City of Sausalito

Sausalito, California

Basic Financial Statements

For the year ended June 30, 2024

Prepared by:
Financial Department

City of Sausalito
Basic Financial Statements
For the year ended June 30, 2024

Table of Contents

Page

INTRODUCTORY SECTION

Elected and Appointed Officials ... iii

FINANCIAL SECTION

Independent Auditors' Report ... 1

Management's Discussion and Analysis ... 5

Basic Financial Statements:

Government-Wide Financial Statements:
- Statement of Net Position ... 25
- Statement of Activities ... 26

Fund Financial Statements:

Governmental Fund Financial Statements:
- Balance Sheet ... 30
- Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position ... 31
- Statement of Revenues, Expenditures and Changes in Fund Balances ... 32
- Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and changes in Fund Balances to the Government-Wide Statement of Activities ... 33

Proprietary Fund Financial Statements:
- Statement of Net Position ... 36
- Statement of Revenues, Expenses and Changes in Net Position ... 38
- Statement of Cash Flows ... 40

Notes to the Basic Financial Statements ... 45

City of Sausalito
Basic Financial Statements
For the year ended June 30, 2024

Table of Contents

Page

FINANCIAL SECTION (Continued)

Required Supplementary Information:

Cost Sharing Defined Benefit Pension Plan:
- Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios – Last 10 Years ... 88
- Schedule of Contributions – Last 10 Years ... 90

Agent Multiple Employer OPEB Plan:
- Schedule of Changes in the Net OPEB Liability and Related Ratios – Last 10 Years ... 92
- Schedule of OPEB Contributions – Last 10 Years ... 94

Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:
- General Fund ... 96

Supplementary Information:

Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:
- General Capital Improvements ... 99

Nonmajor Governmental Funds:
- Combining Balance Sheet ... 102
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances ... 106
- Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual ... 110

General Fund Activities:
- Combining Balance Sheet ... 126
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances ... 127

Internal Service Funds:
- Combining Statement of Net Position ... 128
- Combining Statement of Revenues, Expenses and Changes in Net Position ... 129
- Combining Statement of Cash Flows ... 130

CITY OF SAUSALITO

City Council

Mayor

Ian Sobieski

Vice Mayor

Joan Cox

Council Members

Jill Hoffman

Janelle Kellman

Melissa Blaustein

BADAWI & ASSOCIATES
Certified Public Accountants

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, 2024, 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, 2024, 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.

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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 5-20 and 88-96, 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.

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 basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 31, 2024, 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

Badawi & Associates, CPAs
Berkeley, California
December 31, 2024

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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, 2024.

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 $39,851,387 (*total net position*).

- The City's government-wide assets and deferred outflows exceed its liabilities and deferred inflows on June 30, 2024, by $39,851,387 (net position), which is an increase of 9.2% or $3,650,669 from the prior year, primarily due the city's intentional efforts to reduce expenses through creative staffing methods including a 36 hour work week, starting an internship program, growth in business license tax due to better compliance enforcement, strong investment returns due to current market conditions.

- Citywide revenues were $34,571,838, of which $26,268,011 were generated by governmental activities that increased by $1,839,031 as a result strong tax revenues and increase in investment income, and $8,303,827 were generated by business-type activities, which increased by $567,582 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 $30,921,169, of which $25,577,853 were incurred by governmental activities that increased by $4,526,881, and $5,343,316 were incurred by business-type activities, which increased by $1,830,248. The primary reasons for the increase in expenses is the result of union negotiations with the Sausalito Police Association and SEIU both groups entered into new labor agreements for fiscal year 2024 resulting in hire staffing costs.

- Program Revenues (Charges for Services, Operating and Capital grants, and contributions) totaled $11,933,601, an increase of $95,122 or 0.80% over the prior fiscal year. General Revenues (Taxes, Investment Income, Other Revenues, and Transfers) totaled $22,638,237, an increase of $2,311,491 or 10.2% over the prior fiscal year. Total expenses were $30,921,169, an increase of $6,357,129 or 25.9% from the prior fiscal year primarily due to the GASB 68 pension expense, in the prior fiscal year the city recognized pension income of $1,489,938 whereas in fiscal year 2024-25 the city recorded pension expense of $4,983,998. At the end of the fiscal year the city had an overall increase in net position of $3,650,669.

- $40,076,574 represents the City's net investment (after depreciation) in capital assets. This investment in capital assets represents a net increase of $604,523 over the prior fiscal year, primarily due to the paydown of outstanding debt exceeding the net change in capital assets. In the enterprise funds specifically net capital assets changed by $38,626 whereas the paydown of debt was $833,801.

- The City has $7,836,408 in restricted net position which increased by $1,029,974, The City continues to increase the balance in the Tidelands Fund as we identifying projects to improve the public's access and enjoyment of the bay with these funds. The Tidelands fund increased by $314,288. In addition, the pension trust restricted resources increased by $232,348.

- The City's net pension liability increased by $1,767,410 to $37,165,292 due to the plan's investment return not meeting the expectations. See Note 9 of the Notes to Financial Statements for details.

- The City's net OPEB liability was $5,901,926, an increase of $522,937. 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 $8,061,595, a decrease in the negative balance by $2,016,172, 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 $21,284,754, an increase of $5,826,542 over the prior fiscal year.

  - Of the ending Fund Balance, $16,936,732 is unassigned and is available and may be used to meet the government's ongoing obligations to citizens and creditors. This represents 89.7% 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 the council before next fiscal year end to reestablish a proper designated fund balance.

➢ **PROPRIETARY FUNDS STATEMENT OF NET POSITION** The total assets and deferred out flows 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 $13,682,851 (*total Proprietary Funds net position*), an increase of $410,511 primarily due to a strong year in the parking fund as parking revenues continue to increase with better management of our profit seeking enterprise.

➢ **THE NET POSITION OF GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUNDS** was a deficit of $566,308, a decrease of $488,175 from a balance of $78,133 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. This has been corrected in fiscal year 2025 with adequate funding of our insurance funds.

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 State*ment 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 25-26 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 General Capital Projects 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 102-109 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 110-127 of this report.

The basic governmental fund financial statements can be found on pages 30-33 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, Old City Hall, 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 36-41 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 45-86 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 88-96 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 102-130 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 $39,851,387 at the close of the fiscal year ending June 30, 2024.

As of June 30, 2024, 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	
	2024	2023	2024	2023	2024	2023
Current and other Assets	$ 32,923,449	$ 27,928,929	$ 12,352,285	$ 9,877,830	$ 45,275,734	$ 37,806,759
Capital Assets	50,328,660	50,483,657	18,611,383	18,650,009	68,940,043	69,133,666
Total Assets	**83,252,109**	**78,412,586**	**30,963,668**	**28,527,839**	**114,215,777**	**106,940,425**
Deferred outflows related to pension & OPEB	**13,730,040**	**14,167,056**	**668,501**	**672,590**	**14,398,541**	**14,839,646**
Long-term liabilities outstanding	59,987,950	57,847,293	12,037,787	12,762,907	72,025,737	70,610,200
Other liabilities	4,821,288	4,311,627	1,536,039	1,284,583	6,357,327	5,596,210
Total liabilities	**64,809,238**	**62,158,920**	**13,573,826**	**14,047,490**	**78,383,064**	**76,206,410**
Deferred inflows related to leases, pension & OPEB	**6,004,375**	**7,492,344**	**4,375,492**	**1,880,599**	**10,379,867**	**9,372,943**
Net Position:						
Net Investment in Capital Assets	32,243,810	32,434,462	7,832,764	7,037,589	40,076,574	39,472,051
Restricted	7,836,408	6,806,434	-	-	7,836,408	6,806,434
Unrestricted	(13,911,682)	(16,312,518)	5,850,087	6,234,751	(8,061,595)	(10,077,767)
Total Net Position	**$ 26,168,536**	**$ 22,928,378**	**$ 13,682,851**	**$ 13,272,340**	**$ 39,851,387**	**$ 36,200,718**

The large portion of the net position reflects the City's $40.1 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 increased by $0.6 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, 2024, the restricted net position was $7.8 million or 19.7% 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 $37,165,292 on the fiscal year 23-24 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 $1,767,410 from $35,397,882 recorded last year primarily due to investment earnings not meeting expectations. See Note 9 of the Notes to Financial Statements for details. This is a 5.0% increase from the prior year which resulted in an unrestricted net position of negative $8,061,595. 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 $7,836,408 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 ($13,911,682) compared to the prior year balance of ($16,312,518) 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 $7,832,764. There is $5,850,087 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.

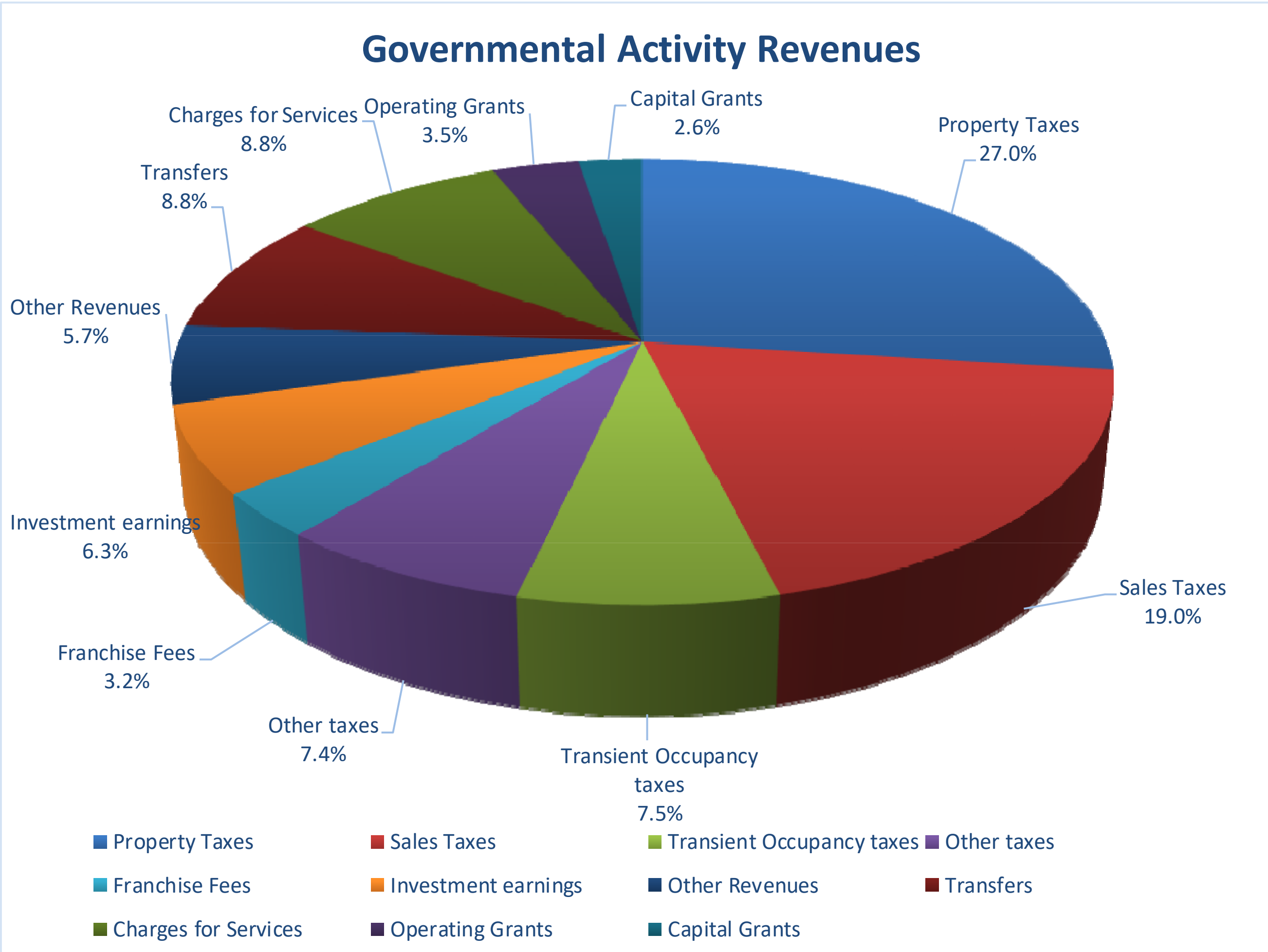
City of Sausalito's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Revenues:						
Program revenues:						
Charges for services	$ 2,532,530	$ 2,365,967	$ 7,633,482	$ 7,565,775	$ 10,166,012	$ 9,931,742
Operating grants and contributions	1,019,516	1,886,737	-	-	1,019,516	1,886,737
Capital grants and contributions	748,073	20,000	-	-	748,073	20,000
General revenues:						
Taxes	18,517,394	18,076,968	-	-	18,517,394	18,076,968
Investment earnings	1,817,340	1,187,273	670,329	170,470	2,487,669	1,357,743
Other revenues	1,633,158	892,035	16	-	1,633,174	892,035
Total revenues	**26,268,011**	**24,428,980**	**8,303,827**	**7,736,245**	**34,571,838**	**32,165,225**
Expenses:						
General government	6,045,990	6,308,889	-	-	6,045,990	6,308,889
Library	906,522	615,878	-	-	906,522	615,878
Public safety - Police Services	7,844,264	4,868,968	-	-	7,844,264	4,868,968
Community development	2,366,373	1,930,045	-	-	2,366,373	1,930,045
Public works	5,640,353	4,918,771	-	-	5,640,353	4,918,771
Parks & Recreation	1,943,771	1,570,373	-	-	1,943,771	1,570,373
Interest on long-term debt	830,580	838,048	-	-	830,580	838,048
MLK	-	-	772,421	730,093	772,421	730,093
Sewer	-	-	3,373,954	2,185,025	3,373,954	2,185,025
Parking	-	-	938,646	453,741	938,646	453,741
Bank of America Building	-	-	84,017	88,346	84,017	88,346
Old City Hall	-	-	174,278	55,863	174,278	55,863
Total expenses	**25,577,853**	**21,050,972**	**5,343,316**	**3,513,068**	**30,921,169**	**24,564,040**
Transfers	2,550,000	2,225,000	(2,550,000)	(2,225,000)	-	-
Change in net Position	**3,240,158**	**5,603,008**	**410,511**	**1,998,177**	**3,650,669**	**7,601,185**
Net Position - Beginning as restated*	22,928,378	17,325,370	13,272,340	11,274,163	36,200,718	28,599,533
Net Position - Ending	**$ 26,168,536**	**$ 22,928,378**	**$ 13,682,851**	**$ 13,272,340**	**$ 39,851,387**	**$ 36,200,718**

Governmental Activities

The Governmental activities for the City resulted in net position increasing by $3,240,158, 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 $1,839,031, excluding transfers, over the prior fiscal year.

Key observations of Government Activity Revenues are as follows:

- Property taxes increased by $335,806 or 4.5% 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 (27.0%) 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 stable in fiscal year 2024-25, current year revenues reported an increase of $649,946 or 13.5%. Sales tax represents 19.0% of the City's Governmental activities revenues and transfers;

- Transient Occupancy taxes increased by $52,603 or 2.5% from the prior fiscal year this is a stable and expected increase as hotel rates rise, so do the City's Transient and Occupancy taxes.. Transient Occupancy Taxes are about 7.5% of total resources available for Governmental Activities;

- Franchise Tax, Business license tax, and other miscellaneous taxes decreased by $597,929 or 16.3% over the prior year, in the previous fiscal year, the city made a considerable effort to enforce compliance with business licenses. In the previous year, delinquent payments were recorded as revenues when paid by the taxpayer resulting in a higher than normal ending balance. Fiscal year 2024-25 did not have as much past due revenue recorded due to prior year's efforts;

- Investment earnings increased from the prior fiscal year by $630,067 or 53.1% 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 $325,000 or 14.6% during the fiscal year, due to increases in transfers from the MLK fund as it's the city transfers most of its operating profits to the general fund;

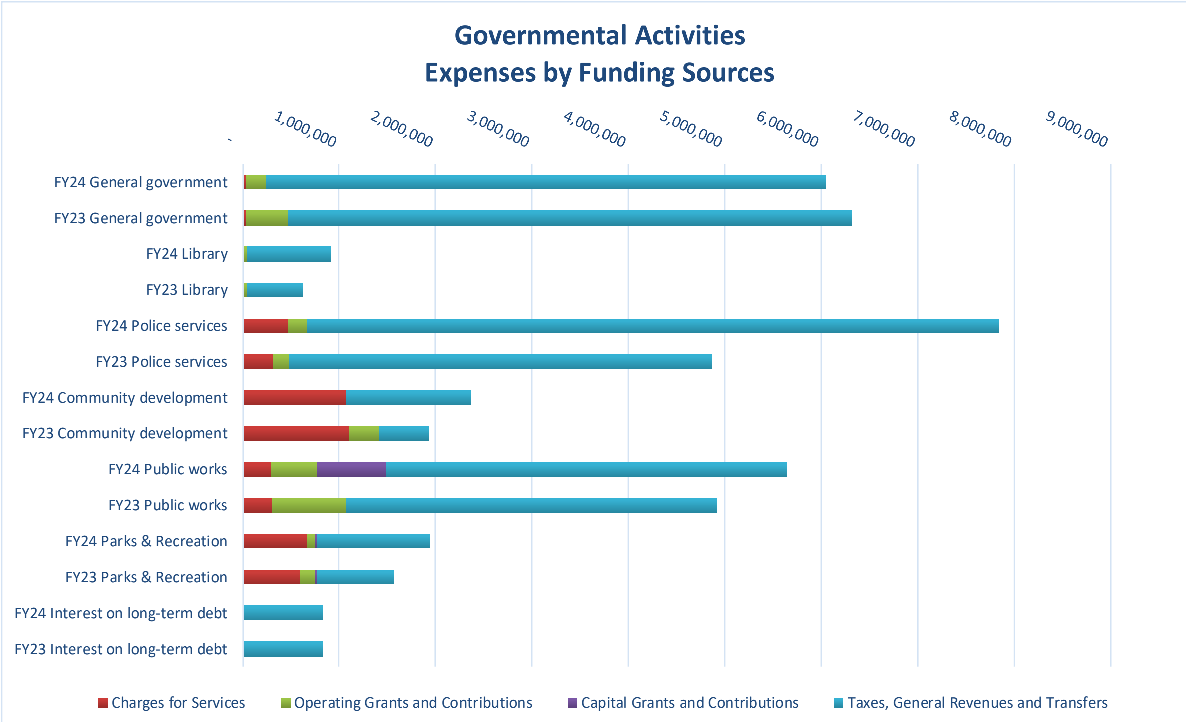
- Other government activity revenues increased by $741,123 or 83.1% primarily an increase in reimbursable costs from Marin Municipal Water District;

- Capital Grants and Contributions increased by $728,073 back to a normal activity level, and can fluctuate from time to time based on available grants. This year's revenues includes reimbursement for initial Ferryland side improvements costs;

- Operating grants contributed from Special Revenue Fund decreased by $867,221 or 46.0% from the last fiscal year, and this is primary related to recognition of revenues in the prior year including a FEMA reimbursement from previously incurred costs from the 2019 landslide and reimbursement from Marin County for homeless encampment expenses. These revenues were considered onetime revenues;

- Charges for Services increased by $166,563 or 7.0%, 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:



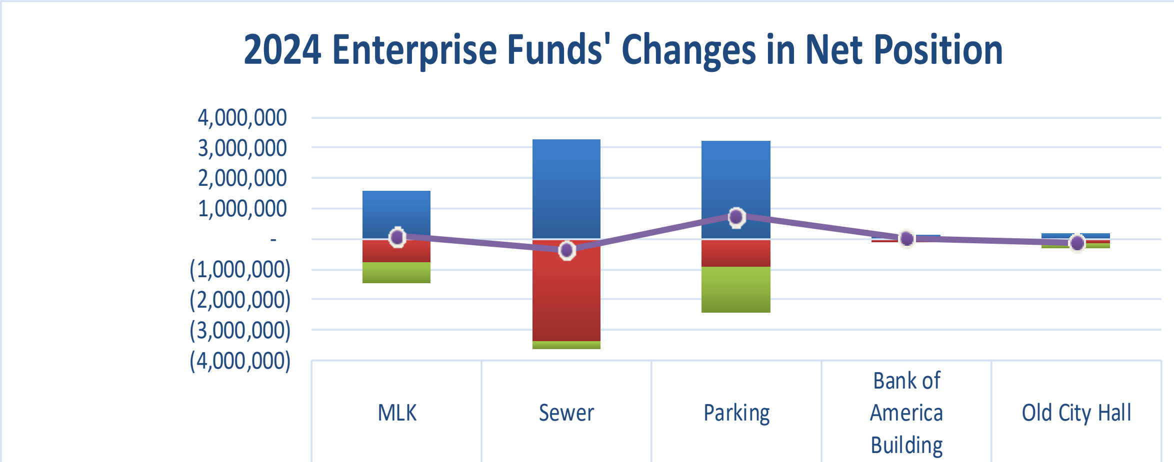
Key observations of Government Activity Expenses by Funding Source are as follows:

- Total Government Activity Expenses were increased by $4,526,881 over the prior fiscal year. This is primarily driven by the GASB 68 pension expense recognized in the current fiscal year. In the prior fiscal year the city recognized pension income of $1,489,938 whereas in fiscal year 2024-25 the city recorded pension expense of $4,983,998. This change in pension activity of $5.5 million is impacting all departments causing large increases in program expenses.
    - Parks and Recreation expenses increased by $373,398 or 23.8% due recognition of pension expense;
    - Public Works' expenses increased by $721,582 or 14.7% due recognition of pension expense;
    - Police Department expenses increased by $2,975,296 or 61.1% due recognition of pension expense;
    - Community Development's expenses increased by $436,328 or 22.6% due recognition of pension expense.
    - Department expenditures for General Government (City Council, City Manager, Finance and Administration, Human Resources, and Information Technology) decreased by $262,899 or 4.2% due to less reliance on external vendors for professional services, creative staffing with reduced working hours and the use of interns and intentional cost containment efforts to balance the City's operational budget. Part of this cost saving effort is reduced by an increase in pension expense.
    - Library expenses increased by $290,644 or 47.2%, due recognition of pension expense.

- Interest on long-term debt decreased by $7,468 or 0.9% as anticipated with the scheduled repayment of outstanding debt the interest expense will continue to decrease and 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 $410,511. The following chart depicts the operating results of the City's business-type activities:



	MLK	Sewer	Parking	Bank of America Building	Old City Hall
Net Transfers	(700,000)	(225,000)	(1,500,000)	-	(125,000)
Expenses	(772,421)	(3,373,954)	(938,646)	(84,017)	(174,278)
Revenues	1,567,070	3,247,157	3,200,350	108,675	180,575
Change in Net Position	94,649	(351,797)	761,704	24,658	(118,703)

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

- MLK Fund increased net position by $94,649 during the year compared to the $719,263 increase in the previous year. This was primarily due to a $700,000 transfer from the MLK fund to the General fund. Expenses increased by $42,328 from the prior year, resulting in net operating income (NOI) of $794,649, compared to the prior year's NOI of $719,263.

- Sewer Fund decreased net position by $351,797 during the year, compared to the $838,741 increase in net position the previous fiscal year. The primary change over the prior fiscal year is the settlement of a long outstanding claim against the City's sewer enterprise fund being settled to the amount of $450,000.

- Parking Fund increased net position by $761,704 during the year, compared to the $237,240 increase from the prior fiscal year, this is primary due to an increase in parking revenues by better management of the enterprise by City staff. Full staffing in the parking fund also is contributing to the increase in revenues.

- The Old City Hall Fund decreased net position by $118,703 as compared to the prior year's increase of $174,213. This is a result of current year's repairs on the building. The city is in the process of improving the building including roof, HVAC and exterior doors. This City owned building has had very little in terms of capital repairs in the past. This year and next year the city will invest back into this building for continued tenancy.

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 financials 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	2024	2023	Variance
Revenues	$ 26,328,125	$ 24,515,468	7.4%
Expenditures	23,359,325	23,798,360	-1.8%
Other Financing Sources (Uses)	2,550,000	2,225,000	14.6%
Net Change in Fund Balances	**5,518,800**	**2,942,108**	**87.6%**
Fund balances at beginning of year	20,167,910	17,225,802	17.1%
Fund balances at end of year	**25,686,710**	**20,167,910**	**27.4%**
Non-spendable	538,816	999,088	-46.1%
Restricted	7,888,773	6,806,434	15.9%
Committed	349,090	1,718,517	-79.7%
Unassigned	16,910,031	10,643,871	58.9%
Total fund balances	**25,686,710**	**20,167,910**	**27.4%**
Major Governmental Funds:			
General Fund	21,284,754	15,458,212	37.7%
Tidelands Fund	-	1,182,244	-100.0%
General Capital Improvements	234,664.00	-	100.0%
Other Governmental Funds	4,167,292	3,527,454	18.1%
Total fund balances	**$ 25,686,710**	**$ 20,167,910**	**27.4%**

As of the end of the current fiscal year, the City of Sausalito's governmental funds reported combined ending fund balances of $25,686,710 an increase of $5,518,800 in comparison with the prior year increase of $1,395,617, this change is driven by an increase in transfer from the MLK fund to the general fund, creative staffing measure to reduce salary and benefit expense and better than expected revenues. The governmental funds expenditures were $23,359,325 in fiscal year 2023-24, a decrease of $439,035 over the prior year as described above.

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

- Restricted is $7,778,773 or 30.7% 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 $3,809,206 of this restricted balance.

- Committed balance is $349,090 or 1.4% of the total balance, which can only be spent for specific purposes as determined by formal action of the City Council.

- Unassigned is $16,910,031 or 65.8% 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 72 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, 2024, the total General Fund balance was $21,284,754, which includes an unassigned portion of $16,936,732. The General Fund balance increased $5,826,542 for the fiscal year ended June 30, 2024.

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	**2024**	**2023**	**Variance**
Revenues			
Property Tax	$ 7,274,539	$ 6,940,521	4.8%
Sales Tax	5,477,347	4,827,402	13.5%
Other Tax	3,109,485	3,185,264	-2.4%
Licenses and Permits	2,142,427	2,611,974	-18.0%
Fines and Forfeitures	468,519	302,721	54.8%
Use of Money and Property	1,075,718	731,990	47.0%
Intergovernmental	504,269	443,194	13.8%
Charges for Services	1,783,386	1,785,412	-0.1%
Other Revenue	215,188	622,389	-65.4%
Total	**22,050,878**	**21,450,867**	**2.8%**
Expenditures			
General Government	5,253,954	6,679,758	-21.3%
Library	876,987	935,689	-6.3%
Public Safety: Police	6,066,747	6,592,954	-8.0%
Community Development	2,334,892	2,277,468	2.5%
Public Works	2,077,702	1,963,034	5.8%
Parks & Recreation	1,896,639	1,839,984	3.1%
Capital Outlay	309,415	562,468	0.0%
Debt Service	58,000	58,000	100.0%
Total	**18,874,336**	**20,909,355**	**-9.7%**
Net Transfers	2,650,000	1,147,000	131.0%
Net Change in Fund Balances	**5,826,542**	**1,688,512**	**245.1%**
Fund Balances at beginning of year	15,458,212	13,769,700	12.3%
Fund Balances at end of year	**21,284,754**	**15,458,212**	**37.7%**
Unspendable	538,816	999,088	-46.1%
Restricted	3,809,206	3,576,858	6.5%
Unassigned	16,936,732	10,882,266	55.6%
Total Fund Balances	**$ 21,284,754**	**$ 15,458,212**	**37.7%**

General Fund Budgetary Highlights

The fiscal year 2023-24 revised budget of the City's General Fund anticipated a $2,863 increase in General Fund Balance. These projections understated revenues by over $1 million, as the actual results of operations resulted in an increase of $5,826,542. Expenses for the general fund came in under our expected budget by $1,040,204

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 96 of this report.

General Capital Project Fund

The General Capital Project Fund is to account for the improvements and city wide construction not otherwise paid by the proprietary funds. The fund had a decrease in fund balance of $1,374,345 as the city completed significant road improvements and building remodeling during the year. The fund balance of this fund at the end of fiscal year 2023-24 is $234,664

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, 2024, amounts to $68,940,043 (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	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Land and improvements	$ 15,014,662	$ 15,014,662	$ 3,796,001	$ 3,796,001	$ 18,810,663	$ 18,810,663
Construction in progress	2,116,692	521,120	657,970	94,835	2,774,662	615,955
Building and improvements	12,253,765	12,556,105	6,639,809	6,997,244	18,893,574	19,553,349
Vehicles and equipment	428,694	163,979	543,648	559,835	972,342	723,814
Machinery and equipment	97,728	93,023	-	-	97,728	93,023
Infrastructure	20,417,119	22,134,768	6,973,955	7,202,094	27,391,074	29,336,862
Total	**$ 50,328,660**	**$ 50,483,657**	**$ 18,611,383**	**$ 18,650,009**	**$ 68,940,043**	**$ 69,133,666**

Additional information about the City's capital assets can be found in Note 5 on pages 64-66 of this report.

Long-term debt

At the end of the current fiscal year, the City of Sausalito has total debt outstanding of $29,907,468. This is a decrease of $2,620,371 from the prior fiscal year.

City of Sausalito's Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Current Portion	839,075	747,901	864,121	833,800	1,703,196	1,581,701
Noncurrent Portion	18,289,774	20,167,518	9,914,498	10,778,620	28,204,272	30,946,138
Total	**19,128,849**	**20,915,419**	**10,778,619**	**11,612,420**	**29,907,468**	**32,527,839**

For more detailed information on the City's Long-term debt see Note 6 on pages 67-70 in this report.

Future Years Budgets

The City Council adopted an imbalanced general fund budget for fiscal year 2024-25 and is planning to draw on reserves in the amount of $1,017,684 as the city works though insurance challenges and rising UAL payments. As the city continuous to evaluate the fiscal year budget the deficit gap is narrowing and the goal of the city is to close the gap and have a balance budget in fiscal year 2024-25.

The city is undergoing a comprehensive user fee study to ensure adequate cost recovery efforts to user fees across our organization. We are also evaluating our expense to ensure we are deploying our resources in the most effective way.

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 arise. 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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Sausalito
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	$ 20,981,515	$ 7,963,492	$ 28,945,007
Restricted cash and investments	4,436,759	436,497	4,873,256
Receivables:			
Taxes receivable, net	1,744,906	-	1,744,906
Accounts receivable, net	1,234,179	22,242	1,256,421
Leases receivable	174,414	905,165	1,079,579
Loans receivable	3,686	10,112	13,798
Internal balances	528,328	(528,328)	-
Prepaids	10,342	-	10,342
Total current assets	29,114,129	8,809,180	37,923,309
Noncurrent assets:			
Leases receivable	3,809,320	3,543,105	7,352,425
Capital assets:			
Nondepreciable	17,131,354	4,453,971	21,585,325
Depreciable	76,739,371	27,907,607	104,646,978
Less accumulated depreciation	(43,542,065)	(13,750,195)	(57,292,260)
Total capital assets	50,328,660	18,611,383	68,940,043
Total noncurrent assets	54,137,980	22,154,488	76,292,468
Total assets	83,252,109	30,963,668	114,215,777
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	12,992,301	596,076	13,588,377
Deferred outflows related to OPEB	737,739	72,425	810,164
Total deferred outflows of resources	13,730,040	668,501	14,398,541
LIABILITIES			
Current liabilities:			
Accounts payable	1,667,573	332,920	2,000,493
Accrued interest payable	36,928	94,767	131,695
Accrued salaries and benefits	125,421	-	125,421
Refundable deposits	325,605	203,328	528,933
Unearned revenue	916,895	-	916,895
Compensated absences - current	599,844	40,903	640,747
Claims payable - current	309,947	-	309,947
Long-term debt - current portion	839,075	864,121	1,703,196
Total current liabilities	4,821,288	1,536,039	6,357,327
Noncurrent liabilities:			
Claims payable	754,247	-	754,247
Net pension liability	35,569,605	1,595,687	37,165,292
Net OPEB liability	5,374,324	527,602	5,901,926
Long-term debt	18,289,774	9,914,498	28,204,272
Total noncurrent liabilities	59,987,950	12,037,787	72,025,737
Total liabilities	64,809,238	13,573,826	78,383,064
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	3,699,819	4,223,399	7,923,218
Deferred inflows related to pension	1,789,749	101,554	1,891,303
Deferred inflows related to OPEB	514,807	50,539	565,346
Total deferred inflows of resources	6,004,375	4,375,492	10,379,867
NET POSITION			
Net investment in capital assets	32,243,810	7,832,764	40,076,574
Restricted for:			
Pension benefits	3,809,206	-	3,809,206
Special revenue programs	2,498,253	-	2,498,253
Debt service	642,385	-	642,385
Capital projects	886,564	-	886,564
Total restricted	7,836,408	-	7,836,408
Unrestricted	(13,911,682)	5,850,087	(8,061,595)
Total net position	$ 26,168,536	$ 13,682,851	$ 39,851,387

See accompanying Notes to Basic Financial Statements.

City of Sausalito
Statement of Activities
For the year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Total
Governmental activities:							
General government	$ 6,045,990	$ 30,561	$ 211,950	$ -	$ (5,803,479)	$ -	$ (5,803,479)
Library	906,522	537	52,284	-	(853,701)	-	(853,701)
Public safety:							
Police services	7,844,264	478,468	186,630	-	(7,179,166)	-	(7,179,166)
Community development	2,366,373	1,067,412	-	-	(1,298,961)	-	(1,298,961)
Public works	5,640,353	294,540	480,470	716,389	(4,148,954)	-	(4,148,954)
Parks & recreation	1,943,771	661,012	88,182	31,684	(1,162,893)	-	(1,162,893)
Interest on long-term debt	830,580	-	-	-	(830,580)	-	(830,580)
Total governmental activities	25,577,853	2,532,530	1,019,516	748,073	(21,277,734)	-	(21,277,734)
Business-type Activities:							
MLK	772,421	1,304,977	-	-	-	532,556	532,556
Sewer	3,373,954	3,003,711	-	-	-	(370,243)	(370,243)
Parking	938,646	3,115,588	-	-	-	2,176,942	2,176,942
Bank of America	84,017	90,420	-	-	-	6,403	6,403
Old City Hall	174,278	118,786	-	-	-	(55,492)	(55,492)
Total business-type activities	5,343,316	7,633,482	-	-	-	2,290,166	2,290,166
Total primary government	$ 30,921,169	$ 10,166,012	$ 1,019,516	$ 748,073	(21,277,734)	2,290,166	(18,987,568)

	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property taxes	7,788,134	-	7,788,134
Sales taxes	5,477,348	-	5,477,348
Transient occupancy taxes	2,174,449	-	2,174,449
Franchise fees	935,036	-	935,036
Other taxes	2,142,427	-	2,142,427
Total taxes	18,517,394	-	18,517,394
Investment earnings	1,817,340	670,329	2,487,669
Other revenues	1,633,158	16	1,633,174
Transfers	2,550,000	(2,550,000)	-
Total general revenues and transfers	24,517,892	(1,879,655)	22,638,237
Change in net position	3,240,158	410,511	3,650,669
Net position - beginning of year	22,928,378	13,272,340	36,200,718
Net position - end of year	$ 26,168,536	$ 13,682,851	$ 39,851,387

See accompanying Notes to Basic Financial Statements.

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.

General Capital Improvements

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

City of Sausalito
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Capital Projects Fund General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 15,474,220	$ 643,811	$ 4,072,251	$ 20,190,282
Restricted cash and investments	3,809,206	-	627,553	4,436,759
Receivables:				
Due from other government	1,574,905	80,358	89,643	1,744,906
Accounts receivable	503,941	386,285	343,953	1,234,179
Leases receivable	2,955,213	-	1,028,521	3,983,734
Loans receivable	146	-	3,540	3,686
Due from other funds	216,929	-	-	216,929
Prepaids	10,342	-	-	10,342
Advances to other funds	528,328	-	-	528,328
Total assets	$ 25,073,230	$ 1,110,454	$ 6,165,461	$ 32,349,145
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 614,937	$ 875,790	$ 94,938	$ 1,585,665
Accrued salaries and benefits	125,421	-	-	125,421
Refundable deposits	325,605	-	-	325,605
Due to other funds	-	-	5,490	5,490
Unearned revenue	-	-	916,895	916,895
Total liabilities	1,065,963	875,790	1,017,323	2,959,076
Deferred Inflows of Resources				
Unavailable revenue	-	-	3,540	3,540
Related to leases	2,722,513	-	977,306	3,699,819
Total deferred inflows of resources	2,722,513	-	980,846	3,703,359
Fund Balances:				
Nonspendable	538,816	-	-	538,816
Restricted	3,809,206	-	4,079,567	7,888,773
Committed	-	234,664	114,426	349,090
Unassigned	16,936,732	-	(26,701)	16,910,031
Total fund balances	21,284,754	234,664	4,167,292	25,686,710
Total liabilities, deferred inflows of resources and fund balances	$ 25,073,230	$ 1,110,454	$ 6,165,461	$ 32,349,145

See accompanying Notes to Basic Financial Statements.

City of Sausalito
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position
June 30, 2024

Total Fund Balances - Total Governmental Funds	$	25,686,710

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	$	17,131,354
Depreciable, net		33,197,306
Total capital assets		50,328,660
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.		(566,308)
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.		3,540
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		12,992,301
Deferred outflows of resources related to OPEB		737,739
Deferred inflows of resources related to pension		(1,789,749)
Deferred inflows of resources related to OPEB		(514,807)
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.		
		Total
Compensated absences - due within one year	$	(599,844)
Interest payable		(36,928)
Long-term debt - due within one year		(839,075)
Long-term debt - due in more than one year		(18,289,774)
Net pension liability		(35,569,605)
Net OPEB liability		(5,374,324)
Total long-term liabilities		(60,709,550)
Net Position of Governmental Activities	$	26,168,536

City of Sausalito
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2024

			Capital Projects Fund		
	General Fund	Tidelands	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Property tax	$ 7,274,539	$ -	$ -	$ 513,594	$ 7,788,133
Sales tax	5,477,347	-	-	-	5,477,347
Other tax	3,109,485	-	-	-	3,109,485
Licenses and permits	2,142,427	-	-	-	2,142,427
Fines and forfeitures	468,519	-	-	17,575	486,094
Use of money and property	1,075,718	-	65,968	993,330	2,135,016
Intergovernmental	504,269	-	649,603	1,179,816	2,333,688
Charges for services	1,783,386	-	-	263,051	2,046,437
Other revenues	215,188	-	594,310	-	809,498
Total revenues	22,050,878	-	1,309,881	2,967,366	26,328,125
EXPENDITURES:					
Current:					
General government	5,253,954	-	-	353,337	5,607,291
Library	876,987	-	-	-	876,987
Police	6,066,747	-	-	-	6,066,747
Community development	2,334,892	-	-	-	2,334,892
Public works	2,077,702	-	930	293,963	2,372,595
Parks & recreation	1,896,639	-	-	3,709	1,900,348
Capital outlay	309,415	-	2,683,296	341,201	3,333,912
Debt service:					
Principal	58,000	-	-	708,230	766,230
Interest and other charges	-	-	-	100,323	100,323
Total expenditures	18,874,336	-	2,684,226	1,800,763	23,359,325
REVENUES OVER (UNDER) EXPENDITURES	3,176,542	-	(1,374,345)	1,166,603	2,968,800
OTHER FINANCING SOURCES (USES):					
Transfers in	2,750,000	-	-	172,155	2,922,155
Transfers out	(100,000)	-	-	(272,155)	(372,155)
Total other financing sources (uses)	2,650,000	-	-	(100,000)	2,550,000
Net change in fund balances	5,826,542	-	(1,374,345)	1,066,603	5,518,800
FUND BALANCES:					
Beginning of year	15,458,212	1,182,244	-	3,527,454	20,167,910
Restatement	-	(1,182,244)	1,609,009	(426,765)	-
Beginning of year, as restated	15,458,212	-	1,609,009	3,100,689	20,167,910
End of year	$ 21,284,754	$ -	$ 234,664	$ 4,167,292	$ 25,686,710

See accompanying Notes to Basic Financial Statements.

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, 2024

Net Change in Fund Balances - Total Governmental Funds	$	5,518,800
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.		2,065,921
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.		(2,220,918)
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.		(80,799)
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		766,230
Increase in long-term debt accreted balance		(743,884)
Change in interest payable		13,627
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.		3,335,338
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.		(4,780,358)
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.		(52,683)
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. This is the change in unavilable revenues.		(92,941)
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.		(488,175)
Change in Net Position of Governmental Activities	$	3,240,158

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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, 2024

	Business-Type Activities			
	MLK	Sewer	Parking	Bank of America Building
ASSETS				
Current Assets:				
Cash and investments	$ 713,370	$ 4,878,859	$ 2,067,461	$ -
Restricted cash and investments	414	436,083	-	-
Receivables:				
Accounts receivable	20,427	-	1,815	-
Leases receivable	616,432	-	-	143,611
Loans receivable	10,112	-	-	-
Total current assets	1,360,755	5,314,942	2,069,276	143,611
Noncurrent:				
Leases receivable	2,428,749	-	-	282,616
Capital assets:				
Nondepreciable capital assets	3,786,063	657,970	-	-
Depreciable capital assets	8,439,420	15,664,185	427,743	1,996,776
Accumulated depreciation	(3,629,789)	(8,401,745)	(427,743)	(159,742)
Net capital assets	8,595,694	7,920,410	-	1,837,034
Total noncurrent assets	11,024,443	7,920,410	-	2,119,650
Total assets	12,385,198	13,235,352	2,069,276	2,263,261
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	-	596,076	-	-
Deferred outflows related to OPEB	5,089	60,920	6,416	-
Total deferred outflows of resources	5,089	656,996	6,416	-
LIABILITIES				
Current liabilities:				
Accounts payable	30,931	290,846	10,543	600
Accrued interest payable	18,433	72,888	-	3,446
Refundable deposits	175,299	-	24,000	4,029
Due to other funds	-	-	-	-
Compensated absences - current	-	11,363	29,540	-
Claims and judgements - current	-	-	-	-
Long-term debt - current portion	510,000	237,121	-	117,000
Total current liabilities	734,663	612,218	64,083	125,075
Noncurrent liabilities:				
Advances from other funds	-	-	-	528,328
Claims payable	-	-	-	-
Net pension liability	-	1,595,687	-	-
Net OPEB liability	37,075	443,791	46,736	-
Long-term debt	2,830,000	5,719,498	-	1,365,000
Total noncurrent liabilities	2,867,075	7,758,976	46,736	1,893,328
Total liabilities	3,601,738	8,371,194	110,819	2,018,403
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	-	101,554	-	-
Deferred inflows related to OPEB	3,551	42,511	4,477	-
Deferred inflows related to leases	2,923,852	-	-	333,388
Total deferred inflows of resources	2,927,403	144,065	4,477	333,388
NET POSITION				
Net investment in capital assets	5,255,694	1,963,791	-	355,034
Unrestricted	605,452	3,413,298	1,960,396	(443,564)
Total net position	$ 5,861,146	$ 5,377,089	$ 1,960,396	$ (88,530)

See accompanying Notes to Basic Financial Statements.

Nonmajor Old City Hall	Totals	Governmental Activities - Internal Service Funds
$ 303,802	$ 7,963,492	$ 791,233
-	436,497	-
-	22,242	-
145,122	905,165	-
-	10,112	-
448,924	9,337,508	791,233
831,740	3,543,105	-
9,938	4,453,971	-
1,379,483	27,907,607	-
(1,131,176)	(13,750,195)	-
258,245	18,611,383	-
1,089,985	22,154,488	-
1,538,909	31,491,996	791,233
-	596,076	-
-	72,425	-
-	668,501	-
-	332,920	81,908
-	94,767	-
-	203,328	-
-	-	211,439
-	40,903	-
-	-	309,947
-	864,121	-
-	1,536,039	603,294
-	528,328	-
-	-	754,247
-	1,595,687	-
-	527,602	-
-	9,914,498	-
-	12,566,115	754,247
-	14,102,154	1,357,541
-	101,554	-
-	50,539	-
966,159	4,223,399	-
966,159	4,375,492	-
258,245	7,832,764	-
314,505	5,850,087	(566,308)
$ 572,750	$ 13,682,851	$ (566,308)

See accompanying Notes to Basic Financial Statements.

City of Sausalito
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2024

	Business-Type Activities			
	MLK	Sewer	Parking	Bank of America Building
OPERATING REVENUES:				
Building rents	$ 1,304,977	$ -	$ -	$ 90,420
Charges for services	-	3,003,711	3,115,588	-
Other revenue	16	-	-	-
Total operating revenues	1,304,993	3,003,711	3,115,588	90,420
OPERATING EXPENSES:				
Other expenses	4,014	830,507	178,663	625
Professional services	33,297	846,536	181,375	-
Repairs and maintenance	40,983	198,629	2,673	-
Salaries and benefits	72,376	1,040,509	559,477	-
Utilities	179,391	9,925	1,810	-
Depreciation	315,427	251,549	14,648	39,935
Total operating expenses	645,488	3,177,655	938,646	40,560
Operating income (loss)	659,505	(173,944)	2,176,942	49,860
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	262,077	243,446	84,762	18,255
Interest (expense)	(126,933)	(196,299)	-	(43,457)
Total nonoperating revenues (expenses)	135,144	47,147	84,762	(25,202)
Income before contributions and transfers	794,649	(126,797)	2,261,704	24,658
CONTRIBUTIONS AND TRANSFERS:				
Transfers out	(700,000)	(225,000)	(1,500,000)	-
Total contributions and transfers	(700,000)	(225,000)	(1,500,000)	-
Change in net position	94,649	(351,797)	761,704	24,658
NET POSITION:				
Beginning of year	5,766,497	5,728,886	1,198,692	(113,188)
Restatements	-		-	-
Beginning of year, as restated	5,766,497	5,728,886	1,198,692	(113,188)
End of year	$ 5,861,146	$ 5,377,089	$ 1,960,396	$ (88,530)

See accompanying Notes to Basic Financial Statements.

Nonmajor Old City Hall	Totals	Governmental Activities - Internal Service Funds
$ 118,786	$ 1,514,183	$ -
-	6,119,299	1,198,058
-	16	136,222
118,786	7,633,498	1,334,280
-	1,013,809	1,855,282
-	1,061,208	-
146,688	388,973	-
-	1,672,362	-
-	191,126	-
27,590	649,149	-
174,278	4,976,627	1,855,282
(55,492)	2,656,871	(521,002)
61,789	670,329	32,827
-	(366,689)	-
61,789	303,640	32,827
6,297	2,960,511	(488,175)
(125,000)	(2,550,000)	-
(125,000)	(2,550,000)	-
(118,703)	410,511	(488,175)
691,453	13,272,340	(78,133)
	-	-
691,453	13,272,340	(78,133)
$ 572,750	$ 13,682,851	$ (566,308)

See accompanying Notes to Basic Financial Statements.

City of Sausalito
Combining Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2024

	Business-Type Activities			
	MLK	Sewer	Parking	Bank of America Building
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 1,175,440	$ 3,040,300	$ 3,115,588	$ 57,752
Receipts from (refunds to) interdepartmental charges	-	-	-	-
Payments to employees	(73,082)	(1,013,380)	(529,480)	-
Payments to suppliers	(239,177)	(1,638,850)	(410,941)	(25)
Other receipts (payments)	8,413	-	-	-
Net cash provided by (used in) operating activities	871,594	388,070	2,175,167	57,727
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund receipts	-	-	-	75,215
Interfund payments	(467,789)	-	-	-
Transfers (out)	(700,000)	(225,000)	(1,500,000)	-
Net cash provided by (used in) noncapital financing activities	(1,167,789)	(225,000)	(1,500,000)	75,215
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payments on capital debt	(490,000)	(230,801)	-	(113,000)
Interest payment	(130,200)	(198,549)	-	(43,719)
Purchases of capital assets	-	(610,523)	-	-
Net cash provided by (used in) capital and related financing activities	(620,200)	(1,039,873)	-	(156,719)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest receipts	261,949	1,481,572	84,762	18,255
Net cash provided by (used in) investing activities	261,949	1,481,572	84,762	18,255
Net cash flows	(654,446)	604,769	759,929	(5,522)
CASH AND INVESTMENTS - Beginning of year	1,367,816	4,274,090	1,307,532	5,522
CASH AND INVESTMENTS - End of year	$ 713,370	$ 4,878,859	$ 2,067,461	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	$ 659,505	$ (173,944)	$ 2,176,942	$ 49,860
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	315,427	251,549	14,648	39,935
Changes in assets and liabilities:				
Accounts receivable	(13,881)	7,171	-	3,429
Taxes receivable	-	29,418	-	-
Loans receivable	8,413	-	-	-
Leases	(2,890,070)	-	-	82,592
Accounts payable and accruals	18,508	246,747	(46,420)	600
Accrued salaries and benefits	(1,069)	(13,769)	-	-
Accrued compensated absences	-	(7,223)	29,540	-
Claims payable	-	-	-	-
Deferred outflows	(1,005)	6,362	(1,268)	-
Deferred inflows - leases	2,774,398	-	-	(118,689)
Deferred inflows - others	(1,917)	(89,817)	(2,416)	-
Net pension liability	-	92,255	-	-
Net OPEB liability	3,285	39,321	4,141	-
Net cash provided by (used in) operating activities	$ 871,594	$ 388,070	$ 2,175,167	$ 57,727

See accompanying Notes to Basic Financial Statements.

Nonmajor Old City Hall	Totals	Governmental Activities - Internal Service Funds
$ 168,888	$ 7,557,968	$ -
-	-	1,198,058
-	(1,615,942)	-
(146,688)	(2,435,681)	(1,828,842)
-	8,413	282,600
22,200	3,514,758	(348,184)
-	75,215	211,439
-	(467,789)	-
(125,000)	(2,550,000)	-
(125,000)	(2,942,574)	211,439
-	(833,801)	-
-	(372,468)	-
-	(610,523)	-
-	(1,816,792)	-
61,789	1,908,327	32,827
61,789	1,908,327	32,827
(41,011)	663,719	(103,918)
344,813	7,299,773	895,151
$ 303,802	$ 7,963,492	$ 791,233
$ (55,492)	$ 2,656,871	$ (521,002)
27,590	649,149	-
23,068	19,787	-
-	29,418	-
-	8,413	-
93,700	(2,713,778)	-
-	219,435	26,440
-	(14,838)	-
-	22,317	-
-	-	146,378
-	4,089	-
(66,666)	2,589,043	-
-	(94,150)	-
-	92,255	-
-	46,747	-
$ 22,200	$ 3,514,758	$ (348,184)

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNFICANT 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.

1. SUMMARY OF SIGNFICANT 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.

F**und 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.

1. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES, Continued

C. Major Funds, Continued

GENERAL CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND - To account for City-wide construction and improvements not otherwise paid for through the proprietary funds.

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.

1. SUMMARY OF SIGNFICANT 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.

1. SUMMARY OF SIGNFICANT 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, 2024, the following funds had expenditures that exceeded the budgeted expenditures:

	Expenditures Exceeded Budget
General Fund:	
Public Works	$ 120,547
Nonmajor governmental funds:	
Tidelands	127,326
Traffic Safety Fund	59,643
Gas Tax Fund	54,094
Storm Drain	3,155
2006 GO Bonds Fund	1,730

1. SUMMARY OF SIGNFICANT 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).

1. SUMMARY OF SIGNFICANT 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, 2024:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance, June 30, 2023	$ 519,045	$ 18,586	537,631
Accrued	571,065	74,169	645,233
Taken	(490,266)	(51,852)	(542,118)
Ending Balance, June 30, 2024	$ 599,844	$ 40,903	$ 640,746
Current Portion	$ 599,844	$ 40,903	$ 640,746

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.

1. SUMMARY OF SIGNFICANT 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:

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

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.

1. SUMMARY OF SIGNFICANT 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.

1. SUMMARY OF SIGNFICANT 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. 100, Accounting Changes and Error Corrections –*** The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The City implemented this statement to disclose the changes in reporting entity as certain funds met the criteria to be reported major or no longer met such criteria.

R. New funds

During fiscal year ended June 30, 2024, the City created the Age Friendly Sausalito Grant fund to track the grant activities of the City Council subcommittee of the same name.

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.

2. CASH AND INVESTMENTS, Continued

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	$	28,945,007
Restricted cash and investments		4,873,256
Total Cash and Investments	$	33,818,263

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.

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
California Local Agency Investment Fund	N/A	N/A	$ 75 million per account	$ 75 million 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.

2. CASH AND INVESTMENTS, Continued

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.

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	$ 59,874	$ 59,874
U.S. Treasuries	19,105,551	19,105,551
Held by Trustee:		
Money Market Mutual Fund	1,064,050	1,064,050
PARS Trust	3,809,206	3,809,206
Total Investments	$ 24,038,681	24,038,681
Cash in Banks		9,778,329
Petty Cash		1,253
Total City Cash and Investments		$ 33,818,263

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 Generally Accepted Accounting Principles. 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.

2. CASH AND INVESTMENTS, Continued

F. Fair Value Hierarchy, Continued

Money market funds, and external investment pools such as the California Local Agency Investment Fund are exempt from fair value measurement and are reported at amortized cost. Below is a summary of the fair value measurements as of June 30, 2024:

	Fair Value	Level 1	Level 2	Level 3
Investments by fair value hierarchy:				
U.S. Treasuries	$ 19,105,551	$ -	$ 19,105,551	$ -
Total investments by fair value hierarchy	19,105,551	$ -	$ 19,105,551	$ -
Investments not subject to fair value hierarchy:				
Money Market Mutual Fund	1,064,050			
California Local Agency Investment Fund	59,874			
PARS Trust	3,809,206			
Total Investments	$ 24,038,681			

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. All of the U.S Treasuries held by the City as of June 30, 2024 were rated AAA by Moody's.

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.

2. CASH AND INVESTMENTS, Continued

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 0.99631604 was used to calculate the fair value of the investments in LAIF at June 30, 2024. 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, 2024, the City had $59,874 invested in LAIF, which had invested 3.00% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.78% in the previous year.

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, 2024, interfund balances were as follows:

Payable Fund	Receivable Fund	Amount
Non-Major Governmental Funds	General Fund	$ 5,490
Internal Service Funds	General Fund	211,439
		$ 216,929

3. INTERFUND TRANSACTIONS, Continued

B. Transfers

With Council approval, resources may be transferred from one fund to another. During the fiscal year ended June 30, 2024, the transfers were as follows:

	Transfers In		
Transfers Out	**General Fund**	**Non-Major Governmental Funds**	**Total**
Major Funds:			
General Fund	$ -	$ 100,000	$ 100,000
Non-Major Governmental Funds	200,000	72,155	272,155
Major Enterprise Funds:			
Sewer	225,000	-	225,000
MLK	700,000	-	700,000
Parking	1,500,000	-	1,500,000
Non-Major Enterprise Funds	125,000	-	125,000
Total	$ 2,750,000	$ 172,155	$ 2,922,155

The transfers into the General Fund were to fund administrative costs and General Fund operations.

The General Fund transferred amounts out to non-major governmental funds to eliminate fund deficits and to support traffic safety projects.

Transfers between non-major governmental funds were to pay for debt service.

C. Long-term Interfund Advances

The City had the following interfund advances at June 30, 2024:

Payable Fund	Receivable Fund	Amount
Bank of America Building Enterprise Fund	General Fund	$ 528,328
		$ 528,328

The General Fund advanced $528,328 to the Bank of America Building Enterprise Fund 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.

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, 2024, 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, 2024	Lease Receivable Balance at June 30, 2024	Deferred Inflow of Resources at June 30, 2024
Governmental Activities					
AT&T Rainbow Tunnel	9/10/2002	5/31/2036	$ 89,452	$ 790,266	$ 704,443
AT&T	1/12/1996	9/9/2040	84,255	898,974	813,250
MacMarin, Inc (Spinnaker)	1/1/1991	1/27/2032	461,877	287,742	272,409
Pelican Harbor Associates	8/1/2005	1/31/2040	62,081	368,348	350,575
Southern Marin Fire Protection District	9/15/2011	9/15/2041	93,527	1,265,973	1,204,820
Trident LLC	5/28/1959	3/2/2041	59,435	372,431	354,322
Total Government Activities			$ 850,627	$ 3,983,734	$ 3,699,819
Business-Type Activities:					
Bank of America ATM	9/1/2020	9/30/2025	$ 26,645	$ 29,263	$ 27,692
Excellence for Yachts	5/15/2004	11/30/2027	21,749	66,346	64,521
Gene Hiller Inc	3/1/2024	2/28/2030	168,174	976,862	966,159
Lycee Francais De San Francisco	9/1/2013	8/31/2043	865,173	2,965,898	2,846,747
SCA Lease	9/1/2022	8/31/2027	63,724	396,964	305,696
Videotracs	5/15/2004	8/31/2029	18,733	12,937	12,584
Total Business-Type Activities			$ 1,164,198	$ 4,448,270	$ 4,223,399

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 $30,338 in interest revenue in fiscal year 2024 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 $34,209 in interest revenue in fiscal year 2024 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.

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 $448,885 in lease revenue which includes $328,129 in additional payments, and $12,992 in interest revenue in fiscal year 2024 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 $47,619 in lease revenue and $14,462 in interest revenue in fiscal year 2024 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 $44,845 in lease revenue and $48,682 in interest revenue in fiscal year 2024 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, 2024 were $2,582. The lease term ends on March 2, 2041. The City recognized $45,146 in lease revenue which includes $14,148 in additional payments, and $14,289 in interest revenue in fiscal year 2024 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.

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

Fiscal Year Ending	Governmental Activities - Leases		
June 30,	Principal	Interest	Total
2025	$ 264,196	$ 145,368	$ 409,564
2026	278,814	177,646	456,460
2027	233,300	165,020	398,320
2028	185,070	151,733	336,803
2029	197,176	541,114	738,290
2030 - 2034	1,191,136	541,114	1,732,250
2035 - 2039	1,241,245	248,714	1,489,959
2040 - 2041	392,797	37,430	430,227
Total	$ 3,983,734	$ 2,008,139	$ 5,991,873

4. LEASES, Continued

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 $25,089 in lease revenue and $1,556 in interest revenue in fiscal year 2024 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 $1,899 through the end of the lease term, which ends on November 30, 2027. The City recognized $18,699 in lease revenue and $3,050 in interest revenue in fiscal year 2024 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, 2030. The City recognized $118,786 in lease revenue and $49,388 in interest revenue in fiscal year 2024 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 ranging from $64,100 to $72,142 through the end of the lease term, which ends on August 31, 2028. The City recognized $673,762 in lease revenue and $191,411 in interest revenue in fiscal year 2024 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.

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 $47,257 in lease revenue and $16,467 in interest revenue in fiscal year 2024 related to this lease.

Videotracs – On May 15, 2004, the City began leasing property to James C. Cavenaugh with monthly payments of $1,526 through the end of the lease term, which ends on August 31, 2029. The City recognized $17,902 in lease revenue and $831 in interest revenue in fiscal year 2024 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.

4. LEASES, Continued

B. Business-Type Activities – Enterprise Funds, Continued

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
2025	$ 905,165	$ 275,493	$ 1,180,658
2026	974,057	213,388	1,187,445
2027	1,060,498	145,727	1,206,225
2028	1,033,080	73,294	1,106,374
2029	338,641	18,643	357,284
2030	136,829	3,670	140,499
Total	$ 4,448,270	$ 730,215	$ 5,178,485

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.

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.

5. CAPITAL ASSETS, Continued

Changes in capital assets during the year ended June 30, 2024, comprise:

	Balance July 1, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Governmental Funds:					
Capital assets not being depreciated:					
Lands and improvements	$ 15,014,662	$ -	$ -	$ -	$ 15,014,662
Construction in progress	521,120	1,863,920	(189,010)	(79,338)	2,116,692
Total capital assets not being depreciated	15,535,782	1,863,920	(189,010)	(79,338)	17,131,354
Capital assets being depreciated:					
Buildings and improvements	17,632,879	37,397	-	-	17,670,276
Vehicles and equipment	1,211,370	305,488	-	79,338	1,596,196
Machinery and equipment	1,361,249	48,126	-	-	1,409,375
Infrastructure	56,063,524	-	-	-	56,063,524
Total capital assets being depreciated	76,269,022	391,011	-	79,338	76,739,371
Less accumulated depreciation for:					
Buildings and improvements	(5,076,774)	(339,737)	-	-	(5,416,511)
Vehicle and equipment	(1,047,391)	(120,111)	-	-	(1,167,502)
Machinery and equipment	(1,268,226)	(43,421)	-	-	(1,311,647)
Infrastructure	(33,928,756)	(1,717,649)	-	-	(35,646,405)
Total accumulated depreciation	(41,321,147)	(2,220,918)	-	-	(43,542,065)
Depreciable capital assets, net	34,947,875	(1,829,907)	-	79,338	33,197,306
Government activity capital assets, net	$ 50,483,657	$ 34,013	$ (189,010)	$ -	$ 50,328,660

5. CAPITAL ASSETS, Continued

	Balance July 1, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Business-type Activities:					
Capital assets not being depreciated:					
Land and improvements	$ 3,796,001	$ -	$ -	$ -	$ 3,796,001
Construction in progress	94,835	563,135	-	-	657,970
Total capital assets not being depreciated	3,890,836	563,135	-	-	4,453,971
Capital assets being depreciated:					
Buildings and improvements	11,432,934	-	-	-	11,432,934
Vehicles and equipment	2,127,357	47,388	-	-	2,174,745
Infrastructure	14,299,928	-	-	-	14,299,928
Total Capital assets being depreciated	27,860,219	47,388	-	-	27,907,607
Less accumulated depreciation for:					
Building and improvements	(4,435,690)	(357,435)	-	-	(4,793,125)
Vehicles and equipment	(1,567,522)	(63,575)	-	-	(1,631,097)
Infrastructure	(7,097,834)	(228,139)	-	-	(7,325,973)
Total accumulated depreciation	(13,101,046)	(649,149)	-	-	(13,750,195)
Depreciable capital assets, net	14,759,173	(601,761)	-	-	14,157,412
Business-type activities capital assets, net	$ 18,650,009	$ (38,626)	$ -	$ -	$ 18,611,383

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	$ 20,188
Recreation	12,932
Library	16,701
Police services	389,486
Public works	1,781,611
Total Governmental Activities	$ 2,220,918

5. CAPITAL ASSETS, Continued

B. Depreciation Allocation, Continued

Business-type Activities		
MLK	$	315,427
Sewer		251,549
Parking		14,648
Bank of America Building		39,935
Old City Hall		27,590
Total Business-type Activities	$	649,149

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, 2023	Additions	Retirements	Balance June 30, 2024	Current Portion
Governmental Activities Bonds:						
General Obligation Bonds:						
2006 Series A	$ 8,205,000	$ 2,150,000	$ -	$ (645,000)	$ 1,505,000	$ 715,000
2006 Series B (Capital Appreciation)	7,293,894	15,700,844	743,884	-	16,444,728	-
Total Governmental Activities Bond		17,850,844	743,884	(645,000)	17,949,728	715,000
Government Activities – Direct Borrowings:						
Southern Marin Fire Protection District	1,740,000	1,102,000	-	(58,000)	1,044,000	58,000
Department of Boating & waterways	1,200,000	198,351	-	(63,230)	135,121	66,075
Total Governmental Activities – Direct Borrowings		1,300,351	-	(121,230)	1,179,121	124,075
Total Governmental Activities		$19,151,195	$ 743,884	$ (766,230)	$19,128,849	$ 839,075
Business-type Activities Bonds:						
2015 Sewer Revenue Bond	$ 6,750,000	$ 5,550,000	$ -	$ (180,000)	$ 5,370,000	$ 185,000
2016 Certificates of Participation	6,940,000	3,830,000	-	(490,000)	3,340,000	510,000
Total Business-type Activity Bonds		9,380,000	-	(670,000)	8,710,000	695,000
Business-type Activities – Direct Borrowings:						
State Water Resource Board Loan	1,036,480	637,420	-	(50,801)	586,619	52,121
Building Acquisition Lease	1,858,000	1,595,000	-	(113,000)	1,482,000	117,000
Total Business-type Activities – Direct Borrowings		2,232,420	-	(163,801)	2,068,619	169,121
Total Business-type Activities		$ 11,612,420	$ -	$ (833,801)	$ 10,778,619	$ 864,121

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 $1,867,125. Principal and interest paid for the current fiscal year were $645,000 and $88,473, respectively. Total ad valorem property tax revenues were $513,594.

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 $9,170,272 and $743,884 respectively at June 30, 2024.

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.

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 $63,230 and $8,926, 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 $180,000 and $177,631, respectively. Total customer net revenues were $96,051.

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.

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 $490,000 and $130,200, 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 $50,801 and $16,573, 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 $113,000 and $43,719, respectively.

J. Debt Service Requirements

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

Fiscal Year Ended	Governmental Activities - Bonds		Governmental Activities - Direct Borrowings	
June 30	Principal (A)	Interest	Principal	Interest
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	1,270,000	-	58,000	-
2030 - 2034	7,490,000	-	290,000	-
2035 - 2039	9,790,000	-	290,000	-
2040 - 2042	4,715,000	-	174,000	-
Total	$ 27,120,000	$ 77,125	$ 1,179,121	$ 9,188

(A) Includes General Obligation Bonds 2006 Series B unaccreted discount in the total amount of $9,170,272.

6. LONG–TERM DEBT, Continued

Fiscal Year Ended	Business-type Activities - Bonds		Business-type Activities - Direct Borrowings	
June 30	Principal	Interest	Principal	Interest
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	183,294	41,506
2029	795,000	184,231	188,756	36,470
2030 - 2034	1,735,000	661,891	1,021,105	101,848
2035 - 2039	1,330,000	448,069	155,000	3,250
2040 - 2044	1,575,000	201,806	-	-
2045	350,000	6,125	-	-
Total	$ 8,710,000	$ 2,478,696	$ 2,068,619	$ 336,400

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.

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.

7. NET POSITION AND FUND BALANCE, Continued

B. Fund Balances, Continued

Detailed classifications of the City's fund balances, as of June 30, 2024, are below:

	General Fund	General Capital Improvements	Other Governmental Funds	Total
Nonspendable for:				
Loans receivable	$ 146	$ -	$ -	$ 146
Prepaids	10,342	-	-	10,342
Advances to other funds	528,328	-	-	528,328
Subtotal	538,816	-	-	538,816
Restricted for:				
Pension	3,809,206	-	-	3,809,206
Seized assets	-	-	37,583	37,583
Tidelands properties	-	-	1,496,532	1,496,532
Infrastructure projects	-	-	717,835	717,835
Storm drain maintenance	-	-	153,976	153,976
Stair improvements	-	-	168,729	168,729
Grants	-	-	862,527	862,527
Debt service	-	-	642,385	642,385
Subtotal	3,809,206	-	4,079,567	7,888,773
Committed to:				
Capital projects	-	234,664	-	234,664
Library Improvements	-	-	114,426	114,426
Subtotal	-	234,664	114,426	349,090
Unassigned:				
Budget stabilization reserve	943,717	-	-	943,717
Emergency shortfall reserve	1,887,434	-	-	1,887,434
Measure L	3,639,930	-	-	3,639,930
Other	10,465,651	-	-	10,465,651
Fund deficit residuals	-	-	(26,701)	(26,701)
Subtotal	16,936,732	-	(26,701)	16,910,031
Total fund balances	$ 21,284,754	$ 234,664	$ 4,167,292	$ 25,686,710

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, 2024 was $1,887,434.

E. Fund Balance Deficits

The following funds had fund balance deficits at June 30, 2024. Future revenues are expected to decrease the fund balance deficit:

	Amount
Bank of America Building Enterprise Fund	$ 88,530
Traffic Safety	26,701
General Liability Internal Service Fund	768,168

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.

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, 2024 are summarized as follows:

	Police		
Hire date	Prior to July 1, 2012	On or after July 1, 2012	On or after January 1, 2013
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	26.11%	21.78%	14.50%
Required UAL payment	$863,673	$0	$0

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

9. PENSION PLAN, Continued

A. General Information about the Pension Plan, Continued

	Miscellaneous		
Hire date	Prior to July 1, 2012	On or after July 1, 2012	On or after January 1, 2013
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%	8.25%
Required employer contribution rates	14.92%	12.63%	8.00%
Required UAL payment	$956,324	$0	$0

	Fire
Hire date	Prior to July 1, 2013
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	$706,157

*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.

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, 2023 were $3,429,407.

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

As of June 30, 2024, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of $37,165,292.

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, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2022 rolled forward to June 30, 2023 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, 2023 and 2022 were as follows:

Proportion – June 30, 2022	0.30645%
Proportion – June 30, 2023	0.29791%
Change – Increase (Decrease)	-0.00854%

For the year ended June 30, 2024, the City recognized pension expense of $4,983,998. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,495,203	$ -
Changes in assumptions	2,198,219	-
Differences between actual and expected experience	2,404,649	257,377
Changes in employer's proportion	-	1,123,083
Differences between employer's contribution and the employer's proportionate share of contributions	40,730	510,843
Net differences between projected and actual earnings on plan investments	5,449,576	-
Total	$ 13,588,377	$ 1,891,303

9. PENSION PLAN, Continued

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

The $3,495,203 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, 2025. 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,		
2025	$	2,267,900
2026		1,615,059
2027		4,164,968
2028		153,944
Total	$	8,201,871

Actuarial Assumptions – The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
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.

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, 2023 for the Plan was 6.90%. 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(a,b)
Global equity - cap-weighted	30.0%	4.54%
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%	

(a) An expected price inflation of 2.30% used for this period

(b) Figures are based on the 2021-22 Asset Liability Management study

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	$ 53,688,849	$ 37,165,292	$ 23,620,393

Payable to the Pension Plan – At June 30, 2024 the City reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

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, 2024, employees contributed $236,285 to the 457 Plan while the City contributed $32,981. The City reported no payables to the plan as of June 30, 2024.

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, 2024, the City did not contribute to the trust. As of June 30, 2024, the total amount of $3,809,206 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, 2024:

Summary of Retiree Medical Eligibility and Benefits

Date of Retirement	Group	Minimum Age Requirement	Minimum Service Requirement	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) $157 per month in 2024	CalPERS MEC, if eligible for PERS survivor pension	Lifetime
Enhanced Benefit (including the CalPERS required MEC):							
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 is 1 Fire employees now employed by the South Marin Fire Protection District, and 8 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.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

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

For the measurement period ended June 30, 2024, the City's contributions to the Plan were $331,844.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the valuation date of June 30, 2023:

Active employees	65
Inactive employees or beneficiaries currently receiving benefit payments	51
Inactive employees entitled to but not yet receiving benefit payments	34
Total	150

B. Net OPEB Liability

Actuarial Methods and Assumptions – The City's net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023 that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2024, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Municipal Bond Index	3.93% as of June 30, 2024
Investment Rate of Return	5.15% as of June 30, 2024, and 4.70% as of June 30, 2023 , net of plan investment expenses
Discount Rate	5.15% as of June 30, 2024, and 4.70% as of June 30, 2023 , net of plan investment expenses
Inflation	2.50% per year
Payroll Growth	3.00% per year
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally from 2017
Healthcare Trend Rate	Actual in 2024, 9.0% pre-medicare and 22.0% post-medicare in 2025, 6.0% in 2026 incrementally reducing to 3.9% in 2075

Discount Rate – The discount rate used to measure the total OPEB liability was 5.15%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at 74 to 85.3% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's used a blended rate between the Bond Buyer General Obligation 20-Bond Municipal Bond Inex of 3.93% and the long-term expected rate of return on plan investments of 5.55%.

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 Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance as of Report Date June 30, 2023	$ 7,213,506	$ 1,834,517	$ 5,378,989
Changes Recognized for the Measurement Period:			
Service Cost	203,479	-	203,479
Interest on the total OPEB liability	333,549	-	333,549
Changes of assumptions	81,999	-	81,999
Contributions from the employer	-	331,844	(331,844)
Plan Experience	354,775	-	354,775
Net investment income	-	119,021	(119,021)
Benefit payments	(331,844)	(331,844)	-
Net changes	641,958	119,021	522,937
Balance at June 30, 2024	$ 7,855,464	$ 1,953,538	$ 5,901,926

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 (4.15%) or 1-percentage-point higher (6.15%) than the current discount rate:

Net OPEB Liability		
Discount Rate -1% (4.15%)	Current Discount Rate (5.15%)	Discount Rate +1% (6.15%)
$ 6,949,050	$ 5,901,926	$ 5,033,347

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		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
$ 4,983,975	$ 5,901,926	$ 7,015,174

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, 2024, the City recognized OPEB expense of $308,030 At June 30, 2024, the City reported deferred outflows and inflows of resources related to OPEB fromthe following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 452,716	$ 229,826
Changes of assumptions	258,600	335,520
Net differences between projected and actual earnings on plan investments	98,848	-
Total	$ 810,164	$ 565,346

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
2025	$ (60,467)
2026	13,945
2027	165,035
2028	61,571
2029	64,734
Total	$ 244,818

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.

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, 2024, the City's estimated workers' compensation liability for unpaid losses was as follows:

	2024	2023
Beginning balance	$ 483,850	$ 678,511
Incurred claims and claims adjustment	172,548	122,598
Claims paid	(74,384)	(317,259)
Ending Balance	$ 582,014	$ 483,850
Current portion	$ 172,023	$ 134,185

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

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 $500,000 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, 2024, the City's estimated general liability for unpaid losses was as follows:

	2024	2023
Beginning balance	$ 433,966	$ 347,527
Incurred claims and claims adjustment	283,592	324,476
Claims paid	(235,378)	(238,037)
Ending Balance	$ 482,180	$ 433,966
Current portion	$ 137,924	$ 113,887

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.

13. CHANGE IN REPORTING ENTITY

In fiscal year 2024, the City's General Capital Improvements Fund (previously reported with nonmajor funds) met the criteria to be reported as a major fund. Likewise, the City's Tidelands fund, no longer was required to be reported as major, and the City moved it to nonmajor funds. Below is the effect on fund balance.

	General Capital Improvements	Tidelands	Nonmajor Governmental Funds
June 30, 2023, as previously reported	$ -	$ 1,182,244	$ 3,527,454
Change from nonmajor to major fund	1,609,009	-	(1,609,009)
Change from major to nonmajor fund	-	(1,182,244)	1,182,244
June 30, 2023, as restated	$ 1,609,009	$ -	$ 3,100,689

REQUIRED SUPPLEMENTARY INFORMATION

City of Sausalito
Required Supplementary Information
For the year ended June 30, 2024

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

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.

6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
0.29%	0.29%	0.29%	0.38%	0.31%	0.30%
$ 27,898,790	$ 29,781,107	$ 31,924,136	$ 20,584,393	$ 35,397,882	$ 37,165,292
$ 6,766,510	$ 6,504,240	$ 6,426,423	$ 6,540,820	$ 6,478,549	$ 5,831,962
412%	458%	497%	315%	546%	637%
75.26%	75.26%	75.10%	88.29%	76.68%	76.21%

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

2019	2020	2021	2022	2023	2024
$ 2,614,801	$ 2,970,419	$ 3,295,482	$ 3,637,415	$ 3,429,407	$ 3,495,203
(2,614,801)	(2,970,419)	(3,295,482)	(4,370,036)	(3,429,407)	(3,495,203)
$ -	$ -	$ -	$ (732,621)	$ -	$ -
$ 6,504,240	$ 6,426,423	$ 6,540,820	$ 6,478,549	$ 5,831,962	$ 6,970,306
40.20%	46.22%	50.38%	67.45%	58.80%	50.14%

City of Sausalito
Required Supplementary Information
For the year ended June 30, 2024

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)	$ 6,874,836	$ 7,296,922	$ 5,788,946
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)	$ 875,492	$ 1,087,830	$ 1,343,829
Net OPEB liability/asset - ending (a) - (b)	$ 5,999,344	$ 6,209,092	$ 4,445,117
Fiduciary net position as a percentage of the total OPEB liability	12.73%	14.91%	23.21%
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.

	6/30/2021	6/30/2022	6/30/2023	6/30/2024
	$ 200,714	$ 206,735	$ 199,831	$ 203,479
	305,535	320,025	322,344	333,549
	-	-	-	-
	-	328,072	-	354,775
	-	349,687	(45,498)	81,999
	(227,978)	(239,246)	(295,661)	(331,844)
	278,271	965,273	181,016	641,958
	5,788,946	6,067,217	7,032,490	7,213,506
	$ 6,067,217	$ 7,032,490	7,213,506	7,855,464
	$ 425,978	$ 539,246	$ 295,661	$ 331,844
	-	-	-	-
	152,550	(218,801)	58,939	119,021
	-	-	-	-
	(227,978)	(239,246)	(295,661)	(331,844)
	350,550	81,199	58,939	119,021
	1,343,829	1,694,379	1,775,578	1,834,517
	$ 1,694,379	$ 1,775,578	$ 1,834,517	$ 1,953,538
	$ 4,372,838	$ 5,256,912	$ 5,378,989	$ 5,901,926
	27.93%	25.25%	25.43%	24.87%
	$ 6,464,714	$ 6,732,901	$ 6,207,698	$ 7,340,672
	67.64%	78.08%	86.65%	80.40%

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

2022		2023		2024	
$	485,013	$	469,292	$	483,361
	(539,246)		(295,661)		(331,844)
$	(54,233)	$	173,631	$	151,517
$	6,732,901	$	6,207,698	$	7,340,672
	8.01%		4.76%		-4.52%

6/30/2019	6/30/2021	6/30/2021
2.50%	2.50%	2.50%
3.00%	3.00%	3.00%
5.20%	4.70%	4.70%
5.4% -> 4% by 2076	5.8% -> 3.9% by 2076	5.8% -> 3.9% by 2076
MW Scale 2020	MW Scale 2022	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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Property tax	$ 6,500,531	$ 6,500,531	$ 7,274,539	$ 774,008
Sales tax	6,190,816	6,190,816	5,477,347	(713,469)
Other tax	3,061,768	3,061,768	3,109,485	47,717
Licenses and permits	2,085,300	2,085,300	2,142,427	57,127
Fines and forfeitures	296,000	296,000	468,519	172,519
Use of money and property	724,000	921,569	1,075,718	154,149
Intergovernmental	-	247,319	504,269	256,950
Charges for services	1,527,485	1,527,882	1,783,386	255,504
Other revenues	146,477	150,051	215,188	65,137
Total revenues	20,532,377	20,981,236	22,050,878	1,069,642
EXPENDITURES:				
Current:				
General government:				
Administration	3,255,479	3,212,488	2,375,899	836,589
Information technology	860,000	835,635	835,635	-
Nondepartmental	2,039,977	2,042,420	2,042,420	-
Library	1,025,051	926,186	876,987	49,199
Police	6,023,402	6,117,991	6,066,747	51,244
Community development	2,544,206	2,351,611	2,334,892	16,719
Public works	1,978,648	1,957,155	2,077,702	(120,547)
Parks & recreation	2,154,751	2,046,580	1,896,639	149,941
Capital outlay	400,000	366,474	309,415	57,059
Debt service:				
Principal	58,000	58,000	58,000	-
Total expenditures	20,339,514	19,914,540	18,874,336	1,040,204
REVENUES OVER (UNDER) EXPENDITURES	192,863	1,066,696	3,176,542	2,109,846
OTHER FINANCING SOURCES (USES):				
Transfers in	2,750,000	2,750,000	2,750,000	-
Transfers out	(2,940,000)	(3,040,000)	(100,000)	2,940,000
Total other financing sources (uses)	(190,000)	(290,000)	2,650,000	2,940,000
Net change in fund balances	$ 2,863	$ 776,696	5,826,542	$ 5,049,846
FUND BALANCES:				
Beginning of year			15,458,212	
End of year			$ 21,284,754	

SUPPLEMENTARY INFORMATION

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City of Sausalito

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

General Capital Improvements

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 42,500	$ 42,500	$ 65,968	$ 23,468
Intergovernmental	397,786	221,926	649,603	427,677
Other revenues	504,600	504,600	594,310	89,710
Total revenues	944,886	769,026	1,309,881	540,855
EXPENDITURES:				
Current:				
Public works	-	-	930	(930)
Capital outlay	5,036,964	5,032,253	2,683,296	2,348,957
Total expenditures	5,036,964	5,032,253	2,684,226	2,348,027
REVENUES OVER (UNDER) EXPENDITURES	(4,092,078)	(4,263,227)	(1,374,345)	2,888,882
OTHER FINANCING SOURCES (USES):				
Transfers in	3,400,000	3,400,000	-	(3,400,000)
Total other financing sources (uses)	3,400,000	3,400,000	-	(3,400,000)
Net change in fund balances	$ (692,078)	$ (863,227)	(1,374,345)	$ (511,118)
FUND BALANCES:				
Beginning of year			-	
Restatement			1,609,009	
Beginning of year, as restated			1,609,009	
End of year			$ 234,664	

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

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.

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.

Age Friendly Sausalito Grant – To account for grants for the Age Friendly Sausalito special committee task force of the City Council.

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:

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, 2024

	Special Revenue Funds			
	Tidelands	Seized Assets	Traffic Safety	Gas Tax
ASSETS				
Cash and investments	$ 1,102,161	$ 37,583	$ -	$ 293,781
Restricted cash and investments	-	-	-	-
Receivables:				
Due from other government	-	-	-	49,178
Accounts receivable	343,499	-	454	-
Leases receivable	1,028,521	-	-	-
Loans receivable	3,540	-	-	-
Total assets	$ 2,477,721	$ 37,583	$ 454	$ 342,959
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 343	$ -	$ 21,665	$ 8,221
Due to other funds	-	-	5,490	-
Unearned revenue	-	-	-	-
Total liabilities	343	-	27,155	8,221
Deferred Inflows of Resources				
Unavailable revenue	3,540	-	-	-
Related to leases	977,306	-	-	-
Total deferred inflows of resources	980,846	-	-	-
Fund Balances:				
Restricted	1,496,532	37,583	-	334,738
Committed	-	-	-	-
Unassigned	-	-	(26,701)	-
Total fund balances	1,496,532	37,583	(26,701)	334,738
Total liabilities, deferred inflows of resources and fund balances	$ 2,477,721	$ 37,583	$ 454	$ 342,959

Special Revenue Funds					
Construction Traffic Impact Fee	Police Grants	Storm Drain	Stairs Fund	Disaster Assistance	Measure A (Parks)
$ 383,097	$ 249,107	$ 155,804	$ 168,729	$ 116,834	$ 241,789
-	-	-	-	-	-
-	-	743	-	-	35,493
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 383,097	$ 249,107	$ 156,547	$ 168,729	$ 116,834	$ 277,282
$ -	$ 38,276	$ 2,571	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	38,276	2,571	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
383,097	210,831	153,976	168,729	116,834	277,282
-	-	-	-	-	-
-	-	-	-	-	-
383,097	210,831	153,976	168,729	116,834	277,282
$ 383,097	$ 249,107	$ 156,547	$ 168,729	$ 116,834	$ 277,282

City of Sausalito
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Fund			Debt Service Funds
	Measure AA (Roads)	Sea Level Rise Grant	Age Friendly Sausalito Grant	2006 GO Bonds
ASSETS				
Cash and investments	$ 200,697	$ 993,122	$ 4,518	$ 10,603
Restricted cash and investments	-	-	-	627,553
Receivables:				
Due from other government	-	-	-	4,229
Accounts receivable	-	-	-	-
Leases receivable	-	-	-	-
Loans receivable	-	-	-	-
Total assets	$ 200,697	$ 993,122	$ 4,518	$ 642,385
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 23,862	$ -	$ -
Due to other funds	-	-	-	-
Unearned revenue	-	916,895	-	-
Total liabilities	-	940,757	-	-
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Related to leases	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Restricted	200,697	52,365	4,518	642,385
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	200,697	52,365	4,518	642,385
Total liabilities, deferred inflows of resources and fund balances	$ 200,697	$ 993,122	$ 4,518	$ 642,385

Debt Service Funds	Capital Project Fund		
Tideland Loan	General Capital Improvements	Library Capital Improvement	Total Nonmajor Governmental Funds
$ -	$ -	$ 114,426	$ 4,072,251
-	-	-	627,553
-	-	-	89,643
-	-	-	343,953
-	-	-	1,028,521
-	-	-	3,540
$ -	$ -	$ 114,426	$ 6,165,461
$ -	$ -	$ -	$ 94,938
-	-	-	5,490
-	-	-	916,895
-	-	-	1,017,323
-	-	-	3,540
-	-	-	977,306
-	-	-	980,846
-	-	-	4,079,567
-	-	114,426	114,426
-	-	-	(26,701)
-	-	114,426	4,167,292
$ -	$ -	$ 114,426	$ 6,165,461

City of Sausalito
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2024

	Special Revenue Funds			
	Tidelands	Seized Assets	Traffic Safety	Gas Tax
REVENUES:				
Property tax	$ -	$ -	$ -	$ -
Fines and forfeitures	-	-	17,575	-
Use of money and property	856,676	1,615	217	7,822
Intergovernmental	-	-	-	383,793
Charges for services	-	-	-	-
Total revenues	856,676	1,615	17,792	391,615
EXPENDITURES:				
Current:				
General government	270,233	-	-	-
Public works	-	-	159,643	99,094
Parks & recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	270,233	-	159,643	99,094
REVENUES OVER (UNDER) EXPENDITURES	586,443	1,615	(141,851)	292,521
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	100,000	-
Transfers out	(272,155)	-	-	-
Total other financing sources (uses)	(272,155)	-	100,000	-
Net change in fund balances	314,288	1,615	(41,851)	292,521
FUND BALANCES:				
Beginning of year	-	35,968	15,150	42,217
Restatement	1,182,244	-	-	-
Beginning of year, as restated	1,182,244	35,968	15,150	42,217
End of year	$ 1,496,532	$ 37,583	$ (26,701)	$ 334,738

Special Revenue Funds					
Construction Traffic Impact Fee	Police Grants	Storm Drain	Stairs Fund	Disaster Assistance	Measure A (Parks)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
12,789	16,079	5,282	7,251	5,046	9,126
-	186,630	-	-	-	79,955
191,645	-	71,406	-	-	-
204,434	202,709	76,688	7,251	5,046	89,081
-	-	-	-	-	-
-	-	33,388	-	1,838	-
-	-	-	-	-	-
-	334,788	6,413	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	334,788	39,801	-	1,838	-
204,434	(132,079)	36,887	7,251	3,208	89,081
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
204,434	(132,079)	36,887	7,251	3,208	89,081
178,663	342,910	117,089	161,478	113,626	188,201
-	-	-	-	-	-
178,663	342,910	117,089	161,478	113,626	188,201
$ 383,097	$ 210,831	$ 153,976	$ 168,729	$ 116,834	$ 277,282

City of Sausalito
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2024

	Special Revenue Fund			Debt Service Funds
	Measure AA (Roads)	Sea Level Rise Grant	Age Friendly Sausalito Grant	2006 GO Bonds
REVENUES:				
Property tax	$ -	$ -	$ -	$ 513,594
Fines and forfeitures	-	-	-	-
Use of money and property	759	44,955	227	20,568
Intergovernmental	438,333	83,105	8,000	-
Charges for services	-	-	-	-
Total revenues	439,092	128,060	8,227	534,162
EXPENDITURES:				
Current:				
General government	-	83,104	-	-
Public works	-	-	-	-
Parks & recreation	-	-	3,709	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	645,000
Interest and other charges	-	-	-	91,398
Total expenditures	-	83,104	3,709	736,398
REVENUES OVER (UNDER) EXPENDITURES	439,092	44,956	4,518	(202,236)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	439,092	44,956	4,518	(202,236)
FUND BALANCES:				
Beginning of year	(238,395)	7,409	-	844,621
Restatement	-	-	-	-
Beginning of year, as restated	(238,395)	7,409	-	844,621
End of year	$ 200,697	$ 52,365	$ 4,518	$ 642,385

Debt Service Funds	Capital Project Fund		
Tideland Loan	General Capital Improvements	Library Capital Improvement	Total Nonmajor Governmental Funds
$ -	$ -	$ -	513,594
-	-	-	17,575
-	-	4,918	993,330
-	-	-	1,179,816
-	-	-	263,051
-	-	4,918	2,967,366
-	-	-	353,337
-	-	-	293,963
-	-	-	3,709
-	-	-	341,201
63,230	-	-	708,230
8,925	-	-	100,323
72,155	-	-	1,800,763
(72,155)	-	4,918	1,166,603
72,155	-	-	172,155
-	-	-	(272,155)
72,155	-	-	(100,000)
-	-	4,918	1,066,603
-	1,609,009	109,508	3,527,454
-	(1,609,009)	-	(426,765)
-	-	109,508	3,100,689
$ -	$ -	$ 114,426	$ 4,167,292

City of Sausalito
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Tidelands
For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 798,754	$ 798,104	$ 856,676	$ 58,572
Intergovernmental	-	-	649,603	649,603
Other revenues	-	-	594,310	594,310
Total revenues	798,754	798,104	856,676	58,572
EXPENDITURES:				
Current:				
General government	131,500	92,907	270,233	(177,326)
Capital outlay	-	50,000	-	50,000
Total expenditures	131,500	142,907	270,233	(127,326)
REVENUES OVER (UNDER) EXPENDITURES	667,254	655,197	586,443	(68,754)
OTHER FINANCING SOURCES (USES):				
Transfers out	(272,156)	(272,156)	(272,155)	1
Total other financing sources (uses)	(272,156)	(272,156)	(272,155)	1
Net change in fund balances	$ 395,098	$ 383,041	314,288	$ (68,753)
FUND BALANCES:				
Beginning of year			-	
Restatement			1,182,244	
Beginning of year, as restated			1,182,244	
End of year			$ 1,496,532	

City of Sausalito
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Seized Assets
For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 1,400	$ 1,400	$ 1,615	$ 215
Total revenues	1,400	1,400	1,615	215
Net change in fund balances	$ 1,400	$ 1,400	1,615	$ 215
FUND BALANCES:				
Beginning of year			35,968	
End of year			$ 37,583	

City of Sausalito

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

Traffic Safety

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Fines and forfeitures	$ -	$ -	$ 17,575	$ 17,575
Use of money and property	500	500	217	(283)
Total revenues	500	500	17,792	17,292
EXPENDITURES:				
Current:				
Public works	50,000	100,000	159,643	(59,643)
Total expenditures	50,000	100,000	159,643	(59,643)
REVENUES OVER (UNDER) EXPENDITURES	(49,500)	(99,500)	(141,851)	(42,351)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	100,000	100,000	-
Total other financing sources (uses)	-	100,000	100,000	-
Net change in fund balances	$ (49,500)	$ 500	(41,851)	$ (42,351)
FUND BALANCES:				
Beginning of year			15,150	
End of year			$ (26,701)	

City of Sausalito
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Gas Tax
For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 7,822	$ 7,822
Intergovernmental	166,000	341,860	383,793	41,933
Total revenues	166,000	341,860	391,615	49,755
EXPENDITURES:				
Current:				
Public works	45,000	45,000	99,094	(54,094)
Total expenditures	45,000	45,000	99,094	(54,094)
REVENUES OVER (UNDER) EXPENDITURES	121,000	296,860	292,521	(4,339)
OTHER FINANCING SOURCES (USES):				
Transfers out	(50,000)	(50,000)	-	50,000
Total other financing sources (uses)	(50,000)	(50,000)	-	50,000
Net change in fund balances	$ 71,000	$ 246,860	292,521	$ 45,661
FUND BALANCES:				
Beginning of year			42,217	
End of year			$ 334,738	

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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 8,000	$ 11,000	$ 12,789	$ 1,789
Charges for services	163,000	163,000	191,645	28,645
Total revenues	171,000	174,000	204,434	30,434
OTHER FINANCING SOURCES (USES):				
Transfers out	(160,000)	(160,000)	-	160,000
Total other financing sources (uses)	(160,000)	(160,000)	-	160,000
Net change in fund balances	$ 11,000	$ 14,000	204,434	$ 190,434
FUND BALANCES:				
Beginning of year			178,663	
End of year			$ 383,097	

City of Sausalito

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

Police Grants

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 14,000	$ 14,000	$ 16,079	$ 2,079
Intergovernmental	168,892	190,000	186,630	(3,370)
Total revenues	182,892	204,000	202,709	(1,291)
EXPENDITURES:				
Current:				
Capital outlay	447,000	383,450	334,788	48,662
Total expenditures	447,000	383,450	334,788	48,662
REVENUES OVER (UNDER) EXPENDITURES	(264,108)	(179,450)	(132,079)	47,371
Net change in fund balances	$ (264,108)	$ (179,450)	(132,079)	$ 47,371
FUND BALANCES:				
Beginning of year			342,910	
End of year			$ 210,831	

City of Sausalito

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

Storm Drain

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 3,500	$ 5,000	$ 5,282	$ 282
Charges for services	71,300	71,300	71,406	106
Total revenues	74,800	76,300	76,688	388
EXPENDITURES:				
Current:				
Public works	33,646	33,646	33,388	258
Capital outlay	-	3,000	6,413	(3,413)
Total expenditures	33,646	36,646	39,801	(3,155)
REVENUES OVER (UNDER) EXPENDITURES	41,154	39,654	36,887	(2,767)
Net change in fund balances	$ 41,154	$ 39,654	36,887	$ (2,767)
FUND BALANCES:				
Beginning of year			117,089	
End of year			$ 153,976	

City of Sausalito

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

Stairs Fund

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 6,400	$ 6,400	$ 7,251	$ 851
Total revenues	6,400	6,400	7,251	851
OTHER FINANCING SOURCES (USES):				
Transfers out	(110,000)	(110,000)	-	110,000
Total other financing sources (uses)	(110,000)	(110,000)	-	110,000
Net change in fund balances	$ (103,600)	$ (103,600)	7,251	$ 110,851
FUND BALANCES:				
Beginning of year			161,478	
End of year			$ 168,729	

City of Sausalito

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

Disaster Assistance

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ 5,000	$ 5,046	$ 46
Total revenues	-	5,000	5,046	46
EXPENDITURES:				
Current:				
Public works	-	2,000	1,838	162
Total expenditures	-	2,000	1,838	162
REVENUES OVER (UNDER) EXPENDITURES	-	3,000	3,208	208
Net change in fund balances	$ -	$ 3,000	3,208	$ 208
FUND BALANCES:				
Beginning of year			113,626	
End of year			$ 116,834	

City of Sausalito

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

Measure A (Parks)

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ 6,000	$ 9,126	$ 3,126
Intergovernmental	67,253	67,253	79,955	12,702
Total revenues	67,253	73,253	89,081	15,828
Net change in fund balances	$ 67,253	$ 73,253	89,081	$ 15,828
FUND BALANCES:				
Beginning of year			188,201	
End of year			$ 277,282	

City of Sausalito

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

Measure AA (Roads)

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ 300	$ 759	$ 459
Intergovernmental	188,834	249,499	438,333	188,834
Total revenues	188,834	249,799	439,092	189,293
OTHER FINANCING SOURCES (USES):				
Transfers out	(140,000)	(140,000)	-	140,000
Total other financing sources (uses)	(140,000)	(140,000)	-	140,000
Net change in fund balances	$ 48,834	$ 109,799	439,092	$ 329,293
FUND BALANCES:				
Beginning of year			(238,395)	
End of year			$ 200,697	

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, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES:				
Use of money and property	$ 30,000	$ 48,050	$ 44,955	$ (3,095)
Intergovernmental	-	200,000	83,105	(116,895)
Total revenues	30,000	248,050	128,060	(119,990)
EXPENDITURES:				
Current:				
General government	600,000	200,000	83,104	116,896
Total expenditures	600,000	200,000	83,104	116,896
REVENUES OVER (UNDER) EXPENDITURES	(570,000)	48,050	44,956	(3,094)
Net change in fund balances	$ (570,000)	$ 48,050	44,956	$ (3,094)
FUND BALANCES:				
Beginning of year			7,409	
End of year			$ 52,365	

City of Sausalito
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Age Friendly Sausalito Grant
For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 227	$ 227
Intergovernmental	-	-	8,000	8,000
Total revenues	-	-	8,227	8,227
EXPENDITURES:				
Current:				
Parks & recreation	-	-	3,709	(3,709)
Total expenditures	-	-	3,709	(3,709)
REVENUES OVER (UNDER) EXPENDITURES	-	-	4,518	4,518
Net change in fund balances	$ -	$ -	4,518	$ 4,518
FUND BALANCES:				
Beginning of year			-	
End of year			$ 4,518	

City of Sausalito
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
2006 GO Bonds
For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Property tax	$ 728,265	$ 728,265	$ 513,594	$ (214,671)
Use of money and property	500	15,000	20,568	5,568
Total revenues	728,765	743,265	534,162	(209,103)
EXPENDITURES:				
Current:				
Debt service:				
Principal	645,000	645,000	645,000	-
Interest and other charges	89,493	89,668	91,398	(1,730)
Total expenditures	734,493	734,668	736,398	(1,730)
REVENUES OVER (UNDER) EXPENDITURES	(5,728)	8,597	(202,236)	(210,833)
Net change in fund balances	$ (5,728)	$ 8,597	(202,236)	$ (210,833)
FUND BALANCES:				
Beginning of year			844,621	
End of year			$ 642,385	

City of Sausalito

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

Tideland Loan

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES:				
Current:				
Debt service:				
Principal	$ 63,230	$ 63,230	$ 63,230	$ -
Interest and other charges	8,926	8,926	8,925	1
Total expenditures	72,156	72,156	72,155	1
OTHER FINANCING SOURCES (USES):				
Transfers in	72,156	72,156	72,155	(1)
Total other financing sources (uses)	72,156	72,156	72,155	(1)
Net change in fund balances	$ -	$ -	-	$ -
FUND BALANCES:				
Beginning of year			-	
End of year			$ -	

City of Sausalito

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

Library Capital Improvement

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 4,000	$ 4,000	$ 4,918	$ 918
Total revenues	4,000	4,000	4,918	918
Net change in fund balances	$ 4,000	$ 4,000	4,918	$ 918
FUND BALANCES:				
Beginning of year			109,508	
End of year			$ 114,426	

City of Sausalito
Combining Balance Sheet
General Fund Activities
June 30, 2024

	General	Measure L Sales Tax	Pension Trust	Total General Funds
ASSETS				
Cash and investments	$ 12,403,713	$ 3,070,507	$ -	$ 15,474,220
Restricted cash and investments	-	-	3,809,206	3,809,206
Due from other government	1,005,482	569,423	-	1,574,905
Accounts receivable	503,941	-	-	503,941
Leases receivable	2,955,213	-	-	2,955,213
Loans receivable	146	-	-	146
Due from other funds	216,929	-	-	216,929
Prepaids	10,342	-	-	10,342
Advances to other funds	528,328	-	-	528,328
Total assets	$ 17,624,094	$ 3,639,930	$ 3,809,206	$ 25,073,230
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 614,937	$ -	$ -	$ 614,937
Accrued salaries and benefits	125,421	-	-	125,421
Refundable deposits	325,605	-	-	325,605
Total liabilities	1,065,963	-	-	1,065,963
Deferred Inflows of Resources				
Related to leases	2,722,513	-	-	2,722,513
Total deferred inflows of resources	2,722,513	-	-	2,722,513
Fund Balances:				
Nonspendable	538,816	-	-	538,816
Restricted	-	-	3,809,206	3,809,206
Unassigned	13,296,802	3,639,930	-	16,936,732
Total fund balances	13,835,618	3,639,930	3,809,206	21,284,754
Total liabilities, deferred inflows of resources and fund balances	$ 17,624,094	$ 3,639,930	$ 3,809,206	$ 25,073,230

City of Sausalito
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund Activities
For the year ended June 30, 2024

	General	Measure L Sales Tax	Pension Trust	Total
REVENUES:				
Property tax	$ 7,274,539	$ -	$ -	$ 7,274,539
Sales tax	2,602,722	2,874,625	-	5,477,347
Other tax	3,109,485	-	-	3,109,485
Licenses and permits	2,142,427	-	-	2,142,427
Fines and forfeitures	468,519	-	-	468,519
Use of money and property	748,640	73,949	253,129	1,075,718
Intergovernmental	504,269	-	-	504,269
Charges for services	1,783,386	-	-	1,783,386
Other revenues	215,188	-	-	215,188
Total revenues	18,849,175	2,948,574	253,129	22,050,878
EXPENDITURES:				
Current:				
General government	5,233,173	-	20,781	5,253,954
Library	876,987	-	-	876,987
Police	6,066,747	-	-	6,066,747
Community development	2,334,892	-	-	2,334,892
Public works	2,077,702	-	-	2,077,702
Parks & recreation	1,896,639	-	-	1,896,639
Capital outlay	309,415	-	-	309,415
Debt service:				
Principal	58,000	-	-	58,000
Total expenditures	18,853,555	-	20,781	18,874,336
REVENUES OVER (UNDER) EXPENDITURES	(4,380)	2,948,574	232,348	3,176,542
OTHER FINANCING SOURCES (USES):				
Transfers in	2,750,000	-	-	2,750,000
Transfers out	(100,000)	-	-	(100,000)
Total other financing sources (uses)	2,650,000	-	-	2,650,000
Net change in fund balances	2,645,620	2,948,574	232,348	5,826,542
FUND BALANCES:				
Beginning of year	11,189,998	691,356	3,576,858	15,458,212
End of year	$ 13,835,618	$ 3,639,930	$ 3,809,206	$ 21,284,754

City of Sausalito
Combining Statement of Net Position
Internal Service Funds
June 30, 2024

	Workers' Compensation	General Liability	Totals
ASSETS			
Current Assets:			
Cash and investments	$ 791,233	$ -	$ 791,233
Total current assets	791,233	-	791,233
LIABILITIES			
Current liabilities:			
Accounts payable	7,359	74,549	81,908
Due to other funds	-	211,439	211,439
Claims Payable - due within one year	172,023	137,924	309,947
Total current liabilities	179,382	423,912	603,294
Noncurrent liabilities:			
Claims payable	409,991	344,256	754,247
Total noncurrent liabilities	409,991	344,256	754,247
Total liabilities	589,373	768,168	1,357,541
NET POSITION			
Unrestricted	201,860	(768,168)	(566,308)
Total net position	$ 201,860	$ (768,168)	$ (566,308)

City of Sausalito

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the year ended June 30, 2024

	Workers' Compensation	General Liability	Totals
OPERATING REVENUES:			
Charges for services	$ 271,058	$ 927,000	$ 1,198,058
Other revenue	63,022	73,200	136,222
Total operating revenues	334,080	1,000,200	1,334,280
OPERATING EXPENSES:			
Other expenses	444,337	1,410,945	1,855,282
Total operating expenses	444,337	1,410,945	1,855,282
Operating income (loss)	(110,257)	(410,745)	(521,002)
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	31,866	961	32,827
Total nonoperating revenues (expenses)	31,866	961	32,827
Change in net position	(78,391)	(409,784)	(488,175)
NET POSITION:			
Beginning of year	280,251	(358,384)	(78,133)
End of year	$ 201,860	$ (768,168)	$ (566,308)

City of Sausalito
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2024

	Workers' Compensation	General Liability	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from (refunds to) interdepartmental charges	$ 271,058	$ 927,000	$ 1,198,058
Payments to suppliers	(449,177)	(1,379,665)	(1,828,842)
Other receipts (payments)	161,186	121,414	282,600
Net cash provided by (used in) operating activities	(16,933)	(331,251)	(348,184)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund receipts	-	211,439	211,439
Net cash provided by (used in) noncapital financing activities	-	211,439	211,439
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest receipts	31,866	961	32,827
Net cash provided by (used in) investing activities	31,866	961	32,827
Net cash flows	14,933	(118,851)	(103,918)
CASH AND INVESTMENTS - Beginning of year	776,300	118,851	895,151
CASH AND INVESTMENTS - End of year	$ 791,233	$ -	$ 791,233
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	$ (110,257)	$ (410,745)	$ (521,002)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Accounts payable and accruals	(4,840)	31,280	26,440
Claims payable	98,164	48,214	146,378
Net cash provided by (used in) operating activities	$ (16,933)	$ (331,251)	$ (348,184)