City of Sausalito

Sausalito, California

Basic Financial Statements

For the year ended June 30, 2025

Prepared by:

Financial Department

City of Sausalito
Basic Financial Statements
For the year ended June 30, 2025

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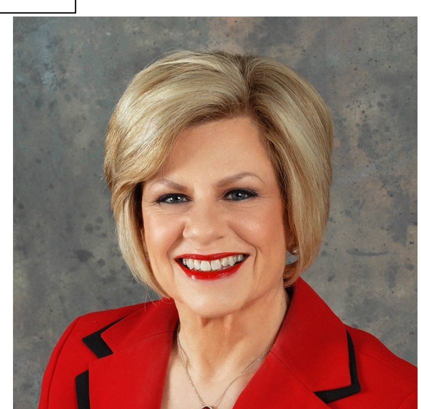
COUNCIL MEMBER
JILL HOFFMAN

VICE-MAYOR
MELISSA BLAUSTEIN

MAYOR
STEVEN WOODSIDE

COUNCIL MEMBER
DR. IAN SOBIESKI



COUNCIL MEMBER
JOAN COX

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sausalito, California (City) as of and for the year ended June 30, 2025, 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, 2025, 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 5-21 and 90-98, 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 budgetary comparison schedule for general capital improvements, the combining nonmajor fund statements, the budgetary comparison schedules for nonmajor governmental funds, the combining general fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule for general capital improvements, 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 February 24, 2026, 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
Emeryville, California
February 24, 2026

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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 30,2025.

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 $42,534,949 (*total net position*).

    - The City's government-wide assets and deferred outflows exceed its liabilities and deferred inflows on June 30, 2025, by $42,534,949 (net position), which is an increase of 6.7% or $2,683,562 from the prior year, primarily due the city's continuous efforts to reduce expenses through creative staffing methods including a 36 hour work week, starting an internship program, promote growth in business license tax due to better compliance enforcement, continuous strong investment returns due to current market conditions.

    - Citywide revenues were $37,347,607, of which $28,696,751 were generated by governmental activities that increased by $2,428,740 as a result strong tax revenues and increase in investment income, and $8,650,856 were generated by business-type activities, which increased by $347,029 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 $34,093,759, of which $28,095,001 were incurred by governmental activities that increased by $2,517,148, and $5,998,758 were incurred by business-type activities, which increased by $655,442. The primary reasons for the increase in expenses is from many of deferred maintenances and projects

    - Program Revenues (Charges for Services, Operating and Capital grants, and contributions) totaled $14,720,466, an increase of $2,786,865 or 23% over the prior fiscal year. General Revenues (Taxes, Investment Income, Other Revenues, and Transfers) totaled $22,627,141, a decrease of $11,096 or 0.05% over the prior fiscal year. Total expenses were $34,093,759, an increase of $3,172,590 or 10.26% from the prior fiscal year primarily due deferred repair maintenance cost increased, business improvement district project, housing element project and overall budgeted expenditures were increased cross the all the departments. At the end of the fiscal year the city had an overall increase in net position of 3,253,848.

    - $43,688,916 represents the City's net investment (after depreciation) in capital assets. This investment in capital assets represents a net increase of $3,612,342 over the prior fiscal year, primarily due to increase in capital assets of by $2,211,803 and paydown $1,458,539 of long term debts compared to the prior fiscal year.

    - The City has $9,323,642 in restricted net position which increased by $1,487,234. 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 $76,141. In addition, the pension trust restricted resources increased by $343,504.

- The City's net pension liability decreased by $533,389 to $36,631,903 due to the change in actuarial assumptions relating to the discount rate as well as the plans investment return meeting the expectations. See Note 9 of the Notes to Financial Statements for details.
- The City's net OPEB liability was $5,845,154, an decrease of $56,772. This is a result of the city fully funding the Actuarially Determined Contribution (ADC) in the current fiscal year.
- The City's unrestricted net position was negative $10,477,609, an increase in the negative balance by $2,416,014, primarily due to the Section 115 Pension Trust fund being reported as restricted fund. The negative unrestricted position was 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 $24,686,605, a increase of $3,401,851 over the prior fiscal year.

- Of the ending Fund Balance, $19,913,359, increase of $2,976,627, is unassigned and is available and may be used to meet the government's ongoing obligations to citizens and creditors. This represents 92.8% of expenditures available in the General Fund's liquid reserves. 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 $13,696,680 (*total Proprietary Funds net position*), a increase of $13,829 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 $161,099, a decrease of $405,209 from a balance of $566,308 over the prior fiscal year primarily inadequate funding of the general liability fund in relation to the actuarially determined outstanding claims and switching of insurance provider during the fiscal year. Management will evaluate the funding formula to ensure proper financial reserves are available to meet the future needs of our self-insurance reserves.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 26-27 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 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 sixteen 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 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 104-111 of this report.

The City of Sausalito adopts an annual appropriate budget for all 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 98, 101, and 112-128 of this report.

The basic governmental fund financial statements can be found on pages 32-35 of this report.

Proprietary funds

The City of Sausalito maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Sausalito uses enterprise funds to account for its Sewer, Old City Hall, MLK, old Bank of America Building, and Parking operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Sausalito's various functions. The City uses the workers' compensation fund to account for outstanding claim liability. The City uses the general liability fund to help finance other liabilities including outstanding claims against the City. Because all these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, 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 38-43 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-88 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 90-98 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 104-136 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 $42,534,949 at the close of the fiscal year ending June 30, 2025.

As of June 30, 2025, 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	
	2025	2024	2025	2024	2025	2024
Current and other Assets	$ 36,284,260	$ 32,923,449	$ 9,923,865	$ 12,352,285	$ 46,208,125	$ 45,275,734
Capital Assets	52,011,505	50,328,660	19,140,341	18,611,383	71,151,846	68,940,043
Total Assets	**88,295,765**	**83,252,109**	**29,064,206**	**30,963,668**	**117,359,971**	**114,215,777**
Deferred outflows related to pension & OPEB	**10,025,885**	**13,730,040**	**507,274**	**668,501**	**10,533,159**	**14,398,541**
Long-term liabilities outstanding	59,818,113	59,987,950	10,649,360	12,037,787	70,467,473	72,025,737
Other liabilities	4,788,576	4,821,288	1,874,703	1,536,039	6,663,279	6,357,327
Total liabilities	**64,606,689**	**64,809,238**	**12,524,063**	**13,573,826**	**77,130,752**	**78,383,064**
Deferred inflows related to leases, pension & OPEB	**4,876,692**	**6,004,375**	**3,350,737**	**4,375,492**	**8,227,429**	**10,379,867**
Net Position: Net Investment in Capital Assets	33,928,575	32,243,810	9,760,341	7,832,764	43,688,916	40,076,574
Restricted	4,051,204	7,836,408	5,272,438	-	9,323,642	7,836,408
Unrestricted	(9,141,510)	(13,911,682)	(1,336,099)	5,850,087	(10,477,609)	(8,061,595)
Total Net Position	**$ 28,838,269**	**$ 26,168,536**	**$ 13,696,680**	**$ 13,682,851**	**$ 42,534,949**	**$ 39,851,387**

The large portion of the net position reflects the City's $43.7 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 $3.6 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, 2025, the restricted net position was $9.3 million or 21.9% 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 $36,631,903 on the fiscal year 24-25 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 decreased by $533,389 from $37,165,292 recorded last year primarily due to investment earnings exceeded expectations. See Note 9 of the Notes to Financial Statements for details. This is a 1.4% decrease from the prior year which resulted in an unrestricted net position of negative $10,477,609. 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 by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The $4,051,204 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 negative $9,141,510 compared to the prior year balance of negative $13,911,682 is primarily due to the accounting of GASB 68 and 75 pronouncements as discussed in Notes 8-9 of this document and the section 115 Pension Trust As restricted.

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 $9,760,341. There is negative $1,336,099 in unrestricted net position reported in connection with the City of Sausalito’s business-type activities. There is $5,272,438 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.

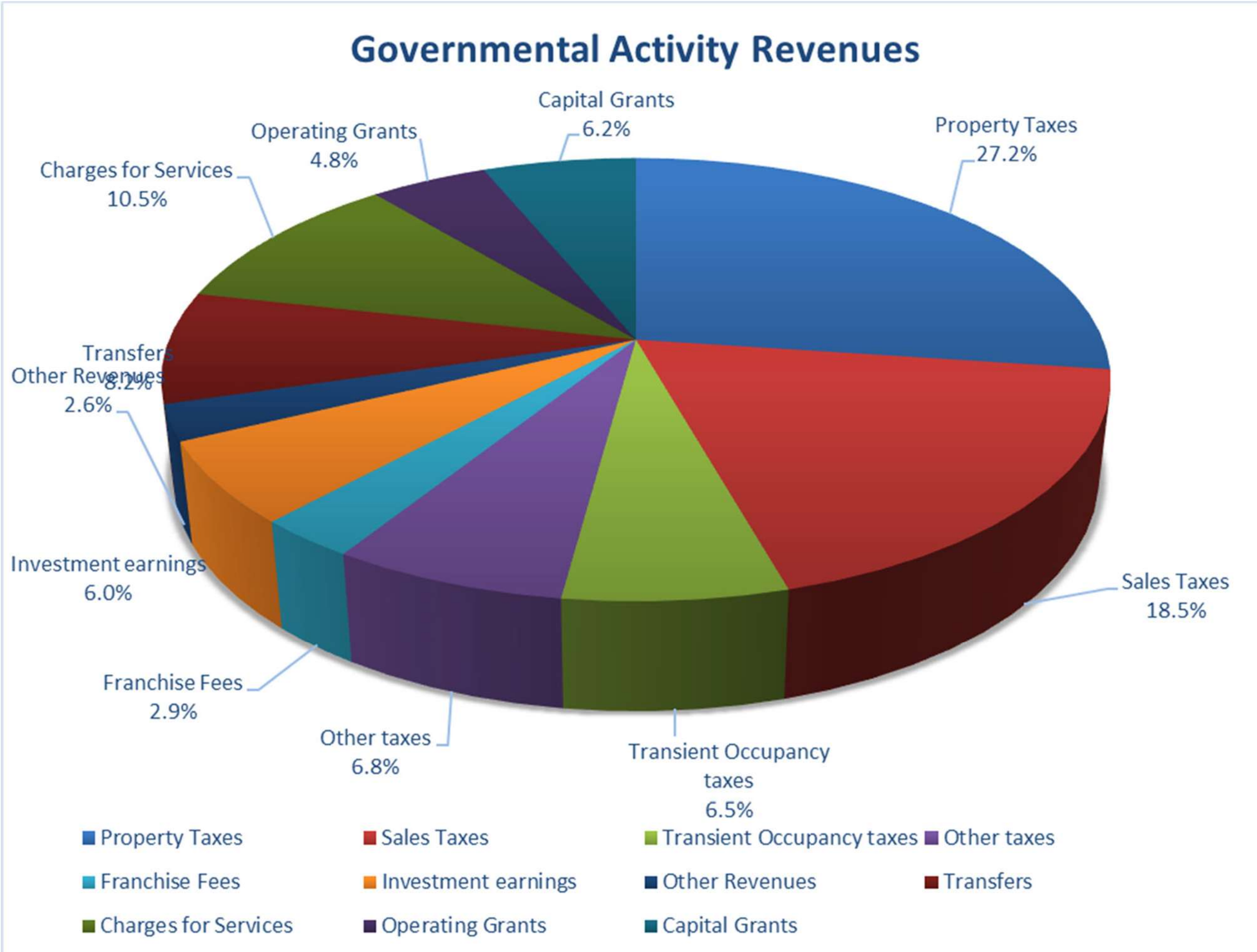
City of Sausalito's Changes in Net Position						
	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 3,271,995	$ 2,532,530	$ 8,017,851	$ 7,633,482	$11,289,846	$10,166,012
Operating grants and contributions	1,488,286	1,019,516	-	-	1,488,286	1,019,516
Capital grants and contributions	1,942,334	748,073	-	-	1,942,334	748,073
General revenues:						
Taxes	19,318,174	18,517,394	-	-	19,318,174	18,517,394
Investment earnings	1,860,494	1,817,340	633,005	670,329	2,493,499	2,487,669
Other revenues	815,468	1,633,158	-	16	815,468	1,633,174
Total revenues	**28,696,751**	**26,268,011**	**8,650,856**	**8,303,827**	**37,347,607**	**34,571,838**
Expenses:						
General government	8,202,552	6,045,990	-	-	8,202,552	6,045,990
Library	1,164,327	906,522	-	-	1,164,327	906,522
Public safety - Police Services	6,542,004	7,844,264	-	-	6,542,004	7,844,264
Community development	2,872,815	2,366,373	-	-	2,872,815	2,366,373
Public works	6,364,082	5,640,353	-	-	6,364,082	5,640,353
Parks & Recreation	2,123,406	1,943,771	-	-	2,123,406	1,943,771
debt	825,815	830,580	-	-	825,815	830,580
MLK	-	-	1,341,249	772,421	1,341,249	772,421
Sewer	-	-	3,105,761	3,373,954	3,105,761	3,373,954
Parking	-	-	1,384,704	938,646	1,384,704	938,646
Bank of America Building	-	-	84,117	84,017	84,117	84,017
Old City Hall	-	-	82,927	174,278	82,927	174,278
Total expenses	**28,095,001**	**25,577,853**	**5,998,758**	**5,343,316**	**34,093,759**	**30,921,169**
Transfers	2,550,000	2,550,000	(2,550,000)	(2,550,000)	-	-
Change in net Position	**3,151,750**	**3,240,158**	**102,098**	**410,511**	**3,253,848**	**3,650,669**
Net Position - Beginning as restated*	25,686,519	22,928,378	13,594,582	13,272,340	39,281,101	36,200,718
Net Position - Ending	**$28,838,269**	**$26,168,536**	**$13,696,680**	**$13,682,851**	**$42,534,949**	**$39,851,387**

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

Governmental Activities

The Governmental activities for the City resulted in net position increasing by $3,151,750, primarily due to creative staffing methods to control payroll costs, strong property taxes revenue, 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 $2,428,740, excluding transfers, over the prior fiscal year.

Key observations of Government Activity Revenues are as follows:

- Property taxes increased by $695,517 or 8.9% 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 27.2% 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 $301,340 or 5.5%. Sales tax represents 18.5% of the City's Governmental activities revenues and transfers;

- Transient Occupancy taxes decreased by $155,873 or 7.2% from the prior fiscal year primarily due to the regional softening of the economy and leisure travel. The city has increased its regional marketing efforts to attract more regional tourists. Transient Occupancy Taxes are about 6.5% of total resources available for Governmental Activities;

- Franchise Tax, Business license tax, and other miscellaneous taxes decreased by $40,204 or 1.3% over the prior year, in the previous fiscal year, the city made a considerable effort to enforce compliance with business licenses. The city has engaged with a third-party vendor to assist the city with its compliance efforts and will continue to do so in the coming years;

- Investment earnings increased from the prior fiscal year by $43,154 or 2.4% 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 remained the same from the prior year, transfers from the MLK fund, parking fund and Sewer Fund, and old city hall fund;

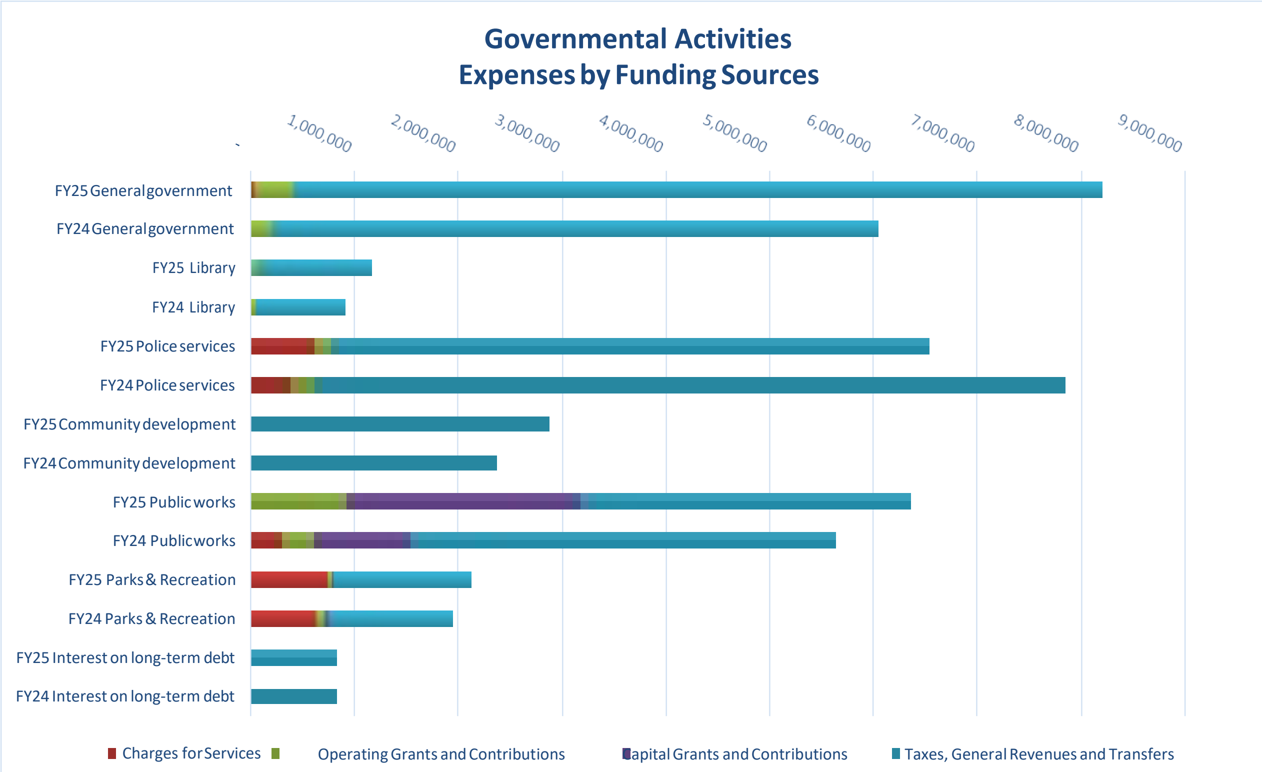
- Other government activity revenues decreased by $817,690 or 50.1% primarily due to a decrease in grant reimbursable costs;

- Capital Grants and Contributions increased by $1,194,261 back to a normal activity level, and can fluctuate from time to time based on available grants. This year's revenues include reimbursement for initial Ferryland side improvements costs;

- Operating grants contributed from Special Revenue Fund increased by $468,770 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 expenses from the 2019 landslide. These revenues were considered one-time revenues;

- Charges for Services increased by $739,465 or 29.2%, 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:

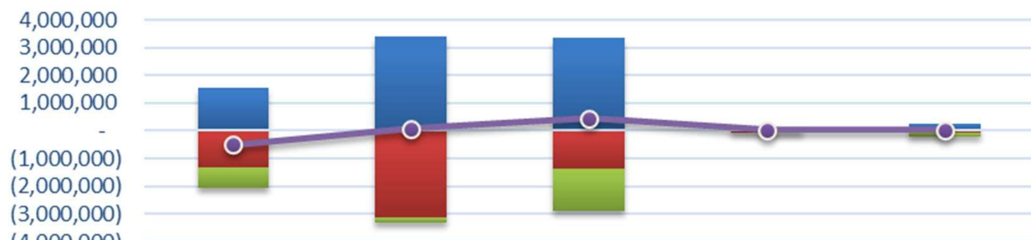
- Total Government Activity Expenses were increased by $2,517,148 over the prior fiscal year.
  - Parks and Recreation expenses increased by $179,635 or 9.2% due to the increase in recreation activities during the fiscal year;
  - Public Works' expenses increased by $723,729 or 12.8% primarily due to the spending in the Capital Improvement Projects fund as some projects were carried over from prior year;
  - Police Department expenses decreased by $1,302,260 or 16.6% primarily due reduction in salaries & wages and benefit expenditures from the vacant positions;
  - Community Development's expenses increased by $506,442 or 21.4% primarily due recognition of pension expense and increase in salaries & wages;
  - Department expenditures for General Government (City Council, City Manager, Finance and Administration, Human Resources, and Information Technology) increased by $2,156,562 or 35.7% due to increased UAL payments in the current fiscal year, 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;
  - Library expenses increased by $257,805 or 28.4%, primarily due the current year changes in UAL payment to the CalPERS system;

- Interest on long-term debt decreased by $4,765 or 0.6% 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 $102,098. The following chart depicts the operating results of the City's business-type activities:

2025 Enterprise Funds' Changes in Net Position



	MLK	Sewer	Parking	Bank of America Building	Old City Hall
Net Transfers	(700,000)	(225,000)	(1,500,000)	-	(125,000)
Expenses	(1,341,249)	(3,105,761)	(1,384,704)	(84,117)	(82,927)
Revenues	1,544,494	3,403,714	3,336,958	114,656	251,034
Change in Net Position	(496,755)	72,953	452,254	30,539	43,107

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

- MLK Fund decreased net position by $496,755 during the fiscal year compared to the $94,649 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 $568,828 from the prior year, resulting in net operating income (NOI) of $203,245, compared to the prior year's NOI of $794,649

- Sewer Fund increased net position by $72,953 during the year, compared to the $351,797 decrease in net position the previous fiscal year. The primary change over the prior fiscal year is payoff of one of the sewer bond loan.

- Parking Fund increase net position by $452,254 during the year, compared to the $761,704 from the prior fiscal year. The parking fund had increase in revenues by $136,608 and increase in expense by $446,058 which was primary due to the unbudgeted UAL expenses and increased in salaries & wages. Full staffing in the parking fund also is contributing to the increase in revenues.

- The Old City Hall Fund increased net position by $43,107 as compared to the prior year's decrease of $118,703. This is a result of current year's repairs on the building. The city is in has completed 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.

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	**2025**	**2024**	**Variance**
Revenues	$ 28,613,315	$ 26,328,125	8.7%
Expenditures	27,749,284	23,359,325	18.8%
Other Financing Sources (Uses)	2,566,044	2,550,000	0.6%
Net Change in Fund Balances	**3,430,075**	**5,518,800**	**-37.8%**
Fund balances at beginning of year **As Restated**	25,686,710	20,167,910	27.4%
Fund balances at end of year	**29,116,785**	**25,686,710**	**13.4%**
Non-spendable	620,536	538,816	15.2%
Restricted	8,333,482	7,888,773	5.6%
Committed	281,218	349,090	-19.4%
Unassigned	19,881,549	16,910,031	17.6%
Total fund balances	**29,116,785**	**25,686,710**	**13.4%**
Major Governmental Funds:			
General Fund	24,686,605	21,284,754	16.0%
General Capital Improvements	169,001	234,664	-28.0%
Other Governmental Funds	4,261,179	4,167,292	2.3%
Total fund balances	**$ 29,116,785**	**$ 25,686,710**	**13.4%**

As of the end of the current fiscal year, the City of Sausalito's governmental funds reported combined ending fund balances of $29,116,785 an increase of $3,430,075 in comparison with the prior year. The increase is primary due to the increase in unassigned fund balance of $2,971,518. The governmental funds expenditures were $27,749,284, a increase of $4,389,959 from the prior year expenses.

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

- Restricted is $8,333,482 or 28.6% 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 $4,152,710 of this restricted balance.
- Committed balance is $281,218 or 1.0% of the total balance, which can only be spent for specific purposes as determined by formal action of the City Council.
- Unassigned is $19,881,549 or 68.3% 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.

A detailed listing of fund balance designations can be found on page 74 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, 2025, the total General Fund balance was $24,686,605, which includes an unassigned portion of $19,913,359. The General Fund balance increased $3,401,851 for the fiscal year ended June 30, 2025.

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

General Fund Revenues, Expenditures and Fund Balance	2025	2024	Variance
Revenues			
Property Tax	$ 7,429,765	$ 7,274,539	2.1%
Sales Tax	5,778,689	5,477,347	5.5%
Other Tax	2,929,682	3,109,485	-5.8%
Licenses and Permits	2,133,876	2,142,427	-0.4%
Fines and Forfeitures	487,236	468,519	4.0%
Use of Money and Property	1,414,499	1,075,718	31.5%
Intergovernmental	419,933	504,269	-16.7%
Charges for Services	2,340,094	1,783,386	31.2%
Other Revenue	176,957	215,188	-17.8%
Total	**23,110,731**	**22,050,878**	**4.8%**
Expenditures			
General Government	6,713,135	5,253,954	27.8%
Library	975,331	876,987	11.2%
Public Safety: Police	6,189,741	6,066,747	2.0%
Community Development	2,466,447	2,334,892	5.6%
Public Works	2,725,866	2,077,702	31.2%
Parks & Recreation	1,956,397	1,896,639	3.2%
Capital Outlay	366,380	309,415	18.4%
Debt Services	58,000	58,000	0.0%
Total	**21,451,297**	**18,874,336**	**13.7%**
Net Transfers	1,742,417	2,650,000	-34.2%
Net Change in Fund Balances	**3,401,851**	**5,826,542**	**-41.6%**
Fund Balances at beginning of year	21,284,754	15,458,212	37.7%
Fund Balances at end of year	**24,686,605**	**21,284,754**	**16.0%**
Unspendable	620,536	538,816	15.2%
Restricted	4,152,710	3,809,206	9.0%
Assigned	0	0	0.0%
Unassigned	19,913,359	16,936,732	17.6%
Total Fund Balances	**$ 24,686,605**	**$ 21,284,754**	**16.0%**

General Fund Budgetary Highlights

The fiscal year 2024-25 revised budget for the City's General Fund anticipates a decrease of $1,863,216 in the General Fund balance. This projection understated the revenues by over $1.5 million, as the actual result of operations in an increase of $3,401,851. Expenses for the general fund came in over the budget by $8,967.

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 98 of this report.

The General Capital Improvement Project Fund

The General Capital Project Fund is to account for the improvements and city-wide construction not otherwise paid by the proprietary fund. The fund had a decrease in fund balance of $65,663 as the city completed planned projects. The fund balance of this fund at the end of fiscal year 2024-2025 is $169,001.

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 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, 2025, amounts to $71,151,846 (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 increase in the City of Sausalito's investment in capital assets for the current fiscal year is primarily a result of investing capital improvement in deferred maintenance and projects.

City of Sausalito's Capital Assets

(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Land and improvements	$ 15,014,662	$ 15,014,662	$ 3,796,001	$ 3,796,001	$ 18,810,663	$ 18,810,663
Construction in progress	3,226,026	2,116,692	-	657,970	3,226,026	2,774,662
Building and improvement	12,001,817	12,253,765	6,625,084	6,639,809	18,626,901	18,893,574
Vehicles and equipment	526,392	428,694	494,720	543,648	1,021,112	972,342
Machinery and equipment	146,272	97,728	-	-	146,272	97,728
Infrastructure	21,096,336	20,417,119	8,224,536	6,973,955	29,320,872	27,391,074
Total	**$ 52,011,505**	**$ 50,328,660**	**$ 19,140,341**	**$ 18,611,383**	**$ 71,151,846**	**$ 68,940,043**

Additional information about the City's capital assets can be found in Note 5 on pages 66-68 of this report.

Long-term debt

At the end of the current fiscal year, the City of Sausalito has total debt outstanding of $28,448,929. This is a decrease of $1,458,539 from the prior fiscal year.

City of Sausalito's Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Current Portion	917,048	839,075	840,000	864,121	1,757,048	1,703,196
Noncurrent Portion	18,151,881	18,289,774	8,540,000	9,914,498	26,691,881	28,204,272
Total	**19,068,929**	**19,128,849**	**9,380,000**	**10,778,619**	**28,448,929**	**29,907,468**

For more detailed information on the City's Long-term debt see Note 6 on pages 68-72 in this report.

Future Years Budgets

The City Council approved a budget for fiscal year 2024-25 that was initially imbalanced. However, by the end of the fiscal year, the city managed to create a surplus budget by carefully evaluating expenses, ensuring that resources were utilized effectively without compromising public services.

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Sausalito
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	$ 23,270,668	$ 2,766,890	$ 26,037,558
Restricted cash and investments	5,201,643	5,272,637	10,474,280
Receivables:			
Taxes receivable, net	586,447	16,934	603,381
Accounts receivable, net	1,773,759	27,371	1,801,130
Leases receivable	285,222	911,826	1,197,048
Loans receivable	1,150	1,699	2,849
Internal balances	1,705,455	(1,705,455)	-
Prepaids	20,131	-	20,131
Total current assets	32,844,475	7,291,902	40,136,377
Noncurrent assets:			
Leases receivable	3,439,785	2,631,963	6,071,748
Capital assets:			
Nondepreciable	18,240,688	3,796,001	22,036,689
Depreciable	79,606,758	29,794,103	109,400,861
Less accumulated depreciation	(45,835,941)	(14,449,763)	(60,285,704)
Total capital assets	52,011,505	19,140,341	71,151,846
Total noncurrent assets	55,451,290	21,772,304	77,223,594
Total assets	88,295,765	29,064,206	117,359,971
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	9,559,205	461,456	10,020,661
Deferred outflows related to OPEB	466,680	45,818	512,498
Total deferred outflows of resources	10,025,885	507,274	10,533,159
LIABILITIES			
Current liabilities:			
Accounts payable	1,056,107	639,555	1,695,662
Accrued interest payable	19,307	88,783	108,090
Accrued salaries and benefits	222,876	-	222,876
Refundable deposits	309,712	218,982	528,694
Unearned revenue	520,466	-	520,466
Compensated absences - current	1,202,640	87,383	1,290,023
Claims payable - current	540,420	-	540,420
Long-term debt - current portion	917,048	840,000	1,757,048
Total current liabilities	4,788,576	1,874,703	6,663,279
Noncurrent liabilities:			
Claims payable	1,298,535	-	1,298,535
Net pension liability	35,045,100	1,586,803	36,631,903
Net OPEB liability	5,322,597	522,557	5,845,154
Long-term debt	18,151,881	8,540,000	26,691,881
Total noncurrent liabilities	59,818,113	10,649,360	70,467,473
Total liabilities	64,606,689	12,524,063	77,130,752
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	3,376,918	3,256,924	6,633,842
Deferred inflows related to pension	1,119,193	56,449	1,175,642
Deferred inflows related to OPEB	380,581	37,364	417,945
Total deferred inflows of resources	4,876,692	3,350,737	8,227,429
NET POSITION			
Net investment in capital assets	33,928,575	9,760,341	43,688,916
Restricted for:			
Special revenue programs	2,175,378	-	2,175,378
Debt service	941,345	5,272,438	6,213,783
Capital projects	934,481	-	934,481
Total restricted	4,051,204	5,272,438	9,323,642
Unrestricted	(9,141,510)	(1,336,099)	(10,477,609)
Total net position	$ 28,838,269	$ 13,696,680	$ 42,534,949

See accompanying Notes to Basic Financial Statements.

City of Sausalito
Statement of Activities
For the year ended June 30, 2025

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	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 8,202,552	$ 34,925	$ 387,872	$ -	$ (7,779,755)	$ -	$ (7,779,755)
Library	1,164,327	-	62,074	-	(1,102,253)	-	(1,102,253)
Public safety:							
Police services	6,542,004	649,449	195,056	-	(5,697,499)	-	(5,697,499)
Community development	2,872,815	1,392,760	-	-	(1,480,055)	-	(1,480,055)
Public works	6,364,082	448,390	796,447	1,930,234	(3,189,011)	-	(3,189,011)
Parks & recreation	2,123,406	746,471	46,837	12,100	(1,317,998)	-	(1,317,998)
Interest on long-term debt	825,815	-	-	-	(825,815)	-	(825,815)
Total governmental activities	28,095,001	3,271,995	1,488,286	1,942,334	(21,392,386)	-	(21,392,386)
Business-type Activities:							
MLK	1,341,249	1,321,173	-	-	-	(20,076)	(20,076)
Sewer	3,105,761	3,225,410	-	-	-	119,649	119,649
Parking	1,384,704	3,223,969	-	-	-	1,839,265	1,839,265
Bank of America	84,117	102,152	-	-	-	18,035	18,035
Old City Hall	82,927	145,147	-	-	-	62,220	62,220
Total business-type activities	5,998,758	8,017,851	-	-	-	2,019,093	2,019,093
Total primary government	$ 34,093,759	$ 11,289,846	$ 1,488,286	$ 1,942,334	(21,392,386)	2,019,093	(19,373,293)
General Revenues:							
Taxes:							
Property taxes					8,483,651	-	8,483,651
Sales taxes					5,778,688	-	5,778,688
Transient occupancy taxes					2,018,576	-	2,018,576
Franchise fees					911,106	-	911,106
Other taxes					2,126,153	-	2,126,153
Total taxes					19,318,174	-	19,318,174
Investment earnings					1,860,494	633,005	2,493,499
Other revenues					815,468	-	815,468
Transfers					2,550,000	(2,550,000)	-
Total general revenues and transfers					24,544,136	(1,916,995)	22,627,141
Change in net position					3,151,750	102,098	3,253,848
Net position - beginning of year					26,168,536	13,682,851	39,851,387
Restatements - implementation of GASB 101					(482,017)	(88,269)	(570,286)
Net position - beginning of year, as restated					25,686,519	13,594,582	39,281,101
Net position - end of year					$ 28,838,269	$ 13,696,680	$ 42,534,949

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, 2025

	General Fund	Capital Projects Fund General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 17,676,322	$ 155,959	$ 3,717,197	$ 21,549,478
Restricted cash and investments	4,152,710	-	1,048,933	5,201,643
Receivables:				
Due from other government	546,933	-	39,514	586,447
Accounts receivable	1,354,774	216,200	202,785	1,773,759
Leases receivable	2,832,041	-	892,966	3,725,007
Loans receivable	1,150	-	-	1,150
Due from other funds	1,242,671	-	-	1,242,671
Prepaids	20,131	-	-	20,131
Advances to other funds	599,255	-	-	599,255
Total assets	28,425,987	372,159	5,901,395	34,699,541
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 663,286	$ 203,158	$ 146,329	$ 1,012,773
Accrued salaries and benefits	222,876	-	-	222,876
Refundable deposits	309,712	-	-	309,712
Due to other funds	-	-	136,471	136,471
Unearned revenue	-	-	520,466	520,466
Total liabilities	1,195,874	203,158	803,266	2,202,298
Deferred Inflows of Resources				
Unavailable revenue	-	-	3,540	3,540
Related to leases	2,543,508	-	833,410	3,376,918
Total deferred inflows of resources	2,543,508	-	836,950	3,380,458
Fund Balances:				
Nonspendable	620,536	-	-	620,536
Restricted	4,152,710	-	4,180,772	8,333,482
Committed	-	169,001	112,217	281,218
Unassigned	19,913,359	-	(31,810)	19,881,549
Total fund balances	24,686,605	169,001	4,261,179	29,116,785
Total liabilities, deferred inflows of resources and fund balances	$ 28,425,987	$ 372,159	$ 5,901,395	$ 34,699,541

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, 2025

Total Fund Balances - Total Governmental Funds	$ 29,116,785
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	18,240,688
Depreciable, net	33,770,817
Total capital assets	52,011,505
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.	(161,099)
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	9,559,205
Deferred outflows of resources related to OPEB	466,680
Deferred inflows of resources related to pension	(1,119,193)
Deferred inflows of resources related to OPEB	(380,581)
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	(1,202,640)
Interest payable	(19,307)
Long-term debt - due within one year	(917,048)
Long-term debt - due in more than one year	(18,151,881)
Net pension liability	(35,045,100)
Net OPEB liability	(5,322,597)
Total long-term liabilities	(60,658,573)
Net Position of Governmental Activities	$ 28,838,269

See accompanying Notes to Basic Financial Statements

City of Sausalito

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2025

	General Fund	Capital Projects Fund General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Property tax	$ 7,429,765	$ -	$ 1,053,886	$ 8,483,651
Sales tax	5,778,689	-	-	5,778,689
Other tax	2,929,682	-	-	2,929,682
Licenses and permits	2,133,876	-	-	2,133,876
Fines and forfeitures	487,236	-	10,901	498,137
Use of money and property	1,414,499	4,300	689,471	2,108,270
Intergovernmental	419,933	-	1,038,239	1,458,172
Charges for services	2,340,094	-	433,759	2,773,853
Other revenues	176,957	2,036,502	235,526	2,448,985
Total revenues	23,110,731	2,040,802	3,461,782	28,613,315
EXPENDITURES:				
Current:				
General government	6,713,135	-	675,196	7,388,331
Library	975,331	-	-	975,331
Police	6,189,741	-	-	6,189,741
Community development	2,466,447	-	-	2,466,447
Public works	2,725,866	590	310,695	3,037,151
Parks & recreation	1,956,397	-	6,860	1,963,257
Capital outlay	366,380	4,062,453	396,837	4,825,670
Debt service:				
Principal	58,000	-	781,075	839,075
Interest and other charges	-	-	64,281	64,281
Total expenditures	21,451,297	4,063,043	2,234,944	27,749,284
REVENUES OVER (UNDER) EXPENDITURES	1,659,434	(2,022,241)	1,226,838	864,031
OTHER FINANCING SOURCES (USES):				
Transfers in	2,750,000	1,956,578	172,156	4,878,734
Transfers out	(1,023,627)	-	(1,305,107)	(2,328,734)
Proceeds from sale of property	16,044	-	-	16,044
Total other financing sources (uses)	1,742,417	1,956,578	(1,132,951)	2,566,044
Net change in fund balances	3,401,851	(65,663)	93,887	3,430,075
FUND BALANCES:				
Beginning of year	21,284,754	234,664	4,167,292	25,686,710
End of year	$ 24,686,605	$ 169,001	$ 4,261,179	$ 29,116,785

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, 2025

Net Change in Fund Balances - Total Governmental Funds	$ 3,430,075
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.	3,976,721
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.	(2,293,876)
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.	(120,779)
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	839,075
Increase in long-term debt accreted balance	(779,155)
Change in interest payable	17,621
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.	3,992,169
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.	(6,230,204)
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.	(85,106)
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.	405,209
Change in Net Position of Governmental Activities	$ 3,151,750

See accompanying Notes to Basic Financial Statements

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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, 2025

	Business-Type Activities			
	MLK	Sewer	Parking	Bank of America Building
ASSETS				
Current Assets:				
Cash and investments	$ -	$ -	$ 2,561,910	$ -
Restricted cash and investments	199	5,272,438	-	-
Receivables:				
Taxes receivable	-	16,934	-	-
Accounts receivable	23,991	-	3,380	-
Leases receivable	687,394	-	-	68,633
Loans receivable	1,699	-	-	-
Total current assets	713,283	5,289,372	2,565,290	68,633
Noncurrent:				
Leases receivable	1,741,356	-	-	214,666
Capital assets:				
Nondepreciable capital assets	3,786,063	-	-	-
Depreciable capital assets	8,626,805	17,166,010	427,743	1,996,776
Accumulated depreciation	(3,957,708)	(8,676,400)	(427,743)	(199,678)
Net capital assets	8,455,160	8,489,610	-	1,797,098
Total noncurrent assets	10,196,516	8,489,610	-	2,011,764
Total assets	10,909,799	13,778,982	2,565,290	2,080,397
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	-	461,456	-	-
Deferred outflows related to OPEB	3,229	38,540	4,049	-
Total deferred outflows of resources	3,229	499,996	4,049	-
LIABILITIES				
Current liabilities:				
Accounts payable	140,273	436,297	38,601	708
Accrued interest payable	15,033	70,576	-	3,174
Refundable deposits	190,953	-	24,000	4,029
Due to other funds	113,608	992,592	-	-
Compensated absences - current	-	34,158	53,225	-
Claims and judgements - current	-	-	-	-
Long-term debt - current portion	530,000	190,000	-	120,000
Total current liabilities	989,867	1,723,623	115,826	127,911
Noncurrent liabilities:				
Advances from other funds	-	-	-	599,255
Claims payable	-	-	-	-
Net pension liability	-	1,586,803	-	-
Net OPEB liability	36,824	439,556	46,177	-
Long-term debt	2,300,000	4,995,000	-	1,245,000
Total noncurrent liabilities	2,336,824	7,021,359	46,177	1,844,255
Total liabilities	3,326,691	8,744,982	162,003	1,972,166
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	-	56,449	-	-
Deferred inflows related to OPEB	2,633	31,429	3,302	-
Deferred inflows related to leases	2,219,313	-	-	241,951
Total deferred inflows of resources	2,221,946	87,878	3,302	241,951
NET POSITION				
Net investment in capital assets	5,625,160	3,304,610	-	432,098
Restricted	-	5,272,438	-	-
Unrestricted	(260,769)	(3,130,930)	2,404,034	(565,818)
Total net position	$ 5,364,391	$ 5,446,118	$ 2,404,034	$ (133,720)

See accompanying Notes to Basic Financial Statements.

Business-Type Activities		
Nonmajor Old City Hall	Totals	Governmental Activities - Internal Service Funds
$ 204,980	$ 2,766,890	$ 1,721,190
-	5,272,637	-
-	16,934	-
-	27,371	-
155,799	911,826	-
-	1,699	-
360,779	8,997,357	1,721,190
675,941	2,631,963	-
9,938	3,796,001	-
1,576,769	29,794,103	-
(1,188,234)	(14,449,763)	-
398,473	19,140,341	-
1,074,414	21,772,304	-
1,435,193	30,769,661	1,721,190
-	461,456	-
-	45,818	-
-	507,274	-
23,676	639,555	43,334
-	88,783	-
-	218,982	-
-	1,106,200	-
-	87,383	-
-	-	540,420
-	840,000	-
23,676	2,980,903	583,754
-	599,255	-
-	-	1,298,535
-	1,586,803	-
-	522,557	-
-	8,540,000	-
-	11,248,615	1,298,535
23,676	14,229,518	1,882,289
-	56,449	-
-	37,364	-
795,660	3,256,924	-
795,660	3,350,737	-
398,473	9,760,341	-
-	5,272,438	-
217,384	(1,336,099)	(161,099)
$ 615,857	$ 13,696,680	$ (161,099)

City of Sausalito

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the year ended June 30, 2025

	Business-Type Activities			
	MLK	Sewer	Parking	Bank of America Building
OPERATING REVENUES:				
Building rents	$ 1,321,173	$ -	$ -	$ 102,152
Charges for services	-	3,225,410	3,223,969	-
Other revenue	-	-	-	-
Total operating revenues	1,321,173	3,225,410	3,223,969	102,152
OPERATING EXPENSES:				
Other expenses	107,137	608,321	270,619	-
Professional services	61,687	492,459	187,936	2,380
Repairs and maintenance	430,947	353,668	7,209	1,534
Salaries and benefits	76,566	1,175,248	915,463	-
Utilities	229,793	14,616	3,477	-
Depreciation	327,919	274,655	-	39,936
Total operating expenses	1,234,049	2,918,967	1,384,704	43,850
Operating income (loss)	87,124	306,443	1,839,265	58,302
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	223,321	178,304	112,989	12,504
Interest (expense)	(107,200)	(186,794)	-	(40,267)
Total nonoperating revenues (expenses)	116,121	(8,490)	112,989	(27,763)
Income before contributions and transfers	203,245	297,953	1,952,254	30,539
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	(496,755)	72,953	452,254	30,539
NET POSITION:				
Beginning of year	5,861,146	5,377,089	1,960,396	(88,530)
Restatements - implementation of GASB 101 & error correction	-	(3,924)	(8,616)	(75,729)
Beginning of year, as restated	5,861,146	5,373,165	1,951,780	(164,259)
End of year	$ 5,364,391	$ 5,446,118	$ 2,404,034	$ (133,720)

See accompanying Notes to Basic Financial Statements.

Business-Type Activities		Governmental Activities - Internal Service Funds
Nonmajor Old City Hall	Totals	
$ 145,147	$ 1,568,472	$ -
-	6,449,379	2,421,716
-	-	61,464
145,147	8,017,851	2,483,180
-	986,077	2,145,235
4,165	748,627	128
21,704	815,062	-
-	2,167,277	-
-	247,886	-
57,058	699,568	-
82,927	5,664,497	2,145,363
62,220	2,353,354	337,817
105,887	633,005	67,392
-	(334,261)	-
105,887	298,744	67,392
168,107	2,652,098	405,209
(125,000)	(2,550,000)	-
(125,000)	(2,550,000)	-
43,107	102,098	405,209
572,750	13,682,851	(566,308)
-	(88,269)	-
572,750	13,594,582	(566,308)
$ 615,857	$ 13,696,680	$ (161,099)

City of Sausalito
Combining Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2025

	Business-Type Activities			
	MLK	Sewer	Parking	Bank of America Building
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 1,245,155	$ 3,208,476	$ 3,222,404	$ 77,914
Receipts from (refunds to) interdepartmental charges	-	-	-	-
Payments to employees	(75,875)	(1,068,683)	(899,761)	-
Payments to suppliers	(606,614)	(331,021)	(441,183)	(3,806)
Other receipts (payments)	8,413	-	-	-
Net cash provided by (used in) operating activities	571,079	1,808,772	1,881,460	74,108
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash paid for bond redemption escrow	-	(4,836,355)	-	-
Interfund receipts	-	-	-	70,927
Transfers (out)	(700,000)	(225,000)	(1,500,000)	-
Net cash provided by (used in) noncapital financing activities	(700,000)	(5,061,355)	(1,500,000)	70,927
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payments on capital debt	(510,000)	(771,619)	-	(117,000)
Interest payment	(110,600)	(189,106)	-	(40,539)
Purchases of capital assets	(187,385)	(843,855)	-	-
Net cash provided by (used in) capital and related financing activities	(807,985)	(1,804,580)	-	(157,539)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest receipts	223,536	178,304	112,989	12,504
Net cash provided by (used in) investing activities	223,536	178,304	112,989	12,504
Net cash flows	(713,370)	(4,878,859)	494,449	-
CASH AND INVESTMENTS - Beginning of year	713,370	4,878,859	2,067,461	-
CASH AND INVESTMENTS - End of year	$ -	$ -	$ 2,561,910	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	87,124	306,443	1,839,265	58,302
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	327,919	274,655	-	39,936
Changes in assets and liabilities:				
Accounts receivable	(3,564)	-	(1,565)	-
Taxes receivable	-	(16,934)	-	-
Loans receivable	8,413	-	-	-
Leases	616,431	-	-	67,199
Accounts payable and accruals	109,342	145,451	28,058	108
Due to other funds	113,608	992,592	-	-
Accrued compensated absences	-	18,871	15,069	-
Refundable deposits	15,654	-	-	-
Claims payable	-	-	-	-
Deferred outflows	1,860	157,000	2,367	-
Deferred inflows - leases	(704,539)	-	-	(91,437)
Deferred inflows - others	(918)	(56,187)	(1,175)	-
Net pension liability	-	(8,884)	-	-
Net OPEB liability	(251)	(4,235)	(559)	-
Net cash provided by (used in) operating activities	$ 571,079	$ 1,808,772	$ 1,881,460	$ 74,108

See accompanying Notes to Basic Financial Statements.

Business-Type Activities		Governmental Activities - Internal Service Funds
Nonmajor Old City Hall	Totals	
$ 119,770	$ 7,873,719	$ -
-	-	2,421,716
-	(2,044,319)	-
(2,193)	(1,384,817)	(2,183,937)
-	8,413	836,225
117,577	4,452,996	1,074,004
-	(4,836,355)	-
-	70,927	(211,439)
(125,000)	(2,550,000)	-
(125,000)	(7,315,428)	(211,439)
-	(1,398,619)	-
-	(340,245)	-
(197,286)	(1,228,526)	-
(197,286)	(2,967,390)	-
105,887	633,220	67,392
105,887	633,220	67,392
(98,822)	(5,196,602)	929,957
303,802	7,963,492	791,233
$ 204,980	$ 2,766,890	$ 1,721,190
62,220	2,353,354	337,817
57,058	699,568	-
-	(5,129)	-
-	(16,934)	-
-	8,413	-
145,122	828,752	-
23,676	306,635	(38,574)
-	1,106,200	-
-	33,940	-
-	15,654	-
-	-	774,761
-	161,227	-
(170,499)	(966,475)	-
-	(58,280)	-
-	(8,884)	-
-	(5,045)	-
$ 117,577	$ 4,452,996	$ 1,074,004

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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.

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

1. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES, Continued

C. Major Funds, Continued

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, 2025, the following funds had expenditures that exceeded the budgeted expenditures:

	Expenditures Exceeded Budget
General Fund:	
General Government - Administration	$ 8,669
Library	27,032
Community Development	306,932
Public works	177,593
Capital outlay	48,980
General Capital Improvements	400,043
Nonmajor governmental funds:	
Tidelands	85,021
Traffic Safety	4,529
Gas Tax	49,665
Storm Drain	46,228
Disaster Assistance	1,053
Age Friendly Sausalito Grant	6,860
Business Improvement District	195,321
Library Capital Improvement	7,317

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 compensated absences comprise of unpaid vacation, compensated time-off, and the vested portion of sick leave which are accrued as earned. Vacation lease is earned at rates ranging from 9.375 to 28 hours per month and may be accumulated up to a maximum of 30 working days; balances in excess of the maximum are paid on the June 30th of any fiscal year for most of employees, while management or confidential employees received no payout. Sick leave earned by employees but is not payable upon separation from service unless the employee retires. Upon retirement of employment, management employees may receive payment for up to 75 days and police, SEIU, and confidential employees up to 60 days, with any remaining balance convertible to service credit under California Public Employees' Retirement System (CalPERS).

The City's compensated absences is recorded in the statements of net position. Liabilities for leave are assumed to be accrued using First in, First out (FIFO) method, meaning the leave that was earned first is used or paid first. The City has recorded a liability only when it is more likely than not the leave will be taken or paid for. All compensated absences and related costs are reported as incurred in the governmental-wide and proprietary fund financial statements. 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.

1. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES, Continued

J. Compensated Absences, Continued

The changes of the compensated absences were as follows for June 30, 2025:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance, June 30, 2024	$ 599,844	$ 40,903	$ 640,747
Restatement (Implemented GASB 101)	482,017	12,540	494,557
Beginning Balance, June 30, 2024, as restated	1,081,861	53,443	1,135,304
Accrued	805,226	90,476	895,702
Taken	(684,447)	(56,536)	(740,983)
Ending Balance, June 30, 2025	$ 1,202,640	$ 87,383	$ 1,290,023
Current Portion	$ 1,202,640	$ 87,383	$ 1,290,023

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.

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 *b*y liens on real property.

1. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES, Continued

K. Property Tax Revenues, Continued

Property tax revenue is 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.

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.

1. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES, Continued

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.

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.

1. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES, Continued

Q. New GASB Pronouncements

In 2025, The City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- ***GASB Statement No. 101, Compensated Absences*** – The primary objective of this Statement is to better meet the information needs of financial statements users by updating the recognition and measurement administrative leave, and vacation. Beginning net position and compensated absences balances as of June 30, 2024, were restated upon implementation of this Statement. Please refer to Notes J and 14 for more details.
- ***GASB Statement No. 102, Certain Risk Disclosures*** – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The City had no adjustments or new disclosure as a result of this Statement.

R. New funds

During fiscal year ended June 30, 2025, the City established the Business Improvement District fund to account for the activities and related improvements of the Downtown Sausalito Property Business Improvement District.

2. CASH AND INVESTMENTS

A. Policies

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

B. Classifications

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

Statement of Net Position:	
Cash and investments	$ 26,037,558
Restricted cash and investments	10,474,280
Total Cash and Investments	$ 36,511,838

2. CASH AND INVESTMENTS, Continued

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.

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.

2. CASH AND INVESTMENTS, Continued

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	$ 62,738	$ 62,738
U.S. Treasuries	20,018,062	20,018,062
Held by Trustee:		
Money Market Mutual Fund	6,321,570	6,321,570
PARS Trust	4,152,710	4,152,710
Total Investments	$ 30,555,080	30,555,080
Cash in Banks		5,955,081
Petty Cash		1,677
Total City Cash and Investments		$ 36,511,838

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, 2025:

	Fair Value	Level 1	Level 2	Level 3
Investments by fair value hierarchy:				
U.S. Treasuries	$ 20,018,062	$ -	$ 20,018,062	$ -
Total investments by fair value hierarchy	20,018,062	$ -	$ 20,018,062	$ -
Investments not subject to fair value hierarchy:				
Money Market Mutual Fund	6,321,570			
California Local Agency Investment Fund	62,738			
PARS Trust	4,152,710			
Total Investments	$ 30,555,080			

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, 2025 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 1.00119831 was used to calculate the fair value of the investments in LAIF at June 30, 2025. 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, 2025, the City had $62,738 invested in LAIF, which had invested 3.81% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 3.00% 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, 2025, interfund balances were as follows:

Payable Fund	Receivable Fund	Amount
Non-Major Governmental Funds	General Fund	$ 136,471
Enterprise Funds- Sewer Funds	General Fund	992,592
Enterprise Funds- MLK Funds	General Fund	113,608
		$ 1,242,671

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, 2025, the transfers were as follows:

	Transfers In			
Transfers Out	General Fund	General Capital Improvements	Non-Major Governmental Funds	Total
Major Funds:				
General Fund	$ -	$ 923,627	$ 100,000	$ 1,023,627
Non-Major Governmental Funds	200,000	1,032,951	72,156	1,305,107
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	$ 1,956,578	$ 172,156	$ 4,878,734

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, 2025:

Payable Fund	Receivable Fund	Amount
Bank of America Building Enterprise Fund	General Fund	$ 599,255
		$ 599,255

The General Fund advanced $599,255 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, 2025, 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, 2025	Lease Receivable Balance at June 30, 2025	Deferred Inflow of Resources at June 30, 2025
Governmental Activities					
AT&T Rodeo Relo	9/10/2002	5/31/2036	$ 67,029	$ 752,229	$ 645,329
AT&T Rainbow Tunnel	1/12/1996	9/9/2040	63,034	867,108	763,204
MacMarin, Inc (Spinnaker)	1/1/1991	1/27/2032	370,105	175,867	163,445
Pelican Harbor Associates	8/1/2005	1/31/2040	39,443	350,386	327,957
Southern Marin Fire Protection District	9/15/2011	9/15/2041	100,000	1,212,705	1,134,976
Trident LLC	5/28/1959	3/2/2041	18,076	366,712	342,007
Total Government Activities			$ 657,687	$ 3,725,007	$ 3,376,918
Business-Type Activities:					
Bank of America ATM	9/1/2020	9/30/2025	$ 25,344	$ 5,963	$ 5,538
Excellence for Yachts	5/15/2004	11/30/2027	22,733	49,305	45,637
Gene Hiller Inc	3/1/2024	2/28/2030	215,252	831,740	795,660
Lycee Francais De San Francisco	9/1/2013	8/31/2043	793,728	2,368,655	2,163,528
SCA Lease	9/1/2022	8/31/2027	61,391	277,337	236,412
Videotracs	5/15/2004	8/31/2029	22,785	10,789	10,149
Total Business-Type Activities			$ 1,141,233	$ 3,543,789	$ 3,256,924

A. *Governmental Activities*

AT&T (Rodeo Relo) – 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 $38,036 in lease revenue and $28,993 in interest revenue in fiscal year 2025 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 (Rainbow Tunnel) – 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 $29,866 in lease revenue and $33,168 in interest revenue in fiscal year 2025 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 $361,225 in lease revenue and $8,880 in interest revenue in fiscal year 2025 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 $20,630 in lease revenue and $18,813 in interest revenue in fiscal year 2025 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 $53,269 in lease revenue and $46,731 in interest revenue in fiscal year 2025 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, 2025 were $2,582. The lease term ends on March 2, 2041. The City recognized $3,979 in lease revenue and $14,097 in interest revenue in fiscal year 2025 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
2026	$ 285,222	$ 135,316	$ 420,538
2027	240,467	183,906	424,373
2028	193,050	117,215	310,265
2029	211,438	109,682	321,120
2030	225,521	101,533	327,054
2031 - 2035	1,356,767	366,011	1,722,778
2036 - 2040	1,070,610	115,554	1,186,164
2041 - 2042	141,932	3,728	145,660
Total	$ 3,725,007	$ 1,132,945	$ 4,857,952

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 $2,000, which ends on September 30, 2025. The City recognized $24,644 in lease revenue and $700 in interest revenue in fiscal year 2025 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 $1,738 to $1,790 through the end of the lease term, which ends on November 30, 2027. The City recognized $18,553 in lease revenue and $4,180 in interest revenue in fiscal year 2025 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 $150,375 in lease revenue and $64,877 in interest revenue in fiscal year 2025 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 $601,676 in lease revenue and $192,052 in interest revenue in fiscal year 2025 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 entered into a five-year lease agreement with the Sausalito Center for the Arts. Monthly lease payments were $4,029 through August 2024 and increased to $6,000 for the remainder of the lease term. The City recognized $49,776 in lease revenue and $11,615 in interest revenue in fiscal year 2025 related to this lease.

Videotracs – On May 15, 2004, the City began leasing property to James C. Cavenaugh with monthly payments of $250 through the end of the lease term, which ends on August 31, 2029. The City recognized $21,933in lease revenue and $852 in interest revenue in fiscal year 2025 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	Business-type Activities - Leases		
June 30,	Principal	Interest	Total
2026	$ 911,826	$ 214,476	$ 1,126,302
2027	995,893	149,189	1,145,082
2028	1,078,536	77,647	1,156,183
2029	408,760	20,523	429,283
2030	148,774	3,725	152,499
Total	$ 3,543,789	$ 465,560	$ 4,009,349

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, 2025, comprise:

	Balance July 1, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
Governmental Funds:					
Capital assets not being depreciated:					
Lands and improvements	$ 15,014,662	$ -	$ -	$ -	$ 15,014,662
Construction in progress	2,116,692	2,827,367	(129,359)	(1,588,674)	3,226,026
Total capital assets not being depreciated	17,131,354	2,827,367	(129,359)	(1,588,674)	18,240,688
Capital assets being depreciated:					
Buildings and improvements	17,670,276	94,060	-	-	17,764,336
Vehicles and equipment	1,596,196	271,817	-	-	1,868,013
Machinery and equipment	1,409,375	45,479	-	38,978	1,493,832
Infrastructure	56,063,524	867,357	-	1,549,696	58,480,577
Total capital assets being depreciated	76,739,371	1,278,713	-	1,588,674	79,606,758
Less accumulated depreciation for:					
Buildings and improvements	(5,416,511)	(346,008)	-	-	(5,762,519)
Vehicle and equipment	(1,167,502)	(174,119)	-	-	(1,341,621)
Machinery and equipment	(1,311,647)	(35,913)	-	-	(1,347,560)
Infrastructure	(35,646,405)	(1,737,836)	-	-	(37,384,241)
Total accumulated depreciation	(43,542,065)	(2,293,876)	-	-	(45,835,941)
Depreciable capital assets, net	33,197,306	(1,015,163)	-	1,588,674	33,770,817
Government activity capital assets, net	$ 50,328,660	$ 1,812,204	$ (129,359)	$ -	$ 52,011,505

5. CAPITAL ASSETS, Continued

	Balance July 1, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
Business-type Activities:					
Capital assets not being depreciated:					
Land and improvements	$ 3,796,001	$ -	$ -	$ -	$ 3,796,001
Construction in progress	657,970	843,855	-	(1,501,825)	-
Total capital assets not being depreciated	4,453,971		-	(1,501,825)	3,796,001
Capital assets being depreciated:					
Buildings and improvements	11,432,934	384,671	-	-	11,817,605
Vehicles and equipment	2,174,745	-	-	-	2,174,745
Infrastructure	14,299,928	-	-	1,501,825	15,801,753
Total Capital assets being depreciated	27,907,607		-	1,501,825	29,794,103
Less accumulated depreciation for:					
Building and improvements	(4,793,125)	(399,396)	-	-	(5,192,521)
Vehicles and equipment	(1,631,097)	(48,928)	-	-	(1,680,025)
Infrastructure	(7,325,973)	(251,244)	-	-	(7,577,217)
Total accumulated depreciation	(13,750,195)	(699,568)	-	-	(14,449,763)
Depreciable capital assets, net	14,157,412	(329,544)	-	1,501,825	15,344,340
Business-type activities capital assets, net	$ 18,611,383	$ (329,544)	$ -	$ -	$ 19,140,341

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	$ 21,828
Recreation	445,838
Library	1,803,228
Police services	22,250
Public works	732
Total Governmental Activities	$ 2,293,876

5. CAPITAL ASSETS, Continued

B. Depreciation Allocation, Continued

Business-type Activities		
MLK	$	327,919
Sewer		274,655
Bank of America Building		39,936
Old City Hall		57,058
Total Business-type Activities	$	699,568

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, 2024	Additions	Retirements	Balance June 30, 2025	Current Portion
Governmental Activities Bonds:						
General Obligation Bonds:						
2006 Series A	$ 8,205,000	$ 1,505,000	$ -	$ (715,000)	$ 790,000	$ 790,000
2006 Series B (Capital Appreciation)	7,293,894	16,444,728	779,155		17,223,883	-
Total Governmental Activities Bond		17,949,728	779,155	(715,000)	18,013,883	790,000
Government Activities – Direct Borrowings:						
Southern Marin Fire Protection District	1,740,000	1,044,000	-	(58,000)	986,000	58,000
Department of Boating & waterways	1,200,000	135,121	-	(66,075)	69,046	69,048
Total Governmental Activities – Direct Borrowings		1,179,121	-	(124,075)	1,055,046	127,048
Total Governmental Activities		$19,128,849	$ 779,155	$ (839,075)	$19,068,929	$ 917,048
Business-type Activities Bonds:						
2015 Sewer Revenue Bond	$ 6,750,000	$ 5,370,000	$ -	$ (185,000)	$ 5,185,000	$ 190,000
2016 Certificates of Participation	6,940,000	3,340,000	-	(510,000)	2,830,000	530,000
Total Business-type Activity Bonds		8,710,000	-	(695,000)	8,015,000	720,000
Business-type Activities – Direct Borrowings:						
State Water Resource Board Loan	1,036,480	586,619	-	(586,619)	-	-
Building Acquisition Lease	1,858,000	1,482,000	-	(117,000)	1,365,000	120,000
Total Business-type Activities – Direct Borrowings		2,068,619	-	(703,619)	1,365,000	120,000
Total Business-type Activities		$10,778,619	$ -	$ (1,398,619)	$ 9,380,000	$ 840,000

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 $1,094,750. Principal and interest paid for the current fiscal year were $715,000 and $57,375, respectively. Total ad valorem property tax revenues were $1,053,886.

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 $8,391,117 and $779,155 respectively at June 30, 2025.

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 $66,075 and $6,081, 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 $185,000 and $172,156, respectively. Total customer net revenues were $534,402.

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 $510,000 and $110,600, 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. The loan was fully paid off during FY2025.

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 $117,000 and $40,539, 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
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	1,340,000	-	58,000	-
2031 - 2035	7,905,000	-	290,000	-
2036 - 2040	10,330,000	-	290,000	-
2041 - 2042	2,420,000	-	116,000	-
Total	$ 26,405,000	$ 19,750	$ 1,055,046	$ 3,107

(A) Includes General Obligation Bonds 2006 Series B unaccreted discount in the total amount of $8,391,117.

6. LONG–TERM DEBT, Continued

J. Debt Service Requirements, Continued

Fiscal Year Ended	Business-type Activities - Bonds		Business-type Activities - Direct Borrowings	
June 30	Principal	Interest	Principal	Interest
2026	$ 720,000	$ 256,731	$ 120,000	$ 37,247
2027	745,000	229,756	123,000	33,885
2028	765,000	207,331	127,000	30,425
2029	795,000	184,231	131,000	26,854
2030	815,000	160,306	135,000	23,171
2031 - 2035	1,170,000	608,566	729,000	57,167
2036 - 2040	1,375,000	402,734	-	-
2041 - 2045	1,630,000	146,284	-	-
Total	$ 8,015,000	$ 2,195,939	$ 1,365,000	$ 208,749

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, 2025, are below:

	General Fund	General Capital Improvements	Other Governmental Funds	Total
Nonspendable for:				
Loans receivable	$ 1,150	$ -	$ -	$ 1,150
Prepaids	20,131	-	-	20,131
Advances to other funds	599,255	-	-	599,255
Subtotal	620,536	-	-	620,536
Restricted for:				
Pension	4,152,710	-	-	4,152,710
Gax Tax	-		645,002	645,002
Business Improvement District	-		41,220	41,220
Seized assets	-	-	39,273	39,273
Tidelands properties	-	-	1,572,673	1,572,673
Infrastructure projects	-	-	113,162	113,162
Storm drain maintenance	-	-	255,155	255,155
Stair improvements	-	-	176,317	176,317
Grants	-	-	396,625	396,625
Debt service	-	-	941,345	941,345
Subtotal	4,152,710	-	4,180,772	8,333,482
Committed to:				
Capital projects	-	169,001	-	169,001
Library Improvements	-	-	112,217	112,217
Subtotal	-	169,001	112,217	281,218
Unassigned:				
Budget stabilization reserve	1,072,565	-	-	1,072,565
Emergency shortfall reserve	4,290,259	-	-	2,145,130
Measure L	5,656,641	-	-	5,656,641
Other	8,893,894	-	-	11,039,023
Fund deficit residuals	-	-	(31,810)	(31,810)
Subtotal	19,913,359	-	(31,810)	19,881,549
Total fund balances	$ 24,686,605	$ 169,001	$ 4,261,179	$ 29,116,785

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 (20%) 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, 2025 was $4,290,259.

E. Fund Balance Deficits

The following funds had fund balance deficits at June 30, 2025. Future revenues are expected to decrease the fund balance deficit:

	Amount
Bank of America Building Enterprise Fund	$ 133,720
Traffic Safety	29,570
Age Friendly Sausalito Grant	2,240
General Liability Internal Service Fund	320,644

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, 2025 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	26.29%	21.92%	14.72%
Required UAL payment	$1,070,684	$0	$0

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	14.99%	12.67%	8.18%
Required UAL payment	$1,161,716	$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	$823,912

*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, 2024 were $3,495,203.

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

As of June 30, 2025, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of $36,631,903.

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, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2023 rolled forward to June 30, 2024 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, 2024 and 2023 were as follows:

Proportion – June 30, 2023	0.29791%
Proportion – June 30, 2024	0.30206%
Change – Increase (Decrease)	0.00415%

For the year ended June 30, 2025, the City recognized pension expense of $6,310,832. At June 30, 2025, 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	$ 3,992,169	$ -
Changes in assumptions	917,886	-
Differences between actual and expected experience	3,059,456	107,589
Changes in employer's proportion	-	936,193
Differences between employer's contribution and the employer's proportionate share of contributions	147,336	131,860
Net differences between projected and actual earnings on plan investments	1,903,814	-
Total	$ 10,020,661	$ 1,175,642

9. PENSION PLAN, Continued

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

The $3,992,169 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, 2026. 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,		
2026	$	1,504,065
2027		4,086,737
2028		(86,110)
2029		(651,842)
Total	$	4,852,850

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
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, 2024 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	$ 53,711,526	$ 36,631,903	$ 2,262,768

Payable to the Pension Plan – At June 30, 2025 the City reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

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, 2025, employees contributed $346,630 to the 457 Plan while the City contributed $40,356. The City reported no payables to the plan as of June 30, 2025.

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, 2025, the City did not contribute to the trust. As of June 30, 2025, the total amount of $4,152,710 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, 2025:

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) $158 per month in 2025	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, 2025, the City's contributions to the Plan were $265,426.

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, 2025 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, 2025, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2023
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Municipal Bond Index	5.20% as of June 30, 2025
Investment Rate of Return	5.35% as of June 30, 2025, and 5.15% as of June 30, 2024 , net of plan investment expenses
Discount Rate	5.35% as of June 30, 2025, and 5.15% as of June 30, 2024 , 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 5.35%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at 65% to 77.5% 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 Index of 5.20% and the long-term expected rate of return on plan investments of 5.50%.

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, 2024	$ 7,855,464	$ 1,953,538	$ 5,901,926
Changes Recognized for the Measurement Period:			
Service Cost	167,168	-	167,168
Interest on the total OPEB liability	406,331	-	406,331
Changes of assumptions	(188,680)	-	(188,680)
Contributions from the employer	-	265,426	(265,426)
Plan Experience	-	-	-
Investment Experience	-	67,744	(67,744)
Net investment income	-	108,421	(108,421)
Benefit payments	(265,426)	(265,426)	-
Net changes	119,393	176,165	(56,772)
Balance at June 30, 2025	$ 7,974,857	$ 2,129,703	$ 5,845,154

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 (4.35%) or 1-percentage-point higher (6.35%) than the current discount rate:

Net OPEB Liability		
Discount Rate -1% (4.35%)	Current Discount Rate (5.35%)	Discount Rate +1% (6.35%)
$ 6,862,667	$ 5,845,154	$ 4,998,619

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
$ 4,913,251	$ 5,845,154	$ 6,975,322

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, 2025, the City recognized OPEB expense of $358,919 At June 30, 2025, 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	$ 335,713	$ 102,146
Changes of assumptions	176,785	314,670
Net differences between projected and actual earnings on investments	-	1,129
Total	$ 512,498	$ 417,945

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
2026	$ (31,747)
2027	119,343
2028	15,879
2029	19,043
2030	(27,965)
Total	$ 94,553

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 (BCJPIA, 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. Effective 7/1/24, the City moved to Public Risk Innovation, Solutions, and Management (PRISM) for workers' compensation, property and liability coverage (BCJPIA retains risk for claims through 6/30/24 where the City has met its SIR).

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 $350,000 of loss per occurrence. Excess coverage is provided by an outside insurance carrier up to $4,650,000 to statutory limits.

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

PRISM 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, 2025, the City's estimated workers' compensation liability for unpaid losses was as follows:

	2025	2024
Beginning balance	$ 582,014	$ 483,850
Incurred claims and claims adjustment	282,371	172,548
Claims paid	(59,633)	(74,384)
Ending Balance	$ 804,752	$ 582,014
Current portion	$ 244,345	$ 172,023

Financial statements for Public Risk Innovation, Solutions, and Management may be obtained from their 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; and in Public Risk Innovation, Solutions and Management (PRISM) for claims incurred on or after July 1, 2024.

PRISM 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. PRISM obtains excess coverage through its network of carriers to $25,000,000. PRISM also managers for pooled risk sharing related to employment practices liability. Coverage is provided up to $2 million.

As of June 30, 2025, the City's estimated general liability for unpaid losses was as follows:

	2025	2024
Beginning balance	$ 482,180	$ 433,966
Incurred claims and claims adjustment	1,233,487	283,592
Claims paid	(681,464)	(235,378)
Ending Balance	$ 1,034,203	$ 482,180
Current portion	$ 296,075	$ 137,924

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. SUBSEQUENT EVENT

On June 18, 2025, the City entered into a Bill of Sale and Confirmation of Operational System Transfer ("BOS") agreement with the Sausalito Marin City Sanitary District ("District") for the transfer of operations related to the City's sewer collection system. This agreement effectuates the transfer of all operational responsibilities and associated sewer infrastructure to the District. However, liabilities related to the sewer fund will remain with the City and will not transfer to the District. The City fully repaid the Sewer Bonds in August 2025.

13. SUBSEQUENT EVENT, Continued

Regarding pension and Other Post-Employment Benefits (OPEB) liabilities, the City will retain responsibility for these liabilities up until the date of the transfer. Following the transfer, the staff members will continue their employment under the District's contract with CALPERS.

On June 24, 2025, the City directs BNY to call all outstanding 2015 Sewer Bond ($4,995,000) on August 1, 2025 and to make the regularly scheduled principal and interest payment ($274,691) from existing funds. As of June 30, 2025, the City has set aside funds with BNY for redemption.

As part of the agreement, the District will make a one-time payment of $3,422,292 to the City to finalize the transfer. All related activities take effective in August 2025.

14. RESTATEMENT OF NET POSITION

	Fund Statement			Government-Wide	
	Bank of America Building	Sewer	Parking	Governmetal Activities	Business-Type Activities
June 30, 2024, as previously reported	$ (88,530)	$ 5,377,089	$ 1,960,396	$ 26,168,536	$ 13,682,851
Error Correction (1)	(75,729)	-	-	-	(75,729)
Implementation of GASB 101 (2)	-	(3,924)	(8,616)	(482,017)	(12,540)
June 30, 2024, as restated	$ (164,259)	$ 5,373,165	$ 1,951,780	$ 25,686,519	$ 13,594,582

During the fiscal year ended June 30, 2025, the City recorded the following restatements:

(1) Error Correction - The City has identified an error in the recording of the lease receivable and deferred inflow of lease, resulting from an incorrect of the monthly rent payment. This error led to a misstatement in the schedule, which was not properly reflected. The City has recorded restatement to reflect the correct beginning balance.

(2) The City implemented GASB Statement No. 101, *Compensated Absences*, which requires recognition of a liability as leave is earned likely to be used or paid. This resulted in a restatement of the prior year's compensated absences liability balance in order to include additional leave types that were previously not included in the liability

REQUIRED SUPPLEMENTARY INFORMATION

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).

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 2024.
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	6/30/2024
0.29%	0.29%	0.29%	0.38%	0.31%	0.30%	0.30%
$ 27,898,790	$ 29,781,107	$ 31,924,136	$ 20,584,393	$ 35,397,882	$ 37,165,292	$ 36,631,903
$ 6,766,510	$ 6,504,240	$ 6,426,423	$ 6,540,820	$ 6,478,549	$ 5,831,962	$ 6,970,306
412%	458%	497%	315%	546%	637%	526%
75.26%	75.26%	75.10%	88.29%	76.68%	76.21%	78.07%

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	6.90%
Inflation	2.30%
Salary increases	Annual increase vary by category, entry age and duration of service
Retirement age	50 and up

	2019	2020	2021	2022	2023	2024	2025
	$ 2,614,801	$ 2,970,419	$ 3,295,482	$ 3,637,415	$ 3,429,407	$ 3,495,203	$ 3,992,169
	(2,614,801)	(2,970,419)	(3,295,482)	(4,370,036)	(3,429,407)	(3,495,203)	(3,992,169)
	$ -	$ -	$ -	$ (732,621)	$ -	$ -	$ -
	$ 6,504,240	$ 6,426,423	$ 6,540,820	$ 6,478,549	$ 5,831,962	$ 6,970,306	$ 7,543,861
	40.20%	46.22%	50.38%	67.45%	58.80%	50.14%	52.92%

City of Sausalito
Required Supplementary Information
For the year ended June 30, 2025

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	6/30/2021
Total OPEB Liability				
Service cost	$ 312,568	$ 313,856	$ 333,740	$ 200,714
Interest	312,153	331,821	345,485	305,535
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)	(227,978)
Net change in the total OPEB liability	292,664	422,086	(1,507,976)	278,271
Total OPEB liability - beginning	6,582,172	6,874,836	7,296,922	5,788,946
Total OPEB liability - ending (a)	$ 6,874,836	$ 7,296,922	$ 5,788,946	$ 6,067,217
Plan Fiduciary Net Position				
Contribution - employer	273,223	446,679	404,690	425,978
Net investment income	20,523	56,336	62,443	152,550
Benefit payments	(273,223)	(290,677)	(211,134)	(227,978)
Net change in plan fiduciary net position	20,523	212,338	255,999	350,550
Plan fiduciary net position - beginning	854,969	875,492	1,087,830	1,343,829
Plan fiduciary net position - ending (b)	$ 875,492	$ 1,087,830	$ 1,343,829	$ 1,694,379
Net OPEB liability/asset - ending (a) - (b)	$ 5,999,344	$ 6,209,092	$ 4,445,117	$ 4,372,838
Fiduciary net position as a percentage of the total OPEB liability	12.73%	14.91%	23.21%	27.93%
Covered-employee payroll	$ 6,387,682	$ 6,504,240	$ 5,535,686	$ 6,461,714
Net OPEB liability as a percentage of covered-employee payroll	93.92%	95.46%	80.30%	67.67%

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

6/30/2022	6/30/2023	6/30/2024	6/30/2025
$ 206,735	$ 199,831	$ 203,479	$ 167,168
320,025	322,344	333,549	406,331
328,072	-	354,775	-
349,687	(45,498)	81,999	(188,680)
(239,246)	(295,661)	(331,844)	(265,426)
965,273	181,016	641,958	119,393
6,067,217	7,032,490	7,213,506	7,855,464
$ 7,032,490	$ 7,213,506	$ 7,855,464	$ 7,974,857
539,246	295,661	331,844	265,426
(218,801)	58,939	119,021	176,165
(239,246)	(295,661)	(331,844)	(265,426)
81,199	58,939	119,021	176,165
1,694,379	1,775,578	1,834,517	1,953,538
$ 1,775,578	$ 1,834,517	$ 1,953,538	$ 2,129,703
$ 5,256,912	$ 5,378,989	$ 5,901,926	$ 5,845,154
25.25%	25.43%	24.87%	26.71%
$ 6,732,901	$ 6,207,698	$ 7,340,672	$ 7,777,655
78.08%	86.65%	80.40%	75.15%

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	2025
$ 485,013	$ 469,292	$ 483,361	528,157
(539,246)	(295,661)	(331,844)	(265,426)
$ (54,233)	$ 173,631	$ 151,517	$ 262,731
$ 6,732,901	$ 6,207,698	$ 7,340,672	$ 7,777,655
8.01%	4.76%	4.52%	3.41%

6/30/2019	6/30/2021	6/30/2021	6/30/2023
2.50%	2.50%	2.50%	2.50%
3.00%	3.00%	3.00%	3.00%
5.20%	4.70%	4.70%	5.55%
5.4% -> 4% by 2076	5.8% -> 3.9% by 2076	5.8% -> 3.9% by 2076	6.0% -> 3.9% by 2076
MW Scale 2020	MW Scale 2022	MW Scale 2022	MW Scale 2022

City of Sausalito
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Property tax	$ 6,566,996	$ 7,116,996	$ 7,429,765	$ 312,769
Sales tax	5,470,621	5,470,621	5,778,689	308,068
Other tax	3,061,768	3,173,168	2,929,682	(243,486)
Licenses and permits	2,085,300	2,221,300	2,133,876	(87,424)
Fines and forfeitures	296,000	290,000	487,236	197,236
Use of money and property	792,000	1,000,000	1,414,499	414,499
Intergovernmental	-	27,887	419,933	392,046
Charges for services	1,523,697	2,127,348	2,340,094	212,746
Other revenues	117,500	148,512	176,957	28,445
Total revenues	19,913,882	21,575,832	23,110,731	1,534,899
EXPENDITURES:				
Current:				
General government:				
Administration	3,263,555	3,226,616	3,235,285	(8,669)
Information technology	768,860	804,260	804,260	-
Nondepartmental	2,595,099	2,673,590	2,673,590	-
Library	901,513	948,299	975,331	(27,032)
Police	6,425,307	6,703,888	6,189,741	514,147
Community development	2,038,772	2,159,515	2,466,447	(306,932)
Public works	2,266,503	2,548,273	2,725,866	(177,593)
Parks & recreation	2,038,883	2,002,489	1,956,397	46,092
Capital outlay	344,174	317,400	366,380	(48,980)
Debt service:				
Principal	58,000	58,000	58,000	-
Total expenditures	20,700,666	21,442,330	21,451,297	(8,967)
REVENUES OVER (UNDER) EXPENDITURES	(786,784)	133,502	1,659,434	1,525,932
OTHER FINANCING SOURCES (USES):				
Transfers in	2,750,000	2,925,000	2,750,000	(175,000)
Transfers out	(100,000)	(1,100,000)	(1,023,627)	76,373
Proceeds from sale of property	-	5,290	16,044	10,754
Total other financing sources (uses)	2,650,000	1,830,290	1,742,417	(87,873)
Net change in fund balances	$ 1,863,216	$ 1,963,792	3,401,851	$ 1,438,059
FUND BALANCES:				
Beginning of year			21,284,754	
End of year			$ 24,686,605	

SUPPLEMENTARY INFORMATION

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City of Sausalito

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

General Capital Improvements

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 4,300	$ 4,300
Intergovernmental	-	1,300,000	-	(1,300,000)
Other revenues	-	105,000	2,036,502	1,931,502
Total revenues	-	1,405,000	2,040,802	635,802
EXPENDITURES:				
Current:				
Public works	-	-	590	(590)
Capital outlay	-	3,663,000	4,062,453	(399,453)
Total expenditures	-	3,663,000	4,063,043	(400,043)
REVENUES OVER (UNDER) EXPENDITURES	-	(2,258,000)	(2,022,241)	235,759
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,032,952	1,956,578	(76,374)
Total other financing sources (uses)	-	2,032,952	1,956,578	(76,374)
Net change in fund balances	$ -	$ (225,048)	(65,663)	$ 159,385
FUND BALANCES:				
Beginning of year			234,664	
End of year			$ 169,001	

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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.

Business Improvement District - To account for activities, services, and improvements for the Downtown Sausalito Property Business Improvement District, with financing primarily provided by assessments on property owners within the District.

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, 2025

	Special Revenue Funds			
	Tidelands	Seized Assets	Traffic Safety	Gas Tax
ASSETS				
Cash and investments	$ 1,393,727	$ 39,273	$ -	$ 623,195
Restricted cash and investments	-	-	-	-
Receivables:				
Due from other government	-	-	-	33,703
Accounts receivable	156,036	-	2,740	17,953
Leases receivable	892,966	-	-	-
Total assets	$ 2,442,729	$ 39,273	$ 2,740	$ 674,851
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	33,106	-	10,874	29,849
Due to other funds	-	-	21,436	-
Unearned revenue	-	-	-	-
Total liabilities	33,106	-	32,310	29,849
Deferred Inflows of Resources				
Unavailable revenue	3,540	-	-	-
Related to leases	833,410	-	-	-
Total deferred inflows of resources	836,950	-	-	-
Fund Balances:				
Restricted	1,572,673	39,273	-	645,002
Committed	-	-	-	-
Unassigned	-	-	(29,570)	-
Total fund balances	1,572,673	39,273	(29,570)	645,002
Total liabilities, deferred inflows of resources and fund balances	$ 2,442,729	$ 39,273	$ 2,740	$ 674,851

	Special Revenue Funds					
	Construction Traffic Impact Fee	Police Grants	Storm Drain	Stairs Fund	Disaster Assistance	Measure A (Parks)
	$ 113,325	$ 175,454	$ 255,741	$ 176,317	$ 116,926	$ 37,683
	-	-	-	-	-	-
	-	-	604	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	$ 113,325	$ 175,454	$ 256,345	$ 176,317	$ 116,926	$ 37,683
	163	27,129	1,190	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	163	27,129	1,190	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	113,162	148,325	255,155	176,317	116,926	37,683
	-	-	-	-	-	-
	-	-	-	-	-	-
	113,162	148,325	255,155	176,317	116,926	37,683
	$ 113,325	$ 175,454	$ 256,345	$ 176,317	$ 116,926	$ 37,683

City of Sausalito
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Fund			
	Measure AA (Roads)	Sea Level Rise Grant	Age Friendly Sausalito Grant	Business Improvement District
ASSETS				
Cash and investments	$ 5,343	$ 652,832	$ -	$ 15,164
Restricted cash and investments	-	-	-	-
Receivables:				
Due from other government	-	-	-	-
Accounts receivable	-	-	-	26,056
Leases receivable	-	-	-	-
Total assets	$ 5,343	$ 652,832	$ -	$ 41,220
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	44,018	-	-
Due to other funds	-	-	2,240	-
Unearned revenue	-	520,466	-	-
Total liabilities	-	564,484	2,240	-
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Related to leases	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Restricted	5,343	88,348	-	41,220
Committed	-	-	-	-
Unassigned	-	-	(2,240)	-
Total fund balances	5,343	88,348	(2,240)	41,220
Total liabilities, deferred inflows of resources and fund balances	$ 5,343	$ 652,832	$ -	$ 41,220

Debt Service Fund		Capital Project Fund	
2006 GO Bonds	Tideland Loan	Library Capital Improvement	Total Nonmajor Governmental Funds
$ -	$ -	$ 112,217	$ 3,717,197
1,048,933	-	-	1,048,933
5,207	-	-	39,514
-	-	-	202,785
-	-	-	892,966
$ 1,054,140	$ -	$ 112,217	$ 5,901,395
-	-	-	146,329
112,795	-	-	136,471
-	-	-	520,466
112,795	-	-	803,266
-	-	-	3,540
-	-	-	833,410
-	-	-	836,950
941,345	-	-	4,180,772
-	-	112,217	112,217
-	-	-	(31,810)
941,345	-	112,217	4,261,179
$ 1,054,140	$ -	$ 112,217	$ 5,901,395

City of Sausalito
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2025

	Special Revenue Funds			
	Tidelands	Seized Assets	Traffic Safety	Gas Tax
REVENUES:				
Property tax	$ -	$ -	$ -	$ -
Fines and forfeitures	-	-	10,901	-
Use of money and property	553,317	1,690	759	19,911
Intergovernmental	-	-	-	400,018
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total revenues	553,317	1,690	11,660	419,929
EXPENDITURES:				
Current:				
General government	82,210	-	-	-
Public works	40,509	-	114,529	109,665
Parks & recreation	-	-	-	-
Capital outlay	82,302	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	205,021	-	114,529	109,665
REVENUES OVER (UNDER) EXPENDITURES	348,296	1,690	(102,869)	310,264
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	76,141	1,690	(2,869)	310,264
FUND BALANCES:				
Beginning of year	$ 1,496,532	$ 37,583	$ (26,701)	$ 334,738
End of year	$ 1,572,673	$ 39,273	$ (29,570)	$ 645,002

Special Revenue Funds					
Construction Traffic Impact Fee	Police Grants	Storm Drain	Stairs Fund	Disaster Assistance	Measure A (Parks)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
11,941	7,721	8,418	7,588	5,145	6,617
-	195,056	-	-	-	46,736
258,124	-	175,635	-	-	-
-	-	-	-	-	-
270,065	202,777	184,053	7,588	5,145	53,353
-	-	-	-	-	-
-	-	40,939	-	5,053	-
-	-	-	-	-	-
-	265,283	41,935	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	265,283	82,874	-	5,053	-
270,065	(62,506)	101,179	7,588	92	53,353
-	-	-	-	-	-
(540,000)	-	-	-	-	(292,952)
(540,000)	-	-	-	-	(292,952)
(269,935)	(62,506)	101,179	7,588	92	(239,599)
$ 383,097	$ 210,831	$ 153,976	$ 168,729	$ 116,834	$ 277,282
$ 113,162	$ 148,325	$ 255,155	$ 176,317	$ 116,926	$ 37,683

City of Sausalito

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2025

	Special Revenue Fund			
	Measure AA (Roads)	Sea Level Rise Grant	Age Friendly Sausalito Grant	Business Improvement District
REVENUES:				
Property tax	$ -	$ -	$ -	$ -
Fines and forfeitures	-	-	-	-
Use of money and property	4,646	37,219	102	1,015
Intergovernmental	-	396,429	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	235,526
Total revenues	4,646	433,648	102	236,541
EXPENDITURES:				
Current:				
General government	-	397,665	-	195,321
Public works	-	-	-	-
Parks & recreation	-	-	6,860	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	-	397,665	6,860	195,321
REVENUES OVER (UNDER) EXPENDITURES	4,646	35,983	(6,758)	41,220
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(200,000)	-	-	-
Total other financing sources (uses)	(200,000)	-	-	-
Net change in fund balances	(195,354)	35,983	(6,758)	41,220
FUND BALANCES:				
Beginning of year	200,697	52,365	4,518	-
End of year	$ 5,343	$ 88,348	$ (2,240)	$ 41,220

Debt Service Fund		Capital Project Fund	
2006 GO Bonds	Tideland Loan	Library Capital Improvement	Total Nonmajor Governmental Funds
$ 1,053,886	$ -	$ -	1,053,886
-	-	-	10,901
18,274	-	5,108	689,471
-	-	-	1,038,239
-	-	-	433,759
-	-	-	235,526
1,072,160	-	5,108	3,461,782
-	-	-	675,196
-	-	-	310,695
-	-	-	6,860
-	-	7,317	396,837
715,000	66,075	-	781,075
58,200	6,081	-	64,281
773,200	72,156	7,317	2,234,944
298,960	(72,156)	(2,209)	1,226,838
-	72,156	-	172,156
-	-	-	(1,305,107)
-	72,156	-	(1,132,951)
298,960	-	(2,209)	93,887
642,385	-	114,426	4,167,292
$ 941,345	$ -	$ 112,217	$ 4,261,179

City of Sausalito

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

Tidelands

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 750,581	$ 810,036	$ 553,317	$ (256,719)
Total revenues	750,581	810,036	553,317	(256,719)
EXPENDITURES:				
Current:				
General government	45,000	40,000	82,210	(42,210)
Public works	-	30,000	40,509	(10,509)
Capital outlay	50,000	50,000	82,302	(32,302)
Total expenditures	95,000	120,000	205,021	(85,021)
REVENUES OVER (UNDER) EXPENDITURES	655,581	690,036	348,296	(341,740)
OTHER FINANCING SOURCES (USES):				
Transfers out	(272,156)	(272,155)	(272,155)	-
Total other financing sources (uses)	(272,156)	(272,155)	(272,155)	-
Net change in fund balances	$ 383,425	$ 417,881	76,141	$ (341,740)
FUND BALANCES:				
Beginning of year			1,496,532	
End of year			$ 1,572,673	

City of Sausalito

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

Seized Assets

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ 1,500	$ 1,690	$ 190
Total revenues	-	1,500	1,690	190
Net change in fund balances	$ -	$ 1,500	1,690	$ 190
FUND BALANCES:				
Beginning of year			37,583	
End of year			$ 39,273	

City of Sausalito
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Traffic Safety
For the year ended June 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fines and forfeitures	$ 10,000	$ 10,000	$ 10,901	$ 901
Use of money and property	-	1,000	759	(241)
Total revenues	10,000	11,000	11,660	660
EXPENDITURES:				
Current:				
Public works	110,000	110,000	114,529	(4,529)
Total expenditures	110,000	110,000	114,529	(4,529)
REVENUES OVER (UNDER) EXPENDITURES	(100,000)	(99,000)	(102,869)	(3,869)
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	100,000	-
Net change in fund balances	$ -	$ 1,000	(2,869)	$ (3,869)
FUND BALANCES:				
Beginning of year			(26,701)	
End of year			$ (29,570)	

City of Sausalito

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

Gas Tax

For the year ended June 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 19,911	$ 19,911
Intergovernmental	366,500	366,500	400,018	33,518
Total revenues	366,500	366,500	419,929	53,429
EXPENDITURES:				
Current:				
Public works	60,000	60,000	109,665	(49,665)
Total expenditures	60,000	60,000	109,665	(49,665)
REVENUES OVER (UNDER) EXPENDITURES	306,500	306,500	310,264	3,764
Net change in fund balances	$ 306,500	$ 306,500	310,264	$ 3,764
FUND BALANCES:				
Beginning of year			334,738	
End of year			$ 645,002	

City of Sausalito

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

Construction Traffic Impact Fee

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 11,000	$ 13,000	$ 11,941	$ (1,059)
Charges for services	163,000	210,000	258,124	48,124
Total revenues	174,000	223,000	270,065	47,065
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(540,000)	(540,000)	-
Total other financing sources (uses)	-	(540,000)	(540,000)	-
Net change in fund balances	$ 174,000	$ (317,000)	(269,935)	$ 47,065
FUND BALANCES:				
Beginning of year			383,097	
End of year			$ 113,162	

City of Sausalito

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

Police Grants

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 14,000	$ 7,000	$ 7,721	$ 721
Intergovernmental	150,000	186,000	195,056	9,056
Total revenues	164,000	193,000	202,777	9,777
EXPENDITURES:				
Capital outlay	200,000	267,200	265,283	1,917
Total expenditures	200,000	267,200	265,283	1,917
REVENUES OVER (UNDER) EXPENDITURES	(36,000)	(74,200)	(62,506)	11,694
Net change in fund balances	$ (36,000)	$ (74,200)	(62,506)	$ 11,694
FUND BALANCES:				
Beginning of year			210,831	
End of year			$ 148,325	

City of Sausalito
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Storm Drain
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 5,000	$ 5,000	$ 8,418	$ 3,418
Charges for services	71,300	71,300	175,635	104,335
Total revenues	76,300	76,300	184,053	107,753
EXPENDITURES:				
Current:				
Public works	33,646	33,646	40,939	(7,293)
Capital outlay	3,000	3,000	41,935	(38,935)
Total expenditures	36,646	36,646	82,874	(46,228)
REVENUES OVER (UNDER) EXPENDITURES	39,654	39,654	101,179	61,525
Net change in fund balances	$ 39,654	$ 39,654	101,179	$ 61,525
FUND BALANCES:				
Beginning of year			153,976	
End of year			$ 255,155	

City of Sausalito
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Stairs Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ 7,000	$ 7,588	$ 588
Total revenues	-	7,000	7,588	588
Net change in fund balances	$ -	$ 7,000	7,588	$ 588
FUND BALANCES:				
Beginning of year			168,729	
End of year			$ 176,317	

City of Sausalito

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

Disaster Assistance

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ 5,000	$ 5,145	$ 145
Total revenues	-	5,000	5,145	145
EXPENDITURES:				
Current:				
Public works	-	4,000	5,053	(1,053)
Total expenditures	-	4,000	5,053	(1,053)
REVENUES OVER (UNDER) EXPENDITURES	-	1,000	92	(908)
Net change in fund balances	$ -	$ 1,000	92	$ (908)
FUND BALANCES:				
Beginning of year			116,834	
End of year			$ 116,926	

City of Sausalito

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

Measure A (Parks)

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ 6,000	$ 6,617	$ 617
Intergovernmental	-	10,000	46,736	36,736
Total revenues	-	16,000	53,353	37,353
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(292,952)	(292,952)	-
Total other financing sources (uses)	-	(292,952)	(292,952)	-
Net change in fund balances	$ -	$ (276,952)	(239,599)	$ 37,353
FUND BALANCES:				
Beginning of year			277,282	
End of year			$ 37,683	

City of Sausalito
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure AA (Roads)
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 4,646	$ 4,646
Intergovernmental	179,761	179,761	-	(179,761)
Total revenues	179,761	179,761	4,646	(175,115)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(200,000)	(200,000)	-
Total other financing sources (uses)	-	(200,000)	(200,000)	-
Net change in fund balances	$ 179,761	$ (20,239)	(195,354)	$ (175,115)
FUND BALANCES:				
Beginning of year			200,697	
End of year			$ 5,343	

City of Sausalito

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

Sea Level Rise Grant

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 48,000	$ 48,000	$ 37,219	$ (10,781)
Intergovernmental	500,000	500,000	396,429	(103,571)
Total revenues	548,000	548,000	433,648	(114,352)
EXPENDITURES:				
Current:				
General government	500,000	503,500	397,665	105,835
Total expenditures	500,000	503,500	397,665	105,835
REVENUES OVER (UNDER) EXPENDITURES	48,000	44,500	35,983	(8,517)
Net change in fund balances	$ 48,000	$ 44,500	35,983	$ (8,517)
FUND BALANCES:				
Beginning of year			52,365	
End of year			$ 88,348	

City of Sausalito
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Age Friendly Sausalito Grant
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 102	$ 102
Total revenues	-	-	102	102
EXPENDITURES:				
Current:				
Parks & recreation	-	-	6,860	(6,860)
Total expenditures	-	-	6,860	(6,860)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(6,758)	(6,758)
Net change in fund balances	$ -	$ -	(6,758)	$ (6,758)
FUND BALANCES:				
Beginning of year			4,518	
End of year			$ (2,240)	

City of Sausalito

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

Business Improvement District

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 1,015	$ 1,015
Other revenues	-	-	235,526	235,526
Total revenues	-	-	236,541	236,541
EXPENDITURES:				
Current:				
General government	-	-	195,321	(195,321)
Total expenditures	-	-	195,321	(195,321)
REVENUES OVER (UNDER) EXPENDITURES	-	-	41,220	41,220
Net change in fund balances	$ -	$ -	41,220	$ 41,220
FUND BALANCES:				
Beginning of year			-	
End of year			$ 41,220	

City of Sausalito
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
2006 GO Bonds
For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Property tax	$ 772,000	$ 772,000	$ 1,053,886	$ 281,886
Use of money and property	15,000	200,000	18,274	(181,726)
Total revenues	787,000	972,000	1,072,160	100,160
EXPENDITURES:				
Debt service:				
Principal	715,000	715,000	715,000	-
Interest and other charges	58,375	58,375	58,200	175
Total expenditures	773,375	773,375	773,200	175
REVENUES OVER (UNDER) EXPENDITURES	13,625	198,625	298,960	100,335
Net change in fund balances	$ 13,625	$ 198,625	298,960	$ 100,335
FUND BALANCES:				
Beginning of year			642,385	
End of year			$ 941,345	

City of Sausalito
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Tideland Loan
For the year ended June 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES:				
Current:				
Debt service:				
Principal	$ 66,075	$ 66,075	$ 66,075	$ -
Interest and other charges	6,081	6,081	6,081	-
Total expenditures	72,156	72,156	72,156	-
OTHER FINANCING SOURCES (USES):				
Transfers in	72,155	72,155	72,156	1
Total other financing sources (uses)	72,155	72,155	72,156	1
Net change in fund balances	$ (1)	$ (1)	-	$ 1
FUND BALANCES:				
Beginning of year			-	
End of year			$ -	

City of Sausalito

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

Library Capital Improvement

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 4,000	$ 4,000	$ 5,108	$ 1,108
Total revenues	4,000	4,000	5,108	1,108
EXPENDITURES:				
Capital outlay	-	-	7,317	(7,317)
Total expenditures	-	-	7,317	(7,317)
REVENUES OVER (UNDER) EXPENDITURES	4,000	4,000	(2,209)	(6,209)
Net change in fund balances	$ 4,000	$ 4,000	(2,209)	$ (6,209)
FUND BALANCES:				
Beginning of year			114,426	
End of year			$ 112,217	

DESCRIPTION OF GENERAL FUNDS

General Fund - To account for all financial resources of a governmental unit, which are not accounted for in another fund.

Measure L Sales Tax - To account for revenues generated from Measure L sales tax.

Pension Trust - To account for resources held in trust for pension benefits**.**

City of Sausalito
Combining Balance Sheet
General Fund Activities
June 30, 2025

	General	Measure L Sales Tax	Pension Trust	Total General Funds
ASSETS				
Cash and investments	$ 12,289,628	$ 5,386,694	$ -	$ 17,676,322
Restricted cash and investments	-	-	4,152,710	4,152,710
Due from other government	276,986	269,947	-	546,933
Accounts receivable	1,354,774	-	-	1,354,774
Leases receivable	2,832,041	-	-	2,832,041
Loans receivable	1,150	-	-	1,150
Due from other funds	1,242,671	-	-	1,242,671
Prepaids	20,131	-	-	20,131
Advances to other funds	599,255	-	-	599,255
Total assets	$ 18,616,636	$ 5,656,641	$ 4,152,710	$ 28,425,987
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 663,286	$ -	$ -	$ 663,286
Accrued salaries and benefits	222,876	-	-	222,876
Refundable deposits	309,712	-	-	309,712
Total liabilities	1,195,874	-	-	1,195,874
Deferred Inflows of Resources				
Related to leases	2,543,508	-	-	2,543,508
Total deferred inflows of resources	2,543,508	-	-	2,543,508
Fund Balances:				
Nonspendable	620,536	-	-	620,536
Restricted	-	-	4,152,710	4,152,710
Unassigned	14,256,718	5,656,641	-	19,913,359
Total fund balances	14,877,254	5,656,641	4,152,710	24,686,605
Total liabilities, deferred inflows of resources and fund balances	$ 18,616,636	$ 5,656,641	$ 4,152,710	$ 28,425,987

City of Sausalito

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund Activities

For the year ended June 30, 2025

	General	Measure L Sales Tax	Pension Trust	Total General Funds
REVENUES:				
Property tax	$ 7,429,765	$ -	$ -	$ 7,429,765
Sales tax	3,021,447	2,757,242	-	5,778,689
Other tax	2,929,682	-	-	2,929,682
Licenses and permits	2,133,876	-	-	2,133,876
Fines and forfeitures	487,236	-	-	487,236
Use of money and property	865,123	183,096	366,280	1,414,499
Intergovernmental	419,933	-	-	419,933
Charges for services	2,340,094	-	-	2,340,094
Other revenues	176,957	-	-	176,957
Total revenues	19,804,113	2,940,338	366,280	23,110,731
EXPENDITURES:				
Current:				
General government	6,690,359	-	22,776	6,713,135
Library	975,331	-	-	975,331
Police	6,189,741	-	-	6,189,741
Community development	2,466,447	-	-	2,466,447
Public works	2,725,866	-	-	2,725,866
Parks & recreation	1,956,397	-	-	1,956,397
Capital outlay	366,380	-	-	366,380
Debt service:				
Principal	58,000	-	-	58,000
Total expenditures	21,428,521	-	22,776	21,451,297
REVENUES OVER (UNDER) EXPENDITURES	(1,624,408)	2,940,338	343,504	1,659,434
OTHER FINANCING SOURCES (USES):				
Transfers in	2,750,000	-	-	2,750,000
Transfers out	(100,000)	(923,627)	-	(1,023,627)
Proceeds from sale of property	16,044	-	-	16,044
Total other financing sources (uses)	2,666,044	(923,627)	-	1,742,417
Net change in fund balances	1,041,636	2,016,711	343,504	3,401,851
FUND BALANCES:				
Beginning of year	13,835,618	3,639,930	3,809,206	21,284,754
End of year	$ 14,877,254	$ 5,656,641	$ 4,152,710	$ 24,686,605

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds introduced by GASB Statement No. 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement No. 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the fund financial statements, including the funds below.

Workers' Compensation - To account for costs related to workers' compensation claims and benefits.

General Liability - To account for costs associated with general liability insurance.

City of Sausalito
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Workers' Compensation	General Liability	Totals
ASSETS			
Current Assets:			
Cash and investments	$ 967,865	$ 753,325	$ 1,721,190
Total current assets	967,865	753,325	1,721,190
LIABILITIES			
Current liabilities:			
Accounts payable	3,568	39,766	43,334
Claims Payable - due within one year	244,345	296,075	540,420
Total current liabilities	247,913	335,841	583,754
Noncurrent liabilities:			
Claims payable	560,407	738,128	1,298,535
Total noncurrent liabilities	560,407	738,128	1,298,535
Total liabilities	808,320	1,073,969	1,882,289
NET POSITION			
Unrestricted	159,545	(320,644)	(161,099)
Total net position	$ 159,545	$ (320,644)	$ (161,099)

City of Sausalito

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the year ended June 30, 2025

	Workers' Compensation	General Liability	Totals
OPERATING REVENUES:			
Charges for services	$ 371,716	$ 2,050,000	$ 2,421,716
Other revenue	7,491	53,973	61,464
Total operating revenues	379,207	2,103,973	2,483,180
OPERATING EXPENSES:			
Other expenses	462,990	1,682,245	2,145,235
Professional services	-	128	128
Total operating expenses	462,990	1,682,373	2,145,363
Operating income (loss)	(83,783)	421,600	337,817
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	41,468	25,924	67,392
Total nonoperating revenues (expenses)	41,468	25,924	67,392
Change in net position	(42,315)	447,524	405,209
NET POSITION:			
Beginning of year	$ 201,860	$ (768,168)	(566,308)
End of year	$ 159,545	$ (320,644)	$ (161,099)

City of Sausalito

Combining Statement of Cash Flows

Internal Service Funds

For the year ended June 30, 2025

	Workers' Compensation	General Liability	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from (refunds to) interdepartmental charges	$ 371,716	$ 2,050,000	$ 2,421,716
Payments to suppliers	(466,781)	(1,717,156)	(2,183,937)
Other receipts (payments)	230,229	605,996	836,225
Net cash provided by (used in) operating activities	135,164	938,840	1,074,004
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	41,468	25,924	67,392
Net cash provided by (used in) investing activities	41,468	25,924	67,392
Net cash flows	176,632	753,325	929,957
CASH AND INVESTMENTS - Beginning of year	791,233	-	791,233
CASH AND INVESTMENTS - End of year	$ 967,865	$ 753,325	$ 1,721,190
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	$ (83,783)	$ 421,600	$ 337,817
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Accounts payable and accruals	(3,791)	(34,783)	(38,574)
Claims payable	222,738	552,023	774,761
Net cash provided by (used in) operating activities	$ 135,164	$ 938,840	$ 1,074,004