

THE TOWN OF SAN ANSELMO
BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

TOWN OF SAN ANSELMO
TABLE OF CONTENTS
June 30, 2014

FINANCIAL SECTION

Independent Auditor’s Report.....1

Management’s Discussion and Analysis.....4

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position15

Statement of Activities and Changes in Net Position16

Fund Financial Statements:

Governmental Funds:

Balance Sheet.....17

Reconciliation of the Governmental Funds – Balance Sheet to the Statement of Net Position.....18

Statement of Revenues, Expenditures, and Changes in Fund Balances19

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities.....20

Proprietary Funds:

Statement of Net Position21

Statement of Revenues, Expenses, and Changes in Net Position22

Statement of Cash Flows23

Fiduciary Funds:

Statement of Fiduciary Assets and Liabilities – Agency Funds25

Notes to the Basic Financial Statements.....27

Required Supplementary Information

Schedule of Funding Progress – Other Post-employment Benefits57

Budgetary Comparison Schedule – General Fund.....58

Schedule of Revenues, Expenditures, and Changes in

Fund Balance – Budget and Actual – Road Maintenance Fund59

Fund Balance – Budget and Actual – Recreation Fund.....60

Fund Balance – Budget and Actual – Isabel Cook Complex Fund61

TOWN OF SAN ANSELMO
TABLE OF CONTENTS
June 30, 2014
(Continued)

Other Supplemental Information

Schedule of Revenues, Expenditures, and Changes in

Fund Balance – Budget and Actual – Measure G 2011 Bond Fund.....63

Non-major Governmental Funds:

Combining Balance Sheet.....64

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....68

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:

Grant Fund.....72

Gas Tax Fund.....73

Library Services Fund74

Robson House Fund.....75

Community Facilities Master Plan Fund76

Special Events Fund77

Marin County Parks Measure A Fund.....78

Measure G Fund79

Muni Lease Fund.....80

Capital Reconstruction Fund81

Equipment Replacement Fund.....82



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the Town Council of the Town of San Anselmo
San Anselmo, 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 Town of San Anselmo, California, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town'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 Town of San Anselmo, California, as of June 30, 2014, and the respective changes in financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2013, the Town of San Anselmo, California adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Corrections 2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, the budgetary comparison information on pages 58 through 61, and the schedule of funding progress for post-employment benefits other than pensions on page 57 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 Town of San Anselmo, California's basic financial statements. The budgetary schedule of the Measure G 2011 Bond Fund and the combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedule of the Measure G 2011 Bond Fund and combining and individual nonmajor fund financial statements and schedules 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 budgetary schedule of the Measure G 2011 Bond Fund and the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014, on our consideration of the Town of San Anselmo, California'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 Town of San Anselmo, California's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy, & Hartzheim LLP
Culver City, California
November 21, 2014

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2014

This discussion and analysis of the Town's financial activities and performance provides an overview for the fiscal year ended June 30, 2014.

Please read this in conjunction with the Town's financial statements, which follow this discussion and analysis.

Government-Wide Highlights

- The Government-Wide Statement of Net Position, appearing as the first statement of the Basic Financial Statements and summarized in Management's Discussion and Analysis, show the Town's assets to be \$26,999,481, Deferred Outflow of Resources \$88,354, liabilities of \$14,694,184, and net position of \$12,393,651.
- Total Town revenues were \$17,157,724 compared with total expenses of \$15,292,443 and a prior period adjustment of (\$208,962) resulting in a net increase in net position of \$1,656,319.
- The Town's net investment in capital assets, totaled \$12,612,850 at June 30, 2014. This amount results from the Town's decision to exercise the GASB 34 "small entity" option of not valuing infrastructure (e.g. streets, sewers, sidewalks) acquired prior to June 30, 2004, in accounting for capital assets. Beginning in fiscal year 2003-04, the Town began to capitalize the cost of its capital assets on a go-forward basis. As of June 30, 2005 the Town's net capital assets, net of related debt, remained in the negative: \$(315,151). During 2005-06 capitalized projects increased the Town's net capital assets by \$1,701,362 and for the first time achieved positive net capital assets in the amount of \$1,386,211 and have increased in subsequent fiscal years and total \$12,612,850 as of June 30, 2014.
- The Town's long-term debt (including current portion and postemployment benefit obligation) totaled \$13,369,011 as of June 30, 2014, a decrease of \$858,292 from the prior fiscal year. This decrease reflects payments made for general obligation bonds and pension obligation bonds.

Fund Highlights

As of the close of fiscal year 2014, the Town's governmental funds reported a combined ending fund balance of \$4,006,768 as compared to \$3,310,276 as of June 30, 2013. This increase was due primarily to new greater than expected increases in property taxes, as well as three new funds (Measure D Sales Tax, Measure A Marin County Parks and Community Facilities Master Plan) which have ending balances totaling \$281,191 that will be spent in the subsequent year.

Town's Highlights

The Town's financial outlook fell into a declining state beginning in fiscal year 2001-02, due to the poor economy, takeaways from the State of California, declining revenues and rising expenditures. In the ensuing years, Town staffing levels dropped and measures were taken to raise revenues and reduce expenditures.

On December 31, 2005, the Town experienced a devastating flood as the result of unusually heavy winter rains. The flood devastated whole neighborhoods, the downtown commercial district and the Town's public buildings. While recovery from the flood winter is finally now complete, the flood has had a major impact on the Town's financial situation.

The Town has received \$4.7 million in reimbursement from the Federal Emergency Management Agency (FEMA), the California Emergency Management Agency (CalEMA) and the National Flood Insurance Program. To date, \$1.7 million has been contributed to the flood recovery from the General Fund.

In the last several fiscal years, the Town's budget has been stabilized at reduced levels, with minimal funds allocated to road maintenance, equipment, and capital projects. With the passage of Measure D for infrastructure improvements and signs of economic improvement, the budget for 2014-2015 reflects a budget with increased equipment and capital expenditures, particularly in the areas of road and drainage repairs.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2014

Accomplishments for 2013-14

- Capital Projects - Work was completed on the Capital Improvement Plan, Year 2, with Foss, Santa Cruz, Santa Barbara, Durham, Pasadena and Salinas being resurfaced. In line with the Town's "Complete Streets" policy, a number of curb ramps and sidewalks were constructed to facilitate walkable, pedestrian friendly streets. Coordination with utilities was again a focus in 2013-14, as Public Works staff worked to coordinate extensive utility work prior to our planned street paving work. This coordination has facilitated complete replacement of sewer, electric, gas and water lines at a lower depth, resulting in a much improved and longer lasting resurfaced streets and reducing the risk of untimely breaks that necessitate digging up newly paved roads.
- Sales Tax Measure -In November 2013 the voters of San Anselmo passed a one-half per cent general sales tax for the purpose of repairing potholes, repaving roads, reducing traffic congestion, maintaining and improving sidewalks, drainage and street medians, preserving public safety and improving other general Town services, facilities, and infrastructure. The sales tax measure is anticipated to bring in approximately \$600,000 per year for this much needed work.
- Library programming - We have now completed the fourth year of the Library's \$49 parcel tax, and the programming and activities at the Library have continued to blossom. Children's programs abound, including toddler story times, French story times, Read to a Dog, Bookworms reading club, Poetry Club, Teen reading group and the very successful Summer Reading Program. Adult programs have also flourished, including the Book Club, Art Talk Tuesdays, and Saturday Lectures. The Friends of the Library continue to support the Library with bi-monthly book sales and generous donations to programs and supplies.
- Library Parcel Tax - With the expiration of the current Library Parcel Tax in June, 2015 the Town Council placed a measure on the June 2014 ballot that called for a Special Library Services Tax of \$54 per year per parcel, with a 3% annual cost of living increase for nine years. The measure passed with overwhelming support of 72% approval. The parcel tax will maintain and enhance the library's open hours, adult and children's programs, and general library services. Many thanks to the volunteers who worked to secure this funding.
- Community Events, Recreation and Volunteers - The Recreation Department coordinates events that bring the community and volunteers together, including Country Fair Day, Picnics on the Plaza, Goblins' Parade, and the spring egg hunts. In addition, the department encourages and facilitates community events such as Film Night in the Park, Music in the Park, and the Art & Wine Festival. The summer camp program is once again thriving with children of all ages enjoying camp at Memorial Park and other specialty sports and art camps. The Ross Valley Seniors program brings seniors together on a monthly basis to enjoy lunch, games and lectures. The Parkside Preschool is now open full time, giving parents a lower cost alternative for childcare.
- Grants - The Town has been successful in procuring significant grants for infrastructure improvements, including grants for sidewalks, bridge replacements, detention basin work, trails, low-impact development and electric bicycles.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2014

Government-wide Financial Statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. They provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances.

The Statement of Net Position presents information on all of the Town's assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities and Changes in Fund Net Position presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some of the revenues and expenses reported in this statement may result in cash flows only in future fiscal periods, such as revenues related to uncollected taxes and interest expense incurred but not paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of governmental entities are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on (1) short-term inflows and outflows of spendable resources and (2) the remaining year-end balances available for spending. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist the reader with this comparison between governmental funds and governmental activities.

The Town maintains 22 individual governmental funds. In the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances, information is presented separately for the following funds considered to be **major funds**:

- General Fund
- Road Maintenance Fund
- Measure G 2011 Bond Fund
- Recreation Fund
- Isabel Cook Complex Fund

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2014

General Fund: In accordance with the GASB 54, the General Fund is used to account for governmental funds that are not classified as Special Revenue, Capital Project or Debt Service funds. The General Fund includes the following funds:

- General Fund
- Measure G Bond Proceeds Fund
- Emergency Reserve Fund
- Downtown Revitalization Fund
- Measure D Sales Tax Fund

Non-major Governmental Funds: Special Revenue. Special revenue funds generally account for revenues derived from specific sources. These funds are required by statute or ordinance to finance particular functions or activities of government. They include the following funds:

- Grant Fund
- Community Facilities Master Plan Fund
- Gas Tax Fund
- Library Services Fund
- Robson House Fund
- Special Events Fund
- P.O.S.T. Fund

Non-major Governmental Funds: Capital Projects. Capital projects funds are used to account for the acquisition or construction of capital facilities.

- Capital Reconstruction. This fund accounts for revenues set aside for capital projects.
- Equipment Replacement Fund. This fund accounts for revenues set aside for equipment replacement.

Non-major Governmental Funds: Debt Service. Debt service funds are used to account for financial resources to be used for principal and interest payments on the Town's Measure G bond debt, and also to account for resources to be used for the repayment of the municipal lease. They include the following funds:

- Measure G Debt Service, Bond Series 2003
- Municipal Lease Fund

Non-major Other Funds: Internal Service. This fund accounts for the premium payments as well as the self-insured portion of the Town's workers' compensation and liability insurance programs.

Business-type Funds

The Town maintains no business-type funds.

Fiduciary Funds A fiduciary fund is used to account for assets held for the benefit of other individuals or entities.

- Agency Fund – Snack Shack fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2014

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information other than this discussion and analysis concerning the Town's budgetary comparison schedules and other postemployment benefit obligation.

Other Supplementary Information

This report also presents certain combining statements in connection with non-major governmental funds. These combining and individual fund statements and schedules can be found immediately following the Required Supplementary Information section.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position for the Town is summarized below and an analysis follows:

	<u>Governmental Activities</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>
ASSETS:		
Cash and investments	\$ 5,197,881	\$ 4,360,887
Capital assets, net	21,134,277	21,021,895
Other assets	<u>667,323</u>	<u>889,418</u>
TOTAL ASSETS	<u>26,999,481</u>	<u>26,272,200</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	<u>88,354</u>	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>88,354</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>27,087,835</u>	<u>26,272,200</u>
LIABILITIES		
Current liabilities	1,422,727	1,489,235
Non-current liabilities	<u>13,271,457</u>	<u>14,045,633</u>
TOTAL LIABILITIES	<u>14,694,184</u>	<u>15,534,868</u>
NET POSITION		
Net investment in capital assets	12,612,850	11,955,321
Restricted	1,284,047	1,087,024
Unrestricted	<u>(1,503,246)</u>	<u>(2,305,013)</u>
TOTAL NET POSITION	<u>\$ 12,393,651</u>	<u>\$ 10,737,332</u>

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2014

Net position of \$12,393,651 at June 30, 2014 consists primarily of the following elements:

ASSETS:

- Cash and investments of \$5,197,881 increased \$863,994 compared to the previous fiscal year. This was largely due to increased property tax and sales tax revenue, as well as new sources of revenue such as the Measure D Sales Tax and Measure A Parks revenue which had not been spent as of June 30, 2014.
- Net capital assets increased \$657,529 due to additional infrastructure projects.
- Other assets of \$667,323, including accounts receivable, prepaid expenses and net deferred charges, decreased \$222,095 over the prior fiscal year primarily due to the removal of unamortized debt issuance costs of \$208,962 in response to GASB Statement No. 65.

LIABILITIES:

- Current liabilities of \$1,422,727 decreased a net amount of \$66,508.
- Non-current Liabilities of \$13,271,457 including the non-current portion of insurance claim liabilities, the non-current portion of long term debt, and the postemployment benefit obligation, decreased by \$774,176 primarily due to normal debt service payments on the general obligation bonds and pension obligation bonds.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2014

Changes in Net Position

Changes in net position for the Town are summarized below and an analysis follows:

FOR THE FISCAL YEAR ENDED JUNE 30

	Governmental Activities	
	2014	2013
PROGRAM REVENUES		
Charges for services	\$ 2,801,830	\$ 2,392,325
Operating grants and contributions	315,565	544,463
Capital grants and contributions	592,295	1,341,625
GENERAL REVENUES		
Property and sales taxes	12,141,192	11,091,737
Intergovernmental	5,407	6,533
Investment earnings	4,939	7,589
Franchise fees and other taxes	1,107,319	1,035,686
Other	189,177	123,373
TOTAL REVENUES	17,157,724	16,543,331
EXPENSES		
General Government	1,965,820	2,038,112
Public Safety	7,244,638	7,732,637
Public Works	1,474,349	1,314,632
Planning	1,229,490	1,024,604
Library	956,107	796,075
Parks and recreation	1,935,376	1,895,712
Interest on long-term debt	486,663	533,367
TOTAL EXPENSES	15,292,443	15,335,139
CHANGE IN NET POSITION	1,865,281	1,208,192
NET POSITION JULY 1	10,737,332	13,048,971
PRIOR PERIOD ADJUSTMENTS	(208,962)	(3,519,831)
NET POSITION JULY 1, RESTATED	10,528,370	9,529,140
NET POSITION JUNE 30	\$ 12,393,651	\$ 10,737,332

Net position increased \$1,865,281 (before the prior period adjustment) during fiscal year ended June 30, 2014 as compared to \$1,208,192 (before the prior period adjustment) during the fiscal year ended June 30, 2013. Components of the change in net position include:

- Charges for Services revenue of \$2,801,830, an increase of \$409,505, due mainly to increases in recreation revenue of \$170,421 and construction related revenue of \$235,678.
- Property and sales taxes increased by \$1,049,455 due to higher taxes remitted to the County of Marin and the State of California for property taxes and sales taxes, respectively.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2014

- Total expenses decreased by \$42,696. Public safety expenses decreased by \$487,999 due to police services being provided by a JPA as of January 2013. The decrease in public safety expenses was offset by increases in other functional expenses.

Analysis of Major Governmental Funds

General Fund

General fund revenue for 2013-2014 exceeded the budget by \$791,271. As noted on a previous page, the Emergency Fund is included in the General fund. The increase is due largely to property and sales tax revenue \$523,884 in excess of the budgeted amount. This increase is the result of real estate turnover and improved economic conditions, as well as the passage of Measure D Sales Tax which resulted in the collection of \$112,451 in unbudgeted revenue.

Expenditures for the general fund were \$90,826 more than the budgeted amount.

Transfers out exceeded the budget by \$150,000. Unexpected workers compensation expenses resulted in a transfer from the emergency fund to the insurance fund in the amount of \$150,000.

In summary, the net impact of revenue and expenditure levels for fiscal year 2013-2014 resulted in an increase in the budgeted ending fund balance of \$559,851. These totals include the General fund, Measure G bond proceeds, Measure D sales tax fund, Emergency fund and Downtown Revitalization fund.

Road Maintenance Fund

The Road Maintenance Fund received revenue from three major sources. First, Road Impact Fees for construction projects and refuse vehicles, totaling \$197,913 is revenue legally restricted for use in road improvement projects. Second, this fund received \$83,053 in grant revenues for the surface transportation program. Third, this fund received \$11,299 in utility inspection fees. This fund also received \$203 in investment income and \$26,269 in miscellaneous revenue, including \$17,904 in a utility reimbursement. These funds are reserved by Town Council policy for use in slurry seal street repairs. In addition, a General Fund contribution of \$400,000 was transferred to this fund to support infrastructure maintenance per Town policy.

The Road Maintenance fund balance as of June 30, 2014 totaled \$88,747, a decrease of \$239,913 as compared to the previous fiscal year. The decrease is due to numerous capital outlays on numerous road projects in 2013-2014.

Recreation Fund

During 2013-2014, revenues in the recreation fund were collected in the amount of \$1,315,136. Expenditures for the period totaled \$1,151,685. A transfer out in the amount of \$55,000 was made to the Community Facilities Master Planning Fund. The ending fund balance as of June 30, 2014 was \$294,816, \$108,451 greater than at the end of the previous fiscal year.

Isabel Cook Complex Fund

The Isabel Cook Complex fund had a negative beginning fund balance of (\$160,878).

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2014

Expenditures exceeded revenues in 2013-2014 by \$19,390, bringing the ending fund balance to negative (\$180,268). This fund receives its revenues through rental income. A large reason for the negative ending fund balance is a result of periods of vacant spaces not being rented and of capital improvements made in order to prepare space to be rented.

Measure G 2011 Bond funds

The Measure G 2011 Bond Fund consists of the Measure G 1995, 1997 and 2000 bonds which were refinanced in 2011. The ending fund balance in this fund as of June 30, 2014 was \$627,743. These funds are collected by the Marin County Tax Collector and can only be used to repay the principal and interest on the 2011 Measure G bonds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The Town's investment in capital assets as of June 30, 2014 was \$21,134,277, net of depreciation, an increase of \$112,382 as compared with the previous fiscal year. The increase was primarily due to public works projects, such as work completed on the Capital Improvement Plan.

Long Term Debt:

As of June 30, 2014, The Town had \$13,015,520 outstanding in long term debt for governmental activities (not including claims payable). This is a decrease of \$739,729 as compared to the previous fiscal year. The decrease is due to payments made on the pension obligation bonds, general obligation bonds and municipal lease and the reclassification of the deferred loss on refunding to a deferred outflow of resources.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Revenues:

The nationwide reduction in real estate activity appears to have bottomed out and there are definite signs of a pending recovery. Our property tax revenue is projected to show an increase over 2013-14 figures of just 1.2%. Although property sales have increased, this year we did not receive the automatic 2% cost of living increase to assessed values because the actual cost-of-living inflator was just .75%, as determined by the State of California. This is significant in that 77% of our General Fund revenue comes from property tax related revenue.

There are indicators that real estate activity is picking up as well. Revenue sources are showing small but steady increases, including franchise fees, construction permits, sales tax, and ERAF. While these increases are modest, they are an indicator that the economy is showing signs of improvement.

Expenditures:

The proposed budget represents the status quo in most Department budgets. After years of making cuts, department budgets continue at a level that is just adequate to meet minimum service levels.

Employee-related expenses make up approximately 65% of the Town expenditures, including the Fire and Police joint powers authorities. In 2011-12 all employee groups agreed to pay 3% of salary toward the employee share of pension costs, with no accompanying salary increase. With no employee salary increases since 2009, it is anticipated that employees will receive an increase this fiscal year, with a portion of that increase going toward paying an increased portion of the employee share of pension costs.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2014

In 2006, the Town's miscellaneous bargaining unit, SEIU 1021, agreed to a two-tiered retirement plan for employees hired after February 1, 2007 and all new benefitted employees, including management and confidential, were affected. In 2013 the Public Employees Pension Reform Act (PEPRA) was enacted, further reducing pension costs for newly-hired employees. In 2014-15, more than half of the Town's employees are enrolled in the two lower cost tiers, saving over \$1.1 million over the 7-year period.

The Town's Public Employees Retirement System (PERS) pension rate was reduced in 2013, reflecting the sale of Pension Obligation Bonds the previous year to pay off the Town's Employer Side Fund liability of \$3,521,184. This has resulted in a significant reduction in the PERS rate for the Tier 1 retirement plans.

Regarding the Side Fund, in 2003 PERS combined agencies with less than 100 members into risk pools based on plan type. The Employer Side Fund was created to account for the difference between the funded status of the pool and the funded status of individual plans. The repayment of the Pension Obligation Bonds is reflected in the Expenditure Summary under General Fund Departments, Debt Service (Pension Obligation Bonds). Overall, the refinancing of the side fund is saving the Town approximately \$60,000 per year.

Employer pension rates for the two pension tiers rose 1.041% for the Tier 1 plan and .771% for the Tier 2 plan. This represents a 6.7% increase for Tier 1 and a 7.2% increase for Tier 2 in for 2014-15.

The Town's experience with the Bay Cities Joint Powers Insurance Authority, our self-insurance pool, has remained fairly stable. Costs for Workers Compensation claims were as anticipated, but costs for liability claims were lower than anticipated. A fund transfer of \$375,000 to the Insurance Fund has been made to ensure that insurance reserves remain at the level deemed sufficient by the Bay Cities Joint Powers Insurance Authority to fund fully our outstanding claims going forward.

Grants:

The proposed budget reflects a number of grants, some awarded in earlier years. Grants are accounted for in the Grant Fund and the majority of the grants require no matching funds on the part of the Town. Figures below indicate the total amount of each grant. Actual budgeted expenditures for 2014-15 are, in many cases, less than the total amount of the grant as the projects are multi year. Grants include:

- Federal Safe Routes to Schools (various neighborhoods) - \$617,495
- Transportation Authority of Marin (TAM) street rehabilitation allocation - \$152,000
- CalTrans funding for the design of Madrone, Nokomis and Center Blvd. Bridges – \$1.474 million
- California Department of Water Resources grant for a detention basin at Memorial Park - \$8.7 million
- CalTrans grant to build the Red Hill/Sunny Hills trail - \$80,000
- One Bay Area Grant (OBAG) for Bolinas/Sir Francis Drake improvements (\$300,000)
- Low Impact Development (LID) Grant for Magnolia lot, Greenfield parklet and Corporation Yard debris pad (\$546,517)

Fiscal Challenges

The long-term fiscal challenges facing the Town continue to be:

- Ensuring sufficient funds to maintain the Town's streets and storm drain infrastructure at current levels.
- Addressing aging infrastructure in Town buildings, parks and other public facilities and replacing old, outdated equipment.
- Restoring Town services that have been cut, such as in Streets and Parks maintenance.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2014

- Relying heavily on a relatively fixed tax base, restricted by a geography offering few development possibilities for tax revenue expansion.

Capital Project Commitments

The Five-Year Capital Improvement Plan (CIP) was prepared by staff in 2011 based on the pavement management program report that outlines the pavement condition index (PCI) of Town streets. It was reviewed and recommended to the Town Council by the Capital Program Monitoring Committee. It was also reviewed by the Planning Commission for compliance with the California Environmental Quality Act and conformance with the Town's General Plan. The CIP was approved by the Town Council on June 14, 2011 and year 3 construction is underway and reflected in the Road Maintenance Fund. The entire five-year plan is available at <http://www.townofsananselmo.org/DocumentView.aspx?DID=577>.

The 2014-15 budget also reflects funds for the following capital projects:

- Repairs to the Town Hall tower.
- Repair of roof and boiler and installation of an accessible ramp at the Isabel Cook Complex.
- Repair of roof at the Robson House.
- Repair of Creek Park Bridge.
- Improvements to Memorial Park through Snack Shack funds

The budget includes a \$400,000 contribution to the Town's Road Maintenance Fund from the General Fund, reflecting the Council's commitment to maintain the progress accomplished by the Town's Measure G bond program.

With the passage of Measure D, the remaining three years of the 5-year Capital Improvement Plan (CIP) will be accelerated into two years, and planning will be completed this fiscal year to formulate a new 5-year CIP utilizing the enhanced funding. Work is currently underway to complete the 2014 Pavement Condition Index (PCI) survey that rates the condition of all the Town's roadways and provides information on prioritizing street paving projects.

Budget Format

The operations of the Town are budgeted primarily in the Town's General Fund. Significant maintenance projects and other capital improvements are contained in the Capital Reconstruction Fund. Road and drainage improvement projects are funded through the Road Maintenance Fund and grants in the Grant Fund. The Recreation Fund accounts for most of the revenue and expenses related to recreation programs. The Library Tax Fund tracks expenditures related to the special Library services tax.

This financial report is designed to provide our citizens, taxpayers, creditors, and government regulators with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Below is the contact address for questions about this report or requests for additional financial information.

Finance & Administrative Services Director
Town of San Anselmo
525 San Anselmo Avenue
San Anselmo, CA 94960

(Ph) 415-258-4678

TOWN OF SAN ANSELMO
Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS	
Pooled cash and investments	\$ 5,197,881
Receivables:	
Accounts and due from other governments	610,162
Prepaid expenses	57,161
Capital assets:	
Non-depreciable assets	2,591,850
Depreciable assets, net	18,542,427
	<hr/>
Total Assets	26,999,481
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	88,354
	<hr/>
Total Deferred Outflows of Resources	88,354
	<hr/>
LIABILITIES	
Accounts payable	508,174
Interest payable	141,741
Deposits payable	476,735
Unearned revenue	198,523
Claims payable	97,554
Long-term liabilities:	
Due within one year	1,022,964
Due in more than one year	11,992,556
Claims payable due in more than one year	255,937
	<hr/>
Total Liabilities	14,694,184
	<hr/>
NET POSITION	
Net investment in capital assets	12,612,850
Restricted for:	
Downtown revitalization	14,163
Library	86,215
Streets and roads	47,765
Parks, recreation programs and community services	485,466
Debt service	650,438
Unrestricted	(1,503,246)
	<hr/>
Total Net Position	\$ 12,393,651
	<hr/> <hr/>

See notes to basic financial statements

TOWN OF SAN ANSELMO
Statement of Activities
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Governmental Activities
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities:					
General government	\$ 1,965,820	\$ -	\$ 21,458	\$ 16,592	\$ (1,927,770)
Public safety	7,244,638	199,606		26,134	(7,018,898)
Planning and building	1,229,490	826,328	50,000		(353,162)
Parks and recreation	1,935,376	1,319,172			(616,204)
Public works	1,474,349	209,212	238,464	549,569	(477,104)
Library	956,107	247,512	5,643		(702,952)
Interest on long-term debt	486,663				(486,663)
Total Governmental Activities	<u>\$ 15,292,443</u>	<u>\$ 2,801,830</u>	<u>\$ 315,565</u>	<u>\$ 592,295</u>	<u>(11,582,753)</u>

General Revenues:

Taxes:

Property taxes, levied for general purpose	9,416,385
Property taxes, levied for debt service	1,684,959
Sales taxes	1,039,848
Franchise taxes	668,419
Business licenses and permits	234,329
Other taxes	204,571
Motor vehicle in lieu, unrestricted	5,407
Investment earnings	4,939
Other	189,177

Total general revenues 13,448,034

Change in net position 1,865,281

Net position - beginning of fiscal year 10,737,332

Prior period adjustments (208,962)

Net position, beginning of fiscal year, restated 10,528,370

Net position - end of fiscal year \$ 12,393,651

See notes to basic financial statements

TOWN OF SAN ANSELMO
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General Fund</u>	<u>Road Maintenance Fund</u>	<u>Measure G 2011 Bond Fund</u>	<u>Recreation Fund</u>	<u>Isabel Cook Complex Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Cash and investments	\$ 2,354,661	\$ 139,979	\$ 624,750	\$ 521,598	\$ -	\$ 888,498	\$ 4,529,486
Receivables:							
Accounts	440,131	3,874	2,993	68,324		94,840	610,162
Prepays items	28,935	743		4,419	869	4,807	39,773
Due from other funds	216,189						216,189
Total Assets	<u>\$ 3,039,916</u>	<u>\$ 144,596</u>	<u>\$ 627,743</u>	<u>\$ 594,341</u>	<u>\$ 869</u>	<u>\$ 988,145</u>	<u>\$ 5,395,610</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 260,686	\$ 51,756	\$ -	\$ 101,002	\$ 5,176	\$ 78,775	\$ 497,395
Due to other funds					175,961	40,228	216,189
Deposits payable	470,057	4,093				2,585	476,735
Unearned revenue				198,523			198,523
Total Liabilities	<u>730,743</u>	<u>55,849</u>		<u>299,525</u>	<u>181,137</u>	<u>121,588</u>	<u>1,388,842</u>
Fund Balances							
Nonspendable	28,935	743		4,419	869	4,807	39,773
Restricted	14,163	37,817	627,743	290,397		455,668	1,425,788
Committed						24,238	24,238
Assigned	1,291,716	50,187				381,844	1,723,747
Unassigned	974,359				(181,137)		793,222
Total Fund Balances (Deficit)	<u>2,309,173</u>	<u>88,747</u>	<u>627,743</u>	<u>294,816</u>	<u>(180,268)</u>	<u>866,557</u>	<u>4,006,768</u>
Total Liabilities and Fund Balances	<u>\$ 3,039,916</u>	<u>\$ 144,596</u>	<u>\$ 627,743</u>	<u>\$ 594,341</u>	<u>\$ 869</u>	<u>\$ 988,145</u>	<u>\$ 5,395,610</u>

See notes to basic financial statements

TOWN OF SAN ANSELMO
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2014

Fund Balances - Total Governmental Funds \$ 4,006,768

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets net of depreciation have not been included as financial resources governmental fund activity. 21,134,277

Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Balances at June 30, 2014 are:

Pension Obligation Bonds	\$ (2,976,000)	
General Obligation Bonds	(7,339,959)	
Due insurance JPA	(500,000)	
Compensated absences	(148,642)	
Net OPEB obligation	(781,097)	
Capital lease	<u>(1,181,468)</u>	(12,927,166)

Accrued interest payable from the current portion of interest due on bonds payable has not been reported in the governmental funds. (141,741)

Internal service funds are used by management to charge costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Position. 321,513

Net Position of Governmental Activities \$ 12,393,651

See notes to basic financial statements

TOWN OF SAN ANSELMO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General Fund	Road Maintenance Fund	Measure G 2011 Bond Fund	Recreation Fund	Isabel Cook Complex Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 11,897,919	\$ -	\$ 634,432	\$ -	\$ -	\$ 702,419	\$ 13,234,770
Licenses and permits	1,029,137						1,029,137
Intergovernmental	80,771	83,053				743,799	907,623
Use of money and property	4,206	203	393	7,075	87,064	42,451	141,392
Current services charges	108,500	209,212		1,308,061		21,303	1,647,076
Fines and forfeitures	149,551						149,551
Other revenue	7,641	26,269				14,265	48,175
Total Revenues	13,277,725	318,737	634,825	1,315,136	87,064	1,524,237	17,157,724
Expenditures							
Current:							
General government	1,551,626					49,278	1,600,904
Public safety	7,019,044					118,957	7,138,001
Library	501,255					199,370	700,625
Planning and building	1,050,775	127,063				27,239	1,205,077
Parks and recreation	579,369			1,127,952	106,454	69,439	1,883,214
Public works	864,752						864,752
Capital outlay	25,549	831,587		23,733		405,670	1,286,539
Debt service:							
Principal	320,000		405,000			173,519	898,519
Interest and fiscal charges	133,952		195,219			157,274	486,445
Total Expenditures	12,046,322	958,650	600,219	1,151,685	106,454	1,200,746	16,064,076
Excess of Revenues Over (Under) Expenditures	1,231,403	(639,913)	34,606	163,451	(19,390)	323,491	1,093,648
Other Financing Sources (Uses)							
Proceeds from issuance of debt						27,844	27,844
Transfers in	409,406	400,000				428,517	1,237,923
Transfers out	(1,198,517)			(55,000)		(409,406)	(1,662,923)
Total Other Financing Sources (Uses)	(789,111)	400,000		(55,000)		46,955	(397,156)
Net Changes in Fund Balances	442,292	(239,913)	34,606	108,451	(19,390)	370,446	696,492
Fund Balances (Deficits), July 1, 2013	1,866,881	328,660	593,137	186,365	(160,878)	496,111	3,310,276
Fund Balances (Deficits), June 30, 2014	\$ 2,309,173	\$ 88,747	\$ 627,743	\$ 294,816	\$ (180,268)	\$ 866,557	\$ 4,006,768

See notes to basic financial statements

TOWN OF SAN ANSELMO

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2014

Net change in fund balances - total governmental funds		\$ 696,492
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capitalizable capital outlays exceeded depreciation in the current period.

Capital expenditures	\$ 1,279,888	
Depreciation expense	<u>(1,065,364)</u>	214,524

Gain or loss on disposition of capital assets is not reported in the governmental funds. This is the loss on disposition of capital assets that occurred during the current period.		(102,142)
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The issuance of long-term debt provided 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. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of this difference in the treatment of long-term debt and related items:

Principal payments	898,519	
Proceeds from capital lease	<u>(27,844)</u>	870,675

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds (net change):

Interest expense	5,310	
Amortization of bond premium	13,833	
Amortization of deferred loss on refunding	(19,361)	
OPEB contributions	<u>(140,635)</u>	(140,853)

Compensated absence 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 (net change).		(4,144)
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Internal service funds are used by management to charge costs of certain activities such as self-insurance to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities.

Change in net position of governmental activities		<u>\$ 1,865,281</u>
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See notes to basic financial statements

TOWN OF SAN ANSELMO
Statement of Net Position
Proprietary Funds
June 30, 2014

	Governmental Activities - Internal Service Funds
Assets	
Current Assets:	
Cash and investments	\$ 668,395
Prepaid expenses	<u>17,388</u>
Total Current Assets	<u>685,783</u>
Total Assets	<u>685,783</u>
Liabilities	
Current Liabilities:	
Accounts payable	10,779
Claims payable	97,554
Long-Term Liabilities:	
Claims payable	<u>255,937</u>
Total Liabilities	<u>364,270</u>
Net Position	
Unrestricted	<u>321,513</u>
Total Net Position	<u><u>\$ 321,513</u></u>

See notes to basic financial statements

TOWN OF SAN ANSELMO
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Charges for services	\$ -
Total Operating Revenues	<u> </u>
Operating Expenses:	
Insurance costs	<u>94,271</u>
Total Operating Expenses	<u>94,271</u>
Operating Loss	<u>(94,271)</u>
Transfers:	
Transfers in	<u>425,000</u>
Total Transfers	<u>425,000</u>
Change in Net Position	330,729
Net Position (Deficit), July 1, 2013	<u>(9,216)</u>
Net Position, June 30, 2014	<u>\$ 321,513</u>

See notes to basic financial statements

TOWN OF SAN ANSELMO
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities:	
Cash paid to suppliers for goods and services	\$ (100,785)
Payments for claims	(223,199)
	<u>(323,984)</u>
Cash Flows from Noncapital Financing Activities:	
Cash provided from other funds - transfers in	<u>425,000</u>
	<u>425,000</u>
Net Increase in Cash and Cash Equivalents	101,016
Cash and Cash Equivalents at the Beginning of the Fiscal Year	<u>567,379</u>
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 668,395</u>
Reconciliation of Operating Loss to	
Net Cash Used by Operating Activities:	
Operating loss	\$ (94,271)
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	3,079
(Increase) decrease in prepaid expenses	(2,873)
Increase (decrease) in accounts payable	(3,641)
Increase (decrease) in accrued claims	(226,278)
Net Cash Provided (Used) by Operating Activities	<u>\$ (323,984)</u>

See notes to basic financial statements

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TOWN OF SAN ANSELMO
Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 12,612
Total Assets	<u>\$ 12,612</u>
LIABILITIES	
Deposits payable	\$ 12,612
Total Liabilities	<u>\$ 12,612</u>

See notes to basic financial statements

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of San Anselmo (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) as applied to government agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Description of Reporting Entity

The Town of San Anselmo, California was incorporated as a municipal corporation in 1907. The Town is primarily a residential community located twenty miles north of San Francisco in Marin County. The Town's current population is 12,400 and employs 28 permanent full time positions.

The Town operates under a Council-Manager form of government, with five elected Council members served by a full-time Town Manager and staff. The staff is responsible for providing the following services:

Public Safety- As of January 1, 2013, the Town entered in to a Joint Powers Agreement, creating a consolidated police services agency known as the Central Marin Police Authority. The Town Council delegated to the newly-created Central Marin Police Authority its power to appoint sworn peace officers and all other powers necessary to provide police services to the citizens of the Town of San Anselmo. For fire services, the Town participates in the Ross Valley Fire Authority which provides services within the Town's boundaries.

Streets and parks- The Town builds and maintains its streets, roads, and appurtenances using a workforce of 5 (plus temporary workers). Major projects are contracted out.

Administration, library, recreation, planning, zoning, engineering, inspection, and other services are provided by 24 regular employees (plus part time and temporary workers).

As required by accounting principles generally accepted in the United States of America, these financial statements present the finances of the Town and all of its component units, entities for which the Town is considered financially accountable. As of June 30, 2014, the Town did not have any component units that meet this criterion.

B. Basis of Accounting and Measurement Focus

The accounts of the Town are organized on the basis of funds, 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 purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The Town's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report information on all of the activities of the primary government.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

The government-wide financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. 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 the liability is incurred.

Certain types of transactions are reported as program revenues for the Town in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and other governmental funds aggregated. Accompanying reconciliations are presented to explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) and recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property taxes, sales taxes, intergovernmental revenues, and other taxes. Expenditures are generally recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term liabilities, and compensated absences which are recognized as expenditures only when payment is due.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. The Town reports the following major governmental funds:

The General Fund is used to account for all of the general operations and other financial transactions of the Town, which are not accounted for by another fund.

The Road Maintenance Fund is used to account for monies received from Impact Fees and expended from various services to fund street and highway improvements, including maintenance.

The Measure G 2011 Bond Fund is used to account for principal and interest payments associated with the 2011 Measure G General Obligation Bonds.

The Recreation Fund is used to account for the Town’s various recreation activities.

The Isabel Cook Complex Fund is used to account for revenues received from renters of the complex and is to be used for repairs and restoration work.

Additionally, the Town reports the following fund types:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for debt service or capital projects) that are restricted by law or administrative action or committed to expenditures for specified purposes.

The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned for the payment of long-term debt principal, interest, and related costs for the Muni capital lease used for the fire station and the 2003 Measure G General Obligation Bonds.

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities.

The Internal Service Fund is used to account for interdepartmental operations where it is the stated intent that costs of providing services (insurance) to the departments of the Town on a continuing basis be financed or recovered primarily by charges to the user departments.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary and Fiduciary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The Town's only proprietary fund is its Insurance Internal Service Fund. The Insurance Internal Service Fund accounts for the risk management activities of the Town including insurance and respective claims management. Fiduciary Funds have a Statement of Assets and Liabilities.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. 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 the liability is incurred. The fiduciary funds use the full accrual method of accounting but have no measurement focus.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations for the fund. All other expenses are reported as non-operating expenses.

In both the government-wide and proprietary fund financial statements, the Town applies all applicable GASB pronouncements (including all National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the Town may fund certain programs with a combination of cost-reimbursement grants, categorical block grants and general revenues; thus, both restricted and unrestricted net position may be available to finance program expenditures. The Town's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

The reconciliations of the Governmental Fund financial statements to the Government-Wide financial statements are provided to explain the differences created by the integrated approach of GASB No. 34.

C. Assets, Deferred Outflows, Liabilities, and Net Position or Equity

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. The Town's policy is generally to hold investments until maturity or until market values equal or exceed cost.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Property and Other taxes

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas.

The County of Marin collects property taxes for the Town. Tax liens attach annually on the first day of January preceding the fiscal year for which the taxes are levied. Taxes are levied on July 1, and cover the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on March 1 each year and are delinquent, if unpaid on August 31.

On June 6, 1995, the Town received voter approved and authorization to issue \$10.8 million in General Obligation bonds to be repaid through ad valorem taxes levied upon all property within the Town subject to taxation. The County of Marin assesses, levies, and collects these taxes.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows, Liabilities, and Net Position or Equity (Continued)

Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

General Government includes legislative activities, which have a primary objective of providing legal and policy guidelines for the Town. Also included in this classification are those activities that provide management or support services across more than one functional area.

Public Safety includes those activities that involve the protection of people and property.

Planning & Building includes those activities such as planning, code enforcement, and building and safety inspections.

Parks and Recreation includes those activities that involve the community cultural, recreation, and leisure activities.

Public Works includes those activities that involve the maintenance and improvement of the Town's streets, roads, and park development and maintenance.

Library includes all the activities associated with the Town's library.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), and are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. These assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

As permitted under GASB Statement No. 34 for small governmental entities, the Town has elected to report infrastructure assets prospectively beginning in fiscal year 2003-04.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed on the government-wide and proprietary fund financial statements. No interest was capitalized during the fiscal year ended June 30, 2014.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows, Liabilities, and Net Position or Equity (Continued)

Capital Assets (Continued)

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Equipment	5-20 years
Vehicles	5-20 years
Furniture	5-20 years
Buildings	30 years
Improvements	30 years
Infrastructure	25 years

Claims and Judgments

The Town records a liability for claims, judgments, and litigation when it is probable that an asset has been impaired or a liability has been incurred prior to fiscal year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

The Town is exposed to various risks of losses related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town currently reports all of its risk management activities in its Internal Service Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred, but not reported.

Deferred Outflows

Pursuant to GASB Statement No. 63 the Town recognizes deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. Refer to Note 6 for a detailed listing of the deferred outflows of resources that the Town has recognized.

Compensated Absences

In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the Town's policy to liquidate any unpaid vacation or compensation time at June 30, from future resources rather than currently available expendable resources.

The entire unpaid liability is recorded in the Statement of Net Position for Governmental Activities and Proprietary Funds.

Employees accrue vacation, holiday, and compensatory time off benefits. Vacation may not accrue beyond 30 days. The General Fund is the fund that usually liquidates these liabilities as they become due.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows, Liabilities, and Net Position or Equity (Continued)

Cash and Cash Equivalents

A substantial portion of the Town's investments is in short-term, highly liquid investments with original maturities of three months or less. For purposes of the Statement of Cash Flows, all cash and investments held by the Internal Service Fund is considered to be short-term and, accordingly, is classified as cash and cash equivalents.

Fund Equity

In the fund financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Town is bound to honor constraints on how to specific amounts can be spent.

- *Nonspendable fund balance* - that portion of a fund balance that includes amounts that cannot be spent because they are either not in a spendable form, such as prepaid items, inventories, or loans receivable.
- *Restricted fund balance* - that portion of a fund balance that reflects constraints placed on the use of resources (other than non-spendable items) that are either (a) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments); or (b) imposed by law through constitutional provisions or enabling legislation. Examples of restricted fund balances include Street Maintenance, Library, and debt service funds.
- *Committed fund balance* - that portion of a fund balance that included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, and remain binding unless removed in the same manner.
 - a) The Town Council, as the Town's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal action taken such as resolution.
 - b) These committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use through the same type of formal action taken to establish the commitment
 - c) Town Council action to commit fund balance needs to occur within the fiscal reporting periods; however the amount can be determined subsequently.
- *Assigned fund balance* – amounts that are constrained by the Town's intent to be used for specific purposes, but are neither Restricted nor Committed, should be reported as Assigned fund balance. This policy hereby delegated the authority to assign amounts to be used for specific purposes to the Town Manager for the purpose of reporting these amounts in the Town's annual financial statements. Examples of Assigned fund balance are funds intended for Capital Improvement Projects and Equipment Replacement, amounts received for specific projects as well as the Town's emergency reserve.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows, Liabilities, and Net Position or Equity (Continued)

Fund Equity (Continued)

- *Unassigned fund balance* – these are residual positive net resources in excess of what can properly be classified in one of the other four categories and do not have any specific spending limitations. The General Fund is the only fund that should report this category of fund balance.

Fund Balance Policy

The accounting policies of the Town consider restricted fund balance to have been spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Town considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations. Assigned fund balances include amounts that are constrained by the Town's intent to be used for specific purposes.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

Net Position

The Town's financial statements are presented in accordance with the provisions of Governmental Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position Statement* No. 34 established standards for external financial reporting for all state and local governmental entities and Statement No. 63 establishes standards for reporting deferred outflows of resources, deferred inflow of resources, and net position in a statement of financial position. The net position is required to classify into three components – net investment in capital assets; restricted; and unrestricted. These captions apply only to Net Position as determined 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 Town's capital assets, less the outstanding balance of any debt issued to finance these capital assets.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows, Liabilities, and Net Position or Equity (Continued)

Net Position (Continued)

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 Town cannot unilaterally alter.

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

Restricted net position consists of assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments or (2) imposed by law through constitutional provisions or enabling legislation. There were no assets at June 30, 2013 that were restricted by enabling legislation.

D. Post-Employment Health Care Benefits

The Town provides health care benefits for its retirees. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age, are eligible for medical coverage, and have actually retired from the Town.

E. Measure G Tax Levy

On June 6, 1995 the Town received voter approval and authorization to issue \$10.8 million in general obligation bonds to be repaid through ad valorem taxes levied upon all property within the Town subject to taxation. The Town has directed the County of Marin to levy and collect these taxes as described in Note 1 above. As of June 30, 2003, the Town had issued all \$10.8 million.

F. Original Issue Discounts/Premiums and Advance Refunding of Long-term Debt

Original issue discounts/premiums are amortized over the lives of the related bonds.

G. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 65

For the fiscal year ended June 30, 2014, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB Statement No. 65 had an impact on the Town's financial statements for the fiscal year ended June 30, 2014 by requiring the removal of unamortized debt issuance costs from the Statement of Net Position and adding deferred outflows of resources related to the loss on debt refunding (Note 6) to the Statement of Net Position.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction - 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, regarding the reporting of certain operating lease transactions, and No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the Town's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the Town's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the Town's financial statements for the fiscal year ended June 30, 2014.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenditures during the reporting period. Actual results could differ from those estimates and assumptions.

Note 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

1. The annual budget is adopted by the Town Council and provides for the general operation of the Town. The operating budget includes proposed expenditures and the means of financing them.
2. The Town Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This “appropriated budget” covers substantially all Town expenditures. Actual expenditures may not exceed budgeted appropriations at the department level. The Town’s fund structure includes the following departments: Town Council, Town Manager/Town Clerk, Administrative Services, Town Attorney, Public Safety, Community Development, Recreation and Community Services, and Public Works. The Town Manager is authorized to transfer budgeted amounts between the accounts of any department. Budgets are controlled at the department level. Budget figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the fiscal year.
3. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Fund types during the fiscal year. The Town does not utilize encumbrance accounting.
4. Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the Internal Service Fund.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the Town is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2014, based on calculations by Town management, proceeds of taxes did not exceed appropriations.

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2014

Note 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Balance/Net Position in Individual Funds

The Isabel Cook Complex major special revenue fund has a deficit fund balance of \$180,268. It is the Town's expectations that fund balance of the general fund will be used to alleviate this deficit.

C. Excess of Expenditures over Appropriations by Department in Individual Funds

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
General government	\$ 1,551,626	\$ 1,517,398	\$ 34,228
Public safety	7,019,044	7,014,512	4,532
Parks and recreation	579,369	571,419	7,950
Public works	864,752	795,176	69,576
Interest and fiscal charges	151,683	136,188	15,495
Road Maintenance Fund	958,650	942,143	16,507
Measure G 2011 Bond Fund	600,219	599,969	250
Nonmajor Funds:			
Robson House	48,231	42,337	5,894

Note 3 CASH AND INVESTMENTS

Cash and Investments

The following is a summary of cash and investments at June 30, 2014:

Pooled cash and investments - statement of net position	\$ 5,197,881
Cash and investments - Fiduciary Funds statement of assets and liabilities	<u>12,612</u>
Total cash and investments	<u><u>\$ 5,210,493</u></u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 576
Demand deposits	4,722,381
Investments	<u>487,536</u>
Total cash and investments	<u><u>\$ 5,210,493</u></u>

The Town follows the practice of pooling cash and investments of all funds except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Note 3 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the Town's Investment Policy

The table below identifies the investment types that are authorized for the Town by the California Government Code (or the Town's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Town's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of bond indentures of the Town, rather than the general provisions of the California Government Code or the Town's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
United States (U.S.) Treasury Issues	None	None	None
U.S. Government Agency Securities	None	None	None
California State and Local Bonds, Notes, & Warrants	None	None	None
Bankers Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Medium Term Corporate Notes (A)	5 years	30%	N/A
Negotiable Certificates of Deposit	None	30%	N/A
Repurchase Agreements	None	None	None
Passbook Savings/Money Market	None	None	None
Local Agency Investment Fund (LAIF)	None	\$50 million	\$50 million
Federal Instrumentalities	None	None	None
N/A - Not Applicable			

* Excluding amounts held by bond trustees that are not subject to California Government Code Restrictions

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Town's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
United States (U.S.) Treasury Issues	None	None	None
U.S. Government Agency Securities	None	None	None
Banker's Acceptance	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	None	None	None
Investment Agreements	None	None	None
Local Agency Bonds	None	None	None
Medium Term Notes	None	None	None
Negotiable Certificate of Deposits	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

* Excluding amounts held by bond trustees that are not subject to California Government Code Restrictions

Note 3 CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Town's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Months) 12 Months or Less</u>
Local Agency Investment Fund (LAIF)	<u>\$ 487,536</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Town's investment policy, or debt agreements, and the actual rating, by Standards and Poor, as of fiscal year end for each investment type:

<u>Investment Type</u>	<u>Total as of June 30, 2014</u>	<u>Legal Rating</u>	<u>Unrated</u>
Local Agency Investment Fund	<u>\$ 487,536</u>	N/A	<u>\$ 487,536</u>
Totals	<u>\$ 487,536</u>		<u>\$ 487,536</u>

Concentration of Credit Risk

As of June 30, 2014, the Town has not invested more than 5% of its total investments in any one issuer. Investments in external investment pools and money market mutual funds are excluded from this requirement.

Note 3 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The Town's investment policy does not contain any additional provisions that would limit the exposure to custodial credit risk for deposits.

However, the policy does stipulate that mortgage collateral cannot be used to secure deposits, and that the use of a third party bank trust department is to act as the Town's safekeeping agent for investments. At June 30, 2014, the Town's deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

Investment in State Investment Pool

The Town is a voluntary 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 fair value of the Town's investment in this pool is reported in the accompanying financial statements at amounts based upon the Town's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 4 INTERFUND TRANSACTIONS

Receivables/Payables

The following sets forth amounts due to/from funds. These amounts represent when one fund reflects a deficit in its pooled cash account, generated from expenditures paid before revenue is received. These amounts are short term loans and are expected to be repaid within the next fiscal year.

Due to/Due from Other Funds		
Fund	Due From Amount	Due to Amount
Major Funds:		
General Fund	\$ 216,189	\$ -
Isabel Cook Complex		175,961
Nonmajor Fund:		
Gas Tax		40,228
Total	\$ 216,189	\$ 216,189

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2014

Note 4 INTERFUND TRANSACTIONS (CONTINUED)

Transfers

With Town Council approval, resources may be transferred from one Town fund to another. The purpose of the majority of transfers is to reimburse a fund which has made expenditures on behalf of another fund.

Transfers between individual funds during the fiscal year ended June 30, 2014, were as follows:

<u>Transfers To</u>	<u>Amount</u>	<u>Transfers From</u>	<u>Amount</u>
Major Fund: General	<u>\$ 409,406</u>	Nonmajor Funds: Gas Tax	<u>\$ 409,406</u>
Major Fund: Road Maintenance	<u>\$ 400,000</u>	Major Fund: General	<u>\$ 400,000</u>
Internal Service Fund: Insurance	\$ 425,000	Major Fund: General	<u>\$ 798,517</u>
Nonmajor Funds: Special Events	15,000		
Municipal Lease	158,517		
Equipment Replacement	<u>200,000</u>		
	<u>\$ 798,517</u>		
Nonmajor Fund: Community Facilities Master Plan	<u>\$ 55,000</u>	Major Fund: Recreation	<u>\$ 55,000</u>

Transfers to the General Fund from the Gas Tax Fund were made to reimburse the General Fund for street department expenditures.

Transfers from the General Fund to other funds were made to fund road maintenance, fund future equipment replacement, fund the Town's insurance fund, and provide for certain debt service expenditures.

The transfer from the Recreation Fund to the Community Facilities Master Plan Fund was made to pay for a master plan that will potentially lead to a community center.

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2014

Note 5 CAPITAL ASSETS

A. A summary of changes in the Governmental Activities capital assets for the fiscal year ended June 30, 2014 is as follows:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Capital assets not being depreciated:				
Land	\$ 2,591,850	\$ -	\$ -	\$ 2,591,850
	<u>2,591,850</u>			<u>2,591,850</u>
Depreciable capital assets:				
Equipment/vehicles	2,275,219	166,388	(134,300)	2,307,307
Buildings and improvements	12,588,178	52,478		12,640,656
Infrastructure	11,746,666	1,061,022		12,807,688
Total	<u>26,610,063</u>	<u>1,279,888</u>	<u>(134,300)</u>	<u>27,755,651</u>
Less accumulated depreciation for:				
Equipment/vehicles	(1,119,536)	(223,956)	32,158	(1,311,334)
Buildings and improvements	(5,029,864)	(345,622)		(5,375,486)
Infrastructure	(2,030,618)	(495,786)		(2,526,404)
	<u>(8,180,018)</u>	<u>(1,065,364)</u>	<u>32,158</u>	<u>(9,213,224)</u>
Total capital assets, being depreciated, net	<u>18,430,045</u>	<u>214,524</u>	<u>(102,142)</u>	<u>18,542,427</u>
Governmental activities capital assets, net	<u>\$ 21,021,895</u>	<u>\$ 214,524</u>	<u>\$ (102,142)</u>	<u>\$ 21,134,277</u>

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

Governmental Activities:	Total
General government	\$ 308,645
Public safety	1,147
Parks and recreation	23,775
Public works	598,495
Library	133,302
	<u>\$ 1,065,364</u>

Note 6 DEFERRED OUTFLOWS OF RESOURCES

Accounting gains or losses resulting from advance refundings of long-term debt is deferred in accordance with GASB Statement No. 23 and No. 65. Deferred amounts on bond refundings are amortized over the shorter of the life of the new debt or refunded debt. The deferred loss on refunding balance at June 30, 2014, related to the 2011 General Obligation Bonds, was \$88,354.

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2014

Note 7 LONG-TERM LIABILITIES

The following is a summary of changes in Governmental Activities long-term debt (excluding claims and adjustments) for the fiscal year ended June 30, 2014:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014	Due Within One Year
2003 General Obligation Bonds	\$ 2,190,000	\$ -	\$ (70,000)	\$ 2,120,000	\$ 80,000
2011 General Obligation Bonds	5,560,000		(405,000)	5,155,000	430,000
2011 Premium on G.O. Bonds	167,146		(13,833)	153,313	13,833
Municipal Lease - Fire Station	1,257,143		(101,410)	1,155,733	106,165
2012 Pension Obligation Bonds	3,296,000		(320,000)	2,976,000	347,000
Capital Lease - Vehicle		27,844	(2,109)	25,735	8,805
Due Insurance JPA	500,000			500,000	
Other Post Employment Benefits	640,462	216,133	(75,498)	781,097	
Compensated Absences	144,498	36,125	(31,981)	148,642	37,161
Total	\$ 13,755,249	\$ 280,102	\$ (1,019,831)	\$ 13,015,520	\$ 1,022,964

A. General Obligation Bonds

On August 1 1995, August 1, 1997, August 1 2000 and February 20, 2003, the Town issued \$2,125,000, \$3,550,000, \$2,560,000 and \$2,565,000, respectively, in General Obligation Bonds (total of \$10.8 million), as authorized by Town Measure G, to finance capital improvements to the library, streets and storm drains. Principal payments are due on August 1, with interest payments payable semi-annually on February 1 and August 1.

On April 7, 2011, the Town issued \$5,955,000 of 2011 General Obligation Bonds for the purpose of refunding the \$5,894,928 of outstanding 1995, 1997, and 2000 General Obligation Bonds. The interest rate for the new bond ranges from 2% to 4.38% as compared to the 1995, 1997, and 2000 bonds that had interest ranges of 5.0%-6.0%, 3.9%-5.35%, and 5.0%-8.0%, respectively. The refunding took advantage of lower interest rates which were available and resulted in reductions in debt service requirements over the life of the new debt. The net proceeds of \$6,010,105 from these bonds were transferred to a trustee and placed in an irrevocable trust to redeem the 1995, 1997, and 2000 General Obligation Bonds. The net proceeds of \$6,010,105 includes a bond premium of \$194,812 and is net of \$139,707 in issuance costs and underwriting fees. These funds were invested in U.S. government securities to provide for the redemption price and interest through the call date. Accordingly, the 1995, 1997, and 2000 General Obligation Bonds were removed from the balance sheet as of June 30, 2014, as they are considered defeased.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$133,138 which has been deferred in accordance with GASB Statement No. 23 and No. 65. The deferred amount on bond refunding is amortized over the remaining life of the old or new debt, whichever is shorter, on a straight-line basis (see Note 6).

The obligation bonds of the 2003 and 2011 General Obligation Bonds as of June 30, 2014 were \$2,120,000 and \$5,155,000 respectively.

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2014

Note 7 LONG-TERM LIABILITIES (CONTINUED)

A. General Obligation Bonds (Continued)

The annual debt service requests on these bonds are:

Fiscal Years Ending June 30,	2003		2011	
	Principal	Interest	Principal	Interest
2015	\$ 80,000	\$ 96,515	\$ 430,000	\$ 179,794
2016	85,000	93,009	465,000	164,219
2017	90,000	89,290	495,000	149,819
2018	100,000	85,203	515,000	134,669
2019	110,000	80,635	545,000	116,044
2020-2024	675,000	318,980	2,305,000	277,624
2025-2029	980,000	125,615	400,000	17,596
	<u>2,120,000</u>	<u>889,247</u>	<u>5,155,000</u>	<u>1,039,765</u>
Plus Premium on Issuance			<u>153,313</u>	
Balance	<u>\$ 2,120,000</u>	<u>\$ 889,247</u>	<u>\$ 5,308,313</u>	<u>\$ 1,039,765</u>

B. Municipal Lease – Fire Station

On February 1, 2008, the Town entered into a 15 year site lease agreement with Municipal Asset Management, Inc. (“Corporation”), whereby the Town has leased to the Corporation the Town’s Fire Station No. 19 (“property”), and the Corporation made available to the Town \$1.7 million through an advanced rental payment to enable the Town to finance the restoration, remodeling and expansion of the property. The Corporation will lease the property back to the Town, and the Town will make lease payments for the use of the property.

Fiscal Years Ending June 30,	Principal	Interest
2015	\$ 106,165	\$ 52,352
2016	111,142	47,375
2017	116,354	42,163
2018	121,809	36,708
2019	127,521	30,996
2020-2023	<u>572,742</u>	<u>61,323</u>
Totals	<u>\$ 1,155,733</u>	<u>\$ 270,917</u>

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2014

Note 7 LONG-TERM LIABILITIES (CONTINUED)

C. Pension Obligation Bonds

On or about June 7, 2012, the Town of San Anselmo issued \$3,583,000 in 2012 Taxable Pension Obligation Bonds. The proceeds are being used for the payment of costs of issuance of the bonds and the refinancing of the Town's outstanding "side fund" obligations to the California's Public Retirement System.

The bonds will mature on June 30, 2022 and bear interest at the rate of 3.64% per annum. The balance will be subject to mandatory fund redemption from 2012 through 2022. Principal and interest is due semi-annually each December 31 and June 30.

Optional redemption can occur on any date or after June 30, 2017 at no premium.

The annual minimum debt service requirements for these bonds are:

Fiscal Years Ending June 30,	Principal	Interest
2015	\$ 347,000	\$ 105,207
2016	375,000	92,318
2017	405,000	78,391
2018	437,000	63,335
2019	470,000	47,132
2020-2022	942,000	49,936
Totals	<u>\$ 2,976,000</u>	<u>\$ 436,319</u>

D. Capital Lease – Vehicle

On April 22, 2014, the Town of San Anselmo entered into a capital lease agreement with Ally Bank for a 2014 Chevrolet truck. The term of the lease is for 36 months, with monthly payments of \$858, which commenced in April 2014 and end in March 2017. The value of the capital asset associated with the capital lease is \$27,844.

The annual minimum future lease payments are as follows:

Fiscal Years Ending June 30,	Principal
2015	\$ 10,293
2016	10,293
2017	7,719
Subtotal	<u>28,305</u>
Less: interest	<u>(2,570)</u>
Totals	<u>\$ 25,735</u>

Note 7 LONG-TERM LIABILITIES (CONTINUED)

E. Other

In fiscal year 2003, the Town acquired a piece of property for \$500,000 in connection with a settlement agreement, and the Town had agreed to repair and stabilize a landslide on the property (see Note 14). During fiscal years 2005 and 2006, costs of \$168,626 and \$581,377, respectively, were incurred to stabilize the land. The Town's insurance carrier (Bay Cities Joint Powers Insurance Authority) agreed to pay \$500,000 of stabilization costs, for which it will be reimbursed upon the eventual sale of the land.

See Note 10 for additional information regarding the Town's Other Post Employment Benefit obligation.

Note 8 DEFINED BENEFIT PENSION PLAN

A. Plan Description

The Town of San Anselmo contributes to the California Public Employees' Retirement System ("CalPERS"), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the state of California. Benefit provisions and all other requirements are established by state statute and Town ordinance. Copies of CalPERS' annual financial report may be obtained from their Executive Office, 400 Q Street, Sacramento, CA 95841.

B. Funding Policy

The Town provides a two tier retirement plan. Tier one includes employees hired before February 1, 2007. Participation in this tier requires a contribution of 8% (9% for safety employees) of their annual covered salary. The Town makes the contributions required of Town employees on their behalf and for their account. The Town is required to contribute at an actuarially determined rate; the current rate is 15.685% for non-safety employees and was 26.149% for police employees, of annual covered payroll. For employees hired on or after February 1, 2007 participation in tier two requires a contribution of 7% (9% for safety employees) of their annual covered salary. The Town makes the contributions required of Town employees on their behalf and for their account. The Town is required to contribute at an actuarially determined rate; the current rate is 10.781% for non-safety employees and 21.669% for police employees, of annual covered payroll. The contribution requirements of plan members and the Town are established, and may be amended, by CalPERS. As of June 30, 2014, the Town no longer employs any police employees. Future contributions for current police employees will be funded by the Central Marin Police Authority.

C. Annual Pension Cost

For fiscal 2014 the Town's annual pension cost of \$426,878 for CalPERS was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2.75% per year cost-of-living adjustments.

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2014

Note 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Annual Pension Cost (Continued)

Both (a) and (b) included an inflation component of 3%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

D. Three-year trend information for CalPERS

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2012	\$ 1,103,350	100.0%	\$ -
6/30/2013	706,204	100.0%	-
6/30/2014	426,878	100.0%	-

Note 9 OTHER EMPLOYMENT BENEFITS

A. Social Security Benefits

The Omnibus Budget Reconciliation Act of 1990 (“OBRA”) mandates that public sector employees who are not members of their employer’s existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan.

Employees covered under “OBRA” are required to contribute 7.65% in Social Security and Medicare through their payroll and the Town contributes a total of 7.65%. Total Social Security contributed on behalf of the employee from the employee and Town for the fiscal year ended June 30, 2014 was \$150,979 each. Contributions to medicare were split 50/50 between the Town and employees in the amount of \$36,717 each.

B. Deferred Compensation

Town employees may defer a portion of their compensation under a Town sponsored deferred compensation plan (the “Plan”) created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them. Distributions may be made only at termination, retirement, death, or in an emergency as defined by the Plan.

The Town has no liability for any losses incurred by the Plan and does not participate in any gains, but does have the duty of due care that would be required of an ordinary prudent investor. The Town has contracts with the International City Managers’ Association (“ICMA”) to manage and invest the assets of the Plan. ICMA pools the assets of the Plan with those of other participants and does not make separate investments for the Town.

The Town’s contract with ICMA was amended January 1, 1997 to substitute a separate trust for the Town as owner of the assets in this portion of the Plan, with the Town becoming the trustee. As before, Plan assets are managed and invested solely by ICMA, while the assets in this portion of the Plan are no longer subject to claims by creditors of the Town and are no longer reflected in the Town’s financial statements.

Note 10 POST-RETIREMENT HEALTH BENEFITS

During the fiscal year ended June 30, 2009, the Town implemented GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions by State and Local Governmental Employers*. This statement establishes uniform financial reporting standards for employers providing postemployment benefits. The provisions of this statement are applied on a prospective basis.

The Town provides medical insurance benefits under the CalPERS health plan to eligible retirees and dependents in accordance with various labor agreements. Employees are eligible for retiree health benefits if they retire from the Town on or after age 50 (unless disabled) and are eligible for a PERS pension.

The Town's policy is to fund these benefits on a pay-as-you-go basis, and paid \$225 per retiree for the fiscal year ended June 30, 2014 (a total of \$75,498 to the plan). The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount which was determined as part of a July 1, 2011 actuarial valuation in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC is subject to change with each actuarial valuation date performed no less than every three years.

The Town has calculated and recorded the Net OPEB obligation, representing the difference between the ARC, amortization and contributions, as follows:

	<u>Police</u>	<u>Miscellaneous</u>	<u>Total</u>
Annual required contributions (ARC) and annual OPEB cost	\$ 82,500	\$ 119,300	\$ 201,800
Interest on OPEB	13,023	19,001	32,024
Adjustment to ARC	<u>(7,076)</u>	<u>(10,615)</u>	<u>(17,691)</u>
Annual ARC	88,447	127,686	216,133
Contributions made by Town	<u>(26,134)</u>	<u>(49,364)</u>	<u>(75,498)</u>
Increase in net OPEB obligation	62,313	78,322	140,635
Net OPEB obligations, beginning of fiscal year	<u>260,452</u>	<u>380,010</u>	<u>640,462</u>
Net OPEB obligations, end of fiscal year	<u><u>\$ 322,765</u></u>	<u><u>\$ 458,332</u></u>	<u><u>\$ 781,097</u></u>

A. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members, and include the types of plan benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. The actuarial assumptions include a 5% investment rate of return, covered payroll increases of 3.5% per year, and an inflation rate of 3.25% per year or a maturity benefit rising \$25 every third year. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll over 30 years.

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2014

Note 10 POST-RETIREMENT HEALTH BENEFITS (CONTINUED)

B. Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about investment return, future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents three-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for plan benefits.

Note 11 FUND EQUITY BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2014 is as follows:

	General	Road Maintenance	Measure G 2011	Recreation	Isabel Cook	Other Governmental Funds	Total
Nonspendable:							
Prepaid Expenses	\$ 28,935	\$ 743	\$ -	\$ 4,419	\$ 869	\$ 4,807	\$ 39,773
Total	28,935	743		4,419	869	4,807	39,773
Committed:							
Robson House						24,238	24,238
Total						24,238	24,238
Restricted:							
Library						86,215	86,215
Streets and Roads		37,817				9,948	47,765
Measure G			627,743			164,436	792,179
Measure A						90,979	90,979
Recreation programs and community services				290,397		104,090	394,487
Downtown Revitalization	14,163						14,163
Total	14,163	37,817	627,743	290,397		455,668	1,425,788
Assigned for:							
Emergencies	1,291,716						1,291,716
Streets and Roads Projects		50,187				381,844	50,187
Total	1,291,716	50,187				381,844	1,723,747
Unassigned	974,359				(181,137)		793,222
Total Fund Balances	\$ 2,309,173	\$ 88,747	\$ 627,743	\$ 294,816	\$ (180,268)	\$ 866,557	\$ 4,006,768

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2014

Note 12 INSURANCE

The Town participates in a joint powers agreement through Bay Cities Joint Powers Insurance Authority (“BCJPIA”), which is a workers’ compensation and general liability risk pool. The Town reports all of its risk management activities in its Insurance Internal Service Fund. Claims expenditures and liabilities are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

Bay Cities Joint Powers Insurance Authority (“BCJPIA”) was created in 1986 by certain public agencies in the Bay Area to provide auto, general liability and workers’ compensation coverage. It is governed by a board of directors which is comprised of officials appointed by each member.

The BCJPIA is an “account pool” as defined by Government Accounting Standards Board Statement No. 10 (“GASB 10”). The BCJPIA manages separate accounts for each pool member. Losses and expenses are paid from these pools above the self-insured retention limit of \$25,000 to \$1,000,000 per occurrence. This is the Primary Liability Program. Annually, the BCJPIA evaluates the financial risk cash position, less claims reserves, claims incurred but not reported (“IBNR”), and claims development of each member in the Primary Liability Program. If a member has a negative risk position, as defined by the BCJPIA, its annual assessment is increased.

The BCJPIA purchases excess insurance above the \$1,000,000 limit. This excess insurance provides risk sharing pool coverage for its members of \$1,000,000 up to \$28,000,000 per occurrence. This is the Excess Liability Program.

During the fiscal year ended June 30, 2014, the Town incurred costs of \$161,622 for coverage premiums and administration of the risk pools.

The Town had the following balances at June 30, 2014:

	Workers' Compensation	General Liability	Total
Outstanding claims, end of period	\$ 118,722	\$ 36,910	\$ 155,632
Incurred but not reported	169,281	28,578	197,859
Total liability for unpaid claims	<u>\$ 288,003</u>	<u>\$ 65,488</u>	<u>\$ 353,491</u>
Discounted liabilities	\$ 288,003	\$ 65,488	\$ 353,491
Current portion	83,699	13,855	97,554
Noncurrent portion	<u>\$ 204,304</u>	<u>\$ 51,633</u>	<u>\$ 255,937</u>

As allowed by GASB 10, the Town has recorded the discounted liabilities above, which includes the recognition of investment income earned on funds held prior to payout.

Audited financial statements may be obtained from the Bay Cities Joint Powers Insurance Authority at 1831 K Street, Sacramento, CA 95811. Condensed unaudited financial information of BCJPIA at and for the fiscal year ended June 30, 2014 is as follows:

Total assets	\$ 29,597,416
Total liabilities	19,205,340
Net position	<u>10,392,076</u>
Total revenues	\$ 12,269,245
Total expenses	10,567,405
Change in net position	<u>\$ 1,701,840</u>

Note 13 JOINT POWERS AGENCIES

A. Ross Valley Fire Service

The Ross Valley Fire Service (the “Fire Service”) was created in 1982 under a joint powers agreement between the Towns of Fairfax and San Anselmo to provide fire protection, emergency medical, and related services within the Fairfax-San Anselmo area. Primary funding for the Fire Service is through contributions from the Towns. The Fire Service is governed by a board of directors appointed by the two Towns and administered by the Town Manager of one of the Towns, as appointed by the board of directors. The Town of San Anselmo’s contribution to the Fire Service for the fiscal year ended June 30, 2014 was \$3,092,079 for operations and \$45,536 for equipment replacement. Audited financial statements may be obtained from Ross Valley Fire Service, 777 San Anselmo Avenue, San Anselmo, CA 94960.

B. Ross Valley Paramedic Authority

The Ross Valley Paramedic Authority (“RVPA”) 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 RVPA 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 RVPA’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. Audited financial statements may be obtained by mailing a request to Bob Sinnott at City of Larkspur, 400 Magnolia Avenue, Larkspur, CA 94939.

RVPA’s operations are financed by its members, through a tax on each residential unit and an equivalent tax for commercial property. During the fiscal year ended June 30, 2014, the tax was \$48.50 (including a \$.50 administrative fee) per living unit and per 1,500 square feet of structure on parcels in non-residential use. The City of Larkspur maintains the books and records of the RVPA.

C. Marin Telecommunications Agency

The Marin Telecommunications Agency was created in 1998, by an agreement between the County of Marin, the Cities of Belvedere, Larkspur, Mill Valley, Sausalito, and San Rafael, and the Towns of Corte Madera, Ross, San Anselmo, Fairfax, and Tiburon. The agreement provides for the regulation of rates for certain cable television services and equipment pursuant to the Cable Television Consumer Protection and Competition Act of 1992. The financial responsibility of each member is based on the number of its cable television subscribers. Audited financial statements may be obtained by mailing a request to the Marin Telecommunications Agency at Marin County Auditor-Controller, County of Marin, Room 225, San Rafael, CA 94903.

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2014

Note 13 JOINT POWERS AGENCIES (CONTINUED)

D. Marin General Services Authority

The Marin General Services Authority (“Authority”) was created on April 26, 2005 to replace the Marin Street Light Acquisition Authority. All the original members of the Marin Street Light Acquisition Authority are eligible for membership. The Authority is established to finance, implement, and manage various municipal services within the member agencies including the taxicab regulation program and information management services. All assets and funds of the Street Light Authority are transferred to the General Services Authority. The financial responsibility of each member is based on a relative population and assessed value formula. Audited financial statements may be obtained by mailing a request to the Marin Street Light Authority at Marin County Auditor-Controller, County of Marin, Room 225, San Rafael, CA 94903.

E. Marin Emergency Radio Authority

The Town participates in a joint powers agreement through the Marin Emergency Radio Authority (“MERA”) under an operating agreement dated February 1, 1999. MERA was created July 1, 1997 by an agreement between certain public agencies in Marin County to provide a public safety radio system to its members. The members have agreed to assign a portion of their property tax revenues to make annual payments on a pro rata basis to cover the costs of debt financing and operating the system.

The Town’s annual share of the payments related to the debt financing is as follows:

Fiscal Years Ending June 30,	
2015	\$ 64,143
2016	64,149
2017	64,227
2018	64,184
2019	64,257
2020-2021	<u>128,224</u>
	449,184
Less - interest	<u>(63,298)</u>
	<u>\$ 385,886</u>

Note 14 COMMITMENTS AND CONTINGENCIES

The Town is a defendant in a number of lawsuits which have arisen in the normal course of business. Damages are alleged in some of these actions and their outcome cannot be predicted with certainty. However, in the opinion of the Town Attorney, the outcome of these actions will not have a material adverse effect on the financial position of the Town.

The Town participates in several federal and state grant programs. The programs are subject to examination by the granters and the amount, if any, of expenses which may be disallowed by the granting agency cannot be determined at this time. The Town expects such amounts, if any, to be immaterial.

On June 2, 2014, the Town entered into an agreement with DC Electric Group, Inc. in the amount of \$91,226 for the 2014 LED Street Light Retrofit project. As of June 30, 2014, no payments had been made to DC Electric Group, Inc. in relation to this agreement.

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2014

Note 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

On June 30, 2014, the Town entered into an agreement with Wedge Roofing, Inc. in the amount of \$133,520 for the Town Hall Tower Dry Rot Repair project. As of June 30, 2014, no payments had been made to Wedge Roofing, Inc. in relation to this agreement.

Note 15 PRIOR PERIOD ADJUSTMENT

A prior period adjustment in the amount of (\$208,962) was made on the statement of activities due to an overstatement of unamortized debt issuance costs in the prior fiscal year. This adjustment is due to implementation of GASB Statement No. 65.

Note 16 SUBSEQUENT EVENTS

The Town has evaluated subsequent events through November 21, 2014, the date these financial statements were available to be issued, and has determined there were no material events requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Town of San Anselmo
Other Post-Retirement Benefits
Schedule of Funding Progress (Unaudited)
June 30, 2014

Using the most recent actuarial valuation dated July 1, 2011, the following is the funded status of the OPEB plan as of the actuarial date:

Date	Entry Age Normal Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Liability/ (Excess Assets) ((A)-(B))	Funded Ratio ((B)/(A))	Covered Payroll (C)	Actuarial Accrued Liability % of Covered Payroll (((A-B)/C)
7/1/2008	\$ 1,747,300	\$ -	\$ 1,747,300	0%	\$ 3,725,600	46.90%
7/1/2011	1,941,900	-	1,941,900	0%	4,068,100	47.73%

TOWN OF SAN ANSELMO
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 11,464,035	\$ 11,374,035	\$ 11,897,919	\$ 523,884
Licenses and permits	819,759	854,759	1,029,137	174,378
Intergovernmental	5,000	5,000	80,771	75,771
Use of money and property	6,000	6,000	4,206	(1,794)
Fines and forfeitures	118,008	118,008	149,551	31,543
Current services charges	117,375	117,375	108,500	(8,875)
Other revenue	5,060	11,277	7,641	(3,636)
Total Revenues	<u>12,535,237</u>	<u>12,486,454</u>	<u>13,277,725</u>	<u>791,271</u>
Expenditures:				
Current:				
General government:				
Town council	41,647	41,647	49,039	(7,392)
Administrative services	818,144	818,144	838,251	(20,107)
Legal services	165,392	165,392	205,207	(39,815)
Non-departmental	492,215	492,215	459,129	33,086
Total General Government	<u>1,517,398</u>	<u>1,517,398</u>	<u>1,551,626</u>	<u>(34,228)</u>
Public safety	7,014,512	7,014,512	7,019,044	(4,532)
Library	505,337	511,080	501,255	9,825
Planning and building	984,106	1,059,106	1,050,775	8,331
Parks and recreation	571,419	571,419	579,369	(7,950)
Public works	775,176	795,176	864,752	(69,576)
Capital outlay	34,236	34,710	25,549	9,161
Debt service:				
Principal	320,000	320,000	320,000	
Interest and fiscal charges	132,095	132,095	133,952	(1,857)
Total Expenditures	<u>11,854,279</u>	<u>11,955,496</u>	<u>12,046,322</u>	<u>(90,826)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>680,958</u>	<u>530,958</u>	<u>1,231,403</u>	<u>700,445</u>
Other Financing Sources (Uses)				
Transfers in	400,000	400,000	409,406	9,406
Transfers out	<u>(1,048,517)</u>	<u>(1,048,517)</u>	<u>(1,198,517)</u>	<u>(150,000)</u>
Total Other Financing Sources (Uses)	<u>(648,517)</u>	<u>(648,517)</u>	<u>(789,111)</u>	<u>(140,594)</u>
Net Change in Fund Balance	32,441	(117,559)	442,292	559,851
Fund Balance, July 1, 2013	<u>1,866,881</u>	<u>1,866,881</u>	<u>1,866,881</u>	
Fund Balance, June 30, 2014	<u>\$ 1,899,322</u>	<u>\$ 1,749,322</u>	<u>\$ 2,309,173</u>	<u>\$ 559,851</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Road Maintenance Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 83,000	\$ 83,053	\$ 53
Use of money and property	500	500	203	(297)
Other revenue			26,269	26,269
Current services charges	218,600	218,600	209,212	(9,388)
Total Revenues	<u>219,100</u>	<u>302,100</u>	<u>318,737</u>	<u>16,637</u>
Expenditures				
Current:				
Planning and Building		100,000	127,063	(27,063)
Capital outlay	842,143	842,143	831,587	10,556
Total Expenditures	<u>842,143</u>	<u>942,143</u>	<u>958,650</u>	<u>(16,507)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(623,043)</u>	<u>(640,043)</u>	<u>(639,913)</u>	<u>130</u>
Other Financing Sources (Uses)				
Transfers in	400,000	400,000	400,000	
Total Other Financing Sources (Uses)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	
Net Change in Fund Balance	(223,043)	(240,043)	(239,913)	130
Fund Balance, July 1, 2013	<u>328,660</u>	<u>328,660</u>	<u>328,660</u>	
Fund Balance, June 30, 2014	<u>\$ 105,617</u>	<u>\$ 88,617</u>	<u>\$ 88,747</u>	<u>\$ 130</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Recreation Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Current services charges	\$ 1,101,157	\$ 1,101,157	\$ 1,308,061	\$ 206,904
Use of money and property	6,500	6,500	7,075	575
Total Revenues	<u>1,107,657</u>	<u>1,107,657</u>	<u>1,315,136</u>	<u>207,479</u>
Expenditures				
Current:				
Parks and recreation	1,162,657	1,162,657	1,127,952	34,705
Capital outlay	45,000	45,000	23,733	21,267
Total Expenditures	<u>1,207,657</u>	<u>1,207,657</u>	<u>1,151,685</u>	<u>55,972</u>
Excess (Deficit) of Revenues over Expenditures	<u>(100,000)</u>	<u>(100,000)</u>	<u>163,451</u>	<u>263,451</u>
Other Financing Sources (Uses)				
Transfers out			(55,000)	(55,000)
Total Other Financing Sources (Uses)			<u>(55,000)</u>	<u>(55,000)</u>
Net Change in Fund Balance	(100,000)	(100,000)	108,451	208,451
Fund Balance, July 1, 2013	<u>186,365</u>	<u>186,365</u>	<u>186,365</u>	
Fund Balance, June 30, 2014	<u>\$ 86,365</u>	<u>\$ 86,365</u>	<u>\$ 294,816</u>	<u>\$ 208,451</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Isabel Cook Complex Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Use of money and property	\$ 86,814	\$ 86,814	\$ 87,064	\$ 250
Total Revenues	<u>86,814</u>	<u>86,814</u>	<u>87,064</u>	<u>250</u>
Expenditures				
Current:				
Parks and recreation	112,725	112,725	106,454	6,271
Capital outlay	<u>600</u>	<u>600</u>		<u>600</u>
Total Expenditures	<u>113,325</u>	<u>113,325</u>	<u>106,454</u>	<u>6,871</u>
Excess (Deficit) of Revenues over Expenditures	<u>(26,511)</u>	<u>(26,511)</u>	<u>(19,390)</u>	<u>7,121</u>
Net Change in Fund Balance	(26,511)	(26,511)	(19,390)	7,121
Fund Balance (Deficit), July 1, 2013	<u>(160,878)</u>	<u>(160,878)</u>	<u>(160,878)</u>	
Fund Balance (Deficit), June 30, 2014	<u>\$ (187,389)</u>	<u>\$ (187,389)</u>	<u>\$ (180,268)</u>	<u>\$ 7,121</u>

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OTHER SUPPLEMENTAL INFORMATION

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure G 2011 Bond Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budget Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Taxes			
Property taxes	\$ 558,305	\$ 634,432	\$ 76,127
Use of money and property	620	393	(227)
Total Revenues	<u>558,925</u>	<u>634,825</u>	<u>75,900</u>
Expenditures			
Debt Service:			
Principal	405,000	405,000	
Interest and fiscal charges	194,969	195,219	(250)
Total Expenditures	<u>599,969</u>	<u>600,219</u>	<u>(250)</u>
Net Change in Fund Balance	(41,044)	34,606	75,650
Fund Balance, July 1, 2013	<u>593,137</u>	<u>593,137</u>	
Fund Balance, June 30, 2014	<u>\$ 552,093</u>	<u>\$ 627,743</u>	<u>\$ 75,650</u>

TOWN OF SAN ANSELMO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	<u>Special Revenue Funds</u>		
	<u>Grant</u>	<u>Gas Tax</u>	<u>Library Services</u>
Assets			
Cash and investments	\$ 27,782	\$ -	\$ 85,955
Accounts and due from other governments		40,228	1,232
Prepaid items			1,421
Total Assets	<u>\$ 27,782</u>	<u>\$ 40,228</u>	<u>\$ 88,608</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 17,834	\$ -	\$ 972
Deposits payable			
Due to other funds		40,228	
Total Liabilities	<u>17,834</u>	<u>40,228</u>	<u>972</u>
Fund Balances:			
Nonspendable			1,421
Restricted	9,948		86,215
Committed			
Assigned			
Total Fund Balances	<u>9,948</u>		<u>87,636</u>
Total Liabilities and Fund Balances	<u>\$ 27,782</u>	<u>\$ 40,228</u>	<u>\$ 88,608</u>

Special Revenue Funds

Robson House	Community Facilities Master Plan	Special Events	Marin County Parks Measure A	Total Special Revenue Funds
\$ 26,488	\$ 90,687	\$ 30,273	\$ 48,073	\$ 309,258
1,565		100	42,906	86,031
386				1,807
<u>\$ 28,439</u>	<u>\$ 90,687</u>	<u>\$ 30,373</u>	<u>\$ 90,979</u>	<u>\$ 397,096</u>
\$ 1,240	\$ 12,926	\$ 4,034	\$ -	\$ 37,006
2,575		10		2,585
				40,228
<u>3,815</u>	<u>12,926</u>	<u>4,044</u>		<u>79,819</u>
386				1,807
24,238	77,761	26,329	90,979	291,232
				24,238
<u>24,624</u>	<u>77,761</u>	<u>26,329</u>	<u>90,979</u>	<u>317,277</u>
<u>\$ 28,439</u>	<u>\$ 90,687</u>	<u>\$ 30,373</u>	<u>\$ 90,979</u>	<u>\$ 397,096</u>

TOWN OF SAN ANSELMO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Debt Service Funds		
	Measure G	Muni Lease	Total Debt Service Funds
Assets			
Cash and investments	\$ 163,530	\$ -	\$ 163,530
Accounts and due from other governments	906		906
Prepaid items			
Total Assets	\$ 164,436	\$ -	\$ 164,436
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Deposits payable			
Due to other funds			
Total Liabilities			
Fund Balances:			
Nonspendable			
Restricted	164,436		164,436
Committed			
Assigned			
Total Fund Balances	164,436		164,436
Total Liabilities and Fund Balances	\$ 164,436	\$ -	\$ 164,436

Capital Projects Funds

Capital Reconstruction	Equipment Replacement	Total Capital Projects Funds	Total Nonmajor Funds
\$ 339,359	\$ 76,351	\$ 415,710	\$ 888,498
4,999	2,904	7,903	94,840
	3,000	3,000	4,807
\$ 344,358	\$ 82,255	\$ 426,613	\$ 988,145
\$ 32,046	\$ 9,723	\$ 41,769	\$ 78,775
			2,585
			40,228
32,046	9,723	41,769	121,588
	3,000	3,000	4,807
			455,668
			24,238
312,312	69,532	381,844	381,844
312,312	72,532	384,844	866,557
\$ 344,358	\$ 82,255	\$ 426,613	\$ 988,145

TOWN OF SAN ANSELMO
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds		
	Grant	Gas Tax	Library Services
Revenues:			
Taxes	\$ -	\$ -	\$ 220,587
Use of money and property			
Intergovernmental	253,259	409,406	
Current services charges			
Other revenue			
	<hr/>	<hr/>	<hr/>
Total Revenues	<u>253,259</u>	<u>409,406</u>	<u>220,587</u>
Expenditures:			
Current:			
General government			
Public safety			
Library			199,370
Planning and building			
Parks and recreation			
Capital outlay	267,251		40,081
Debt service:			
Principal			
Interest and fiscal charges			
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>267,251</u>	<u> </u>	<u>239,451</u>
Excess (Deficit) of Revenues over Expenditures	<u>(13,992)</u>	<u>409,406</u>	<u>(18,864)</u>
Other Financing Sources (Uses)			
Proceeds from the issuance of long-term debt			
Transfers in			
Transfers out		(409,406)	
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	<u> </u>	<u>(409,406)</u>	<u> </u>
Net Change in Fund Balances	(13,992)		(18,864)
Fund Balances (Deficits), July 1, 2013	<u>23,940</u>	<u> </u>	<u>106,500</u>
Fund Balances (Deficits), June 30, 2014	<u>\$ 9,948</u>	<u>\$ -</u>	<u>\$ 87,636</u>

Special Revenue Funds				
Robson House	Community Facilities Master Plan	Special Events	Marin County Parks Measure A	Total Special Revenue Funds
\$ - 42,315	\$ - 50,000	\$ - 21,303	\$ 90,979	\$ 311,566 42,315 712,665 21,303
<u>42,315</u>	<u>50,000</u>	<u>21,303</u>	<u>90,979</u>	<u>1,087,849</u>
48,231	27,239	21,181		199,370 27,239 69,412 307,332
<u>48,231</u>	<u>27,239</u>	<u>21,181</u>		<u>603,353</u>
<u>(5,916)</u>	<u>22,761</u>	<u>122</u>	<u>90,979</u>	<u>484,496</u>
	55,000	15,000		70,000 (409,406)
	<u>55,000</u>	<u>15,000</u>		<u>(339,406)</u>
(5,916)	77,761	15,122	90,979	145,090
<u>30,540</u>		<u>11,207</u>		<u>172,187</u>
<u>\$ 24,624</u>	<u>\$ 77,761</u>	<u>\$ 26,329</u>	<u>\$ 90,979</u>	<u>\$ 317,277</u>

TOWN OF SAN ANSELMO
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014

	<u>Debt Service Funds</u>		
	<u>Measure G</u>	<u>Muni Lease</u>	<u>Total Debt Service Funds</u>
Revenues:			
Taxes	\$ 189,537	\$ -	\$ 189,537
Use of money and property	136		136
Intergovernmental			
Current services charges			
Other revenue			
	<hr/>	<hr/>	<hr/>
Total Revenues	<u>189,673</u>	<u></u>	<u>189,673</u>
Expenditures:			
Current:			
General government			
Public safety			
Library			
Planning and building			
Parks and recreation			
Capital outlay			
Debt service:			
Principal	70,000	101,410	171,410
Interest and fiscal charges	99,703	57,107	156,810
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>169,703</u>	<u>158,517</u>	<u>328,220</u>
Excess (Deficit) of Revenues over Expenditures	<hr/> <u>19,970</u>	<hr/> <u>(158,517)</u>	<hr/> <u>(138,547)</u>
Other Financing Sources (Uses)			
Proceeds from the issuance of long-term debt			
Transfers in		158,517	158,517
Transfers out			
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	<u></u>	<u>158,517</u>	<u>158,517</u>
Net Change in Fund Balances	19,970		19,970
Fund Balances (Deficits), July 1, 2013	<hr/> <u>144,466</u>	<hr/> <u></u>	<hr/> <u>144,466</u>
Fund Balances (Deficits), June 30, 2014	<hr/> <u>\$ 164,436</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 164,436</u>

Capital Projects Funds			
Capital Reconstruction	Equipment Replacement	Total Capital Projects Funds	Total Nonmajor Funds
\$ 201,316	\$ -	\$ 201,316	\$ 702,419
			42,451
5,000	26,134	31,134	743,799
			21,303
11,361	2,904	14,265	14,265
<u>217,677</u>	<u>29,038</u>	<u>246,715</u>	<u>1,524,237</u>
49,278		49,278	49,278
	118,957	118,957	118,957
			199,370
			27,239
	27	27	69,439
3,870	94,468	98,338	405,670
	2,109	2,109	173,519
	464	464	157,274
<u>53,148</u>	<u>216,025</u>	<u>269,173</u>	<u>1,200,746</u>
<u>164,529</u>	<u>(186,987)</u>	<u>(22,458)</u>	<u>323,491</u>
	27,844	27,844	27,844
	200,000	200,000	428,517
			(409,406)
	<u>227,844</u>	<u>227,844</u>	<u>46,955</u>
164,529	40,857	205,386	370,446
<u>147,783</u>	<u>31,675</u>	<u>179,458</u>	<u>496,111</u>
<u>\$ 312,312</u>	<u>\$ 72,532</u>	<u>\$ 384,844</u>	<u>\$ 866,557</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Grant Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budget Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 869,268	\$ 253,259	\$ (616,009)
Total Revenues	<u>869,268</u>	<u>253,259</u>	<u>(616,009)</u>
Expenditures:			
Capital outlay	<u>869,968</u>	<u>267,251</u>	<u>602,717</u>
Total Expenditures	<u>869,968</u>	<u>267,251</u>	<u>602,717</u>
Excess (Deficit) of Revenues over Expenditures	<u>(700)</u>	<u>(13,992)</u>	<u>(13,292)</u>
Net Change in Fund Balance	(700)	(13,992)	(13,292)
Fund Balance, July 1, 2013	<u>23,940</u>	<u>23,940</u>	
Fund Balance, June 30, 2014	<u>\$ 23,240</u>	<u>\$ 9,948</u>	<u>\$ (13,292)</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Gas Tax
For the Fiscal Year Ended June 30, 2014

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 400,000	\$ 409,406	\$ 9,406
Total Revenues	400,000	409,406	9,406
Excess (Deficit) of Revenues over Expenditures	400,000	409,406	9,406
Other Financing Sources (Uses)			
Transfers out	(400,000)	(409,406)	(9,406)
Total Other Financing Sources (Uses)	(400,000)	(409,406)	(9,406)
Net Change in Fund Balance			
Fund Balance, July 1, 2013			
Fund Balance, June 30, 2014	\$ -	\$ -	\$ -

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Library Services
For the Fiscal Year Ended June 30, 2014

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 220,000	\$ 220,587	\$ 587
Total Revenues	<u>220,000</u>	<u>220,587</u>	<u>587</u>
Expenditures:			
Current:			
Library	254,749	199,370	55,379
Capital outlay	<u>75,000</u>	<u>40,081</u>	<u>34,919</u>
Total Expenditures	<u>329,749</u>	<u>239,451</u>	<u>90,298</u>
Excess (Deficit) of Revenues over Expenditures	<u>(109,749)</u>	<u>(18,864)</u>	<u>90,885</u>
Net Change in Fund Balance	(109,749)	(18,864)	90,885
Fund Balance, July 1, 2013	<u>106,500</u>	<u>106,500</u>	
Fund Balance, June 30, 2014	<u><u>\$ (3,249)</u></u>	<u><u>\$ 87,636</u></u>	<u><u>\$ 90,885</u></u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Robson House
For the Fiscal Year Ended June 30, 2014

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 42,600	\$ 42,315	\$ (285)
Total Revenues	42,600	42,315	(285)
Expenditures:			
Current:			
Parks and recreation	42,337	48,231	(5,894)
Total Expenditures	42,337	48,231	(5,894)
Excess (Deficit) of Revenues over Expenditures	263	(5,916)	(6,179)
Net Change in Fund Balance	263	(5,916)	(6,179)
Fund Balance, July 1, 2013	30,540	30,540	
Fund Balance, June 30, 2014	\$ 30,803	\$ 24,624	\$ (6,179)

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Facilities Master Plan
For the Fiscal Year Ended June 30, 2014

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 50,000	\$ 50,000
Total Revenues		50,000	50,000
Expenditures:			
Current:			
Planning and building		27,239	(27,239)
Total Expenditures		27,239	(27,239)
Excess (Deficit) of Revenues over Expenditures		22,761	22,761
Other Financing Sources (Uses)			
Transfers in		55,000	55,000
Total Other Financing Sources (Uses)		55,000	55,000
Net Change in Fund Balance		77,761	77,761
Fund Balance, July 1, 2013			
Fund Balance, June 30, 2014	\$ -	\$ 77,761	\$ 77,761

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Special Events
For the Fiscal Year Ended June 30, 2014

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Current services charges	\$ 16,234	\$ 21,303	\$ 5,069
Total Revenues	<u>16,234</u>	<u>21,303</u>	<u>5,069</u>
Expenditures:			
Current:			
Parks and recreation	<u>31,095</u>	<u>21,181</u>	<u>9,914</u>
Total Expenditures	<u>31,095</u>	<u>21,181</u>	<u>9,914</u>
Excess (Deficit) of Revenues over Expenditures	<u>(14,861)</u>	<u>122</u>	<u>14,983</u>
Other Financing Sources (Uses)			
Transfers in	<u>15,000</u>	<u>15,000</u>	
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	
Net Change in Fund Balance	139	15,122	14,983
Fund Balance, July 1, 2013	<u>11,207</u>	<u>11,207</u>	
Fund Balance, June 30, 2014	<u>\$ 11,346</u>	<u>\$ 26,329</u>	<u>\$ 14,983</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Marin County Parks Measure A
For the Fiscal Year Ended June 30, 2014

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ -	\$ 90,979	\$ 90,979
Total Revenues		90,979	90,979
Net Change in Fund Balance		90,979	90,979
Fund Balance, July 1, 2013			
Fund Balance, June 30, 2014	\$ -	\$ 90,979	\$ 90,979

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure G
For the Fiscal Year Ended June 30, 2014

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 162,974	\$ 189,537	\$ 26,563
Use of money and property	230	136	(94)
Total Revenues	<u>163,204</u>	<u>189,673</u>	<u>26,469</u>
Expenditures:			
Debt service:			
Principal	70,000	70,000	
Interest and fiscal charges	100,703	99,703	1,000
Total Expenditures	<u>170,703</u>	<u>169,703</u>	<u>1,000</u>
Excess (Deficit) of Revenues over Expenditures	<u>(7,499)</u>	<u>19,970</u>	<u>27,469</u>
Net Change in Fund Balance	(7,499)	19,970	27,469
Fund Balance, July 1, 2013	<u>144,466</u>	<u>144,466</u>	
Fund Balance, June 30, 2014	<u>\$ 136,967</u>	<u>\$ 164,436</u>	<u>\$ 27,469</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Muni Lease
For the Fiscal Year Ended June 30, 2014

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other revenue	\$ -	\$ -	\$ -
Total Revenues			
Expenditures:			
Debt service:			
Principal	101,410	101,410	
Interest and fiscal charges	57,107	57,107	
Total Expenditures	158,517	158,517	
Excess (Deficit) of Revenues over Expenditures	(158,517)	(158,517)	
Other Financing Sources (Uses)			
Transfers in	158,517	158,517	
Total Other Financing Sources (Uses)	158,517	158,517	
Net Change in Fund Balance			
Fund Balance, July 1, 2013			
Fund Balance, June 30, 2014	\$ -	\$ -	\$ -

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Reconstruction
For the Fiscal Year Ended June 30, 2014

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ -	\$ 201,316	\$ 201,316
Intergovernmental	5,000	5,000	
Other revenue	7,000	11,361	4,361
Total Revenues	<u>12,000</u>	<u>217,677</u>	<u>205,677</u>
Expenditures:			
Current:			
General government	83,566	49,278	34,288
Capital outlay	43,988	3,870	40,118
Total Expenditures	<u>127,554</u>	<u>53,148</u>	<u>74,406</u>
Net Change in Fund Balance	(115,554)	164,529	280,083
Fund Balance, July 1, 2013	<u>147,783</u>	<u>147,783</u>	
Fund Balance, June 30, 2014	<u>\$ 32,229</u>	<u>\$ 312,312</u>	<u>\$ 280,083</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Equipment Replacement
For the Fiscal Year Ended June 30, 2014

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 26,134	\$ 26,134
Other revenue		2,904	2,904
Total Revenues		29,038	29,038
Expenditures:			
Current:			
Public safety	109,695	118,957	(9,262)
Parks and recreation		27	(27)
Capital outlay	126,800	94,468	32,332
Debt service:			
Principal		2,109	(2,109)
Interest and fiscal charges		464	(464)
Total Expenditures	236,495	216,025	20,470
Excess (Deficit) of Revenues over Expenditures	(236,495)	(186,987)	49,508
Other Financing Sources (Uses)			
Proceeds from the issuance of long-term debt		27,844	27,844
Transfers in	200,000	200,000	
Total Other Financing Sources (Uses)	200,000	227,844	27,844
Net Change in Fund Balance	(36,495)	40,857	77,352
Fund Balance, July 1, 2013	31,675	31,675	
Fund Balance, June 30, 2014	\$ (4,820)	\$ 72,532	\$ 77,352