

# LINDQUIST, VON HUSEN AND JOYCE

CERTIFIED PUBLIC ACCOUNTANTS

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October 2, 1961

The Honorable Council of the  
City of San Anselmo  
City Hall  
San Anselmo, California

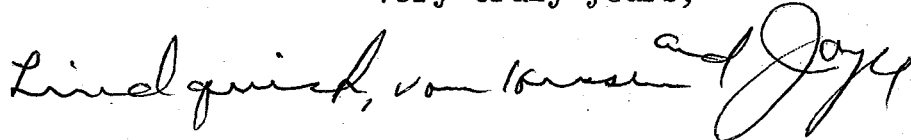
Gentlemen:

We have examined the records and accounts of the City of San Anselmo for the fiscal year ended June 30, 1961. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other tests as we considered necessary in the circumstances.

Fixed assets of the City are not reflected in the books of account or in the accompanying balance sheet.

In our opinion, subject to the foregoing exception, the accompanying statements present fairly the financial position of the City of San Anselmo at June 30, 1961, and the results of its operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Very truly yours,



Certified Public Accountants

I N D E X

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Exhibit B	-	Statement of Changes in Fund Balances
Exhibit C	-	Statement of Revenue - Estimated and Actual
Exhibit D	-	Statement of Expenditures and Encumbrances

COMMENTS ON BALANCE SHEET

CASH ON HAND AND ON DEPOSIT - \$291,591.99:

This balance consists of the following:

Cash on hand:	
City office funds	\$ 550.00
Petty cash funds - departments	30.00
Library fund	85.00
Demand deposits:	
Wells Fargo Bank American Trust Company, San Anselmo	119,754.83
Crocker-Anglo National Bank, San Anselmo	18,621.15
Bank of America, San Anselmo: General account	2,455.53
Special assessment districts	95.48
Time deposits - Bank of America, San Anselmo:	
90 day notice required, 2-1/2% interest	50,000.00
180 day notice required, 3% interest	<u>100,000.00</u>
<u>TOTAL</u>	<u>\$291,591.99</u>

We counted the cash on hand and obtained independent confirmation of bank balances directly from the depositories.

The Treasurer's Revolving Fund at the Crocker-Anglo National Bank is being used exclusively for the payment of payroll, payroll taxes and Retirement Fund contributions. We recommend that the account be used for the payment of payroll only, and that only the net amount of each payroll be transferred thereto from the regular account. This will facilitate reconciling this account each month.

The City's funds on deposit with banks were adequately secured by collateral as required by the Public Deposit Act of the State of California.

DUE FROM PARK AND RECREATION FUND - \$108.07  
DUE TO GENERAL FUND - \$108.07:

This represents Park and Recreation Fund expenditures made in excess of the cash on deposit.

TAXES RECEIVABLE - \$11,790.78  
RESERVE FOR TAXES RECEIVABLE - \$11,790.78:

Taxes receivable represent amounts due for delinquent taxes at June 30, 1961. The amount is fully reserved and therefore, none of the uncollected taxes is reflected in revenues.

The detail of taxes receivable was short of the control account by \$1,777 which we were unable to locate. See further comments under Taxes and Licenses.

DEFERRED EXPENDITURE - \$252.50:

This account reflects salary paid in advance on account of vacation.

ACCOUNTS PAYABLE - \$10,701.10:

This account represents amounts due for services and materials furnished the City to June 30, 1961, which were unpaid at that date. These amounts are reflected as expenditures in the year 1960 - 61.

EMPLOYEES' PAYROLL DEDUCTIONS - \$14,270.85:

The above amount consists of deductions from employees' earnings, as follows:

Federal income tax	\$10,766.88
F.I.C.A. tax (Social Security)	2,402.73
Retirement	<u>1,101.24</u>
<u>TOTAL</u>	<u>\$14,270.85</u>

The City has not been making monthly deposits of income taxes deducted from employees' salaries as required by federal law. We recommend that these deposits be allowed to be made prior to Council approval if necessary to ensure timely filing.

RESERVE FOR ENCUMBRANCES - \$20,479.71:

Encumbrances have been provided for as follows:

General fund:	
Planning Department	\$ 1,310.00
Fire Department	691.55
Street Department	<u>32.27</u>
	2,033.82
Library fund - library addition	18,222.85
Park and Recreation fund	<u>223.04</u>
<u>TOTAL</u>	<u>\$20,479.71</u>

DEFERRED REVENUE - \$6,472.16:

Collections to June 30, 1961 of unsecured property taxes applicable to the year 1961 - 62 have been deferred so as to reflect them properly as revenue of that year.

## GENERAL COMMENTS

### BUDGETARY:

Revenues for the year were \$53,536 in excess of those estimated. The increase is shown in detail in Exhibit C.

The City's accounts do not reflect all changes in appropriations approved by the Council. We are unable therefore, to compare the detail of the expenditures with those budgeted, however, the total expenditures for the year, including accounts payable at June 30, 1961, were \$4,893 less than the original amount in the budget adopted at the beginning of the year.

Information contained in the Council minutes is too limited to be of use in reflecting transfers between appropriation accounts. We recommend that the City Clerk prepare a formal record of Council action relating to these transactions at each meeting. This document would then be given to the Finance Officer and would form the basis of entry in the accounts.

### TAXES AND LICENSES:

The City does not have adequate accounting controls over the tax rolls and we were unable therefore, to reconcile total taxes, collections, etc., with the delinquent rolls.

Penalties and costs applicable to delinquent taxes become a lien on the property assessed and are includable in the delinquent roll. The delinquent tax list published in accordance with statute did not include these penalties and costs.

The City does not keep copies of the unsecured tax bills. Copies of the County statements of assessed valuation of unsecured property are used to compute the City tax and are retained to serve as the unsecured tax roll. A carbon copy of the actual City tax bill would serve this purpose better.

Procedures for improved control of property taxes should be adopted. The records should then provide readily available information relative to the status of the tax rolls.

Business licenses are being collected by the Police Department. Consideration should be given to the transfer of this function to the main City office. This would result in the centralization of all collections, elimination of some duplication of work in the handling of funds and should effect better control.

#### RECEIPTS:

The present method of handling cash collections would be improved considerably by the adoption of a uniform counter receipt to be used for all items except property taxes. This receipt should be used in conjunction with one of the "Write-It-Once" systems which would produce a daily detail journal as a by-product of writing the receipt. This would reduce the work now involved in summarizing receipts and balancing cash.

#### EXPENDITURES:

The present requirement that the Council approve warrants before issue sometimes results in hardships to suppliers who are forced to wait beyond the normal terms of sale for their money and also causes the City to lose the benefits of cash discounts for timely payment. We suggest that the Council consider procedures allowed by Government Code Sections 37203 and 37208 which provide for the issuance of warrants prior to Council approval.

Budget and appropriation account numbers assigned to expenditures should be carefully reviewed by accounting personnel prior to recording in the accounts. Many instances of improper classification occurred during the year under review. These have since been corrected.

PURCHASES:

The use of purchase orders by the City Library is recommended so that all City departments will be on the same basis. This is necessary to provide for the proper effectiveness of the City's method of encumbering funds as commitments are made.

\* \* \* \* \*



CITY OF SAN ANSELMO  
BALANCE SHEET - ALL FUNDS  
JUNE 30, 1961

	<u>Total</u>	<u>General Fund</u>	<u>Library Fund</u>	<u>Park and Recreation Fund</u>	<u>Gas Tax Fund</u>	<u>Gas Tax Engineering Fund</u>	<u>Retirement Fund</u>	<u>Major Street Acquisition Fund</u>	<u>Special Assessment Fund</u>
<u>ASSETS</u>									
Cash on hand and on deposit	\$291,591.99	\$195,963.21	\$ 6,237.81		\$9,992.33	\$2,769.07	\$8,465.18	\$68,068.91	\$ 95.48
Due from Park and Recreation Fund	108.07	108.07							
Taxes receivable	11,790.78	8,564.04	1,043.02	\$ 811.44			659.94	712.34	
Reserve for taxes receivable	(11,790.78)	(8,564.04)	(1,043.02)	(811.44)			(659.94)	(712.34)	
Deferred expenditure	252.50	252.50							
<b>Total</b>	<u>\$291,952.56</u>	<u>\$196,323.78</u>	<u>\$ 6,237.81</u>	<u>\$ -0-</u>	<u>\$9,992.33</u>	<u>\$2,769.07</u>	<u>\$8,465.18</u>	<u>\$68,068.91</u>	<u>\$ 95.48</u>
<u>LIABILITIES AND SURPLUS</u>									
Due to General Fund	\$ 108.07			\$ 108.07					
Accounts payable	10,701.10	\$ 10,701.10							
Payroll deductions for taxes and retirement	14,270.85	14,270.85							
Reserve for encumbrances	20,479.71	2,033.82	\$18,222.85	223.04					
Reserve for imprest funds	1,665.00	1,580.00	85.00						
Deferred revenue	6,472.16	3,970.67	656.92	457.58			\$ 705.47	\$ 681.52	
Unappropriated surplus (deficit)	238,255.67	163,767.34	(12,726.96)	(788.69)	\$9,992.33	\$2,769.07	7,759.71	67,387.39	\$ 95.48
<b>Total</b>	<u>\$291,952.56</u>	<u>\$196,323.78</u>	<u>\$ 6,237.81</u>	<u>\$ -0-</u>	<u>\$9,992.33</u>	<u>\$2,769.07</u>	<u>\$8,465.18</u>	<u>\$68,068.91</u>	<u>\$ 95.48</u>

Note: The fixed assets of the City are not reflected in the above statement.

EXHIBIT A

CITY OF SAN ANSELMO  
STATEMENT OF CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 1961

	<u>Total</u>	<u>General Fund</u>	<u>Library Fund</u>	<u>Park and Recreation Fund</u>	<u>Gas Tax Fund</u>	<u>Gas Tax Engineering Fund</u>	<u>Retirement Fund</u>	<u>Major Street Acquisition Fund</u>	<u>Special Assessment Fund</u>
Balance, June 30, 1960	\$235,087.50	\$158,472.69	\$25,298.76	\$ 2,100.60	\$10,393.62	\$2,769.07	\$ 3,985.21	\$32,067.55	
Add:									
Revenues	635,051.70	475,154.26	38,164.93	22,865.74	23,303.40	3,000.00	35,710.35	35,319.84	\$1,533.18
Transfers from other funds	26,704.69	26,704.69							
Amount by which expenditure detail exceeds control	57.78	57.68	.10						
Adjustment of beginning fund balance	10.86	10.86							
Previously unrecorded fund balance	110.54								110.54
	<u>661,935.57</u>	<u>501,927.49</u>	<u>38,165.03</u>	<u>22,865.74</u>	<u>23,303.40</u>	<u>3,000.00</u>	<u>35,710.35</u>	<u>35,319.84</u>	<u>1,643.72</u>
Total	<u>897,023.07</u>	<u>660,400.18</u>	<u>63,463.79</u>	<u>24,966.34</u>	<u>33,697.02</u>	<u>5,769.07</u>	<u>39,695.56</u>	<u>67,387.39</u>	<u>1,643.72</u>
Deduct:									
Expenditures	608,724.69	491,740.71	57,967.90	25,531.99			31,935.85		1,548.24
Transfers to General Fund	26,704.69				23,704.69	3,000.00			
Adjustment of bank balances	2,858.31	2,858.31							
Reserve for encumbrances	20,479.71	2,033.82	18,222.85	223.04					
	<u>658,767.40</u>	<u>496,632.84</u>	<u>76,190.75</u>	<u>25,755.03</u>	<u>23,704.69</u>	<u>3,000.00</u>	<u>31,935.85</u>		<u>1,548.24</u>
Balance, June 30, 1961	<u>\$238,255.67</u>	<u>\$163,767.34</u>	<u>\$(12,726.96)</u>	<u>\$ (788.69)</u>	<u>\$ 9,992.33</u>	<u>\$2,769.07</u>	<u>\$ 7,759.71</u>	<u>\$67,387.39</u>	<u>\$ 95.48</u>

EXHIBIT B

CITY OF SAN ANSELMO

STATEMENT OF REVENUE - ESTIMATED AND ACTUAL

YEAR ENDED JUNE 30, 1961

	<u>Estimated</u>	<u>Actual</u>	<u>Excess (Deficiency)</u>
<u>GENERAL FUND:</u>			
Property taxes:			
Current year	\$190,793.00	\$195,551.92	\$ 4,758.92
Prior years	3,300.00	3,543.48	243.48
Penalties and costs	2,100.00	2,774.74	674.74
Sales and use taxes	74,000.00	85,126.28	11,126.28
Franchises:			
Garbage	2,700.00	2,700.00	
Gas	3,320.00	3,893.15	573.15
Electric	2,360.00	2,529.12	169.12
Business licenses	22,000.00	23,933.50	1,933.50
Animal licenses	2,600.00	4,293.40	1,693.40
Permits:			
Building	4,900.00	6,647.50	1,747.50
Plumbing	700.00	1,273.70	573.70
Electrical	500.00	482.15	(17.85)
Other	190.00	3,354.61	3,164.61
Interest income	1,500.00	1,979.41	479.41
Alcholic license fees	6,500.00	7,220.70	720.70
Sleepy Hollow Fire District	27,500.00	28,399.47	899.47
Vehicle code fines	7,300.00	12,175.96	4,875.96
Other court fines	4,700.00	7,868.05	3,168.05
Motor vehicle in lieu tax	54,000.00	60,331.10	6,331.10
Other income	8,820.00	21,076.02	12,256.02
	<u>419,783.00</u>	<u>475,154.26</u>	<u>55,371.26</u>
<u>LIBRARY FUND:</u>			
Property taxes:			
Current year	31,575.00	32,136.12	561.12
Prior years	515.00	582.02	67.02
Library fines and rentals	6,350.00	5,446.79	(903.21)
	<u>38,440.00</u>	<u>38,164.93</u>	<u>(275.07)</u>
<u>PARK AND RECREATION FUND:</u>			
Property taxes:			
Current year	21,824.00	22,458.75	634.75
Prior years	315.00	406.99	91.99
	<u>22,139.00</u>	<u>22,865.74</u>	<u>726.74</u>
Balance forward	\$480,362.00	\$536,184.93	\$ 55,822.93

CITY OF SAN ANSELMO

STATEMENT OF REVENUE - ESTIMATED AND ACTUAL

YEAR ENDED JUNE 30, 1961

	<u>Estimated</u>	<u>Actual</u>	<u>Excess or (Deficiency)</u>
Balance forwarded	\$480,362.00	\$536,184.93	\$ 55,822.93
 <u>RETIREMENT FUND:</u>			
Property taxes:			
Current year	33,842.00	35,073.29	1,231.29
Prior years		637.06	637.06
	<u>33,842.00</u>	<u>35,710.35</u>	<u>1,868.35</u>
 <u>MAJOR STREET ACQUISITION FUND:</u>			
Property taxes:			
Current year	32,682.00	34,687.24	2,005.24
Prior years		632.60	632.60
	<u>32,682.00</u>	<u>35,319.84</u>	<u>2,637.84</u>
 <u>GAS TAX FUND:</u>			
Street maintenance and construction	<u>31,630.00</u>	<u>23,303.40</u>	<u>(8,326.60)</u>
 <u>GAS TAX ENGINEERING FUND:</u>			
Engineering	<u>3,000.00</u>	<u>3,000.00</u>	
 <u>SPECIAL ASSESSMENT DISTRICTS FUND:</u>			
Principal, interest and penalties		<u>1,533.18</u>	<u>1,533.18</u>
 <u>TOTAL</u>	 <u>\$581,516.00</u>	 <u>\$635,051.70</u>	 <u>\$ 53,535.70</u>

CITY OF SAN ANSELMO  
STATEMENT OF EXPENDITURES AND ENCUMBRANCES  
YEAR ENDED JUNE 30, 1961

	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Total</u>
<u>GENERAL FUND:</u>			
General government	\$ 83,513.76	\$ 1,310.00	\$ 84,823.76
Fire department	151,293.79	691.55	151,985.34
Police department	149,970.49		149,970.49
Building regulation	313.62		313.62
Animal regulation	5,346.90		5,346.90
Engineering and administration	16,901.24		16,901.24
Street construction	10,359.19		10,359.19
Street maintenance	80,429.55	32.27	80,461.82
Weed cleaning	894.56		894.56
Storm drains	4,273.76		4,273.76
Street lighting	19,714.22		19,714.22
	<u>523,011.08</u>	<u>2,033.82</u>	<u>525,044.90</u>
Deduct: Expenditures charged to Retirement Fund	31,270.37		31,270.37
	<u>491,740.71</u>	<u>2,033.82</u>	<u>493,774.53</u>
<u>LIBRARY FUND</u>	<u>57,967.90</u>	<u>18,222.85</u>	<u>76,190.75</u>
<u>PARK AND RECREATION FUND</u>	<u>26,197.47</u>	<u>223.04</u>	<u>26,420.51</u>
Deduct: Expenditures charged to Retirement Fund	665.48		665.48
	<u>25,531.99</u>	<u>223.04</u>	<u>25,755.03</u>
<u>RETIREMENT FUND</u>	<u>31,935.85</u>		<u>31,935.85</u>
<u>SPECIAL ASSESSMENT FUND</u>	<u>1,548.24</u>		<u>1,548.24</u>
<u>TOTAL</u>	<u>\$608,724.69</u>	<u>\$ 20,479.71</u>	<u>\$629,204.40</u>