

TOWN OF SAN ANSELMO

**Financial Statements
and
Auditors' Report**

June 30, 1986 and 1985

TOWN OF SAN ANSELMO
JUNE 30, 1986 AND 1985

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LINDQUIST, VON HUSEN & JOYCE

CERTIFIED PUBLIC ACCOUNTANTS

E. EUGENE DENKO
DUANE L. FRISBIE
PAUL E. CAMERON
RODERICK E. JOHNSON
S. SCOTT SEAMANDS
STEPHEN D. TONJES

The Honorable Town Council,
Town of San Anselmo

We have examined the general purpose financial statements of the Town of San Anselmo, California as of and for the years ended June 30, 1986 and 1985, as listed in the table of contents. Our examinations were made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, and accordingly, included such tests of the accounting records and such other procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements referred to above present fairly the financial position of the Town of San Anselmo, California at June 30, 1986 and 1985, and the results of its operations and the changes in financial position of its proprietary fund type for the years then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and Schedule of Federal Financial Assistance listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of San Anselmo, California. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Lindquist, von Husen & Joyce

August 26, 1986

TOWN OF SAN ANSELMO

COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1986 AND 1985

	<u>Governmental</u>		<u>Proprietary</u>	<u>Fiduciary</u>	<u>Account Groups</u>		<u>Totals</u>	
	<u>Fund Types</u>		<u>Fund Types</u>	<u>Fund Types</u>	<u>General</u>	<u>General</u>	<u>(Memorandum Only)</u>	
	<u>General</u>	<u>Special</u>	<u>Internal</u>	<u>Agency</u>			<u>Fixed</u>	<u>Long-Term</u>
		<u>Revenue</u>	<u>Service</u>		<u>Assets</u>	<u>Debt</u>	<u>1986</u>	<u>1986</u>
								<u>(Restated -</u>
								<u>See Note 8)</u>
<u>ASSETS</u>								
Cash and investments	\$ 597,882	\$ 194,802	\$ 95,826	\$ 330,705			\$1,219,215	\$ 930,974
Accounts receivable and accrued revenue	211,605	85,567					297,172	314,239
Due from other funds	68,940						68,940	
Project assessment receivables (Note 2)	50,986						50,986	57,064
Prepaid flood insurance (Note 3)	17,864						17,864	11,836
Restricted assets - cash	6,611						6,611	14,364
Fixed assets					\$4,258,724		4,258,724	4,235,076
Amount to be provided for retirement of long-term debt						\$ 399,028	399,028	264,280
Total assets	\$ 953,888	\$ 280,369	\$ 95,826	\$ 330,705	\$4,258,724	\$ 399,028	\$6,318,540	\$5,827,833
	=====	=====	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

EXHIBIT A (Continued)

TOWN OF SAN ANSELMO
COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1986 AND 1985

	<u>Governmental</u>		<u>Proprietary</u>	<u>Fiduciary</u>	<u>Account Groups</u>		<u>Totals</u>	
	<u>Fund Types</u>		<u>Fund Types</u>	<u>Fund Types</u>			<u>(Memorandum Only)</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Internal Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>June 30, 1986</u>	<u>June 30, 1985</u>
								<u>(Restated - See Note 8)</u>
<u>LIABILITIES</u>								
Accounts payable	\$ 84,155	\$ 22,917					\$ 107,072	\$ 71,402
Due to other funds		68,940					68,940	
Payable from restricted assets:								
Deposits	6,611						6,611	1,447
Employees trust accounts								12,917
Capital lease obligations						\$ 52,284	52,284	77,719
Insurance deficit payable (Note 13)						255,000	255,000	98,725
Compensated absences payable						91,744	91,744	87,836
<u>Total liabilities</u>	<u>90,766</u>	<u>91,857</u>				<u>399,028</u>	<u>581,651</u>	<u>350,046</u>
<u>FUND EQUITY</u>								
Contributed capital			\$ 82,522				82,522	82,522
Investment in general fixed assets					\$4,258,724		4,258,724	4,235,076
Retained earnings			13,304				13,304	9,114
Fund balance:								
Reserved for:								
Encumbrances	30,578						30,578	222,081
Accounts receivable								474
Project assessment receivables (Note 2)	50,986						50,986	57,064
Prepaid flood insurance (Note 3)	17,864						17,864	11,836
Imprest funds	215						215	300
Employee retirement benefits				\$ 330,705			330,705	267,855
Unreserved:								
Undesignated	763,479	188,512					951,991	591,465
<u>Total fund equity</u>	<u>863,122</u>	<u>188,512</u>	<u>95,826</u>	<u>330,705</u>	<u>4,258,724</u>		<u>5,736,889</u>	<u>5,477,787</u>
	\$ 953,888	\$ 280,369	\$ 95,826	\$ 330,705	\$4,258,724	\$ 399,028	\$6,318,540	\$5,827,833
	=====	=====	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

EXHIBIT A (Concluded)

TOWN OF SAN ANSELMO
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES-GAAP BASIS
YEARS ENDED JUNE 30, 1986 AND 1985

	<u>Governmental Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>1986</u>	<u>1985</u> <u>(Restated - See Note 8)</u>
REVENUES (Note 1):				
Taxes	\$2,542,136		\$2,542,136	\$2,221,114
Licenses and permits	306,428		306,428	248,102
Fines, forfeitures and penalties	169,949		169,949	141,245
Use of money and property	12,502	\$ 64,192	76,694	80,200
Intergovernmental agencies	601,706	326,110	927,816	887,166
Charges for current services	340,990		340,990	289,287
Other revenues	77,277	21,473	98,750	91,994
Total revenues	<u>4,050,988</u>	<u>411,775</u>	<u>4,462,763</u>	<u>3,959,108</u>
EXPENDITURES:				
General government	713,227	51,866	765,093	575,793
Public safety	2,078,184	14,580	2,092,764	1,961,778
Public works	822,793	19,270	842,063	639,600
Planning	73,266		73,266	64,448
Library	191,264	4,440	195,704	174,393
Parks and recreation	243,860		243,860	285,394
Storm		80,990	80,990	198,533
Total expenditures	<u>4,122,594</u>	<u>171,146</u>	<u>4,293,740</u>	<u>3,899,939</u>
Excess (deficiency) of revenues over (under) expenditures before operating transfers	<u>(71,606)</u>	<u>240,629</u>	<u>169,023</u>	<u>(59,169)</u>
Other financing sources (uses):				
Operating transfers in	349,600	88,159	437,759	291,706
Operating transfers out	<u>(88,159)</u>	<u>(349,600)</u>	<u>(437,759)</u>	<u>(291,706)</u>
Total other financing sources (uses)	<u>261,441</u>	<u>(261,441)</u>		
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	189,835	(20,812)	169,023	59,169
Fund balances at beginning of year	673,896	209,324	883,220	827,496
Increase (decrease) in reserves	<u>(609)</u>		<u>(609)</u>	<u>(3,445)</u>
Fund balances at end of year	<u>\$ 863,122</u>	<u>\$ 188,512</u>	<u>\$1,051,634</u>	<u>\$ 883,220</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT B

TOWN OF SAN ANSELMO

COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES - BUDGETARY BASIS

YEARS ENDED JUNE 30, 1986 AND 1985

	<u>General Fund</u>			<u>Special Revenue Funds</u>			<u>1986 Totals (Memorandum Only)</u>			<u>1985 Totals (Memorandum Only) (Restated - See Note 8)</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance -</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance -</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance -</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance -</u>
			<u>Favorable</u>			<u>Favorable</u>			<u>Favorable</u>			<u>Favorable</u>
		<u>(Unfavorable)</u>			<u>(Unfavorable)</u>			<u>(Unfavorable)</u>			<u>(Unfavorable)</u>	
REVENUES:												
Taxes	\$2,566,195	\$2,542,136	\$ (24,059)				\$2,566,195	\$2,542,136	\$ (24,059)	\$2,186,454	\$2,221,114	\$ 34,660
Licenses and permits	268,400	306,428	38,028				268,400	306,428	38,028	245,500	248,102	2,602
Fines, forfeitures and penalties	172,100	169,949	(2,151)				172,100	169,949	(2,151)	149,000	141,245	(7,755)
Use of money and property	33,450	12,502	(20,948)	\$ 48,870	\$ 64,192	\$ 15,322	82,320	76,694	(5,626)	69,909	80,200	10,291
Intergovernmental agencies	386,566	601,706	215,140	248,665	326,110	77,445	635,231	927,816	292,585	714,596	887,166	172,570
Charges for current services	296,535	340,990	44,455				296,535	340,990	44,455	268,656	289,287	20,631
Other revenues	30,000	77,277	47,277		21,473	21,473	30,000	98,750	68,750	45,500	91,994	46,494
Total revenues	<u>3,753,246</u>	<u>4,050,988</u>	<u>297,742</u>	<u>297,535</u>	<u>411,775</u>	<u>114,240</u>	<u>4,050,781</u>	<u>4,462,763</u>	<u>411,982</u>	<u>3,679,615</u>	<u>3,959,108</u>	<u>279,493</u>
EXPENDITURES AND ENCUMBRANCES:												
General government	624,924	718,495	(93,571)	28,902	51,866	(22,964)	653,826	770,361	(116,535)	486,735	587,003	(100,268)
Public safety	2,110,789	2,089,252	21,537		14,580	(14,580)	2,110,789	2,103,832	6,957	1,996,872	2,001,923	(5,051)
Public works	794,662	738,393	56,269		19,270	(19,270)	794,662	757,663	36,999	728,150	711,175	16,975
Planning	62,126	67,742	(5,616)				62,126	67,742	(5,616)	61,659	66,778	(5,119)
Library	191,360	193,150	(1,790)		4,440	(4,440)	191,360	197,590	(6,230)	168,839	172,842	(4,003)
Parks and recreation	197,269	188,359	8,910				197,269	188,359	8,910	206,198	226,431	(20,233)
Storm					80,990	(80,990)		80,990	(80,990)	87,220	18,647	68,573
Reserve for contingencies	10,000		10,000				10,000		10,000			
Total expenditures and encumbrances	<u>3,991,130</u>	<u>3,995,391</u>	<u>(4,261)</u>	<u>28,902</u>	<u>171,146</u>	<u>(142,244)</u>	<u>4,020,032</u>	<u>4,166,537</u>	<u>(146,505)</u>	<u>3,735,673</u>	<u>3,784,799</u>	<u>(49,126)</u>
Excess of revenues over (under) expenditures and encumbrances before operating transfers	<u>(237,884)</u>	<u>55,597</u>	<u>293,481</u>	<u>268,633</u>	<u>240,629</u>	<u>(28,004)</u>	<u>30,749</u>	<u>296,226</u>	<u>265,477</u>	<u>(56,058)</u>	<u>174,309</u>	<u>230,367</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT C (Continued)

TOWN OF SAN ANSELMO

COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES - BUDGETARY BASIS

YEARS ENDED JUNE 30, 1986 AND 1985

	<u>General Fund</u>			<u>Special Revenue Funds</u>			<u>1986 Totals (Memorandum Only)</u>			<u>1985 Totals (Memorandum Only) (Restated - See Note 8)</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance -</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance -</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance -</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance -</u>
			<u>Favorable</u>			<u>Favorable</u>			<u>Favorable</u>			<u>Favorable</u>
		<u>(Unfavorable)</u>			<u>(Unfavorable)</u>			<u>(Unfavorable)</u>			<u>(Unfavorable)</u>	
OTHER FINANCING SOURCES (USES):												
Operating transfers in	\$ 248,665	\$ 349,600	\$ 100,935		\$ 88,159	\$ 88,159	\$ 248,665	\$ 437,759	\$ 189,094	\$ 266,000	\$ 291,706	\$ 25,706
Operating transfers out		(88,159)	(88,159)	\$(248,665)	(349,600)	(100,935)	(248,665)	(437,759)	(189,094)	(266,000)	(291,706)	(25,706)
Total other financing sources (uses)	<u>248,665</u>	<u>261,441</u>	<u>12,776</u>	<u>(248,665)</u>	<u>(261,441)</u>	<u>(12,776)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	10,781	317,038	306,257	19,968	(20,812)	(40,780)	30,749	296,226	265,477	(56,058)	174,309	230,367
Fund balances at beginning of year	673,896	673,896		209,324	209,324		883,220	883,220		827,496	827,496	
Increase (decrease) in reserve for encumbrances	(191,503)	(191,503)					(191,503)	(191,503)		(124,590)	(124,590)	
Prior year's encumbrances cancelled	64,300	64,300					64,300	64,300		9,450	9,450	
Increase (decrease) in other reserves	<u>(609)</u>	<u>(609)</u>					<u>(609)</u>	<u>(609)</u>		<u>(3,445)</u>	<u>(3,445)</u>	
Fund balances at end of year	<u>\$ 556,865</u>	<u>\$ 863,122</u>	<u>\$ 306,257</u>	<u>\$ 229,292</u>	<u>\$ 188,512</u>	<u>\$ (40,780)</u>	<u>\$ 786,157</u>	<u>\$1,051,634</u>	<u>\$ 265,477</u>	<u>\$ 652,853</u>	<u>\$ 883,220</u>	<u>\$ 230,367</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT C (Concluded)

TOWN OF SAN ANSELMO
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND
YEARS ENDED JUNE 30, 1986 AND 1985

	<u>Proprietary Fund Type</u>	
	<u>Internal Service</u>	
	<u>1986</u>	<u>1985</u>
Operating Revenues:		
Use of money and property	\$ 8,150	\$ 8,165
Operating Expenses:		
Claim payments	<u>3,960</u>	<u>10,172</u>
Net income (loss)	4,190	(2,007)
Retained earnings at beginning of year	<u>9,114</u>	<u>11,121</u>
Retained earnings at end of year	<u><u>\$ 13,304</u></u>	<u><u>\$ 9,114</u></u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT D

TOWN OF SAN ANSELMO
STATEMENTS OF CHANGES IN FINANCIAL POSITION -
PROPRIETARY FUND
YEARS ENDED JUNE 30, 1986 AND 1985

	<u>Proprietary Fund Type</u>	
	<u>Internal Service</u>	
	<u>1986</u>	<u>1985</u>
Funds provided (consumed) by operation:		
Net income (loss)	\$ 4,190	\$ (2,005)
Decrease in accrued revenue	<u>1,489</u>	<u>338</u>
Total cash provided (consumed) by operations	5,679	(2,343)
Cash at beginning of year	<u>90,147</u>	<u>92,490</u>
Cash at end of year	<u><u>\$ 95,826</u></u>	<u><u>\$ 90,147</u></u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT E

TOWN OF SAN ANSELMO
GENERAL FUND BALANCE SHEETS
YEARS ENDED JUNE 30, 1986 AND 1985

	<u>1986</u>	<u>1985</u> (Restated - See Note 8)
<u>ASSETS</u>		
Cash and investments	\$ 597,882	\$ 394,004
Accounts receivable and accrued revenue	211,605	277,210
Due from other funds	68,940	
Project assessment receivables (Note 2)	50,986	57,064
Prepaid flood insurance (Note 3)	17,864	11,836
Restricted assets - cash	<u>6,611</u>	<u>14,364</u>
Total Assets	<u>\$ 953,888</u>	<u>\$ 754,478</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 84,155	\$ 66,218
Payable from restricted assets:		
Deposits	6,611	1,447
Employee trust accounts	<u> </u>	<u>12,917</u>
Total liabilities	<u>90,766</u>	<u>80,582</u>
<u>FUND EQUITY</u>		
Fund balance:		
Reserved for:		
Encumbrances	30,578	222,081
Accounts receivable		474
Project assessment receivables (Note 2)	50,986	57,064
Prepaid flood insurance (Note 3)	17,864	11,836
Imprest funds	215	300
Unreserved:		
Undesignated	<u>763,479</u>	<u>382,141</u>
Total fund equity	<u>863,122</u>	<u>673,896</u>
Total liabilities and fund equity	<u>\$ 953,888</u>	<u>\$ 754,478</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT F

TOWN OF SAN ANSELMO

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS

YEARS ENDED JUNE 30, 1986 AND 1985

REVENUES:	1986			1985 (Restated - See Note 8)		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
				\$		
Taxes	\$2,566,195	\$2,542,136	\$ (24,059)	\$2,186,454	\$2,221,114	\$ 34,660
Licenses and permits	268,400	306,428	38,028	245,500	248,102	2,602
Fines, forfeitures and penalties	172,100	169,949	(2,151)	149,000	135,957	(13,043)
Use of money and property	33,450	12,502	(20,948)	20,300	14,580	(5,720)
Intergovernmental agencies	386,566	601,706	215,140	448,596	621,418	172,822
Charges for current services	296,535	340,990	44,455	268,656	289,287	20,631
Other revenues	30,000	77,277	47,277	45,500	55,965	10,465
	<u>3,753,246</u>	<u>4,050,988</u>	<u>297,742</u>	<u>3,364,006</u>	<u>3,586,423</u>	<u>222,417</u>
EXPENDITURES AND ENCUMBRANCES:						
General government	624,924	718,495	(93,571)	457,872	519,038	(61,166)
Public safety	2,110,789	2,089,252	21,537	1,939,984	1,928,955	11,029
Public works	794,662	738,393	56,269	715,150	679,171	35,979
Planning	62,126	67,742	(5,616)	61,659	66,778	(5,119)
Library	191,360	193,150	(1,790)	168,839	169,563	(724)
Parks and recreation	197,269	188,359	8,910	206,198	226,202	(20,004)
Reserve for contingencies	10,000		10,000			
Storm				87,220	18,647	68,573
	<u>3,991,130</u>	<u>3,995,391</u>	<u>(4,261)</u>	<u>3,636,922</u>	<u>3,608,354</u>	<u>28,568</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances before operating transfers	<u>(237,884)</u>	<u>55,597</u>	<u>293,481</u>	<u>(272,916)</u>	<u>(21,931)</u>	<u>250,985</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT G (Continued)

TOWN OF SAN ANSELMO

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS

YEARS ENDED JUNE 30, 1986 AND 1985

	1986			1985 (Restated - See Note 8)		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
	OTHER FINANCING SOURCES (USES):					
Operating transfers in	\$ 248,665	\$ 349,600	\$ 100,935	\$ 266,000	\$ 277,603	\$ 11,603
Operating transfers out		(88,159)	(88,159)		(14,103)	(14,103)
Total other financing sources (uses)	<u>248,665</u>	<u>261,441</u>	<u>12,776</u>	<u>266,000</u>	<u>263,500</u>	<u>(2,500)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	10,781	317,038	306,257	(6,916)	241,569	248,485
Fund balances at beginning of year	673,896	673,896		536,189	536,189	
Increase (decrease) in reserve for encumbrances	(191,503)	(191,503)		(109,867)	(109,867)	
Prior year's encumbrances cancelled	64,300	64,300		9,450	9,450	
Increase (decrease) in other reserves	(609)	(609)		(3,445)	(3,445)	
Fund balances at end of year	<u>\$ 556,865</u>	<u>\$ 863,122</u>	<u>\$ 306,257</u>	<u>\$ 425,411</u>	<u>\$ 673,896</u>	<u>\$ 248,485</u>
	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

EXHIBIT G (Concluded)

TOWN OF SAN ANSELMO
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS

JUNE 30, 1986

(With Comparative Totals For June 30, 1985)

	<u>Gas Tax</u>	<u>Federal Revenue Sharing</u>	<u>Isabel Cook Renovation</u>	<u>Capital Recons- truction</u>	<u>Equipment Replacement</u>	<u>Open Space</u>	<u>P.O.S.T.</u>	<u>Library</u>	<u>Calendars</u>	<u>1986 Storm</u>	<u>Totals</u>	
											<u>June 30, 1986</u>	<u>June 30, 1985 (Restated - See Note 8)</u>
<u>ASSETS</u>												
Cash and Investments			\$ 33,983	\$72,614	\$64,025	\$1,891	\$ 14,582	\$ 3,578	\$ 4,129		\$194,802	\$ 178,968
Accrued revenue		\$ 17,937					1,630			\$66,000	85,567	35,540
Total assets	-0-	\$ 17,937	\$ 33,983	\$72,614	\$64,025	\$1,891	\$ 16,212	\$ 3,578	\$ 4,129	\$66,000	\$280,369	\$ 214,508
<u>LIABILITIES</u>												
Accounts payable			\$ 1,007							\$21,910	\$ 22,917	\$ 5,184
Due to other funds		\$ 9,860								59,080	68,940	
Total liabilities		9,860	1,007							80,990	91,857	5,184
<u>FUND EQUITY (DEFICIT)</u>												
Fund balance - undesignated	-0-	8,077	32,976	\$72,614	\$64,025	\$1,891	\$ 16,212	\$ 3,578	\$ 4,129	(14,990)	188,512	209,324
	-0-	\$ 17,937	\$ 33,983	\$72,614	\$64,025	\$1,891	\$ 16,212	\$ 3,578	\$ 4,129	\$66,000	\$280,369	\$ 214,508

The accompanying notes are an integral part of these financial statements.

EXHIBIT H

TOWN OF SAN ANSELMO

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS

YEAR ENDED JUNE 30, 1986

(With Comparative Totals For June 30, 1985)

	Gas Tax	Federal Revenue Sharing	Isabel Cook Renovation	Capital Recons- truction	Equipment Replacement	Open Space	P.O.S.T.	Library	Calendars	1986 Storm	Totals		
											June 30, 1986	June 30, 1985 (Restated - See Note 8)	
REVENUES:													
Fines, forfeitures and penalties												\$ 5,288	
Use of money and property		\$ 9,150	\$ 53,391			\$ 102	\$ 1,140	\$ 409				\$ 64,192	65,620
Intergovernmental agencies	\$ 166,963	78,527					14,620			\$66,000		326,110	265,748
Other revenues						8,063		4,485	\$ 8,925			21,473	36,029
Total revenues	<u>166,963</u>	<u>87,677</u>	<u>53,391</u>			<u>8,165</u>	<u>15,760</u>	<u>4,894</u>	<u>8,925</u>	<u>66,000</u>		<u>411,775</u>	<u>372,685</u>
EXPENDITURES:													
General government			41,035			6,789			4,042			51,866	67,965
Public safety							14,580					14,580	72,968
Public works					\$19,270							19,270	32,004
Library								4,440				4,440	3,279
Parks and recreation													229
Storm										80,990		80,990	
Total expenditures			<u>41,035</u>		<u>19,270</u>	<u>6,789</u>	<u>14,580</u>	<u>4,440</u>	<u>4,042</u>	<u>80,990</u>		<u>171,146</u>	<u>176,445</u>
Excess (deficiency) of revenues over (under) expenditures before operating transfers	<u>166,963</u>	<u>87,677</u>	<u>12,356</u>		<u>(19,270)</u>	<u>1,376</u>	<u>1,180</u>	<u>454</u>	<u>4,883</u>	<u>(14,990)</u>		<u>240,629</u>	<u>196,240</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT I (Continued)

TOWN OF SAN ANSELMO

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS

YEAR ENDED JUNE 30, 1986

(With Comparative Totals For June 30, 1985)

	<u>Gas Tax</u>	<u>Federal Revenue Sharing</u>	<u>Isabele Cook Renovation</u>	<u>Capital Recons- truction</u>	<u>Equipment Replacement</u>	<u>Open Space</u>	<u>P.O.S.T.</u>	<u>Library</u>	<u>Calendars</u>	<u>1986 Storm</u>	<u>Totals</u>	
											<u>June 30, 1986</u>	<u>June 30, 1985 (Restated - See Note 8)</u>
OTHER FINANCING SOURCES (USES):												
Operating transfers in					\$88,159						\$ 88,159	\$ 14,103
Operating transfers out	\$(179,124)	\$(170,476)									(349,600)	(277,603)
Total other financing sources (uses)	<u>(179,124)</u>	<u>(170,476)</u>			<u>88,159</u>						<u>(261,441)</u>	<u>(263,500)</u>
Total revenues	<u>166,963</u>	<u>87,677</u>	<u>\$ 53,391</u>			<u>\$8,165</u>	<u>\$ 15,760</u>	<u>\$ 4,894</u>	<u>\$ 8,925</u>	<u>\$66,000</u>	<u>411,775</u>	<u>372,685</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(12,161)	(82,799)	12,356		68,889	1,376	1,180	454	4,883	(14,990)	(20,812)	(67,260)
Fund balance at beginning of year	12,161	90,876	20,620	\$72,614	(4,864)	515	15,032	3,124	(754)		209,324	291,307
Increase (decrease) in reserve for encumbrances												(14,723)
Fund balances at end of year		<u>\$ 8,077</u>	<u>\$ 32,976</u>	<u>\$72,614</u>	<u>\$64,025</u>	<u>\$1,891</u>	<u>\$ 16,212</u>	<u>\$ 3,578</u>	<u>\$ 4,129</u>	<u>\$(14,990)</u>	<u>\$188,512</u>	<u>\$ 209,324</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT I (Concluded)

TOWN OF SAN ANSELMO
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 1986

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Cash/ Accrued or (Deferred) Revenue at July 1, 1985</u>	<u>Receipts or Revenue Recognized</u>	<u>Disburse- ments/ Expen- ditures</u>	<u>Cash/ Accrued or (Deferred) Revenue at June 30, 1986</u>
<u>U.S. Department of the Treasury</u>						
Direct programs:						
Federal Revenue Sharing	21.300	\$ 78,527	\$ 90,876	\$ 78,527	\$ 161,326	\$ 8,077
<u>U.S. Department of Transportation</u>						
Passed through state of California:						
State and Community Highway Safety Program	20.600	15,184	0	15,184	15,184	0
<u>U.S. Department of the Interior</u>						
Passed through State of California:						
Section 8g of Outer Continental Shelf Lands Act	N/A	41,943	0	41,943	41,943	0
TOTAL FEDERAL ASSISTANCE			\$ 90,876	\$ 135,654	\$ 218,453	\$ 8,077
			=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

TOWN OF SAN ANSELMO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1986 AND 1985

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation - Fund Accounting:

The accounts of the Town of San Anselmo (Town) are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements as follows:

Governmental Funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments), that are legally restricted to expenditures for specified purposes.

Proprietary Fund:

Internal Service Fund - The Internal Service fund is used to account for the financing of the Town's self-insurance activities provided by one department to other departments of the Town, on a cost-reimbursement basis.

Account Groups:

General Fixed Assets Account Group - This group of accounts is established to account for recorded fixed assets of the Town.

General Long-Term Debt Account Group - This group of accounts is established to account for all long-term obligations, including insurance claim liabilities, capital leases and vested compensation of the Town.

Modified Accrual Basis of Accounting:

The several funds of the Town are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both "measurable" and "available" to finance expenditures of the current period.

TOWN OF SAN ANSELMO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1986 AND 1985

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued in the general fund until currently payable; (2) inventories of materials and supplies which are considered expenditures when purchased; and (3) prepaid flood insurance which is considered an expenditure when purchased.

General Fixed Assets:

The Town inventoried its general fixed assets during the 1961-1962 fiscal year at values based principally on appraisals.

General fixed assets subsequently purchased have been recorded as expenditures in the general fund at the time of purchase. Such assets are capitalized at cost in the general fixed assets group of accounts except for certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. Gifts or contributions are recorded in general fixed assets at fair market value at the time received.

The Town's policy is to record as a fixed asset all land and any equipment of significant value having a utility which extends three years or longer.

No depreciation has been provided on general fixed assets.

A summary of changes in general fixed assets follow:

	Balance July 1, 1985	Additions	Deletions	Balance June 30, 1986
Land	\$ 750,511			\$ 750,511
Buildings and improvements	2,764,642			2,764,642
Equipment	612,875	\$ 23,648		636,523
Equipment-lease purchase	107,048			107,048
Total	<u>\$ 4,235,076</u>	<u>\$ 23,648</u>		<u>\$ 4,258,724</u>

TOWN OF SAN ANSELMO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1986 AND 1985

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Retirement Plan:

Substantially all Town employees are members of the Public Employee's Retirement System, administered by the State of California, to which contributions are made by both the Town and employees. The total pension expense recognized by the Town for the fiscal years ended June 30, 1986 and 1985 were approximately \$144,383 and \$132,006 respectively. At June 30, 1986 the amount of unfunded liability, if any, was not available from the plan administrator.

Total Columns on Combined Statements:

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - PROJECT ASSESSMENT RECEIVABLES:

Project assessment receivables represents the balances due from property owners for the Laurel Avenue Reconstruction and the Millbrae/Westgate/Cypress Reconstruction projects. These amounts are secured by the related property and are collected via real property taxes. The amounts are due over a period of 10 years in equal semi-annual installments with interest charges on the unpaid balances at the rate of seven percent per annum. At their discretion, property owners may retire their obligations prematurely by paying off their respective remaining balances.

The amounts included under Project Assessment Receivables are fully reserved until they are paid or the current installments become due. At that time the related amounts are removed from the asset and reserve accounts and are recognized as revenue.

TOWN OF SAN ANSELMO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1986 AND 1985

NOTE 3 - PREPAID FLOOD INSURANCE:

Prepaid flood insurance represents the unexpired portions of flood insurance at June 30, 1986 and 1985. The insured property consists of the City Hall, Library, and Fire Station buildings and contents.

NOTE 4 - LEASE COMMITMENTS:

At June 30, 1986, the Town was obligated to make annual payments under lease purchase agreements of \$52,284. Annual payments, included in capital lease obligations, are due as follows:

1986-87	\$28,264
1987-88	<u>24,020</u>
	\$52,284
	<u>=====</u>

NOTE 5 - AGREEMENT WITH SLEEPY HOLLOW FIRE PROTECTION DISTRICT:

Effective July 1, 1980 the Town entered into an agreement with the Sleepy Hollow Fire Protection District under which the services of the Town's Fire Department are furnished the District. The agreement expires in twenty-five years and requires the District to pay 23% of the Town Fire Department's budgeted labor cost, including benefits and excluding CETA or like funding.

NOTE 6 - ROSS VALLEY FIRE SERVICE:

Effective July 1, 1982, the Town and the Town of Fairfax (Fairfax) entered into a Joint Powers Agreement creating the Ross Valley Fire Service (RVFS). The RVFS is to provide fire protection, emergency medical and related services within the respective territories of Fairfax and the Town (including Sleepy Hollow, see Note 5).

Effective July 1, 1982, all personnel of the Fire Departments of Fairfax and the Town were transferred to RVFS. The Agreement requires that the town make monthly contributions to RVFS of \$86,203 and \$79,281 in 1986 and 1985, respectively.

TOWN OF SAN ANSELMO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1986 AND 1985

NOTE 7 - BUDGET AND ACTUAL EXPENDITURE COMPARISON:

Commitments made by the Town of San Anselmo to make expenditures at a future date take the form of purchase orders or contracts. These commitments are recorded as encumbrances, and are reported as reservations of fund balances since they do not represent expenditures or liabilities.

The Town adopts its budget as a means of controlling both expenditures and encumbrances. Therefore, the result of operations in comparison to the formally adopted budget (Exhibit C) includes both expenditures and encumbrances.

A reconciliation of total expenditures and encumbrances as shown in Exhibit C to total expenditures as shown in Exhibit B follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total (Memorandum Only)</u>
Expenditures and Encumbrances, Exhibit C	\$3,995,391	\$ 171,146	\$ 4,166,537
Encumbrances outstanding at June 30, 1985	222,081		222,081
Encumbrances cancelled	(64,300)		(64,300)
Encumbrances outstanding at June 30, 1986	<u>(30,578)</u>		<u>(30,578)</u>
Total expenditures, Exhibit B	<u><u>\$4,122,594</u></u>	<u><u>\$ 171,146</u></u>	<u><u>\$ 4,293,740</u></u>

NOTE 8 - PRIOR PERIOD ADJUSTMENT:

During the year ended June 30, 1986 a general long-term debt account group was created to account for the long-term obligations of the Town which are not payable out of currently available resources. Certain long-term obligations were previously accounted for in the governmental funds of the Town, specifically capital lease obligations, and an accumulated deficit payable to a joint powers authority which provides insurance coverage for the Town (See Note 13).

TOWN OF SAN ANSELMO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1986 AND 1985

NOTE 8 - PRIOR PERIOD ADJUSTMENT: (Continued)

Additionally, prior periods have been restated to include cash held by the Town under a deferred compensation plan on behalf of Town employees. (See Note 11 for additional details regarding the plan.)

The effect of these restatements follow:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Agency Fund</u>	<u>Totals (Memorandum Only)</u>
Fund equity, 6/30/84, as originally stated	\$ 536,189	\$232,449	-0-	\$ 768,638
To reclassify capital lease obligations	<u> </u>	58,858		<u>58,858</u>
Fund equity 6/30/84, as restated	<u>536,189</u>	<u>291,307</u>		<u>827,496</u>
Excess (deficiency) of revenues over (under) expenditures, year ended June 30, 1985 - as originally stated	10,957	(69,127)		(58,170)
To reclassify capital lease and insurance deficit obligations	<u>130,195</u>	<u>(12,856)</u>		<u>117,339</u>
Excess (deficiency) of revenues over (under) expenditures, year ended June 30, 1985 - as restated	<u>141,152</u>	<u>(81,983)</u>		<u>59,169</u>
Decrease in reserves	(3,445)			(3,445)
To record deferred compensation plan balances	<u> </u>		\$267,855	<u>267,855</u>
Fund balance June 30, 1985 - as restated	<u><u>\$ 673,896</u></u>	<u><u>\$209,324</u></u>	<u><u>\$267,855</u></u>	<u><u>\$1,151,075</u></u>

TOWN OF SAN ANSELMO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1986 AND 1985

NOTE 9 - GENERAL LONG-TERM DEBT:

The following is a summary of changes in long-term debt for the year ended June 30, 1986:

	<u>Balance at July 1, 1985</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 1986</u>
Capital lease obligations	\$ 77,719		\$25,435	\$ 52,284
Compensated absences payable	87,836	\$ 3,908		91,744
Insurance claims payable	<u>98,725</u>	<u>156,275</u>		<u>255,000</u>
	<u>\$264,280</u>	<u>\$ 160,183</u>	<u>\$25,435</u>	<u>\$399,028</u>

NOTE 10 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

The following funds had an excess of actual expenditures and encumbrances over appropriations for the year ended June 30, 1986:

	<u>Excess</u>
General fund	\$ 4,261
Isabel Cook renovation	12,133
Equipment replacement	19,270
Open Space	6,789
P.O.S.T.	14,580
Library	4,440
Calendars	4,042
1986 Storm	80,990

In most of the above funds sufficient revenue or operating transfers in was received to cover the excess expenditures.

NOTE 11 - DEFICIT FUND BALANCE:

The 1986 Storm fund had a deficit fund balance of \$14,990 at June 30, 1986. This deficit is expected to be recovered through storm relief grants in future years.

TOWN OF SAN ANSELMO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1986 AND 1985

NOTE 12 - DEFERRED COMPENSATION PLAN:

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Town (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Town's general creditors. Participants' rights under the plan are equal to those of general creditors of the Town in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Town's legal counsel that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Town believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 13 - INSURANCE DEFICIT PAYABLE:

The insurance deficit represents an estimate of the Town's liability to an entity which provides liability and workers' compensation insurance coverage under a joint powers agreement between several Marin County municipalities. This estimate is based on information supplied by the insurance agent, and represents the excess of claims and judgements (both claimed and unclaimed) over the Town's share of resources available to the insurance entity.

This deficit is expected to be repaid over a five year period through additions to the annual premium charged to the Town for insurance coverage. The related insurance expense will be recognized in the general fund during the periods that the premiums are charged.