

# **TOWN OF SAN ANSELMO**

## ***California***

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**Annual Financial Report  
June 30, 2016**

### **Town Council**

**Ford Greene  
Kay Coleman  
Matt Brown  
Tom McInerney  
John Wright**

**Mayor  
Vice Mayor  
Member  
Member  
Member**

### **Appointed Officials**

***Town Manager*  
Debra Stutsman**

***Finance & Administrative Services Director*  
Daria Carrillo**

**TOWN OF SAN ANSELMO**

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# MARCELLO & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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2701 Cottage Way, Suite 30 / Sacramento, California 95825

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor  
Members of the Town Council  
Town of San Anselmo, California

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of San Anselmo, California, as of and for the year ended June 30, 2016, 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 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 an opinion on these financial statements based upon our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 purposes 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 estimates made by management, as well as evaluating the overall financial statement presentation.

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

Honorable Mayor  
Members of the Town Council  
Town of San Anselmo, California

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of San Anselmo, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules and schedules of funding progress, other postemployment benefits plan schedule of funding progress, and the respective budgetary comparison information of the general and major funds as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 historic 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 an opinion on the financial statements that collectively comprise the Town of San Anselmo's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statements 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Marcello & Company*

Certified Public Accountants  
Sacramento, California  
October 5, 2016

**MANAGEMENT'S DISCUSSION & ANALYSIS**

*As Prepared by Management  
(unaudited)*

**Town of San Anselmo**  
**Management's Discussion and Analysis**  
**June 30, 2016**

This discussion and analysis of the Town's financial activities and performance provides an overview for the fiscal year ended June 30, 2016.

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

Government-wide Financial Statement 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, reports the Town's total assets to be \$28,541,120, deferred outflows of resources at \$676,095, total liabilities of \$17,689,439, deferred inflows of resources at \$602,608, and net position of \$10,925,168.
- The Town's total revenue for governmental funds of \$20,507,072 was offset by total expenses of \$19,381,866, resulting in an increase in governmental fund balances of \$1,125,206.
- The Town's capital assets totaled \$20,976,682, net of \$10,927,408 in accumulated depreciation. This year's decrease of \$413,712 was largely the result of a change to the Town's capitalization policy.
- The Town's long-term debt and obligations totaled \$15,901,000 as of June 30, 2016, an increase of \$631,407 over the prior fiscal year. The increase is primarily due to a \$1.6m increase in the net pension liability less payments made to reduce the general obligation bonds, pension obligation bonds, municipal lease, vehicle leases and compensated absences decreased by \$1,076,000.

Fund Financial Statement Highlights

At the close of fiscal year 2016, the Town's governmental funds reported a combined ending fund balance of \$5,571,882 as compared to \$4,446,676 as of June 30, 2015. This increase was due primarily to greater than expected revenue from property and sales taxes, as well as to lower than expected expenditures for salaries and benefits due to employee turnover during the year.

**Accomplishments for 2015-16**

- Road Resurfacing – Work completed this year includes a number of curb ramps, the replacement of a failed drainage pipe under Sir Francis Drake Blvd, and paving on Sir Francis Drake, Canyon, Scenic, Ivy and Hampton streets. Work is underway on Magnolia Avenue to replace the sewer line and pavement. Work funded by a Safe Routes to Schools grant began in June 2015, which includes signal and crosswalk work at Tamal and S. F. Drake, and pedestrian improvements in the San Francisco Blvd., Barber and the Alameda neighborhoods.
- Slurry Seal Projects – The 2015-16 year's slurry seal campaign is complete, with a large number of streets receiving crack and slurry sealing treatment to preserve the pavement life.
- 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 Measure D sales tax revenue was \$835,678 for 2015-16.
- Library Programming — We have completed the first full year of the Library's second parcel tax, and the programming and activities at the Library have continued to blossom. The Library is now open every day, except Sunday, for a total of 51 hours per week. This added one additional evening and one morning. Children's programs abound, including toddler story times, French story times, Read to a Dog, Bookworms reading club, Teen Library Council, Teen reading group and the very successful Summer Reading Program. Adult programs have also flourished, including the Book Club, Art Talk

**Town of San Anselmo**  
**Management's Discussion and Analysis**  
**June 30, 2016**

Tuesdays, Tunstead Live, and Saturday Lectures. The Friends of the Library continue to support the Library through their bookstore, Town Books.

- Community Events, Recreation and Volunteers - The Recreation Department coordinates events that bring the community and volunteers together, including Country Fair Day, Creekside Q, Picnics on the Plaza, Goblins' Parade, and the spring egg hunts. In addition, the department encourages and facilitates community events such as Music in the Park and the Art & Wine Festival. The summer camp program is 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 a full time, full service operation, 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, trails, and low-impact development.
- Technology – Both the Town Council and Planning Commission meetings are videotaped and streamed live on the website utilizing the Community Media Center of Marin (CMCM) for videography and Granicus software for website viewing. The permit process is digitized via TrakIt software, streamlining the process and facilitating communication with the applicants and between departments.

### **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.

#### **Government-wide Financial Statements**

The government-wide financial statements consist of the statement of net position, and the 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 liabilities, with the difference between the two 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 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 revenue and expenses reported in this statement may result in cash flows only in future fiscal periods, such as revenue related to uncollected taxes or interest expense incurred but not paid.

There are three new accounts, as of the previous fiscal year, reported in the statement of net position: 1) deferred outflows of resources—pensions, which is similar to a prepaid expense, 2) deferred inflows of resources—pensions, which is similar to deferred or unearned revenue, and 3) net pension liability which is the estimated amount required to pay current and future retirees their annuities less the amount of past, present and future employer and employee retirement plan contributions, and less the amount earned from investing those accumulated resources. These new accounts are required as a result of the implementation of Governmental Accounting Standards Board Statement No. 68 (GASB 68).

#### **Fund Financial Statements**

**Town of San Anselmo**  
**Management's Discussion and Analysis**  
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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: (1) governmental funds, (2) proprietary funds, and (3) fiduciary funds.

(1) 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 both short-term inflows and outflows of spendable resources and 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 revenue, 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 the statement of revenue, expenditures, and changes in fund balances, information is presented separately for the following funds considered to be major funds:

- General Fund
- Grants Fund
- Recreation Fund

General Fund: this fund is the primary operating fund of the Town. It is used to account for governmental funds that are not classified as special revenue, capital project or debt service funds, and includes the following funds:

- General Fund
- Emergency Reserve Fund
- Downtown Revitalization Fund
- Measure D Sales Tax Fund

Special Revenue Funds: these funds generally account for revenue derived from specific sources. These funds are required by statute or ordinance to finance particular functions or activities of government or are restricted as to their use, and include the following funds:

- Community Facilities Master Plan Fund
- Gas Tax Fund
- Library Services Fund
- Robson House Fund
- Special Events Fund
- Measure A Parks Fund
- Isabel Cook Complex Fund

Capital Project Funds: these funds are used to account for the acquisition or construction of capital facilities and include the following funds:

- Capital Reconstruction fund - accounts for revenue set aside for capital projects.



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**Management's Discussion and Analysis**  
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- Equipment Replacement fund - accounts for revenue set aside for equipment replacement.
- Road Maintenance fund - accounts for revenue set aside for road maintenance projects.

Debt Service Fund: these funds are used to account for and accumulate financial resources to be used for principal and interest payments on the Town's long-term obligations, and include the following funds:

- Measure G Debt Service, Bond Series 2003
- Measure G Debt Services, Bond Series 2011
- Municipal Lease Fund

**(2) Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds.

**(3) Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. Fiduciary funds should be used to report assets held in a trustee or agent capacity for others and therefore cannot be used to support the Town's own programs. The Town currently acts as an agent on behalf of the Snack Shack food concession stand.

**Notes to 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 follow the basic financial statements.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information in addition to this discussion and analysis concerning (1) the Town's budgetary to actual comparison schedules, (2) a schedule of funding progress for the other postemployment benefits plan, and (3) the cost-sharing multiple-employer defined benefits pension plan schedule, which is administered by CalPERS as trustee for the plan.

**Other Supplementary Information**

This report presents combining nonmajor fund financial statements, which follow the required supplementary information section.

**Government-wide Financial Statement Analysis**

A condensed presentation of the Statement of Net Position is presented in the following table comparing last fiscal year to the most recently completed fiscal year:

**Town of San Anselmo  
Management's Discussion and Analysis  
June 30, 2016**

**Statement of Net Position  
Comparison of FY 2016 and FY 2015**

	June 30		Amount Change	Percent Change
	2016	2015		
<u>Assets</u>				
Current and other assets	\$ 7,564,438	\$ 6,457,431	\$ 1,107,007	17%
Capital assets, net	20,976,682	22,011,189	(1,034,507)	-5%
Total assets	28,541,120	28,468,620	72,500	0%
<u>Deferred outflows</u>	676,095	488,276	187,819	38%
Totals	29,217,215	28,956,896	260,319	1%
<u>Liabilities</u>				
Current and other liabilities	1,581,077	1,354,191	226,886	17%
Noncurrent liabilities	16,108,362	15,463,826	644,536	4%
Total liabilities	17,689,439	16,818,017	871,422	5%
<u>Deferred inflows</u>	602,608	1,079,542	(476,934)	100%
Totals	18,292,047	17,897,559	394,488	2%
<u>Net Position</u>				
Net investment in capital assets	13,291,345	14,134,330	(842,985)	-6%
Restricted	1,251,931	1,200,788	51,143	0%
Unrestricted	(3,618,108)	(4,275,781)	657,673	-15%
Total net position	\$ 10,925,168	\$ 11,059,337	\$ (134,169)	-1%

Net position of \$10,925,168 at June 30, 2016 as compared to \$11,059,337 at the close of the prior fiscal year changed due to the following:

- Cash and investments of \$6,606,250 increased \$783,974 compared to the previous fiscal year mainly as a result of increased property tax and sales tax revenue, including Measure D sales tax.
- Receivables increased by \$315,926 also due largely to increased property tax and sales tax revenue.
- Net capital assets decreased by \$1,034,507 due to a change in the Town's capitalization policy.
- Total liabilities increased by \$871,422 due in large part to increases in net pension liability.
- Noncurrent liabilities of \$15,463,826 included the unfunded net pension liability, noncurrent portion of insurance claim liabilities, the noncurrent portion of long term debt, and the postemployment benefit plan obligation.

A condensed presentation of the Statement of Activities is presented in the following table comparing last fiscal year to the most recently completed fiscal year:

**Town of San Anselmo  
Management's Discussion and Analysis  
June 30, 2016**

**Statement of Activities  
Comparison of FY 2016 and 2015**

	June 30		Amount Change	Percent Change
	2016	2015		
<u>Revenue</u>				
Program revenue	\$ 2,625,088	\$ 2,334,720	\$ 290,368	12%
General revenue	16,591,366	16,373,249	218,117	1%
Total revenue	<u>19,216,454</u>	<u>18,707,969</u>	<u>508,485</u>	3%
<u>Expenses</u>				
General government	2,455,769	1,800,613	655,156	36%
Public safety	7,342,739	7,134,935	207,804	3%
Public works/streets	1,669,908	1,745,830	(75,922)	-4%
Planning/engineering	1,789,591	1,263,757	525,834	42%
Parks/recreation/library	3,309,923	2,798,587	511,336	18%
Other	2,782,693	1,063,439	1,719,254	162%
Total expenses	<u>19,350,623</u>	<u>15,807,161</u>	<u>3,543,462</u>	22%
Change in Net Position	(134,169)	2,900,808	(3,034,977)	-105%
Net Position - beginning	11,059,337	12,393,651	(1,334,314)	-11%
Prior year adjustment	-	(4,235,122)	4,235,122	
Net Position - end of year	<u>\$ 10,925,168</u>	<u>\$ 11,059,337</u>	<u>(134,169)</u>	-1%

General government expenses increased by \$655,156. This increase was due in part to a payment of \$255,676 for the unfunded CalPERS retirement liability. CalPERS changed its method of collecting retirement payments, resulting in an overall increase of \$155,690. However, the entire \$255,676 was charged to general government instead of individual departments as in past years. Also, the net loss to the Insurance Fund of \$276,427 is included in the general government category.

Planning and Engineering expenses increased by \$525,834 due primarily to increases in road construction and road paving projects as well as to increases in unprogrammed resurfacing and drainage expenditures.

The increase of \$1,719,254 in the Other expense category is due in large part to accelerated depreciation of obsolete assets.

Net position decreased \$134,139.

**Analysis of Major Governmental Funds**

**General Fund**

Total revenue and *transfers in* from other funds that comprise the general fund include (1) the Measure D Sales Tax fund, (2) the Emergency fund, and (3) the Downtown Revitalization fund. Total general fund revenue exceeded budgeted revenue by \$528,684. This includes property tax exceeding the budgeted amount by \$345,635 and other taxes, including Measure D sales tax, exceeding the budget by \$141,682.

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**Management's Discussion and Analysis**  
**June 30, 2016**

Expenditures and *transfers out* for the general fund were \$402,662 less than the budgeted amount, mainly because of staff turnover and unfilled positions for part of the year.

Recreation Fund

During fiscal year 2015-16, revenue in the recreation fund was collected in the amount of \$1,478,742, which was \$232,053 more than the budgeted amount. Expenditures for the year totaled \$1,449,070. Included in the expenditures is a transfer of \$60,000 to the Community Facilities Master Planning Fund. The ending balance increased by \$29,672.

Isabel Cook Complex Fund

The Isabel Cook Complex fund had a negative beginning fund balance of (\$180,268). Expenditures exceeded revenue in fiscal year 2014-15 by \$23,000, bringing the ending fund balance to negative (\$157,268). This fund receives its revenue through rental income. Capital improvements were recently made to increase the space available for rent.

Grant Fund

The Grant fund's purpose is to track grant proceeds, mainly those associated with street resurfacing and other capital improvement projects. For fiscal year 2015-16, revenue exceeded expenditures by \$132,441.

Capital Asset and Debt Administration

Capital Assets - the Town's investment in capital assets at year end was \$20,976,682, net of depreciation, a decrease of \$1,034,507 as compared with the previous fiscal year, primarily due to a change in the capitalization policy which resulted in the removal of many assets from the capitalization list and to accelerate depreciation of obsolete assets.

Long-term debt - the Town had \$15,900,889 outstanding in long-term debt and obligations (not including insurance claims). This is an increase of \$631,447 as compared to the prior fiscal year. This increase is primarily due to increased pension liability.

**Economic Outlook and Budget for 2016-2017**

**Revenue:** The nationwide reduction in real estate activity has turned around and there are definite signs of economic recovery. Our property tax revenue is projected to show an increase over 2015-16 figures of 4.81%. Approximately 75% of our General Fund revenue comes from property tax related revenue.

There are some indicators that other activity is picking up as well. Revenue sources are showing steady increases, including franchise fees, construction permits, sales tax, and ERAF. While these increases are modest, they are an indicator that the economy is slowly improving.

**Expenditures:** The 2016-17 budget represents the status quo in most Department budgets. Employee-related expenses make up approximately 70% of the Town expenditures, including the Fire and Police Departments. Three new positions were approved by the Town Council in 2016-17: an Assistant Engineer, a Maintenance Worker, and an Administrative Assistant in the Public Works Department. Town employees received a 3% increase in salary in the 2016-17 fiscal year. As of July 1, 2015, the Town does not pay any amount towards the employee portion of the defined benefit pension plan costs administered by CalPERS.

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. On January 1, 2013, the California Public Employees' Pension Reform Act of 2013 (PEPRA) went into effect. The pension reform bill impacts new public employees and establishes a cap on the amount of compensation that can be used to calculate a retirement benefit. In 2015-16, more than half of the Town's employees were enrolled in the two lower cost tiers.

**Town of San Anselmo**  
**Management's Discussion and Analysis**  
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In 2003, CalPERS combined all governmental agencies with less than 100 members into risk pools based on plan type. An 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 Town's Side Fund obligation is saving the Town approximately \$60,000 per year.

In May 2014, the CalPERS Board adopted changes to the existing pooling structure policies and a new policy for allocating the pools' unfunded accrued liability, effective for the 2015-16 employer contribution rates. Due to unintended consequences resulting from the PEPPRA changes and existing PERS policies on risk pools, changes were necessary to ensure the proper funding of the pools. In order to address the problem, CalPERS combined twelve risk pools into two, one for Safety and one for Miscellaneous and employer contributions toward the unfunded liability for plans in a risk pool will be collected for an estimated 30 years as dollar amounts instead of contribution rates expressed as a percentage of payroll. These lump sum payments are reflected in the Expenditure Summary under General Fund Departments, Debt Service (Pension Obligation Bonds).

In 2015-16, employer pension rates for the two pension tiers fell 34.4% for the Tier 1 plan and 26.3% for the Tier 2 plan. The reduction in rates is reflective of the new methodology of lump sum payments as opposed to percentage of salary. In 2016-17 rates rose for Tier 1 (6.1% increase) and for Tier 2 (3.7%).

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 \$425,000 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 requires no matching funds on the part of the Town. Figures below indicate the total amount of each grant. Actual budgeted expenditures for 2016-17 are, in many cases, less than the total amount of the grant since projects often span multiple years. Grants include:

- Bridge Preventative Maintenance Program (\$464,700).
- Safe Pathways project on S.F. Drake and Butterfield (\$350,000).
- Federal Safe Routes to Schools (various neighborhoods) (\$517,833).
- Caltrans funding for the design of Madrone, Nokomis and Center Blvd. Bridges (\$1.75 million).
- California Department of Water Resources grant for a flood mitigation project (\$8.7 million).
- Caltrans grant to build the Red Hill/Sunny Hills trail (\$21,026).
- Low Impact Development (LID) Grant for Magnolia lot, Greenfield parklet and Corporation Yard debris pad (\$496,574).
- Zero Waste Grant, funding to work toward our goal of zero waste (\$21,070).

### **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.

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Management's Discussion and Analysis  
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- Relying heavily on a relatively fixed tax base, restricted by a geography offering few development possibilities for tax revenue expansion.

**Capital Project Commitments**

The 7-Year Capital Improvement Plan (CIP) was prepared by staff in 2014-15 based on the 2014 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 9, 2015. Construction planning for 2016-17 is underway and reflected in the Road Maintenance Fund and Measure D Sales Tax Fund. The entire seven-year plan is available on the Town's website:

<http://www.townofsananselmo.org/DocumentCenter/View/3568>

The 2016-17 budget also reflects funds for the following capital projects:

- Improvements to Memorial Park through Snack Shack funds.
- Robson House ADA improvements, including exterior restrooms.
- Robson House exterior painting
- Initiation of arterial median improvements through a Master Plan document.

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.

**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. The newly-established Sales Tax Fund tracks activity related to capital projects funded through the fund.

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

(415) 258-2678

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

**TOWN OF SAN ANSELMO**  
**Government-wide Financial Statements**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Total Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and investments	\$ 6,606,250
Receivables	900,926
Prepaid expenses	57,262
Total current assets	7,564,438
<b>Noncurrent Assets</b>	
Capital assets not being depreciated	2,591,850
Capital assets, net of depreciation	18,384,832
Total noncurrent assets	20,976,682
Total assets	28,541,120
<b>Deferred Outflows of Resources</b>	
Deferred pensions	676,095
Total assets and deferred outflows of resources	29,217,215
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Payables	505,287
Accrued interest	73,487
Deposits	640,745
Deferred revenue	255,757
Insurance claims payable	105,801
Total current liabilities	1,581,077
<b>Noncurrent Liabilities</b>	
Due within one year	1,167,909
Due in more than one year	14,732,980
Insurance claims due in more than one year	207,473
Total noncurrent liabilities	16,108,362
Total liabilities	17,689,439
<b>Deferred Inflows of Resources</b>	
Deferred pensions	602,608
Total liabilities and deferred inflows of resources	18,292,047
<b>NET POSITION</b>	
Net investment in capital assets	13,291,345
Restricted	1,251,931
Unrestricted	(3,618,108)
Total net position	\$ 10,925,168

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



**TOWN OF SAN ANSELMO**  
**Government-wide Financial Statements**  
**Statement of Activities**  
**Year Ended June 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	
Governmental Activities:					
General government	\$ 2,455,769	\$ -	\$ -	\$ -	\$ (2,455,769)
Public safety	7,342,739	-	-	-	(7,342,739)
Planning/engineering	1,789,591	125,484	22,033	-	(1,642,074)
Public works/streets	1,669,908	282,316	716,513	-	(671,079)
Recreation, parks, library	3,309,923	1,478,742	-	-	(1,831,181)
Depreciation	2,376,530	-	-	-	(2,376,530)
Debt service-interest	406,163	-	-	-	(406,163)
Totals	<u>\$ 19,350,623</u>	<u>\$ 1,886,542</u>	<u>\$ 738,546</u>	<u>\$ -</u>	<u>(16,725,535)</u>

**General Revenue**

Property taxes	11,797,565
Sales taxes	2,022,639
Franchise fees	721,628
Property transfer taxes	107,445
Fines and forfeitures	143,642
Intergovernmental	33,237
Licenses and permits	969,297
Gasoline taxes	249,761
Use of property and money	149,331
Other revenue	446,821
Transfers in (out)	(50,000)
Total	<u>16,591,366</u>
Change in Net Position	(134,169)
Net Position - beginning	11,059,337
Net Position - end of year	<u>\$ 10,925,168</u>

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

***FUND FINANCIAL STATEMENTS***

**TOWN OF SAN ANSELMO**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Recreation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 3,840,404	\$ -	\$ 620,081	\$ 1,827,229	\$ 6,287,714
Receivables	658,392	204,037	14,467	24,027	900,923
Prepaid expenses	33,771	-	5,913	3,026	42,710
Total assets	<u>\$ 4,532,567</u>	<u>\$ 204,037</u>	<u>\$ 640,461</u>	<u>\$ 1,854,282</u>	<u>\$ 7,231,347</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Payables	\$ 400,230	\$ 31,138	\$ 47,369	\$ 19,708	\$ 498,445
Cash overdraft	-	138,754	-	125,764	264,518
Deposits	636,640	-	-	4,105	640,745
Deferred revenue	-	-	255,757	-	255,757
Total liabilities	<u>1,036,870</u>	<u>169,892</u>	<u>303,126</u>	<u>149,577</u>	<u>1,659,465</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	85,272	-	-	1,166,659	1,251,931
Committed	-	-	-	-	-
Assigned	224,788	34,145	337,335	668,136	1,264,404
Unassigned	<u>3,185,637</u>	<u>-</u>	<u>-</u>	<u>(130,090)</u>	<u>3,055,547</u>
Total fund balances	<u>3,495,697</u>	<u>34,145</u>	<u>337,335</u>	<u>1,704,705</u>	<u>5,571,882</u>
Total liabilities and fund balances	<u>\$ 4,532,567</u>	<u>\$ 204,037</u>	<u>\$ 640,461</u>	<u>\$ 1,854,282</u>	<u>\$ 7,231,347</u>

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

**TOWN OF SAN ANSELMO**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2016**

**Amounts reported for governmental activities in the statement of net position are different because of:**

Total fund balances - governmental funds (page 14)	\$ 5,571,882
(1) Capital assets used in governmental activities are not financial resources and therefore, are not reported in the balance sheet.	20,976,682
(2) Long-term liabilities and obligations are not due and payable in the current period and therefore, are not reported in the balance sheet.	(15,900,889)
(3) Accrued interest payable on long-term debt reported in the statement of net position.	(73,487)
(4) Internal Service Funds are used by management to charge the cost of insurance to one fund. Those assets and liabilities are included in the statement of net position.	277,493
(5) Deferred outflows of resources reported in the statement of net position.	676,095
(6) Deferred inflows of resources reported in the statement of net position.	<u>(602,608)</u>
Net position of governmental activities (page 12)	<u>\$ 10,925,168</u>

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

**TOWN OF SAN ANSELMO**  
**Statement of Revenue, Expenditures, and Change in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2016**

	<b>General</b>	<b>Grants</b>	<b>Recreation</b>	<b>Other</b>	<b>Total</b>
<b>REVENUE</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>
Property taxes	\$ 10,920,266	\$ -	\$ -	\$ 877,299	\$ 11,797,565
Other taxes	1,932,360	-	-	335,108	2,267,468
Franchise fees	721,628	-	-	-	721,628
Fines and forfeitures	143,642	-	-	-	143,642
Use of money and property	3,398	-	-	145,933	149,331
Intergovernmental and agency	139,913	738,546	-	249,761	1,128,220
Licenses and permits	969,297	-	-	-	969,297
Charges for services	125,484	-	1,478,742	282,316	1,886,542
Other revenue	190,406	-	-	12,355	202,761
Total revenue	<u>15,146,394</u>	<u>738,546</u>	<u>1,478,742</u>	<u>1,902,772</u>	<u>19,266,454</u>
 <b>EXPENDITURES</b>					
Current -					
Town administration	1,131,399	-	-	-	1,131,399
Nondepartmental	620,564	2,899	-	-	623,463
Public safety	7,342,739	-	-	-	7,342,739
Streets	734,119	-	-	802,002	1,536,121
Community development	1,365,108	-	-	-	1,365,108
Library	587,663	-	-	-	587,663
Parks and recreation	581,431	-	1,356,729	359,617	2,297,777
Capital projects	964,530	603,206	-	166,557	1,734,293
Debt service	468,818	-	-	1,003,867	1,472,685
Total expenditures	<u>13,796,371</u>	<u>606,105</u>	<u>1,356,729</u>	<u>2,332,043</u>	<u>18,091,248</u>
 Excess (Deficiency) of Revenue					
Over (Under) Expenditures	<u>1,350,023</u>	<u>132,441</u>	<u>122,013</u>	<u>(429,271)</u>	<u>1,175,206</u>
 Other financing sources / (uses)					
Operating transfers in	282,101	-	-	958,517	1,240,618
Operating transfers (out)	(948,517)	-	(92,341)	(249,760)	(1,290,618)
Total other financing sources	<u>(666,416)</u>	<u>-</u>	<u>(92,341)</u>	<u>708,757</u>	<u>(50,000)</u>
 <b>CHANGE IN FUND BALANCES</b>					
	683,607	132,441	29,672	279,486	1,125,206
Fund balances - beginning	<u>2,812,090</u>	<u>(98,296)</u>	<u>307,663</u>	<u>1,425,219</u>	<u>4,446,676</u>
Fund balances - end of year	<u>\$ 3,495,697</u>	<u>\$ 34,145</u>	<u>\$ 337,335</u>	<u>\$ 1,704,705</u>	<u>\$ 5,571,882</u>

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

**TOWN OF SAN ANSELMO**  
**Reconciliation of the Statement of Revenue, Expenditures, and Change in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2016**

**Amounts reported for governmental activities in the statement of activities are different because:**

Change in fund balances - governmental funds (page 16)	\$	1,125,206
 Capital assets		
(1) The acquisition of capital assets uses current financial resources but has no effect on net position.		2,024,989
(2) The cost of capital assets is allocated over their estimated useful lives and and reported as depreciation expense in the statement of activities.		(620,795)
(3) The accelerated depreciation of obsolete assets does not require the use of financial resources.		(1,755,735)
 Long-term liabilities and obligations		
(4) Principal payments against long-term liabilities and obligations use current resources but have no effect on net position.		1,066,522
 Measurement focus		
(5) Certain revenue and expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as revenue or expenditures in governmental funds.		
Change in compensated absences liability		9,492
Change in accrued other postemployment benefits (OPEB) liability		(51,835)
Change in net pension liability		(1,655,586)
 Internal Service funds		
(6) Internal service funds are used by management to charge the costs of insurance to internal funds. The net revenue (loss) is reported with governmental activities.		<u>(276,427)</u>
 Change in net position of governmental activities (page 13)	 \$	 <u><u>(134,169)</u></u>

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

**TOWN OF SAN ANSELMO**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Governmental            Activities            Internal Service            Fund</b>
<b>Assets</b>	
Cash and investments	\$ 583,057
Receivables	-
Prepaid expenses	14,552
Total assets	597,609
<b>Liabilities</b>	
Current liabilities:	
Payables	6,842
Claims payable - current	105,801
Total current liabilities	112,643
Noncurrent liabilities:	
Claims payable - due in more than one year	207,473
Total liabilities	320,116
<b>Net Position</b>	
Unrestricted	277,493
Total net position	\$ 277,493

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

**TOWN OF SAN ANSELMO**  
**Proprietary Funds**  
**Statement of Revenue, Expenses, and Change in Net Position**  
**Year Ended June 30, 2016**

	<b>Governmental Activities Internal Service Fund</b>
<b>Operating Revenue</b>	<b>Fund</b>
Charge for services	\$ -
<b>Operating Expenses</b>	
Insurance costs	326,427
Operating income (loss)	(326,427)
Income Before Contributions/Transfers	
Transfers in	50,000
<b>Change in Net Position</b>	(276,427)
Net Position - beginning	553,920
Net Position - end of year	\$ 277,493

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



**TOWN OF SAN ANSELMO  
Proprietary Funds  
Statement of Cash Flows  
Year Ended June 30, 2016**

<b>CASH FLOWS PROVIDED BY (USED FOR)</b>	<b>Governmental Activities Internal Service Fund</b>
<b>Operating Activities</b>	
Cash paid to vendors	\$ (221,914)
Cash paid for benefit claims	(80,291)
Net cash provided (used)	<u>(302,205)</u>
<b>Noncapital Financing Activities</b>	
Transfers in	<u>50,000</u>
Net cash provided (used)	<u>50,000</u>
<b>Net Increase (Decrease) in Cash</b>	(252,205)
Cash and cash equivalents - beginning	<u>835,262</u>
Cash and cash equivalents - end of year	<u><u>\$ 583,057</u></u>
<b>Operating Activities Analysis</b>	
Operating Income (Loss)	\$ (326,427)
Reconciliation adjustments:	
(Increase) decrease in receivables	1,359
(Increase) decrease in prepaid expenses	(822)
Increase (decrease) in payables	4,707
Increase (decrease) in claims	18,978
Net cash provided (used)	<u><u>\$ (302,205)</u></u>

*The accompanying notes to financial statements are an integral part of this financial statement*

**TOWN OF SAN ANSELMO**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2016**

	<u>Agency Fund</u>
<b>Assets</b>	
Cash and investments	<u>\$ 11,600</u>
<b>Liabilities</b>	
Deposits - Snack Shack food concession stand	<u>\$ 11,600</u>

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

**TOWN OF SAN ANSELMO**  
**Notes to Financial Statements**  
**June 30, 2016**

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the Town as follows:

- Note 1 - Defining the Financial Reporting Entity
- Note 2 - Summary of Significant Accounting Policies
- Note 3 - Stewardship, Compliance and Accountability
- Note 4 - Cash and Investments
- Note 5 - Capital Assets
- Note 6 - Long-term Obligations
- Note 7 - Interfund Transfers
- Note 8 - Postemployment Benefits Other Than Pensions
- Note 9 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
- Note 10 - Jointly Governed Organizations
- Note 11 - Commitments and Contingencies
- Note 12 - Risk Management
- Note 13 - Subsequent Events
- Note 14 - Future Accounting Pronouncements
- Note 15 - Fund Balance Designations Section of the Balance Sheet

**TOWN OF SAN ANSELMO**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 1 - Defining the Financial Reporting Entity**

The Town of San Anselmo (the Town) was incorporated in 1907 under the laws of the State of California. San Anselmo operates under a Council-Manager form of government. The Town provides municipal services to its citizens including police, public works, community development and general administrative support. These financial statements present the financial status of the Town.

The Town participates in several Joint Powers Agreements (JPAs) with the following entities:

- Bay Cities Joint Powers Insurance Authority
- Central Marin Police Authority
- Hazardous Materials Spills Management JPA
- Marin Emergency Radio Authority
- Marin General Services Authority
- Marin Telecommunications Agency
- Ross Valley Fire Department JPA
- Ross Valley Paramedic Authority

The financial activities of the JPAs are not included in the accompanying financial statements because they are administered by governing boards which are separate from, and independent of the Town.

**Note 2 - Summary of Significant Accounting Policies**

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Town are described as follows:

Financial Statements

In accordance with GASB Statement No. 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*," the financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The government-wide financial statements (ie, the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment taxes.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate entity. The

**TOWN OF SAN ANSELMO**  
**Notes to Financial Statements**  
**June 30, 2016**

operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/equity, revenue, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are organized as follows:

Governmental Funds

*The General Fund* is the Town's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

*Capital Projects Funds* are used to account for revenue and expenditures restricted to the acquisition or construction of major capital facilities (other than those financed by Proprietary or Trust funds).

*Debt Service Funds* are used to account for the accumulation of resources for, and the payment of, governmental fund long-term debt, both principal and interest.

*Internal Service Funds* are 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.

Fiduciary Funds

*Agency Funds* are used to account for assets administered by the Town in a trustee capacity or as an agent for other governments, primarily special assessment districts. Agency Funds are custodial in nature (assets and liabilities), and do not involve measurement of results of operations.

Major Funds

The Town's Major Funds are as follows:

*General Fund* - this fund is used to account for the general operations of the Town, and is used to account for all financial resources except those required to be accounted for in another fund.

*Grants Fund* - this fund is used to account for the intergovernmental grant funds received with expenditure restrictions such as to be used for roads, sidewalks, and capital improvement projects.

*Recreation Fund* - this fund is used to account for services provided to the community such as sports, leisure, arts and recreational activities and classes, and is funded by user fees.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The government-wide financial statements are accounted for using the flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net position. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The governmental funds financial statements are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental fund

**TOWN OF SAN ANSELMO**  
**Notes to Financial Statements**  
**June 30, 2016**

operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Revenue is recognized when it becomes both measurable and available to finance the expenditures of the current period (susceptible to accrual). Major revenue sources susceptible to accrual include substantially all property taxes, taxpayer-assessed taxes (such as sales and use, utility users, business license, transient occupancy, franchise fees and gasoline taxes), interest, special assessments levied, state and federal grants, and charges for current services. Revenue from licenses, permits, fines and forfeits is recorded as received. Expenditures are recorded when the related fund liability is incurred. Fiduciary Fund revenue and expenses or expenditures (as appropriate) are recognized on the basis consistent with the fund's accounting measurement objective. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of 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 revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Investments

Deposits in financial institutions, money market funds, and the State Treasurer's investment pool are reported as cash and investments since funds can spend cash at any time without prior notice or penalty. All investments with fiscal agents are also considered cash equivalents if they are liquid. Investments are stated at fair value.

Receivables and Payables

Property, sales, and use taxes related to the current fiscal year are accrued as revenue and accounts receivable are considered available if received within 60 days of fiscal year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available. The Town considers these taxes available if they are received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur. Grants, entitlements or shared revenue are recorded as receivables and revenue in the general, special revenue, and capital projects funds when they are received or susceptible to accrual.

Balances representing lending/borrowing transactions between funds outstanding at the end of the fiscal year are reported as either "due to/due from other funds" (amounts due within one year), "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions), or "loans to/from other funds" (long-term lending/borrowing transactions as evidenced by loan agreements).

Allowance for Doubtful Accounts

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Capital Assets

Capital assets are reported in the government-wide statement of net position. Capital assets are stated at historical cost, when available and at estimated replacement cost when original cost was not available. Donated assets are stated at estimated market value at date of donation. The Town's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$10,000, with an estimated useful life in excess of two years.

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from five to thirty years. As permitted under GASB Statement No. 34, small governments are allowed to report infrastructure assets prospectively beginning in fiscal year 2003-04.

Compensated Absences

Compensated absences represent the vested portion of accumulated vacation and compensated time off with a

**TOWN OF SAN ANSELMO**  
**Notes to Financial Statements**  
**June 30, 2016**

maximum of 240 hours. The Town's method of calculating the liability is in accordance with GASB Statement No. 16, except that additional accruals for salary-related payments associated with the payment of compensated absences, for example, the employer's share of pension contributions, social security and medicare taxes, have not been accrued as that amount is not considered significant or material to the financial statements taken as a whole.

Long-term Obligations

In the government-wide financial statements, long-term debt and obligations are reported as liabilities in the applicable statement of net position. Bond premiums, issuance costs and discounts are deferred and amortized over the life of the bond. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Net Position and Fund Balances

Net position designations are classified on the government-wide statement of net position as follows:

- Net Investment in capital assets - represents the Town's total investment in capital assets reduced by any outstanding debt used to acquire those assets.
- Restricted net position - includes resources that the Town is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Unrestricted net position - represents resources derived from sources without spending restrictions, are used for transactions relating to the general operations of the Town, and may be used at the discretion of those charged with governance to meet current expenses or obligations for any purpose.

In accordance with GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*," governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Town is bound to honor constraints on how specific amounts can be spent, as follows:

- Nonspendable - amounts that cannot be spent because they are either (a) legally or contractually required to be maintained intact or (b) not in spendable form such as long-term notes receivable.
- Restricted - amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.
- Committed - amounts that can be used only for the specific purposes determined by a *formal action* of the Town Council, to establish, modify or rescind a fund balance commitment.
- Assigned - amounts that are constrained by the government's *intent* to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, as determined by a formal action or policy of the Town Council or its appointed official.
- Unassigned - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Pensions

In government-wide financial statements, retirement plans are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the fiduciary net position (assets owned) of the pension reflected in the



**TOWN OF SAN ANSELMO**  
**Notes to Financial Statements**  
**June 30, 2016**

actuarial report provided by the California Public Employees Retirement System (CalPERS). The net pension liability is measured as of the Town's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

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

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

Property Tax Revenue

Property taxes in the State of California are administered for all local agencies at the County level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

- Property Valuations - are established by the Assessor of Marin County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the California State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.
- Tax Levies - are limited to 1% of full assessed value which results in a tax rate of \$1.00 per \$100 assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.
- Tax Levy Dates - are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.
- Tax Collections - are the responsibility of the Marin County's tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.
- Tax Levy Apportionments - due to the nature of the Town-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by each County auditor-controller based



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primarily on the ratio that each agency represented of the total Town-wide levy for the three fiscal years prior to fiscal year 1979.

- Property Tax Administration Fees - the State of California fiscal year 1990-91 Budget Act authorized Counties to collect an administrative fee for its collection and distribution of property taxes.

***Note 3 - Stewardship, Compliance and Accountability***

Budgetary Information

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

1. The Town Manager submits to the Town Council a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The Town Council reviews the proposed budget at special scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is adopted through the passage of a resolution.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various Town departments. The Town Council may amend the budget by resolution during the fiscal year. The Town Manager may authorize transfers from one object or purpose to another within the same department, and between departments within the General Fund. All appropriations lapse at year end.

Economic Dependency

In fiscal year 2015-16, the Town received 73% of its total general fund revenue from one source; property taxes. Any reduction in assessed property values or reductions in the Town's property tax share due to the State's ongoing budget issues could have serious consequences to the Town's operating budget.

Revenue Limitations Imposed By California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the Town's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in future years by the voters.

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**Note 4 - Cash and Investments**

The Town follows the practice of pooling cash and investments of all funds except for restricted funds required to be held by outside custodians, fiscal agents or trustees under the provisions of bond indentures. Cash and investments at June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position		
Cash and investments	\$	6,606,250
Statement of Fiduciary Net Assets		
Cash and investments		11,600
	\$	<u>6,617,850</u>
Cash and Investments are comprised of the following:		
Deposits with financial institutions:		
checking accounts		4,350,313
Investment with Local Agency Investment Fund		2,267,537
	\$	<u>6,617,850</u>

Investment in State Investment Pool

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the California State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. LAIF is part of the Pooled Money Investment Account (PMIA) and under the control of the State Treasurer's Office, which is audited by the Bureau of State Audits on an annual basis. As of June 30, 2016, PMIA had approximately \$75.4 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer.

The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City'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.

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. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the maturity date and yield of each investment:

		<u>Maturity / Yield</u>
State investment pool (LAIF)	\$2,267,537	6 months average maturity, 0.55% yield

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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the Town contains limitations on the amount that can be invested in any single issuer as follows: 30% to 40% for Bankers acceptances, 25% for Commercial paper, 30% for Negotiable certificates of

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deposit, 30% for Medium-term notes, and no limit for US Treasury obligations, US Agency obligations, Federal Instrumentalities, State of California Bonds and Registered Warrants, LAIF, Passbook savings account demand deposits, and Bonds, Notes, & Warrants of a local governmental agency within the State of California. There are no investments in any single issuer that represent 5% or more of total Town investments other than LAIF. Nearly 34% of the Town's cash and investments at year end were invested in LAIF.

**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 California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: "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 market 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 Town deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At fiscal year end the Town had \$4,133,734 that was not covered by depository insurance but collateralized by either marketable securities, first trust deed mortgage notes, or a combination of both.

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 and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

**Note 5 - Capital Assets**

The following is a summary of changes in the Town's capital assets as reported in the Governmental-wide financial statements:

<u>Non-depreciable Assets</u>	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
Land	\$ 2,591,850	\$ -	\$ -	\$ 2,591,850
<u>Depreciable Assets</u>				
Buildings and improvements	13,075,846	749,529	(368,928)	13,456,447
Furniture and equipment	2,605,212	303,535	(1,691,405)	1,217,342
Infrastructure	14,044,894	971,925	(378,368)	14,638,451
	29,725,952	2,024,989	(2,438,701)	29,312,240
<u>Accumulated Depreciation</u>	(10,306,613)	-	(620,795)	(10,927,408)
Depreciable assets, net	19,419,339	2,024,989	(3,059,496)	18,384,832
Total capital assets, net	<u>\$ 22,011,189</u>	<u>\$ 2,024,989</u>	<u>\$ (3,059,496)</u>	<u>\$ 20,976,682</u>

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Obsolete capital assets were expensed in the amount of \$2,376,530 on the Statement of Net Position. Annual depreciation expense was charged to department functions and programs based upon their use of the related capital assets:

Engineering	\$ 266,416
Finance	10,775
Public safety fire dept.	841
Town administration	189,406
Parks	11,840
Recreation	14,107
Streets	127,410
	\$ 620,795

**Note 6 - Long-term Obligations**

The following is a summary changes in the Town's long-term debt and obligations as reported in the Government-wide financial statements:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of Year</u>	<u>Due Within One Year</u>
2003 General Obligation	\$ 2,040,000	\$ -	\$ (85,000)	\$ 1,955,000	\$ 90,000
2011 General Obligation	4,725,000	-	(465,000)	4,260,000	495,000
2012 Pension Obligation	2,629,000	-	(375,000)	2,254,000	405,000
Municipal lease	1,049,569	-	(111,143)	938,426	116,354
Vehicle leases	62,290	-	(30,379)	31,911	29,936
Due to BCJPIA	500,000	-	-	500,000	-
Net pension liability	3,643,856	1,655,586	-	5,299,442	-
Net OPEB liability	483,801	51,835	-	535,636	-
Compensated absences	135,966	-	(9,492)	126,474	31,619
	\$ 15,269,482	\$ 1,707,421	\$ (1,076,014)	\$ 15,900,889	\$ 1,167,909

2003 General Obligation Bonds

On February 1, 2003, the Town issued \$2,565,000 of General Obligation Bonds to fund capital improvements to the Town's streets and storm drains. Interest is due semi-annually on February 1 and August 1, with principal payments due August 1 annually. Total annual payments are approximately \$180,000 increasing annually, with an average annual interest rate of 4.5%. The debt matures in fiscal year 2028-29. As of June 30, 2016, the outstanding balance was \$1,955,000.

2011 General Obligation Bonds

On April 21, 2011, the Town issued \$5,955,000 of General Obligation Bonds for the purpose of refunding the \$5,894,928 of outstanding 1995, 1997, and 2000 General Obligation Bonds. Interest is due semi-annually on February 1 and August 1, with principal payments due August 1 annually. Total annual payments are approximately \$640,000 increasing annually, with a current average annual interest rate of 3.2% that increases with time. The debt matures in fiscal year 2025-26. As of June 30, 2016, the outstanding balance was \$4,260,000.

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2012 Pension Obligation Bonds

On May 29, 2012, the Town issued \$3,583,000 of Taxable Pension Obligation Bonds for the purpose of paying off the Town's outstanding "side fund" obligation due to the California's Public Retirement System. Principal and interest payments are due semi-annually each June 30 and December 31. Total annual payments are approximately \$230,000 increasing annually with an annual interest rate of 3.641%. The debt matures in fiscal year 2021-22. As of June 30, 2016, the outstanding balance was \$2,254,000.

Future bond payment requirements consist of the following:

Year Ending					
June 30,	2003 Bonds	2011 Bonds	2012 Bonds	Interest	Total
2017	\$ 90,000	\$ 495,000	\$ 405,000	\$ 319,413	\$ 1,309,413
2018	100,000	515,000	437,000	285,382	1,337,382
2019	110,000	545,000	470,000	246,203	1,371,203
2020	115,000	575,000	504,000	203,753	1,397,753
2021	125,000	620,000	211,000	161,084	1,117,084
2022-26	785,000	1,510,000	227,000	401,472	2,923,472
2027-29	630,000	-	-	62,565	692,565
	<u>\$ 1,955,000</u>	<u>\$ 4,260,000</u>	<u>\$ 2,254,000</u>	<u>\$ 1,679,872</u>	<u>\$ 10,148,872</u>

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 agrees to lease to the Corporation, the Town's Fire Station No. 19 ("property"), and the Corporation agrees to make available to the Town \$1,700,000 through an advanced rental payment agreement, which will enable the Town to finance the restoration, remodeling and expansion of the subject property. The Corporation agrees to lease the property back to the Town, and the Town agrees to make lease payments for use of the property. Payments are \$158,517 per year with an approximate interest rate of 4.5%. As of June 30, 2016, the outstanding balance was \$938,426.

Future minimum lease obligations and the net present value of the minimum lease payments consist of the following:

Year Ending	Net Present		Total
June 30,	Value	Interest	Payments
2017	\$ 116,354	\$ 42,163	\$ 158,517
2018	121,809	36,708	158,517
2019	127,521	30,996	158,517
2020	133,500	25,017	158,517
2021	139,759	18,758	158,517
2022-2023	299,483	17,550	317,033
	<u>\$ 938,426</u>	<u>\$ 171,192</u>	<u>\$ 1,109,618</u>

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Capital Vehicles Leases

The Town entered into three lease agreements, as lessee, for financing the acquisition of vehicles. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

On April 22, 2014, the Town entered into a lease/purchase agreement with Ally Bank for a 2014 Chevrolet truck. The term of the lease is 36 months, with monthly principal and interest payments of \$858 beginning April 2014 and ending March 2017. The value of the capital asset associated with the lease is \$27,844.

On July 11, 2014, the Town entered into a lease/purchase agreement with Ally Bank for a 2014 Chevrolet truck. The term of the lease is 36 months, with monthly principal and interest payments of \$947 beginning July 2014 and ending June 2017. The value of the capital asset associated with the lease is \$30,922.

On September 10, 2014, the Town entered into a lease/purchase agreement with Ally Bank for a 2015 Chevrolet truck. The term of the lease is 36 months, with monthly principal and interest payments of \$1,003 beginning September 2014 and ending August 2017. The value of the capital asset associated with the lease is \$32,743.

Future minimum lease obligations and the net present value of these minimum lease payments consist of the following:

<u>Year Ending June 30,</u>		
2017	\$	31,120
2018		<u>1,894</u>
Total minimum lease payments		33,014
Less: amount representing interest		<u>(1,103)</u>
Present value of minimum lease payments	\$	<u><u>31,911</u></u>

Due to BCJPIA

In fiscal year 2003, the Town acquired a real estate parcel for \$500,000 in connection with a settlement agreement, with terms stipulating that the Town repair and stabilize the land parcel with a prior landslide history. During fiscal years 2005 and 2006, the Town incurred costs of \$168,626 and \$581,377, respectively, to stabilize the land parcel. The Town's insurance carrier, Bay Cities Joint Powers Insurance Authority (BCJPIA) paid \$500,000 of the stabilization costs for which BCJPIA will be reimbursed by the Town upon the eventual sale of the land. The Town has no plans to sell the property within the next fiscal year.

Compensated Absences

Town employees accumulate earned but unused vacation benefits which can be converted to cash at termination of employment. No expenditure is reported for these accrued amounts in the governmental funds financial statements. However, in the statement of activities the expenditure is allocated to each function based on usage.

Vested compensated absences payable in accordance with various collective bargaining agreements at year end was reported in the statement of net position in the amount of \$126,474 of which \$31,619 (25%) is estimated to be paid within the next fiscal year.

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**Note 7 - Interfund Transfers**

Operating interfund transfers for the fiscal year comprise the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 282,101	\$ 948,517
Community Facilities Master Plan fund	60,000	-
Road Maintenance fund	530,000	-
Gasoline Tax fund	-	249,760
Recreation fund	-	92,341
Capital Reconstruction fund	25,000	-
Equipment Replacement fund	185,000	-
Municipal Lease fund	158,517	-
Insurance fund	50,000	-
	<u>\$ 1,290,618</u>	<u>\$ 1,290,618</u>

**Note 8 - Postemployment Benefits Other Than Pensions**

Plan Description

The Town provides retiree medical benefits to employees who retire from the Town at age 50 or later with at least 5 years of service and are eligible for a CalPERS pension. Eligible retirees are entitled to \$225 per month. This benefit continues for the life of the retiree and then for the life of a surviving spouse, as applicable.

Actuarial Method and Assumptions

The valuation was completed using the Entry Age Normal Cost Method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued.

Discount Rate

Valuation results were computed at a 4.00% discount rate. 4.00% is a reasonable long-term assumption of the Town's expected return on its investments.

Valuation Results and Accounting Requirements

The Actuarial Valuation of Postemployment Health Benefits report was prepared with a Valuation Date of June 30, 2014 to provide an estimate of the Town's liability for postemployment medical benefits attributable to past service rendered by current retirees and employees who are expected to receive the benefit. Public entities that sponsor postemployment benefits are required by Governmental Accounting Standards Board (GASB) Statement No. 45 to account for the cost of those benefits using accrual accounting rather than the more common pay-as-you-go accounting. This means that each employee's benefit will "accrue" throughout their working lifetime and that the Town will be required to show the annual accruals as a current year expense.

The amortization period and basis for developing payments was re-set effective July 1, 2014, following the transfer of active police employees to the Central Marin Police Authority and elimination of the unfunded AAL relating to those former employees. Collectively, the changes to the amortization period and method for developing the payments increased the annual required contribution relative to the prior approach.

The table below contains estimates of the present value of the cost of postemployment medical benefits attributable to past service rendered by current retirees and employees who are expected to receive the benefit.



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The estimates are based on the assumptions and methodology prescribed for Agencies that participate in the CalPERS administered California Employers' Retiree Benefit Trust Fund. The valuation results are based on a discount rate of 4.00%, assuming that the Town continues pay-as-you-go funding of the program. If the Town joins the CERBT Trust and contributes at least part of the Annual Required Contributions (ARC) each year, a higher discount rate may be possible. This could result in lower annual costs as reported under GASB 45.

A primary goal of GASB 45 is to require employers to recognize postemployment healthcare expense systematically over periods approximating employees' years of service. The Actuarial Accrued Liability represents the estimated present value of future benefits that are associated with past service rendered by employees and retirees. The Unfunded Actuarial Accrued Liability is the excess of the Actuarial Accrued Liability over the Actuarial Value of any Assets, as follows:

**Present Value of Future Postemployment Healthcare Cost**  
**Attributable to Past Service**  
**Fiscal Year 2015-16**

	4% Discount Rate
Actives	\$ 385,508
Retirees and Spouses	1,306,392
Total Actuarial Accrued Liability	\$ 1,691,900
Actuarial Value of Assets	-
Unfunded Actuarial Accrued Liability	\$ 1,691,900

Projected Postemployment Health Benefit Costs

The following table provides a ten-year projection of the pay-as-you-go cost to provide postemployment benefits to current retirees and future retirees from the Town's current employees:

**Estimated Annual Pay-as-you-go Cost**

Year	Estimated Amount
2016/17	\$ 86,472
2017/18	87,409
2018/19	87,971
2019/20	88,433
2020/21	88,713
2021/22	88,846
2022/23	88,778
2023/24	88,656
2024/25	88,141
2025/26	87,500



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Benefit Costs under GASB 45

The Annual Required Contribution (ARC) consists of the Normal Cost plus the portion of the Unfunded Actuarial Accrued Liability that is to be amortized in the current year. The Normal Cost is the portion of the actuarial present value of future benefits that is allocated to the current year. An employer is allowed to commence amortization of the Unfunded Actuarial Accrued Liability (UAAL) over a period not to exceed 30 years. The amortization method used in this valuation is the level dollar method. The Plan's remaining period is 28 years. The following table provides disclosure of information regarding the Town's Annual OPEB Cost and Obligation.

Calculation of the Annual Required Contributions  
Pay-As-You-Go Basis FYE June 30, 2016

**Funding Policy**

Discount rate	4.00%
Amortization method	Level Dollar
Initial amortization period (in years)	30
Remaining period (in years)	28

**Determination of Amortization Payment**

Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,691,900
Amortization Factor (based on 4.00% discount rate)	17.663
Payment	97,631

**Annual Required Contribution**

Normal Cost (based on the Entry Age Normal Method)	\$ 49,733
Amortization of UAAL	97,631
Interest	-
Total ARC at June 30, 2016	<u>\$ 147,364</u>

**Calculation of the Annual OPEB Expense**

ARC for the year	\$ 147,364
Interest on the Net OPEB obligation	19,352
Adjustment to ARC	(29,034)
Annual OPEB Cost	<u>137,682</u>

**Calculation of Expected Contribution**

Estimated payments on behalf of retirees	85,847
Estimated payments to OPEB trust	-
Total Expected Employer Contribution	<u>85,847</u>

Change in Net OPEB Obligation	51,835
Net OPEB Obligation - beginning of year	483,801
Net OPEB Obligation - end of year	<u>\$ 535,636</u>

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**Note 9 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**

**A. General Information about the Plan**

Plan Description

The Town provides pension benefits to eligible employees through a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). 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. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50-55 with statutorily reduced benefits. Death benefits are the pre-retirement Optional Settlement 2W Death Benefit, and the post-retirement death benefit lump sum. The cost of living adjustments for each plan are applied as specified by the Public Employees Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	February 1, 2007		
	Prior to February 1, 2007	to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years svc	5 years svc	5 year svc
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	55	62
Monthly benefits, as a % of eligible compensation	2.7%	2.0%	2.0%
Required employee contribution rates	7.947%	6.891%	6.308%
Required employer contribution rates	15.685%	10.781%	6.250%

Contributions

The Town makes contributions required as the employer. Employee members are required to make contributions of their annual covered salary in an amount depending upon date of hire. The contribution requirements of the plan are established and may be amended by CalPERS. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2016, employer pension plan contributions were \$466,182.

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

As of June 30, 2016, the Town reported net pension liabilities for its Proportionate Share of the Net Pension Liability of the Plan in the amount of \$5,299,442 which represented 0.0772%.

The Town's net pension liability of its Plan with CalPERS is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures.

For the year ended June 30, 2016, the Town recognized pension expense of \$608,299. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,706	\$ -
Changes of assumptions	-	176,977
Differences between expected and actual earnings	-	88,721
Change in employer's proportion	191,207	-
Differences between expected and actual contributions	-	336,910
Contributions after the measurement date	466,182	-
Totals	<u>\$ 676,095</u>	<u>\$ 602,608</u>

Recognition of Deferred Outflows and Inflows of Resources in Future Pension Expense as follows:

<u>Fiscal Year Ending June 30:</u>	
2017	\$ (188,171)
2018	(181,320)
2019	(136,610)
2020	113,406

***C. Actuarial Assumptions***

The total pension liability for this plan's actuarial valuation was determined using the following actuarial assumptions:

**TOWN OF SAN ANSELMO**  
**Notes to Financial Statements**  
**June 30, 2016**

Valuation Date	June 30, 2015
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.2% - 15.0% (1)
Investment Rate of Return	7.5% (2)

(1) Depending on age, service, and type of employment

(2) Net of pension plan investment expenses, including inflation

**D. Discount Rate**

The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65 percent investment return assumption used in this accounting valuation is gross of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return net of administrative expenses would be 7.50 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year and will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

**TOWN OF SAN ANSELMO**  
**Notes to Financial Statements**  
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Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each asset class. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CalPERS adheres to an Asset Allocation Strategy which establishes asset class allocation policy targets and ranges, and manages those asset class allocations within their policy ranges. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses. The asset allocation has an expected long-term blended rate of return of 7.5 percent.

Asset Class	New Strategic Allocation
Global Equity	51.00%
Global Fixed Income	20.00%
Inflation Sensitive Assets	6.00%
Private Equity	10.00%
Real Assets	12.00%
Other	0.00%
Liquid Assets	1.00%
	100.00%

***E. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Town's proportionate share of the unfunded net pension liability calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Discount Rate -1% 6.50%	Current Discount Rate 7.50%	Discount Rate +1% 8.50%
Net Pension Liability	\$ 8,601,144	\$ 5,299,442	\$ 2,573,503

**TOWN OF SAN ANSELMO**  
**Notes to Financial Statements**  
**June 30, 2016**

***Note 10 - Jointly Governed Organizations***

Central Marin Police Authority

The Central Marin Police Authority is a full service public safety and dispatch agency for the communities of Corte Madera, Larkspur, San Anselmo and portions of Greenbrae. The communities consolidated police services on January 1, 2013 after two years of planning and public discussion. The Central Marin Police Authority was formed under a Joint Powers Agreement (JPA) between the Town of Corte Madera, City of Larkspur and the Town of San Anselmo. Two members from each City/Town Council sit on and represent the Central Marin Police Council. Overall management of the Police Authority is the function of the Management Committee comprised of the City and Town Managers of each jurisdiction. Operational function of the Authority is assigned to the Chief of Police.

Hazardous Materials Spills Management Authority

This multi-agency and multi-jurisdictional agency responds to hazardous materials emergencies. The annual budget is determined by the Marin County Fire Chief's Association and is allocated on a jurisdiction percent of population based on the County of Marin's current census data. Financial statements may be obtained by mailing a request to the Hazardous Materials Response Team, c/o San Rafael Fire Department, 1039 C Street, San Rafael, CA 94901.

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 pay a pro-rata share of MERA's operations costs and debt service through year 2022, which are projected at \$64,000 per year.

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. 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.

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. 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.

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. Financial statements may be obtained from Ross Valley Fire Service, 777 San Anselmo Avenue, San Anselmo, CA 94960.

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

**TOWN OF SAN ANSELMO**  
**Notes to Financial Statements**  
**June 30, 2016**

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. 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, 2015, 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. Financial statements may be obtained by mailing a request to the City of Larkspur, 400 Magnolia Avenue, Larkspur, CA 94939.

***Note 11 - Commitments and Contingencies***

The Town receives funding from a number of federal, state and local grant programs. These programs are subject to financial and compliance review by grantors. Accordingly, the Town's compliance with applicable grant requirements will be determined at some future date. Expenditures, if any, which may be disallowed by the granting agencies, cannot be determined at this time. The Town does not expect the undeterminable amounts of disallowed expenditures, if any, to materially affect the financial statements. Receipt of this federal, state and local grant revenue is not assured in the future.

***Note 12 - Risk Management***

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

BCJPIA was created as a California Public Agency by an agreement between certain public agencies in the San Francisco Bay Area to provide vehicle, general liability, and workers compensation coverage. BCJPIA is governed by a Board of Directors which is comprised of officials appointed by each member town, city or agency.

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. The BCJPIA annually 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 Liability Program provides risk sharing pool coverage for its members of \$1,000,000 up to \$28,000,000 per occurrence. The workers' compensation fund is self-insured for the first \$150,000 of loss per accident; excess coverage policy is provided by an outside insurance carrier up to statutory limits. Financial statements may be obtained from BCJPIA, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833.



**TOWN OF SAN ANSELMO**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 13 - Subsequent Events**

The management of the Town has reviewed the results of operations for the period from its year end June 30, 2016 through November 15, 2016, the date the draft financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**Note 14 - Future Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has released the following new pronouncements, which can read in their entirety at <http://www.gasb.org>.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*  
Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*  
Effective Date: The requirements of this Statement are effective for periods beginning after December 15, 2016. Earlier application is encouraged.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*  
Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*  
Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*  
Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 77, *Tax Abatement Disclosures*  
Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*  
Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*  
Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*  
Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.



**TOWN OF SAN ANSELMO**  
**Notes to Financial Statements**  
**June 30, 2016**

application is encouraged.

*GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*  
Effective Date: The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

**TOWN OF SAN ANSELMO**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 15 - Fund Balance Designations Section of the Balance Sheet**

<b>Fund Balances</b>	General Fund	Major Funds	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>	\$ -	\$ -	\$ -	\$ -
<b>Restricted for:</b>				
Measure D sales tax	85,272	-	-	85,272
Library	-	-	94,706	94,706
Measure A Marin County parks	-	-	173,368	173,368
Measure G debt service	-	-	167,674	167,674
Measure D 2011 debt service	-	-	730,911	730,911
Total restricted fund balances	<u>85,272</u>	<u>-</u>	<u>1,166,659</u>	<u>1,251,931</u>
<b>Committed to:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Assigned:</b>				
Emergency reserve	113,166	-	-	113,166
Downtown projects	111,622	-	-	111,622
Grants projects	-	34,145	-	34,145
Recreation	-	337,335	-	337,335
Community Facilities Master Plan	-	-	57,435	57,435
Road maintenance	-	-	414,520	414,520
Robson house	-	-	52,175	52,175
Special events	-	-	26,849	26,849
Capital Reconstruction	-	-	106,754	106,754
Equipment replacement	-	-	10,403	10,403
Total assigned fund balances	<u>224,788</u>	<u>371,480</u>	<u>668,136</u>	<u>1,264,404</u>
<b>Unassigned:</b>	<u>3,185,637</u>	<u>-</u>	<u>(130,090)</u>	<u>3,055,547</u>
<b>Total Fund Balances</b>	<u>\$ 3,495,697</u>	<u>\$ 371,480</u>	<u>\$ 1,704,705</u>	<u>\$ 5,571,882</u>

***REQUIRED SUPPLEMENTARY INFORMATION***

***(unaudited)***

**TOWN OF SAN ANSELMO**  
**Required Supplementary Information**  
**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**  
**As of June 30, 2016**

Schedule of Proportionate Share of the Net Pension Liability

The proportion (percentage) of the collective net pension liability represents the Town's share of both cost-sharing plan assets (the miscellaneous and safety plans) offset against the actuarial determined collective pension liability.

The proportionate share (dollar amount) of the collective net pension liability represents the Town's share of both cost-sharing plan assets offset against the actuarial determined collective pension liability.

The employer's covered-employee payroll represents the payroll of employees that are provided with pensions through the applicable miscellaneous or safety pension plan.

Schedule of Contributions

The employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements which comprise the following: (1) the agent employer's actuarially determined contribution to the pension plan (its statutorily/contractually required contribution), (2) the employer's actual contributions, the difference between the actual and actuarially determined contributions (its statutorily/contractually required contributions), and (3) a ratio of the actual contributions divided by covered-employee payroll.

**TOWN OF SAN ANSELMO**  
**Required Supplementary Information**  
**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**  
**As of June 30, 2016**

	2016	2015
<u>Schedule of the Town's Proportionate Share of the Net Pension Liability</u>		
Town's proportion of the net pension liability	0.077%	0.064%
Town's proportionate share of the net pension liability	\$ 5,299,442	\$ 4,002,425
Town's covered-employee payroll	\$ 2,435,975	\$ 2,236,414
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	218%	179%
Plan fiduciary net position as a percentage of the total pension liability	101%	79%

\* the amounts presented for each fiscal year were determined as of the June 30, 2015 measurement date.

Schedule of the Town's Contributions

Contractually required employer contribution	\$ 466,182	\$ 359,492
Contributions in relation to the contractually required employer contribution	466,182	359,492
Contribution deficiency (excess)	\$ -	\$ -
Town's covered-employee payroll	\$ 2,418,737	\$ 2,435,975
Contributions as a percentage of covered-employee payroll	19.27%	14.76%

**TOWN OF SAN ANSELMMO**  
**Required Supplementary Information**  
**Schedule of Funding Progress (unaudited)**  
**Other Postemployment Benefits Plan**  
**As of June 30, 2016**

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend information from the actuarial studies is presented below:

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(a-b)/c]
July 1, 2008	\$ 1,747,300	\$ -	\$ 1,747,300	0%	\$ 3,725,600	46.9%
July 1, 2011	\$ 1,941,900	\$ -	\$ 1,941,900	0%	\$ 4,068,100	47.7%
July 1, 2014	\$ 1,628,827	\$ -	\$ 1,628,827	0%	\$ 1,999,530	81.5%

**TOWN OF SAN ANSELMO**  
**Required Supplementary Information**  
**Budgetary Comparison Information**  
**Year Ended June 30, 2016**

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

- Prior to the close of each fiscal year, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed revenue and expenditures.
- Public hearings are conducted at Town Council meetings to obtain taxpayer comments prior to adoption of the budget in June.
- Prior to July 1, the budget is legally adopted for all governmental fund types through Council approved resolution.
- The Town Manager is authorized to transfer budget amounts within and between funds as deemed desirable and necessary in order to meet the Town's needs; however, revisions that alter the total expenditures must be approved by the Town Council. Formal budgetary integration is employed as a management control device during the year for the governmental type funds.
- Budgets for the governmental type funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the Town Council.

**TOWN OF SAN ANSELMO**  
**Required Supplementary Information**  
**Budgetary Comparison Information**  
**General Fund No. 01**  
**Year Ended June 30, 2016**

	Budget Amounts (unaudited)		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Resources (inflows)</b>				
Property taxes	\$ 10,574,631	\$ 10,574,631	\$ 10,920,266	\$ 345,635
Other taxes	955,000	955,000	1,096,682	141,682
Franchise fees	655,118	655,118	721,628	66,510
Fines and penalties	-	-	143,642	143,642
Use of money and property	1,000	1,000	3,398	2,398
Intergovernmental and agency	97,000	102,482	139,913	37,431
Licenses and permits	1,186,000	1,186,000	969,297	(216,703)
Charges for services	101,000	101,000	125,484	24,484
Other revenue	3,950	180,717	189,978	9,261
Transfers in	307,757	307,757	282,101	(25,656)
Amounts Available for Appropriation	13,881,456	14,063,705	14,592,389	528,684
<b>Charges to Appropriations (outflow)</b>				
Town administration	1,171,557	1,206,152	1,131,399	74,753
Non-departmental	621,865	644,791	620,564	24,227
Public safety	7,404,894	7,404,894	7,342,739	62,155
Streets	831,369	821,369	734,119	87,250
Community development	1,341,235	1,441,235	1,361,970	79,265
Library	567,416	586,021	587,663	(1,642)
Recreation and parks	651,213	658,385	581,431	76,954
Capital projects	-	-	-	-
Debt service	468,518	468,518	468,818	(300)
Transfers out	818,517	948,517	948,517	-
Total Charges to Appropriations	13,876,584	14,179,882	13,777,220	402,662
<b>Surplus (Deficit)</b>	\$ 4,872	\$ (116,177)	\$ 815,169	\$ 931,346



**TOWN OF SAN ANSELMO**  
**Required Supplementary Information**  
**Budgetary Comparison Information**  
**Grants Fund No. 14**  
**Year Ended June 30, 2016**

	Budget Amounts (unaudited)		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Resources (inflows)</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Franchise fees	-	-	-	-
Fines and penalties	-	-	-	-
Investment earnings	-	-	-	-
Intergovernmental and agency	5,028,978	5,028,978	738,546	(4,290,432)
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Transfers in	-	-	-	-
Amounts Available for Appropriation	5,028,978	5,028,978	738,546	(4,290,432)
<b>Charges to Appropriations (outflow)</b>				
Town administration	-	-	-	-
Non-departmental	17,033	17,033	2,899	14,134
Public safety	-	-	-	-
Planning and engineering	-	-	-	-
Public works	-	-	-	-
Library	-	-	-	-
Recreation and parks	-	-	-	-
Capital projects	4,980,591	4,980,591	603,206	4,377,385
Debt service	-	-	-	-
Transfers out	-	-	-	-
Total Charges to Appropriations	4,997,624	4,997,624	606,105	4,391,519
<b>Surplus (Deficit)</b>	\$ 31,354	\$ 31,354	\$ 132,441	\$ 101,087

**TOWN OF SAN ANSELMO**  
**Required Supplementary Information**  
**Budgetary Comparison Information**  
**Recreation Fund No. 21**  
**Year Ended June 30, 2016**

	Budget Amounts (unaudited)		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Resources (inflows)</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Franchise fees	-	-	-	-
Fines and penalties	-	-	-	-
Investment earnings	-	-	-	-
Intergovernmental and agency	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	1,246,689	1,246,689	1,478,742	232,053
Other revenue	-	-	-	-
Transfers in	-	-	-	-
Amounts Available for Appropriation	1,246,689	1,246,689	1,478,742	232,053
<b>Charges to Appropriations (outflow)</b>				
Town administration	-	-	-	-
Non-departmental	-	-	-	-
Public safety	-	-	-	-
Planning and engineering	-	-	-	-
Public works	-	-	-	-
Library	-	-	-	-
Recreation and parks	1,264,348	1,264,348	1,356,729	(92,381)
Capital projects	-	-	-	-
Debt service	-	-	-	-
Transfers out	92,341	92,341	92,341	-
Total Charges to Appropriations	1,356,689	1,356,689	1,449,070	(92,381)
<b>Surplus (Deficit)</b>	\$ (110,000)	\$ (110,000)	\$ 29,672	\$ 139,672

***OTHER SUPPLEMENTARY INFORMATION***

**TOWN OF SAN ANSELMO**  
**General Fund**  
**Combining Balance Sheet**  
**June 30, 2016**

	<b>General Fund</b>	<b>Sales Tax Measure D Fund</b>	<b>Emergency Reserve Fund</b>	<b>Downtown Revitalization Fund</b>	<b>Totals</b>
<b>ASSETS</b>					
Cash and investments	\$ 3,507,005	\$ 210,834	\$ 113,166	\$ 9,399	\$ 3,840,404
Receivables	530,992	127,400	-	-	658,392
Prepaid expenses	33,771	-	-	-	33,771
Total Assets	<u>\$ 4,071,768</u>	<u>\$ 338,234</u>	<u>\$ 113,166</u>	<u>\$ 9,399</u>	<u>\$ 4,532,567</u>
<b>LIABILITIES</b>					
Payables	\$ 147,268	\$ 252,962	\$ -	\$ -	\$ 400,230
Deposits	636,640	-	-	-	636,640
Deferred revenue	-	-	-	-	-
Total Liabilities	<u>783,908</u>	<u>252,962</u>	<u>-</u>	<u>-</u>	<u>1,036,870</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	85,272	-	-	85,272
Committed	-	-	-	-	-
Assigned	102,223	-	113,166	9,399	224,788
Unassigned	3,185,637	-	-	-	3,185,637
Total Fund Balances	<u>3,287,860</u>	<u>85,272</u>	<u>113,166</u>	<u>9,399</u>	<u>3,495,697</u>
				-	
Total Liabilities and				-	
Fund Balances	<u>\$ 4,071,768</u>	<u>\$ 338,234</u>	<u>\$ 113,166</u>	<u>\$ 9,399</u>	<u>\$ 4,532,567</u>

**TOWN OF SAN ANSELMO**

**General Fund**

**Combining Statement of Revenue, Expenditures and Change in Fund Balances**

**Year Ended June 30, 2016**

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	<b>General Fund</b>	<b>Sales Tax Measure D Fund</b>	<b>Emergency Reserve Fund</b>	<b>Downtown Revitalization Fund</b>	<b>Totals</b>
<b>REVENUE</b>					
Property taxes	\$ 10,920,266	\$ -	\$ -	\$ -	\$ 10,920,266
Other taxes	1,096,682	835,678	-	-	1,932,360
Franchise fees	721,628	-	-	-	721,628
Fines and penalties	143,642	-	-	-	143,642
Use of money and property	3,398	-	-	-	3,398
Intergovernmental and agency	139,913	-	-	-	139,913
Licenses and permits	969,297	-	-	-	969,297
Charges for services	125,484	-	-	-	125,484
Other revenue	189,978	-	428	-	190,406
Total Revenue	<u>14,310,288</u>	<u>835,678</u>	<u>428</u>	<u>-</u>	<u>15,146,394</u>
<b>EXPENDITURES</b>					
Current -					
Town administration	1,131,399	-	-	-	1,131,399
Nondepartmental	620,564	-	-	-	620,564
Public safety	7,342,739	-	-	-	7,342,739
Streets	734,119	-	-	-	734,119
Community development	1,361,970	-	-	3,138	1,365,108
Library	587,663	-	-	-	587,663
Parks and recreation	581,431	-	-	-	581,431
Capital projects	-	964,530	-	-	964,530
Debt service	468,818	-	-	-	468,818
Total Expenditures	<u>12,828,703</u>	<u>964,530</u>	<u>-</u>	<u>3,138</u>	<u>13,796,371</u>
Excess Revenue over (under) Expenditures	<u>1,481,585</u>	<u>(128,852)</u>	<u>428</u>	<u>(3,138)</u>	<u>1,350,023</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	282,101	-	-	-	282,101
Operating transfers (out)	<u>(948,517)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(948,517)</u>
Total Other Financing Sources	<u>(666,416)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(666,416)</u>
<b>CHANGE IN FUND BALANCES</b>					
	815,169	(128,852)	428	(3,138)	683,607
Fund Balances - Beginning	<u>2,472,691</u>	<u>214,124</u>	<u>112,738</u>	<u>12,537</u>	<u>2,812,090</u>
Fund Balances - End of Year	<u>\$ 3,287,860</u>	<u>\$ 85,272</u>	<u>\$ 113,166</u>	<u>\$ 9,399</u>	<u>\$ 3,495,697</u>

**TOWN OF SAN ANSELMO**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2016**

<b>Special Revenue Funds</b>									
	<b>Community</b>							<b>Isabel</b>	<b>Total</b>
	<b>Facilities</b>	<b>Road</b>	<b>Gasoline</b>	<b>Library</b>	<b>Robson</b>	<b>Special</b>	<b>Marin Cty</b>	<b>Cook</b>	<b>Special</b>
	<b>Master</b>	<b>Maintenance</b>	<b>Tax</b>	<b>Tax</b>	<b>House</b>	<b>Events</b>	<b>Parks</b>	<b>Community</b>	<b>Revenue</b>
	<b>Plan</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Measure A</b>	<b>Center</b>	<b>Funds</b>
<b>ASSETS</b>									
Cash & investments	\$ 57,435	\$ 414,277	\$ 1	\$ 92,933	\$ 56,343	\$ 27,548	\$ 173,232	\$ -	\$ 821,769
Receivables	-	7,382	-	1,691	970	2,504	136	-	12,683
Prepaid expenses	-	846	-	1,753	213	-	-	214	3,026
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 422,505</b>	<b>\$ 1</b>	<b>\$ 96,377</b>	<b>\$ 57,526</b>	<b>\$ 30,052</b>	<b>\$ 173,368</b>	<b>\$ 214</b>	<b>\$ 837,478</b>
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ 7,985	\$ -	\$ 1,672	\$ 1,246	\$ 3,203	\$ -	\$ 4,540	\$ 18,646
Cash overdraft	-	-	-	-	-	-	-	125,764	125,764
Deposits	-	-	-	-	4,105	-	-	-	4,105
Deferred revenue	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>7,985</b>	<b>-</b>	<b>1,672</b>	<b>5,351</b>	<b>3,203</b>	<b>-</b>	<b>130,304</b>	<b>148,515</b>
<b>FUND BALANCES</b>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	1	94,705	-	-	173,368	-	268,074
Committed	-	-	-	-	-	-	-	-	-
Assigned	57,435	414,520	-	-	52,175	26,849	-	-	550,979
Unassigned	-	-	-	-	-	-	-	(130,090)	(130,090)
<b>Totals</b>	<b>57,435</b>	<b>414,520</b>	<b>1</b>	<b>94,705</b>	<b>52,175</b>	<b>26,849</b>	<b>173,368</b>	<b>(130,090)</b>	<b>688,963</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 57,435</b>	<b>\$ 422,505</b>	<b>\$ 1</b>	<b>\$ 96,377</b>	<b>\$ 57,526</b>	<b>\$ 30,052</b>	<b>\$ 173,368</b>	<b>\$ 214</b>	<b>\$ 837,478</b>

**TOWN OF SAN ANSELMO**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2016**

	<u>Capital Project Funds:</u>			<u>Debt Service Funds:</u>			<u>Total</u>	<u>Total</u>	<u>Total</u>			
	<u>Capital</u>	<u>Equipment</u>	<u>Total</u>	<u>Measure G</u>	<u>Measure G</u>	<u>Municipal</u>				<u>Debt</u>	<u>Special</u>	<u>Nonmajor</u>
	<u>Reconstruction</u>	<u>Replacement</u>	<u>Capital</u>	<u>Debt Svc</u>	<u>Debt Svc</u>	<u>Lease</u>				<u>Service</u>	<u>Revenue</u>	<u>Governmental</u>
<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>	<u>2011</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>				
<b>ASSETS</b>												
Cash & investments	\$ 107,816	\$ 10,403	\$ 118,219	\$ 165,232	\$ 722,008	\$ 1	\$ 887,241	\$ 821,769	\$ 1,827,229			
Receivables	-	-	-	2,442	8,902	-	11,344	12,683	24,027			
Prepaid expenses	-	-	-	-	-	-	-	3,026	3,026			
<b>Total Assets</b>	<b>\$ 107,816</b>	<b>\$ 10,403</b>	<b>\$ 118,219</b>	<b>\$ 167,674</b>	<b>\$ 730,910</b>	<b>\$ 1</b>	<b>\$ 898,585</b>	<b>\$ 837,478</b>	<b>\$ 1,854,282</b>			
<b>LIABILITIES</b>												
Accounts payable	\$ 1,062	\$ -	\$ 1,062	\$ -	\$ -	\$ -	\$ -	\$ 18,646	\$ 19,708			
Cash overdraft	-	-	-	-	-	-	-	125,764	125,764			
Deposits	-	-	-	-	-	-	-	4,105	4,105			
Deferred revenue	-	-	-	-	-	-	-	-	-			
<b>Total Liabilities</b>	<b>1,062</b>	<b>-</b>	<b>1,062</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>148,515</b>	<b>149,577</b>			
<b>FUND BALANCES</b>												
Nonspendable	-	-	-	-	-	-	-	-	-			
Restricted	-	-	-	167,674	730,910	1	898,585	268,074	1,166,659			
Committed	-	-	-	-	-	-	-	-	-			
Assigned	106,754	10,403	117,157	-	-	-	-	550,979	668,136			
Unassigned	-	-	-	-	-	-	-	(130,090)	(130,090)			
<b>Totals</b>	<b>106,754</b>	<b>10,403</b>	<b>117,157</b>	<b>167,674</b>	<b>730,910</b>	<b>1</b>	<b>898,585</b>	<b>688,963</b>	<b>1,704,705</b>			
<b>Total Liabilities and Fund Balances</b>	<b>\$ 107,816</b>	<b>\$ 10,403</b>	<b>\$ 118,219</b>	<b>\$ 167,674</b>	<b>\$ 730,910</b>	<b>\$ 1</b>	<b>\$ 898,585</b>	<b>\$ 837,478</b>	<b>\$ 1,854,282</b>			

**TOWN OF SAN ANSELMO**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenue, Expenditures and Change in Fund Balances**  
**Year Ended June 30, 2016**

<b>Special Revenue Funds:</b>									
	<b>Community</b>							<b>Isabel</b>	<b>Total</b>
	<b>Facilities</b>	<b>Road</b>	<b>Gasoline</b>	<b>Library</b>	<b>Robson</b>	<b>Special</b>	<b>Marin Cty</b>	<b>Cook</b>	<b>Total</b>
	<b>Master</b>	<b>Maintenance</b>	<b>Tax</b>	<b>Tax</b>	<b>House</b>	<b>Events</b>	<b>Parks</b>	<b>Community</b>	<b>Special</b>
	<b>Plan</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Measure A</b>	<b>Center</b>	<b>Revenue</b>
									<b>Funds</b>
<b>REVENUE</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	244,060	-	-	91,048	-	335,108
Franchises	-	-	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-	-	-
Use of money and property	-	360	-	-	44,685	-	784	100,104	145,933
Intergovernmental and agency	-	-	249,761	-	-	-	-	-	249,761
Licenses and permits	-	-	-	-	-	-	-	-	-
Charges for services	-	248,041	-	-	-	22,930	-	-	270,971
Other revenue	-	10,033	-	-	-	-	-	-	10,033
<b>Total Revenue</b>	<b>-</b>	<b>258,434</b>	<b>249,761</b>	<b>244,060</b>	<b>44,685</b>	<b>22,930</b>	<b>91,832</b>	<b>100,104</b>	<b>1,011,806</b>
<b>EXPENDITURES</b>									
<b>Current -</b>									
Town administration	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Streets	-	802,002	-	-	-	-	-	-	802,002
Community development	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	224,470	37,108	25,113	-	72,926	359,617
Capital projects	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>802,002</b>	<b>-</b>	<b>224,470</b>	<b>37,108</b>	<b>25,113</b>	<b>-</b>	<b>72,926</b>	<b>1,161,619</b>
Excess Revenue over (under) Expenditures	-	(543,568)	249,761	19,590	7,577	(2,183)	91,832	27,178	(149,813)
<b>OTHER FINANCING</b>									
<b>SOURCES (USES)</b>									
Operating transfers in	60,000	530,000	-	-	-	-	-	-	590,000
Operating transfers (out)	-	-	(249,760)	-	-	-	-	-	(249,760)
<b>Total Other Financing Sources</b>	<b>60,000</b>	<b>530,000</b>	<b>(249,760)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>340,240</b>
<b>CHANGE IN FUND BALANCES</b>	<b>60,000</b>	<b>(13,568)</b>	<b>1</b>	<b>19,590</b>	<b>7,577</b>	<b>(2,183)</b>	<b>91,832</b>	<b>27,178</b>	<b>190,427</b>
Fund Balances - Beginning	(2,565)	428,088	-	75,115	44,598	29,032	81,536	(157,268)	498,536
<b>Fund Balances - End of Year</b>	<b>\$ 57,435</b>	<b>\$ 414,520</b>	<b>\$ 1</b>	<b>\$ 94,705</b>	<b>\$ 52,175</b>	<b>\$ 26,849</b>	<b>\$ 173,368</b>	<b>\$ (130,090)</b>	<b>\$ 688,963</b>



**TOWN OF SAN ANSELMO**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenue, Expenditures and Change in Fund Balances**  
**Year Ended June 30, 2016**

	<u>Capital Project Funds</u>			<u>Debt Service Funds:</u>			<u>Total Debt Service Funds</u>	<u>Total Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Capital</u>	<u>Equipment</u>	<u>Total</u>	<u>Measure G</u>	<u>Measure G</u>	<u>Municipal</u>			
	<u>Reconstruction</u>	<u>Replacement</u>	<u>Capital</u>	<u>Debt Svc</u>	<u>Debt Svc</u>	<u>Lease</u>			
<u>Fund</u>	<u>Fund</u>	<u>Project</u>	<u>Fund</u>	<u>2011</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	
<b>REVENUE</b>									
Property taxes	\$ -	\$ -	\$ -	\$ 185,450	\$ 691,849	\$ -	\$ 877,299	\$ -	\$ 877,299
Other taxes	-	-	-	-	-	-	-	335,108	335,108
Franchises	-	-	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	145,933	145,933
Intergovernmental and agency	-	-	-	-	-	-	-	249,761	249,761
Licenses and permits	-	-	-	-	-	-	-	-	-
Charges for services	11,345	-	11,345	-	-	-	-	270,971	282,316
Other revenue	-	2,322	2,322	-	-	-	-	10,033	12,355
<b>Total Revenue</b>	<b>11,345</b>	<b>2,322</b>	<b>13,667</b>	<b>185,450</b>	<b>691,849</b>	<b>-</b>	<b>877,299</b>	<b>1,011,806</b>	<b>1,902,772</b>
<b>EXPENDITURES</b>									
Current -									
Town administration	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	802,002	802,002
Community development	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	359,617	359,617
Capital projects	25,047	141,510	166,557	-	-	-	-	-	166,557
Debt service	-	36,623	36,623	178,759	629,969	158,516	967,244	-	1,003,867
<b>Total Expenditures</b>	<b>25,047</b>	<b>178,133</b>	<b>203,180</b>	<b>178,759</b>	<b>629,969</b>	<b>158,516</b>	<b>967,244</b>	<b>1,161,619</b>	<b>2,332,043</b>
Excess Revenue over (under) Expenditures	(13,702)	(175,811)	(189,513)	6,691	61,880	(158,516)	(89,945)	(149,813)	(429,271)
<b>OTHER FINANCING</b>									
<b>SOURCES (USES)</b>									
Operating transfers in	25,000	185,000	210,000	-	-	158,517	158,517	590,000	958,517
Operating transfers (out)	-	-	-	-	-	-	-	(249,760)	(249,760)
<b>Total Other Financing Sources</b>	<b>25,000</b>	<b>185,000</b>	<b>210,000</b>	<b>-</b>	<b>-</b>	<b>158,517</b>	<b>158,517</b>	<b>340,240</b>	<b>708,757</b>
<b>CHANGE IN FUND BALANCES</b>									
11,298	9,189	20,487	6,691	61,880	1	68,572	190,427	279,486	
Fund Balances - Beginning	95,456	1,214	96,670	160,983	669,030	-	830,013	498,536	1,425,219
Fund Balances - End of Year	\$ 106,754	\$ 10,403	\$ 117,157	\$ 167,674	\$ 730,910	\$ 1	\$ 898,585	\$ 688,963	\$ 1,704,705

