activities that decreased by \$6,740,932, and \$3,513,068 were incurred by business-type activities, which decreased by \$104,433. The primary driver for the decrease in expense are noted above as creative staffing methods, and a focused effort on controlling costs. The closure of the homeless encampment is also a significant contributor to reducing citywide expenses.
 - Program Revenues (Charges for Services, Operating and Capital grants, and contributions) totaled \$11,838,479, an increase of \$1,814,682 or 15.33% over the prior fiscal year. General Revenues (Taxes, Investment Income, Other Revenues, and Transfers) totaled \$20,326,746, a decrease of \$40,673 or 0.2% over the prior fiscal year. Total expenses were \$24,564,040, a decrease of \$6,845,365 or 27.9% from the prior fiscal year primarily due to cost saving measures implemented by the city. This resulted in an overall increase in net position of \$7,601,185.
 - \$39,472,051 represents the City’s net investment (after depreciation) in capital assets. This investment in capital assets represents a net decrease of \$993,531 over the prior fiscal year, primarily due to depreciation on previously constructed infrastructure exceeding the current year investment in addition to the accretion of the 2006B Bonds.
 - The amount of \$6,806,434 in the total net position that is restricted for designated purposes increased by \$1,854,333, This increase is the result of the city’s \$1 million contribution to

the Section 115 Trust for future pension obligations and the accumulation of resources in the Tidelands Special revenue fund from lease proceeds from the granted lands. The city is identifying projects to improve the public access and enjoyment of the bay with these funds.

- The City's net pension liability increased \$14,813,489 to \$35,397,882 due to the change in actuarial assumptions relating to the discount rate as well as the plans investment return not meeting the expectations. See Note 9 of the Notes to Financial Statements for details.
 - The fiscal year ended June 30, 2023, was the fifth year that the City reported its net OPEB liability per GASB 75. The net OPEB liability was \$5,378,989, an increase of \$122,077. This is a result of the city not fully funding the Actuarially Determined Contribution (ADC) in the current fiscal year. The City will work with their actuaries to determine proper funding levels in future fiscal years.
 - The City's unrestricted net position was negative \$10,077,767, a decrease in the negative balance by \$6,803,985, this is attributable to a strong fiscal year performance resulting in an increase in citywide net position of \$7,601,185. The negative unrestricted position is a result of the implementation of GASB 68 and 75 pronouncements as discussed in Notes 9 and 10 in this document.
- **GENERAL FUND BALANCE SHEET** As of the close of the current fiscal year, the General Fund of the City of Sausalito's assets exceeded its liabilities resulting in an ending Fund Balance of \$15,458,212, an increase of \$1,688,512 over the prior fiscal year.
- Of the ending Fund Balance, \$10,882,266 is unassigned and is available and may be used to meet the government's ongoing obligations to citizens and creditors. This represents 53.5% of expenditures available in the General Fund's liquid reserves. It is worth noting that in previous years the city reported a portion of this balance as assigned. After further evaluation of GASB standards, we believe that council action is required to designate this fund balance for a particular use. Management will bring action before council before next fiscal year end to reestablish a proper designated fund balance.
- **PROPRIETARY FUNDS STATEMENT OF NET POSITION** The total assets and deferred outflows of resources of the Business-Type Activities – Enterprise Funds (MLK, Sewer Fund, Parking Fund, Bank of America Building and Old City Hall Fund) of the City of Sausalito exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$13,272,340 (*total Proprietary Funds net position*), an increase of \$1,998,177 primarily due to an increase in parking revenue and additional rents collected by leasing of the Bank of America building to Sausalito Center for the Arts.
- **THE NET POSITION OF GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUNDS** was a deficit of \$78,133, a decrease of \$89,848 from a balance of \$11,715 over the prior fiscal year primarily inadequate funding of the general liability fund in relation to the actuarially determined outstanding claims. Management will evaluate the funding formula to ensure proper financial reserves are available to meet the future needs of our self-insurance reserves.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Sausalito's basic financial statements. The City of Sausalito's basic financial statements are comprised of 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 Position* presents information on all of the City of Sausalito's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Sausalito is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, 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, the former Bank of America building, and parking services.

The government-wide financial statements can be found on pages 27-28 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 two categories: governmental funds and proprietary 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 16 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 Tidelands Special Revenue Fund, both of which are considered to be major funds. 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 starting on pages 106-113 of this report.

The City of Sausalito adopts an annual appropriated budget for all of its funds. However, a budgetary comparison statement has been provided only for the governmental funds; to demonstrate compliance with their respective budgets and can be found on pages 100-101 and 114-128 of this report.

The basic governmental fund financial statements can be found on pages 32-35 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, old Bank of America Building, 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 uses the workers' compensation fund to account for outstanding claim liability. The City uses the general liability fund to help finance other liabilities including outstanding claims against the City. Because all 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, MLK, Bank of America Building, 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 38-43 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 47-90 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 92-101 of this report.

Combining Statements

The combining statements referred to earlier, in connection with non-major 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 106-133 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS**Statement of Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Sausalito, assets and deferred outflows exceeded liabilities and deferred inflows by \$36,200,718 at the close of the fiscal year ending June 30, 2023.

As of June 30, 2023, the City reported positive balances in all categories of net position for the government as a whole except for unrestricted net position. The negative unrestricted net position was predominantly the result of the implementation of GASB Statements No. 68, 71, and 75. Please refer to the notes to basic financial statements for more information about the impact of the implementation of these statements.

The following chart summarizes the Statement of Net Position:

City of Sausalito's Net Position						
	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other Assets	\$ 27,928,929	\$ 25,746,381	\$ 9,877,830	\$ 9,891,243	\$ 37,806,759	\$ 35,637,624
Capital Assets	50,483,657	52,174,881	18,650,009	18,688,171	69,133,666	70,863,052
Total Assets	78,412,586	77,921,262	28,527,839	28,579,414	106,940,425	106,500,676
Deferred outflows related to pension & OPEB	14,167,056	8,243,893	672,590	170,420	14,839,646	8,414,313
Long-term liabilities outstanding	57,847,293	44,131,903	12,762,907	12,427,874	70,610,200	56,559,777
Other liabilities	4,311,627	3,361,052	1,284,583	1,293,945	5,596,210	4,654,997
Total liabilities	62,158,920	47,492,955	14,047,490	13,721,819	76,206,410	61,214,774
Deferred inflows related to leases, pension & OPEB	7,492,344	22,436,800	1,880,599	2,727,484	9,372,943	25,164,284
Net Position:						
Net Investment in Capital Assets	32,434,462	34,195,343	7,037,589	6,270,239	39,472,051	40,465,582
Restricted	6,806,434	4,952,101	-	-	6,806,434	4,952,101
Unrestricted	(16,312,518)	(22,912,044)	6,234,751	6,030,292	(10,077,767)	(16,881,752)
Total Net Position	\$ 22,928,378	\$ 16,235,400	\$ 13,272,340	\$ 12,300,531	\$ 36,200,718	\$ 28,535,931

* The prior year amounts were not updated to reflect the restatement.

The large portion of the net position reflects the City's \$39.5 million investment in capital assets less any capital-related outstanding debt. Capital assets are the aggregated value of land, infrastructure, equipment, buildings and improvements that are used to provide City services. Their value is reported net of related debt because the funds to repay the debt come from other sources. The City's capital assets cannot be sold and used to liquidate liabilities. This portion of the net position decreased by \$1.0 million over the prior year mainly because depreciation of existing infrastructure exceeds new investment in capitalizable new assets.

Another portion of the City's net position is subject to external restrictions, such as debt covenants, grantor's stipulations, or enabling legislation, on how it may be used. As of June 30, 2023, the restricted net position was \$6.8 million or 18.8% of the total net positions.

During the 2014-15 fiscal year, the City implemented the Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pension Plans, an amendment of GASB Statement No. 27. With the new reporting change, the City has allocated its proportionate share of the California Public Employees' Retirement System's (CalPERS) net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense, which resulted in adjustments to pension expenses and reporting the City's long-term net pension liability of \$35,397,882 on the fiscal year 22-23

Statement of Net Position. GASB No. 68 is intended to improve accounting and financial reporting by state and local governments that provide pension benefits. The Net Pension Liability increased by \$14,813,489 from \$20,584,393 recorded last year primarily due to changes in the actuarial determined discount rate decreasing and investment earnings not meeting expectations. See Note 9 of the Notes to Financial Statements for details. This is a 72.0% increase from the prior year which resulted in an unrestricted net position of negative \$10,077,767. It is important to note that these long-term obligations are based on actuarial estimates and do not represent a liability due and payable immediately.

Governmental Activities

By far the largest portion of the City of Sausalito's net position from Governmental activities 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.

The \$6,806,434 of the City of Sausalito's restricted net position from Governmental activities represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position from Governmental activities is (\$16,312,518) compared to the prior year balance of (\$22,912,044) is primarily due to the accounting of GASB 68 and 75 pronouncements as discussed in Notes 8-9 of this document.

It should be recognized that the negative unrestricted net position likely did not result from short-term actions of the City. The implementation of GASB Statement No. 68 moved the unfunded pension obligations from the required supplementary information to the face of the financial statements in the entity's annual financial report. It is important to note that the total unfunded pension obligation is an estimated, cumulative future liability and does not represent a liability due and payable immediately. Nor does it represent a legal debt obligation.

Business-type Activities

The net investment in capital assets for business-type activities is \$7,037,589. There is \$6,234,751 in unrestricted net position reported in connection with the City of Sausalito's business-type activities. There is no restricted net position from Business-type activities.

Statement of Activities

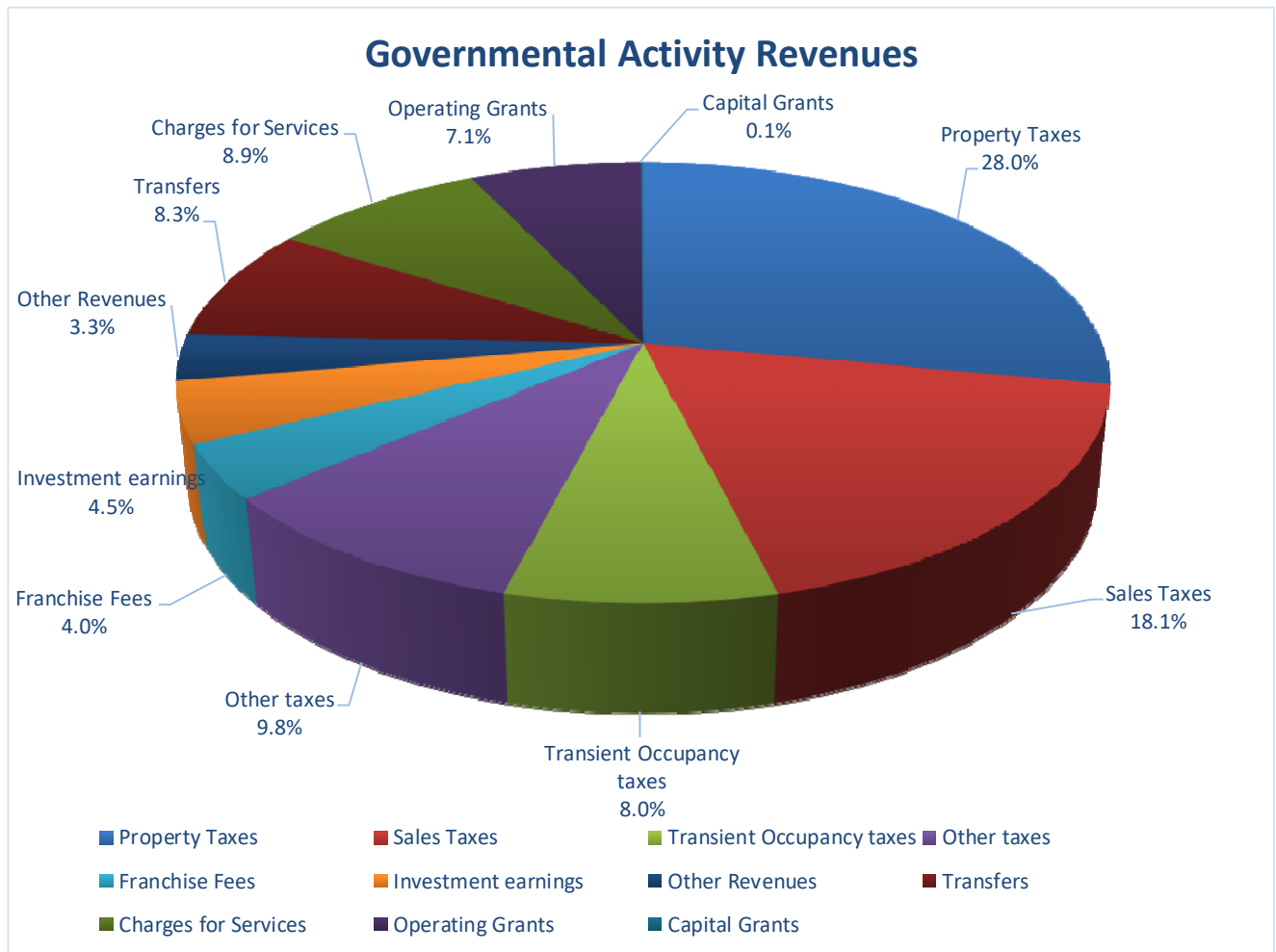
As detailed above, this statement reports the net expense over revenue of each individual function or program operated by the City. The net expense over revenue format reports the relative financial burden of each of the programs on the government's resource providers/taxpayers. The format highlights the extent to which each program directly consumes the government's revenues or is financed by fees, contributions, or other revenues. The table below summarizes the operating results of the governmental and business-type activities in a more traditional format.

City of Sausalito's Changes in Net Position						
	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 2,365,967	\$ 2,343,835	\$ 7,565,775	\$ 6,355,839	\$ 9,931,742	\$ 8,699,674
Operating grants and contributions	1,886,737	529,029	-	-	1,886,737	529,029
Capital grants and contributions	20,000	795,094	-	-	20,000	795,094
General revenues:						
Taxes	18,076,968	16,895,021	-	-	18,076,968	16,895,021
Investment earnings	1,187,273	598,763	170,470	118,889	1,357,743	717,652
Other revenues	892,035	2,753,276	-	1,470	892,035	2,754,746
Total revenues	24,428,980	23,915,018	7,736,245	6,476,198	32,165,225	30,391,216
Expenses:						
General government	6,308,889	8,455,615	-	-	6,308,889	8,455,615
Library	615,878	845,622	-	-	615,878	845,622
Public safety - Police Services	4,868,968	8,641,264	-	-	4,868,968	8,641,264
Community development	1,930,045	2,430,128	-	-	1,930,045	2,430,128
Public works	4,918,771	4,830,218	-	-	4,918,771	4,830,218
Parks & Recreation	1,570,373	1,773,929	-	-	1,570,373	1,773,929
Interest on long-term debt	838,048	815,128	-	-	838,048	815,128
MLK	-	-	730,093	683,392	730,093	683,392
Sewer	-	-	2,185,025	2,466,465	2,185,025	2,466,465
Parking	-	-	453,741	319,079	453,741	319,079
Bank of America Building	-	-	88,346	93,746	88,346	93,746
Old City Hall	-	-	55,863	54,819	55,863	54,819
Total expenses	21,050,972	27,791,904	3,513,068	3,617,501	24,564,040	31,409,405
Transfers	2,225,000	1,220,000	(2,225,000)	(1,220,000)	-	-
Change in net Position	5,603,008	(2,656,886)	1,998,177	1,638,697	7,601,185	(1,018,189)
Net Position - Beginning as restated*	17,325,370	18,892,286	11,274,163	10,661,834	28,599,533	29,554,120
Net Position - Ending	\$ 22,928,378	\$ 16,235,400	\$ 13,272,340	\$ 12,300,531	\$ 36,200,718	\$ 28,535,931

Governmental Activities

The Governmental activities for the City resulted in net position increasing by \$5,603,008, primarily due to creative staffing methods to control payroll costs, strong business license revenue due to higher focus on compliance, and an increase in investment earnings due to current market conditions.

The following chart depicts the allocation of the City’s Government-activity revenues by source:



Total Government Activity Revenues were increased by \$513,962, excluding transfers, over the prior fiscal year.

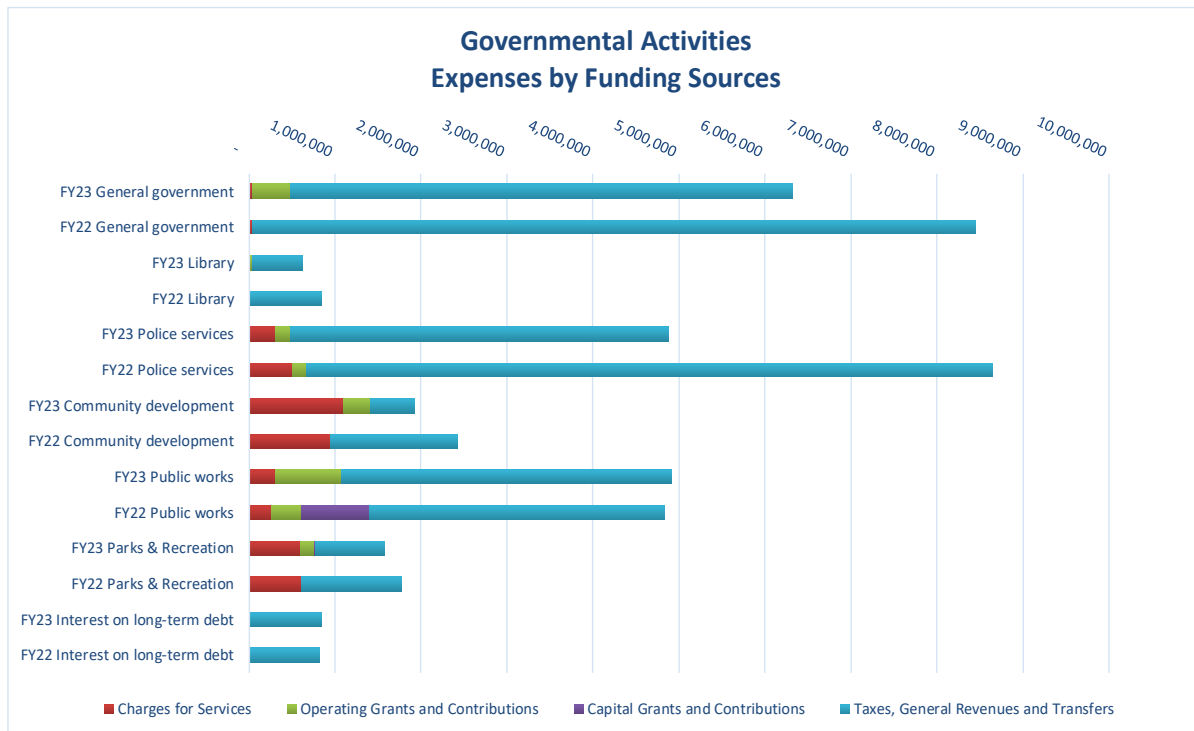
Key observations of Government Activity Revenues are as follows:

- Property taxes increased by \$159,449 or 2.2% in General Fund from the prior year due to the increase in the assessed value for properties from sale and transfer of ownership. Property taxes are generally inelastic and provide the City a stable revenue source (28.0% of total general revenues, charges for services, and operating and capital grants) to meet its ongoing levels of service;
- The City’s sales tax remained fairly stable but was projected to decline slightly as the economy softens due to high inflationary pressures, current year revenues reported a decrease of \$101,599 or 2.1%, primarily due to a softening economy in the local region. Sales tax represents 18.1% of the City’s Governmental activities revenues and transfers;
- Transient Occupancy taxes decreased by \$63,171 or 2.9% from the prior fiscal year primarily due to the regional softening of the economy and leisure travel. The city has increased its regional marketing efforts to attract a more regional tourist rather than international and business travelers as San Francisco

regains its place as a destination city after the pandemic. Transient Occupancy Taxes are about 8.0% of total resources available for Governmental Activities;

- Franchise Tax, Business license tax, and other miscellaneous taxes increased by \$1,187,268 or 47.7% over the prior year, primarily due to an increase in compliance with business tax collections. The city has engaged with a third party vendor to assist the city with its compliance efforts and will continue to do so in the coming years;
- Investment earnings increased from the prior fiscal year by \$588,510 or 98.3% during the fiscal year, due to an increase in market rates caused by the Federal Reserve's actions to raise interest rates to slow the rate of inflationary pressure on the economy;
- Transfers increased from the prior year by \$1,005,000 or 82.4% during the fiscal year, due to increases in transfers from the parking fund as its surplus resources subsidize the General Fund's operations;
- Other government activity revenues decreased by \$1,861,241 or 67.6% primarily due to a decrease in Federal funding due to the COVID-19 pandemic, this revenue was recognized primarily in fiscal year 2022;
- Capital Grants and Contributions decreased by \$775,094 back to a normal activity level, and can fluctuate from time to time based on available grants;
- Operating grants contributed from Special Revenue Fund increased by \$1,357,708 or 256.6% from the last fiscal year, and this is primarily related to recognition of a FEMA reimbursement from previously incurred costs from the 2019 landslide and reimbursement from Marin County for homeless encampment expenses;
- Charges for Services increased by \$22,132 or 0.9%, stable revenue in this category is expected and includes revenue primarily from Community Development and Parks and Recreation;

The following chart depicts the City's departmental expenses as each department is funded through charges for services, operating grants, capital grants and contributions, and finally through general taxes and revenues:



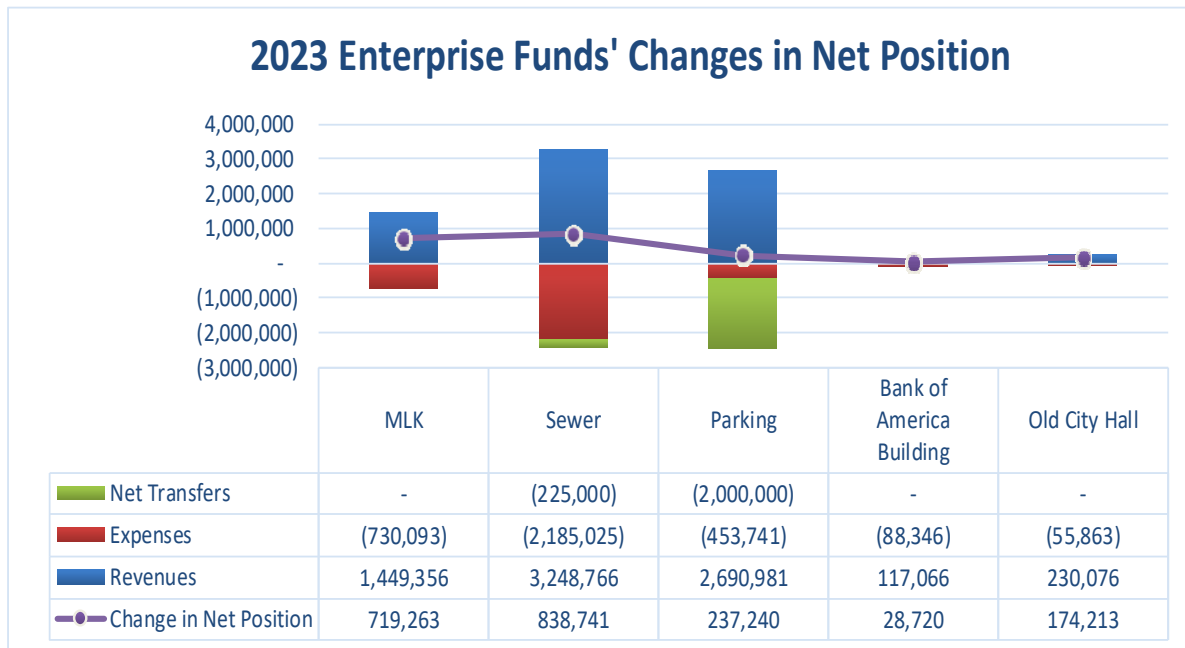
Key observations of Government Activity Expenses by Funding Source are as follows:

- Total Government Activity Expenses were decreased by \$6,740,932 over the prior fiscal year.
 - Parks and Recreation expenses decreased by \$203,556 or 11.5% due to changes in staffing levels and intentional controlling of costs.
 - Public Works' expenses increased by \$88,553 or 1.8% primarily due to continued cost containment efforts;
 - Police Department expenses decreased by \$3,772,296 or 43.7% due to a change in the current year CalPERS UAL payment which can vary significantly from year to year for the safety plans;
 - Community Development's expenses decreased by \$500,083 or 20.6% due to cost reduction efforts by increasing inhouse staffing and relying less on outside contractors to perform planning and building services. The change in staffing methods also contributed to this cost reduction.
 - Department expenditures for General Government (City Council, City Manager, Finance and Administration, Human Resources, and Information Technology) decreased by \$2,146,726 or 25.4% due to reduction in UAL payments in the current fiscal year, less reliance on external vendors for professional services, creative staffing with reduced working hours and intentional cost containment efforts to balance the City's operational budget.
 - Library expenses decreased by \$229,744 or 27.2%, primarily due the current year changes in UAL payment to the CalPER system and creative staffing efforts;

- Interest on long-term debt decreased by \$22,920 or 2.8% as anticipated with the scheduled repayment of outstanding debt the interest expense will continue to decrease as the debts are paid off over the coming years. No additional debt was issued this year by the City.

Business-type activities

Business-type activities increased the City of Sausalito’s net position by \$1,998,177. The following chart depicts the operating results of the City’s business-type activities:



Key elements of the increase to net position for business-type activities are as follows:

- MLK Fund increased net position by \$719,263 during the year compared to the \$558,403 increase in the previous year. This was primarily due to strong rental activity and no current year transfer to the general fund. Expenses increased by \$46,701 from the prior year, resulting in net operating income (NOI) of \$719,263, compared to the prior year’s NOI of \$558,403.
- Sewer Fund increased net position by \$838,741 during the year, compared to the \$24,134 increase in net position the previous fiscal year. This increase was primarily due to increase in Sanitary Sewer fees as a result of Sewer Rate Study that went into effect in fiscal year 2019-20, and decreased maintenance and capital costs in the Sewer Fund in the current year. Sanitary Sewer fees were increased in fiscal year 2019-20, to offset maintenance costs and infrastructure investments as a result of EPA compliance requirements.
- Parking Fund increased net position by \$237,240 during the year, compared to the \$793,153 increase from the prior fiscal year, this is primary due to an increase in transfers from the parking fund to the general fund. In the previous fiscal year the parking fund transferred \$1 Million to the general fund and in the current fiscal year the annual transfer was increased to \$2 Million due to a strong recovery of parking revenues since the pandemic.

- The Old City Hall Fund increased net position by \$174,213 as compared to the prior year’s increase of \$331,285. This is a result of prior years revenues being over stated by \$160,226 which was corrected this year as part of a prior period restatements.

FINANCIAL ANALYSIS OF THE CITY’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 Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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, the *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. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the readers determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs.

The following is a statement of revenues, expenditures, and changes in fund balances for each of the major governmental and aggregate non-major governmental funds recorded on the modified accrual basis of account:

City of Sausalito Governmental Funds Statement of Revenues, Expenditures and Fund Balance			
Statement of Revenues, Expenditures and Fund Balance	2023	2022	Variance
Revenues	\$ 24,515,468	\$ 24,015,763	2.1%
Expenditures	23,798,360	24,192,928	-1.6%
Other Financing Sources (Uses)	2,225,000	1,572,782	41.5%
Net Change in Fund Balances	2,942,108	1,395,617	110.8%
Fund balances at beginning of year **As Restated**	17,225,802	15,606,357	10.4%
Fund balances at end of year	20,167,910	17,001,974	18.6%
Non-spendable	999,088	1,040,083	-3.9%
Restricted	6,806,434	4,843,398	40.5%
Committed	1,718,517	1,170,275	46.8%
Assigned	-	3,174,932	-100.0%
Unassigned	10,643,871	6,773,286	57.1%
Total fund balances	20,167,910	17,001,974	18.6%
Major Governmental Funds:			
General Fund	15,458,212	13,769,700	12.3%
Tidelands Fund	1,182,244	512,399	130.7%
General Capital Improvements	-	1,061,572	-100.0%
Other Governmental Funds	3,527,454	1,658,303	112.7%
Total fund balances	\$ 20,167,910	\$ 17,001,974	18.6%

As of the end of the current fiscal year, the City of Sausalito's governmental funds reported combined ending fund balances of \$20,167,910 an increase of \$2,942,108 in comparison with the prior year increase of \$1,395,617, this change is driven by an increase in transfer from the parking fund to the general fund, creative staffing measure to reduce salary and benefit expense and a slight increase in revenue. The governmental funds expenditures were \$23,798,360 in fiscal year 2022-23, a decrease of \$394,568 over the prior year as described above.

The governmental funds' fund balance is comprised of the following:

- Restricted is \$6,806,434 or 33.7% of the total balance, which can only be spent for specific purposes, set by external resource providers or enabling legislation. The balance is primarily for restricted street funds, development fees, and reserved required by debt covenants in addition to the Section 115 Trust balance which represents \$3,576,858 of this restricted balance.
- Committed balance is \$1,718,517 or 8.5% of the total balance, which can only be spent for specific purposes as determined by formal action of the City Council.
- Unassigned is \$10,643,871 or 52.8% of the total balance, which is essentially available for any use in the City. Included in this amount are the city's Budgetary stabilization reserve and emergency shortfall reserve which are five and ten percent, respectively.

A detailed listing of fund balance designations can be found on page 75 in note 7B.

Individual fund analyses follow.

General Fund

The general fund is the chief operating fund of the City of Sausalito. All unrestricted revenues such as general taxes, fees and other revenues that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. The General Fund provides for the cost of the operating City government and includes the services of the City Attorney, City Clerk, City Council, City Manager, City-wide costs (such as debt service), Finance and Risk Management, Human Resources and Information Technology, Recreation, Library, Community Development, Public Works and Public Safety.

As of June 30, 2023, the total General Fund balance was \$15,458,212, which includes an unassigned portion of \$10,882,266. The General Fund balance increased \$1,688,512 for the fiscal year ended June 30, 2023.

The following table compares General Fund revenues and expenditures by category:

General Fund Revenues, Expenditures and Fund Balance			
General Fund Revenues, Expenditures and Fund Balance	2023	2022	Variance
Revenues			
Property Tax	\$ 6,940,521	\$ 6,650,826	4.4%
Sales Tax	4,827,402	4,929,001	-2.1%
Other Tax	3,185,264	3,023,381	5.4%
Licenses and Permits	2,611,974	1,649,760	58.3%
Fines and Forfeitures	302,721	494,008	-38.7%
Use of Money and Property	731,990	180,697	305.1%
Intergovernmental	443,194	1,887,488	-76.5%
Charges for Services	1,785,412	1,598,564	11.7%
Other Revenue	622,389	132,401	370.1%
Total	21,450,867	20,546,126	4.4%
Expenditures			
General Government	6,679,758	7,612,910	-12.3%
Library	935,689	778,084	20.3%
Public Safety: Police	6,592,954	7,028,692	-6.2%
Community Development	2,277,468	1,694,485	34.4%
Public Works	1,963,034	2,269,939	-13.5%
Parks & Recreation	1,839,984	1,724,105	6.7%
Capital Outlay	58,000	58,000	0.0%
Total	20,346,887	21,166,215	-3.9%
Net Transfers	1,147,000	472,757	142.6%
Net Change in Fund Balances	2,250,980	(147,332)	-1627.8%
Fund Balances at beginning of year	13,769,700	13,917,032	-1.1%
Fund Balances at end of year	16,020,680	13,769,700	16.3%
Unspendable	999,088	1,040,083	-3.9%
Restricted	3,576,858	2,493,416	43.5%
Assigned	0	3,174,932	-100.0%
Unassigned	10,882,266	7,061,269	54.1%
Total Fund Balances	\$ 15,458,212	\$ 13,769,700	12.3%

General Fund Budgetary Highlights

The fiscal year 2022-23 revised budget of the City's General Fund anticipated a \$1,658,513 decrease in General Fund Balance. These projections understated revenues by over \$2 million, as the actual results of operations resulted in an increase of \$1,688,512. Expenses for the general fund came in under our expected budget by \$26,249

The Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget to Actual for the General Fund detailing the adopted and amended budget with actual results can be found on page 100 of this report.

Tidelands Special Revenue Fund

Tidelands Special Revenue Fund is dedicated for the construction, maintenance, and operation of the water front parcels granted to the City of Sausalito by the State of California. The Tidelands Special Revenue Fund has a total fund balance of \$1,182,244.

Proprietary funds

The City of Sausalito maintains two types of proprietary funds: Internal Service funds and Enterprise funds. The City proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

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, 2023, amounts to \$69,133,666 (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. The decrease in the City of Sausalito's investment in capital assets for the current fiscal year is primarily a result of depreciation of exiting assets exceeding the current year investment in new assets.

City of Sausalito's Capital Assets (net of depreciation)						
	Governmental activities		Business-type activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 15,014,662	\$ 15,014,662	\$ 3,796,001	\$ 3,796,001	\$ 18,810,663	\$ 18,810,663
Construction in progress	521,120	279,769	94,835	-	615,955	279,769
Building and improvements	12,556,105	12,907,524	6,997,244	7,354,680	19,553,349	20,262,204
Vehicles and equipment	163,979	148,840	559,835	107,257	723,814	256,097
Machinery and equipment	93,023	114,258	-	-	93,023	114,258
Infrastructure	22,134,768	23,709,828	7,202,094	7,430,233	29,336,862	31,140,061
Total	\$ 50,483,657	\$ 52,174,881	\$ 18,650,009	\$ 18,688,171	\$ 69,133,666	\$ 70,863,052

Additional information about the City's capital assets can be found in Note 5 on pages 66-69 of this report.

Long-term debt

At the end of the current fiscal year, the City of Sausalito has total debt outstanding of \$30,763,615. This is a decrease of \$793,855 from the prior fiscal year.

City of Sausalito's Outstanding Debt						
	Governmental activities		Business-type activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current Portion	766,230	698,507	833,800	805,513	1,600,030	1,504,020
Noncurrent Portion	18,384,965	18,441,031	10,778,620	11,612,419	29,163,585	30,053,450
Total	19,151,195	19,139,538	11,612,420	12,417,932	30,763,615	31,557,470

For more detailed information on the City's Long-term debt see Note 6 on pages 69-73 in this report.

Future Years Budgets

The City Council adopted a balanced general fund budget for fiscal year 2023-24 and is planning to draw on reserves in the amount of \$1,148,508 across all city funds, excluding the sewer fund, to invest in infrastructure across the City. On November 8, 2022, the voters of Sausalito passed Measure L, an extension of the existing ½ cent sales tax, which under Measure L increased to a full cent. It is anticipated that measure L will bring in \$2.9 million in fiscal year 2024 and will be used to invest in roads, landslide mitigation, storm sewer improvements, and city owned and operated facilities.

We will continue monitoring the City's economic conditions and continue to work with the City Council and community to address any current and potential financial challenges that may lay ahead. To this end we will build or revise the budget assumptions based on any new information as it becomes available. This work may include identifying operational opportunities and efficiencies, assessing appropriate fee structure, pursuing acceptable economic development opportunities, and advising on alternative revenue options available to the city and the community to facilitate economic recovery and ensure the continuing high quality of life for the residents and visitors of Sausalito.

REQUESTS FOR INFORMATION

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the City of Sausalito's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Sausalito
Finance Department
420 Litho Street
Sausalito, CA 94965

An electronic version of the report is available at the City's website, found at www.sausalito.gov

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Sausalito
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 14,995,834	\$ 7,299,773	\$ 22,295,607
Restricted cash and investments	4,408,496	1,674,495	6,082,991
Receivables:			
Taxes receivable, net	2,100,302	29,418	2,129,720
Accounts receivable, net	1,026,798	42,029	1,068,827
Leases receivable	308,309	410,507	718,816
Loans receivable	98,473	18,525	116,998
Internal balances	920,902	(920,902)	-
Prepays	76,194	-	76,194
Total current assets	23,935,308	8,553,845	32,489,153
Noncurrent assets:			
Leases receivable	3,993,621	1,323,985	5,317,606
Capital assets:			
Nondepreciable	15,535,782	3,890,836	19,426,618
Depreciable	76,269,022	27,860,219	104,129,241
Less accumulated depreciation	(41,321,147)	(13,101,046)	(54,422,193)
Total capital assets	50,483,657	18,650,009	69,133,666
Total noncurrent assets	54,477,278	19,973,994	74,451,272
Total assets	78,412,586	28,527,839	106,940,425
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	13,575,029	614,471	14,189,500
Deferred outflows related to OPEB	592,027	58,119	650,146
Total deferred outflows of resources	14,167,056	672,590	14,839,646
LIABILITIES			
Current liabilities:			
Accounts payable	1,272,272	113,485	1,385,757
Accrued interest payable	50,555	100,546	151,101
Accrued salaries and benefits	186,456	14,838	201,294
Refundable deposits	263,197	203,328	466,525
Unearned revenue	1,005,800	-	1,005,800
Compensated absences - current	519,045	18,586	537,631
Claims payable - current	248,072	-	248,072
Long-term debt - current portion	766,230	833,800	1,600,030
Total current liabilities	4,311,627	1,284,583	5,596,210
Noncurrent liabilities:			
Claims payable	669,744	-	669,744
Net pension liability	33,894,450	1,503,432	35,397,882
Net OPEB liability	4,898,134	480,855	5,378,989
Long-term debt	18,384,965	10,778,620	29,163,585
Total noncurrent liabilities	57,847,293	12,762,907	70,610,200
Total liabilities	62,158,920	14,047,490	76,206,410
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	4,097,130	1,634,356	5,731,486
Deferred inflows related to pension	2,602,612	168,432	2,771,044
Deferred inflows related to OPEB	792,602	77,811	870,413
Total deferred inflows of resources	7,492,344	1,880,599	9,372,943
NET POSITION			
Net investment in capital assets	32,434,462	7,037,589	39,472,051
Restricted for:			
Pension benefits	3,576,858	-	3,576,858
Special revenue programs	2,002,597	-	2,002,597
Debt service	844,621	-	844,621
Capital projects	382,358	-	382,358
Total restricted	6,806,434	-	6,806,434
Unrestricted	(16,312,518)	6,234,751	(10,077,767)
Total net position	\$ 22,928,378	\$ 13,272,340	\$ 36,200,718

City of Sausalito
Statement of Activities
For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 6,308,889	\$ 35,546	\$ 443,194	\$ -	\$ (5,830,149)	\$ -	\$ (5,830,149)
Library	615,878	1,877	48,588	-	(565,413)	-	(565,413)
Public safety:							
Police services	4,868,968	312,253	173,532	-	(4,383,183)	-	(4,383,183)
Community development	1,930,045	1,109,918	305,322	-	(514,805)	-	(514,805)
Public works	4,918,771	311,134	758,234	-	(3,849,403)	-	(3,849,403)
Parks & recreation	1,570,373	595,239	157,867	20,000	(797,267)	-	(797,267)
Interest on long-term debt	838,048	-	-	-	(838,048)	-	(838,048)
Total governmental activities	<u>21,050,972</u>	<u>2,365,967</u>	<u>1,886,737</u>	<u>20,000</u>	<u>(16,778,268)</u>	<u>-</u>	<u>(16,778,268)</u>
Business-type Activities:							
MLK	730,093	1,416,070	-	-	-	685,977	685,977
Sewer	2,185,025	3,139,988	-	-	-	954,963	954,963
Parking	453,741	2,682,249	-	-	-	2,228,508	2,228,508
Bank of America	88,346	99,799	-	-	-	11,453	11,453
Old City Hall	55,863	227,669	-	-	-	171,806	171,806
Total business-type activities	<u>3,513,068</u>	<u>7,565,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,052,707</u>	<u>4,052,707</u>
Total primary government	<u>\$ 24,564,040</u>	<u>\$ 9,931,742</u>	<u>\$ 1,886,737</u>	<u>\$ 20,000</u>	<u>(16,778,268)</u>	<u>4,052,707</u>	<u>(12,725,561)</u>
General Revenues:							
Taxes:							
Property taxes					7,452,328	-	7,452,328
Sales taxes					4,827,402	-	4,827,402
Transient occupancy taxes					2,121,846	-	2,121,846
Franchise fees					1,063,418	-	1,063,418
Other taxes					2,611,974	-	2,611,974
Total taxes					<u>18,076,968</u>	<u>-</u>	<u>18,076,968</u>
Investment earnings					1,187,273	170,470	1,357,743
Other revenues					892,035	-	892,035
Transfers					2,225,000	(2,225,000)	-
Total general revenues and transfers					<u>22,381,276</u>	<u>(2,054,530)</u>	<u>20,326,746</u>
Change in net position					<u>5,603,008</u>	<u>1,998,177</u>	<u>7,601,185</u>
Net position - beginning of year, as restated					<u>17,325,370</u>	<u>11,274,163</u>	<u>28,599,533</u>
Net position - end of year					<u>\$ 22,928,378</u>	<u>\$ 13,272,340</u>	<u>\$ 36,200,718</u>

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

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MAJOR GOVERNMENTAL FUNDS

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. Individual non-major funds may be found in the Supplementary 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

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

City of Sausalito
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Tidelands	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 9,519,853	\$ 832,035	\$ 3,748,795	\$ 14,100,683
Restricted cash and investments	3,576,858	-	831,638	4,408,496
Receivables:				
Taxes receivable	1,764,191	-	336,111	2,100,302
Accounts receivable	659,748	315,410	51,640	1,026,798
Leases receivable	3,132,537	1,169,393	-	4,301,930
Loans receivable	1,992	96,481	-	98,473
Due from other funds	255,827	-	-	255,827
Prepays	76,194	-	-	76,194
Advances to other funds	920,902	-	-	920,902
Total assets	\$ 19,908,102	\$ 2,413,319	\$ 4,968,184	\$ 27,289,605
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,031,382	\$ 4,447	\$ 180,975	\$ 1,216,804
Accrued salaries and benefits	182,528	-	3,928	186,456
Refundable deposits	263,197	-	-	263,197
Due to other funds	-	-	255,827	255,827
Unearned revenue	5,800	-	1,000,000	1,005,800
Total liabilities	1,482,907	4,447	1,440,730	2,928,084
Deferred Inflows of Resources				
Unavailable revenue	-	96,481	-	96,481
Related to leases	2,966,983	1,130,147	-	4,097,130
Total deferred inflows of resources	2,966,983	1,226,628	-	4,193,611
Fund Balances:				
Nonspendable	999,088	-	-	999,088
Restricted	3,576,858	1,182,244	2,047,332	6,806,434
Committed	-	-	1,718,517	1,718,517
Unassigned	10,882,266	-	(238,395)	10,643,871
Total fund balances	15,458,212	1,182,244	3,527,454	20,167,910
Total liabilities, deferred inflows of resources and fund balances	\$ 19,908,102	\$ 2,413,319	\$ 4,968,184	\$ 27,289,605

City of Sausalito
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds \$ 20,167,910

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

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds reported below, the capital assets were adjusted as follows:

Nondepreciable	\$ 15,535,782
Depreciable, net	34,947,875
Total capital assets	<u>50,483,657</u>

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position. (78,133)

Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements. 96,481

In the Government-Wide Financial Statements, deferred employer contributions for pension and OPEB, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year.

Deferred outflows of resources related to pension	13,575,029
Deferred outflows of resources related to OPEB	592,027
Deferred inflows of resources related to pension	(2,602,612)
Deferred inflows of resources related to OPEB	(792,602)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

	<u>Total</u>
Compensated absences - due within one year	\$ (519,045)
Interest payable	(50,555)
Long-term debt - due within one year	(766,230)
Long-term debt - due in more than one year	(18,384,965)
Net pension liability	(33,894,450)
Net OPEB liability	(4,898,134)
Total long-term liabilities	<u>(58,513,379)</u>
Net Position of Governmental Activities	<u>\$ 22,928,378</u>

City of Sausalito
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2023

	General Fund	Tidelands	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Property tax	\$ 6,940,521	\$ -	\$ 511,807	\$ 7,452,328
Sales tax	4,827,402	-	-	4,827,402
Other tax	3,185,264	-	-	3,185,264
Licenses and permits	2,611,974	-	-	2,611,974
Fines and forfeitures	302,721	-	-	302,721
Use of money and property	731,990	796,808	43,542	1,572,340
Intergovernmental	443,194	-	1,411,595	1,854,789
Charges for services	1,785,412	-	300,849	2,086,261
Other revenues	622,389	-	-	622,389
Total revenues	21,450,867	796,808	2,267,793	24,515,468
EXPENDITURES:				
Current:				
General government	6,679,758	78,386	-	6,758,144
Library	935,689	-	-	935,689
Police	6,592,954	-	-	6,592,954
Community development	2,277,468	-	-	2,277,468
Public works	1,963,034	-	166,333	2,129,367
Parks & recreation	1,839,984	-	-	1,839,984
Capital outlay	562,468	-	1,875,895	2,438,363
Debt service:				
Principal	58,000	-	640,507	698,507
Interest and other charges	-	250	127,634	127,884
Total expenditures	20,909,355	78,636	2,810,369	23,798,360
REVENUES OVER (UNDER)				
EXPENDITURES	541,512	718,172	(542,576)	717,108
OTHER FINANCING SOURCES (USES):				
Transfers in	2,425,000	-	1,975,155	4,400,155
Transfers out	(1,278,000)	(272,155)	(625,000)	(2,175,155)
Total other financing sources (uses)	1,147,000	(272,155)	1,350,155	2,225,000
Net change in fund balances	1,688,512	446,017	807,579	2,942,108
FUND BALANCES:				
Beginning of year	13,769,700	512,399	2,719,875	17,001,974
Restatement	-	223,828	-	223,828
Beginning of year, as restated	13,769,700	736,227	2,719,875	17,225,802
End of year	\$ 15,458,212	\$ 1,182,244	\$ 3,527,454	\$ 20,167,910

City of Sausalito
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Government-Wide Statement of Activities
For the year ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 2,942,108
Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense. This was the amount of capital assets recorded in the current period.	474,241
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds, net of the amount related to internal service funds.	(2,165,465)
Accrued compensated leave payments were reported as expenditures in the governmental funds, however expense is recognized in the Government-Wide Statement of Activities based on earned leave accruals.	(25,737)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Long-term debt repayments	698,507
Increase in long-term debt accreted balance	(710,164)
Change in interest payable	12,405
Capital assets and pension amounts transferred from the business type activities	
Current year employer pension contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	3,279,966
Pension (expense) income reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.	1,335,688
OPEB expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.	(55,756)
Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.	(92,937)
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.	(89,848)
Change in Net Position of Governmental Activities	\$ 5,603,008

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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 of providing goods and services be financed primarily through user charges.

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

MLK Fund

Accounts for the Martin Luther King School site ("MLK"), containing approximately 17 acres of land, with improvements. The City leases units in the building to various tenants under 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, and financing. Treatment services are provided by Sausalito-Marin City Sanitary District. Billing and collections are handled by the County through tax roll assessments.

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.

Bank of America Building Fund

Accounts for the Bank of America building asset and related depreciation, long-term debt, and rents received.

City of Sausalito
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities			
	MLK	Sewer	Parking	Bank of America Building
ASSETS				
Current Assets:				
Cash and investments	\$ 1,367,816	\$ 4,274,090	\$ 1,307,532	\$ 5,522
Restricted cash and investments	286	1,674,209	-	-
Receivables:				
Taxes receivable	-	29,418	-	-
Accounts receivable	6,546	7,171	1,815	3,429
Leases receivable	155,111	-	-	82,592
Loans receivable	18,525	-	-	-
Total current assets	1,548,284	5,984,888	1,309,347	91,543
Noncurrent:				
Leases receivable	-	-	-	426,227
Capital assets:				
Nondepreciable capital assets	3,786,063	94,835	-	-
Depreciable capital assets	8,439,420	15,616,797	427,743	1,996,776
Accumulated depreciation	(3,314,362)	(8,150,196)	(413,095)	(119,807)
Net capital assets	8,911,121	7,561,436	14,648	1,876,969
Total noncurrent assets	8,911,121	7,561,436	14,648	2,303,196
Total assets	10,459,405	13,546,324	1,323,995	2,394,739
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	-	614,471	-	-
Deferred outflows related to OPEB	4,084	48,887	5,148	-
Total deferred outflows of resources	4,084	663,358	5,148	-
LIABILITIES				
Current liabilities:				
Accounts payable	12,423	44,099	56,963	-
Accrued interest payable	21,700	75,138	-	3,708
Accrued salaries and benefits	1,069	13,769	-	-
Refundable deposits	175,299	-	24,000	4,029
Compensated absences - current	-	18,586	-	-
Claims and judgements - current	-	-	-	-
Long-term debt - current portion	490,000	230,800	-	113,000
Total current liabilities	700,491	382,392	80,963	120,737
Noncurrent liabilities:				
Advances from other funds	467,789	-	-	453,113
Claims payable	-	-	-	-
Net pension liability	-	1,503,432	-	-
Net OPEB liability	33,790	404,470	42,595	-
Long-term debt	3,340,000	5,956,620	-	1,482,000
Total noncurrent liabilities	3,841,579	7,864,522	42,595	1,935,113
Total liabilities	4,542,070	8,246,914	123,558	2,055,850
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	-	168,432	-	-
Deferred inflows related to OPEB	5,468	65,450	6,893	-
Deferred inflows related to leases	149,454	-	-	452,077
Total deferred inflows of resources	154,922	233,882	6,893	452,077
NET POSITION				
Net investment in capital assets	5,081,121	1,374,016	14,648	281,969
Unrestricted	685,376	4,354,870	1,184,044	(395,157)
Total net position	\$ 5,766,497	\$ 5,728,886	\$ 1,198,692	\$ (113,188)

Nonmajor Old City Hall	Totals	Governmental Activities - Internal Service Funds
\$ 344,813	\$ 7,299,773	\$ 895,151
-	1,674,495	-
-	29,418	-
23,068	42,029	-
172,804	410,507	-
-	18,525	-
<u>540,685</u>	<u>9,474,747</u>	<u>895,151</u>
897,758	1,323,985	-
9,938	3,890,836	-
1,379,483	27,860,219	-
(1,103,586)	(13,101,046)	-
<u>285,835</u>	<u>18,650,009</u>	<u>-</u>
<u>1,183,593</u>	<u>19,973,994</u>	<u>-</u>
<u>1,724,278</u>	<u>29,448,741</u>	<u>895,151</u>
-	614,471	-
-	58,119	-
-	672,590	-
-	113,485	55,468
-	100,546	-
-	14,838	-
-	203,328	-
-	18,586	-
-	-	248,072
-	833,800	-
-	<u>1,284,583</u>	<u>303,540</u>
-	920,902	-
-	-	669,744
-	1,503,432	-
-	480,855	-
-	10,778,620	-
-	<u>13,683,809</u>	<u>669,744</u>
-	<u>14,968,392</u>	<u>973,284</u>
-	168,432	-
-	77,811	-
<u>1,032,825</u>	<u>1,634,356</u>	<u>-</u>
<u>1,032,825</u>	<u>1,880,599</u>	<u>-</u>
285,835	7,037,589	-
<u>405,618</u>	<u>6,234,751</u>	<u>(78,133)</u>
<u>\$ 691,453</u>	<u>\$ 13,272,340</u>	<u>\$ (78,133)</u>

City of Sausalito
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2023

	Business-Type Activities			
	MLK	Sewer	Parking	Bank of America Building
OPERATING REVENUES:				
Building rents	\$ 1,416,070	\$ -	\$ -	\$ 99,799
Charges for services	-	3,139,988	2,682,249	-
Other revenue	-	-	-	-
Total operating revenues	1,416,070	3,139,988	2,682,249	99,799
OPERATING EXPENSES:				
Other expenses	20,675	199,952	187,193	1,838
Professional services	7,764	720,503	155,609	-
Repairs and maintenance	3,236	332,279	28,586	-
Salaries and benefits	65,035	476,068	67,158	-
Utilities	152,489	11,507	547	-
Depreciation	315,427	242,487	14,648	39,936
Total operating expenses	564,626	1,982,796	453,741	41,774
Operating income (loss)	851,444	1,157,192	2,228,508	58,025
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	33,286	108,778	8,732	17,267
Interest (expense)	(165,467)	(202,229)	-	(46,572)
Total nonoperating revenues (expenses)	(132,181)	(93,451)	8,732	(29,305)
Income before contributions and transfers	719,263	1,063,741	2,237,240	28,720
CONTRIBUTIONS AND TRANSFERS:				
Transfers out	-	(225,000)	(2,000,000)	-
Total contributions and transfers	-	(225,000)	(2,000,000)	-
Change in net position	719,263	838,741	237,240	28,720
NET POSITION:				
Beginning of year	5,047,234	5,756,287	961,452	(141,908)
Restatements	-	(866,142)	-	-
Beginning of year, as restated	5,047,234	4,890,145	961,452	(141,908)
End of year	\$ 5,766,497	\$ 5,728,886	\$ 1,198,692	\$ (113,188)

Nonmajor		Governmental Activities - Internal Service Funds	
Old City Hall	Totals		
\$ 227,669	\$ 1,743,538	\$ -	
-	5,822,237	11,045	
-	-	359,447	
227,669	7,565,775	370,492	
-	409,658	466,789	
192	884,068	-	
-	364,101	-	
-	608,261	-	
28,082	192,625	-	
27,589	640,087	-	
55,863	3,098,800	466,789	
171,806	4,466,975	(96,297)	
2,407	170,470	6,449	
-	(414,268)	-	
2,407	(243,798)	6,449	
174,213	4,223,177	(89,848)	
-	(2,225,000)	-	
-	(2,225,000)	-	
174,213	1,998,177	(89,848)	
677,466	12,300,531	11,715	
(160,226)	(1,026,368)	-	
517,240	11,274,163	11,715	
\$ 691,453	\$ 13,272,340	\$ (78,133)	

City of Sausalito
Combining Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2023

	Business-Type Activities			
	MLK	Sewer	Parking	Bank of America Building
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 1,343,116	\$ 3,106,336	\$ 2,696,123	\$ 44,986
Receipts from (refunds to) interdepartmental charges	-	-	-	-
Payments to employees	(66,736)	(785,037)	(99,428)	-
Payments to suppliers	(176,449)	(1,353,971)	(325,998)	(1,838)
Other receipts (payments)	52,105	-	-	-
Net cash provided by (used in) operating activities	1,152,036	967,328	2,270,697	43,148
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund receipts	-	-	-	78,799
Interfund payments	(185,555)	-	-	-
Transfers (out)	-	(225,000)	(2,000,000)	-
Net cash provided by (used in) noncapital financing activities	(185,555)	(225,000)	(2,000,000)	78,799
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payments on capital debt	(470,000)	(224,512)	-	(111,000)
Interest payment	(168,600)	(204,417)	-	(46,830)
Purchases of capital assets	-	(601,925)	-	-
Net cash provided by (used in) capital and related financing activities	(638,600)	(1,030,854)	-	(157,830)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest receipts	33,023	1,163,815	8,732	17,267
Net cash provided by (used in) investing activities	33,023	1,163,815	8,732	17,267
Net cash flows	360,904	875,289	279,429	(18,616)
CASH AND INVESTMENTS - Beginning of year	1,006,912	3,398,801	1,028,103	24,138
CASH AND INVESTMENTS - End of year	\$ 1,367,816	\$ 4,274,090	\$ 1,307,532	\$ 5,522
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 851,444	\$ 1,157,192	\$ 2,228,508	\$ 58,025
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	315,427	242,487	14,648	39,936
Changes in assets and liabilities:				
Accounts receivable	25,234	(4,234)	13,874	(3,429)
Taxes receivable	-	(29,418)	-	-
Loans receivable	52,105	-	-	-
Leases	803,074	-	-	(435,492)
Accounts payable and accruals	7,715	(89,730)	45,937	-
Accrued salaries and benefits	1,069	4,754	-	-
Accrued compensated absences	-	5,506	(7,195)	-
Refundable deposits	(4,155)	-	-	4,029
Claims payable	-	-	-	-
Deferred outflows	1,349	(346,381)	4,792	-
Deferred inflows - leases	(897,107)	-	-	380,079
Deferred inflows - others	(2,206)	(634,931)	(7,147)	-
Net pension liability	-	668,403	-	-
Net OPEB liability	(1,913)	(6,320)	(22,720)	-
Net cash provided by (used in) operating activities	\$ 1,152,036	\$ 967,328	\$ 2,270,697	\$ 43,148

See accompanying Notes to Basic Financial Statements.

		Governmental	
		Activities -	
		Internal Service	
Nonmajor			Funds
Old City Hall	Totals		
\$ 215,138	\$ 7,405,699	\$ -	-
-	-	11,045	-
-	(951,201)	-	-
(28,274)	(1,886,530)	(577,418)	-
-	52,105	251,225	-
186,864	4,620,073	(315,148)	-
-	78,799	-	-
-	(185,555)	-	-
-	(2,225,000)	-	-
-	(2,331,756)	-	-
-	(805,512)	-	-
-	(419,847)	-	-
-	(601,925)	-	-
-	(1,827,284)	-	-
2,407	1,225,244	6,449	-
2,407	1,225,244	6,449	-
189,271	1,686,277	(308,699)	-
155,542	5,613,496	1,203,850	-
\$ 344,813	\$ 7,299,773	\$ 895,151	-
\$ 171,806	\$ 4,466,975	\$ (96,297)	-
27,589	640,087	-	-
3,279	34,724	-	-
-	(29,418)	-	-
-	52,105	-	-
166,453	534,035	-	-
-	(36,078)	(110,629)	-
-	5,823	-	-
-	(1,689)	-	-
-	(126)	-	-
-	-	(108,222)	-
-	(340,240)	-	-
(182,263)	(699,291)	-	-
-	(644,284)	-	-
-	668,403	-	-
-	(30,953)	-	-
\$ 186,864	\$ 4,620,073	\$ (315,148)	-

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Sausalito, California, (the “City”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City’s significant accounting policies are described below.

A. *Financial Reporting Entity*

The City of Sausalito was incorporated in 1893, as a 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 and civil defense), highways and streets, sanitary sewer collection, storm drainage, recreation, library, public works, current and advanced planning, zoning, building inspections and code enforcement, and general administrative services.

The accompanying basic financial statements present the City and its component unit, an entity for which the government is considered financially accountable, and include all funds, boards, and commissions that are controlled by the City Council.

The Sausalito Financing Authority (the “Authority”) is a blended component unit of the City. It is a legally separate entity for with the City is financially accountable and is governed by the City Council. The Authority was created in 2014 by a joint exercise of powers agreement between the City and the California Municipal Finance Authority, for the purpose of aiding Sausalito in issuing tax-exempt revenue bonds. The Authority does not issue separate financial statements.

B. *Basis of Presentation*

The City’s Basic Financial Statements are presented 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 standards require that the financial statements described below be presented.

Government-wide Financial Statements: The Statements of Net Position and Statement of Activities displays information about the primary government (the City) and its component unit. These statements include the financial activities of the overall City government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. 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.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, Continued

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 recipients of goods and services offered by programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as programs revenues, including all taxes are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City'. 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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transaction 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.

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

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 major governmental funds of the City are:

GENERAL FUND – The General Fund is used to account for 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.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Major Funds, Continued

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.

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

MLK FUND - The City acquired the Martin Luther King School site (the "MLK site") from Sausalito School District, containing approximately 17 acres of land, with improvements. The City leases units in the building to various tenants under operating leases with term ranging from one to five years. This fund is used to account for these activities.

SEWER FUND - Accounts for the provision of sewer services to residences and businesses of the City. All activities to provide for such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, and financing. Billing and collections are handled by the County through tax roll assessments.

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.

BANK OF AMERICA BUILDING FUND - Accounts for Bank of America building assets, related depreciation, long-term debt balances and payments, rents received, and costs to maintain the building.

D. Basis of Accounting

The government-wide, and proprietary 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 cashflows take place.

Governmental funds are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the government funds to be available if the resources 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 judgements, 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.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Basis of Accounting, Continued

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.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and goods in connection with a proprietary fund's main operations. The main operating revenues of the MLK, Bank of America Building, and the Old City Hall Enterprise Funds are charges to tenants for rental revenues. The main operating revenues of the Parking Enterprise Fund are charges for parking services to visitors, residences, and businesses. The main operating revenues of the Sewer Enterprise Fund are charges for sewer services to residences and businesses. The main operating revenues of the Internal Service Fund are charges for services to the City. The main operating expenses of the enterprise funds and internal service funds include administrative services, professional services, repairs and maintenance, salaries and benefits, utilities, depreciation, amortization and other operating expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

E. Use of Restricted/Unrestricted Net Position

The City may fund programs with a combination of cost-reimbursement grants, categorial block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the City's policy is to apply restricted net position first.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 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 improvements, 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, Debt Service, and Capital Projects 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 Fund, all Debt Service Funds, Tidelands Special Revenue Fund, Traffic Safety Special Revenue Fund, Gas Tax Special Revenue Fund, Construction Traffic Impact Fees Special Revenue Fund, Storm Drain Special Revenue Fund, Stairs Fund Special Revenue Fund, Measure A Special Revenue Fund, Measure AA Special Revenue Fund and General Capital Improvement Capital Projects Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

G. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2023, the following funds had expenditures that exceeded the budgeted expenditures:

	Expenditures Exceeded Budget
General Fund:	
Library	\$ 29,149
Community development	64,552
Parks & Recreation	110,620
Capital outlay	8,227
Traffic Safety Fund	32,535
Gas Tax Fund	12,233
Disaster Assistance Fund	480
2006 GO Bonds Fund	1,650

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

I. Prepaid Items

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

J. 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. 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. 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 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, and 60 days for police, SEIU and confidential employees. The retiree can convert the remaining unused balance to additional service credit under the California Public Employees' Retirement System (CalPERS).

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Compensated Absences, Continued

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 Position.

The changes of the compensated absences were as follows for June 30, 2023:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance, June 30, 2022	\$ 493,308	\$ 20,275	\$ 513,583
Accrued	446,061	28,375	474,436
Taken	(420,324)	(30,064)	(450,388)
Ending Balance, June 30, 2023	<u>\$ 519,045</u>	<u>\$ 18,586</u>	<u>\$ 537,631</u>
Current Portion	<u>\$ 519,045</u>	<u>\$ 18,586</u>	<u>\$ 537,631</u>

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

K. Property Tax Revenues

State Constitution Article 13 provides for a maximum general property tax statewide \$1.00 per \$100 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 may levy additional tax rate as is necessary to provide for voter-approved debt.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Property Tax Revenues, Continued

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

	<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 revenue are recognized in the fiscal year for which taxes have been levied provided they have 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 “Teeter Plan,” whereby the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the City.

L. Unavailable and Unearned Revenue

Unavailable 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 arises when resources are received by the City before it has legal claim to them (i.e., when grant monies are received prior to incurrence of qualifying expenditures).

M. Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid investments with maturity of three months or less when purchased are 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 Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Estimates and Assumption

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

P. Leases

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes leases with an initial, individual value of \$50,000 or more.

Lessor - The City records leases as the lessor. The City recognizes a lease receivable and a deferred inflow of resources in the General Fund, Tidelands Special Revenue Fund, MLK Enterprise Fund, Bank of America Building Enterprise Fund, Old City Hall Enterprise Fund, Governmental Activities and Business-Type Activities statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Key estimates and judgements include how the city determines (1) the discount rate it uses to discount the expect lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The city monitors changes in circumstances that would require a measurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Q. New GASB Pronouncements

The City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- ***GASB Statement No. 91, Conduit debt*** - The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement did not apply to the City in the current fiscal year.
- ***GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** - The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement did not apply to the City in the current fiscal year.
- ***GASB Statement No. 96, Subscription-Based Information Technology Arrangements*** - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). In implementing this statement, the City considered all software subscriptions, but none warranted recording a liability in the current fiscal year.

R. Changes in funds

During fiscal year ended June 30, 2023, the Recreation Special Revenue Fund was renamed Measure A (Parks) and the Measure A Special Revenue Fund was renamed Measure AA (Roads) to better reflect the underlying revenue streams for those funds.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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 investments, at fair value, are presented on the accompanying statement of net position in the following allocation:

Statement of Net Position:

Cash and investments	\$ 22,295,607
Restricted cash and investments	6,082,991
Total Cash and Investments	<u>\$ 28,378,598</u>

C. Authorized Investments by the City and Debt Agreements

The City's Investment policy and the California Government Code will 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 and address interest rate risk, credit risk and concentration of credit risk. This table also addresses investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

2. CASH AND INVESTMENTS, Continued

C. Authorized Investments by the City and Debt Agreements, Continued

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Allowed in Portfolio	Maximum Investment in One Issuer
			\$ 75 million	\$ 75 million
California Local Agency Investment Fund	N/A	N/A	per account	per account
U.S. Treasury Obligations	5 years	N/A	None	None
U.S. Government Agency Obligations	5 years	N/A	50%	None
Bankers Acceptance	180 days	Prime Quality	10%	5%
Commercial Paper	180 days	A1/P1	15%	5%
Certificate of Time Deposit	360 days	N/A	10%(*)	None
Negotiable Certificates of Deposit	360 days	N/A	10%	5%
Repurchase Agreements	360 days	N/A	5%	5%
Reverse Repurchase Agreements	90 days	N/A	5%	None
Medium-Term Notes	5 years	A	5%	None
Marin County Investment Pool	N/A	N/A	N/A	N/A

* On uncollateralized deposits, City's portfolio is limited to \$96,000.

D. Authorized Investments by Debt Agreements

The City must maintain required amount of cash and investments with fiscal agents under the term of certain debt issuances. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet the obligations under these debts. The California Government Code requires these funds to be invested in accordance with the City ordinances, bond indentures and State statutes. The City's investment policy allows investments of bond proceeds to be governed by provisions of related bond indentures. Under terms of the bond indentures of the related debts, authorized investments of bond proceeds are governed by the City's investment policy.

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect their 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.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

2. CASH AND INVESTMENTS, Continued

E. Interest Rate Risk, Continued

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 City's investment by maturity:

	12 Months or Less	Total
California Local Agency Investment Fund	\$ 4,149,064	\$ 4,149,064
Held by Trustee:		
Money Market Mutual Fund	2,506,133	2,506,133
PARS Trust	3,576,858	3,576,858
Total Investments	<u>\$ 10,232,055</u>	10,232,055
Cash in Banks		18,145,290
Petty Cash		1,253
Total City Cash and Investments		<u>\$ 28,378,598</u>

Money market mutual funds and PARS Trust are available for withdrawal on demand.

F. Fair Value Hierarchy

The City categorizes its fair value within the fair value hierarchy established by the Generally Accepted Accounting Principle. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted price in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. None of the City's investments are subject to the fair value hierarchy.

Money market funds are exempt from fair value measurement and are reported at amortized cost.

G. 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 rating by a nationally recognized statistical rating organization. The City does not directly hold any investments that are rated.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

2. CASH AND INVESTMENTS, Continued

H. 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.

I. Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF management calculates the fair value and cost of the entire LAIF pool. The City adjusts its cost basis invested in LAIF to fair value based upon this factor. The LAIF fair value factor of 0.984828499 was used to calculate the fair value of the investments in LAIF at June 30, 2023. The City's investments with LAIF include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes - are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2023, the City had \$4,149,064 invested in LAIF, which had invested 2.78% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 1.88% in the previous year.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

3. INTERFUND TRANSACTIONS

A. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The purpose of these interfund was to cover deficit cash in receiving funds. At June 30, 2023, interfund balances were as follows:

Payable Fund	Receivable Fund	Amount
Non-Major Governmental Funds	General Fund	\$ 255,827

B. Transfers

With Council approval, resources may be transferred from one fund to another. During the fiscal year ended June 30, 2023, the transfers were as follows:

Transfers Out	Transfers In		Total
	General Fund	Non-Major Governmental Funds	
Major Funds:			
General Fund	\$ -	\$ 1,278,000	\$ 1,278,000
Tidelands	200,000	72,155	272,155
Non-Major Governmental Funds	-	625,000	625,000
Major Enterprise Funds:			
Sewer	225,000	-	225,000
Parking	2,000,000	-	2,000,000
Total	\$ 2,425,000	\$ 1,975,155	\$ 4,400,155

The transfers into the General Fund from the Sewer and Parking funds were to fund administrative costs, and General Fund operations, respectively. The transfer into the General Fund from the Tidelands fund was for administrative, billing, maintenance, and other overhead costs.

The General Fund transferred amounts out to nonmajor governmental funds to eliminate fund deficits and to support capital improvement projects.

Tidelands also transferred amounts to a non-major governmental fund to pay for debt service.

Transfers within the non-major governmental funds were to support capital improvement projects.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

3. INTERFUND TRANSACTIONS, Continued

C. Long-term Interfund Advances

The City had the following interfund advances at June 30, 2023:

Payable Fund	Receivable Fund	Amount
MLK Enterprise Fund	General Fund	\$ 467,789
Bank of America Building Enterprise Fund	General Fund	453,113
		<u>\$ 920,902</u>

The MLK Enterprise Fund Advance has an interest rate of 3% and will be paid annually through fiscal year 2026.

The payment schedule for the MLK Enterprise Fund Advance is as follows:

Fiscal Year Ended June 30,	MLK Advance		
	Principal	Interest	Total
2024	\$ 191,121	\$ 14,037	\$ 205,158
2025	196,854	8,300	205,154
2026	79,814	2,394	82,208
	<u>\$ 467,789</u>	<u>\$ 24,731</u>	<u>\$ 492,520</u>

During fiscal year ended June 30, 2023, the General Fund advanced an additional \$78,799 to the Bank of America Building Enterprise Fund for a total advance of \$453,113 to cover debt service payments as the Bank of America Building Fund has not generated sufficient rents to cover its debt service. The Bank of America Building fund will repay the General Fund as it generates sufficient revenues from rents and leases.

D. 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.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

4. LEASES

The City from time to time engages in lease arrangements allowing the right for others to use various City-owned land and buildings for the public benefit. As of June 30, 2023, these leases receivables and related deferred inflows of resources consisted of the following:

Lessor	Original Lease Date	Expiration Date Including Option(s)	Revenue recognized for FYE June 30, 2023	Lease Receivable Balance at June 30, 2023	Deferred Inflow of Resources at June 30, 2023
Governmental Activities					
AT&T Rainbow Tunnel	9/10/2002	5/31/2036	\$ 90,656	\$ 824,379	\$ 763,557
AT&T	1/12/1996	9/9/2040	85,102	922,939	863,296
MacMarin, Inc (Spinnaker)	1/1/1991	1/27/2032	479,346	395,506	381,373
Pelican Harbor Associates	8/1/2005	1/31/2040	62,197	385,659	373,193
Southern Marin Fire Protection District	9/15/2011	9/15/2041	120,407	1,317,291	1,274,665
T-Mobile	9/1/2004	8/31/2024	59,802	67,928	65,465
Trident LLC	5/28/1959	3/2/2041	57,451	388,228	375,581
Total Government Activities			<u>\$ 954,961</u>	<u>\$ 4,301,930</u>	<u>\$ 4,097,130</u>
Business-Type Activities:					
Bank of America ATM	9/1/2020	9/30/2025	\$ 24,534	\$ 51,707	\$ 49,845
Excellence for Yachts	5/15/2004	9/30/2023	19,120	7,974	7,683
Gene Hiller Inc	3/1/2014	2/28/2029	227,669	1,070,562	1,032,825
Lycee Francais De San Francisco	9/1/2013	8/31/2023	775,962	130,666	125,899
SCA Lease	9/1/2022	8/31/2027	94,372	457,112	402,232
Videotrac	5/15/2004	9/30/2023	18,287	16,471	15,872
Total Business-Type Activities			<u>\$ 1,159,944</u>	<u>\$ 1,734,492</u>	<u>\$ 1,634,356</u>

A. Governmental Activities

AT&T (Rainbow Tunnel) – On September 10, 2002, the City began leasing property to AT&T with monthly payments ranging from \$1,900 to \$8,884 through the end of the lease term. Lease payments increase by 4% every year May 1, until the end of the lease on May 31, 2036. The City recognized \$59,114 in lease revenue and \$31,542 in interest revenue in fiscal year 2023 related to lease. The City has a deferred inflow of resources associated with this lease that is recognized as revenue over the lease term.

AT&T – On January 12, 1996, the City began leasing property to Pacific Bell Mobile Services with monthly payments ranging from \$1,500 to \$7,894 through the end of the lease term. Lease payments increase 3% every January 1, until the end of the lease on September 1, 2040. The City recognized \$50,046 in lease revenue and \$35,056 in interest revenue in fiscal year 2023 related to this lease. The City has a deferred inflow of resources associated with this lease that is recognized as revenue over the lease term.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

4. LEASES, Continued

A. Governmental Activities, Continued

MacMarin, Inc. (Spinnaker) – On January 1, 1991, the City began leasing property to MacMarin, Inc. with precalculated monthly payments of \$10,063 through the end of the lease term, which ends on January 27, 2027. The City recognized \$462,394 in lease revenue which includes \$258,915 in additional payments, and \$16,952 in interest revenue in fiscal year 2023 related to this lease. The City has a deferred inflow of resources associated with this lease that is recognized as revenue over the lease term.

Pelican Harbor – On August 1, 2005, the City began leasing property to Pelican Harbor Associates, LP, with annual payments of \$31,774 through the end of the lease term, which ends on January 31, 2040. The City recognized \$22,618 in lease revenue and \$15,088 in interest revenue in fiscal year 2023 related to this lease. The City has a deferred inflow of resources associated with this lease that is recognized as revenue over the lease term.

Southern Marin Fire Protection District – On September 15, 2011, the City began leasing property to the Southern Marin Fire Protection District with quarterly payments of \$25,000 through the end of the lease term, which end on September 15, 2041. The City recognized \$69,845 in lease revenue and \$50,562 in interest revenue in fiscal year 2023 related to this lease. The City has a deferred inflow of resources associated with this lease that is recognized as revenue over the lease term.

T-Mobile - On September 1, 2004, the City began leasing property to Sprint Spectrum LLC (now T-Mobile), with monthly payments ranging from \$1,912 to \$4,966 through the end of the lease term. Lease payments increase by 4% every January 1, until the end of the lease on September 1, 2024. The City recognized \$56,112 in lease revenue and \$3,690 in interest revenue in fiscal year 2023 related to this lease. The City has a deferred inflow of resources associated with this lease that is recognized as revenue over the lease term.

Trident LLC – On May 28, 1959, the City began leasing property to Trident LLC with monthly payments starting at \$31 and increasing by the Consumer Price Index each December 31 not to exceed 3% in any single year. The monthly payments for the fiscal year ended June 30, 2023 were \$2,507 to 2,582. The lease term ends on March 2, 2041. The City recognized \$42,582 in lease revenue which includes \$451 in additional payments and \$14,869 in interest revenue in fiscal year 2023 related to this lease. The City has a deferred inflow of resources associated with this lease that is recognized as revenue over the lease term.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

4. LEASES, Continued

A. Governmental Activities, Continued

The following table summarizes the expected future payments on the lease receivables for the governmental activities:

Fiscal Year Ending June 30,	Governmental Activities - Leases		
	Principal	Interest	Total
2024	\$ 308,309	\$ 202,591	\$ 510,900
2025	274,083	189,687	463,770
2026	278,814	177,646	456,460
2027	233,300	165,020	398,320
2028	185,070	151,733	336,803
2029 - 2033	1,120,300	541,114	1,661,414
2034 - 2038	1,277,044	248,714	1,525,758
2039 - 2041	625,010	37,430	662,440
Total	\$ 4,301,930	\$ 1,713,935	\$ 6,015,865

B. Business-Type Activities - Enterprise Funds

Bank of America ATM - On September 8, 2020, the City began leasing property to Bank of America, with monthly payments ranging from \$2,000 to \$3,417 through the end of the lease term, which ends on September 30, 2025. The City recognized \$22,153 in lease revenue and \$2,381 in interest revenue in fiscal year 2023 related to this lease. The City has a deferred inflow of resources associated with this lease that is recognized as revenue over the lease term.

Excellence for Yachts - On 2014, the City began leasing property to Carlos Badell with monthly payments ranging from \$1,085 to \$1,610 through the end of the lease term, which ends on November 1, 2023. The City recognized \$18,440 in lease revenue and \$680 in interest revenue in fiscal year 2023 related to this lease. The City has a deferred inflow of resources associated with this lease that is recognized as revenue over the lease term.

Gene Hiller, Inc. - On March 1, 2014, the City began leasing property to Gene Hiller, Inc., with monthly payments of \$17,500 through the end of the lease term, which ends on February 28, 2029. The City recognized \$182,263 in lease revenue and \$43,546 in interest revenue in fiscal year 2023 related to this lease. The City has a deferred inflow of resources associated with this lease that is recognized as revenue over the lease term.

Lycee Francais - On September 1, 2013, the City began leasing property to Lycee Francais de San Francisco with monthly payments of \$65,639 through the end of the lease term, which ends on August 31, 2023. The City recognized \$755,391 in lease revenue and \$20,571 in interest revenue in fiscal year 2023 related to this lease. The City has a deferred inflow of resources associated with this lease that is recognized as revenue over the lease term.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

4. LEASES, Continued

B. Business-Type Activities - Enterprise Funds, Continued

Sausalito Center for the Arts - On September 1, 2022, the City began leasing property to The Sausalito Center for the Arts. Monthly payments range from \$4,029 to \$11,095 for the 5-year lease. The City recognized \$79,646 in lease revenue and \$14,726 in interest revenue in fiscal year 2023 related to this lease.

*Videotrac*s - On May 15, 2004, the City began leasing property to James C. Cavanaugh with monthly payments of \$1,526 through the end of the lease term, which ends on September 30, 2023. The City recognized \$17,315 in lease revenue and \$972 in interest revenue in fiscal year 2023 related to this lease. The City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term.

The following table summarizes the expected future payments on the lease receivables for the business-type activities:

Fiscal Year Ending June 30,	Business-type Activities - Leases		
	Principal	Interest	Total
2024	\$ 410,507	\$ 307,831	\$ 56,217
2025	323,008	282,756	44,135
2026	317,104	256,731	32,039
2027	323,012	229,756	20,131
2028	222,809	207,331	9,381
2029	138,052	731,484	1,948
Total	\$ 1,734,492	\$ 2,015,889	\$ 163,851

5. CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. 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.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

5. CAPITAL ASSETS, Continued

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.

Changes in capital assets during the year ended June 30, 2023, comprise:

	Balance July 1, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Governmental Funds:					
Capital assets not being depreciated:					
Lands and improvements	\$ 15,014,662	\$ -	\$ -	\$ -	\$ 15,014,662
Construction in progress	279,769	265,701	-	(24,350)	521,120
Total capital assets not being depreciated	<u>15,294,431</u>	<u>265,701</u>	<u>-</u>	<u>(24,350)</u>	<u>15,535,782</u>
Capital assets being depreciated:					
Buildings and improvements	17,632,879	-	-	-	17,632,879
Vehicles and equipment	1,138,288	73,082	-	-	1,211,370
Machinery and equipment	1,346,699	14,550	-	-	1,361,249
Infrastructure	55,918,266	120,908	-	24,350	56,063,524
Total capital assets being depreciated	<u>76,036,132</u>	<u>208,540</u>	<u>-</u>	<u>24,350</u>	<u>76,269,022</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,725,355)	(351,419)	-	-	(5,076,774)
Vehicle and equipment	(989,448)	(57,943)	-	-	(1,047,391)
Machinery and equipment	(1,232,441)	(35,785)	-	-	(1,268,226)
Infrastructure	(32,208,438)	(1,720,318)	-	-	(33,928,756)
Total accumulated depreciation	<u>(39,155,682)</u>	<u>(2,165,465)</u>	<u>-</u>	<u>-</u>	<u>(41,321,147)</u>
Depreciable capital assets, net	<u>36,880,450</u>	<u>(1,956,925)</u>	<u>-</u>	<u>24,350</u>	<u>34,947,875</u>
Government activity capital assets, net	<u>\$ 52,174,881</u>	<u>\$ (1,691,224)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,483,657</u>

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

5. CAPITAL ASSETS, Continued

	Balance July 1, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Business-type Activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 3,796,001	\$ -	\$ -	\$ -	\$ 3,796,001
Construction in progress	-	94,835	-	-	94,835
Total capital assets not being depreciated	3,796,001	94,835	-	-	3,890,836
Capital assets being depreciated:					
Buildings and improvements	11,157,934	-	-	275,000	11,432,934
MLK Bus Barn	275,000	-	-	(275,000)	-
Vehicles and equipment	1,620,276	507,088	(7)	-	2,127,357
Infrastructure	14,299,928	-	-	-	14,299,928
Total Capital assets being depreciated	27,353,138	507,088	(7)	-	27,860,219
Less accumulated depreciation for:					
Building and improvements	(3,946,254)	(357,436)	-	(132,000)	(4,435,690)
MLK Bus Barn	(132,000)	-	-	132,000	-
Vehicles and equipment	(1,513,019)	(54,512)	9	-	(1,567,522)
Infrastructure	(6,869,695)	(228,139)	-	-	(7,097,834)
Total accumulated depreciation	(12,460,968)	(640,087)	9	-	(13,101,046)
Depreciable capital assets, net	14,892,170	(132,999)	2	-	14,759,173
Business-type activities capital assets, net	\$ 18,688,171	\$ (38,164)	\$ 2	\$ -	\$ 18,650,009

A. Capital Asset Contributions

Some capital assets may be acquired using federal and state grant funds, or 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	\$ 31,868
Recreation	12,932
Library	16,701
Police services	348,483
Public works	1,755,481
Total Governmental Activities	\$ 2,165,465

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

5. CAPITAL ASSETS, Continued

B. Depreciation Allocation, Continued

Business-type Activities	
MLK	\$ 315,427
Sewer	242,487
Parking	14,648
Bank of America Building	39,936
Old City Hall	27,589
Total Business-type Activities	<u>\$ 640,087</u>

6. 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 issuances and transactions related to both governmental and business-type activities are summarized below and subsequently discussed in detail.

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Current Portion
Governmental Activities Bonds:						
General Obligation Bonds:						
2006 Series A	\$ 8,205,000	\$ 2,730,000	\$ -	\$ (580,000)	\$ 2,150,000	\$ 645,000
2006 Series B (Capital Appreciation)	7,293,894	14,990,680	710,164	-	15,700,844	-
Total Governmental Activities Bond		<u>17,720,680</u>	<u>710,164</u>	<u>(580,000)</u>	<u>17,850,844</u>	<u>645,000</u>
Government Activities - Direct Borrowings:						
Southern Marin Fire Protection District	1,740,000	1,160,000	-	(58,000)	1,102,000	58,000
Department of Boating & waterways	1,200,000	258,858	-	(60,507)	198,351	63,230
Total Governmental Activities - Direct Borrowings		<u>1,418,858</u>	<u>-</u>	<u>(118,507)</u>	<u>1,300,351</u>	<u>121,230</u>
Total Governmental Activities		<u>\$19,139,538</u>	<u>\$ 710,164</u>	<u>\$ (698,507)</u>	<u>\$19,151,195</u>	<u>\$ 766,230</u>
Business-type Activities Bonds:						
2015 Sewer Revenue Bond	\$ 6,750,000	\$ 5,725,000	-	\$ (175,000)	\$ 5,550,000	\$ 180,000
2016 Certificates of Participation	6,940,000	4,300,000	-	(470,000)	3,830,000	490,000
Total Business-type Activity Bonds		<u>10,025,000</u>	<u>-</u>	<u>(645,000)</u>	<u>9,380,000</u>	<u>670,000</u>
Business-type Activities - Direct Borrowings:						
State Water Resource Board Loan	1,036,480	686,932	-	(49,512)	637,420	50,800
Building Acquisition Lease	1,858,000	1,706,000	-	(111,000)	1,595,000	113,000
Total Business-type Activities - Direct Borrowings		<u>2,392,932</u>	<u>-</u>	<u>(160,512)</u>	<u>2,232,420</u>	<u>163,800</u>
Total Business-type Activities		<u>\$12,417,932</u>	<u>\$ -</u>	<u>\$ (805,512)</u>	<u>\$11,612,420</u>	<u>\$ 833,800</u>

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

6. LONG-TERM DEBT, Continued

B. 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) were 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 the 2006 GO Bonds Debt Service Fund revenue until August 1, 2026. The bonds bear interest at rates from 4.10% to 5.00% per annum. These bonds are repayable from the proceeds of ad valorem property taxes. The total principal and interest remaining to be paid on the bonds is \$2,600,598. Principal and interest paid for the current fiscal year were \$580,000 and \$113,585, respectively. Total ad valorem property tax revenues were \$503,285.

The Bonds are payable from any source of available funds of the City. The bond covenants contains events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of agreement if any of the following conditions occurs: default on debt service payment; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; or if any court or competent jurisdiction shall assume custody or control of the city.

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

On November 16, 2006, the City issued General Obligation Bond Series B in the amount of \$7,293,894. The bond proceeds from this series and bond proceeds from Series B (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 total principal and interest remaining to be paid on the Bonds is \$25,615,000. There was no principal or interest paid for the current fiscal year.

The bonds do not require periodic interest payments. Interest on the bonds accretes at a rate between 4.55% and 4.65%. Repayment of the accreted value of the bonds will commence August 1, 2041. The bonds' unaccreted discount and the current year accretion totaled \$9,914,156 and \$710,164 respectively at June 30, 2023.

The Bonds are payable from any source of available funds of the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payment; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

6. LONG-TERM DEBT, Continued

D. Southern Marin Fire Protection District Annexation Agreement

In September 2011, the City entered into an annexation agreement with the Southern Marin Fire Protection District. The City agreed to pay Southern Marin Fire Protection District \$58,000 annually for 30 years, a total of \$1,740,000, representing the retiree medical costs of nine fire fighters who worked for the City. The City made the first payment during fiscal year 2013. The final repayment is due in fiscal year 2042.

E. 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 of 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. Principal and interest paid for the current fiscal year were \$60,507 and \$11,649, respectively.

F. 2015 Sewer Revenue Bonds

In January 2015, the City, via the Sausalito Financing Authority, issued the 2015 Sewer Revenue Bonds in the amount of \$6,750,000. The bond proceeds were used to finance the acquisition and construction of sewer improvements and facilities; fund a reserve fund for the Bonds; and pay issuance costs. Interest is due each February 1 and August 1, and principal is due each August 1, until August 1, 2044. The bonds bear interest at rates from 2.0% to 3.5% per annum. These bonds are repayable solely from and secured by a pledge of the Sewer Enterprise Fund's Net Revenues as defined under the indenture. Principal and interest paid for the current fiscal year were \$175,000 and \$182,956, respectively. Total customer net revenues were \$1,283,457.

The bonds are payable from the net revenues of the City's Sewer Enterprise fund. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in terms of the agreement if any of the following conditions occur: default on debt service payment; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

6. LONG-TERM DEBT, Continued

G. 2016 Certificates of Participation

In January 2016, the City, via the Sausalito Financing Authority, issued the 2016 Certificates of Participation in the amount of \$6,940,000. The bond proceeds were used to finance capital improvements to the City's MLK campus and Robin Sweeny, Southview and Dunphy Parks and pay costs associated with the issuance of the certificates. Interest payments are due each May 1 and November 1, until May 1, 2030. The bonds bear interest rates from 2.0% to 4.0% per annum. These bonds are repayable solely from certain lease payments to be made by the City to the Authority as outlined in the indenture. Principal and interest paid for the current fiscal year were \$470,000 and \$149,000, respectively.

H. California State Water Resources Board Project Finance Agreement

On September 28, 2011, the City entered into a project finance agreement with the State Water Resources Board in the amount of \$1,036,480 to replace existing sewer pipe and build a new grease interceptor. Principal and interest payments are due annually each June. Principal and interest paid for the current fiscal year were \$49,513 and \$17,860, respectively.

I. Building Acquisition Lease

On October 1, 2020, the City entered into a lease agreement with the Sausalito Financing Authority in the amount of \$1,858,00 to finance the acquisition of a former Bank of America building located at 750 Bridgeway. This lease agreement was assigned to Zions Bancorporation on September 28, 2020. The lease bears an interest rate of 2.790%. Principal and interest payments are due semi-annually commencing June 1, 2021, for fourteen years. Principal and interest paid for the current fiscal year were \$111,000 and \$46,830, respectively.

J. 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 - Bonds		Governmental Activities - Direct Borrowings	
	Principal (A)	Interest	Principal	Interest
2024	\$ 645,000	\$ 88,473	\$ 121,230	\$ 8,926
2025	715,000	57,375	124,075	6,081
2026	790,000	19,750	127,046	3,107
2027	1,145,000	-	58,000	-
2028	1,205,000	-	58,000	-
2029 - 2033	8,760,000	-	290,000	-
2034 - 2038	9,790,000	-	290,000	-
2039 - 2042	4,715,000	-	232,000	-
Total	\$ 27,765,000	\$ 165,598	\$ 1,300,351	\$ 18,114

(A) Includes General Obligation Bonds 2006 Series B unaccrued discount in the total amount of \$9,914,156.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

6. LONG-TERM DEBT, Continued

Fiscal Year Ended June 30	Business-type Activities - Bonds		Business-type Activities - Direct Borrowings	
	Principal	Interest	Principal	Interest
2024	\$ 670,000	\$ 307,831	\$ 163,800	\$ 60,292
2025	695,000	282,756	169,121	55,791
2026	720,000	256,731	173,476	51,144
2027	745,000	229,756	177,867	46,391
2028	765,000	207,331	183,293	41,506
2029 - 2033	2,290,000	731,484	994,196	129,134
2034 - 2038	1,285,000	491,272	370,666	12,435
2039 - 2043	1,525,000	255,128	-	-
2044 - 2045	685,000	24,237	-	-
Total	\$ 9,380,000	\$ 2,786,526	\$ 2,232,419	\$ 396,693

7. NET POSITION AND FUND BALANCE

A. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

7. NET POSITION AND FUND BALANCE, Continued

B. Fund Balances

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

Committed fund balances have constraints imposed by City Council which may be altered only by formal action (by resolution) of the City Council prior to the end of the fiscal year.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or the City Manager and may be changed at the discretion of the City Council or the City Manager. This category includes encumbrances, as well as residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

7. NET POSITION AND FUND BALANCE, Continued

B. Fund Balances, Continued

Detailed classifications of the City's fund balances, as of June 30, 2023, are below:

	General Fund	Tidelands Special Revenue Fund	Other Governmental Funds	Total
Nonspendable for:				
Loans receivable	\$ 1,992	\$ -	\$ -	\$ 1,992
Prepays	76,194	-	-	76,194
Advances to other funds	920,902	-	-	920,902
Subtotal	999,088	-	-	999,088
Restricted for:				
Pension	3,576,858	-	-	3,576,858
Seized assets	-	-	35,968	35,968
Tidelands properties	-	1,182,244	-	1,182,244
Infrastructure projects	-	-	236,030	236,030
Storm drain maintenance	-	-	117,089	117,089
Stair improvements	-	-	161,478	161,478
Grants	-	-	652,146	652,146
Debt service	-	-	844,621	844,621
Subtotal	3,576,858	1,182,244	2,047,332	6,806,434
Committed to:				
Capital projects	-	-	1,609,009	1,609,009
Library Improvements	-	-	109,508	109,508
Subtotal	-	-	1,718,517	1,718,517
Unassigned:				
Budget stabilization reserve	1,044,889	-	-	1,044,889
Emergency shortfall reserve	2,089,777	-	-	2,089,777
Other	7,747,600	-	-	7,747,600
Fund deficit residuals	-	-	(238,395)	(238,395)
Subtotal	10,882,266	-	(238,395)	10,643,871
Total fund balances	\$ 15,458,212	\$ 1,182,244	\$ 3,527,454	\$ 20,167,910

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

7. NET POSITION AND FUND BALANCE, Continued

C. Budget Stabilization Shortfall Reserve Policy

Fund balance equivalent to five percent (5%) of the City's annual General Fund expenditures are set aside annually by the City Manager to provide for budget shortfalls as a result of 5% economic fluctuations in the City's revenue base.

D. Emergency Shortfall Reserve Policy

Fund balance equivalent to ten percent (10%) of the City's annual General Fund expenditures are set aside annually in unassigned general fund balance as the City's emergency or "rainy day" fund and is subject to further appropriation by the City Council. The total of the Emergency Shortfall Reserve at June 30, 2023 was \$2,089,777.

E. Fund Balance Deficits

The following funds had fund balance deficits at June 30, 2023. Future revenues are expected to decrease the fund balance deficit:

	<u>Amount</u>
Bank of America Building Enterprise Fund	\$ 113,188
Measure AA (Roads) Special Revenue Fund	238,395
General Liability Internal Service Fund	358,384

F. Restatement of Fund Balance and Net Position

During the fiscal year 2022-2023, the City made the following prior year adjustments to its fund balance and net position:

Governmental Funds:

Tidelands Special Revenue Fund

Beginning Fund Balance as Previously Reported	\$ 512,399
To adjust for a receivable that was not recorded in the prior year	223,828
Beginning Fund Balance as Restated	<u>\$ 736,227</u>

Governmental Activities Net Position:

Beginning Net Position as Previously Reported	\$ 16,235,400
Adjustment made to the Tidelands Special Revenue Fund	223,828
To adjust for pension allocation that was incorrectly calculated	866,142
Beginning Net Position as Restated	<u>\$ 17,325,370</u>

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

7. NET POSITION AND FUND BALANCE, Continued

Proprietary Funds:

Sewer Enterprise Fund

Beginning Net Position as Previously Reported	\$ 5,756,287
To adjust for pension allocation that was incorrectly calculated	(866,142)
Beginning Net Position as Restated	<u>\$ 4,890,145</u>

Old City Hall Enterprise Fund

Beginning Net Position as Previously Reported	\$ 677,466
To adjust for duplicated lease receivables	(160,226)
Beginning Net Position as Restated	<u>\$ 517,240</u>

Business-Type Activities Net Position:

Beginning Net Position as Previously Reported	\$ 12,300,531
Adjustment made to the Sewer Enterprise Fund	(866,142)
Adjustment made to the Old City Hall Enterprise Fund	(160,226)
Beginning Net Position as Restated	<u>\$ 11,274,163</u>

8. JOINTLY GOVERNED ORGANIZATIONS

The City participates in the joint venture 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, this entity exercises 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. The joint venture is governed by a board consisting of representatives from member municipalities. The 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.

Marin Emergency Radio Authority

The City participates in a joint power's 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.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

9. PENSION PLAN

A. General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors 7 rate plans (3 miscellaneous and 4 safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired on or after January 1, 2013.

The rate plan provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Police		
	Prior to July 1, 2012	On or after July 1, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 55	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55+	50 - 55+	50 - 57+
Monthly benefits, as % of eligible compensation	2.4%-3.0%	2.0%-2.7%	2%-2.7%
Required employee contribution rates	9.00%	0.00%*	13.75%
Required employer contribution rates	23.680%	19.870%	13.660%
Required UAL payment	\$876,322	\$113	\$6,235

*There are no active employees enrolled in this plan. Therefore, there is no employee contribution rate.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

9. PENSION PLAN, Continued

A. General Information about the Pension Plan, Continued

	Miscellaneous		
	Prior to <u>July 1, 2012</u>	On or after <u>July 1, 2012</u>	On or after <u>January 1, 2013</u>
Hire date			
Benefit formula	2.5% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67+	50 - 63+	52 - 67+
Monthly benefits, as % of eligible compensation	2%-2.5%	1.426% - 2.418%	1%-2.5%
Required employee contribution rates	8.00%	7.00%	7.25%
Required employer contribution rates	13.02%	11.06%	7.76%
Required UAL payment	\$984,445	\$2,852	\$9,950
	<u>Fire</u>		
	Prior to <u>July 1, 2013</u>		
Hire date			
Benefit formula	3% @ 55		
Benefit vesting schedule	5 years service		
Benefits payments	monthly for life		
Retirement age	50 - 55+		
Monthly benefits, as % of eligible compensation	2.4% - 3.0%		
Required employee contribution rates	0%*		
Required employer contribution rates	0%*		
Required UAL payment	\$727,348		

*There are no active employees enrolled in this plan. Therefore, there is no employee contribution rate.

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

9. PENSION PLAN, Continued

A. General Information about the Pension Plan, Continued

The City's contributions to the Plan for the measurement period ended June 30, 2022 were \$4,370,036.

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

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$35,397,882.

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amount as of the valuation date where not available.

The City's proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2022 and 2021 were as follows:

Proportion - June 30, 2021	0.38061%
Proportion - June 30, 2022	0.30645%
Change - Increase (Decrease)	<u><u>-0.07416%</u></u>

For the year ended June 30, 2023, the City recognized pension expense (income) of \$1,489,938. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,429,407	\$ -
Changes in assumptions	3,591,601	-
Differences between actual and expected experience	1,173,811	419,803
Changes in employer's proportion	59,625	1,226,733
Differences between employer's contribution and the employer's proportionate share of contributions	-	1,124,508
Net differences between projected and actual earnings on plan investments	5,935,056	-
Total	<u><u>\$ 14,189,500</u></u>	<u><u>\$ 2,771,044</u></u>

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

9. PENSION PLAN, Continued

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

The \$3,429,407 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	
2024	\$ 1,894,510
2025	1,577,595
2026	892,423
2027	3,624,521
Total	<u>\$ 7,989,049</u>

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	<u>All Plans</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Investment Rate of Return	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality	Derived using CalPERS Membership Data for all Funds (1)
Post-Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

9. PENSION PLAN, Continued

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

Discount Rate – The discount rate used to measure the total pension liability as of the measurement date of June 30, 2022 for the Plan was 6.90%, which differs from the discount rate used as of the measurement date of June 30, 2021 of 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A detailed report testing these projections can be obtained from the CalPERS website.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the expected real rates of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10(a,b)
Global equity - cap-weighted	30.0%	4.45%
Global equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100%	

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

9. PENSION PLAN, Continued

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

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

- The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.90%) or 1-percentage point higher (7.90%) than the current rate:

	Discount Rate		
	1% Decrease 5.90%	Current 6.90%	1% Increase 7.90%
Net Pension Liability	\$ 51,534,181	\$ 35,397,882	\$ 22,175,783

Payable to the Pension Plan - At June 30, 2023 the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

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 (457 Plan). Under this 457 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 457 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.

The City is required to make a contribution of 1% of base pay to the 457 Plan for SEIU and unrepresented employees for each payroll the employee makes a contribution to the 457 Plan. For the fiscal year ended June 30, 2023, employees contributed \$213,014 to the plan while the City contributed \$30,273. The City reported no payables to the plan as of June 30, 2023.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

9. PENSION PLAN, Continued

D. Public Agency Retirement System Trust

On March 3, 2015, City Council passed a resolution to participate in the Public Agency Retirement System (PARS) Pension Benefits Trust Program, an irrevocable trust established to prefund pension obligations. During the fiscal year ended June 30, 2023, the City contributed \$1,000,000 to the trust. As of June 30, 2023, the total amount of \$3,576,858 in investments are recorded as restricted investments in the City. The Program's trust administrator is Phase II, P.O. Box 12919, Newport Beach, California 92658.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. General Information about the City's Other Post Employment Benefit (OPEB) Plan

Plan Description - The City's Post Employment Benefit Plan is an agent multiple-employer defined benefit OPEB plan.

Benefits Provided - The following is a summary of Plan benefits by employee group as of June 30, 2023:

Summary of Retiree Medical Eligibility and Benefits							
Date of Retirement	Group	Minimum Age	Minimum Service	Other Eligibility Requirements	City-Paid Benefit: For the Retiree	City-Paid Benefit: Surviving Spouse	Term of Benefit
Any	All retirees who enroll in a CalPERS medical plan through the City	50; 52 for Misc PEPRA	5 years PERS service	No minimum age for approved disability	CalPERS required Minimum Employer Contribution (MEC) \$151 per month in 2023	CalPERS MEC, if eligible for PERS survivor pension	Lifetime
<i>Enhanced Benefit (including the CalPERS required MEC):</i>							
Prior to 7/1/2007	Police/Fire ²	50	20 years of City service	None ¹	100% Employee Only premium of the PEMHCA medical plan of their choice ⁴	CalPERS MEC, if eligible for PERS survivor pension	Lifetime
	SEIU/Unrepresented	55					
On or after 7/1/2007	Police/Fire ²	50	20 years of City service	3 or more years of City service by 7/1/2012 and not opted out ^{1,3}	100% Employee Only premium of up to the Kaiser Region 1 or Supplemental premium rate ⁴		
	SEIU/Unrepresented	55					

1) Disabled retirees must also meet these minimum age and service requirements to receive the enhanced retiree benefits.

2) There are 2 Fire employees now employed by the South Marin Fire Protection District, and 3 Fire retirees, who remain the responsibility of the City of Sausalito. They are allowed reimbursement for medical coverage outside of PEMHCA under medical plans not sponsored by the City of Sausalito.

3) Anyone with less than 3 years of City service as of July 1, 2012, will only be eligible for the CalPERS minimum retirement. They also receive City-paid contributions into a Section 457 plan while they are active. Though these contributions may be used in retirement, they are not valued under GASB 75. Employees hired after July 1, 2012 do not receive any City-paid Section 457 Plan contributions.

4) For those eligible for enhanced benefit, there is also a "health in lieu" option which provides the retiree with a cash benefit that is the lesser of the lowest cost option available under the City plan available to retirees for Employee Only coverage and \$175.00.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

A. General Information about the City's Other Post Employment Benefit (OPEB) Plan, Continue For the year ended June 30, 2023, the City's contributions to the Plan were \$295,661.

Employees Covered by Benefit Terms - Membership in the plan consisted of the following at the valuation date of June 30, 2021:

Active employees	62
Inactive employees or beneficiaries currently receiving benefit payments	49
Inactive employees entitled to but not yet receiving benefit payments	28
Total	139

B. Net OPEB Liability

Actuarial Methods and Assumptions - The City's net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2023, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2021
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Municipal Bond Index	3.65% as of June 30, 2023 and 3.54% as of June 30, 2022
Investment Rate of Return	4.70% as of June 30, 2023 and 4.70% as of June 30, 2022, net of plan investment expenses
Discount Rate	4.60% as of June 30, 2023 and 4.55% as of June 30, 2022
Inflation	2.50% per year
Payroll Growth	3.00% per year
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally from 2015
Healthcare Trend Rate	5.5% in 2023, incrementally reducing to 3.9% in 2076

Discount Rate - The discount rate used to measure the total OPEB liability was 4.60%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at 87% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's used a blended rate between the Vond Buyer General Obligation 20-Bond Municipal Bond Index of 3.65% and the long-term expected rate of return on plan investments of 4.7%.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance as of Report Date June 30, 2022	\$ 7,032,490	\$ 1,775,578	\$ 5,256,912
Changes Recognized for the Measurement Period:			
Service Cost	199,831	-	199,831
Interest on the total OPEB liability	322,344	-	322,344
Changes of assumptions	(45,498)	-	(45,498)
Contributions from the employer	-	295,661	(295,661)
Net investment income	-	58,939	(58,939)
Benefit payments	(295,661)	(295,661)	-
Net changes	181,016	58,939	122,077
Balance at June 30, 2023	\$ 7,213,506	\$ 1,834,517	\$ 5,378,989

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.60%) or 1-percentage-point higher (5.60%) than the current discount rate:

Net OPEB Liability		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(3.60%)	(4.60%)	(5.60%)
\$ 6,378,561	\$ 5,378,989	\$ 4,554,696

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current health care cost trend rates:

Net OPEB Liability		
Current Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
\$ 4,395,926	\$ 5,378,989	\$ 6,598,583

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense of \$308,030. At June 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 214,944	\$ 357,506
Changes of assumptions	258,416	512,907
Net differences between projected and actual earnings on plan investments	176,786	-
Total	<u>\$ 650,146</u>	<u>\$ 870,413</u>

Amounts reported as deferred outflow of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30	Annual Amortization
2024	\$ (128,958)
2025	(128,315)
2026	(53,903)
2027	97,187
2028	(6,278)
Total	<u>\$ (220,267)</u>

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 Basic Financial Statements
For the Year Ended June 30, 2023

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

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 \$1,000,000 to statutory limits.

As defined by Government Accounting Standards Board Statement No. 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.

As of June 30, 2023, the City’s estimated workers’ compensation liability for unpaid losses was as follows:

	2023	2022
Beginning balance	\$ 678,511	\$ 471,017
Incurred claims and claims adjustment	122,598	466,814
Claims paid	(317,259)	(259,320)
Ending Balance	\$ 483,850	\$ 678,511
Current portion	\$ 134,185	\$ 222,350

Financial statements for the Bay Cities Joint Powers Insurance Authority may be obtained from the Authority’s website.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

11. PUBLIC ENTITY RISK POOL, Continued

B. General Liability Coverage

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

The BCJPIA provides liability and errors and 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) a risk sharing joint powers authority. CARMA provides excess insurance coverage to \$28 million. Employment Risk Management Authority, a risk sharing joint powers authority, arranges for pooled risk sharing related to employment practices liability. Coverage is provided up to \$2 million in excess of \$1 million.

As of June 30, 2023, the City’s estimated general liability for unpaid losses was as follows:

	2023	2022
Beginning balance	\$ 347,527	\$ 213,523
Incurred claims and claims adjustment	324,476	263,012
Claims paid	(238,037)	(129,008)
Ending Balance	<u>\$ 433,966</u>	<u>\$ 347,527</u>
Current portion	<u>\$ 113,887</u>	<u>\$ 138,666</u>

12. CONTINGENT LIABILITIES AND COMMITMENTS

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 has received federal and state grants for specific purposes that are subject to reviews by the grantor agencies. Such reviews could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although City expects such amounts, if any, to be immaterial.

City of Sausalito
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

13. SUBSEQUENT EVENT

On October 9, 2023, the City of Sausalito was notified that the Executive Committee of the Bay Cities Joint Powers Insurance Authority (BCJPIA) had met and was planning on recommending potential expulsion of the City of Sausalito from the BCJPIA's general liability insurance program to the BCJPIA board. On October 26, 2023, at the recommendation of the Executive Committee of BCJPIA, the full BCJPIA Board voted to issue the City a notice of default and to conduct negotiations with the City, under a 45-day negotiation period, to see if agreement could be reached regarding City voluntary termination from BCJPIA at end of program year, provided that the City agreed to an SIR increase to \$500,000, effective on October 26, 2023, rather than retroactively to the beginning of July 1, 2023.

On November 7, 2023, the City Council met and directed the City's management to explore options and to hire a risk manager or similar contractual risk management services.

On December 5, 2023, the City Council voted to authorize the City Manager to execute a withdrawal agreement with Bay Cities Joint Powers Insurance Authority. The agreement would require the City to withdraw from all programs provided by BCJPIA, including the Pooled Liability Program, the Workers' Compensation Program, the Pooled Property Program, the Employment Practices Liability (EPL) Program through ERMA (the Employment Risk Management Authority), and all excess and insurance or reinsurance programs, effective July 1, 2024. Additionally, the City's self-insured retention under the liability program will be increased from \$50,000 to \$500,000 for the remainder of the 2023-2024 Program Year, effective October 26, 2023.

**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Sausalito
Required Supplementary Information
For the year ended June 30, 2023

Cost Sharing Defined Benefit Pension Plan
*Schedule of the Proportionate Share of the Net Pension Liability - Last 10 Years**

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017
City's proportion of the net pension liability	0.33%	0.29%	0.29%	0.28%
City's proportionate share of the net pension liability	\$ 17,741,671	\$ 19,635,762	\$ 24,769,207	\$ 28,115,088
City's covered payroll	\$ 5,777,472	\$ 5,930,367	\$ 5,756,295	\$ 6,261,733
City's proportionate share of the net pension liability as percentage of its covered payroll	307%	621%	863%	449%
Fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%

Notes to the schedule:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes).

Notes to Schedule

*Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, decreased from 7.65% to 7.15% in fiscal year 2018, and then decreased from 7.15% to 6.9% in fiscal year 2023.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
0.29%	0.29%	0.29%	0.38%	0.31%
\$ 27,898,790	\$ 29,781,107	\$ 31,924,136	\$ 20,584,393	\$ 35,397,882
\$ 6,766,510	\$ 6,504,240	\$ 6,426,423	\$ 6,540,820	\$ 6,478,549
412%	458%	497%	315%	546%
75.26%	75.26%	75.10%	88.29%	76.68%

City of Sausalito
Required Supplementary Information
For the year ended June 30, 2023

Cost Sharing Defined Benefit Pension Plan
*Schedule of Contributions - Last 10 Years**

Fiscal Year Ended	2015	2016	2017	2018
Actuarially determined contribution	\$ 1,389,433	\$ 1,763,040	\$ 2,033,049	\$ 2,303,767
Contributions in relation to actuarially determined contributions	(1,389,433)	(1,763,040)	(2,262,953)	(2,303,767)
Contribution deficiency (excess)	\$ -	\$ -	\$ (229,904)	\$ -
Covered payroll	\$ 5,930,367	\$ 5,756,295	\$ 6,261,733	\$ 6,766,510
Contributions as a percentage of covered payroll	23.43%	30.63%	36.14%	34.05%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market Value of Assets
Discount Rate	7.00%
Inflation	2.50%
Salary increases	Annual increase vary by category, entry age and duration of service
Retirement age	50 and up

*Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

2019	2020	2021	2022	2023
\$ 2,614,801	\$ 2,970,419	\$ 3,295,482	\$ 3,637,415	\$ 3,429,407
(2,614,801)	(2,970,419)	(3,295,482)	(4,370,036)	(3,429,407)
\$ -	\$ -	\$ -	\$ (732,621)	\$ -
\$ 6,504,240	\$ 6,426,423	\$ 6,540,820	\$ 6,478,549	\$ 5,831,962
40.20%	46.22%	50.38%	67.45%	58.80%

City of Sausalito
Required Supplementary Information
For the year ended June 30, 2023

Agent Multiple Employer OPEB Plan

*Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Years**

Measurement Date	6/30/2018	6/30/2019	6/30/2020
Total OPEB Liability			
Service cost	\$ 312,568	\$ 313,856	\$ 333,740
Interest	312,153	331,821	345,485
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	(868,226)
Changes of assumptions	(58,834)	67,086	(1,107,841)
Benefit payments	(273,223)	(290,677)	(211,134)
Net change in the total OPEB liability	292,664	422,086	(1,507,976)
Total OPEB liability - beginning	6,582,172	6,874,836	7,296,922
Total OPEB liability - ending (a)	<u>\$ 6,874,836</u>	<u>\$ 7,296,922</u>	<u>\$ 5,788,946</u>
Plan Fiduciary Net Position			
Contribution - employer	\$ 273,223	\$ 446,679	\$ 404,690
Contribution - employee	-	-	-
Net investment income	20,523	56,336	62,443
Administrative expense	-	-	-
Benefit payments	(273,223)	(290,677)	(211,134)
Net change in plan fiduciary net position	20,523	212,338	255,999
Plan fiduciary net position - beginning	854,969	875,492	1,087,830
Plan fiduciary net position - ending (b)	<u>\$ 875,492</u>	<u>\$ 1,087,830</u>	<u>\$ 1,343,829</u>
Net OPEB liability/asset - ending (a) - (b)	<u>\$ 5,999,344</u>	<u>\$ 6,209,092</u>	<u>\$ 4,445,117</u>
Covered-employee payroll	\$ 6,387,682	\$ 6,504,240	\$ 5,535,686
Net OPEB liability as a percentage of covered-employee payroll	93.92%	95.46%	80.30%

* Fiscal year 2018 was the 1st year of implementation.

<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>
\$ 200,714	\$ 206,735	\$ 199,831
305,535	320,025	322,344
-	-	-
-	328,072	-
-	349,687	(45,498)
<u>(227,978)</u>	<u>(239,246)</u>	<u>(295,661)</u>
278,271	965,273	181,016
<u>5,788,946</u>	<u>6,067,217</u>	<u>7,032,490</u>
<u>\$ 6,067,217</u>	<u>\$ 7,032,490</u>	<u>7,213,506</u>
\$ 425,978	\$ 539,246	\$ 295,661
-	-	-
152,550	(218,801)	58,939
-	-	-
<u>(227,978)</u>	<u>(239,246)</u>	<u>(295,661)</u>
350,550	81,199	58,939
<u>1,343,829</u>	<u>1,694,379</u>	<u>1,775,578</u>
<u>\$ 1,694,379</u>	<u>\$ 1,775,578</u>	<u>\$ 1,834,517</u>
<u>\$ 4,372,838</u>	<u>\$ 5,256,912</u>	<u>\$ 5,378,989</u>
\$ 6,464,714	\$ 6,732,901	\$ 6,207,698
67.64%	78.08%	86.65%

City of Sausalito
Required Supplementary Information
For the year ended June 30, 2023

Agent-Multiple Employer OPEB Plan
*Schedule of OPEB Contributions - Last 10 Years**

Fiscal Year Ended June 30,	2018	2019	2020	2021
Actuarially determined contribution	\$ 559,645	\$ 594,529	\$ 455,795	\$ 471,544
Contributions in relation to the actuarially determined contribution	(273,223)	(446,679)	(404,690)	(425,978)
Contribution deficiency (excess)	\$ 286,422	\$ 147,850	\$ 51,105	\$ 45,566
Covered employee payroll	\$ 6,387,682	\$ 6,504,240	\$ 5,535,686	\$ 6,461,714
Contributions as a percentage of covered employee payroll	4.28%	6.87%	7.31%	6.59%

*Fiscal year 2018 was the 1st year of implementation.

Notes to Schedule

Valuation date	6/30/2017	6/30/2017	6/30/2019	6/30/2019
Actuarial assumptions:				
Inflation	2.75%	2.75%	2.50%	2.50%
Payroll growth	3.25%	3.25%	3.00%	3.00%
Investment rate of return	5.00%	5.00%	5.20%	5.20%
Healthcare Trend Rate	7.5% -> 5% in steps of 0.5%	7.5% -> 5% in steps of 0.5%	5.4% -> 4% by 2076	5.4% -> 4% by 2076
Mortality improvement	MW Scale 2017	MW Scale 2017	MW Scale 2020	MW Scale 2020

<u>2022</u>	<u>2023</u>
\$ 485,013	\$ 469,292
(539,246)	(295,661)
<u>\$ (54,233)</u>	<u>\$ 173,631</u>
\$ 6,732,901	\$ 6,207,698
8.01%	4.76%

6/30/2019	6/30/2021
2.50%	2.50%
3.00%	3.00%
5.20%	4.70%
5.4% -> 4% by 2076	5.8% -> 3.9% by 2076
MW Scale 2020	MW Scale 2022

City of Sausalito

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

General Fund

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax	\$ 6,011,998	\$ 6,247,976	\$ 6,940,521	\$ 692,545
Sales tax	4,454,040	5,209,907	4,827,402	(382,505)
Other tax	2,919,824	2,926,114	3,185,264	259,150
Licenses and permits	2,085,300	2,101,880	2,611,974	510,094
Fines and forfeitures	265,859	312,911	302,721	(10,190)
Use of money and property	414,018	484,162	731,990	247,828
Intergovernmental	511,904	500,000	443,194	(56,806)
Charges for services	1,489,676	1,320,376	1,785,412	465,036
Other revenues	109,477	173,765	622,389	448,624
Total revenues	18,262,096	19,277,091	21,450,867	2,173,776
EXPENDITURES:				
Current:				
General government:				
Information technology	884,520	884,520	884,520	-
Nondepartmental	2,899,354	3,538,639	3,538,639	-
Library	1,041,453	906,540	935,689	(29,149)
Police	6,630,190	7,487,088	6,592,954	894,134
Community development	3,060,232	2,212,916	2,277,468	(64,552)
Public works	3,080,655	2,001,426	1,963,034	38,392
Parks & recreation	1,804,620	1,729,364	1,839,984	(110,620)
Capital outlay	548,117	554,241	562,468	(8,227)
Debt service:				
Principal	58,000	58,000	58,000	-
Total expenditures	21,997,217	20,935,604	20,909,355	26,249
REVENUES OVER (UNDER) EXPENDITURES	(3,735,121)	(1,658,513)	541,512	2,200,025
OTHER FINANCING SOURCES (USES):				
Transfers in	2,425,000	2,425,000	2,425,000	-
Transfers out	(1,278,000)	(1,278,000)	(1,278,000)	-
Total other financing sources (uses)	1,147,000	1,147,000	1,147,000	2,226,274
Net change in fund balances	\$ (2,588,121)	\$ (511,513)	1,688,512	\$ 2,200,025
FUND BALANCES:				
Beginning of year			13,769,700	
End of year			<u>\$ 15,458,212</u>	

City of Sausalito

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Tidelands

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 522,648	\$ 808,236	\$ 796,808	\$ (11,428)
Total revenues	522,648	808,236	796,808	(11,428)
EXPENDITURES:				
Current:				
General government	214,797	89,283	78,386	10,897
Debt service:				
Interest and other charges	-	-	250	(250)
Total expenditures	214,797	89,283	78,636	10,647
REVENUES OVER (UNDER) EXPENDITURES	307,851	718,953	718,172	(781)
OTHER FINANCING SOURCES (USES):				
Transfers out	(272,155)	(272,155)	(272,155)	-
Total other financing sources (uses)	(272,155)	(272,155)	(272,155)	9,866
Net change in fund balances	\$ 35,696	\$ 446,798	446,017	\$ (781)
FUND BALANCES:				
Beginning of year			512,399	
End of year			<u>\$ 1,182,244</u>	

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SUPPLEMENTARY INFORMATION

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NONMAJOR 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 Traffic 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.

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

Measure A (Parks) - To account for per capita park grant funds for improvements to City public park lands.

Measure AA (Roads) - To account for the half-cent County sales tax revenue restricted for local transportation improvement projects.

Sea Level Rise - To account for the grant from the State of California to address sea level rise risk for the City.

Debt Service Funds:

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

Tideland Loan - To account for transfers of funds from the Tidelands Fund to pay California Department of Boating & Waterways loan principal and interest.

Capital Project Funds:

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

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

City of Sausalito
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Seized Assets	Traffic Safety	Gas Tax	Construction Traffic Impact Fee
ASSETS				
Cash and investments	\$ 35,968	\$ 30,951	\$ 33,319	\$ 178,663
Restricted cash and investments	-	-	-	-
Receivables:				
Taxes receivable	-	-	16,168	-
Accounts receivable	-	-	-	-
Total assets	\$ 35,968	\$ 30,951	\$ 49,487	\$ 178,663
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 15,801	\$ 7,270	\$ -
Accrued salaries and benefits	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	15,801	7,270	-
Fund Balances:				
Restricted	35,968	15,150	42,217	178,663
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	35,968	15,150	42,217	178,663
Total liabilities, deferred inflows of resources and fund balances	\$ 35,968	\$ 30,951	\$ 49,487	\$ 178,663

Special Revenue Funds

Police Grants	Storm Drain	Stairs Fund	Disaster Assistance	Measure A (Parks)	Measure AA (Roads)
\$ 383,350	\$ 116,717	\$ 161,478	\$ 113,626	\$ 153,993	\$ -
-	-	-	-	-	-
-	372	-	-	-	-
-	-	-	-	34,208	17,432
<u>\$ 383,350</u>	<u>\$ 117,089</u>	<u>\$ 161,478</u>	<u>\$ 113,626</u>	<u>\$ 188,201</u>	<u>\$ 17,432</u>

\$ 40,440	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	255,827
-	-	-	-	-	-
<u>40,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,827</u>

342,910	117,089	161,478	113,626	188,201	-
-	-	-	-	-	-
-	-	-	-	-	(238,395)
<u>342,910</u>	<u>117,089</u>	<u>161,478</u>	<u>113,626</u>	<u>188,201</u>	<u>(238,395)</u>

<u>\$ 383,350</u>	<u>\$ 117,089</u>	<u>\$ 161,478</u>	<u>\$ 113,626</u>	<u>\$ 188,201</u>	<u>\$ 17,432</u>
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City of Sausalito
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Fund	Debt Service Funds		Capital Project Fund
	Sea Level Rise Grant	2006 GO Bonds	Tideland Loan	General Capital Improvements
ASSETS				
Cash and investments	\$ 1,007,409	\$ 12,983	\$ -	\$ 1,410,830
Restricted cash and investments	-	831,638	-	-
Receivables:				
Taxes receivable	-	-	-	319,571
Accounts receivable	-	-	-	-
Total assets	\$ 1,007,409	\$ 844,621	\$ -	\$ 1,730,401
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 117,464
Accrued salaries and benefits	-	-	-	3,928
Due to other funds	-	-	-	-
Unearned revenue	1,000,000	-	-	-
Total liabilities	1,000,000	-	-	121,392
Fund Balances:				
Restricted	7,409	844,621	-	-
Committed	-	-	-	1,609,009
Unassigned	-	-	-	-
Total fund balances	7,409	844,621	-	1,609,009
Total liabilities, deferred inflows of resources and fund balances	\$ 1,007,409	\$ 844,621	\$ -	\$ 1,730,401

Capital Project Fund		Total Nonmajor Governmental Funds	
Library Capital Improvement			
\$ 109,508	\$	3,748,795	
-		831,638	
-		336,111	
-		51,640	
<u>\$ 109,508</u>	<u>\$</u>	<u>4,968,184</u>	

\$ -	\$	180,975	
-		3,928	
-		255,827	
-		1,000,000	
-		1,440,730	
-		2,047,332	
109,508		1,718,517	
-		(238,395)	
<u>109,508</u>		<u>3,527,454</u>	
<u>\$ 109,508</u>	<u>\$</u>	<u>4,968,184</u>	

City of Sausalito

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2023

	Special Revenue Funds			
	Seized Assets	Traffic Safety	Gas Tax	Construction Traffic Impact Fee
REVENUES:				
Property tax	\$ -	\$ -	\$ -	\$ -
Use of money and property	264	256	212	1,152
Intergovernmental	-	-	199,788	-
Charges for services	-	-	-	228,024
Total revenues	264	256	200,000	229,176
EXPENDITURES:				
Current:				
Public works	-	63,479	61,842	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	-	63,479	61,842	-
REVENUES OVER (UNDER) EXPENDITURES	264	(63,223)	138,158	229,176
OTHER FINANCING SOURCES (USES):				
Transfers in	-	78,000	-	-
Transfers out	-	-	(50,000)	(275,000)
Total other financing sources (uses)	-	78,000	(50,000)	(275,000)
Net change in fund balances	264	14,777	88,158	(45,824)
FUND BALANCES:				
Beginning of year	35,704	373	(45,941)	224,487
End of year	\$ 35,968	\$ 15,150	\$ 42,217	\$ 178,663

Special Revenue Funds

Police Grants	Storm Drain	Stairs Fund	Disaster Assistance	Measure A (Parks)	Measure AA (Roads)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,035	839	1,188	836	1,132	-
173,532	-	-	365,236	138,069	59,540
-	72,825	-	-	-	-
176,567	73,664	1,188	366,072	139,201	59,540
-	30,608	-	10,404	-	-
113,522	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
113,522	30,608	-	10,404	-	-
63,045	43,056	1,188	355,668	139,201	59,540
-	-	-	-	-	-
-	-	-	-	-	(300,000)
-	-	-	-	-	(300,000)
63,045	43,056	1,188	355,668	139,201	(240,460)
279,865	74,033	160,290	(242,042)	49,000	2,065
\$ 342,910	\$ 117,089	\$ 161,478	\$ 113,626	\$ 188,201	\$ (238,395)

City of Sausalito

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2023

	Special Revenue Fund	Debt Service Funds		Capital Project Fund
	Sea Level Rise Grant	2006 GO Bonds	Tideland Loan	General Capital Improvements
REVENUES:				
Property tax	\$ -	\$ 511,807	\$ -	\$ -
Use of money and property	7,409	17,033	1	9,380
Intergovernmental	-	-	-	475,430
Charges for services	-	-	-	-
Total revenues	7,409	528,840	1	484,810
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Capital outlay	-	-	-	1,762,373
Debt service:				
Principal	-	580,000	60,507	-
Interest and other charges	-	115,985	11,649	-
Total expenditures	-	695,985	72,156	1,762,373
REVENUES OVER (UNDER)				
EXPENDITURES	7,409	(167,145)	(72,155)	(1,277,563)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	72,155	1,825,000
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	72,155	1,825,000
Net change in fund balances	7,409	(167,145)	-	547,437
FUND BALANCES:				
Beginning of year	-	1,011,766	-	1,061,572
End of year	\$ 7,409	\$ 844,621	\$ -	\$ 1,609,009

<u>Capital Project Fund</u>		<u>Total Nonmajor Governmental Funds</u>	
<u>Library Capital Improvement</u>			
\$ -	\$ 511,807		
805	43,542		
-	1,411,595		
-	300,849		
<u>805</u>	<u>2,267,793</u>		
-	166,333		
-	1,875,895		
-	640,507		
-	127,634		
<u>-</u>	<u>2,810,369</u>		
805	(542,576)		
-	1,975,155		
-	(625,000)		
<u>-</u>	<u>1,350,155</u>		
805	807,579		
108,703	2,719,875		
<u>\$ 109,508</u>	<u>\$ 3,527,454</u>		

City of Sausalito

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Seized Assets For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 264	\$ 264
Total revenues	-	-	264	264
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	264	<u>\$ 264</u>
FUND BALANCES:				
Beginning of year			35,704	
End of year			<u>\$ 35,968</u>	

City of Sausalito

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

Traffic Safety

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 256	\$ 256
Total revenues	-	-	256	256
EXPENDITURES:				
Current:				
Public works	78,000	30,944	63,479	(32,535)
Total expenditures	78,000	30,944	63,479	(32,535)
REVENUES OVER (UNDER)				
EXPENDITURES	(78,000)	(30,944)	(63,223)	(32,279)
OTHER FINANCING SOURCES (USES):				
Transfers in	78,000	78,000	78,000	-
Total other financing sources (uses)	78,000	78,000	78,000	(64,814)
Net change in fund balances	\$ -	\$ 47,056	14,777	\$ (32,279)
FUND BALANCES:				
Beginning of year			373	
End of year			<u>\$ 15,150</u>	

City of Sausalito

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Gas Tax For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 212	\$ 212
Intergovernmental	137,791	147,617	199,788	52,171
Total revenues	137,791	147,617	200,000	52,383
EXPENDITURES:				
Current:				
Public works	86,000	49,609	61,842	(12,233)
Total expenditures	86,000	49,609	61,842	(12,233)
REVENUES OVER (UNDER) EXPENDITURES	51,791	98,008	138,158	40,150
OTHER FINANCING SOURCES (USES):				
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	(50,000)	(50,000)	(50,000)	27,917
Net change in fund balances	\$ 1,791	\$ 48,008	88,158	\$ 40,150
FUND BALANCES:				
Beginning of year			(45,941)	
End of year			\$ 42,217	

City of Sausalito

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Construction Traffic Impact Fee For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,152	\$ 1,152
Charges for services	163,000	150,160	228,024	77,864
Total revenues	163,000	150,160	229,176	79,016
OTHER FINANCING SOURCES (USES):				
Transfers out	(275,000)	(275,000)	(275,000)	-
Total other financing sources (uses)	(275,000)	(275,000)	(275,000)	79,016
Net change in fund balances	\$ (112,000)	\$ (124,840)	(45,824)	\$ 79,016
FUND BALANCES:				
Beginning of year			224,487	
End of year			<u>\$ 178,663</u>	

City of Sausalito

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

Police Grants

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 3,035	\$ 3,035
Intergovernmental	168,892	168,892	173,532	4,640
Total revenues	168,892	168,892	176,567	7,675
EXPENDITURES:				
Current:				
Capital outlay	120,000	215,000	113,522	101,478
Total expenditures	120,000	215,000	113,522	101,478
REVENUES OVER (UNDER) EXPENDITURES	48,892	(46,108)	63,045	109,153
Net change in fund balances	\$ 48,892	\$ (46,108)	63,045	\$ 109,153
FUND BALANCES:				
Beginning of year			279,865	
End of year			\$ 342,910	

City of Sausalito

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

Storm Drain

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 839	\$ 839
Charges for services	71,300	58,147	72,825	14,678
Total revenues	71,300	58,147	73,664	15,517
EXPENDITURES:				
Current:				
Public works	33,646	33,646	30,608	3,038
Total expenditures	33,646	33,646	30,608	3,038
REVENUES OVER (UNDER) EXPENDITURES	37,654	24,501	43,056	18,555
Net change in fund balances	\$ 37,654	\$ 24,501	43,056	\$ 18,555
FUND BALANCES:				
Beginning of year			74,033	
End of year			\$ 117,089	

City of Sausalito

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Stairs Fund

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,188	\$ 1,188
Total revenues	-	-	1,188	1,188
Net change in fund balances	\$ -	\$ -	1,188	\$ 1,188
FUND BALANCES:				
Beginning of year			160,290	
End of year			\$ 161,478	

City of Sausalito

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

Disaster Assistance

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 836	\$ 836
Intergovernmental	-	365,236	365,236	-
Total revenues	-	365,236	366,072	836
EXPENDITURES:				
Current:				
Public works	-	9,924	10,404	(480)
Total expenditures	-	9,924	10,404	(480)
REVENUES OVER (UNDER) EXPENDITURES	-	355,312	355,668	356
Net change in fund balances	\$ -	\$ 355,312	355,668	\$ 356
FUND BALANCES:				
Beginning of year			(242,042)	
End of year			\$ 113,626	

City of Sausalito

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

Measure A (Parks)

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,132	\$ 1,132
Intergovernmental	6,726	6,726	138,069	131,343
Total revenues	6,726	6,726	139,201	132,475
Net change in fund balances	\$ 6,726	\$ 6,726	139,201	\$ 132,475
FUND BALANCES:				
Beginning of year			49,000	
End of year			<u>\$ 188,201</u>	

City of Sausalito

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Measure AA (Roads) For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 249,499	\$ 53,808	\$ 59,540	\$ 5,732
Total revenues	249,499	53,808	59,540	5,732
OTHER FINANCING SOURCES (USES):				
Transfers out	(300,000)	(300,000)	(300,000)	-
Total other financing sources (uses)	(300,000)	(300,000)	(300,000)	5,732
Net change in fund balances	\$ (50,501)	\$ (246,192)	(240,460)	\$ 5,732
FUND BALANCES:				
Beginning of year			2,065	
End of year			\$ (238,395)	

City of Sausalito

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

Sea Level Rise Grant

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 7,409	\$ 7,409
Total revenues	-	-	7,409	7,409
Net change in fund balances	\$ -	\$ -	7,409	\$ 7,409
FUND BALANCES:				
Beginning of year			-	
End of year			\$ 7,409	

City of Sausalito

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

2006 GO Bonds

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax	\$ 650,000	\$ 403,529	\$ 511,807	\$ 108,278
Use of money and property	-	1,292	17,033	15,741
Total revenues	650,000	404,821	528,840	124,019
EXPENDITURES:				
Current:				
Debt service:				
Principal	580,000	580,000	580,000	-
Interest and other charges	115,585	114,335	115,985	(1,650)
Total expenditures	695,585	694,335	695,985	(1,650)
REVENUES OVER (UNDER) EXPENDITURES	(45,585)	(289,514)	(167,145)	122,369
Net change in fund balances	\$ (45,585)	\$ (289,514)	(167,145)	\$ 122,369
FUND BALANCES:				
Beginning of year			1,011,766	
End of year			<u>\$ 844,621</u>	

City of Sausalito

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

Tideland Loan

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
EXPENDITURES:				
Current:				
Debt service:				
Principal	60,507	60,507	60,507	-
Interest and other charges	11,649	11,649	11,649	-
Total expenditures	72,156	72,156	72,156	-
REVENUES OVER (UNDER)				
EXPENDITURES	(72,156)	(72,156)	(72,155)	1
OTHER FINANCING SOURCES (USES):				
Transfers in	72,155	72,155	72,155	-
Total other financing sources (uses)	72,155	72,155	72,155	1
Net change in fund balances	\$ (1)	\$ (1)	-	\$ 1
FUND BALANCES:				
Beginning of year			-	
End of year			\$ -	

City of Sausalito

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

General Capital Improvements

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 9,380	\$ 9,380
Intergovernmental	551,606	551,606	475,430	(76,176)
Other revenues	759,292	484,292	-	(484,292)
Total revenues	1,310,898	1,035,898	484,810	(551,088)
EXPENDITURES:				
Current:				
Capital outlay	4,250,500	5,371,423	1,762,373	3,609,050
Total expenditures	4,250,500	5,371,423	1,762,373	3,609,050
REVENUES OVER (UNDER) EXPENDITURES	(2,939,602)	(4,335,525)	(1,277,563)	3,057,962
OTHER FINANCING SOURCES (USES):				
Transfers in	1,825,000	1,825,000	1,825,000	-
Total other financing sources (uses)	1,825,000	1,825,000	1,825,000	6,667,012
Net change in fund balances	\$ (1,114,602)	\$ (2,510,525)	547,437	\$ 3,057,962
FUND BALANCES:				
Beginning of year			1,061,572	
End of year			<u>\$ 1,609,009</u>	

City of Sausalito

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Library Capital Improvement For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 805	\$ 805
Total revenues	-	-	805	805
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	805	<u>\$ 805</u>
FUND BALANCES:				
Beginning of year			108,703	
End of year			<u>\$ 109,508</u>	

City of Sausalito
Combining Balance Sheet
General Fund Activities
June 30, 2023

	General	Measure L Sales Tax	Pension Trust	Total General Funds
ASSETS				
Cash and investments	\$ 9,351,410	\$ 168,443	\$ -	\$ 9,519,853
Restricted cash and investments	-	-	3,576,858	3,576,858
Taxes receivable	1,241,278	522,913	-	1,764,191
Accounts receivable	659,748	-	-	659,748
Leases receivable	3,132,537	-	-	3,132,537
Loans receivable	1,992	-	-	1,992
Due from other funds	255,827	-	-	255,827
Prepays	76,194	-	-	76,194
Advances to other funds	920,902	-	-	920,902
Total assets	\$ 15,639,888	\$ 691,356	\$ 3,576,858	\$ 19,908,102
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,031,382	\$ -	\$ -	\$ 1,031,382
Accrued salaries and benefits	182,528	-	-	182,528
Refundable deposits	263,197	-	-	263,197
Unearned revenue	5,800	-	-	5,800
Total liabilities	1,482,907	-	-	1,482,907
Deferred Inflows of Resources				
Related to leases	2,966,983	-	-	2,966,983
Total deferred inflows of resources	2,966,983	-	-	2,966,983
Fund Balances:				
Nonspendable	999,088	-	-	999,088
Restricted	-	-	3,576,858	3,576,858
Unassigned	10,190,910	691,356	-	10,882,266
Total fund balances	11,189,998	691,356	3,576,858	15,458,212
Total liabilities, deferred inflows of resources and fund balances	\$ 15,639,888	\$ 691,356	\$ 3,576,858	\$ 19,908,102

City of Sausalito
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund Activities
For the year ended June 30, 2023

	General	Measure L Sales Tax	Pension Trust	Intra-Fund Transactions Elimination	Total
REVENUES:					
Property tax	\$ 6,940,521	\$ -	\$ -	\$ -	\$ 6,940,521
Sales tax	4,136,330	691,072	-	-	4,827,402
Other tax	3,185,264	-	-	-	3,185,264
Licenses and permits	2,611,974	-	-	-	2,611,974
Fines and forfeitures	302,721	-	-	-	302,721
Use of money and property	636,680	284	95,026	-	731,990
Intergovernmental	443,194	-	-	-	443,194
Charges for services	1,785,412	-	-	-	1,785,412
Other revenues	622,389	-	-	-	622,389
Total revenues	20,664,485	691,356	95,026	-	21,450,867
EXPENDITURES:					
Current:					
General government	6,668,174	-	11,584	-	6,679,758
Library	935,689	-	-	-	935,689
Police	6,592,954	-	-	-	6,592,954
Community development	2,277,468	-	-	-	2,277,468
Public works	1,963,034	-	-	-	1,963,034
Parks & recreation	1,839,984	-	-	-	1,839,984
Capital outlay	562,468	-	-	-	562,468
Debt service:					
Principal	58,000	-	-	-	58,000
Total expenditures	20,897,771	-	11,584	-	20,909,355
REVENUES OVER (UNDER)					
EXPENDITURES	(233,286)	691,356	83,442	-	541,512
OTHER FINANCING SOURCES (USES):					
Transfers in	2,425,000	-	1,000,000	(1,000,000)	2,425,000
Transfers out	(2,278,000)	-	-	1,000,000	(1,278,000)
Total other financing sources (uses)	147,000	-	1,000,000	-	1,147,000
Net change in fund balances	(86,286)	691,356	1,083,442	-	1,688,512
FUND BALANCES:					
Beginning of year	11,276,284	-	2,493,416	-	13,769,700
End of year	\$ 11,189,998	\$ 691,356	\$ 3,576,858	\$ -	\$ 15,458,212

City of Sausalito
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Workers'	General Liability	Totals
	Compensation		
ASSETS			
Current Assets:			
Cash and investments	\$ 776,300	\$ 118,851	\$ 895,151
Total current assets	776,300	118,851	895,151
LIABILITIES			
Current liabilities:			
Accounts payable	12,199	43,269	55,468
Claims Payable - due within one year	134,185	113,887	248,072
Total current liabilities	146,384	157,156	303,540
Noncurrent liabilities:			
Claims payable	349,665	320,079	669,744
Total noncurrent liabilities	349,665	320,079	669,744
Total liabilities	496,049	477,235	973,284
NET POSITION			
Unrestricted	280,251	(358,384)	(78,133)
Total net position	\$ 280,251	\$ (358,384)	\$ (78,133)

City of Sausalito
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2023

	Workers' Compensation	General Liability	Totals
OPERATING REVENUES:			
Charges for services	\$ 11,045	\$ -	\$ 11,045
Other revenue	359,447	-	359,447
Total operating revenues	370,492	-	370,492
OPERATING EXPENSES:			
Other expenses	95,743	371,046	466,789
Total operating expenses	95,743	371,046	466,789
Operating income (loss)	274,749	(371,046)	(96,297)
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	5,502	947	6,449
Total nonoperating revenues (expenses)	5,502	947	6,449
Income before contributions and transfers	280,251	(370,099)	(89,848)
Change in net position	280,251	(370,099)	(89,848)
NET POSITION:			
Beginning of year	-	11,715	11,715
End of year	\$ 280,251	\$ (358,384)	\$ (78,133)

City of Sausalito
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2023

	Workers' Compensation	General Liability	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from (refunds to) interdepartmental charges	\$ 11,045	\$ -	\$ 11,045
Payments to suppliers	(125,648)	(451,770)	(577,418)
Other receipts (payments)	164,786	86,439	251,225
Net cash provided by (used in) operating activities	50,183	(365,331)	(315,148)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest receipts	5,502	947	6,449
Net cash provided by (used in) investing activities	5,502	947	6,449
Net cash flows	55,685	(364,384)	(308,699)
CASH AND INVESTMENTS - Beginning of year	720,615	483,235	1,203,850
CASH AND INVESTMENTS - End of year	\$ 776,300	\$ 118,851	\$ 895,151
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 274,749	\$ (371,046)	\$ (96,297)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Accounts payable and accruals	(29,905)	(80,724)	(110,629)
Claims payable	(194,661)	86,439	(108,222)
Net cash provided by (used in) operating activities	\$ 50,183	\$ (365,331)	\$ (315,148)