

**CITY OF LARKSPUR**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**



**CITY OF LARKSPUR**

**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**TABLE OF CONTENTS**

**FINANCIAL SECTION**

<b>Independent Auditor's Report .....</b>	<b>1</b>
<b>Management's Discussion and Analysis.....</b>	<b>5</b>
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	21
Statement of Activities .....	22
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	27
Reconciliation of the Governmental Funds-Balance Sheet	
with the Statement of Net Position .....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	29
Reconciliation of the Net Change in Fund Balances-Total Governmental	
Funds with the Statement of Activities .....	30
Statement of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual:	
General Fund .....	31
Proprietary Funds:	
Statement of Net Position .....	35
Statement of Revenues, Expenses and Changes in Fund Net Position .....	36
Statement of Cash Flows .....	37

**CITY OF LARKSPUR**

**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**TABLE OF CONTENTS**

**FINANCIAL SECTION (Continued)**

Fiduciary Funds:

Statement of Fiduciary Net Position ..... 41

Notes to Basic Financial Statements ..... 43

**Required Supplementary Information**

Pension Plans:

Schedule of the Proportionate Share of the Net Pension Liability ..... 75

Schedule of Contributions ..... 75

Post-Retirement Health Care Defined Benefit Plan:

Schedule of Changes in the Net OPEB Liability and Related Ratios ..... 76

Schedule of Contributions ..... 77

**Supplemental Information:**

Non-major Governmental Funds:

Combining Balance Sheets ..... 82

Combining Statement of Revenues, Expenditures, and Changes  
in Fund Balances ..... 86

Combining Schedule of Revenues, Expenditures, and Changes  
in Fund Balances-Budget and Actual ..... 90

Agency Funds:

Combining Statement of Changes in Assets and Liabilities ..... 97



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Larkspur, California (City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, and OPEB information on pages 5-15, 75-77 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.

### *Other Information*

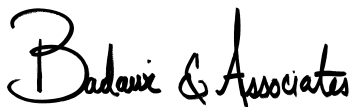
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 82-99, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 82-99 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 and individual nonmajor fund financial statements and the budgetary comparison schedules on pages 82-99 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2020 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.

A handwritten signature in cursive script that reads "Badawi & Associates".

Badawi & Associates, CPAs  
Berkeley, California  
January 10, 2020

*This page intentionally left blank*



# **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019**

The City of Larkspur is issuing its financial statements in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34) and successor statements, as outlined in Note 2B to the Basic Financial Statements. GASB 34 was developed to make annual financial reports easier to understand and more useful to the people who use governmental financial information to make their decisions, including members of the City Council, members of oversight bodies, investors, creditors, and the public in general. GASB 34 has introduced many changes to the look and content of annual financial reports. One important requirement is that financial managers provide *Management's Discussion and Analysis* (MD&A), which is designed to provide readers an objective and easily readable analysis of the governmental unit's financial performance for the reported year. This MD&A should be read in conjunction with the *Basic Financial Statements* and the accompanying notes to the Basic Financial Statements. The Basic Financial Statements include the *Government-wide Statements* and the *Fund Financial Statements*, along with the accompanying Notes.

## ***Reporting the City as a Whole: Government-wide Statements***

The Government-wide Statements present the financial position of the City with a longer-term view of the City's activities as a whole, and consist of the *Statement of Net Position* and the *Statement of Activities*. The Statement of Net Position presents all information about the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, both current and long-term, on the full accrual basis of accounting, which is similar to the accounting used by most private sector businesses. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which liability is incurred. Highlighting net position, or the difference between assets and deferred outflows and deferred inflows of resources of resources and liabilities, is one way to measure the City's financial health and financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. The Statement of Net Position includes the information previously reported in the City's capital and long-term debt account groups. The City has chosen, within the parameters of GASB 34, not to retrospectively include the historic costs and accumulated depreciation of infrastructure in place, including but not limited to the City's roadway system.

The Statement of Activities provides information about all of the City's revenues and expenses, also on the full accrual basis, and emphasizes the measurement of the net revenues or expenses of each of the City's functional or program areas. It also incorporates changes in net position for the year. In accordance with GASB 34, certain eliminations have been made related to interfund activity, payables, and receivables.

Both the Statement of Net Position and the Statement of Activities present information about the City's *governmental activities*. Most of the City's basic services fall into the category of governmental activities, including administration, finance, public works, planning and community development, recreation, contractual police and fire services, and library services. Sales, property and gas taxes, user fees, interest income, and state and federal grants finance these activities.

## ***Reporting the City's Major Funds: Fund Financial Statements***

The Fund Financial Statements include **governmental**, **proprietary** and **fiduciary** funds and report the City's operations in more detail and with a shorter-term focus than the Government-wide Statements. A reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach under GASB 34.

The Fund Financial Statements provide detailed information about the City's most significant funds, called **Major Funds**. The concept of Major Funds, and the determination of which funds are Major Funds, was established by GASB 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, and all of the Non-major Funds are combined in a single column. Major Funds present the major activities of the City for the year. The General Fund is always a Major Fund, but other funds designated as Major Funds may change from year-to-year, based upon their specific pattern of activities. The Major Funds reported for 2018-19 are the General Fund, the Capital Projects Fund and the City-wide Paving Fund, which are governmental funds.

### ***Governmental Funds***

Most of the City's basic services are reported in governmental funds. These funds focus on reporting the flow of money into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period (by June 30<sup>th</sup>) or soon enough thereafter to be used. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services provided. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

### ***Proprietary Funds***

Internal Service Funds are used for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other departments on a cost-reimbursement basis. The City's Insurance Internal Service Fund provides for the payment of worker's compensation and liability claims.

### ***Fiduciary Funds***

The City is the trustee, or fiduciary, for certain funds established to account for assets held by the City in a trustee capacity, or as an agent for individuals, private organizations, and other governmental units. The City's fiduciary activities are reported in separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities are excluded from the City's Government-wide Financial Statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their specified purposes.

## *Financial Analysis: Government-wide Statements*

As has been previously explained, the government-wide statements report Governmental Activities in the Statement of Net Position and the Statement of Activities. **Governmental Activities** consist of most of the programs and functions of the City. As of June 30, 2019, the net position of the City's Governmental Activities totaled \$42.1 million, as is highlighted in the following chart.

### Statement of Net Position: Governmental Activities Net Position at June 30, 2019

	2018-19	2017-18	Inc./ (Dec.)
Cash & Investments	\$ 49,176,233	\$ 24,646,935	\$ 24,529,298
Other Assets	4,123,412	2,569,992	1,553,420
Capital Assets	54,689,620	39,176,413	15,513,207
<b>Total Assets</b>	<b>\$107,989,265</b>	<b>\$ 66,393,340</b>	<b>\$ 41,595,925</b>
Total deferred outflows of resources	4,559,599	5,591,173	(1,031,574)
			-
Accounts Payable & Accrued Liabilities	2,902,991	1,976,387	926,604
Compensated Absences	194,072	384,923	(190,851)
Other Liabilities	2,806,872	2,875,690	(68,818)
Net OPEB Liabilities	18,268,829	17,961,393	307,436
Net Pension Liabilities	15,768,794	15,739,557	29,237
Long-term Debt	28,205,194	2,603,930	25,601,264
<b>Total Liabilities</b>	<b>\$ 68,146,752</b>	<b>\$ 41,541,880</b>	<b>\$ 26,604,872</b>
Total deferred inflows of resources	2,284,958	2,749,073	(464,115)
<b>Net Position:</b>			
Net investment in capital assets	26,484,426	36,572,483	(10,088,057)
Restricted	33,203,312	7,791,032	25,412,280
Unrestricted	(17,570,584)	(16,669,955)	(900,629)
<b>Total Net Position</b>	<b>\$ 42,117,154</b>	<b>\$ 27,693,560</b>	<b>\$ 14,423,594</b>

- ✓ Cash and Investments increased by \$25 million attributable to the issuance of new debt and uses in the Capital Project Fund.
- ✓ Capital Assets increased by \$15 million, net of accumulated depreciation due to the completion of several street projects. Including Local Streets & Rehabilitation, East Sir Frances Drake, and Measure B Patch Paving projects.
- ✓ After the initial implementation of GASB 75, Other Post Employment benefits (OPEB), OPEB has a small increase of \$307,439. More information can be found in Note 11 Other Post Employment Benefits.
- ✓ Net pension liability for the City's Governmental Activities increased slightly by \$29,237 in 2018-19. More information on the net pension liability is included in Note 10 Pension Plan.

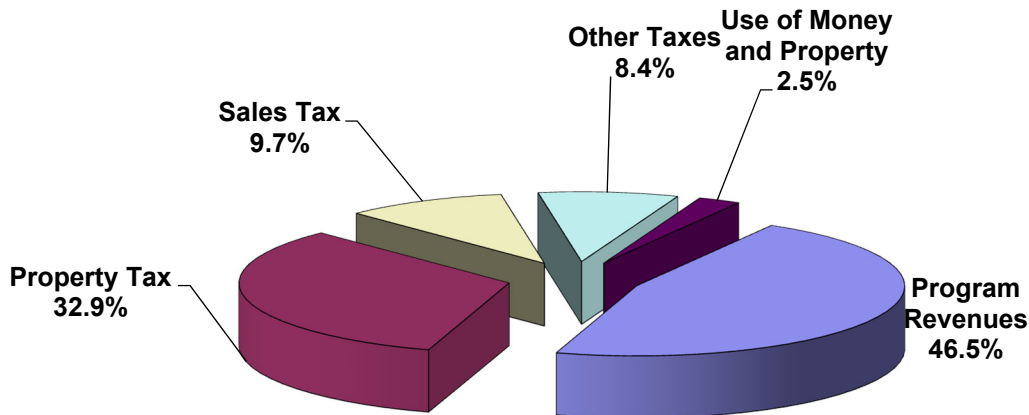
During 2018-19, the City’s Governmental Activities were supported by \$35 million in revenues, derived from many sources, as is summarized in the next chart. The sharp increase for use of money and property is due to the City-wide Paving fund from the debt proceeds.

**Statement of Activities: Governmental Activities  
2018-19 Revenues by Source**

Source	2018-19	2017-18	% of Total
<b>Program Revenues:</b>			
Charges for services	\$ 5,609,378	\$ 4,012,133	15.8%
Operating contributions & grants	908,717	1,036,790	2.6%
Capital contributions & grants	9,936,147	3,904,584	28.1%
<b>Total Program Revenues</b>	<b>\$ 16,454,242</b>	<b>\$ 8,953,507</b>	<b>46.5%</b>
<b>General Revenues:</b>			
Property tax	11,659,632	10,945,987	32.9%
Sales tax	3,432,911	2,784,340	9.7%
Other taxes	2,964,924	3,033,655	8.4%
Use of Money and Property	898,800	203,162	2.5%
<b>Total General Revenues</b>	<b>\$ 18,956,267</b>	<b>\$ 16,967,144</b>	<b>53.5%</b>
<b>Total Revenues</b>	<b>\$ 35,410,509</b>	<b>\$ 25,920,651</b>	<b>100.0%</b>

The following provides a graphic depiction of the composition of the various revenue sources reported in the Statement of Activities for the Governmental Activities. As is depicted, Program Revenues, which are directly assigned to program or functional areas of the City’s activities, comprised 46.5% of total revenue sources for the year. Property tax continues to be our greatest source of revenue at 32.9%, followed by sales tax. Other taxes including business license, franchise fees and transient occupancy tax represent 8.4% of the City’s revenue.

**Sources of Revenue - Governmental Activities**



The programs reported as Governmental Activities include all the basic areas of City government, including general government, planning and community development, police services, the fire department, public works, library services, recreation and the interest expense component of debt service. Because changes in net position are incorporated into the Statement of Activities, the expenses reported in this statement have been adjusted to reflect such things as annual depreciation of capital assets such as buildings and equipment, increases or decreases in the balance of compensated absences, and the principal payment component of debt service. For example, in the Fund Financial Statements for the Governmental Funds, the General

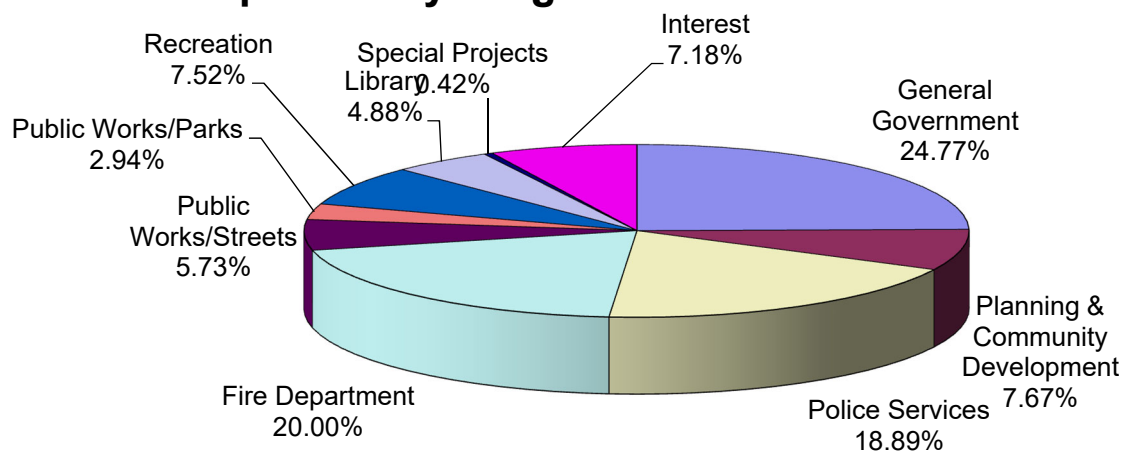
Administration Program reflects an expenditure of \$3,005,960 for 2018-19. This same program reflects total expenses of \$4,382,028 in the Statement of Activities shown in the chart below. The \$1,376,068 difference is mainly attributed to annual depreciation and acquisition of capital assets and the change in net pension and net OPEB liabilities. These items, treated in the Fund Financial Statements as adjustments to balance sheet accounts, are incorporated into the total activity for this program area in the Statement of Activities. A full reconciliation of these statements is included in the Basic Financial Statements. A discussion of program expenditures for the year is included later in this MD&A.

**Statement of Activities: Governmental Activities  
2018-19 Expenses by Program**

<b>Program</b>	<b>Total Expense</b>	<b>% of Total</b>
General Government	\$ 4,382,028	20.88%
Planning and Community Development	1,704,703	8.12%
Police Services	3,925,442	18.70%
Fire Department	4,816,475	22.95%
Public works/Streets	1,257,065	5.99%
Public works/Parks	631,022	3.01%
Recreation	1,613,135	7.69%
Library	1,063,200	5.07%
Special Projects	87,807	0.42%
Interest on long-term debt	1,506,038	7.18%
<b>Total</b>	<b>\$ 20,986,915</b>	<b>100.00%</b>

The total expenses of \$20,986,915 are graphically depicted by program area in the next chart.

**Expenses by Program - Governmental Activities**



The change in net position for fiscal year 2018-19 of \$14,423,594 reported and discussed earlier is equal to the difference between the total revenues of \$35,410,509 minus total expenses of \$20,986,916 that are reflected in the Statement of Activities for Governmental Activities.

## ***FUND FINANCIAL STATEMENTS***

### **Performance of Governmental Funds**

The Fund Balance of the City's Governmental Funds at June 30, 2019, was \$47,755,368. The following chart provides an overview of these Fund Balances.

#### **Governmental Funds Fund Balance at June 30, 2019**

<b>Governmental Funds</b>	<b>Total Assets</b>	<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<b>Fund Balance</b>
General	\$ 15,554,245	\$ 1,894,921	\$ 13,659,324
Capital Projects	2,948,029	2,834,398	113,631
City Wide Paving	26,097,321	-	26,097,321
Non-Major Governmental	8,497,553	612,461	7,885,092
<b>Total Fund Balance</b>	<b>\$ 53,097,148</b>	<b>\$ 5,341,780</b>	<b>\$ 47,755,368</b>

The combined fund balances of \$47,755,368 increased by \$26,094,126 during 2018-19. This is attributed to city-wide fund and the proceeds from the debt of \$26.47 million.

#### **Governmental Funds Net Change in Fund Balances at June 30, 2019**

<b>Governmental Funds</b>	<b>Total Revenues</b>	<b>Total Expenditures</b>	<b>Excess/(Def.) of Revenues</b>	<b>Other Financing Sources/(Uses)</b>	<b>Net Change in Fund Balance</b>
General	\$ 19,430,174	\$ 16,464,439	\$ 2,965,735	\$ 104,074	\$ 3,069,809
Capital Projects	10,874,045	17,040,706	(6,166,661)	2,998,907	(3,167,754)
City Wide Paving	451,760	1,902,188	(1,450,428)	27,547,749	26,097,321
Non-Governmental	5,560,119	1,190,110	\$ 4,370,009	(4,275,259)	94,750
<b>Subtotal</b>	<b>\$ 36,316,098</b>	<b>\$ 36,597,443</b>	<b>\$ (281,345)</b>	<b>\$ 26,375,471</b>	<b>\$ 26,094,126</b>
<b>Beginning Fund Balances</b>					<b>21,661,242</b>
<b>Ending Fund Balances</b>					<b>47,755,368</b>

The following discussion provides a focused analysis of the performance of the City’s Governmental Funds by examining the various Major Funds.

▫ **General Fund**

The General Fund accounts for financial resources traditionally associated with government activities that are not legally required to be accounted for in another fund. The General Fund ended the 2018-19 fiscal year with a fund balance of \$13,659,324 an increase of \$3,069,809 from the previous year. This increase results from the net impact of the fund’s financial performance for the fiscal year, as summarized in the following chart.

**2018-19 General Fund Performance**

Revenues	\$	19,430,174
Expenditures		16,464,439
<b>Excess of Expenditures</b>	<b>\$</b>	<b>2,965,735</b>
Other Financing Sources (Uses)		
Transfers In		262,709
Transfers Out		(158,635)
<b>Net Other Financing Sources</b>	<b>\$</b>	<b>104,074</b>
Net change in Fund Balance		3,069,809
Beginning Fund Balance		10,589,515
<b>Ending Fund Balance</b>	<b>\$</b>	<b>13,659,324</b>

The General Fund revenues remain strong with a 7.4% increase over last fiscal year. Total revenues of \$19,430,174 were received in 2018-19, as compared with \$18,085,387 in 2017-18. The \$1,344,787, increase is depicted in the following chart that compares revenue performance for the two years.

**Two-year Comparison of General Fund Revenues**

	2018-19	2017-18	Inc. (Dec.)	% Inc. (Dec.)
Property Taxes	\$ 11,659,632	\$ 10,945,987	\$ 713,645	6.52%
Sales Tax	3,432,911	2,784,340	648,571	23.29%
Other Taxes	2,475,503	2,531,192	(55,689)	-2.20%
Licenses & Permits	793,079	548,692	244,387	44.54%
Penalties & Fines	89,103	79,174	9,929	12.54%
Use of Money and Property	172,178	109,345	62,833	57.46%
Other Agencies	7,826	312,482	(304,656)	-97.50%
Charges for Services	775,990	714,111	61,879	8.67%
Other Revenue	23,952	60,064	(36,112)	-60.12%
<b>Total</b>	<b>\$ 19,430,174</b>	<b>\$ 18,085,387</b>	<b>\$ 1,344,787</b>	<b>7.44%</b>

**Property taxes** showed an increase of \$713,645. **Sales taxes** reported an increase from \$2,784,340, in 2017-18 to \$3,432,911 in 2018-19. This increase in both property tax and sales taxes is primarily due to a strong economy. **Other Taxes** decreased by approximately 2.2%. Revenues included in this category are business license fees, franchise fees and transient occupancy taxes. **Penalties and Fines** increased by 12.5%. **Licenses and Permits** also increased, 44.5% from Building Permits. **Use of Money and Property** includes interest earned which increased by 57.46% during the fiscal year, mainly due to increased interest rates for investment earnings. **Other Agencies** decreased by \$304,656, mainly due to less State reimbursements for Fire mutual aid. **Charges for services** had an increase of 8.67%. **Other Revenue** accounts for any payments received during the year that do not fit into any other category. Because of that, it fluctuates from year to year. This year Other Revenue decreased by \$36,112.

General Fund expenditures totaled \$16,464,439 in 2018-19, a small 2.26% increase from the prior fiscal year. The following chart highlights the difference between the two fiscal years by program area.

**Two-year Comparison of General Fund Expenditures**  
**Actual Fiscal Year 2018-19**

<b>Program Area</b>	<b>2018-19</b>	<b>2017-18</b>	<b>Inc. (Dec.)</b>	<b>% Inc. (Dec)</b>
General Administration	\$ 3,005,960	\$ 3,026,066	(\$20,106)	-0.66%
Planning & Community Development	1,549,868	1,468,331	81,537	5.55%
Police Services	3,925,442	3,680,226	245,216	6.66%
Fire Department	4,323,079	4,533,396	(210,317)	-4.64%
Public Works/Streets	1,133,826	1,019,867	113,959	11.17%
Public Works/Parks	613,242	518,192	95,050	18.34%
Recreation	699,370	680,879	18,491	2.72%
Library	873,619	834,340	39,279	4.71%
Debt Service	340,034	340,034	0	0.00%
<b>Total</b>	<b>\$ 16,464,439</b>	<b>\$ 16,101,331</b>	<b>\$ 363,109</b>	<b>2.26%</b>

The General Fund performed strongly during fiscal year 2018-19. The ending fund balance at June 30, 2019 was \$13,659,324. Of the \$13 million fund balance, \$321,614 is assigned, and \$13.3 million is unassigned.

▫ **Capital Projects**

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major facilities. The Capital Projects fund balance decreased by \$3,167,754. The Bon Air Bridge has begun construction, and the City-wide 5 year paving plan is also under way. Projects completed in fiscal year 2019 were in Streets, Curbs and Gutters; such as Local Streets & Rehabilitation, East Sir Francis Drake and Measure B Patch Paving. The negative \$6.16 million excess of revenues is timing of reimbursements for projects. Expenses related to the Housing Element also accounted for in this fund. For more information, see Note 5.

**2018-19 Capital Projects Fund Performance**

Revenues	\$	10,874,045
Expenditures		17,040,706
<b>Excess of Revenues</b>	<b>\$</b>	<b>(6,166,661)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$	2,998,907
<b>Net Other Financing Sources</b>	<b>\$</b>	<b>2,998,907</b>
Net change in Fund Balance		(3,167,754)
Beginning Fund Balance		3,281,385
<b>Ending Fund Balance</b>	<b>\$</b>	<b>113,631</b>



□ **City-wide Paving Fund**

**2018-19 City-wide Paving Fund Performance**

Revenues	\$	451,760
Expenditures		1,902,188
<b>Excess of Revenues</b>	<b>\$</b>	<b>(1,450,428)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$	1,072,278
Proceeds from issuance of debt	\$	26,475,471
<b>Net Other Financing Sources</b>	<b>\$</b>	<b>27,547,749</b>
Net change in Fund Balance		26,097,321
Beginning Fund Balance		-

This is a new fund for the purpose of financing infrastructure improvements though proceeds from debt issuance. Investment earnings account for \$451,760 in revenues, and the expenditures for \$1,072,278 are for bond cost issuance, principal and interest payments on the debt. Measure B the .75 percent sales tax covered the debt payment with seen in the transfers in line item.

□ **Other Governmental Funds**

Included in this category are the Special Revenue Funds (Park Development, Property Development, Gas Tax, Measure C, Measure B, Transit Mitigation, Housing in Lieu, Business Enhancement, Heritage Preservation, Summer School, Storm Drain Run Off, Vehicle/Road Impact fees, Local Roads, PEG, Zimmer trust and Twin Cities Child Care) and the Greenbrae Marina Improvement Fund.

Taken as a whole, the following chart reflects the performance of these funds during 2018-19.

**2018-19 Performance of  
Other Governmental Funds**

Revenues	\$	5,560,119
Expenditures		1,190,110
<b>Excess of Revenues</b>	<b>\$</b>	<b>4,370,009</b>
<b>Other Financing Sources</b>		
Transfers In/Out	\$	(4,275,259)
<b>Net Other Financing Sources</b>	<b>\$</b>	<b>(4,275,259)</b>
Net change in Fund Balance		94,750
Beginning Fund Balance		7,790,342
<b>Ending Fund Balance</b>	<b>\$</b>	<b>7,885,092</b>

## **Capital Assets**

The principal additions to capital assets in fiscal year 2019 were Streets, Curbs & Gutters amounted to \$13.7 million. Most of this increase was the continuation of five year paving plan to rehabilitate the city's streets. The construction in process experienced an increase of \$17 million mainly due to the rebuilding the Bon Air Bridge. The City depreciates all its capital assets over their estimated useful live, as required by GASB 34. The purpose of depreciations to spread the cost of a capital asset over the years of its useful life so hat an allocable portion of the cost of the asset is borne by all users. Further detail on capital assets can be found in Note 5.

	Balance June 30, 2018	Balance June 30, 2019
Capital assets not being depreciated:		
Land	\$ 768,673	\$ 768,673
Construction In Progress	2,185,425	5,506,049
Total capital assets not being depreciated	<u>2,954,098</u>	<u>6,274,722</u>
Capital assets being depreciated:		
Land Improvements	5,048,787	5,089,882
Streets, Curbs, & Gutters	33,794,002	47,472,987
Machinery & Equipment	1,587,551	1,587,551
Buildings	3,704,601	3,704,601
Vehicles	2,520,539	2,520,539
Total capital assets being depreciated	<u>46,655,480</u>	<u>60,375,560</u>
Less accumulated depreciation for:		
Land Improvements	(1,496,015)	(1,623,337)
Streets, Curbs, & Gutters	(3,487,644)	(4,683,409)
Machinery & Equipment	(1,511,972)	(1,539,822)
Buildings	(1,933,735)	(2,039,823)
Vehicles	(2,003,799)	(2,074,271)
Total accumulated depreciation	<u>(10,433,165)</u>	<u>(11,960,662)</u>
Net capital assets being depreciated	<u>36,222,315</u>	<u>48,414,898</u>
Governmental activity capital assets, net	<u>\$ 39,176,413</u>	<u>\$ 54,689,620</u>

## **Debt Administration**

The City's debt consists of the Corporation Yard lease, a Fire Engine lease and Lease Revenue Bond, Series 2018. The Fire Engine Lease total is \$617,008 over a seven year period. City Council approved the annual lease payments of \$97,954 will be covered by Measure C revenue. The outstanding balance for the Fire Truck at June 30, 2019 \$366,644. The Corporation Yard lease is to finance the remodel of the corporation yard and other public capital improvements. Payments are semi-annual with interest of 2.30% through 2028. The outstanding balance at June 30, 2019 is 1,957,890. The issuance of Lease Revenue Bonds, Series 2018 in the amount of \$25,160,000 for the purpose of infrastructure improvements including a city-wide paving program. The outstanding balance or June 30, 2019 is \$24.62 million. For more detail see Note 7 – Long-Term Debt.

## **Budgeting**

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all other Major Funds. These statements compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis. Budgets are prepared on the modified accrual basis of accounting, consistent with Generally Accepted Accounting Principles (GAAP). Operating appropriations lapse at year-end. The City Council generally reauthorizes appropriations for continuing projects and activities. Project-length financial plans are adopted for capital projects. The City Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is generally at the fund level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds (special revenue funds included) are considered a single department. Budgeted expenditures may be reallocated between departments within the same fund without City Council approval.

## **Conclusion**

*Management's Discussion and Analysis* is designed to provide the City's residents, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Questions about this document or requests for additional information may be directed to the Administrative Services Director, located in the City Hall at 400 Magnolia Avenue, Larkspur, CA 94939.

*This page intentionally left blank*

---

**BASIC  
FINANCIAL STATEMENTS**

---

*This page intentionally left blank*

---

# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

---

*This page intentionally left blank*



**City of Larkspur**  
**Statement of Net Position**  
**June 30, 2019**

<b>ASSETS</b>	<b>Governmental Activities</b>
Cash and investments:	
Available for operations	\$ 22,579,898
Restricted cash and investments	26,596,335
Deposit and prepaid	50,000
Receivables:	
Accounts	3,791,659
Loans	281,753
Capital assets:	
Not being depreciated	6,274,722
Being depreciated, net	48,414,898
Total capital asset	54,689,620
<b>Total assets</b>	107,989,265
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources - pension	3,952,058
Deferred outflows of resources - OPEB	607,541
<b>Total deferred outflows of resources</b>	4,559,599
<b>LIABILITIES</b>	
Accounts payable	2,902,991
Accrued liabilities	752,773
Interest payable	83,212
Claims payable	
Due within one year	164,788
Due in more than one year	390,833
Unearned revenue	78,114
Deposits payable	1,337,152
Compensated absences payable	
Due within one year	118,280
Due in more than one year	75,792
Long-term debt	
Due within one year	921,199
Due in more than one year	27,283,995
Net pension liability	15,768,794
Net OPEB Liability	18,268,829
<b>Total liabilities</b>	68,146,752
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - pension	1,088,175
Deferred inflows of resources - OPEB	1,196,783
<b>Total deferred inflows of resources</b>	2,284,958
<b>NET POSITION</b>	
Net investment in capital assets	26,484,426
Restricted for:	
Special revenue projects	33,203,312
Unrestricted (deficit)	(17,570,584)
<b>Total net position</b>	\$ 42,117,154

See accompanying Notes to Basic Financial Statements.

**City of Larkspur**  
**Statement of Activities**  
**For the year ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
General government	4,382,028	193,682	750	-	\$ (4,187,596)
Planning and community development	1,704,703	285,857	810,523	-	(608,323)
Police	3,925,442	-	84,296	-	(3,841,146)
Fire	4,816,475	1,549	-	-	(4,814,926)
Public works - Streets	1,257,065	3,808,514	6,798	9,871,992	12,430,239
Public works - Parks	631,022	-	-	64,155	(566,867)
Recreation	1,613,135	1,319,776	-	-	(293,359)
Library	1,063,200	-	6,350	-	(1,056,850)
Special Projects	87,807	-	-	-	(87,807)
Interest on long-term debt	1,506,038	-	-	-	(1,506,038)
<b>Total governmental activities</b>	<b>20,986,915</b>	<b>5,609,378</b>	<b>908,717</b>	<b>9,936,147</b>	<b>(4,532,673)</b>

**General Revenues:**

Taxes:	
Sales tax	3,432,911
Property taxes	11,659,632
Franchise taxes	1,009,764
Transient Occupancy taxes	1,062,123
Business License taxes	375,821
Other taxes	517,216
Use of money and property	898,800
<b>Total general revenues</b>	<b>18,956,267</b>
<b>Change in net position</b>	<b>14,423,594</b>
<b>Net position - beginning of year</b>	<b>27,693,560</b>
<b>Net position - end of year</b>	<b>\$ 42,117,154</b>

---

# FUND FINANCIAL STATEMENTS

---

*Governmental Funds Financial Statements*

*Proprietary Funds Financial Statements*

*Fiduciary Funds Financial Statements*

*This page intentionally left blank*

## GOVERNMENTAL FUND FINANCIAL STATEMENTS

**General Fund** - to account for the revenues and expenditures to carry out basic governmental activities of the City such as general government, public safety, public works, and parks and recreation. This fund accounts for all financial transactions not accounted for in the other funds.

**Capital Project Fund** to account for the City's major capital improvements not provided for in one of the other capital projects funds.

**City-wide Paving Fund** - to account for city-wide infrastructure improvements.

**Non-Major Governmental Funds** is the aggregate of all the non-major governmental funds.

*This page intentionally left blank*

**City of Larkspur**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	City-Wide Paving Fund		
<b>ASSETS</b>					
Cash and investments:					
Available for operations	\$ 14,519,392	\$ 700,527	\$ -	\$ 7,207,483	\$ 22,427,402
Restricted cash and investments	-	-	26,097,321	499,013	26,596,334
Receivables:					
Accounts	1,034,853	2,247,502	-	509,304	3,791,659
Loans	-	-	-	281,753	281,753
<b>Total assets</b>	<b>\$ 15,554,245</b>	<b>\$ 2,948,029</b>	<b>\$ 26,097,321</b>	<b>\$ 8,497,553</b>	<b>\$ 53,097,148</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	460,499	2,293,555	-	\$ 137,935	\$ 2,891,989
Accrued liabilities	601,440	120,155	-	31,177	752,772
Deposits payable	832,982	420,688	-	83,482	1,337,152
Unearned revenue	-	-	-	78,114	78,114
<b>Total liabilities</b>	<b>1,894,921</b>	<b>2,834,398</b>	<b>-</b>	<b>330,708</b>	<b>5,060,027</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenues	-	-	-	281,753	281,753
<b>Fund Balances: (Note 12)</b>					
Restricted	-	-	26,097,321	7,055,991	33,153,312
Committed	-	113,631	-	805,691	919,322
Assigned	321,614	-	-	27,767	349,381
Unassigned	13,337,710	-	-	(4,357)	13,333,353
<b>Total fund balances</b>	<b>13,659,324</b>	<b>113,631</b>	<b>26,097,321</b>	<b>7,885,092</b>	<b>47,755,368</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,554,245</b>	<b>\$ 2,948,029</b>	<b>\$ 26,097,321</b>	<b>\$ 8,497,553</b>	<b>\$ 53,097,148</b>

**City of Larkspur**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2019**

<b>Total Fund Balances - Total Governmental Funds</b>	<u>\$ 47,755,368</u>
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	54,689,620
Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.	
Cash and investments available for operations	152,496
Deposit-pay as you go	50,000
Claims payable	<u>(566,622)</u>
Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	281,753
In the Government-Wide Financial Statements, certain differences between actuarial amounts and actual results for pension are deferred and amortized over a period of time, however these differences do not impact the Governmental Funds Balance Sheet:	
Deferred outflows related to OPEB	607,541
Deferred inflows related to OPEB	(1,196,783)
Deferred outflows related to pension	3,952,058
Deferred inflows related to pension	(1,088,175)
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Governmental Funds:	
Long-term debt	(28,205,194)
Interest payable	(83,212)
Compensated absences	(194,072)
Net pension liability	(15,768,794)
Net OPEB liability	<u>(18,268,829)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 42,117,154</u></u>



**City of Larkspur**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2019**

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	City-wide Paving Fund		
<b>REVENUES:</b>					
Taxes	\$17,568,046	\$ -	\$ -	\$ 3,324,891	\$20,892,937
Licenses and permits	793,079	-	-	266,357	1,059,436
Penalties and fines	89,103	-	-	-	89,103
Use of money and property	172,178	50,321	451,760	167,700	841,959
Other agencies	7,826	10,701,493	-	59,425	10,768,744
Charges for services	775,990	-	-	921,042	1,697,032
Donations	2,293	-	-	-	2,293
Other revenue	21,659	122,231	-	820,704	964,594
<b>Total revenues</b>	<b>19,430,174</b>	<b>10,874,045</b>	<b>451,760</b>	<b>5,560,119</b>	<b>36,316,098</b>
<b>EXPENDITURES:</b>					
Current:					
General administration	3,005,959	-	-	-	3,005,959
Planning and community development	1,549,868	-	-	60,543	1,610,411
Police services	3,925,442	-	-	-	3,925,442
Fire	4,323,079	-	-	-	4,323,079
Public works / streets	1,133,826	-	-	11,243	1,145,069
public works / parks	613,242	-	-	-	613,242
Recreation	699,370	-	-	848,603	1,547,973
Library	873,619	-	-	150,000	1,023,619
Special projects	-	-	-	67,485	67,485
Capital outlay	-	17,040,706	-	52,236	17,092,942
Debt service:					
Principal retirement	279,396	-	540,000	-	819,396
Interest and fiscal charges	60,638	-	1,362,188	-	1,422,826
<b>Total expenditures</b>	<b>16,464,439</b>	<b>17,040,706</b>	<b>1,902,188</b>	<b>1,190,110</b>	<b>36,597,443</b>
<b>REVENUES OVER (UNDER) EXPENDITURE</b>	<b>2,965,735</b>	<b>(6,166,661)</b>	<b>(1,450,428)</b>	<b>4,370,009</b>	<b>(281,345)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	262,709	2,998,907	1,072,278	6,500	4,340,394
Transfers out	(158,635)	-	-	(4,281,759)	(4,440,394)
Proceeds from issuance of debt-principal	-	-	25,160,000	-	25,160,000
Proceeds from issuance of debt-premium	-	-	1,315,471	-	1,315,471
<b>Total other financing sources (uses)</b>	<b>104,074</b>	<b>2,998,907</b>	<b>27,547,749</b>	<b>(4,275,259)</b>	<b>26,375,471</b>
<b>Net change in fund balances</b>	<b>3,069,809</b>	<b>(3,167,754)</b>	<b>26,097,321</b>	<b>94,750</b>	<b>26,094,126</b>
<b>FUND BALANCES:</b>					
Beginning of year	10,589,515	3,281,385	-	7,790,342	21,661,242
End of year	<u>\$13,659,324</u>	<u>\$ 113,631</u>	<u>\$26,097,321</u>	<u>\$ 7,885,092</u>	<u>\$47,755,368</u>

See accompanying Notes to Basic Financial Statements.

# City of Larkspur

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2019

---

---

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 26,094,126
---	---------------

Amounts reported for governmental activities in the statement of activities differ from the amounts reported in the statement of revenues, and changes in fund balances 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 useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	17,040,703
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	(1,527,497)
Employer contributions for pension and OPEB were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred.	2,064,768
Accrued interest payable applicable to the City's governmental activities is not due and payable in the current period and accordingly is not reported as fund liabilities. The statement of net position includes accrued interest. This amount represents the change in accrued interest.	(83,212)
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(877,160)
Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense does not required the use of current financial resources, and is not recognized in the governmental funds.	(2,091,740)
Some revenues reported in the statement of activities do not represent current financial resources and therefore are not reported as revenue in the governmental funds. This amount represents the change in deferred inflows.	(962,431)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt related items:	
Issuance of debt	(26,475,471)
Repayment of debt principal	540,000
Decrease in issuance premium	54,811
Payments on capital lease obligations	279,396
Net decrease in compensated absences	190,851

The portion of the net revenue (expense) of Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities

Change in Net Position - Internal Service Fund	<u>176,450</u>
--	----------------

<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 14,423,594</u></u>
--	-----------------------------

# City of Larkspur

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

### General Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 11,361,096	\$ 11,361,096	\$ 17,568,046	\$ 6,206,950
Licenses and permits	470,000	470,000	793,079	323,079
Penalties and fines	51,000	51,000	89,103	38,103
Use of money and property	10,002	10,002	172,178	162,176
Other agencies	40,000	40,000	7,826	(32,174)
Charges for services	505,971	505,971	775,990	270,019
Donations	-	-	2,293	2,293
Other revenue	40,000	40,000	21,659	(18,341)
<b>Total revenues</b>	<b>12,478,069</b>	<b>12,478,069</b>	<b>19,430,174</b>	<b>6,952,105</b>
<b>EXPENDITURES:</b>				
Current:				
General administration	3,601,578	3,601,578	3,005,959	595,619
Planning and community development	1,606,311	1,606,311	1,549,868	56,443
Police services	3,914,650	3,914,650	3,925,442	(10,792)
Fire	4,537,052	4,537,052	4,323,079	213,973
Public works / streets	1,003,050	1,076,050	1,133,826	(57,776)
public works / parks	624,612	718,612	613,242	105,370
Recreation	666,082	753,582	699,370	54,212
Library	909,148	911,648	873,619	38,029
Debt service:				
Principal retirement	340,034	340,034	279,396	60,638
Interest and fiscal charges	-	-	60,638	(60,638)
<b>Total expenditures</b>	<b>17,202,517</b>	<b>17,459,517</b>	<b>16,464,439</b>	<b>995,078</b>
<b>REVENUES OVER (UNDER) EXPENDITURES:</b>	<b>(4,724,448)</b>	<b>(4,981,448)</b>	<b>2,965,735</b>	<b>7,947,183</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	270,000	270,000	262,709	(7,291)
Transfers out	(200,000)	(200,000)	(158,635)	41,365
<b>Total other financing sources (uses)</b>	<b>70,000</b>	<b>70,000</b>	<b>104,074</b>	<b>34,074</b>
<b>Net change in fund balance</b>	<b>\$ (4,654,448)</b>	<b>\$ (4,911,448)</b>	<b>3,069,809</b>	<b>\$ 7,947,183</b>
<b>FUND BALANCE:</b>				
Beginning of year			10,589,515	
End of year			<u>\$ 13,659,324</u>	

*This page intentionally left blank*

## **PROPRIETARY FUND FINANCIAL STATEMENTS**

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 concept of major funds established by GASB Statement 34 extends to Proprietary Funds. GASB 34 does not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds that are major funds.

### **INTERNAL SERVICE FUND**

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City's Insurance Fund provides for the payment of the worker's compensation and liability claims.

*This page intentionally left blank*

**City of Larkspur**  
**Statement of Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2019**

---

	Insurance Internal Service Fund
	<u>                    </u>
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 152,496
Deposit - pay as you go	<u>50,000</u>
<b>Total assets</b>	<u>202,496</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	11,001
Claims payable - due within one year	<u>164,788</u>
Total current liabilities	<u>175,789</u>
Noncurrent liabilities:	
Claims payable - due more one year	<u>390,833</u>
Total noncurrent liabilities	<u>390,833</u>
<b>Total liabilities</b>	<u>566,622</u>
<b>NET POSITION</b>	
Restricted	50,000
Unrestricted (deficit)	<u>(414,126)</u>
<b>Total net position</b>	<u>\$ (364,126)</u>

**City of Larkspur**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2019**

---

	Governmental Activities Internal Service Funds
<b>OPERATING EXPENSES:</b>	
Claims and administrative expense	\$ (74,418)
<b>Total operating expenses</b>	<u>(74,418)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest income	<u>2,032</u>
<b>Total nonoperating revenues (expenses)</b>	<u>2,032</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	76,450
Transfers in	<u>100,000</u>
<b>Total transfers</b>	<u>100,000</u>
<b>Change in net position</b>	176,450
<b>NET POSITION:</b>	
Beginning of year	<u>(540,576)</u>
End of year	<u>\$ (364,126)</u>



**City of Larkspur**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2019**

---

	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Claims paid	\$ (96,934)
<b>Net cash provided by (used in) operating activities</b>	<u>(96,934)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers from other funds	100,000
Interest Received	<u>2,032</u>
<b>Net cash provided by (used) in noncapital financing activities</b>	<u>102,032</u>
<b>NET (INCREASE) IN CASH AND CASH EQUIVALENTS</b>	5,098
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u>147,398</u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u><u>\$ 152,496</u></u>
<b>FINANCIAL STATEMENT PRESENTATION:</b>	
Cash and investments	\$ 152,496
<b>Total</b>	<u><u>\$ 152,496</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ 74,418
Changes in assets and liabilities:	
Accounts payable	11,001
Claims payable	<u>(182,353)</u>
<b>Total adjustments</b>	<u>(171,352)</u>
<b>Net cash provided (used) in operating activities</b>	<u><u>\$ (96,934)</u></u>

*This page intentionally left blank*

## **FIDUCIARY FUND FINANCIAL STATEMENTS**

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

### **AGENCY FUNDS**

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations and other governments.

*This page intentionally left blank*

**City of Larkspur**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

---

	<u>Agency Funds</u>
<b>ASSETS</b>	
Assets	
Restricted cash and investments	\$ 5,733,282
Prepaid	46,875
Accounts receivable	<u>220,183</u>
<b>Total assets</b>	<b><u><u>\$ 6,000,340</u></u></b>
<b>LIABILITIES</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 439,452
Accrued payroll	442,623
Deposit payable	32,871
Due to property owners and bondholders	441,954
Due to Ross Valley Paramedic Authority	1,107,444
Due to Central Marin Police Authority	<u>3,535,996</u>
<b>Total liabilities</b>	<b><u><u>\$ 6,000,340</u></u></b>

*This page intentionally left blank*

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 - GENERAL**

The City of Larkspur (City) is a residential community located in Marin County approximately fifteen miles north of San Francisco, California. The City was incorporated as a municipal corporation in 1908.

The City operates under the Council-Manager form of government, with five elected Council members served by a full-time City Manager and staff. The City provides services to residents primarily by contracting with other governmental agencies and private contractors. City services are provided as follows:

*Public Safety* - The City is a member of the Central Marin Fire Authority with the Town of Corte Madera and the Town of San Anselmo; the Authority provides fire services to the City. The City contracts for its Code Enforcement/Building Inspection Services. The City is a member of the Central Marin Police Authority with the Town of Corte Madera and the Town of San Anselmo; the Authority provides police services to the City. Paramedic services are provided by Ross Valley Paramedic Authority of which the City is a member. Both of these authorities are described in Note 13.

*Public Works and Engineering* - The City maintains its streets, curbs, gutters and related public property. The City contracts major construction projects, and some engineering services.

*Recreation, Library and Day Care* services are provided.

*Planning, Administration* - and other services are provided.

In addition, the City employs seasonal recreation personnel and part time hourly Library employees.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Larkspur conform with generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

**A. Reporting Entity**

The financial statements of the City of Larkspur include the financial activities of the City. There are no component units.

**B. Basis of Presentation**

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

The financial statements described below are presented.

**Government-wide Statements:** The Statement of Net Position and the Statement of Activities display information about the primary government (the City). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category-governmental, proprietary, and fiduciary---are presented. The emphasis of fund financial statements is on major individual governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

**C. Major Funds**

Major funds are defined as funds that have either assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

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

**General Fund** - To account for the revenues and expenditures to carry out basic governmental activities of the City such as general government, public safety, public works, and parks and recreation. This fund accounts for all financial transactions not accounted for in the other funds.

**Capital Projects Fund** - To account for the City's major capital improvements not provided for in one of the other capital projects funds.

**City-Wide Paving Fund** – To account for the City-wide infrastructure improvements.

The City also reports the following fund types:

**Internal Service Fund** - Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City's Insurance Fund provides for the payment of the worker's compensation and liability claims.

The City also reports the following fiduciary fund types:

Agency Funds - These Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, in accordance with the conditions of the agreements. Agency Funds are purely custodial and do not involve measurement of results of operations.



**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Basis of Accounting***

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

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

Those revenues susceptible to accrual are property taxes, franchise taxes, interest revenue and charges for services. Sales taxes collected and held by the State at year end on behalf of the City also are recognized as revenue since they are remitted shortly after year end. Fines collected by the City, licenses and permits are not susceptible to accrual because they are not measurable until received in cash.

Expenditures are also generally recognized under the modified accrual basis of accounting. Exceptions to this rule is principal and interest on long-term debt, which is not recognized by governmental funds until it is due, and the current portion of compensated absences payable.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

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

***E. Budgets and Budgetary Accounting***

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

1. Prior to June 30 the City Manager submits to the City Council a proposed operating budget for the following fiscal year. This budget includes proposed expenditures by fund and departments and the revenues expected to finance them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution before July 1.
4. The City Manager is authorized to transfer budgeted amounts between line items within any department; however, any revisions which alter total expenditures of the City must be approved by City Council.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, all Special Revenue Funds except the Property Development, Housing in Lieu, Heritage Preservation, PEG, and Zimmer Special Revenue Funds, and the Capital Projects Funds.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except that proprietary funds do not budget depreciation, but budget for capital outlay. Budget/actual comparisons in this report use this budgetary basis. These budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to original appropriations.

***F. Expenditures in Excess of Appropriations***

The funds below incurred expenditures in excess of appropriations in the amounts below. These funds had sufficient fund balances or revenues to finance these expenditures.

		Excess of Expenditures Over <u>Appropriation</u>
Special Revenue Funds:		
Summer School	\$	59,291
Measure B		11,243

***G. Cash Flows***

Proprietary fund cash and investments are grouped in the preparation of statements of cash flows as they are considered cash and cash equivalents. Proprietary fund cash and investments represent allocations of pooled cash and investments composed of cash or investments with a maturity less than three months.

***H. Property Tax***

Property tax revenue is recognized in the fiscal year for which the tax is levied. The County of Marin levies, bills, and collects property taxes and special assessments for the City. The County remits the entire amount levied and collects all delinquencies, retaining all interest and penalties.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***I. Compensated Absences Payable***

Changes in compensated absences were as follows:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 384,923	\$ 343,778
Net Change	<u>(190,851)</u>	<u>41,145</u>
Ending Balance	<u>\$ 194,072</u>	<u>\$ 384,923</u>
Current Portion	<u>\$ 118,280</u>	<u>\$ 128,862</u>

For governmental funds, compensated leave payable is recorded as current and noncurrent liabilities and as expenses only on the Government-Wide Financial Statements. For proprietary funds, current and noncurrent liabilities for compensated leave payable are recorded as expenses in both the Government-Wide Financial Statement and the Fund Financial Statement. Sick leave and other such absences do not vest and are not accrued.

***J. Deferred Compensation Plans***

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

The City signed Deferred Compensation Plan administration agreements which 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 new plans are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

***K. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions and Other Post-Employment Benefits (OPEB). See further discussion in Notes 10 and 11 below.

In addition to liabilities, the statement of financial position and 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. One item related to unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The remaining items represent deferred inflows related to pensions and OPEB. See further discussion in Notes 10 and 11 below.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***L. 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.

***M. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension***

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's Financial Office fiduciary net position have been determined on the same basis as they are reported by CalPERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***N. OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the California Employers' Retiree Benefit Trust (CERBT). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

***O. Estimates and Assumptions***

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 3 - CASH AND INVESTMENTS**

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds so that it can be safely invested at maximum yields, consistent with safety and liquidity, while individual funds can make expenditures at any time. Investment income is allocated among funds on the basis of average quarter-end cash and investment balances in these funds.

*A. Policies*

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. Individual investments are generally made by the City's fiscal agents as required under its special assessment debt issues; the City normally invests only in the California Local Agency Investment Fund pool administered by the State.

The City's investments are carried at fair value instead of cost, 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. Classification*

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Cash and investments available for City operations	\$	22,579,898
Restricted cash and investments		26,596,335
Restricted cash and investments with Agency Funds		<u>5,733,282</u>
Total City Cash and Investments	<u>\$</u>	<u>54,909,515</u>

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

*C. Investments Authorized by the California Government Code and the City's Investment Policy*

The City's investment policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	N/A	No Limit	No Limit
U.S. Agency Securities	5 years	N/A	50%	No Limit
Bankers' Acceptances	180 days	A-1 or P-1	30%	10%
Medium Term Notes	5 years	A-1 or P-1	30%	(A)*
Commercial Paper	180 days	A-1 or P-1	15%	(A)**
Repurchase Agreements	30 days	N/A	10%	No Limit
Certificates of Deposit	5 years	N/A	30%	\$ 99,000***
California Local Agency Investment Fund (LAIF)	N/A	N/A	\$ 20,000,000	\$ 20,000,000
Money Market Mutual Funds	N/A	AAA	20%	No Limit
Investment Trust of California (CAL Trust)	N/A	N/A	\$ 20,000,000	\$ 20,000,000

(A) Lesser of 10% of portfolio market value or 5% of issuance value.

\* Issuer must be incorporated and operating in the United States or a United States depository institution licensed by the United States or any state.

\*\* Issuer must be incorporated and operating in the United States and have assets in excess of \$500,000,000. No more than 10% of any issuers commercial paper may be purchased.

\*\*\* Issuer must be a California institution.

*D. Interest Rate Risk and Credit Risk*

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

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	12 Months or less	Total
California Local Agency Investment Fund	\$ 17,072,125	\$ 17,072,125
Investment Trust of California (Cal Trust)	7,100,675	7,100,675
Money Market Funds	108,491	108,491
Negotiable Certificates of Deposit	486,693	486,693
Total City Investments	<u>\$ 24,767,984</u>	24,767,984
Cash in banks and on hand		<u>30,141,531</u>
Total Cash and Investments		<u>\$ 54,909,515</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2019, these investments matured in an average of 173 days.

The City is a participant in the Short-Term Fund and Medium-Term Fund of the Investment Trust of California (CalTrust), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies. CalTrust is governed by a Board of Trustees of seven Trustees, at least seventy-five percent of whom are from the participating agencies. The City reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. The balance is available for withdrawal on demand and is based on the accounting records maintained by CalTrust. Included in CalTrust's investment portfolio are: United States Treasury Notes, Bills, Bonds or Certificates of Indebtedness; registered state warrants or treasury notes or bonds; California local agency bonds, notes, warrants or other indebtedness; federal agency or United States government-sponsored enterprise obligations; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term notes; money market mutual funds; notes, bonds or other obligation secured by a first priority security interest in securities authorized under Government Code Section 53651; and mortgage pass-through securities, collateralized mortgage obligations, and other asset - backed securities. CalTrust's Medium-Term Fund has a target portfolio duration of Oto 4 years. At June 30, 2019 the Short-Term Fund investments matured in an average of 350 days and the Medium- Term Fund investments matured in an average of 795 days. As of June 30, 2019, the Short-Term Fund was rated AAF by Standard and Poor's investment rating system and the Medium-Term Fund was rated AA-f.

Money Market funds are available for withdrawal and at June 30, 2019.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

*E. Fair Value Hierarchy*

The Authority categorizes its fair value measurements 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 prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Negotiable Certificates of Deposit are also classified in Level 2 of the fair value hierarchy. At June 30, 2019, the fair value approximated the City's cost. Fair value is defined as the quoted market value on the last trading day of the period.

Investments in LAIF and CalTrust are not subject to the fair value hierarchy.

The City also invests in Money Market Funds, which are not subject to the requirements of fair value hierarchy.

**NOTE 4 - INTERFUND TRANSACTIONS**

*A. Transfers between Funds*

With Council approval, resources may be transferred from one City fund to another. Interfund transfers for the year ended June 30, 2019, were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Non-Major Governmental Funds	\$ 262,709
Capital Projects Fund	General Fund	52,135
	Non-Major Governmental Funds	2,946,772
Non-Major Governmental Funds	Non-Major Governmental Funds	6,500
Insurance Internal Service Fund	General Fund	100,000
City-Wide Paving Plan	Measure B	<u>1,072,278</u>
	Total Interfund Transfers	<u>\$ 4,440,394</u>

*B. Interfund Advance*

There was no interfund advance during the fiscal year ended June 30, 2019.

**NOTE 5 - CAPITAL ASSETS**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City defines capital assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years.



**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 5 - CAPITAL ASSETS (Continued)**

All capital assets with limited useful lives are depreciated over their estimated useful lives. 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:

Land Improvements	40 years
Street, Curbs, & Gutters	40 years
Machinery & Equipment	10 years
Buildings	40 years
Vehicles	10 years

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

Changes in capital assets were as follows:

	Balance June 30, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 768,673	\$ -	\$ -	\$ -	\$ 768,673
Construction In Progress	2,185,425	17,040,704	-	(13,720,080)	5,506,049
Total capital assets not being depreciated	<u>2,954,098</u>	<u>17,040,704</u>	<u>-</u>	<u>(13,720,080)</u>	<u>6,274,722</u>
Capital assets being depreciated:					
Land Improvements	5,048,787	-	-	41,095	5,089,882
Streets, Curbs, & Gutters	33,794,002	-	-	13,678,985	47,472,987
Machinery & Equipment	1,587,551	-	-	-	1,587,551
Buildings	3,704,601	-	-	-	3,704,601
Vehicles	2,520,539	-	-	-	2,520,539
Total capital assets being depreciated	<u>46,655,480</u>	<u>-</u>	<u>-</u>	<u>13,720,080</u>	<u>60,375,560</u>
Less accumulated depreciation for:					
Land Improvements	(1,496,015)	(127,322)	-	-	(1,623,337)
Streets, Curbs, & Gutters	(3,487,644)	(1,195,765)	-	-	(4,683,409)
Machinery & Equipment	(1,511,972)	(27,850)	-	-	(1,539,822)
Buildings	(1,933,735)	(106,088)	-	-	(2,039,823)
Vehicles	(2,003,799)	(70,472)	-	-	(2,074,271)
Total accumulated depreciation	<u>(10,433,165)</u>	<u>(1,527,497)</u>	<u>-</u>	<u>-</u>	<u>(11,960,662)</u>
Net capital assets being depreciated	<u>36,222,315</u>	<u>(1,527,497)</u>	<u>-</u>	<u>13,720,080</u>	<u>48,414,898</u>
Governmental activity capital assets, net	<u>\$ 39,176,413</u>	<u>\$ 15,513,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,689,620</u>

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 5 - CAPITAL ASSETS (Continued)**

*A. Capital Asset Contributions*

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

*B. Depreciation Allocation*

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

	Depreciation Expense
General government	\$ 1,363,122
Fire	105,617
Public works/streets	5,207
Public works/parks	3,471
Recreation	29,715
Library	43
Special projects	20,322
Total Governmental Activities	\$ 1,527,497

**NOTE 6 - LOAN RECEIVABLE**

On June 1, 1989, the City entered into a ground lease agreement with EAH Larkspur Creekside Associates that included a loan in the amount of \$281,753. On August 1, 2006, that agreement was amended and restated, as EAH Larkspur Creekside Associates II, L.P. assumed all rights and obligations under the ground lease agreement. The ground lease was amended to extend the maturity date of the loan to January 1, 2062. The lease agreement states annual rent shall be equal to the lesser of ten percent (10%) of annual gross receipts and sixty percent (60%) of surplus cash. The loan bears zero interest and the unpaid deferred rent is due at maturity. As of June 30, 2019, the loan had a balance of \$281,753.

**NOTE 7 - LONG-TERM DEBT**

The City's long-term debt is summarized below:

Name of Obligation	Authorized and Issued	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
Lease Revenue Bonds, Series 2018	\$ 25,160,000	\$ -	\$ 25,160,000	\$ 540,000	\$ 24,620,000	\$ 635,000
Premium, net of amortization	1,315,471	-	1,315,471	54,811	1,260,660	-
Corporation Yard Lease	3,067,000	2,151,590	-	193,700	1,957,890	198,181
Fire Engine Lease	617,008	452,340	-	85,696	366,644	88,018
		\$ 2,603,930	\$ 26,475,471	\$ 874,207	\$ 28,205,194	\$ 921,199

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 7 - LONG-TERM DEBT (Continued)**

*A. Lease Revenue Bonds, Series 2018*

On July 11, 2018, the Larkspur Public Financing Authority authorized the issuance of the Lease Revenue Bonds, Series 2018, in the amount of \$25,160,000 for the purpose of financing infrastructure improvements. Principal payments of \$540,000 to \$1,550,000 are due annually on June 1, 2019 through June 1, 2042. Interest is payable semi-annually on December 1 and June 1 with interest rates ranging from 3.0% to 5.0%.

*B. Corporation Yard Lease*

On July 1, 2013, the City entered into a \$3,067,000 lease agreement with Municipal Asset Finance Corporation for the purpose of financing corporation yard and other public capital improvements. The lease bears interest of 2.30 percent and principal and interest payments are payable semi-annually on each December 1 and June 1 commencing on December 1, 2013 through June 1, 2028.

*C. Fire Engine Capital Lease*

On March 21, 2016, the City entered into a \$617,008 lease agreement with PNC Equipment Finance, LLC for the purpose of financing the purchase of a new fire engine. The lease bears interest of 2.71 percent and principal and interest payments are payable annually on each March 21 commencing on March 21, 2016 through March 21, 2023.

*D. Debt Service Requirements*

At June 30, 2019, the annual debt service requirements are as follows:

<b>Public Issuance</b>				<b>Private/Direct Debt</b>			
Year ending	Principal	Interest	Total	Year ending	Principal	Interest	Total
June 30,				June 30,			
2020	\$ 635,000	\$ 970,556	\$ 1,605,556	2020	\$ 286,199	\$ 53,835	\$ 340,034
2021	665,000	938,806	1,603,806	2021	293,168	46,865	340,033
2022	700,000	905,556	1,605,556	2022	300,309	39,725	340,034
2023	735,000	870,556	1,605,556	2023	307,624	32,409	340,033
2024	770,000	833,806	1,603,806	2024	217,164	24,915	242,079
2025-2029	4,480,000	3,550,531	8,030,531	2025-2029	920,070	48,149	968,219
2030-2034	5,580,000	2,447,306	8,027,306				
2035-2039	6,560,000	1,469,388	8,029,388	Total	\$ 2,324,534	\$ 245,898	\$ 2,570,432
2040-2042	4,495,000	318,325	4,813,325				
Subtotal	24,620,000	\$ 12,304,830	\$ 36,924,830				
Premium	1,260,660						
Total	\$ 25,880,660						

**NOTE 8 - SPECIAL ASSESSMENT DISTRICT DEBT WITH NO CITY COMMITMENT**

The City is the collecting and paying agent for the debt of the special assessment districts below, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, the debt is not included in the City's financial statements. The outstanding balance of each of these debt issues as of June 30, 2019 is as follows:

LMFA Dredging and Maintenance Project	\$420,000
---------------------------------------	-----------

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 8 - SPECIAL ASSESSMENT DISTRICT DEBT WITH NO CITY COMMITMENT (Continued)**

At June 30, 2019, fiscal agents for this debt issue held funds, which are pledged for the payment of the debt. The California Government Code requires these monies be invested in accordance with the City ordinance, resolution or indenture, unless there are specific state statutes regarding the investment.

**NOTE 9 - NET POSITION AND FUND BALANCE**

*A. Net Position*

Net Position is the excess of all the City's assets and deferred outflows, if any, over all its liabilities and deferred inflows, if any, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

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

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

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

*B. Fund Balance*

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities and deferred inflows (unavailable revenue).

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 represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact and assets not expected to be converted to cash, such as prepaids, are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

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 formal action of the Council which may be altered only by formal action of the Council. Nonspendable amounts subject to Council commitments are included along with spendable resources.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 - NET POSITION AND FUND BALANCE (Continued)**

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 Council or its designee and may be changed at the discretion of the Council or its designee. This category includes Nonspendable, when it is the Council's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, 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.

Detailed classifications of the City's fund balances as of June 30, 2019 are below:

Fund Balance Classifications	General Fund	Capital Projects Fund	City-wide Paving Fund	Other Governmental Funds	Total
Restricted for:					
Affordable Housing	\$ -	\$ -	\$ -	\$ 162,509	\$ 162,509
Storm Drain Run Off	-	-	-	165,538	165,538
Street Improvements	-	-	-	5,621,391	5,621,391
Child Care	-	-	-	347,575	347,575
Business Enhancement	-	-	-	532,934	532,934
PEG	-	-	-	1,008	1,008
Capital Projects	-	-	26,097,321	225,036	26,322,357
Total Restricted Fund Balances	-	-	26,097,321	7,055,991	33,153,312
Committed to:					
Heritage Preservation	-	-	-	142,217	142,217
Summer School	-	-	-	66,211	66,211
Larkspur Library	-	-	-	597,263	597,263
Capital Projects	-	113,631	-	-	113,631
Total Committed Fund Balances	-	113,631	-	805,691	919,322
Assigned to:					
State Bail Out	321,614	-	-	-	321,614
Larkspur Library	-	-	-	27,767	27,767
Total Assigned Fund Balances	321,614	-	-	27,767	349,381
Unassigned					
General Fund	13,337,710	-	-	-	13,337,710
Other Fund Deficit	-	-	-	(4,357)	(4,357)
Total Unassigned Fund Balances	13,337,710	-	-	(4,357)	13,333,353
Total Fund Balances	<u>\$ 13,659,324</u>	<u>\$ 113,631</u>	<u>\$ 26,097,321</u>	<u>\$ 7,885,092</u>	<u>\$ 47,755,368</u>

*C. Minimum Fund Balance Policy*

On June 7, 2017, the City Council adopted resolution #40-17 establishing the General Fund reserve policy.

**Reserve Levels**

The City will set aside funds into three designated reserves to address unforeseen emergencies or disasters, significant changes in the economic environment, and key infrastructure and capital projects. These include the Catastrophic Reserve, Budget Stabilization Reserve, and Capital and Special Projects Reserve.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 - NET POSITION AND FUND BALANCE (Continued)**

The City commits to maintaining these reserves at a minimum of 25% of General Fund annual operating expenditures (minus one-time expenditures), equally divided between the Catastrophic Reserve (15%) and Budget Stabilization Reserve (10%), excluding the Capital and Special Projects Reserve. The General Fund Reserve Policy is reviewed by the City Council as part of the annual operating budget review and adoption process. Appropriations of any General Fund reserves require formal Council authorization.

Should a catastrophic disaster or loss of a significant source of the City's sales tax revenue occur, the required reserve level should be adequate to meet the City's immediate financial needs. For example, in the event of natural disaster, the Catastrophic Reserve would provide necessary coverage for basic operating expenses for approximately ninety days, including salary and benefits for safety and non-safety City employees, while still meeting debt service obligations. This time frame would enable the City to explore other available cash alternatives, including the use of internal service funds. Likewise, should the City experience a loss of a primary sales tax contributor, the reserve level in the Budget Stabilization Fund would provide for a two year transition period, giving the City adequate time to realign its operating costs with available resources, while minimizing service impacts.

*D. Budget Stabilization*

Funds reserved under this category shall be used to mitigate, should they occur, annual budget revenue shortfalls (actual revenues less than projected revenues) due to changes in the economic environment and/or one-time expenditures that will result in future efficiencies and/or budgetary savings. Examples of "economic triggers" and one-time uses include, but are not limited to:

- Significant decrease in property or sales tax, or other economically sensitive revenues;
- Loss of businesses considered to be significant sales tax generators;
- Reductions in revenue due to actions by the state/federal government;
- Workflow/technical system improvements to reduce ongoing, personnel costs and enhance customer service;
- One-time maintenance of service levels due to significant economic/budget constraints; and
- One-time transitional costs associated with organizational restructuring to secure long-term personnel cost savings.

*E. Deficit Fund Balances/Net Position*

At June 30, 2019, the Greenbrae Marina Improvement Capital Projects Fund had a deficit fund balance in the amount of \$4,293 and the Insurance Internal Service Fund had deficit net position in the amount of \$364,126. The deficits will be eliminated by future revenues.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 - PENSION PLAN**

*A. General Information about the Pension Plans*

**Plan Description** - All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Rate Plans. The City's Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors six rate plans (three miscellaneous and three 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 Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
	Prior to January 1, 1986	January 1, 1986 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	2%@55	2%@55	2%@62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52-67
Monthly benefits, as % of eligible compensation	1.426% to 2.418%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.25%
Required employer contribution rates	10.609%	8.892%	6.842%
	Safety		
	Tier 1	Tier 2	PEPRA
	Prior to January 1, 2014	On or after January 1, 2014	On or after January 1, 2014
Hire date			
Benefit formula	3%@55	3%@55	2.7%@57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50-55	50-57
Monthly benefits, as % of eligible compensation	2.4% to 3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%	12.25%
Required employer contribution rates	20.416%	19.353%	12.965%

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 - PENSION PLAN (Continued)**

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability and the side fund was \$855,070 in fiscal year 2019.

**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.

For the fiscal year ended June 30, 2019, the contributions to the Plan were as follows:

	Safety	Miscellaneous	Total
Contributions - employer	\$ 765,334	\$ 688,893	\$ 1,454,227

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

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

As of June 30, 2019, the City reported net pension liability for its proportionate shares of the net pension liabilities of the rate plans as \$15,768,794.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City's proportionate share 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 amounts as of the valuation date where not available. The City's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

Proportion - June 30, 2017	0.15871%
Proportion - June 30, 2018	0.16364%
Change - Increase (Decrease)	0.00493%



**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 - PENSION PLAN (Continued)**

For the year ended June 30, 2019, the City recognized pension expense of \$2,091,740. At June 30, 2019, 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	\$ 1,454,227	\$ -
Differences between actual and expected experience	403,641	37,775
Changes in assumptions	1,662,408	315,375
Net differences between projected and actual earnings on plan investments	93,513	-
Differences between actual contributions and proportion share of contributions	-	655,305
Change in proportion	338,269	79,720
Total	\$ 3,952,058	\$ 1,088,175

\$1,454,227 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 ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ 1,294,901
2021	712,060
2022	(473,083)
2023	(124,220)

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 - PENSION PLAN (Continued)**

Actuarial Assumptions - The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB Statement No. 68
<b>Actuarial Assumptions:</b>	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPers Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS' website under Forms and Publications.

In December 2016, CalPERS' Board of Directors voted to lower the discount rate from 7.5% to 7.0% over the next three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates beginning in fiscal year 2019 and result in increases to the normal costs, total pension liabilities and unfunded actuarial liabilities.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 - PENSION PLAN (Continued)**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11 +(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.0% used for this period.

(b) An expected inflation of 2.92% used for this period.

***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 as of the measurement date, 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 I-percentage point lower or I-percentage point higher than the current rate:

	Discount Rate		
	1% Decrease	Current	1% Increase
	6.15%	7.15%	8.15%
Net Pension Liability	\$ 24,169,147	\$ 15,768,794	\$ 8,864,349

***Pension Plan Fiduciary Net Position*** - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 11 - OTHER POST EMPLOYMENT BENEFITS**

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

**Plan Description** - The City's Post Employment Benefit Plan is a single-employer plan. The cost of the benefits provided by the Plan is currently being paid by the City on a pay-as-you-go basis. The long-term strategy for funding the benefits provided under the Plan is currently being evaluated. Coverage requires the employee to satisfy the requirements under CalPERS, which requires attainment of age 50 (age 52, if a new member on or after January 1, 2013). The following is a summary of Plan benefits by employee group as of June 30, 2019:

Category	Eligibility (Years of Service)	Benefit Provided	Term of Benefit	Survivor Benefit
Miscellaneous Employees hired prior to July 1, 2007 and Fire Employees hired prior to September 1, 2008	5 years in PERS but less than 10 years with the City	PEMHCA Minimum (\$128 per month in calendar 2017)	Lifetime	PEMHCA Minimum, if spouse eligible for survivor pension
	At least 10 but less than 15 years with the City	100% premium paid for retiree only, up to Kaiser Bay Area rate	Lifetime	PEMHCA Minimum, if spouse eligible for survivor pension
	15 or more years with the City	100% premium paid for retiree & spouse, up to Kaiser Bay Area rate	Lifetime	100% premium paid for surviving spouse, up to Kaiser Bay Area rate
Miscellaneous Employees hired on/after July 1, 2007 but before Jan 1, 2015 and Fire Employees hired on/after September 1, 2008 but before April 1, 2015	5 years in PERS but less than 10 years with the City	PEMHCA Minimum (\$128 per month in calendar 2017)	Lifetime	PEMHCA Minimum, if spouse eligible for survivor pension
	10 or more years with the City	100% premium paid for retiree only, up to Kaiser Bay Area rate	Lifetime	PEMHCA Minimum, if spouse eligible for survivor pension
Miscellaneous Employees hired on/after Jan 1, 2015 and Fire Employees hired on/after April 1 2015	5 years in PERS	PEMHCA Minimum (\$128 per month in calendar 2017)	Lifetime	PEMHCA Minimum, if spouse eligible for survivor pension

For the year ended June 30, 2019, the City's contributions to the Plan were \$607,541.

**Employees Covered by Benefit Terms** - Membership in the Plan consisted of the following at the measurement date of June 30, 2018:

Active employees	60
Inactive employees or beneficiaries currently receiving benefit payments	44
Inactive employees entitled to but not yet receiving benefit payments	<u>0</u>
Total	<u><u>104</u></u>

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

*B. Net OPEB Liability*

**Actuarial Methods and Assumptions** -The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2017 that was rolled forward using standard update procedures to determine the net OPEB liability as of June 30, 2019, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	January 1, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.62% as of June 30, 2018 3.56% as of June 30, 2017
Inflation	2.75% per year
Salary Increase ( 1)	3.25% per year
Assumed Wage Inflation (2)	3.00% per year
Investment Rate of Return (3)	6.50% as of June 30, 2017 and 6.25% June 30, 2018
Healthcare Trend Rate	5.00% to 7.50%

- (1) Used only to allocate the cost of benefits between service years
- (2) Used as a component of assumed salary increases
- (3) Net of plan investment expenses and including inflation

Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for a different basis used to project future mortality improvements. Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008.

The long-term expected rate of return on OPEB plan investments was determined using a building- block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	11+ Year Expected Real Rate of Return	11+ Year Expected Real Rate of Return
Global Equity	40.0%	4.80%	5.98%
Fixed Income	43.0%	1.10%	2.62%
Inflation Assets	8.0%	3.20%	5.00%
Real Estate	5.0%	0.25%	1.46%
Commodities	4.0%	1.50%	2.87%
Total	100.0%		

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Discount Rate** - The discount rate used to measure the total OPEB liability was 3.62%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*C. Changes in Net OPEB Liability*

The changes in the net OPEB liability is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at Fiscal Year Ending June, 30, 2018	\$ 18,319,049	\$ 357,656	\$ 17,961,393
Changes Recognized for the Measurement Period:			
Service Cost	634,689	-	634,689
Interest on the total OPEB liability	664,087	-	664,087
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(160,009)	-	(160,009)
Contributions from the employer	-	799,210	(799,210)
Net investment income	-	32,782	(32,782)
Administrative expenses	-	(188)	188
Other expenses	-	(473)	473
Benefit payments	(599,210)	(599,210)	-
Net changes	539,557	232,121	307,436
Balance at June 30, 2019	<u>\$ 18,858,606</u>	<u>\$ 589,777</u>	<u>\$ 18,268,829</u>

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report. The benefit payments and refunds include implied subsidy benefit payments in the amount of \$135,268.

*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 I-percentage-point lower (2.62%) or I-percentage-point higher (4.62%) than the current discount rate:

Net OPEB Liability/(Asset)		
1% Decrease 2.62%	Current 3.62%	1% Increase 4.62%
\$ 21,245,201	\$ 18,268,829	\$ 15,890,609

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

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 I-percentage-point lower or I-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
Current Trend	Healthcare Cost Trend Rates	Current Trend
- 1%	Current Trend	+ 1%
\$ 15,368,149	\$ 18,268,829	\$ 22,275,532

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$877,160. At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 607,541	\$ -
Differences between actual and expected experience	-	-
Changes of assumptions	-	1,188,234
Net differences between projected and actual earnings on plan investments	-	8,549
Total	\$ 607,541	\$ 1,196,783

\$607,541 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2020	\$ (405,721)
2021	(405,721)
2022	(353,778)
2023	(31,563)

**NOTE 12 - WORKER'S COMPENSATION AND GENERAL LIABILITY PROGRAMS**

The City participates in a joint powers agreement with the Bay Cities Powers Insurance Authority, which are workers' compensation and general liability risk pools. The City reports all of its risk management activities in its Insurance Internal Service Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 12 - WORKER'S COMPENSATION AND GENERAL LIABILITY PROGRAMS (Continued)**

*A. Coverage and Deposits*

**Bay Cities Joint Powers Insurance Authority Workers Compensation:**

Bay Cities Joint Powers Insurance Authority was created in 1986 by an agreement between certain public agencies in Northern California to provide certain insurance coverage. It is governed by a Board of Directors which is comprised of officials appointed by each member Agency.

The Authority provides coverage from its own resources for the first \$1,000,000 of loss per accident. Excess coverage is provided by an outside insurance carrier up to statutory limits.

As defined by Government Accounting Standards Board (GASB) Statement 10, the Bay Cities Joint Powers Insurance Authority is "a claims servicing or account pool." The Authority manages separate accounts for each pool member from which losses and expenses of that member are paid, up to the retention limit. The Authority purchases commercial excess insurance. The annual assessment of each member includes allocation for loss payments, expenses, and excess insurance premiums.

Annually, the Authority evaluates the assets of each pool member in comparison with expected future liabilities. The "financial risk position" of each member is determined by subtracting case reserves, claims incurred but not reported amounts and claim development from members' deposit balances. If a negative risk position is found, a supplemental amount is added to the member's annual assessment.

Claims activity for Workers Compensation was as follows for June 30:

	2019	2018
Claims Payable:		
Balances, beginning of year	\$ 444,624	\$ 416,785
Current year claims and changes in estimate	204,698	129,162
Claims paid	(339,930)	(101,323)
Balances, end of year	\$ 309,392	\$ 444,624
Current portion	\$ 87,827	\$ 133,872

**Bay Cities Joint Powers Insurance Authority- Liability Coverage:**

Bay Cities Joint Powers Insurance Authority (BCJPIA) covers general liability claims in an amount up to \$1,000,000. The City is self-insured up to \$100,000 per claim. Once the City's deductible is met, BCJPIA becomes responsible for payment of all claims up to the limit.

Bay Cities Joint Powers Insurance Authority provides a risk sharing pool for its members from

\$1,000,000 up to \$28,000,000 for each occurrence through the California Affiliated Risk Management Authorities.



**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 12 - WORKER'S COMPENSATION AND GENERAL LIABILITY PROGRAMS (Continued)**

The City's contributions with BCJPIA equals the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Financial statements for BCJPIA may be obtained from Bickmore Risk Services, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

Claims activity for General Liability was as follows for June 30:

	2019	2018
Claims Payable:		
Balances, beginning of year	\$ 293,350	\$ 348,468
Current year claims and changes in estimate	99,131	138,417
Claims paid	(146,252)	(193,535)
Balances, end of year	\$ 246,229	\$ 293,350
Current portion	\$ 76,961	\$ 77,056

Settlements have not exceeded insurance coverage in the past three fiscal years.

**NOTE 13 - JOINT POWERS AGENCIES**

*A. General*

The City participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these JPAs exercise full powers and authorities within the scope of the related Joint Powers Agreement, 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. Obligations and liabilities of the JPAs are not those of the City and the other participating agencies.

Each JPA is governed by a board consisting of representatives from each member agency. Each board controls the operations of its respective JPA, including selection of management and approval of operating budgets, independent of any influences by member agencies beyond their representation on the Board.

The JPAs are discussed in this note and in Note 12.

*B. Central Marin Police Authority*

The Central Marin Police Authority was created on January 30, 1980 by an agreement between the City of Larkspur and the Town of Corte Madera. In January of 2013 the agreement was amended to include the Town of San Anselmo and to change the name from the Twin Cities Police Authority to the Central Marin Police Authority. The agreement provides for the operation and management of the Central Marin Police Department, which renders police services to both these communities. The Authority is controlled by a six-member Council consisting of two Council Members from each community. None of the communities exercises specific control over the Authority's activities.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 13 -JOINT POWERS AGENCIES (Continued)**

Central Marin Police Authority is financed equally by its three parent communities, except for patrol expenditures which are shared on a pro rata basis and certain specific expenditures which are paid for by the benefiting community.

The City of Larkspur maintains the books and records of the Central Marin Policy Authority. Audited financial statements may be obtained by mailing a request to the Central Marin Police Authority at 400 Magnolia Avenue, Larkspur, CA 94939.

As of June 30, 2019, the Authority's cash balance was \$2,335,642 and the Authority had a deficit net position of \$29,163,226. In addition, net position decreased \$837,921 from the prior fiscal year. If deficit spending continues, it reduces the likelihood that the Authority will be able to continue as a going concern.

*C. Ross Valley Paramedic Authority*

The Ross Valley Paramedic Authority was created on December 14, 1982 by the Town of Corte Madera, Town of Fairfax, Kentfield Fire Protection District, City of Larkspur, County of Marin, Town of Ross, Town of San Anselmo and Sleepy Hollow Fire Protection District to provide paramedic services to these eight public entities. The Authority is controlled by an eight-member board consisting of one member from each of the participating entities. None of the entities exercises specific control over the budgeting and financing of the Authority's activities. The County of Marin Fire Department assigns seven full-time County employees as well as supervision by County fire department superior officers to render the paramedic service.

Ross Valley Paramedic Authority's operations are financed by its members, through a tax on each residential unit and an equivalent tax for commercial property.

The City of Larkspur maintains the books and records of the Ross Valley Paramedic Authority. Audited financial statements may be obtained by mailing a request to the Ross Valley Paramedic Authority at 777 San Anselmo Avenue, San Anselmo, CA 94960.

*D. Marin General Services Authority*

The Marin General Services Authority (MGSA) was created in 2005 by the cities, towns, and County of Marin and two Community Service Districts to offer various public services effectively and efficiently throughout the county in a uniform manner with minimal expense. These services now include Streetlight Maintenance, Abandoned Vehicle Abatement, and Taxicab Regulation. The City has been a member of the MGSA since the Authority's inception. Audited financial statements may be obtained through the website <http://maringsa.org/>.

*E. Marin Emergency Radio Authority*

The City is a member of Marin Emergency Radio Authority (MERA), a joint powers agency which operates under a joint powers agreement among the County of Marin and twenty-five local agencies within the County. The Authority's purpose is to plan, finance, implement, manage, own and operate a multi-jurisdictional and County-wide public safety and emergency radio system. Each agency member has agreed to fund a pro-rata share of the debt service of the Marin Public Safety and Emergency Radio System, which is a wireless radio communications system. Audited financial statements may be obtained by mailing at 95 Rowland Way, Novato, California 94945.

**CITY OF LARKSPUR**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 13 -JOINT POWERS AGENCIES (Continued)**

*F. Major Crime Task Force*

The Major Crime Task Force was created between the County of Marin, cities and towns of Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, Sausalito and Tiburon. The purpose of the force is to perform law enforcement functions for their respective communities and the desire to help each other in the detection, apprehension and prosecution of major crimes including highly mobile criminal narcotic trafficking, thus reducing major narcotic activity and combating its influence throughout the County. Audited financial statements may be obtained by mailing at 1600 Los Gamos Dr. #200, San Rafael, CA 94903.

*G. Central Marin Fire Authority*

The Central Marin Fire Authority (CMFA) was created between the Town of Corte Madera and the City. The purpose of the CMFA is to provide fire and emergency medical services to the respective communities. Each of the members has agreed that all costs will be shared or split equally among themselves with the exception of costs related to fire services/field operations which shall be allocated to each member pursuant to an agreed-upon funding formula. The agreement became effective on January 1, 2018, and the operations of CMFA has begun during fiscal year 2019. The City of Corte Madera maintains the books and records of the Central Marin Fire Authority. Audited financial statements may be obtained by mailing a request to the Central Marin Fire Authority at 300 Tamalpais Dr., Corte Madera, CA 94925.

**NOTE 14 -COMMITMENTS AND CONTINGENCIES**

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

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.

*This page intentionally left blank*

---

# REQUIRED SUPPLEMENTARY INFORMATION

---

*This page intentionally left blank*

CITY OF LARKSPUR REQUIRED SUPPLEMENTARY INFORMATION
--

COST SHARING MULTIPLE-EMPLOYER DEFINED PENSION PLANS  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 YEARS\*

Measurement Date	2014	2015	2016	2017	2018
Proportion of the Net Pension Liability (Asset)	0.14539%	0.15148%	0.15673%	0.15871%	0.16364%
Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 9,046,789</u>	<u>\$ 10,397,442</u>	<u>\$ 13,562,055</u>	<u>\$ 15,739,557</u>	<u>\$ 15,768,794</u>
Covered payroll	<u>\$ 4,539,982</u>	<u>\$ 4,501,587</u>	<u>\$ 4,496,457</u>	<u>\$ 4,849,467</u>	<u>\$ 5,219,808</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered payroll	199.27%	231.17%	301.62%	324.56%	302.10%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	81.37%	80.11%	74.57%	73.31%	75.26%

\* Fiscal year 2015 was the 1st year of implementation.

Cost Sharing Multiple-Employer Defined Pension Plans  
Last 10 Years\*  
SCHEDULE OF CONTRIBUTIONS

For the Year Ended June 30,	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 822,926	\$ 1,021,543	\$ 1,183,012	\$ 1,318,915	\$ 1,451,357
Contributions in relation to the actuarially determined contributions	<u>(822,926)</u>	<u>(1,021,543)</u>	<u>(1,183,012)</u>	<u>(1,318,915)</u>	<u>(1,454,227)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,870)</u>
Covered payroll	<u>\$ 4,501,587</u>	<u>\$ 4,496,457</u>	<u>\$ 4,854,741</u>	<u>\$ 5,219,808</u>	<u>\$ 5,068,719</u>
Contributions as a percentage of covered payroll	18.28%	22.72%	24.37%	25.27%	28.69%

\* Fiscal year 2015 was the 1st year of implementation.

CITY OF LARKSPUR  
REQUIRED SUPPLEMENTARY INFORMATION

POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE MEASUREMENT YEAR ENDING JUNE 30  
Last 10 fiscal years\*

Measurement Date- June 30,	2017	2018
Total OPEB Liability		
Service Cost	\$ 721,450	\$ 634,689
Interest	578,714	664,087
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(1,803,208)	(160,009)
Benefit payments	(550,864)	(599,210)
Net change in total OPEB liability	(1,053,908)	539,557
Total OPEB liability- beginning	19,372,957	18,319,049
Total OPEB liability- ending (a)	\$ 18,319,049	\$ 18,858,606
Plan fiduciary net position		
Contributions - employer	\$ 800,864	\$ 799,210
Contributions - employee	7,265	32,782
Net investment income	(550,864)	(599,210)
Administrative expense	(52)	(188)
Benefit payments	-	(473)
Net change in plan fiduciary net position	257,213	232,121
Plan fiduciary net position- beginning	100,443	357,656
Plan fiduciary net position- ending (b)	\$ 357,656	\$ 589,777
Net OPEB liability -ending (a)-(b)	\$ 17,961,393	\$ 18,268,829
Plan fiduciary net position as a percentage of the total OPEB liability	1.95%	3.13%
Covered-employee payroll	\$ 4,854,740	\$ 6,069,881
Net OPEB liability as a percentage of covered-employee payroll	369.98%	300.98%

\*Fiscal year 2018 was the first year of implementation.



<p>CITY OF LARKSPUR REQUIRED SUPPLEMENTARY INFORMATION</p>
--

POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN  
 SCHEDULE OF CONTRIBUTIONS  
 CERBT AGENT MULTIPLE-EMPLOYER PLAN  
 Last 10 fiscal years\*

Fiscal Year Ended June 30,	2018	2019
Actuarially determined contribution	\$ 1,191,236	\$ 1,254,526
Contributions in relation to the actuarially determined contribution	799,210	607,541
Contribution deficiency (excess)	\$ 392,026	\$ 646,985
Covered-employee payroll	\$ 6,069,880	\$ 5,863,420
Contributions as a percentage of covered-employee payroll	13.17%	10.36%

Methods and assumptions used to determine contribution rates:

Valuation Date	January 1, 2017	January 1, 2017
Actuarial Assumptions:		
Discount Rate	3.56% as of June 30, 2017 2.92% as of June 30, 2016	3.62% as of June 30, 2018 3.56% as of June 30, 2017
Inflation	2.75% per year	2.75% per year
Salary Increase	3.25% per year	3.25% per year
Investment Rate of Return	6.5% as of June 30 2016 and 2017	6.25% as of June 30 2016 and 2017
Healthcare Trend Rate	5.00% to 7.50%	5.00% to 7.50%

\* Fiscal year 2018 was the first year of implementation.

*This page intentionally left blank*

---

# **SUPPLEMENTARY INFORMATION**

---

*This page intentionally left blank*

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUES FUNDS

***Park Development*** - to account for revenue received from developer fees which is used for future park development.

***Property Development*** - to account for revenue received from developers which is used for certain capital outlays.

***Gas Tax Fund*** - to account for taxes raised under Street and Highway Code Sections 2105, 2106, 2107 and 2107.5 and expenditures used for the maintenance and construction of City Streets.

***Measure C*** - to account for revenue received from Measure C funds. The funds are to be used for street repair and essential City services.

***Transit Mitigation*** - to account for revenue received from new project developments is used for improvements to the City traffic system.

***Housing in Lieu Fund*** - to account for revenue received from developers to be used for future affordable housing.

***Business Enhancement*** - to account for one percent of the transient occupancy tax received by the City is used to enhance the business community.

***Heritage Preservation*** - to account for projects which enhance the City of Larkspur's heritage.

***Summer School*** - to account for revenue received from participants is used for the summer school sessions.

***Storm Drain Run Off*** - to account for fees to cover mandated program costs required by the Federal and State Clean Water Acts.

***Vehicle/Road Impact Fees*** - to account for fees paid by developers and refuse collection vehicles to provide for the design and construction of street and road improvements.

***Local Road Fund*** - to account for revenue from local and regional funds, including Measure A, TAM Measure B, and Regional Measure 2. Used for projects that reduce traffic congestion and improve transportation in Larkspur and Marin County.

***PEG Fund*** - to account for the City's cable provider to be used for public educational and governmental capital support.

***Zimmer Fund*** - to account for donation revenue that is committed by the City Council to be spent on the City's library.

***Twin Cities Child Care*** - to account for revenue received from participants and expenditures used for the Day Care Center.

***Measure B Fund*** - to account for a 3/4 cent sales tax effective April 1, 2018 for street repair and essential City services.

### CAPITAL PROJECTS FUNDS

***Greenbrae Marina Improvement*** - to account for the maintenance of the improvements in Greenbrae Marina.

**City of Larkspur**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds			
	Park Development	Property Development	Gas Tax	Measure C
<b>ASSETS</b>				
Cash and investments:				
Available for operations	\$ 228,718	\$ 58,854	\$ 1,009,664	\$ 1,256,133
Restricted	-	-	-	-
Accounts receivable, net	-	-	21,234	-
Loans Receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 228,718</b>	<b>\$ 58,854</b>	<b>\$ 1,030,898</b>	<b>\$ 1,256,133</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,667	\$ -	\$ -	\$ -
Accrued liability	-	-	-	-
Deposits payable	60,869	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>62,536</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflow of Resources:</b>				
Unavailable revenue	-	-	-	-
<b>Total deferred inflow of resources:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	166,182	58,854	1,030,898	1,256,133
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>166,182</b>	<b>58,854</b>	<b>1,030,898</b>	<b>1,256,133</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 228,718</b>	<b>\$ 58,854</b>	<b>\$ 1,030,898</b>	<b>\$ 1,256,133</b>

Special Revenue Funds

Transit Mitigation	Housing in Lieu	Business Enhancement	Heritage Preservation	Summer School	Storm Drain Run Off
\$ 638,040	\$ 162,509	\$ 511,120	\$ 143,494	\$ 280,116	\$ 167,563
-	-	-	-	-	-
-	-	21,814	-	-	475
-	281,753	-	-	-	-
<u>\$ 638,040</u>	<u>\$ 444,262</u>	<u>\$ 532,934</u>	<u>\$ 143,494</u>	<u>\$ 280,116</u>	<u>\$ 168,038</u>
\$ -	\$ -	\$ -	\$ 9	\$ 124,533	\$ 2,500
-	-	-	-	11,258	-
-	-	-	1,268	-	-
-	-	-	-	78,114	-
-	-	-	1,277	213,905	2,500
-	281,753	-	-	-	-
-	281,753	-	-	-	-
638,040	162,509	532,934	-	-	165,538
-	-	-	142,217	66,211	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>638,040</u>	<u>162,509</u>	<u>532,934</u>	<u>142,217</u>	<u>66,211</u>	<u>165,538</u>
<u>\$ 638,040</u>	<u>\$ 444,262</u>	<u>\$ 532,934</u>	<u>\$ 143,494</u>	<u>\$ 280,116</u>	<u>\$ 168,038</u>

**City of Larkspur**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds			
	Vehicle/Road Impact Fees	Local Road Fund	PEG	Zimmer
<b>ASSETS</b>				
Cash and investments:				
Available for operations	\$ 377,851	\$ 480,917	\$ 1,008	\$ 123,399
Restricted	-	-	-	499,013
Accounts receivable, net	94,733	-	-	2,618
Loans Receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 472,584</b>	<b>\$ 480,917</b>	<b>\$ 1,008</b>	<b>\$ 625,030</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liability	-	-	-	-
Deposits payable	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflow of Resources:</b>				
Unavailable revenue	-	-	-	-
<b>Total deferred inflow of resources:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	472,584	480,917	1,008	-
Committed	-	-	-	597,263
Assigned	-	-	-	27,767
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>472,584</b>	<b>480,917</b>	<b>1,008</b>	<b>625,030</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 472,584</b>	<b>\$ 480,917</b>	<b>\$ 1,008</b>	<b>\$ 625,030</b>



Special Revenue Funds		Capital Projects Fund	Total
Twin Cities Child Care	Measure B	Greenbrae Marina Improvement	Non Major Governmental Funds
\$ 393,565	\$ 1,374,453	\$ 79	\$ 7,207,483
-	-	-	499,013
-	368,366	64	509,304
-	-	-	281,753
<u>\$ 393,565</u>	<u>\$ 1,742,819</u>	<u>\$ 143</u>	<u>\$ 8,497,553</u>
\$ 4,726	\$ -	\$ 4,500	\$ 137,935
19,919	-	-	31,177
21,345	-	-	83,482
-	-	-	78,114
<u>45,990</u>	<u>-</u>	<u>4,500</u>	<u>330,708</u>
-	-	-	281,753
-	-	-	281,753
347,575	1,742,819	-	7,055,991
-	-	-	805,691
-	-	-	27,767
-	-	(4,357)	(4,357)
<u>347,575</u>	<u>1,742,819</u>	<u>(4,357)</u>	<u>7,885,092</u>
<u>\$ 393,565</u>	<u>\$ 1,742,819</u>	<u>\$ 143</u>	<u>\$ 8,497,553</u>

**City of Larkspur**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2019**

	Special Revenue Funds			
	Park Development	Property Development	Gas Tax	Measure C
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 484,996	\$ 49,213
Licenses and permits	-	-	-	-
Use of money and property	4,742	951	18,912	39,869
Other agencies	-	-	-	-
Charges for services	-	-	-	-
Other revenue	64,155	875	-	-
<b>Total revenues</b>	<b>68,897</b>	<b>1,826</b>	<b>503,908</b>	<b>89,082</b>
<b>EXPENDITURES:</b>				
Current:				
Planning and community development	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>68,897</b>	<b>1,826</b>	<b>503,908</b>	<b>89,082</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(69,899)	-	(450,024)	(1,228,111)
<b>Total other financing sources (uses)</b>	<b>(69,899)</b>	<b>-</b>	<b>(450,024)</b>	<b>(1,228,111)</b>
<b>Net change in fund balances</b>	<b>(1,002)</b>	<b>1,826</b>	<b>53,884</b>	<b>(1,139,029)</b>
<b>FUND BALANCES:</b>				
Beginning of year	167,184	57,028	977,014	2,395,162
End of year	<u>\$ 166,182</u>	<u>\$ 58,854</u>	<u>\$ 1,030,898</u>	<u>\$ 1,256,133</u>

Special Revenue Funds

Transit Mitigation	Housing in Lieu	Business Enhancement	Heritage Preservation	Summer School	Storm Drain Run Off
\$ -	\$ -	\$ 123,618	\$ -	\$ -	\$ 91,407
-	-	-	-	-	-
10,686	391	7,991	2,329	1,974	2,153
-	-	-	-	-	-
-	-	-	-	310,199	-
6,798	177,476	-	-	-	-
17,484	177,867	131,609	2,329	312,173	93,560
-	-	-	-	-	-
-	-	3,983	-	329,477	-
-	-	-	-	-	-
-	-	-	-	-	67,485
-	-	-	-	-	-
1,750	23,283	-	-	-	-
1,750	23,283	3,983	-	329,477	67,485
15,734	154,584	127,626	2,329	(17,304)	26,075
-	-	-	-	-	-
(20,000)	-	(44,755)	-	-	-
(20,000)	-	(44,755)	-	-	-
(4,266)	154,584	82,871	2,329	(17,304)	26,075
642,306	7,925	450,063	139,888	83,515	139,463
\$ 638,040	\$ 162,509	\$ 532,934	\$ 142,217	\$ 66,211	\$ 165,538

**City of Larkspur**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Non-Major Governmental Funds**

**For the year ended June 30, 2019**

	Special Revenue Funds			
	Vehicle/Road Impact Fees	Local Road Fund	PEG	Zimmer
<b>REVENUES:</b>				
Taxes	\$ -	\$ 10,700	\$ -	\$ -
Licenses and permits	266,357	-	-	-
Use of money and property	21,290	8,902	226	27,767
Other agencies	-	-	59,425	-
Charges for services	-	-	-	-
Other revenue	568,400	-	-	-
<b>Total revenues</b>	<b>856,047</b>	<b>19,602</b>	<b>59,651</b>	<b>27,767</b>
<b>EXPENDITURES:</b>				
Current:				
Planning and community development	-	-	60,543	-
Recreation	-	-	-	-
Library	-	-	-	150,000
Special projects	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>60,543</b>	<b>150,000</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>856,047</b>	<b>19,602</b>	<b>(892)</b>	<b>(122,233)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(1,389,185)	(7,507)	-	-
<b>Total other financing sources (uses)</b>	<b>(1,389,185)</b>	<b>(7,507)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(533,138)</b>	<b>12,095</b>	<b>(892)</b>	<b>(122,233)</b>
<b>FUND BALANCES:</b>				
Beginning of year	1,005,722	468,822	1,900	747,263
End of year	\$ 472,584	\$ 480,917	\$ 1,008	\$ 625,030

Special Revenue Funds		Capital Projects Fund	Total
Twin Cities Child Care	Measure B	Greenbrae Marina Improvement	Non-Major Governmental Funds
\$ -	\$ 2,552,538	\$ 12,419	\$ 3,324,891
-	-	-	266,357
5,396	14,121	-	167,700
-	-	-	59,425
610,843	-	-	921,042
3,000	-	-	820,704
<u>619,239</u>	<u>2,566,659</u>	<u>12,419</u>	<u>5,560,119</u>
-	-	-	60,543
515,143	-	-	848,603
-	-	-	150,000
-	-	-	67,485
-	11,243	-	11,243
4,617	-	22,586	52,236
<u>519,760</u>	<u>11,243</u>	<u>22,586</u>	<u>1,190,110</u>
<u>99,479</u>	<u>2,555,416</u>	<u>(10,167)</u>	<u>4,370,009</u>
-	-	6,500	6,500
-	(1,072,278)	-	(4,281,759)
-	(1,072,278)	6,500	(4,275,259)
99,479	1,483,138	(3,667)	94,750
248,096	259,681	(690)	7,790,342
<u>\$ 347,575</u>	<u>\$ 1,742,819</u>	<u>\$ (4,357)</u>	<u>\$ 7,885,092</u>

# City of Larkspur

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Non-Major Governmental Funds For the year ended June 30, 2019

	Park Development			Gas Tax		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 481,723	\$ 484,996	\$ 3,273
Licenses and permits	-	-	-	-	-	-
Use of money and property	500	4,742	4,242	1,500	18,912	17,412
Other agencies	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other revenue	98,483	64,155	(34,328)	-	-	-
<b>Total revenues</b>	<b>98,983</b>	<b>68,897</b>	<b>(30,086)</b>	<b>483,223</b>	<b>503,908</b>	<b>20,685</b>
<b>EXPENDITURES:</b>						
Current:						
Recreation	-	-	-	-	-	-
Special projects	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>98,983</b>	<b>68,897</b>	<b>(30,086)</b>	<b>483,223</b>	<b>503,908</b>	<b>20,685</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers out	-	(69,899)	(69,899)	(261,250)	(450,024)	(188,774)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(69,899)</b>	<b>(69,899)</b>	<b>(261,250)</b>	<b>(450,024)</b>	<b>(188,774)</b>
<b>Net change in fund balances</b>	<b>98,983</b>	<b>(1,002)</b>	<b>(99,985)</b>	<b>221,973</b>	<b>53,884</b>	<b>(168,089)</b>
<b>FUND BALANCES:</b>						
Beginning of year		167,184			977,014	
End of year		<u>\$ 166,182</u>			<u>\$ 1,030,898</u>	

Measure C			Transit Mitigation			Business Enhancement		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ 49,213	\$ 49,213	\$ -	\$ -	\$ -	\$ 80,000	\$ 123,618	\$ 43,618
-	-	-	-	-	-	-	-	-
-	39,869	39,869	2,000	10,686	8,686	1,000	7,991	6,991
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	6,798	6,798	-	-	-
-	89,082	89,082	2,000	17,484	15,484	81,000	131,609	50,609
-	-	-	-	-	-	10,000	3,983	6,017
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,830	1,750	80	-	-	-
-	-	-	1,830	1,750	80	10,000	3,983	6,017
-	89,082	89,082	170	15,734	15,404	71,000	127,626	44,592
-	(1,228,111)	(1,228,111)	(20,000)	(20,000)	-	(50,000)	(44,755)	5,245
-	(1,228,111)	(1,228,111)	(20,000)	(20,000)	-	(50,000)	(44,755)	5,245
-	(1,139,029)	(1,139,029)	(19,830)	(4,266)	15,404	21,000	82,871	49,837
	2,395,162			642,306			450,063	
	<u>\$ 1,256,133</u>			<u>\$ 638,040</u>			<u>\$ 532,934</u>	

# City of Larkspur

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Non-Major Governmental Funds For the year ended June 30, 2019

	Summer School			Storm Drain Run Off		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 91,000	\$ 91,407	\$ 407
Licenses and permits	-	-	-	-	-	-
Use of money and property	200	1,974	1,774	400	2,153	1,753
Other agencies	-	-	-	-	-	-
Charges for services	270,100	310,199	40,099	-	-	-
Donations	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>270,300</b>	<b>312,173</b>	<b>41,873</b>	<b>91,400</b>	<b>93,560</b>	<b>2,160</b>
<b>EXPENDITURES:</b>						
Current:						
Recreation	270,186	329,477	(59,291)	-	-	-
Special projects	-	-	-	130,000	67,485	62,515
Public works	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>270,186</b>	<b>329,477</b>	<b>(59,291)</b>	<b>130,000</b>	<b>67,485</b>	<b>62,515</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>114</b>	<b>(17,304)</b>	<b>101,164</b>	<b>(38,600)</b>	<b>26,075</b>	<b>(60,355)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers out	-	-	-	(20,000)	-	20,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,000)</b>	<b>-</b>	<b>20,000</b>
<b>Net change in fund balances</b>	<b>114</b>	<b>(17,304)</b>	<b>101,164</b>	<b>(58,600)</b>	<b>26,075</b>	<b>(40,355)</b>
<b>FUND BALANCES:</b>						
Beginning of year		83,515			139,463	
End of year		\$ 66,211			\$ 165,538	



Vehicle/Road Impact Fees			Local Road Fund			Twin Cities Child Care		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ 131,746	\$ 10,700	\$ (121,046)	\$ -	\$ -	\$ -
-	266,357	266,357	-	-	-	-	-	-
4,000	21,290	17,290	1,000	8,902	7,902	-	5,396	5,396
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	497,976	610,843	112,867
-	-	-	-	-	-	-	-	-
568,000	568,400	400	-	-	-	-	3,000	3,000
572,000	856,047	284,047	132,746	19,602	(113,144)	497,976	619,239	121,263
-	-	-	-	-	-	506,150	515,143	(8,993)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	89,500	4,617	84,883
-	-	-	-	-	-	595,650	519,760	75,890
572,000	856,047	284,047	132,746	19,602	(113,144)	(97,674)	99,479	45,373
(1,010,000)	(1,389,185)	(379,185)	(131,764)	(7,507)	124,257	-	-	-
(1,010,000)	(1,389,185)	(379,185)	(131,764)	(7,507)	124,257	-	-	-
(438,000)	(533,138)	(95,138)	982	12,095	11,113	(97,674)	99,479	45,373
	1,005,722			468,822			248,096	
	<u>\$ 472,584</u>			<u>\$ 480,917</u>			<u>\$ 347,575</u>	

# City of Larkspur

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Non-Major Governmental Funds For the year ended June 30, 2019

	Measure B		
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Taxes	\$ 1,600,000	\$ 2,552,538	\$ 952,538
Licenses and permits	-	-	-
Use of money and property	-	14,121	14,121
Other agencies	-	-	-
Charges for services	-	-	-
Donations	-	-	-
Other revenue	-	-	-
<b>Total revenues</b>	<u>1,600,000</u>	<u>2,566,659</u>	<u>966,659</u>
<b>EXPENDITURES:</b>			
Current:			
Recreation	-	-	-
Special projects	-	-	-
Public works	-	11,243	(11,243)
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>11,243</u>	<u>(11,243)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,600,000</u>	<u>2,555,416</u>	<u>977,902</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(582,237)	(1,072,278)	(490,041)
<b>Total other financing sources (uses)</b>	<u>(582,237)</u>	<u>(1,072,278)</u>	<u>(490,041)</u>
<b>Net change in fund balances</b>	<u>1,017,763</u>	<u>1,483,138</u>	<u>487,861</u>
<b>FUND BALANCES:</b>			
Beginning of year		259,681	
End of year		<u>\$ 1,742,819</u>	

## AGENCY FUNDS

***East Sir Francis Drake Redemption Fund*** - to account for East Sir Francis Drake Assessment District transactions.

***Larkspur Marina Community Facilities District (LMCFD)*** - to account for monies held for Marina Dredging and Maintenance and Refunding of LMF A Bonds.

***King Mountain Assessment District Fund*** - to account for the King Mountain Assessment District transactions.

***Ross Valley Paramedic Authority Fund*** - to account for assets belonging to the Ross Valley Paramedic Authority held in trust by

***Drake's Landing Community Facilities District Fund***- to account for monies held for the refunding of the Drake's Landing

***North Magnolia Agency Fund*** - to account for the Magnolia sidewalk assessment district transactions.

***Central Marin Police Authority*** - to account for assets belonging to the Central Marin Police Authority held in trust by the City.

***Greenbrae Marina Drainage Fund*** - to account for assets belonging to the Larkspur Marina Property Owner's Association held in trust for the maintenance of the marina.

*This page intentionally left blank*

**City of Larkspur**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>East Sir Francis Drake Redemption Fund</b>				
<b>Assets:</b>				
Restricted cash and investments	\$ 96,704	\$ 1,596	\$ -	\$ 98,300
<b>Total assets</b>	<b>\$ 96,704</b>	<b>\$ 1,596</b>	<b>\$ -</b>	<b>\$ 98,300</b>
<b>Liabilities:</b>				
Due to property owners and bondholders	\$ 96,704	\$ 1,596	\$ -	\$ 98,300
<b>Total liabilities</b>	<b>\$ 96,704</b>	<b>\$ 1,596</b>	<b>\$ -</b>	<b>\$ 98,300</b>
<b>Larkspur Marina Community Facilities District</b>				
<b>Assets:</b>				
Restricted cash and investments	\$ 131,000	\$ 359,815	\$ 215,193	\$ 275,623
Accounts receivable	1,628	1,276	1,628	1,276
<b>Total assets</b>	<b>\$ 132,628</b>	<b>\$ 361,091</b>	<b>\$ 216,820</b>	<b>\$ 276,899</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 2,927	\$ 6,890	\$ 10,600	(783)
Due to property owners and bondholders	129,701	354,201	206,220	277,682
<b>Total liabilities</b>	<b>\$ 132,628</b>	<b>\$ 361,091</b>	<b>\$ 216,820</b>	<b>\$ 276,899</b>
<b>King Mountain Assessment District Fund</b>				
<b>Assets:</b>				
Restricted cash and investments	\$ 31,128	\$ 514	\$ -	\$ 31,642
<b>Total assets</b>	<b>\$ 31,128</b>	<b>\$ 514</b>	<b>\$ -</b>	<b>\$ 31,642</b>
<b>Liabilities:</b>				
Due to property owners and bondholders	\$ 31,128	\$ 514	\$ -	\$ 31,642
<b>Total liabilities</b>	<b>\$ 31,128</b>	<b>\$ 514</b>	<b>\$ -</b>	<b>\$ 31,642</b>

**City of Larkspur**  
**Combining Statement of Changes in Assets and Liabilities, Continued**  
**Agency Funds**  
**For the year ended June 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>Ross Valley Paramedic Authority Fund</b>				
<b>Assets:</b>				
Restricted cash and investments	\$ 718,063	\$ 3,162,625	\$ 2,435,026	\$ 1,445,662
Accounts receivable	62,885	8,112	62,885	8,112
<b>Total assets</b>	<b>\$ 780,948</b>	<b>\$ 3,170,737</b>	<b>\$ 2,497,911</b>	<b>\$ 1,453,774</b>
<b>Liabilities:</b>				
Accounts payable	\$ 25,478	\$ 2,641,278	\$ 2,332,651	\$ 334,105
Deposits payable	12,225	2,000	2,000	12,225
Due to members	743,245	527,458	163,260	1,107,444
<b>Total liabilities</b>	<b>\$ 780,948</b>	<b>\$ 3,170,737</b>	<b>\$ 2,497,911</b>	<b>\$ 1,453,774</b>
<b>Drake's Landing Community Facilities District Fund</b>				
<b>Assets:</b>				
Restricted cash and investments	\$ 4,809	\$ 79	\$ -	\$ 4,888
<b>Total assets</b>	<b>\$ 4,809</b>	<b>\$ 79</b>	<b>\$ -</b>	<b>\$ 4,888</b>
<b>Liabilities:</b>				
Due to property owners and bondholders	\$ 4,809	\$ 79	\$ -	\$ 4,888
<b>Total liabilities</b>	<b>\$ 4,809</b>	<b>\$ 79</b>	<b>\$ -</b>	<b>\$ 4,888</b>
<b>North Magnolia Agency Fund</b>				
<b>Assets:</b>				
Restricted cash and investments	\$ 9,121	\$ 151	\$ -	\$ 9,272
<b>Total assets</b>	<b>\$ 9,121</b>	<b>\$ 151</b>	<b>\$ -</b>	<b>\$ 9,272</b>
<b>Liabilities:</b>				
Due to property owners and bondholders	\$ 9,121	\$ 151	\$ -	\$ 9,272
<b>Total liabilities</b>	<b>\$ 9,121</b>	<b>\$ 151</b>	<b>\$ -</b>	<b>\$ 9,272</b>

**City of Larkspur**  
**Combining Statement of Changes in Assets and Liabilities, Continued**  
**Agency Funds**  
**For the year ended June 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>Central Main Police Authority</b>				
<b>Assets:</b>				
Restricted cash and investments	\$ 1,260,592	\$ 17,693,927	\$ 15,106,793	\$ 3,847,725
Prepays	-	46,875	-	46,875
Accounts receivable	88,490	210,794	88,490	210,794
<b>Total assets</b>	<b>\$ 1,349,082</b>	<b>\$ 17,951,596</b>	<b>\$ 15,195,283</b>	<b>\$ 4,105,395</b>
<b>Liabilities:</b>				
Accounts payable	\$ 242,358	\$ 8,227,574	\$ 8,363,803	\$ 106,130
Accrued liabilities	82,807	3,914,806	3,554,990	442,623
Deposits payable	13,958	6,788	100	20,646
Due to members	1,009,959	5,802,427	3,276,390	3,535,996
<b>Total liabilities</b>	<b>\$ 1,349,082</b>	<b>\$ 17,951,596</b>	<b>\$ 15,195,283</b>	<b>\$ 4,105,395</b>
<b>Greenbrae Marina Drainage Fund</b>				
<b>Assets:</b>				
Restricted cash and investments	\$ 19,842	\$ 328	\$ -	\$ 20,170
<b>Total assets</b>	<b>\$ 19,842</b>	<b>\$ 328</b>	<b>\$ -</b>	<b>\$ 20,170</b>
<b>Liabilities:</b>				
Due to property owners and bondholders	\$ 19,842	\$ 328	\$ -	\$ 20,170
<b>Total liabilities</b>	<b>\$ 19,842</b>	<b>\$ 328</b>	<b>\$ -</b>	<b>\$ 20,170</b>
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Restricted cash and investments	\$ 2,271,259	\$ 21,219,035	\$ 17,757,012	\$ 5,733,282
Prepays	-	46,875	-	46,875
Accounts receivable	153,003	220,182	153,003	220,183
<b>Total assets</b>	<b>\$ 2,424,262</b>	<b>\$ 21,486,092</b>	<b>\$ 17,910,014</b>	<b>\$ 6,000,340</b>
<b>Liabilities:</b>				
Accounts payable	\$ 270,763	\$ 10,875,743	\$ 10,707,054	\$ 439,452
Accrued liabilities	82,807	3,914,806	3,554,990	442,623
Deposits payable	26,183	8,788	2,100	32,871
Due to property owners and bond holders	291,305	356,869	206,220	441,954
Due to members (Ross Valley Paramedic Authority)	743,245	527,458	163,260	1,107,444
Due to members (Central Marin Police Authority)	\$ 1,009,959	\$ 5,802,427	\$ 3,276,390	\$ 3,535,996
<b>Total liabilities</b>	<b>\$ 2,424,262</b>	<b>\$ 21,486,092</b>	<b>\$ 17,910,014</b>	<b>\$ 6,000,340</b>