

TOWN OF SAN ANSELMO
JUNE 30, 1985 AND 1984

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LINDQUIST, VON HUSEN & JOYCE

CERTIFIED PUBLIC ACCOUNTANTS

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STEPHEN D. TONJES

The Honorable Town Council,
Town of San Anselmo

We have examined the combined financial statements of the Town of San Anselmo, California as of and for the years ended June 30, 1985 and 1984, as listed in the table of contents. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other procedures as we considered necessary in the circumstances.

In our opinion, the combined financial statements referred to above present fairly the financial position of the Town of San Anselmo, California at June 30, 1985 and 1984, 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.

In connection with our examination, we also performed tests of compliance with the Revenue Sharing Act and regulations as detailed in the Commentary on the Audit Requirements of the 1980 Amendments to the State and Local Fiscal Assistance Act issued by the Office of Revenue Sharing, U.S. Department of the Treasury, and compared the data on the appropriate Bureau of Census form with the audited records of the Town of San Anselmo.

In our opinion, for the items tested, the Town of San Anselmo complied with the aforementioned provisions of the Revenue Sharing Act and regulations. Further, based on our examination and the procedures referred to above, nothing came to our attention to indicate that the Town of San Anselmo had not complied with the aforementioned provisions of the Revenue Sharing Act and regulations.



August 27, 1985

TOWN OF SAN ANSELMO

COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1985 AND 1984

	Governmental Fund Types		Proprietary Fund Types	Account Groups	Totals (Memorandum Only)	
	General	Special Revenue	Internal Service	General Fixed Assets	1985	1984
<u>ASSETS</u>						
Cash, including short-term						
Investments	\$ 394,004	\$ 179,215	\$ 90,147		\$ 663,366	\$ 794,449
Accrued revenue	276,736	35,540	1,489		313,765	96,849
Accounts receivable	474				474	767
Project assessment receivables (Note 2)	57,064				57,064	63,868
Prepaid flood insurance (Note 3)	11,836				11,836	7,820
Restricted assets - cash	14,364				14,364	10,873
Fixed assets				\$ 4,235,076	4,235,076	4,069,527
Total assets	\$ 754,478	\$ 214,755	\$ 91,636	\$ 4,235,076	\$ 5,295,945	\$ 5,044,153
	=====	=====	=====	=====	=====	=====
<u>LIABILITIES</u>						
Capital lease obligation	\$ 31,470	\$ 46,249			\$ 77,719	\$ 58,857
Accounts payable	164,943	5,184			170,127	40,004
Retirement and payroll taxes						2,611
Payable from restricted assets:						
Deposits	1,447				1,447	4,780
Employees trust accounts	12,917				12,917	6,093
Total liabilities	210,777	51,433			262,210	112,345
<u>FUND EQUITY</u>						
Contributed capital			\$ 82,522		\$ 82,522	\$ 82,522
Investment in general fixed assets				\$ 4,235,076	4,235,076	4,069,527
Retained earnings			9,114		9,114	11,121
Fund balance:						
Reserved for encumbrances	\$ 222,081				222,081	346,671
Reserved for accounts receivable	474				474	767
Reserved for project assessment receivables (Note 2)	57,064				57,064	63,868
Reserved for prepaid flood insurance (Note 3)	11,836				11,836	7,820
Reserved for imprest funds	300				300	710
Unreserved:						
Undesignated	251,946	\$ 163,322			415,268	348,802
Total fund equity	543,701	163,322	91,636	4,235,076	5,033,735	4,931,808
Total liabilities and fund equity	\$ 754,478	\$ 214,755	\$ 91,636	\$ 4,235,076	\$ 5,295,945	\$ 5,044,153
	=====	=====	=====	=====	=====	=====

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

EXHIBIT A

TOWN OF SAN ANSELMO
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
YEARS ENDED JUNE 30, 1985 AND 1984

	<u>Governmental Fund Types</u>		<u>Totals</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>	
			<u>1985</u>	<u>1984</u>
REVENUES (Note 1):				
Taxes	\$2,221,114		\$2,221,114	\$2,243,888
Licenses and permits	137,175		137,175	139,996
Fines, forfeitures and penalties	135,957	\$ 5,288	141,245	144,385
Use of money and property	14,580	65,620	80,200	84,247
Intergovernmental agencies	732,345	265,748	998,093	434,642
Charges for current services	289,287		289,287	269,132
Other revenues	55,965	36,029	91,994	84,784
Total revenues	<u>3,586,423</u>	<u>372,685</u>	<u>3,959,108</u>	<u>3,401,074</u>
EXPENDITURES:				
General government	647,286	58,702	705,988	322,294
Public safety	1,924,055	37,723	1,961,778	1,898,274
Public works	607,596	19,148	626,744	472,315
Planning	64,448		64,448	67,716
Library	171,114	3,279	174,393	159,672
Parks and recreation	225,934	59,460	285,394	173,336
Flood	198,533		198,533	269,853
Total expenditures	<u>3,838,966</u>	<u>178,312</u>	<u>4,017,278</u>	<u>3,363,460</u>
Excess of revenues over (under) expenditures	<u>(252,543)</u>	<u>194,373</u>	<u>(58,170)</u>	<u>37,614</u>
Other financing sources (uses):				
Operating transfers in	277,603	14,103	291,706	431,910
Operating transfers out	<u>(14,103)</u>	<u>(277,603)</u>	<u>(291,706)</u>	<u>(431,910)</u>
Total other financing sources (uses)	<u>263,500</u>	<u>(263,500)</u>	<u> </u>	<u> </u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ 10,957</u>	<u>\$ (69,127)</u>	<u>\$ (58,170)</u>	<u>\$ 37,614</u>
Fund balances at beginning of year	\$ 536,189	\$ 232,449	\$ 768,638	\$ 744,497
Increase (decrease) in reserves	(3,445)		(3,445)	(13,473)
Excess of revenues and other sources over (under) expenditures and other uses	<u>10,957</u>	<u>(69,127)</u>	<u>(58,170)</u>	<u>37,614</u>
Fund balances at end of year	<u>\$ 543,701</u>	<u>\$ 163,322</u>	<u>\$ 707,023</u>	<u>\$ 768,638</u>

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

EXHIBIT B

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

YEARS ENDED JUNE 30, 1985 AND 1984

	General Fund			Special Revenue Funds			1985 Totals (Memorandum Only)			1984 Totals (Memorandum Only)		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES:												
Taxes	\$2,186,454	\$2,221,114	\$ 34,660				\$2,186,454	\$2,221,114	\$ 34,660	\$2,136,000	\$2,243,888	\$ 107,888
Licenses and permits	142,500	137,175	(5,325)				142,500	137,175	(5,325)	127,000	139,996	12,996
Fines, forfeitures and penalties	149,000	135,957	(13,043)		\$ 5,288	\$ 5,288	149,000	141,245	(7,755)	149,000	144,385	(4,615)
Use of money and property	20,300	14,580	(5,720)	\$ 49,609	65,620	16,011	69,909	80,200	10,291	101,200	84,247	(16,953)
Intergovernmental agencies	551,596	732,345	180,749	266,000	265,748	(252)	817,596	998,093	180,497	464,780	434,642	(30,138)
Charges for current services	268,656	289,287	20,631				268,656	289,287	20,631	261,234	269,132	7,898
Other revenues	45,500	55,965	10,465		36,029	36,029	45,500	91,994	46,494	302,761	84,784	(217,977)
Total revenues	3,364,006	3,586,423	222,417	315,609	372,685	57,076	3,679,615	3,959,108	279,493	3,541,975	3,401,074	(140,901)
EXPENDITURES AND ENCUMBRANCES:												
General government	457,872	649,233	(191,361)	28,863	67,965	(39,102)	486,735	717,198	(230,463)	296,010	286,535	9,475
Public safety	1,939,984	1,928,955	11,029	56,888	72,968	(16,080)	1,996,872	2,001,923	(5,051)	1,878,158	1,914,067	(35,909)
Public works	715,150	679,171	35,979	13,000	19,148	(6,148)	728,150	698,319	29,831	479,340	472,384	6,956
Planning	61,659	66,778	(5,119)				61,659	66,778	(5,119)	57,205	61,091	(3,886)
Library	168,839	169,563	(724)		3,279	(3,279)	168,839	172,842	(4,003)	157,797	155,649	2,148
Parks and recreation	206,198	226,202	(20,004)		229	(229)	206,198	226,431	(20,233)	240,232	241,803	(1,571)
Flood	87,220	18,647	68,573				87,220	18,647	68,573	589,504	515,859	73,645
Total expenditures and encumbrances	3,636,922	3,738,549	(101,627)	98,751	163,589	(64,838)	3,735,673	3,902,138	(166,465)	3,698,246	3,647,388	50,858
Excess of revenues over (under) expenditures and encumbrances	(272,916)	(152,126)	120,790	216,858	209,096	(7,762)	(56,058)	56,970	113,028	(156,271)	(246,314)	(90,043)
OTHER FINANCING SOURCES (USES):												
Operating transfers in	266,000	277,603	11,603		14,103	14,103	266,000	291,706	25,706	202,500	431,910	229,410
Operating transfers out		(14,103)	(14,103)	(266,000)	(277,603)	(11,603)	(266,000)	(291,706)	(25,706)	(202,500)	(431,910)	(229,410)
Total other financing sources (uses)	266,000	263,500	(2,500)	(266,000)	(263,500)	2,500	-0-	-0-	-0-	-0-	-0-	-0-
Excess of revenues and other sources over (under) expenditures and other uses	\$ (6,916)	\$ 111,374	\$ 118,290	\$ (49,142)	\$ (54,404)	\$ (5,262)	\$ (56,058)	\$ 56,970	\$ 113,028	\$ (156,271)	\$ (246,314)	\$ (90,043)

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

YEARS ENDED JUNE 30, 1985 AND 1984

	<u>General Fund</u>			<u>Special Revenue Funds</u>			<u>1985 Totals (Memorandum Only)</u>			<u>1984 Totals (Memorandum Only)</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Fund balances at beginning of year	\$ 536,189	\$ 536,189		\$ 232,449	\$ 232,449		\$ 768,638	\$ 768,638		\$ 744,497	\$ 744,497	
Increase (decrease) in reserve for encumbrances	(100,417)	(100,417)		(14,723)	(14,723)		(115,140)	(115,140)		283,928	283,928	
Increase (decrease) in other reserves	(3,445)	(3,445)					(3,445)	(3,445)		(13,473)	(13,473)	
Excess of revenues and other sources over (under) expenditures and other uses	<u>(6,916)</u>	<u>111,374</u>	<u>\$ 118,290</u>	<u>(49,142)</u>	<u>(54,404)</u>	<u>\$ (5,262)</u>	<u>(56,058)</u>	<u>56,970</u>	<u>\$ 113,028</u>	<u>156,271</u>	<u>246,314</u>	<u>\$ (90,043)</u>
Fund balances at end of year	<u>\$ 425,411</u>	<u>\$ 543,701</u>	<u>\$ 118,290</u>	<u>\$ 168,584</u>	<u>\$ 163,322</u>	<u>\$ (5,262)</u>	<u>\$ 593,995</u>	<u>\$ 707,023</u>	<u>\$ 113,028</u>	<u>\$ 858,681</u>	<u>\$ 768,638</u>	<u>\$ 90,043</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, 1985 AND 1984

	<u>Proprietary Fund Type</u>	
	<u>Internal Service</u>	
	<u>1985</u>	<u>1984</u>
Operating Revenues:		
Use of money and property	\$ 8,165	\$ 5,875
Operating Expenses:		
Claim payments	<u>10,170</u>	<u>6,278</u>
Net income (loss)	(2,005)	(403)
Retained earnings at beginning of year	<u>11,121</u>	<u>11,524</u>
Retained earnings at end of year	<u><u>\$ 9,116</u></u>	<u><u>\$ 11,121</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, 1985 AND 1984

	<u>Proprietary Fund Type</u>	
	<u>Internal Service</u>	
	<u>1985</u>	<u>1984</u>
Funds provided (consumed) by operation:		
Net loss	\$ (2,005)	\$ (403)
Increase (decrease) in accounts payable		(2,558)
(Increase) in accrued revenue	<u>338</u>	<u>(1,153)</u>
Total cash provided (consumed) by operations	(2,343)	(4,114)
Cash at beginning of year	<u>92,490</u>	<u>96,604</u>
Cash at end of year	<u><u>\$ 90,147</u></u>	<u><u>\$ 92,490</u></u>

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

EXHIBIT E

TOWN OF SAN ANSELMO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1985 AND 1984

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.

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.

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; (2) inventories of materials and supplies which are considered expenditures when purchased; and (3) prepaid flood insurance which is considered an expenditure when purchased.

TOWN OF SAN ANSELMO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1985 AND 1984

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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:

	<u>Balance</u> <u>July 1, 1984</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1985</u>
Land	\$ 750,511			\$ 750,511
Buildings and improvements	2,764,642			2,764,642
Equipment	483,399	\$ 129,476		612,875
Equipment-lease purchase	70,975	36,073		107,048
Total	<u>\$ 4,069,527</u>	<u>\$ 165,549</u>		<u>\$ 4,235,076</u>

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, 1985 and 1984 were approximately \$191,017 and \$174,252 respectively. At June 30, 1985 the amount of unfunded liability, if any, was not available from the plan administrator.

TOWN OF SAN ANSELMO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1985 AND 1984

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 recognized as revenue.

NOTE 3 - PREPAID FLOOD INSURANCE:

Prepaid Flood Insurance represents the unexpired portion of flood insurance at June 30, 1985 and 1984. The insured property consists of the City Hall, Library, and Fire Station buildings and contents.

NOTE 4 - LEASE COMMITMENTS:

At June 30, 1985, the Town was obligated to make annual payments under lease purchase agreements of \$77,719. Annual payments, included in capital lease obligation, are due as follows:

1985-86	\$25,435
1986-87	28,264
1987-88	<u>24,020</u>
	\$77,719
	=====

TOWN OF SAN ANSELMO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1985 AND 1984

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 \$79,281 and \$75,618 in 1985 and 1984, respectively.

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.

TOWN OF SAN ANSELMO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1985 AND 1984

NOTE 7 - BUDGET AND ACTUAL EXPENDITURE COMPARISON: (Continued)

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	\$3,738,549	\$163,589	\$3,902,138
Encumbrances outstanding at June 30, 1984	331,948	14,723	346,671
Encumbrances cancelled	(9,450)		(9,450)
Encumbrances outstanding at June 30, 1985	<u>(222,081)</u>		<u>(222,081)</u>
Total expenditures, Exhibit B	<u><u>\$3,838,966</u></u>	<u><u>\$178,312</u></u>	<u><u>\$4,017,278</u></u>