

THE TOWN OF SAN ANSELMO
BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

TOWN OF SAN ANSELMO
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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN DR. SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of San Anselmo, California, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of San Anselmo, California, as of June 30, 2013, and the respective changes in financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2012, the Town of San Anselmo, California adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60 – *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4 through 14, the budgetary comparison information on pages 56 through 59, and the schedule of funding progress for post-employment benefits other than pensions on page 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of San Anselmo, California’s basic financial statements. The budgetary schedule of the Measure G 2011 Bond Fund and the combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedule of the Measure G 2011 Bond Fund and combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule of the Measure G 2011 Bond Fund and the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, on our consideration of the Town of San Anselmo, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of San Anselmo, California's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy, & Hartzheim LLP
Culver City, California
December 6, 2013

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2013

This discussion and analysis of the Town's financial activities and performance provides an overview for the fiscal year ended June 30, 2013.

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

Government-Wide Highlights

- The Government-Wide Statement of Net Position, appearing as the first statement of the Basic Financial Statements and summarized in Management's Discussion and Analysis, show the Town's assets to be \$26,272,200, liabilities of \$15,534,868, and net position of \$10,737,332. This statement was previously called the Statement of Net Assets. In the previous fiscal year, net assets were \$13,048,971. A prior period adjustment of \$3,519,831 resulted in restated net assets of \$9,529,140. The adjustment was made due to a prepaid pension asset being removed. When the Town paid off the CalPERS side-fund it should have been shown as a reduction of a liability on the statement of activities rather than a prepaid pension asset.
- Total Town revenues were \$16,543,331 compared with total expenses of \$15,335,139 resulting in a net increase in net position of \$1,208,192.
- The Town's net investment in capital assets, totaled \$11,955,321 at June 30, 2013. This amount results from the Town's decision to exercise the GASB 34 "small entity" option of not valuing infrastructure (e.g. streets, sewers, sidewalks) acquired prior to June 30, 2003, in accounting for capital assets. Beginning in fiscal year 2003-04, the Town began to capitalize the cost of its capital assets on a go-forward basis. As of June 30, 2005 the Town's net capital assets, net of related debt, remained in the negative: \$(315,151). During 2005-06 capitalized projects increased the Town's net capital assets by \$1,701,362 and for the first time achieved positive net capital assets in the amount of \$1,386,211 and have increased in subsequent fiscal years and total \$11,955,321 as of June 30, 2013.
- The Town's long-term debt (including current portion and postemployment benefit obligation) totaled \$14,227,303 as of June 30, 2013, a decrease of \$822,365 from the prior fiscal year. This decrease reflects payments made for general obligation bonds and pension obligation bonds.

Fund Highlights

As of the close of fiscal year 2013, the Town's governmental funds reported a combined ending fund balance of \$3,310,276 as compared to \$4,062,307 as of June 30, 2012. This decrease was due primarily to planned expenditures of prior fiscal year carryover funds in the Road Maintenance fund.

Town's Highlights

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

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

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

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2013

In the last several fiscal years, the Town's budget has been stabilized at reduced levels, with minimal funds allocated to road maintenance, equipment, and capital projects. The budget presented on the Town's website reflects a status quo budget, with no employee salary increases other than individual step increases and minimal capital and equipment expenditures.

Accomplishments for 2012-13

- Consolidation with the Central Marin Police Authority: As of January 1, 2013, San Anselmo became a member of the Central Marin Police Authority, joining the City of Larkspur and the Town of Corte Madera in a consolidated police force. The consolidation of police services, which began when the former Twin Cities Police Authority, began sharing dispatch space in the San Anselmo facility in 2010 while their facility was being built, has allowed the Town to reduce police expenditures significantly, over \$1 million. Had the police consolidation not taken place, it is conservatively estimated that the Police budget in 2013-14 would have been \$4.8 million, as compared to the current proposed budget of \$3.7 million. Those savings have been realized over the last several years, as sharing opportunities presented themselves, positions were left vacant, new equipment purchases were unneeded, and employees retired. Given the poor economy of the last several fiscal years, had the Police consolidation not taken place, the Town would have been in a position, unfortunately, to reduce staffing levels to achieve a balanced budget.
- Capital Projects – Work was completed on the Capital Improvement Plan, Year 1, with Raymond Avenue, Woodland Avenue, Brookside Drive and Sunny Hills Drive being resurfaced. In line with the Town's "Complete Streets" policy, a number of curb ramps and sidewalks were constructed to facilitate walkable, pedestrian friendly streets. Coordination with utilities was a focus in 2012-13, as Public Works staff worked to coordinate extensive utility work prior to our planned street paving work. This coordination has facilitated complete replacement of sewer, electric, gas and water lines at a lower depth, resulting in a much improved and longer lasting resurfacing job.
- Financial Advisory Committee – The Town Council and staff participated in several Strategic Planning Sessions in early 2012 that culminated in a community Strategic Planning Survey. One of the outcomes of the effort was Council direction to form a Financial Advisory Committee with the charge of reviewing and becoming familiar with the Town's financial position, budget, resource allocations and expenditures, and to make recommendations to the Town Council. The Committee was appointed in October and met six times in November through April. Their conclusions were presented to the Town Council in May, and resulted in a one half cent sales tax measure being passed in November 2013.
- Economic Development Committee – Also as a result of the Strategic Planning effort, an Economic Development Committee was formed in 2012-13, with the charge of working with the Town's business community to identify actions that can be taken to ensure that the business community is vibrant, successful and meets the needs of the Town residents. The Committee meets once a month and is enthusiastically tackling its charge.
- Library Programming: We are now in the second full year of the Library's parcel tax, and the programming and activities at the Library have continued to blossom. Children's programs abound, including toddler story times, French story times, Read to a Dog, Bookworms reading club, Poetry Club and the very successful Summer Reading Program. Adult programs have also flourished, including the Book Club, Art Talk Tuesdays, and Saturday Lectures. The Friends of the Library continue to support the Library with bi-monthly book sales and generous donations to programs and supplies.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2013

- **Community Events, Recreation and Volunteers:** The Recreation Department has assumed responsibility for coordinating events that bring the community and volunteers together, including Country Fair Day, Picnics on the Plaza, Goblins' Parade, and the spring egg hunts. In addition, the department encourages and facilitates community events such as Film Night in the Park, Music in the Park, and the Art & Wine Festival. The summer camp program is thriving with children of all ages enjoying camp at Memorial Park and other specialty sports and art camps. The Ross Valley Seniors brings seniors together on a monthly basis to enjoy lunch, games and lectures. The Parkside Preschool is now open full time, giving parents a lower cost alternative for childcare.

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

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

Fund Financial Statements

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

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2013

Governmental funds

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

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

The Town maintains 19 individual governmental funds. In the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances, information is presented separately for the following funds considered to be **major funds**:

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

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

- General Fund
- Measure G Bond Proceeds Fund
- Emergency Reserve Fund
- Downtown Revitalization Fund

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

- Grant Fund
- Gas Tax Fund
- Library Services Fund
- Robson House Fund
- Supplemental Law Enforcement fund
- Special Events Fund
- P.O.S.T. Fund

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

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

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June 30, 2013

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

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

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

Business-type Funds

The Town maintains no business-type funds.

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

- Agency Fund – Snack Shack fund.

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

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

	2013	2012 - restated
	Governmental Activities	Governmental Activities
Cash and investments	\$ 4,360,887	\$ 5,476,149
Capital assets, net	21,021,895	19,561,557
Other assets	889,418	789,587
Total assets	26,272,200	25,827,293
Current liabilities	1,489,235	1,388,127
Non-current liabilities	14,045,633	14,910,026
Total liabilities	15,534,868	16,298,153
Net investments in capital assets	11,955,321	9,703,286
Restricted	1,087,024	1,419,245
Unrestricted	(2,305,013)	(1,593,391)
Net position	\$10,737,332	\$ 9,529,140

Net position of \$10,737,332 at June 30, 2013 consists primarily of the following elements:

ASSETS:

- Cash and investments of \$4,360,887 decreased \$1,115,262 compared to the previous fiscal year. This was largely due to planned expenditures of carryover funds in the Road Maintenance fund.
- Net capital assets increased \$1,460,338 due to infrastructure projects.
- Other assets of \$889,418, including accounts receivables, prepaid expense and net deferred charges, increased \$99,831 over the prior fiscal year.

LIABILITIES:

- Current liabilities of \$1,489,235 increased a net amount of \$101,108 due mainly to an accrual being set up for the settlement of a contract dispute.
- Non-current Liabilities of \$14,045,633 including the non-current portion of insurance claim liabilities, the non-current portion of long term debt, and the postemployment benefit obligation, decreased by \$864,393 mainly because of payments made for general obligation bonds and pension obligation bonds.

Town of San Anselmo
Management's Discussion and Analysis
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Changes in Net Position

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

	<u>2013</u>	<u>2012</u>
	Governmental Activities	Governmental Activities
Revenues:		
Program Revenues:		
Charges for services	\$ 2,392,325	\$ 2,122,231
Operating grants & contributions	544,463	445,080
Capital grants & contributions	1,341,625	770,252
General Revenues:		
Property and sales tax	11,091,737	10,862,229
Intergovernmental	6,533	6,305
Investment earnings	7,589	14,174
Franchise fees and other taxes	1,035,686	914,692
Other	123,373	105,902
Total revenues	<u>16,543,331</u>	<u>15,240,865</u>
Expenses:		
General government	2,038,112	1,807,840
Public safety	7,732,637	8,062,328
Public works	1,314,632	1,184,001
Planning	1,024,604	949,053
Library	796,075	852,288
Parks and recreation	1,895,712	1,774,946
Interest on long-term debt	533,367	422,958
Total expenses	<u>15,335,139</u>	<u>15,053,414</u>
Change in net position	<u>\$ 1,208,192</u>	<u>\$ 187,451</u>

Net position increased \$1,208,192 during fiscal year ended June 30, 2013 as compared to \$187,451 during the fiscal year ended June 30, 2012. Components of the change in net position include:

- Charges for Services revenue of \$2,392,325, an increase of \$270,094, due primarily to an increase in public works revenue in the amount of \$214,198.
- Operating Grants and Contributions revenue of \$544,403, an increase of \$99,383. Additional funding was received for public works.
- Capital grants and contributions revenue of \$1,341,625 an increase of \$571,373 due mainly to a grant from the California Department of Fish and Wildlife in the amount of \$487,984.
- A total increase in revenue of \$1,302,466. In addition to the items listed above, property taxes, franchise fees and property transfer taxes all increased.
- Expenditures increased by \$281,725. This increase was offset by increases in revenues.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2013

Analysis of Major Governmental Funds

General Fund

General fund revenue and transfers in for 2012-13 exceeded the budget by \$541,102. As noted on a previous page, the Emergency Fund is included in the General fund. The increase is due largely to \$288,729 in flood related reimbursement that was received by the Emergency Fund but not budgeted for. Also included in the Emergency Fund is an accrual in the amount of \$153,940 for funds to be recovered through a lien on a damaged property that the Town had to perform repairs on. The remainder of the increase is due to revenues for property taxes, sales tax, property transfer tax, and franchise fees exceeding budgeted amounts.

Expenditures for the general fund were \$29,075 more than the budgeted amount.

In summary, the net impact of revenue and expenditure levels for fiscal year 2012-13 resulted in an increase in the budgeted ending fund balance of \$512,027. These totals include the general fund, Measure G bond proceeds, emergency fund and Downtown Revitalization.

Road Maintenance Fund

The Road Maintenance Fund received revenue from three major sources. First, Road Impact Fees for construction projects and refuse vehicles, totaling \$214,198 is revenue legally restricted for use in road improvement projects. Second, this fund received \$255 in interest earnings from idle Measure G bond funds invested in the Local Agency Investment Fund (LAIF). These funds are reserved by Town Council policy for use in slurry seal street repairs. Finally, a General Fund contribution of \$400,000 was transferred to this fund to support infrastructure maintenance per Town policy.

The Road Maintenance fund balance as of June 30, 2013 totaled \$328,660, a decrease of \$704,997 as compared to the previous fiscal year. The decrease is due to numerous road projects completed in 2012-13.

Recreation Fund

During 2012-13, recreation fees were collected in the amount of \$1,140,266, not including interest income of \$4,450. Expenditures for the period totaled \$953,161. The ending fund balance as of June 30, 2013 was \$186,365.

Isabel Cook Complex Fund

The Isabel Cook Complex fund had a negative beginning fund balance of (\$128,031).

Expenditures exceeded revenues in 2012-13 by \$32,847, bringing the ending fund balance to negative (\$160,878). This fund receives its revenues through rental income. A large reason for the negative ending fund balance is a result of periods of vacant spaces not being rented and of capital improvements made in order to prepare space to be rented.

Measure G Bond funds

The 2011 Measure G 2011 Bond Fund consists of the Measure G 1995, 1997 and 2000 bonds which were refinanced in 2011. The ending fund balance in this fund as of June 30, 2013 was \$593,137. These funds are collected by the Marin County Tax Collector and can only be used to repay the principal and interest on the 2011 Measure G bonds.

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Management's Discussion and Analysis
June 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The Town's investment in capital assets as of June 30, 2013 was \$21,021,895, net of depreciation, an increase of \$1,460,388 as compared with the previous fiscal year. The increase was primarily due to public works projects, such as work completed on the Capital Improvement Plan, Year 1 which included several streets being resurfaced.

Long Term Debt:

As of June 30, 2013, The Town had \$13,647,534 outstanding in long term debt for governmental activities (not including claims payable). This is a decrease of \$974,508 as compared to the previous fiscal year. The decrease is due to payments made on the pension obligation bonds, general obligation bonds and municipal lease.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Revenues:

The nationwide reduction in real estate activity appears to have bottomed out and there are some signs of a pending recovery. As a result, our property tax revenue is projected to show an increase over 2012-13, or about 4%. This is significant in that 77% of our General Fund revenue comes from property tax related revenue.

Revenue from the property transfer tax is up in the last year, as is revenue from resale inspections, both of which are signs of improvement. Revenue from planning application fees and construction permit fees is also up, indicating additional activity in the construction industry. While these increases are modest, they are an indicator that the economy is beginning to show signs of improvement.

Expenditures:

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

Employee-related expenses make up approximately 83% of the Town expenditures, including the Fire and Police Departments. In 2011-12 all employee groups agreed to pay 3% of salary toward the employee share of pension costs, with no accompanying salary increase. Several employee groups are currently in negotiations regarding 2013-14 contracts.

In 2006, the two bargaining units, SAPOA and SEIU 1021, agreed to a two-tiered retirement plan for employees hired after February 1, 2007 and all new benefitted employees, including management and confidential, were affected. In 2013-14, nearly half of the Town's employees are enrolled in the lower cost second tier pension plan, saving over \$1 million over the 6-year period.

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

Regarding the Side Fund, in 2003, PERS combined agencies with less than 100 members into risk pools based on plan type. The Employer Side Fund was created to account for the difference between the funded status of the pool and the funded status of individual plans. The repayment of the Pension

Town of San Anselmo
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Obligation Bonds is reflected in the Expenditure Summary under General Fund Departments, Debt Service (Pension Obligation Bonds). Overall, the refinancing of the side fund is saving the Town approximately \$60,000 per year.

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 exceeded anticipated amounts, but costs for liability claims were lower than anticipated. A fund transfer of \$250,000 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 the carryover of a number of grants awarded in earlier years, most of which are accounted for in the Grant Fund and the majority require no matching funds on the part of the Town. Grants include

- Federal Safe Routes to Schools (various neighborhoods) - \$618,495
- Transportation Authority of Marin (TAM) street rehabilitation allocation - \$216,473
- Electric Vehicle Grant - \$35,000

In conjunction with the County of Marin and Flood Zone 9, the Town is part of the Ross Valley Watershed group, an effort aimed at reducing the risk of flooding in the Ross Valley. Work is moving forward on the more than 180 measures identified by engineers that are needed to achieve flood protection. The first construction efforts will be aimed at five detention basins, one of which is proposed to be constructed at Memorial Park.

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

Capital Project Commitments

The Five-Year Capital Improvement Plan (CIP) was prepared by staff in 2011 based on the pavement management program report that outlines the pavement condition index (PCI) of Town streets. It was reviewed and recommended to the Town Council by the Capital Program Monitoring Committee. It was also reviewed by the Planning Commission for compliance with the California Environmental Quality Act and conformance with the Town's General Plan. The CIP was approved by the Town Council on June 14, 2011 and year 2 construction is underway and reflected in the Road Maintenance Fund. The entire five-year plan is available at <http://www.townofsananselmo.org/DocumentView.aspx?DID=577>.

The 2013-14 budget also reflects funds for the following capital projects:

- Curb ramp and detectable warning projects in conjunction with road and sidewalk work and stand-alone projects.
- Repairs to the Town Hall tower.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2013

- Improvements to Memorial Park through Snack Shack funds

The budget includes a \$400,000 contribution to the Town's Road Maintenance 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.

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

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

(Ph) 415-258-4678

TOWN OF SAN ANSELMO
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Pooled cash and investments	\$ 4,360,887
Receivables:	
Accounts and due from other governments	661,516
Prepaid expenses	18,940
Unamortized debt issuance costs	208,962
Capital assets:	
Non-depreciable assets	2,591,850
Depreciable assets, net	<u>18,430,045</u>
 Total Assets	 <u>26,272,200</u>
LIABILITIES	
Accounts payable	565,316
Interest payable	147,051
Deposits payable	443,949
Unearned revenue	151,249
Claims payable	181,670
Long-term liabilities:	
Due within one year	927,007
Due in more than one year	12,720,527
Claims payable due in more than one year	<u>398,099</u>
 Total Liabilities	 <u>15,534,868</u>
NET POSITION	
Net investment in capital assets	11,955,321
Restricted for:	
Downtown revitalization	13,877
Library	106,500
Streets and roads	178,523
Recreation programs and community services	197,572
Debt service	590,552
Unrestricted	<u>(2,305,013)</u>
 Total Net Position	 <u>\$ 10,737,332</u>

See notes to basic financial statements

TOWN OF SAN ANSELMO
Statement of Activities
For the Fiscal Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Governmental Activities
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities:					
General government	\$ 2,038,112	\$ -	\$ 1,052	\$ -	\$ (2,037,060)
Public safety	7,732,637	179,655	62,813		(7,490,169)
Planning and building	1,024,604	601,533			(423,071)
Parks and recreation	1,895,712	1,148,266	89,005	4,000	(654,441)
Public works	1,314,632	214,198	373,117	1,337,625	610,308
Library	796,075	248,673	18,476		(528,926)
Interest on long-term debt	533,367				(533,367)
Total Governmental Activities	\$ 15,335,139	\$ 2,392,325	\$ 544,463	\$ 1,341,625	(11,056,726)

General Revenues:

Taxes:

Property taxes, levied for general purpose	8,703,281
Property taxes, levied for debt service	1,596,199
Sales taxes	792,257
Franchise taxes	649,701
Business licenses and permits	270,892
Other taxes	115,093
Motor vehicle in lieu, unrestricted	6,533
Investment earnings	7,589
Other	123,373

Total general revenues 12,264,918

Change in net position 1,208,192

Net position - beginning of fiscal year 13,048,971

Prior period adjustments (3,519,831)

Net position, beginning of fiscal year, restated 9,529,140

Net position - end of fiscal year \$ 10,737,332

See notes to basic financial statements

TOWN OF SAN ANSELMO
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General Fund</u>	<u>Road Maintenance Fund</u>	<u>Measure G 2011 Bond Fund</u>	<u>Recreation Fund</u>	<u>Isabel Cook Complex Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Cash and investments	\$ 1,912,243	\$ 392,055	\$ 589,057	\$ 394,141	\$ -	\$ 506,012	\$ 3,793,508
Receivables:							
Accounts	525,031	3,697	4,080	36,402		89,227	658,437
Prepays items	4,425						4,425
Due from other funds	183,931						183,931
Total Assets	<u>\$ 2,625,630</u>	<u>\$ 395,752</u>	<u>\$ 593,137</u>	<u>\$ 430,543</u>	<u>\$ -</u>	<u>\$ 595,239</u>	<u>\$ 4,640,301</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 352,716	\$ 55,237	\$ -	\$ 66,878	\$ 4,347	\$ 71,718	\$ 550,896
Due to other funds					156,531	27,400	183,931
Deposits payable	406,033	11,855		26,051		10	443,949
Unearned revenue				151,249			151,249
Total Liabilities	<u>758,749</u>	<u>67,092</u>		<u>244,178</u>	<u>160,878</u>	<u>99,128</u>	<u>1,330,025</u>
Fund Balances							
Nonspendable	4,425						4,425
Restricted	13,877	154,583	593,137	186,365		286,113	1,234,075
Committed						30,540	30,540
Assigned	1,301,037	174,077				179,458	1,654,572
Unassigned	547,542				(160,878)		386,664
Total Fund Balances (Deficit)	<u>1,866,881</u>	<u>328,660</u>	<u>593,137</u>	<u>186,365</u>	<u>(160,878)</u>	<u>496,111</u>	<u>3,310,276</u>
Total Liabilities and Fund Balances	<u>\$ 2,625,630</u>	<u>\$ 395,752</u>	<u>\$ 593,137</u>	<u>\$ 430,543</u>	<u>\$ -</u>	<u>\$ 595,239</u>	<u>\$ 4,640,301</u>

See notes to basic financial statements

TOWN OF SAN ANSELMO
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2013

Fund Balances - Total Governmental Funds \$ 3,310,276

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

Capital assets net of depreciation have not been included as financial resources governmental fund activity. 21,021,895

Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Also, bond issuance costs are not recorded as assets under the modified accrual basis of accounting. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances at June 30, 2013 are:

Pension Obligation Bonds	\$ (3,296,000)	
General Obligation Bonds	(7,809,431)	
Deferred charges for issuance costs	208,962	
Due insurance JPA	(500,000)	
Compensated absences	(144,498)	
Net OPEB obligation	(640,462)	
Capital lease	<u>(1,257,143)</u>	(13,438,572)

Accrued interest payable from the current portion of interest due on bonds payable has not been reported in the governmental funds. (147,051)

Internal service funds are used by management to charge costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Position. (9,216)

Net Position of Governmental Activities \$ 10,737,332

See notes to basic financial statements

TOWN OF SAN ANSELMO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General Fund	Road Maintenance Fund	Measure G 2011 Bond Fund	Recreation Fund	Isabel Cook Complex Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 11,080,428	\$ -	\$ 597,051	\$ -	\$ -	\$ 400,255	\$ 12,077,734
Licenses and permits	823,010						823,010
Intergovernmental	392,495					1,326,133	1,718,628
Use of money and property	5,990	375	992	4,450	86,814	38,972	137,593
Current services charges	282,368	214,198		1,140,266		21,774	1,658,606
Fines and forfeitures	128,114						128,114
Other revenue	22,636	255				47,226	70,117
Total Revenues	12,735,041	214,828	598,043	1,144,716	86,814	1,834,360	16,613,802
Expenditures							
Current:							
General government	1,513,101					37,974	1,551,075
Public safety	7,025,665					208,004	7,233,669
Library	501,690					207,819	709,509
Planning and building	974,377						974,377
Parks and recreation	649,471			953,161	119,661	72,264	1,794,557
Public works	726,990						726,990
Capital outlay	150,387	1,319,825				1,290,179	2,760,391
Debt service:							
Principal	287,000		395,000			161,868	843,868
Interest and fiscal charges	151,683		204,994			164,720	521,397
Total Expenditures	11,980,364	1,319,825	599,994	953,161	119,661	2,142,828	17,115,833
Excess of Revenues Over (Under) Expenditures	754,677	(1,104,997)	(1,951)	191,555	(32,847)	(308,468)	(502,031)
Other Financing Sources (Uses)							
Transfers in	320,329	400,000				380,003	1,100,332
Transfers out	(1,030,003)					(320,329)	(1,350,332)
Total Other Financing Sources (Uses)	(709,674)	400,000				59,674	(250,000)
Net Changes in Fund Balances	45,003	(704,997)	(1,951)	191,555	(32,847)	(248,794)	(752,031)
Fund Balances (Deficits), July 1, 2012	1,821,878	1,033,657	595,088	(5,190)	(128,031)	744,905	4,062,307
Fund Balances (Deficits), June 30, 2013	\$ 1,866,881	\$ 328,660	\$ 593,137	\$ 186,365	\$ (160,878)	\$ 496,111	\$ 3,310,276

See notes to basic financial statements

TOWN OF SAN ANSELMO
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ (752,031)

Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital expenditures	\$ 2,676,857	
Depreciation expense	<u>(875,620)</u>	1,801,237

Gain or loss on disposition of capital assets is not reported in the governmental funds. This is the loss on disposition of capital assets that occurred during the current period. (340,899)

The issuance of long-term debt provided financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of this difference in the treatment of long-term debt and related items:

Principal payments		843,868
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds (net change):

Interest expense	16,847	
Amortization of bond premium	13,833	
Amortization of deferred loss on refunding	(25,423)	
Amortization of issuance costs	(17,227)	
OPEB contributions	<u>(132,252)</u>	(144,222)

Certain revenues are offset by unearned revenue in the governmental funds because they are not available to pay for current period expenditures. This amount represents by which prior year unearned revenue exceeds current year. (70,471)

Compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (net change). 274,482

Internal service funds are used by management to charge costs of certain activities such as self-insurance to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. (403,772)

Change in net position of governmental activities \$ 1,208,192

See notes to basic financial statements

TOWN OF SAN ANSELMO
Statement of Net Position
Proprietary Funds
June 30, 2013

	Governmental Activities - Internal Service Funds
Assets	
Current Assets:	
Cash and investments	\$ 567,379
Accounts receivable	3,079
Prepaid expenses	<u>14,515</u>
Total Current Assets	<u>584,973</u>
Total Assets	<u>584,973</u>
Liabilities	
Current Liabilities:	
Accounts payable	14,420
Claims payable	181,679
Long-Term Liabilities:	
Claims payable	<u>398,099</u>
Total Liabilities	<u>594,189</u>
Net Position	
Unrestricted	<u>(9,216)</u>
Total Net Position (Deficit)	<u>\$ (9,216)</u>

See notes to basic financial statements

TOWN OF SAN ANSELMO
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Charges for services	\$ -
Total Operating Revenues	<u> </u>
Operating Expenses:	
Insurance costs	<u>653,772</u>
Total Operating Expenses	<u>653,772</u>
Operating Loss	<u>(653,772)</u>
Transfers:	
Transfers in	<u>250,000</u>
Total Transfers	<u>250,000</u>
Change in Net Position	(403,772)
Net Position, July 1, 2012	<u>394,556</u>
Net Position (Deficit), June 30, 2013	<u>\$ (9,216)</u>

See notes to basic financial statements

TOWN OF SAN ANSELMO
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities:	
Cash paid to suppliers for goods and services	\$ (506,294)
Net Cash Provided (Used) by Operating Activities	<u>(506,294)</u>
Cash Flows from Noncapital Financing Activities:	
Cash provided from other funds - transfers in	<u>250,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>250,000</u>
Net Decrease in Cash and Cash Equivalents	(256,294)
Cash and Cash Equivalents at the Beginning of the Fiscal Year	<u>823,673</u>
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 567,379</u>
Reconciliation of Operating Loss to	
Net Cash Used by Operating Activities:	
Operating loss	\$ (653,772)
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(3,079)
(Increase) decrease in prepaid expenses	(287)
Increase (decrease) in accounts payable	(1,299)
Increase (decrease) in accrued claims	152,143
Net Cash Provided (Used) by Operating Activities	<u>\$ (506,294)</u>

See notes to basic financial statements

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TOWN OF SAN ANSELMO
Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 13,939
Total Assets	<u>\$ 13,939</u>
LIABILITIES	
Deposits payable	\$ 13,939
Total Liabilities	<u>\$ 13,939</u>

See notes to basic financial statements

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Reporting Entity

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

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

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

Streets and parks- The Town builds and maintains its streets, roads, and appurtenances using a workforce of 6. Major projects are contracted out to reduce costs.

Administration, library, recreation, planning, zoning, engineering, inspection, and other services are provided by 20 employees.

As required by accounting principles generally accepted in the United States of America, these financial statements present the finances of the Town and all of its component units, entities for which the Town is considered financially accountable. As of June 30, 2013, the Town did not have any component units that meet this criterion.

B. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

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

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

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

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

Governmental Fund Financial Statements

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

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

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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

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

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

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

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary and Fiduciary Fund Financial Statements

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

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

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

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

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

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

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

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

C. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

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

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

Receivables and Payables

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

Property and Other taxes

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

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

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Functional Classifications

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

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

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

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

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

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

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

Capital Assets

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed on the government-wide and proprietary fund financial statements. No interest was capitalized during the fiscal year ended June 30, 2013.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (Continued)

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

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

Claims and Judgments

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

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

Compensated Absences

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

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

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

Cash and Cash Equivalents

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Equity

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

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Equity (Continued)

Fund Balance Policy

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

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

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

Net Position

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

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the Town's capital assets, less the outstanding balance of any debt issued to finance these capital assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Town cannot unilaterally alter.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position (Continued)

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

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

D. Post-Employment Health Care Benefits

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

E. Measure G Tax Levy

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

F. Bond Issuance Costs Advance Refunding of Long-term Debt

Bond issuance costs and original issue discounts/premiums are amortized over the lives of the related bonds.

Accounting gains or losses resulting from advance refundings of long-term debt is deferred in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. Deferred amounts on bond refundings are amortized over the shorter of the life of the new debt or refunded debt.

G. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 60

For the fiscal year ending June 30, 2013, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 60 "*Accounting and Financial Reporting for Service Concession Arrangements*." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of the GASB Statement No. 60 did not have an impact on the Town's financial statements for the fiscal year ended June 30, 2013.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ending June 30, 2013, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 61 “*The Financial Reporting Entity: Omnibus.*” This Statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. This Statement modifies certain requirements for inclusion of component units in financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of the GASB Statement No. 61 did not have an impact on the Town’s financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ending June 30, 2013, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 62 “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*” This Statement is effective for periods after December 15, 2011. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of the GASB Statement No. 62 did not have an impact on the Authority’s financial statements for the fiscal year ended June 30, 2013

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ending June 30, 2013, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 63 “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*” This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the Town’s financial statements are explained in Note 1C.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates and assumptions.

Note 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

1. The annual budget is adopted by the Town Council and provides for the general operation of the Town. The operating budget includes proposed expenditures and the means of financing them.
2. The Town Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This “appropriated budget” covers substantially all Town expenditures. Actual expenditures may not exceed budgeted appropriations at the department level. The Town’s fund structure includes the following departments: Town Council, Town Manager/Town Clerk, Administrative Services, Town Attorney, Public Safety, Community Development, Recreation and Community Services, and Public Works. The Town Manager is authorized to transfer budgeted amounts between the accounts of any department. Budgets are controlled at the department level. Budget figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the fiscal year.
3. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Fund types during the fiscal year. The Town does not utilize encumbrance accounting.
4. Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the POST Special Revenue Fund, or the Internal Service Fund.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the Town is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2013, based on calculations by Town management, proceeds of taxes did not exceed appropriations.

B. Deficit Fund Balance/Net Position in Individual Funds

The Isabel Cook Complex major special revenue fund has a deficit fund balance of \$160,878. It is the Town’s expectations that fund balance of the general fund will be used to alleviate this deficit.

The Internal Service fund has a deficit net position of \$9,216. It is the Town’s expectation that future charges for services will alleviate this deficit.

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2013

Note 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
Public safety	\$ 7,025,665	\$ 7,001,714	\$ 23,951
Planning and Building	974,377	903,604	70,773
Parks and recreation	649,471	648,114	1,357
Public works	726,990	680,573	46,417
Interest and fiscal charges	151,683	136,188	15,495
Isabel Cook Complex	119,661	102,922	16,739
Nonmajor Funds:			
Library Services	255,819	251,983	3,836
Robson House	81,060	44,854	36,206
Special Events	15,403	7,090	8,313

Note 3 CASH AND INVESTMENTS

Cash and Investments

The following is a summary of cash and investments at June 30, 2013:

Pooled cash and investments	\$ 4,360,887
Cash and investments - Fiduciary Funds	<u>13,939</u>
Total cash and investments	<u><u>\$ 4,374,826</u></u>

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$ 656
Demand deposits	1,225,008
Investments	<u>3,149,162</u>
Total cash and investments	<u><u>\$ 4,374,826</u></u>

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

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

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

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2013

Note 3 CASH AND INVESTMENTS (CONTINUED)

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

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

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

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

Note 3 CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

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

<u>Investment Type</u>	<u>Remaining Maturity (in Months) 12 Months or Less</u>
Local Agency Investment Fund (LAIF)	<u>\$ 3,149,162</u>

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Total as of June 30, 2013</u>	<u>Legal Rating</u>	<u>Unrated</u>
Local Agency Investment Fund	<u>\$ 3,149,162</u>	N/A	<u>\$ 3,149,162</u>
Totals	<u>\$ 3,149,162</u>		<u>\$ 3,149,162</u>

Concentration of Credit Risk

As of June 30, 2013, the Town has not invested more than 5% of its total investments in any one issuer. Investments in external investment pools and money market mutual funds are excluded from this requirement.

Custodial Credit Risk

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

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2013

Note 3 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

However, the policy does stipulate that mortgage collateral cannot be used to secure deposits, and that the use of a third party bank trust department is to act as the Town's safekeeping agent for investments. At June 30, 2013, the Town's deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

Investment in State Investment Pool

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Town's investment in this pool is reported in the accompanying financial statements at amounts based upon the Town's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 4 INTERFUND TRANSACTIONS

Receivables/Payables

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

Due to/Due from Other Funds

<u>Fund</u>	<u>Due From Amount</u>	<u>Due to Amount</u>
Major Funds:		
General Fund	\$ 183,931	\$ -
Isabel Cook Complex		156,531
NonMajor Fund:		
Gas Tax		27,400

Transfers

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

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2013

Note 4 INTERFUND TRANSACTIONS (CONTINUED)

Transfers (Continued)

Transfers between individual funds during the fiscal year ended June 30, 2013, were as follows:

<u>Transfers To</u>	<u>Amount</u>	<u>Transfers From</u>	<u>Amount</u>
Major Fund:		Nonmajor Funds:	
General	<u>\$ 320,329</u>	Gas Tax	\$ 300,329
		Equipment Replacement	20,000
			<u>\$ 320,329</u>
Major Fund:		Major Fund:	
Road Maintenance	<u>\$ 400,000</u>	General	<u>\$ 400,000</u>
Internal Service Fund:		Major Fund:	
Insurance	\$ 250,000	General	<u>\$ 630,003</u>
Nonmajor Funds:			
Municipal Lease	158,517		
Capital Reconstruction	21,486		
Equipment Replacement	200,000		
	<u>\$ 630,003</u>		

Transfers to the General Fund from the Gas Tax Fund were made to reimburse the General Fund for street department expenditures. Transfers to the General Fund from the Equipment Replacement Fund were made to repay the General Fund from a previous fiscal year transfer of funds that were not used.

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

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2013

Note 5 CAPITAL ASSETS

A. A summary of changes in the governmental Activities capital assets for the fiscal year ended June 30, 2013 is as follows:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Capital assets not being depreciated:				
Land	\$ 2,591,850	\$ -	\$ -	\$ 2,591,850
	<u>2,591,850</u>			<u>2,591,850</u>
Depreciable capital assets:				
Equipment/vehicles	3,164,891	163,996	(1,053,668)	2,275,219
Buildings and improvements	12,169,336	571,281	(152,439)	12,588,178
Infrastructure	9,805,086	1,941,580		11,746,666
Total	<u>25,139,313</u>	<u>2,676,857</u>	<u>(1,206,107)</u>	<u>26,610,063</u>
Less accumulated depreciation for:				
Equipment/vehicles	(1,745,671)	(180,219)	806,354	(1,119,536)
Buildings and improvements	(4,850,648)	(238,070)	58,854	(5,029,864)
Infrastructure	(1,573,287)	(457,331)		(2,030,618)
	<u>(8,169,606)</u>	<u>(875,620)</u>	<u>865,208</u>	<u>(8,180,018)</u>
Total capital assets, being depreciated, net	<u>16,969,707</u>	<u>1,801,237</u>	<u>(340,899)</u>	<u>18,430,045</u>
Governmental activities capital assets, net	<u>\$ 19,561,557</u>	<u>\$ 1,801,237</u>	<u>\$ (340,899)</u>	<u>\$ 21,021,895</u>

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

Governmental Activities:	<u>Total</u>
General government	\$ 271,850
Public safety	238
Parks and recreation	17,990
Public works	539,631
Library	45,911
	<u>\$ 875,620</u>

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2013

Note 6 LONG-TERM LIABILITIES

The following is a summary of changes in Governmental Activities long-term debt (excluding claims and adjustments) for the fiscal year ended June 30, 2013:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013	Due Within One Year
2003 General Obligation Bonds	\$ 2,255,000	\$ -	\$ (65,000)	\$ 2,190,000	\$ 70,000
2011 General Obligation Bonds	5,955,000		(395,000)	5,560,000	405,000
2011 Premium on Go Bonds	180,979		(13,833)	167,146	13,833
2011 Deferred Loss on Refunding	(133,138)		25,423	(107,715)	(19,361)
Municipal Lease - Fire Station	1,354,011		(96,868)	1,257,143	101,410
2012 Pension Obligation Bonds	3,583,000		(287,000)	3,296,000	320,000
Due Insurance JPA	500,000			500,000	
Other Post Employment Benefits	508,210	209,520	(77,268)	640,462	
Compensated Absences	418,980	104,745	(379,227)	144,498	36,125
	<u>\$ 14,622,042</u>	<u>\$ 314,265</u>	<u>\$ (1,288,773)</u>	<u>\$ 13,647,534</u>	<u>\$ 927,007</u>
Total					

B. General Obligation Bonds

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

On April 7, 2011, the Town issued \$5,955,000 of 2011 General Obligation Bonds for the purpose of refunding the \$5,894,928 of outstanding 1995, 1997, and 2000 General Obligation Bonds. The interest rate for the new bond ranges from 2% to 4.38% as compared to the 1995, 1997, and 2000 bonds that had interest ranges of 5.0%-6.0%, 3.9%-5.35%, and 5.0%-8.0%, respectively. The refunding took advantage of lower interest rates which were available and resulted in reductions in debt service requirements over the life of the new debt. The net proceeds of \$6,010,105 from these bonds were transferred to a trustee and placed in an irrevocable trust to redeem the 1995, 1997, and 2000 General Obligation Bonds. The net proceeds of \$6,010,105 includes a bond premium of \$194,812 and is net of \$139,707 in issuance costs and underwriting fees. These funds were invested in U.S. government securities to provide for the redemption price and interest through the call date. Accordingly, the 1995, 1997, and 2000 General Obligation Bonds were removed from the balance sheet as of June 30, 2013, as they are considered defeased.

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

The obligation bonds of the 2003 and 2011 General Obligation Bonds as of June 30, 2013 were \$2,190,000 and \$5,560,000 respectively.

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2013

Note 6 LONG-TERM LIABILITIES (CONTINUED)

B. General Obligation Bonds (Continued)

The annual debt service requests on these bonds are:

Fiscal Years Ending June 30,	2003		2011	
	Principal	Interest	Principal	Interest
2014	\$ 70,000	\$ 99,702	\$ 405,000	\$ 194,469
2015	80,000	96,515	430,000	179,794
2016	85,000	93,009	465,000	164,219
2017	90,000	89,290	495,000	149,819
2018	100,000	85,203	515,000	134,669
2019-2023	630,000	348,559	2,665,000	372,712
2024-2028	910,000	171,215	585,000	38,552
2029	225,000	5,456		
	2,190,000	988,949	5,560,000	1,234,234
Plus Premium on Issuance			167,146	
Less Deferred Loss on Refunding			(107,715)	
Balance	<u>\$ 2,190,000</u>	<u>\$ 988,949</u>	<u>\$ 5,619,431</u>	<u>\$ 1,234,234</u>

C. Municipal Lease – Fire Station

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

Fiscal Years Endng June 30,	Principal	Interest
2014	\$ 101,410	\$ 57,107
2015	106,165	52,352
2016	111,142	47,375
2017	116,354	42,163
2018	121,809	36,708
2019-2023	700,263	92,319
Totals	<u>\$ 1,257,143</u>	<u>\$ 328,024</u>

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2013

Note 6 LONG-TERM LIABILITIES (CONTINUED)

D. Pension Obligation Bonds

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

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

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

The annual minimum debt service requirements for these bonds are:

Fiscal Years Endng June 30,	Principal	Interest
2014	\$ 320,000	\$ 117,095
2015	347,000	105,207
2016	375,000	92,318
2017	405,000	78,391
2018	437,000	63,335
2019-2022	<u>1,412,000</u>	<u>97,068</u>
Totals	<u>\$ 3,296,000</u>	<u>\$ 553,414</u>

E. Other

In fiscal year 2003, the Town acquired a piece of property for \$500,000 in connection with a settlement agreement, and the Town had agreed to repair and stabilize a landslide on the property (see Note 13). During fiscal years 2005 and 2006, costs of \$168,626 and \$581,377, respectively, were incurred to stabilize the land. The Town's insurance carrier (Bay Cities Joint Powers Insurance Authority) agreed to pay \$500,000 of stabilization costs, for which it will be reimbursed upon the eventual sale of the land.

See Note 9 for additional information regarding the Town's Other Post Employment Benefit obligation.

Note 7 DEFINED BENEFIT PENSION PLAN

A. Plan Description

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

B. Funding Policy

The Town provides a two tier retirement plan. Tier one includes employees hired before February 1, 2007. Participation in this tier requires a contribution of 8% (9% for safety employees) of their annual covered salary. The Town makes the contributions required of Town employees on their behalf and for their account. The Town is required to contribute at an actuarially determined rate; the current rate is 28.987% for non-safety employees and was 42.400% for police employees, of annual covered payroll. For employees hired on or after February 1, 2007 participation in tier two requires a contribution of 7% (9% for safety employees) of their annual covered salary. The Town makes the contributions required of Town employees on their behalf and for their account. The Town is required to contribute at an actuarially determined rate; the current rate is 10.238% for non-safety employees and 20.999% for police employees, of annual covered payroll. The contribution requirements of plan members and the Town are established, and may be amended, by CalPERS. As of June 30, 2013, the Town no longer employs any police police employees. Future contributions for police employees will be funded by the Central Marin Police Authority.

C. Annual Pension Cost

For fiscal 2013 the Town's annual pension cost of \$706,204 for CalPERS was equal to the Town's required and actual contributions. The Town also contributed \$725,020 toward the Ross Valley Fire Service's annual pension cost. The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

D. Three-year trend information for CalPERS

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$ 1,292,111	100.0%	\$ -
6/30/2012	1,103,350	100.0%	-
6/30/2013	706,204	100.0%	-

Note 8 OTHER EMPLOYMENT BENEFITS

A. Social Benefits

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

Employees covered under “OBRA” are required to contribute 7.65% in Social Security and Medicare through their payroll and the Town contributes a total of 7.65%. Total Social Security contributed on behalf of the employee from the employee and Town for the fiscal year ended June 30, 2013 was \$172,182 and \$216,075, respectively. Contributions to medicare will split 50/50 between the Town and employees in the amount of \$110,354.

B. Deferred Compensation

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

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

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

Note 9 POST-RETIREMENT HEALTH BENEFITS

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

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

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2013

Note 9 POST-RETIREMENT HEALTH BENEFITS (CONTINUED)

The Town's policy is to fund these benefits on a pay-as-you-go basis, and paid \$225 per retiree for the fiscal year ended June 30, 2013 (a total of \$77,268 to the plan). The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount which was determined as part of a July 1, 2011 actuarial valuation in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC is subject to change with each actuarial valuation date performed no less than every three years.

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

	<u>Police</u>	<u>Miscellaneous</u>	<u>Total</u>
Annual required contributions (ARC) and annual OPEB cost	\$ 82,500	\$ 119,300	\$ 201,800
Interest on OPEB	10,283	15,128	25,411
Adjustment to ARC	(7,076)	(10,615)	(17,691)
Annual ARC	<u>85,707</u>	<u>123,813</u>	<u>209,520</u>
Contributions made by Town	<u>(30,907)</u>	<u>(46,361)</u>	<u>(77,268)</u>
Increase in net OPEB obligation	54,800	77,452	132,252
Net OPEB obligations, beginning of fiscal year	<u>205,652</u>	<u>302,558</u>	<u>508,210</u>
Net OPEB obligations, end of fiscal year	<u>\$ 260,452</u>	<u>\$ 380,010</u>	<u>\$ 640,462</u>

A. Actuarial Methods and Assumptions

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

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

B. Funded Status and Funding Progress

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

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2013

Note 10 FUND EQUITY

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2013 is as follows:

	General	Road Maintenance	Measure G 2011	Recreation	Isabel Cook	Other	Total
Nonspendable:							
Prepaid Expenses	\$ 4,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,425
Total	4,425						4,425
Committed:							
Robson House						30,540	30,540
Total						30,540	30,540
Restricted:							
Library						106,500	106,500
Streets and Roads		154,583				23,940	178,523
Measure G			593,137			144,466	737,603
Recreation programs and community services				186,365		11,207	197,572
Downtown Revitalization	13,877						13,877
Total	13,877	154,583	593,137	186,365		286,113	1,234,075
Assigned for:							
Emergencies	1,301,037						1,301,037
Streets and Roads		174,077					174,077
Projects						179,458	179,458
Total	1,301,037	174,077				179,458	1,654,572
Unassigned	547,542				(160,878)		386,664
Total Fund Balances	\$ 1,866,881	\$ 328,660	\$ 593,137	\$ 186,365	\$ (160,878)	\$ 496,111	\$ 3,310,276

Note 11 INSURANCE

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

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

The BCJPIA is an “account pool” as defined by Government Accounting Standards Board Statement No. 10 (“GASB 10”). The BCJPIA manages separate accounts for each pool member. Losses and expenses are paid from these pools above the self-insured retention limit of \$100,000 to \$1,000,000 per occurrence. This is the Primary Liability Program. Annually, the BCJPIA evaluates the financial risk cash position, less claims reserves, claims incurred but not reported (“IBNR”), and claims development of each member in the Primary Liability Program. If a member has a negative risk position, as defined by the BCJPIA, its annual assessment is increased.

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2013

Note 11 INSURANCE (CONTINUED)

The BCJPIA purchases excess insurance above the \$1,000,000 limit. This excess insurance provides risk sharing pool coverage for its members of \$1,000,000 up to \$20,000,000 per occurrence. This is the Excess Liability Program.

During the fiscal year ended June 30, 2013, the Town incurred costs of \$234,218 for coverage premiums and administration of the risk pools.

The Town had the following balances at June 30, 2013:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Outstanding claims, end of period	\$ 154,918	\$ 100,683	\$ 255,601
Incurred but not reported	257,640	66,528	324,168
Total liability for unpaid claims	<u>\$ 412,558</u>	<u>\$ 167,211</u>	<u>\$ 579,769</u>
Discounted liabilities	\$ 412,558	\$ 167,211	\$ 579,769
Current portion	141,421	40,249	181,670
Noncurrent portion	<u>\$ 271,137</u>	<u>\$ 126,962</u>	<u>\$ 398,099</u>

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

Audited financial statements may be obtained from the Bay Cities Joint Powers Insurance Authority at 1831 K Street, Sacramento, CA 95811. Condensed unaudited financial information of BCJPIA at and for the fiscal year ended June 30, 2013 is as follows:

Total assets	\$ 25,252,772
Total liabilities	<u>16,562,536</u>
Net position	<u>8,690,236</u>
Total revenues	\$ 10,054,558
Total expenses	<u>9,997,381</u>
Change in net position	<u>\$ 57,177</u>

Note 12 JOINT POWERS AGENCIES

A. Ross Valley Fire Service

The Ross Valley Fire Service (the 'Fire Service') was created in 1982 under a joint powers agreement between the Towns of Fairfax and San Anselmo to provide fire protection, emergency medical, and related services within the Fairfax-San Anselmo area. Primary funding for the Fire Service is through contributions from the Towns. The Fire Service is governed by a board of directors appointed by the two Towns and administered by the Town Manager of one of the Towns, as appointed by the board of directors. The Town of San Anselmo's contribution to the Fire Service for the fiscal year ended June 30, 2013 was \$3,032,948 for operations and \$46,760 for equipment replacement. Audited financial statements may be obtained from Ross Valley Fire Service, 777 San Anselmo Avenue, San Anselmo, CA 94960.

Note 12 JOINT POWERS AGENCIES (CONTINUED)

B. Ross Valley Paramedic Authority

The Ross Valley Paramedic Authority (“RVPA”) was created on December 14, 1982 by the Town of Corte Madera, Town of Fairfax, Kentfield Fire Protection District, City of Larkspur, County of Marin, Town of Ross, Town of San Anselmo, and Sleepy Hollow Fire Protection District to provide paramedic services to these eight public entities. The RVPA is controlled by an eight member board consisting of one member from each of the participating entities. None of the entities exercises specific control over the budgeting and financing of the RVPA’s activities. The County of Marin Fire Department assigns seven full-time County employees as well as supervision by County fire department superior officers to render the paramedic service. Audited financial statements may be obtained by mailing a request to Bob Sinnott at City of Larkspur, 400 Magnolia Avenue, Larkspur, CA 94939.

RVPA’s operations are financed by its members, through a tax on each residential unit and an equivalent tax for commercial property. During the fiscal year ended June 30, 2013, the tax was \$45.50 per living unit and per 1,500 square feet of structure on parcels in non-residential use. The City of Larkspur maintains the books and records of the RVPA.

C. Marin Telecommunications Agency

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

D. Marin General Services Authority

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

E. Marin Emergency Radio Authority

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

Town of San Anselmo
Notes to Basic Financial Statements
June 30, 2013

Note 12 JOINT POWERS AGENCIES (CONTINUED)

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

Fiscal Years Endng June 30,		
2014	\$	64,159
2015		64,128
2016		64,143
2017		64,149
2018		64,227
2019-2022		<u>256,665</u>
		577,471
Less - interest		<u>(97,418)</u>
	\$	<u>480,053</u>

Note 13 COMMITMENTS AND CONTINGENCIES

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

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

Note 14 PRIOR PERIOD ADJUSTMENT

A prior period adjustment in the amount of (\$3,519,831) was made on the statement of activities due to an overstatement of prepaid pension asset in the prior fiscal year.

Note 15 SUBSEQUENT EVENTS

On July 23, 2013, the Town Council awarded a construction contract for the 2013 Street Rehabilitation Project to Ghilotti Brothers in the amount of \$479,080.

The Town has evaluated subsequent events through December 6, 2013, the date these financial statements were available to be issued, and has determined there were no material events requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Town of San Anselmo
Other Post-Retirement Benefits
Schedule of Funding Progress (Unaudited)
June 30, 2013

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

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

TOWN OF SAN ANSELMO
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 10,911,144	\$ 10,911,144	\$ 11,080,428	\$ 169,284
Licenses and permits	829,126	829,126	823,010	(6,116)
Intergovernmental	32,054	32,054	392,495	360,441
Use of money and property	12,000	12,000	5,990	(6,010)
Fines and forfeitures	154,300	154,300	128,114	(26,186)
Current services charges	107,572	197,572	282,368	84,796
Other revenue	7,400	22,526	22,636	110
Total Revenues	<u>12,053,596</u>	<u>12,158,722</u>	<u>12,735,041</u>	<u>576,319</u>
Expenditures:				
Current:				
General government:				
Town council	27,647	27,647	25,088	2,559
Administrative services	824,904	833,424	843,690	(10,266)
Legal services	165,392	165,392	147,135	18,257
Non-departmental	377,707	552,707	497,188	55,519
Total General Government	<u>1,395,650</u>	<u>1,579,170</u>	<u>1,513,101</u>	<u>66,069</u>
Public safety	6,778,551	7,001,714	7,025,665	(23,951)
Library	497,223	512,349	501,690	10,659
Planning and Building	921,101	903,604	974,377	(70,773)
Parks and Recreation	561,114	648,114	649,471	(1,357)
Public works	737,806	680,573	726,990	(46,417)
Capital Outlay	47,117	202,577	150,387	52,190
Debt service:				
Principal	379,530	287,000	287,000	
Interest and fiscal charges	202,175	136,188	151,683	(15,495)
Total Expenditures	<u>11,520,267</u>	<u>11,951,289</u>	<u>11,980,364</u>	<u>(29,075)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>533,329</u>	<u>207,433</u>	<u>754,677</u>	<u>547,244</u>
Other Financing Sources (Uses)				
Transfers in	514,063	355,546	320,329	(35,217)
Transfers out	<u>(1,030,003)</u>	<u>(1,030,003)</u>	<u>(1,030,003)</u>	
Total Other Financing Sources (Uses)	<u>(515,940)</u>	<u>(674,457)</u>	<u>(709,674)</u>	<u>(35,217)</u>
Net Change in Fund Balance	17,389	(467,024)	45,003	512,027
Fund Balance, July 1, 2012	<u>1,821,878</u>	<u>1,821,878</u>	<u>1,821,878</u>	
Fund Balance, June 30, 2013	<u>\$ 1,839,267</u>	<u>\$ 1,354,854</u>	<u>\$ 1,866,881</u>	<u>\$ 512,027</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Road Maintenance Fund
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Use of money and property	\$ 500	\$ 500	\$ 375	\$ (125)
Other revenue			255	255
Current services charges	193,600	193,600	214,198	20,598
Total Revenues	194,100	194,100	214,828	20,728
Expenditures				
Capital outlay	1,329,388	1,329,388	1,319,825	9,563
Total Expenditures	1,329,388	1,329,388	1,319,825	9,563
Excess (Deficit) of Revenues over Expenditures	(1,135,288)	(1,135,288)	(1,104,997)	30,291
Other Financing Sources (Uses)				
Transfers in	400,000	400,000	400,000	
Total Other Financing Sources (Uses)	400,000	400,000	400,000	
Net Change in Fund Balance	(735,288)	(735,288)	(704,997)	30,291
Fund Balance, July 1, 2012	1,033,657	1,033,657	1,033,657	
Fund Balance, June 30, 2013	<u>\$ 298,369</u>	<u>\$ 298,369</u>	<u>\$ 328,660</u>	<u>\$ 30,291</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Recreation Fund
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Current services charges	\$ 1,010,182	\$ 1,010,182	\$ 1,140,266	\$ 130,084
Use of money and property	8,000	8,000	4,450	(3,550)
Total Revenues	<u>1,018,182</u>	<u>1,018,182</u>	<u>1,144,716</u>	<u>126,534</u>
Expenditures				
Current:				
Parks and recreation	<u>1,010,182</u>	<u>1,010,182</u>	<u>953,161</u>	<u>57,021</u>
Total Expenditures	<u>1,010,182</u>	<u>1,010,182</u>	<u>953,161</u>	<u>57,021</u>
Excess (Deficit) of Revenues over Expenditures	<u>8,000</u>	<u>8,000</u>	<u>191,555</u>	<u>183,555</u>
Net Change in Fund Balance	8,000	8,000	191,555	183,555
Fund Balance (Deficit), July 1, 2012	<u>(5,190)</u>	<u>(5,190)</u>	<u>(5,190)</u>	
Fund Balance, June 30, 2013	<u>\$ 2,810</u>	<u>\$ 2,810</u>	<u>\$ 186,365</u>	<u>\$ 183,555</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Isabel Cook Complex Fund
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ 81,864	\$ 81,864	\$ 86,814	\$ 4,950
Total Revenues	<u>81,864</u>	<u>81,864</u>	<u>86,814</u>	<u>4,950</u>
Expenditures				
Current:				
Parks and recreation	102,922	102,922	119,661	(16,739)
Capital outlay	<u>600</u>	<u>600</u>		<u>600</u>
Total Expenditures	<u>103,522</u>	<u>103,522</u>	<u>119,661</u>	<u>(16,139)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(21,658)</u>	<u>(21,658)</u>	<u>(32,847)</u>	<u>(11,189)</u>
Net Change in Fund Balance	(21,658)	(21,658)	(32,847)	(11,189)
Fund Balance (Deficit), July 1, 2012	<u>(128,031)</u>	<u>(128,031)</u>	<u>(128,031)</u>	
Fund Balance (Deficit), June 30, 2013	<u>\$ (149,689)</u>	<u>\$ (149,689)</u>	<u>\$ (160,878)</u>	<u>\$ (11,189)</u>

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OTHER SUPPLEMENTAL INFORMATION

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure G 2011 Bond Fund
For the Fiscal Year Ended June 30, 2013

	<u>Budget Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Taxes			
Property taxes	\$ 553,836	\$ 597,051	\$ 43,215
Use of money and property		992	992
Total Revenues	<u>553,836</u>	<u>598,043</u>	<u>44,207</u>
Expenditures			
Debt Service:			
Principal	395,000	395,000	
Interest and fiscal charges	205,494	204,994	500
Total Expenditures	<u>600,494</u>	<u>599,994</u>	<u>500</u>
Net Change in Fund Balance	(46,658)	(1,951)	44,707
Fund Balance, July 1, 2012	<u>595,088</u>	<u>595,088</u>	
Fund Balance, June 30, 2013	<u>\$ 548,430</u>	<u>\$ 593,137</u>	<u>\$ 44,707</u>

TOWN OF SAN ANSELMO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds		
	Grant	Gas Tax	Library Services
Assets			
Cash and investments	\$ 11,471	\$ -	\$ 106,005
Receivables:			
Accounts and due from other governments	<u>13,077</u>	<u>27,400</u>	<u>2,545</u>
Total Assets	<u>\$ 24,548</u>	<u>\$ 27,400</u>	<u>\$ 108,550</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 608	\$ -	\$ 2,050
Deposits payable			
Due to other funds		<u>27,400</u>	
Total Liabilities	<u>608</u>	<u>27,400</u>	<u>2,050</u>
Fund Balances:			
Restricted	23,940		106,500
Committed			
Assigned			
Total Fund Balances	<u>23,940</u>		<u>106,500</u>
Total Liabilities and Fund Balances	<u>\$ 24,548</u>	<u>\$ 27,400</u>	<u>\$ 108,550</u>

Special Revenue Funds

Robson House	Supplemental Law Enforcement Service	Special Events	POST	Total Special Revenue Funds
\$ 37,711	\$ -	\$ 9,107	\$ -	\$ 164,294
	35,681	4,300		83,003
<u>\$ 37,711</u>	<u>\$ 35,681</u>	<u>\$ 13,407</u>	<u>\$ -</u>	<u>\$ 247,297</u>
\$ 7,171	\$ 35,681	\$ 2,190	\$ -	\$ 47,700
		10		10
				27,400
<u>7,171</u>	<u>35,681</u>	<u>2,200</u>		<u>75,110</u>
		11,207		141,647
30,540				30,540
<u>30,540</u>		<u>11,207</u>		<u>172,187</u>
<u>\$ 37,711</u>	<u>\$ 35,681</u>	<u>\$ 13,407</u>	<u>\$ -</u>	<u>\$ 247,297</u>

TOWN OF SAN ANSELMO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Debt Service Funds		
	Measure G	Muni Lease	Total Debt Service Funds
Assets			
Cash and investments	\$ 143,242	\$ -	\$ 143,242
Receivables:			
Accounts and due from other governments	1,224		1,224
Total Assets	\$ 144,466	\$ -	\$ 144,466
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Deposits payable			
Due to other funds			
Total Liabilities			
Fund Balances:			
Restricted	144,466		144,466
Committed			
Assigned			
Total Fund Balances	144,466		144,466
Total Liabilities and Fund Balances	\$ 144,466	\$ -	\$ 144,466

Capital Projects Funds

Capital Reconstruction	Equipment Replacement	Total Capital Projects Funds	Total Nonmajor Funds
\$ 146,811	\$ 51,665	\$ 198,476	\$ 506,012
5,000		5,000	89,227
<u>\$ 151,811</u>	<u>\$ 51,665</u>	<u>\$ 203,476</u>	<u>\$ 595,239</u>
\$ 4,028	\$ 19,990	\$ 24,018	71,718
			10
			27,400
<u>4,028</u>	<u>19,990</u>	<u>24,018</u>	<u>99,128</u>
			286,113
			30,540
<u>147,783</u>	<u>31,675</u>	<u>179,458</u>	<u>179,458</u>
<u>147,783</u>	<u>31,675</u>	<u>179,458</u>	<u>496,111</u>
<u>\$ 151,811</u>	<u>\$ 51,665</u>	<u>\$ 203,476</u>	<u>\$ 595,239</u>

TOWN OF SAN ANSELMO
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013

	Special Revenue Funds		
	Grant	Gas Tax	Library Services
Revenues:			
Taxes	\$ -	\$ -	\$ 221,203
Use of money and property			
Intergovernmental	961,718	300,329	
Current services charges			
Other revenue			
Total Revenues	<u>961,718</u>	<u>300,329</u>	<u>221,203</u>
Expenditures:			
Current:			
General government			
Public safety			
Library			207,278
Parks and recreation			
Capital outlay	1,128,234		48,541
Debt service:			
Principal			
Interest and fiscal charges			
Total Expenditures	<u>1,128,234</u>		<u>255,819</u>
Excess (Deficit) of Revenues over Expenditures	<u>(166,516)</u>	<u>300,329</u>	<u>(34,616)</u>
Other Financing Sources (Uses)			
Transfers in			
Transfers out		(300,329)	
Total Other Financing Sources (Uses)		<u>(300,329)</u>	
Net Change in Fund Balances	(166,516)		(34,616)
Fund Balances (Deficits), July 1, 2012	<u>190,456</u>		<u>141,116</u>
Fund Balances (Deficits), June 30, 2013	<u>\$ 23,940</u>	<u>\$ -</u>	<u>\$ 106,500</u>

Special Revenue Funds				
Robson House	Supplemental Law Enforcement Service	Special Events	POST	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 221,203
38,740				38,740
	50,000		9,086	1,321,133
		21,774		21,774
<u>38,740</u>	<u>50,000</u>	<u>21,774</u>	<u>9,086</u>	<u>1,602,850</u>
	50,000		9,086	59,086
56,700		15,403		207,278
24,360				72,103
				1,201,135
<u>81,060</u>	<u>50,000</u>	<u>15,403</u>	<u>9,086</u>	<u>1,539,602</u>
<u>(42,320)</u>		<u>6,371</u>		<u>63,248</u>
				(300,329)
				(300,329)
(42,320)		6,371		(237,081)
<u>72,860</u>		<u>4,836</u>		<u>409,268</u>
<u>\$ 30,540</u>	<u>\$ -</u>	<u>\$ 11,207</u>	<u>\$ -</u>	<u>\$ 172,187</u>

TOWN OF SAN ANSELMO
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013

	<u>Debt Service Funds</u>		
	<u>Measure G</u>	<u>Muni Lease</u>	<u>Total Debt Service Funds</u>
Revenues:			
Taxes	\$ 179,052	\$ -	\$ 179,052
Use of money and property	232		232
Intergovernmental			
Current services charges			
Other revenue			
	<hr/>	<hr/>	<hr/>
Total Revenues	179,284		179,284
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
General government			
Public safety			
Library			
Parks and recreation			
Capital outlay			
Debt service:			
Principal	65,000	96,868	161,868
Interest and fiscal charges	103,071	61,649	164,720
	<hr/>	<hr/>	<hr/>
Total Expenditures	168,071	158,517	326,588
	<hr/>	<hr/>	<hr/>
Excess (Deficit) of Revenues over Expenditures	11,213	(158,517)	(147,304)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)			
Transfers in		158,517	158,517
Transfers out			
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)		158,517	158,517
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	11,213		11,213
	<hr/>	<hr/>	<hr/>
Fund Balances (Deficits), July 1, 2012	133,253		133,253
	<hr/>	<hr/>	<hr/>
Fund Balances (Deficits), June 30, 2013	\$ 144,466	\$ -	\$ 144,466
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Capital Projects Funds			
Capital Reconstruction	Equipment Replacement	Total Capital Projects Funds	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ 400,255
			38,972
5,000		5,000	1,326,133
			21,774
8,000	39,226	47,226	47,226
13,000	39,226	52,226	1,834,360
29,916	8,058	37,974	37,974
	148,918	148,918	208,004
	541	541	207,819
	161	161	72,264
10,950	78,094	89,044	1,290,179
			161,868
			164,720
40,866	235,772	276,638	2,142,828
(27,866)	(196,546)	(224,412)	(308,468)
21,486	200,000	221,486	380,003
	(20,000)	(20,000)	(320,329)
21,486	180,000	201,486	59,674
(6,380)	(16,546)	(22,926)	(248,794)
154,163	48,221	202,384	744,905
\$ 147,783	\$ 31,675	\$ 179,458	\$ 496,111

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Grant Fund
For the Fiscal Year Ended June 30, 2013

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,658,790	\$ 961,718	\$ (697,072)
Total Revenues	<u>1,658,790</u>	<u>961,718</u>	<u>(697,072)</u>
Expenditures:			
Capital outlay	<u>1,806,056</u>	<u>1,128,234</u>	<u>677,822</u>
Total Expenditures	<u>1,806,056</u>	<u>1,128,234</u>	<u>677,822</u>
Excess (Deficit) of Revenues over Expenditures	<u>(147,266)</u>	<u>(166,516)</u>	<u>(19,250)</u>
Net Change in Fund Balance	(147,266)	(166,516)	(19,250)
Fund Balance, July 1, 2012	<u>190,456</u>	<u>190,456</u>	
Fund Balance, June 30, 2013	<u>\$ 43,190</u>	<u>\$ 23,940</u>	<u>\$ (19,250)</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Gas Tax
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u> <u>Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:			
Intergovernmental	\$ 335,546	\$ 300,329	\$ (35,217)
Total Revenues	<u>335,546</u>	<u>300,329</u>	<u>(35,217)</u>
Excess (Deficit) of Revenues over Expenditures	<u>335,546</u>	<u>300,329</u>	<u>(35,217)</u>
Other Financing Sources (Uses)			
Transfers out	<u>(335,546)</u>	<u>(300,329)</u>	<u>35,217</u>
Total Other Financing Sources (Uses)	<u>(335,546)</u>	<u>(300,329)</u>	<u>35,217</u>
Net Change in Fund Balance			
Fund Balance, July 1, 2012	<u> </u>	<u> </u>	<u> </u>
Fund Balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Library Services
For the Fiscal Year Ended June 30, 2013

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 220,000	\$ 221,203	\$ 1,203
Total Revenues	<u>220,000</u>	<u>221,203</u>	<u>1,203</u>
Expenditures:			
Current:			
Library	191,983	207,278	(15,295)
Capital outlay	<u>60,000</u>	<u>48,541</u>	<u>11,459</u>
Total Expenditures	<u>251,983</u>	<u>255,819</u>	<u>(3,836)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(31,983)</u>	<u>(34,616)</u>	<u>(2,633)</u>
Net Change in Fund Balance	(31,983)	(34,616)	(2,633)
Fund Balance, July 1, 2012	<u>141,116</u>	<u>141,116</u>	
Fund Balance, June 30, 2013	<u><u>\$ 109,133</u></u>	<u><u>\$ 106,500</u></u>	<u><u>\$ (2,633)</u></u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Robson House
For the Fiscal Year Ended June 30, 2013

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 42,600	\$ 38,740	\$ (3,860)
Total Revenues	<u>42,600</u>	<u>38,740</u>	<u>(3,860)</u>
Expenditures:			
Current:			
Parks and recreation	44,854	56,700	(11,846)
Capital outlay	<u> </u>	<u>24,360</u>	<u>(24,360)</u>
Total Expenditures	<u>44,854</u>	<u>81,060</u>	<u>(36,206)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(2,254)</u>	<u>(42,320)</u>	<u>(40,066)</u>
Net Change in Fund Balance	(2,254)	(42,320)	(40,066)
Fund Balance, July 1, 2012	<u>72,860</u>	<u>72,860</u>	<u> </u>
Fund Balance, June 30, 2013	<u>\$ 70,606</u>	<u>\$ 30,540</u>	<u>\$ (40,066)</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Supplemental Law Enforcement Service
For the Fiscal Year Ended June 30, 2013

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 100,000	\$ 50,000	\$ (50,000)
Total Revenues	<u>100,000</u>	<u>50,000</u>	<u>(50,000)</u>
Expenditures:			
Current:			
Public safety	<u>100,000</u>	<u>50,000</u>	<u>50,000</u>
Total Expenditures	<u>100,000</u>	<u>50,000</u>	<u>50,000</u>
Net Change in Fund Balance			
Fund Balance, July 1, 2012	<u> </u>	<u> </u>	<u> </u>
Fund Balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Special Events
For the Fiscal Year Ended June 30, 2013

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Current services charges	\$ 7,287	\$ 21,774	\$ 14,487
Total Revenues	<u>7,287</u>	<u>21,774</u>	<u>14,487</u>
Expenditures:			
Current:			
Parks and recreation	<u>7,090</u>	<u>15,403</u>	<u>(8,313)</u>
Total Expenditures	<u>7,090</u>	<u>15,403</u>	<u>(8,313)</u>
Excess (Deficit) of Revenues over Expenditures	<u>197</u>	<u>6,371</u>	<u>6,174</u>
Net Change in Fund Balance	197	6,371	6,174
Fund Balance, July 1, 2012	<u>4,836</u>	<u>4,836</u>	
Fund Balance, June 30, 2013	<u>\$ 5,033</u>	<u>\$ 11,207</u>	<u>\$ 6,174</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure G
For the Fiscal Year Ended June 30, 2013

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 163,478	\$ 179,052	\$ 15,574
Use of money and property	395	232	(163)
Total Revenues	<u>163,873</u>	<u>179,284</u>	<u>15,411</u>
Expenditures:			
Debt service:			
Principal	65,000	65,000	
Interest and fiscal charges	103,071	103,071	
Total Expenditures	<u>168,071</u>	<u>168,071</u>	
Excess (Deficit) of Revenues over Expenditures	<u>(4,198)</u>	<u>11,213</u>	<u>15,411</u>
Net Change in Fund Balance	(4,198)	11,213	15,411
Fund Balance, July 1, 2012	<u>133,253</u>	<u>133,253</u>	
Fund Balance, June 30, 2013	<u>\$ 129,055</u>	<u>\$ 144,466</u>	<u>\$ 15,411</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Muni Lease
For the Fiscal Year Ended June 30, 2013

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other revenue	\$ 96,868	\$ -	\$ (96,868)
Total Revenues	<u>96,868</u>	<u></u>	<u>(96,868)</u>
Expenditures:			
Debt service:			
Principal	96,868	96,868	
Interest and fiscal charges	61,649	61,649	
Total Expenditures	<u>158,517</u>	<u>158,517</u>	
Excess (Deficit) of Revenues over Expenditures	<u>(61,649)</u>	<u>(158,517)</u>	<u>(96,868)</u>
Other Financing Sources (Uses)			
Transfers in	<u>158,517</u>	<u>158,517</u>	
Total Other Financing Sources (Uses)	<u>158,517</u>	<u>158,517</u>	
Net Change in Fund Balance	96,868		(96,868)
Fund Balance, July 1, 2012	<u></u>	<u></u>	<u></u>
Fund Balance, June 30, 2013	<u>\$ 96,868</u>	<u>\$ -</u>	<u>\$ (96,868)</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Reconstruction
For the Fiscal Year Ended June 30, 2013

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 5,000	\$ 5,000	\$ -
Other revenue	7,000	8,000	1,000
Total Revenues	<u>12,000</u>	<u>13,000</u>	<u>1,000</u>
Expenditures:			
Current:			
General government	76,246	29,916	46,330
Capital outlay	59,371	10,950	48,421
Total Expenditures	<u>135,617</u>	<u>40,866</u>	<u>94,751</u>
Excess (Deficit) of Revenues over Expenditures	<u>(123,617)</u>	<u>(27,866)</u>	<u>95,751</u>
Other Financing Sources (Uses)			
Transfers in	<u>21,486</u>	<u>21,486</u>	
Total Other Financing Sources (Uses)	<u>21,486</u>	<u>21,486</u>	
Net Change in Fund Balance	(102,131)	(6,380)	95,751
Fund Balance, July 1, 2012	<u>154,163</u>	<u>154,163</u>	
Fund Balance, June 30, 2013	<u>\$ 52,032</u>	<u>\$ 147,783</u>	<u>\$ 95,751</u>

TOWN OF SAN ANSELMO
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Equipment Replacement
For the Fiscal Year Ended June 30, 2013

	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 38,581	\$ -	\$ (38,581)
Other revenue		39,226	39,226
Total Revenues	<u>38,581</u>	<u>39,226</u>	<u>645</u>
Expenditures:			
Current:			
General government		8,058	(8,058)
Public safety	64,080	148,918	(84,838)
Library		541	(541)
Parks and recreation		161	(161)
Capital outlay	190,239	78,094	112,145
Total Expenditures	<u>254,319</u>	<u>235,772</u>	<u>18,547</u>
Excess (Deficit) of Revenues over Expenditures	<u>(215,738)</u>	<u>(196,546)</u>	<u>19,192</u>
Other Financing Sources (Uses)			
Transfers in	200,000	200,000	
Transfers out		(20,000)	(20,000)
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>180,000</u>	<u>(20,000)</u>
Net Change in Fund Balance	(15,738)	(16,546)	(808)
Fund Balance, July 1, 2012	<u>48,221</u>	<u>48,221</u>	
Fund Balance, June 30, 2013	<u>\$ 32,483</u>	<u>\$ 31,675</u>	<u>\$ (808)</u>