

**NEW ISSUE - FULL BOOK-ENTRY
BANK QUALIFIED**

**RATING: S&P: "AAA"
See "RATING" herein.**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, interest on the Refunding Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The Refunding Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

**\$1,320,000
TOWN OF SAN ANSELMO
2020 GENERAL OBLIGATION REFUNDING BONDS**

Dated: Date of Delivery

Due: August 1, as shown on inside cover

Authority for Issuance. The bonds captioned above (the "Refunding Bonds") are being issued by the Town of San Anselmo, California (the "Town") under provisions of the California Government Code and a Resolution adopted by the Town Council of the Town (the "Town Council") on May 12, 2020 (the "Bond Resolution"). See "THE REFUNDING BONDS - Authority for Issuance."

Purpose. The Refunding Bonds are being issued to accomplish a current refunding of the Town's outstanding General Obligation Bonds, Series 2003 (the "Prior Bonds"). The Prior Bonds were issued to finance the acquisition and construction of capital improvements to various streets and storm drains and to the Town's public library. See "FINANCING PLAN."

Security. The Refunding Bonds are general obligations of the Town, and the Town Council has the power to direct Marin County (the "County") to levy *ad valorem* taxes upon all property within the Town subject to taxation without limitation of rate or amount, for the payment of the Refunding Bonds and the interest thereon. Under the Bond Resolution, the Town directs the County to levy on all taxable property in the Town, in addition to other taxes, a continuing direct and *ad valorem* tax annually during the period the Refunding Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Refunding Bonds when due, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The Town has other series of general obligation bonds outstanding that are similarly payable from *ad valorem* taxes. See "SECURITY FOR THE REFUNDING BONDS."

Book-Entry Only. The Refunding Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). The Refunding Bonds are issuable as fully registered securities in denominations of \$5,000 or any integral multiple of \$5,000. Purchasers of the Refunding Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Refunding Bonds. See "THE REFUNDING BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments. Interest on the Refunding Bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2020. Payments of principal and interest on the Refunding Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as paying agent for the Refunding Bonds (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants that will remit such payments to the Beneficial Owners of the Refunding Bonds. See "THE REFUNDING BONDS - Description of the Refunding Bonds."

No Early Redemption. The Refunding Bonds are not subject to redemption prior to maturity.

**Maturity Schedule
(See inside cover)**

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Refunding Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Refunding Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the Town, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the Town. Kutak Rock LLP, Denver, Colorado, is serving as counsel to the Underwriter. It is anticipated that the Refunding Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about July 23, 2020.

STIFEL

The date of this Official Statement is July 7, 2020.

**TOWN OF SAN ANSELMO
2020 GENERAL OBLIGATION REFUNDING BONDS**

**MATURITY SCHEDULE
(Base CUSIP:[†] 796176)**

\$1,320,000 Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[†]
2020	\$30,000	3.000%	0.200%	EQ4
2021	120,000	4.000	0.220	ER2
2022	135,000	4.000	0.240	ES0
2023	145,000	4.000	0.280	ET8
2024	155,000	4.000	0.330	EU5
2025	165,000	4.000	0.410	EV3
2026	180,000	4.000	0.550	EW1
2027	190,000	4.000	0.660	EX9
2028	200,000	4.000	0.760	EY7

[†] CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the Town nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

TOWN OF SAN ANSELMO
(MARIN COUNTY, CALIFORNIA)

TOWN COUNCIL

Ford Greene, *Mayor*
Brian Colbert, *Vice Mayor*
Steve Burdo, *Council Member*
Alexis Fineman, *Council Member*
John Wright, *Council Member*

TOWN OFFICIALS

David Donery, *Town Manager*
Helen Yu-Scott, *Finance and Administrative Services Director*
Megan Holt Acevedo, *Town Attorney*

PROFESSIONAL SERVICES

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT, AND PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Refunding Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the Town or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the Town or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Town or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Refunding Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the Town and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Town in any press release and in any oral statement made with the approval of an authorized officer of the Town or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Town or any other entity described or referenced herein since the date hereof.

Involvement of Underwriter. The following statement has been included in this Official Statement on behalf of the Underwriter of the Refunding Bonds: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Underwriter may overallocate or take other steps that stabilize or maintain the market prices of the Refunding Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Refunding Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Document Summaries. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Refunding Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Refunding Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Refunding Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the Town, the County, the other parties described in this Official Statement, or the condition of the property within the Town since the date of this Official Statement.

Website. The Town maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Refunding Bonds.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
FINANCING PLAN	3
Refunding Plan for the 2003 Bonds	3
Estimated Sources and Uses of Funds	4
THE REFUNDING BONDS	5
Authority for Issuance	5
Description of the Refunding Bonds	5
Payment	6
No Early Redemption	6
Registration, Transfer and Exchange of Bonds	6
Defeasance	7
DEBT SERVICE SCHEDULE	8
SECURITY FOR THE REFUNDING BONDS	9
Ad Valorem Taxes	9
Debt Service Fund	11
Statutory Lien	11
PROPERTY TAXATION	12
Property Tax Collection Procedures	12
Taxation of State-Assessed Utility Property	13
Assessed Valuation	13
Tax Rates	17
Tax Levies and Delinquencies	17
Major Taxpayers	19
Direct and Overlapping Debt	20
CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TOWN	
REVENUES AND APPROPRIATIONS	22
Article XIII A of the State Constitution	22
Legislation Implementing Article XIII A	22
Article XIII B of the State Constitution	23
Articles XIII C and XIII D of the State Constitution	23
Proposition 62	24
Proposition 1A; Proposition 22	25
Possible Future Initiatives	25
TAX MATTERS	26
Tax Exemption	26
CERTAIN LEGAL MATTERS	27
NO LITIGATION	28
RATING	28
VERIFICATION OF MATHEMATICAL ACCURACY	28
CONTINUING DISCLOSURE	29
UNDERWRITING	29
PROFESSIONAL SERVICES	29
EXECUTION	30

APPENDIX A - GENERAL INFORMATION ABOUT THE TOWN OF SAN ANSELMO
AND MARIN COUNTY

APPENDIX B - TOWN FINANCIAL INFORMATION

APPENDIX C - FISCAL YEAR 2018-19 COMPREHENSIVE ANNUAL FINANCIAL REPORT

APPENDIX D - PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM

(THIS PAGE INTENTIONALLY LEFT BLANK)

OFFICIAL STATEMENT

\$1,320,000
TOWN OF SAN ANSELMO
2020 GENERAL OBLIGATION REFUNDING BONDS

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the bonds captioned above (the “**Refunding Bonds**”) by the Town of San Anselmo, California (the “**Town**”). Capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Bond Resolution (as defined below).

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Refunding Bonds to potential investors is made only by means of the entire Official Statement.

The Town. The Town was incorporated in 1907. The Town is located in the southern portion of Marin County (the “**County**”), on the north side of the San Francisco Bay, approximately 20 miles north of San Francisco.

For demographic and financial information regarding the Town and the County, see “APPENDIX A – GENERAL INFORMATION ABOUT THE TOWN OF SAN ANSELMO AND MARIN COUNTY,” “APPENDIX B – TOWN FINANCIAL INFORMATION,” and “APPENDIX C – FISCAL YEAR 2018-19 COMPREHENSIVE ANNUAL FINANCIAL REPORT.”

Purpose of the Issuance. The Refunding Bonds are being issued to refinance the Town’s outstanding General Obligation Bonds, Series 2003, issued on February 20, 2003, in the aggregate principal amount of \$2,565,000 (the “**2003 Bonds**”), and to pay costs of issuing the Refunding Bonds. The 2003 Bonds are currently outstanding in the aggregate principal amount of \$1,540,000. See “FINANCING PLAN.”

Authority for Issuance. The Refunding Bonds are being issued under Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “**Bond Law**”) and a resolution adopted by the Town Council on May 12, 2020 (the “**Bond Resolution**”).

Security and Sources of Payment for the Refunding Bonds. The Refunding Bonds are general obligations of the Town, and the Town Council has the power to direct the County to levy

ad valorem taxes upon all property within the Town subject to taxation, without limitation as to rate or amount (except for certain personal property that is taxable at limited rates), for the payment of the Refunding Bonds and the interest thereon. The Town has other series of general obligation bonds outstanding that are similarly payable from *ad valorem* taxes.

Under the Bond Resolution, the Town directs the County to levy on all the taxable property in the Town, in addition to all other taxes, a continuing direct and *ad valorem* tax annually during the period the Refunding Bonds are Outstanding in an amount sufficient to pay the principal of and interest on the Refunding Bonds when due, without limitation of rate or amount (except for certain personal property that is taxable at limited rates). See "SECURITY FOR THE REFUNDING BONDS."

Payment and Registration of the Refunding Bonds. The Refunding Bonds will be dated their date of original issuance and delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple of \$5,000, registered in the name of Cede & Co. as nominee of DTC, and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described below. Beneficial Owners will not be entitled to receive physical delivery of the Refunding Bonds. See "THE REFUNDING BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Interest on the Refunding Bonds accrues from the Dated Date and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2020. See "THE REFUNDING BONDS - Description of the Refunding Bonds."

Redemption. The Refunding Bonds are not subject to redemption prior to their maturity.

Tax-Exempt Status. In the opinion of Bond Counsel, interest on the Refunding Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes.

The Town has designated the Refunding Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax-exempt interest. See "TAX MATTERS" and APPENDIX D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Refunding Bonds.

See "TAX MATTERS" herein.

Changes Since Preliminary Official Statement. In addition to changes related to the sale of the Refunding Bonds, this Official Statement contains additional changes from the Preliminary Official Statement dated June 29, 2020, relating to the addition of disclosure on the adopted 2020-21 State Budget. See "APPENDIX B – TOWN FINANCIAL INFORMATION," - 2020-21 State Budget."

FINANCING PLAN

Refunding Plan for the 2003 Bonds

Authority and Purpose of the 2003 Bonds. At an election held on June 6, 1995, more than two-thirds of the voters of the Town approved a measure authorizing the issuance by the Town of general obligation bonds in the aggregate principal amount of \$10,800,000, for the purpose of providing funds to finance the acquisition and construction of capital improvements to various streets and storm drains and to the Town's public library (the "**1995 Authorization**"). The Town has no remaining authorization under the 1995 Authorization.

The Refunding Bonds are being issued by the Town to accomplish a current refunding of all outstanding maturities of the 2003 Bonds, as identified in the following table.

Identification of Refunded 2003 Bonds

Maturities to be Refunded (August 1)	CUSIP†	Original Principal Amount	Redemption Date	Redemption Price (% of Par Amount Redeemed)
2023 T	796176 DU6	\$675,000	8/01/2020	100%
2028 T	796176 DZ5	980,000	8/01/2020	100%
		\$1,655,000		

T Term Bond.

† CUSIP Copyright American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of McGraw Hill Companies, Inc. Neither the Town nor the Underwriter are responsible for the accuracy of such data.

Irrevocable Refunding Instructions. Pursuant to Irrevocable Refunding Instructions provided by the Town to The Bank of New York Mellon Trust Company, N.A., successor in interest to BNY Western Trust Company, acting as paying agent for the 2003 Bonds (the "**2003 Paying Agent**"), for deposit in a redemption fund for the 2003 Bonds (the "**Redemption Fund**"). The Town will deliver a portion of the proceeds of the Refunding Bonds in an amount that, together with amounts on deposit in the debt service account held by the 2003 Paying Agent with respect to the 2003 Bonds, is sufficient to cause the payment and redemption of the 2003 Bonds in accordance with the table above. Such amounts will be used to pay the principal of and interest on the 2003 Bonds, including the redemption price of the 2003 Bonds, as set forth above, together with accrued interest to the redemption date shown above, without premium.

Sufficiency of the deposits in the Redemption Fund for the foregoing purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the "**Verification Agent**"). See "VERIFICATION OF MATHEMATICAL ACCURACY" herein. As a result of the deposit of funds with the 2003 Paying Agent on the date of issuance of the Refunding Bonds, the 2003 Bonds will be legally defeased and will be payable solely from amounts held for that purpose, and will cease to be secured by *ad valorem* property taxes levied in the Town.

The amounts held by the 2003 Paying Agent pursuant to the Irrevocable Refunding Instructions are pledged solely to the payment of the 2003 Bonds. The funds deposited with the 2003 Paying Agent in the Redemption Fund will not be available for the payment of debt service with respect to the Refunding Bonds.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the Refunding Bonds are as follows:

Sources of Funds:

Principal Amount of Refunding Bonds	\$1,320,000.00
<i>Plus:</i> Original Issue Premium	213,770.95
Total Sources	<hr/> \$1,533,770.95

Uses of Funds:

Deposit with 2003 Paying Agent ⁽¹⁾	\$1,448,661.25
Costs of Issuance ⁽²⁾	65,309.70
Underwriter's Discount	19,800.00
Total Uses	<hr/> \$1,533,770.95

(1) Represents funds to be used to defease and redeem the 2003 Bonds. See "– Refunding Plan for 2003 Bonds" above.

(2) All estimated costs of issuance including, but not limited to printing costs, and fees of Bond Counsel, Disclosure Counsel, and the rating agency.

THE REFUNDING BONDS

Authority for Issuance

The Refunding Bonds are being issued under the Bond Law and the Bond Resolution.

Description of the Refunding Bonds

Book-Entry Form. The Refunding Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Beneficial Owners will not receive physical certificates representing their interest in the Refunding Bonds. Payments of principal of and interest on the Refunding Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Refunding Bonds.

As long as DTC's book-entry method is used for the Refunding Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Refunding Bonds called for prepayment or of any other action premised on such notice.

The Paying Agent, the Town, and the Underwriter of the Refunding Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Refunding Bonds.

See "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Interest. Interest on the Refunding Bonds is payable semiannually on February 1 and August 1 of each year (each, an "**Interest Payment Date**"), commencing August 1, 2020.

Interest on the Refunding Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

1. a Bond is authenticated as of an Interest Payment Date, in which event it will bear interest from such date,
2. a Bond is authenticated prior to an Interest Payment Date and after the close of business on the 15th day of the month preceding the Interest Payment Date (each, a "**Record Date**"), in which event it will bear interest from such Interest Payment Date,
3. a Bond is authenticated on or before July 15, 2020, in which event it will bear interest from the Closing Date, or
4. at the time of authentication of a Bond, interest is in default thereon, in which event it will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Refunding Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Denominations and Maturity. The Refunding Bonds shall be issued in the denomination of \$5,000 each or any integral multiple of \$5,000. The Refunding Bonds mature on August 1 in the years and amounts set forth on the inside cover page hereof. See the maturity schedule on the inside cover page hereof and “DEBT SERVICE SCHEDULE” below.

Payment

Interest on the Refunding Bonds (including the final interest payment upon maturity) is payable by check of the Paying Agent mailed to the owner thereof at such owner’s address as it appears on the Registration Books (as defined below) at the close of business on the 15th day of the month preceding the Interest Payment Date, except that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of the Refunding Bonds, which written request is on file with the Paying Agent as of any Record Date, interest on such Bonds shall be paid by wire transfer on the succeeding Interest Payment Date to an account in the United States of America as shall be specified in such written request.

Principal of and premium (if any) on the Refunding Bonds is payable in lawful money of the United States of America upon presentation and surrender at the principal office of the Paying Agent.

No Early Redemption

The Refunding Bonds are not subject to redemption prior to their stated maturity.

Registration, Transfer and Exchange of Bonds

If the book-entry system as described above and in APPENDIX F is no longer used with respect to the Refunding Bonds, the following provisions will govern the registration, transfer, and exchange of the Refunding Bonds.

Registration Books. The Paying Agent will keep or cause to be kept sufficient books for the ownership and registration of transfer of the Refunding Bonds (the “**Registration Books**”), which will at all times be open to inspection by the Town upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Refunding Bonds.

Transfer. Any Refunding Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Refunding Bond for cancellation at the principal office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The Town may charge a reasonable sum for each new Refunding Bond issued upon any transfer.

Whenever any Bond or Bonds are surrendered for transfer, the Town will execute and the Paying Agent will authenticate and deliver a new Refunding Bond or Refunding Bonds, for like aggregate principal amount.

No transfers of Refunding Bonds will be required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Refunding Bonds for redemption or (b) with respect to a Refunding Bond which has been selected for redemption.

Exchange. Refunding Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Refunding Bonds of authorized denominations and of the same maturity. The Town may charge a reasonable sum for each new Bond issued upon any exchange.

No exchange of Refunding Bonds is required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Refunding Bonds for redemption or (b) with respect to a Refunding Bond after it has been selected for redemption.

Defeasance

The Town has the option to pay and discharge the entire indebtedness on all or any portion of the outstanding Refunding Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such Refunding Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing, in trust, at or before maturity, (i) money in an amount equal to the principal amount or redemption price of such Refunding Bonds and all unpaid interest thereon to maturity or the prior redemption date or (ii) Federal Securities, the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the Town, will provide money sufficient to pay the principal of and all unpaid interest to maturity on the Refunding Bonds to be paid, as such principal and interest become due; or
- (c) by delivery such Refunding Bonds to the Paying Agent for cancellation.

"Federal Securities" means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

DEBT SERVICE SCHEDULE

The following table shows the debt service schedule with respect to the Refunding Bonds.

Debt Service Schedule

Year Ending August 1	Bonds Principal	Bonds Interest	Total Bonds Debt Service
2020	\$30,000.00	\$1,166.67	\$31,166.67
2021	120,000.00	51,600.00	171,600.00
2022	135,000.00	46,800.00	181,800.00
2023	145,000.00	41,400.00	186,400.00
2024	155,000.00	35,600.00	190,600.00
2025	165,000.00	29,400.00	194,400.00
2026	180,000.00	22,800.00	202,800.00
2027	190,000.00	15,600.00	205,600.00
2028	200,000.00	8,000.00	208,000.00
Total	\$1,320,000.00	\$252,366.67	\$1,572,366.67

SECURITY FOR THE REFUNDING BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Refunding Bonds are general obligations of the Town, and the Town Council has the power to direct the County to levy *ad valorem* taxes upon all property within the Town subject to taxation without limitation of rate or amount, for the payment of the Refunding Bonds and the interest thereon. Under the Bond Resolution, the Town directs the County to levy on all the taxable property in the Town, in addition to all other taxes, a continuing direct and *ad valorem* tax annually during the period the Refunding Bonds are Outstanding in an amount sufficient to pay the principal of and interest on the Refunding Bonds when due, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

Levy and Collection. The Town has covenanted to direct the County to levy such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the Refunding Bonds, which is maintained by the Town and which is irrevocably pledged for the payment of principal of and interest on the Refunding Bonds when due. See “–Debt Service Fund” below.

Property taxes within the Town are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property. As described below, the County has adopted the Teeter Plan which provides that the Town will receive all of the property taxes which are levied by the County for distribution to the Town, and that any penalties and interest on delinquent taxes will be retained by the County. See “PROPERTY TAXATION – Tax Levies and Delinquencies.”

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the County, as directed by the Town, to repay the Refunding Bonds will be determined by the relationship between the assessed valuation of taxable property in the Town and the amount of debt service due on the Refunding Bonds. Fluctuations in the annual debt service on the Refunding Bonds and the assessed value of taxable property in the Town may cause the annual tax rate to fluctuate.

Economic and other factors beyond the Town’s control, such as economic recession, deflation of property values, pandemics, a relocation out of the Town or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, drought, wildfires or other natural disaster, could cause a reduction in the assessed value within the Town and necessitate a corresponding increase in the annual tax rate.

COVID-19 Global Pandemic. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (“**COVID-19**”), which was first detected in China and has spread to other countries, including the United States, was declared a pandemic by the World Health Organization, a national emergency by the President of the United State (the “**President**”) and a state of emergency by the Governor of the State (the “**Governor**”). There has been tremendous volatility in the financial markets in the United States and globally, resulting in significant declines and speculation of a national and global recession.

The President's declaration of a national emergency on March 13, 2020 made available more than \$50 billion in federal resources to combat the spread of the virus. A multibillion-dollar COVID-19 relief package (the "**CARES Act**") was signed into law by the President on March 18, 2020 providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. On March 27, 2020, Congress approved a \$2 trillion relief package, including economic stimulus in the form of direct payment to certain Americans and billions of dollars to hospitals. In addition, the Federal Reserve has lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On April 9, 2020, the Federal Reserve took additional actions to provide up to \$2.3 trillion in loans to support the economy, including supplying liquidity to participating financial institutions in the Small Business Administration's Paycheck Protection Program, purchasing up to \$600 billion in loans through the Main Street Lending Program and offering up to \$500 billion in lending to states and municipalities.

On April 24, 2020, an additional \$484 billion federal aid package was signed, to provide additional funding for the local program for distressed small businesses and to provide funds for hospitals and COVID-19 testing. The legislation adds \$310 billion to the Paycheck Protection Program, increases the small business emergency grant and loan program by \$60 billion, and directs \$75 billion to hospitals and \$25 billion to a new COVID-19 testing program.

At the State level, on March 16, 2020, the State legislature approved \$1.1 billion in emergency funds in response to the COVID-19 crisis. On March 19, 2020, the Governor issued a shelter-in-place order, Executive Order N-33-20, ordering all California residents to stay home except to get food, care for a relative, get necessary healthcare or go to an essential job. The shelter order went into effect immediately and has been modified several times since, with residents currently still encouraged to practice social distancing.

Impacts on Global and Local Economies; Potential Declines in State Revenues. The COVID-19 public health emergency is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies, including the economy of the State. Under the State's 2019-20 budget, approximately 70% of the State's general fund revenue is projected to be derived from personal income tax receipts. Additionally, capital gains tax receipts are budgeted to account for about 10% of such receipts in fiscal year 2019-20. California's Legislative Analyst's Office published a report on March 18, 2020 which anticipates that the economic uncertainty caused by the COVID-19 outbreak will significantly affect California's near-term fiscal outlook, including lower capital gains-related tax revenue due to the volatility in the financial markets, and the likelihood that a recession is forthcoming due to pullback in activity across wide swaths of the economy.

The Town cannot predict the impacts that the COVID-19 emergency might have on the Town's finances or operations. Notwithstanding the impacts the COVID-19 emergency may have on the economy in the State, the County and the Town, the Refunding Bonds described herein are voter-approved general obligations of the Town payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the Town.

See APPENDIX A to this Official Statement for additional information about the impact of COVID-19 on the Town.

Debt Service Fund

The Town will establish a separate fund to be maintained distinct from all other funds of the Town for payment of debt service on the Refunding Bonds (the “**Debt Service Fund**”). All taxes levied by the County, as directed by the Town, pursuant to the Bond Resolution for the payment of the principal of and interest and premium (if any) on the Refunding Bonds will be deposited in the Debt Service Fund held by the Town promptly upon the receipt by the Town from the County. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Refunding Bonds when and as the same become due. The Town will transfer amounts in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Refunding Bonds as the same become due and payable, to the Paying Agent as required to pay the principal of and interest and premium (if any) on the Refunding Bonds.

If, after payment in full of the Refunding Bonds, any amounts remain on deposit in the Debt Service Fund, the Town shall transfer such amounts to the debt service fund for any outstanding general obligation bonds of the Town and, if none to its general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Statutory Lien

In accordance with Section 53515 of the California Government Code, the Refunding Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* tax. This lien automatically arises without the need for any action or authorization by the Town or the Town Council, and shall be valid and binding from the time the Refunding Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* tax shall be immediately subject to the lien, and the lien shall immediately attach to the revenues and be effective, binding, and enforceable against the Town, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

PROPERTY TAXATION

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The “secured roll” is that part of the assessment roll containing state assessed public utilities’ property and property, the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Waiver of State Laws Relating to Penalties for Non-Payment of Property Taxes. In an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6,

2020, the Governor signed Executive Order N-61-20 (“**Order N-61-20**”). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. Said penalties, costs and interest shall be cancelled under the conditions provided for in Order N-61-20, including if the property is residential real property occupied by the taxpayer or the real property qualifies as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer files a claim for relief with the tax collector, and the taxpayer demonstrates economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response to COVID-19. The impacts the waiver of penalties, costs or interest on delinquent property taxes under the circumstances described in Order N-61-20 have on property tax revenues are unknown at this time. For information about the County’s current distribution of property taxes, see below under the heading “-Tax Levies and Delinquencies.”

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order, including Order N-61-20, which may be enacted by the State legislature or declared by the Governor from time to time. The Town cannot predict changes in law or orders of State officials that might occur in the future, particularly with regard to actions that might be taken in an attempt to mitigate the impacts of the COVID-19 pandemic.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization (“**SBE**”) and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as “unitary property,” a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and “operating nonunitary” property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuation

Assessed Valuation. All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TOWN REVENUES AND APPROPRIATIONS.” See also “APPENDIX B – TOWN FINANCIAL INFORMATION.”

Future assessed valuation growth allowed under Article XIII A of the State Constitution (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

Assessed Valuation History. The table below shows a recent history of the Town's assessed valuation.

TOWN OF SAN ANSELMO
Assessed Valuations of All Taxable Property
Fiscal Years 2010-11 to 2019-20
(Amounts in Thousands of Dollars)

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2010-11	\$2,354,027,001	\$0	\$21,829,419	\$2,375,856,420	--
2011-12	2,385,938,153	0	21,459,987	2,407,398,140	1.3%
2012-13	2,426,019,177	0	20,154,646	2,446,173,823	1.6
2013-14	2,535,928,163	0	20,967,165	2,556,895,328	4.5
2014-15	2,662,779,047	0	21,238,831	2,684,017,878	5.0
2015-16	2,838,952,763	0	20,031,207	2,858,983,970	6.5
2016-17	3,010,679,992	0	20,657,391	3,031,337,383	6.0
2017-18	3,178,873,479	0	19,177,417	3,198,050,896	5.5
2018-19	3,345,750,940	0	19,855,635	3,365,606,575	5.2
2019-20	3,525,392,074	0	23,303,240	3,548,695,314	5.4

Source: California Municipal Statistics, Inc.

A State constitutional amendment designated as the California Schools and Local Community Funding Act of 2020, has qualified by initiative for the November 3, 2020 ballot which, if approved by State voters by majority vote, would amend the State Constitution to change to a split roll approach to determine property values for purposes of property taxation. If approved, the State Constitution will be amended to provide for the reassessment to fair market value of certain commercial and industrial real properties every three years, overriding the current two percent limitation on annual assessment increases until a property changes ownership. The resulting increases in property tax revenues would be allocated among local public agencies. The Town cannot predict if such initiative will be successful or the impact it might have on assessed values in the Town.

Assessed Values of Parcels by Land Use. The following table shows a breakdown of local secured property assessed value and parcels within the Town by land use for fiscal year 2019-20.

TOWN OF SAN ANSELMO
Local Secured Property Assessed Valuation and Parcels by Land Use⁽¹⁾
Fiscal Year 2019-20

	<u>2019-20 Assessed Valuation</u> ⁽¹⁾	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>	<u>No. of Taxable Parcels</u>	<u>% Total</u>
Non-Residential:						
Commercial	\$201,626,148	5.72%	175	3.65%	175	3.72%
Vacant Commercial	3,872,374	0.11	11	0.23	11	0.23
Industrial	280,218	0.01	1	0.02	1	0.02
Miscellaneous/ Tax-exempt	4,673,805	0.13	124	2.59	28	0.60
Subtotal Non-Residential	\$210,452,545	5.97%	311	6.49%	215	4.58%
Residential:						
Single Family Residence	\$2,997,699,294	85.03%	3,891	81.15%	3,891	82.80%
Condominium/Townhome	58,629,902	1.66	121	2.52	121	2.58
Multiple Residential	246,373,478	6.99	311	6.49	311	6.62
Vacant Residential	12,236,855	0.35	161	3.36	161	3.43
Subtotal Residential	\$3,314,939,529	94.03%	4,484	93.51%	4,484	95.42%
Total	\$3,525,392,074	100.00%	4,795	100.00%	4,699	100.00%

(1) Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Per Parcel Assessed Valuation of Single-Family Homes. The following table sets forth the per parcel assessed valuation of single-family homes in fiscal year 2019-20, including the median and average per parcel assessed value.

TOWN OF SAN ANSELMO
Per Parcel Assessed Valuation of Single-Family Homes⁽¹⁾
Fiscal Year 2019-20

	<u>No. of Parcels</u>	<u>2019-20 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	3,891	\$2,997,699,294	\$770,419	\$696,113

<u>2019-20 Assessed Valuation</u>	<u>No. of Parcels ⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$99,999	203	5.217%	5.217%	\$ 16,502,431	0.551%	0.551%
\$100,000 - \$199,999	454	11.668	16.885	63,987,190	2.135	2.685
\$200,000 - \$299,999	235	6.040	22.925	58,912,534	1.965	4.650
\$300,000 - \$399,999	255	6.554	29.478	90,134,892	3.007	7.657
\$400,000 - \$499,999	262	6.733	36.212	118,279,814	3.946	11.603
\$500,000 - \$599,999	260	6.682	42.894	142,989,971	4.770	16.373
\$600,000 - \$699,999	290	7.453	50.347	188,504,087	6.288	22.661
\$700,000 - \$799,999	292	7.504	57.851	219,176,961	7.312	29.973
\$800,000 - \$899,999	332	8.533	66.384	281,101,680	9.377	39.350
\$900,000 - \$999,999	266	6.836	73.220	252,840,785	8.434	47.784
\$1,000,000 - \$1,099,999	211	5.423	78.643	221,206,391	7.379	55.164
\$1,100,000 - \$1,199,999	170	4.369	83.012	195,651,948	6.527	61.690
\$1,200,000 - \$1,299,999	115	2.956	85.968	143,214,969	4.777	66.468
\$1,300,000 - \$1,399,999	118	3.033	89.000	159,082,021	5.307	71.775
\$1,400,000 - \$1,499,999	85	2.185	91.185	123,152,987	4.108	75.883
\$1,500,000 - \$1,599,999	57	1.465	92.650	87,956,836	2.934	78.817
\$1,600,000 - \$1,699,999	49	1.259	93.909	80,804,267	2.696	81.513
\$1,700,000 - \$1,799,999	45	1.157	95.066	78,847,731	2.630	84.143
\$1,800,000 - \$1,899,999	28	0.720	95.785	51,840,904	1.729	85.872
\$1,900,000 - \$1,999,999	28	0.720	96.505	54,504,901	1.818	87.690
\$2,000,000 and greater	136	3.495	100.000	369,005,994	12.310	100.000
	3,891	100.000%		\$2,997,699,294	100.000%	

(1) Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in Tax Rate Area 7-000 within the Town.

TOWN OF SAN ANSELMO
Summary of Ad Valorem Tax Rates
\$1 per \$100 of Assessed Valuation
Fiscal Years 2015-16 to 2019-20
(Tax Rate Area 7-000) ⁽¹⁾

Ad Valorem Tax	2015-16	2016-17	2018-19	2018-19	2019-20
General	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Town of San Anselmo Pension Tax	.0590	.0590	.0590	.0590	.0590
Town of San Anselmo Bonds	.0280	.0250	.0240	.0240	.0230
Ross Valley School District	.0555	.0537	.0568	.0539	.0527
Tamalpais Union High School District	.0313	.0288	.0269	.0258	.0239
Marin Community College District	.0165	.0142	.0338	.0339	.0269
Marin Healthcare District	.0235	.0093	.0201	.0190	.0175
Total Tax Rate	\$1.2138	\$1.1900	\$1.2206	\$1.2156	\$1.2030

(1) 2019-20 assessed valuation of TRA 7-000 is \$3,515,308,939. There are three TRAs in the Town.
Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The Town participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The Teeter Plan is applied to the payment of general obligation bonds in the County.

Property tax delinquencies may be impacted by economic and other factors beyond the Town’s or the County’s control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the Town, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other pandemic or natural or manmade disaster.

So long as the Teeter Plan remains in effect, the Town’s receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to the entire County and, in addition, the Board of Supervisors can terminate the Teeter Plan with respect to the Town if the delinquency rate for all *ad valorem* property taxes levied within the Town in any year exceeds 3%. In the event that the Teeter Plan were terminated, the amount of the levy of *ad valorem* property taxes in the Town would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the Town.

The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. In the event that the Teeter Plan was terminated, the amount of the levy of *ad valorem* taxes in the Town would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the Town. The Town is not aware of any plans by the County to discontinue the Teeter Plan, but there can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the Town's share of property tax collections to the Town.

So long as the Teeter Plan remains in effect with respect to the Town, the Town's receipt of revenues with respect to the levy of *ad valorem* property taxes, including with respect to the Refunding Bonds, will not be dependent upon actual collections of the *ad valorem* property taxes by the County. Notwithstanding that the Town receives 100% of its property tax revenues under the Teeter Plan, irrespective of delinquencies, the following tables show secured tax charges and delinquencies within the Town during the past five years for the Town's general obligation bonds and the Town's pension tax levy.

TOWN OF SAN ANSELMO
Secured Tax Charges and Delinquencies
General Obligation Bond Debt Service Levy
Fiscal Years 2014-15 to 2018-19

	Secured Tax Charge⁽¹⁾	Amt. Del. June 30	% Del June 30
2014-15	\$740,146.06	\$6,038.61	0.82%
2015-16	792,511.12	4,942.78	0.62
2016-17	758,037.14	4,043.94	0.53
2017-18	758,998.88	4,897.29	0.65
2018-19	799,244.22	6,315.85	0.79

(1) General obligation bond debt service levy only.
Source: California Municipal Statistics, Inc.

TOWN OF SAN ANSELMO
Secured Tax Charges and Delinquencies
Pension Tax Levy
Fiscal Years 2014-15 to 2018-19

	Secured Tax Charge⁽¹⁾	Amt. Del. June 30	% Del June 30
2014-15	\$1,560,246.15	\$12,725.96	0.82%
2015-16	1,669,866.33	10,416.21	0.62
2016-17	1,787,051.86	9,539.75	0.53
2017-18	1,865,862.35	12,038.25	0.65
2018-19	1,964,632.20	15,528.34	0.79

(1) Pension tax levy only.

Source: California Municipal Statistics, Inc. **Major Taxpayers**

The following table shows the principal property taxpayers in the Town as determined by their taxable assessed valuations in fiscal year 2019-20.

TOWN OF SAN ANSELMO
Principal Property Taxpayers
Fiscal Year 2019-20
(Dollars in Thousands)

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2019-20 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1.	George W. Lucas Jr. Trust	Residence	\$ 38,271,206	1.09%
2.	San Anselmo Shopping Center	Commercial	14,870,219	0.42
3.	Seminary Holdings LP	Apartments	12,699,724	0.36
4.	SCP Center LLC	Commercial	11,036,479	0.31
5.	Lyman Egger LP	Apartments	7,323,726	0.21
6.	James T. Alexander Trust	Residence	6,751,794	0.19
7.	ACL Building & Development Inc.	Commercial	5,794,423	0.16
8.	Walgreen Co.	Commercial	5,767,156	0.16
9.	Garbarino Investments II LP	Commercial	5,122,819	0.15
10.	B/V Apts Inc.	Apartments	5,096,155	0.14
11.	Peter G. Joseph Trust	Residence	5,068,013	0.14
12.	Sperling Family Trust	Residence	4,871,511	0.14
13.	35 Tamalpais LP	Apartments	4,849,506	0.14
14.	Maria Biasetto Trust	Commercial	4,676,349	0.13
15.	Carnahan Trust	Residence	4,396,149	0.12
16.	Christopher T. Boes	Residence	4,309,500	0.12
17.	Mohammed N. Ahmadi	Commercial	4,246,500	0.12
18.	McLaughlin-Tope Trust	Residence	4,186,005	0.12
19.	Jess A. Gupta Trust	Residence	4,150,000	0.12
20.	Douglas F. Wong & Pearl W. Yee	Commercial	4,109,580	0.12
			<u>\$157,596,814</u>	<u>4.47%</u>

(1) 2019-20 local assessed valuation: \$3,525,392,074.

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The Town has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Town in whole or in part. Such long-term obligations generally are not payable from revenues of the Town (except as indicated) nor are they necessarily obligations secured by land within the Town. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the Town; (2) the second column shows the percentage that the Town’s assessed valuation represents of the total assessed valuation of each public agency identified in the first column; and (3) the third column is an apportionment of the dollar amount of each public agency’s outstanding debt to property in the Town, as determined by multiplying the total outstanding debt of each agency by the percentage of the Town’s assessed valuation represented in the second column.

[Table on following page]

TOWN OF SAN ANSELMO
STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
(As of May 1, 2020)

2019-20 Assessed Valuation: \$3,548,695,314

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/20</u>
Marin Community College District	4.307%	\$19,291,268
Tamalpais Union High School District	7.239	6,968,261
Ross Valley School District	54.886	22,528,560
Marin Healthcare District	5.163	18,898,903
Marin Emergency Radio Authority	4.301	1,349,439
Town of San Anselmo	100.000	<u>3,670,000</u>⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$72,706,431
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Marin County General Fund Obligations	4.301%	\$3,547,886
Marin County Pension Obligation Bonds	4.301	3,359,941
Marin County Transit District General Fund Obligations	4.301	2,030
Marin Municipal Water District General Fund Obligations	5.478	2,104
Marin Community College District General Fund Obligations	4.307	575,451
Town of San Anselmo General Fund Obligations	100.000	<u>120,800</u>⁽²⁾
Ross Valley Fire Protection District General Fund Obligations	68.864	<u>44,348</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$7,652,560
COMBINED TOTAL DEBT		\$80,358,991⁽³⁾

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$3,670,000)	0.10%
Combined Direct Debt (\$3,790,800)	0.11%
Total Direct and Overlapping Tax and Assessment Debt	2.05%
Combined Total Debt	2.26%

(1) Excludes the Refunding Bonds issued for sale in this Official Statement and includes the 2003 Bonds to be refunded.

(2) Town's share of Marin Emergency Radio Authority Revenue Bonds.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TOWN REVENUES AND APPROPRIATIONS

Principal of and interest on the Refunding Bonds are payable from the proceeds of an *ad valorem* tax levied by the County, as directed by the Town, for the payment thereof. See “THE REFUNDING BONDS” and “SECURITY FOR THE REFUNDING BONDS” above. Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 62, 111, and 218 and 1A, and certain other provisions of law discussed below are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy, and the Town to spend, tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Refunding Bonds. The tax levied by the County, as directed by the Town, for payment of the Refunding Bonds was approved by the Town’s voters in compliance with Article XIII A and all applicable laws.

Article XIII A of the State Constitution

On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the State Constitution. Article XIII A, as amended, limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service (i) on indebtedness approved by the voters prior to July 1, 1978, (ii) on bonded indebtedness approved by a two-thirds vote on or after July 1, 1978, for the acquisition or improvement of real property or (iii) on bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value,’ or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the State Constitution

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual "appropriations limit" imposed by Article XIII B which effectively limits the amount of such revenues those entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on Bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years.

If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

The Town has never exceeded its appropriations limit.

Articles XIII C and XIII D of the State Constitution

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the Town to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the "Supermajority Vote to Pass New Taxes and Fees Act." Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to

circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article XIII C define “taxes” that are subject to voter approval as “any levy, charge, or exaction of any kind imposed by a local government,” with certain exceptions.

Taxes. Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the Town (“general taxes”) require a majority vote; taxes for specific purposes (“special taxes”), even if deposited in the Town’s general fund, require a two-thirds vote.

Property-Related Fees and Charges. Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs.

Reduction or Repeal of Taxes, Assessments, Fees and Charges. Article XIII C also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the Town will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the Town’s general fund.

Burden of Proof. Article XIII C provides that local government “bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.” Similarly, Article XIII D provides that in “any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance” with Article XIII D.

Judicial Interpretation of Proposition 218. The interpretation and application of Articles XIII C and XIII D will ultimately be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the Town be approved by a two-thirds vote of the governmental entity’s legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995, in *Fresno County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The Town has not experienced any substantive adverse financial impact as a result of the passage of this initiative.

Proposition 1A; Proposition 22

Proposition 1A. Proposition 1A, proposed by the Legislature in connection with the State's Fiscal Year 2004-05 Budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibited the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any Fiscal Year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county had to be approved by two-thirds of both houses of the Legislature.

Proposition 22. Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Possible Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D and Propositions 62, 111, and 218 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the Town or the Town's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the Town.

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The Refunding Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Refunding Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the Town comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Refunding Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes and in order for the Bonds to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. The Town has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Refunding Bonds, or may cause the Bonds to not be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Refunding Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Refunding Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Refunding Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Refunding Bonds who purchase the Refunding Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Refunding Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Refunding Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Refunding Bond is amortized each year over the term to maturity of the Refunding Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Refunding Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Refunding Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Refunding Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Refunding Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Refunding Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Refunding Bonds, or as to the consequences of owning or receiving interest on the Refunding Bonds, as of any future date. Prospective purchasers of the Refunding Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Refunding Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Refunding Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Refunding Bonds, the ownership, sale or disposition of the Refunding Bonds, or the amount, accrual or receipt of interest on the Refunding Bonds.

Form of Opinion. A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX D.

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, Bond Counsel, will render an opinion with respect to the validity of the Refunding Bonds, the form of which is set forth in APPENDIX D. Certain legal matters will also be passed upon for the Town by Jones Hall, as Disclosure Counsel.

NO LITIGATION

To the best knowledge of the Town, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending and notice of which has been served on and received by the Town or, to the knowledge of the Town, threatened against or affecting the Town or the assets, properties or operations of the Town which, if determined adversely to the Town or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Bond Resolution or the Refunding Bonds, or upon the financial condition, assets, properties or operations of the Town, and the Town is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by the Bond Resolution and the Refunding Bonds, or the financial conditions, assets, properties or operations of the Town.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("**S&P**") has assigned its rating of "AAA" to the Refunding Bonds. Such rating reflects only the view of S&P and an explanation of the significance of such rating may be obtained only from S&P. The Town has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement). There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Refunding Bonds.

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Refunding Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the Town, relating to (a) the sufficiency of the anticipated amount of proceeds of the Refunding Bonds and other funds available to pay upon prior redemption, interest and redemption premium requirements of the 2003 Bonds described under the heading "FINANCING PLAN" and (b) the "yields" on the amount of proceeds held and invested prior to redemption of the 2003 Bonds and on the Refunding Bonds considered by Bond Counsel in connection with the opinion rendered by Bond Counsel that the Refunding Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

The report of the Verification Agent will include the statement that the scope of their engagement is limited to verifying mathematical accuracy, of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

CONTINUING DISCLOSURE

The Town will covenant for the benefit of owners of the Refunding Bonds to provide certain financial information and operating data relating to the Town (the “**Annual Report**”) by not later than nine months after the end of the Town's fiscal year (presently June 30), commencing March 31, 2021 with the report for the fiscal year ending June 30, 2020, and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the purchaser of the Refunding Bonds in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the “**Rule**”). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in “APPENDIX E — FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

The Town has previously entered into certain disclosure undertakings under the Rule in connection with the issuance of long-term obligations. In connection with the preparation of this Official Statement, the Town caused a review of filings available on the EMMA internet site maintained by the Municipal Securities Rulemaking Board covering the prior five years to be performed. Based on such review, in the previous five years, the Town failed to (i) timely file its audited financial statement for fiscal years 2014-15 through 2016-17 and fiscal year 2018-19, and notices of failure to file for fiscal years 2014-15 and 2015-16, though estimated actuals for fiscal years 2016-17 and 2018-19 were filed in advance of the respective Annual Report deadlines, (ii) link one CUSIP/maturity that is no longer outstanding in fiscal year 2018 to both the audited financial statements and operating data filings, and (iii) file required operating information for fiscal year 2015-16 for the 2003 Bonds, though such information was filed for its other outstanding bonds, and all CUSIPs for bonds that remain outstanding have since been correctly linked.

UNDERWRITING

The Refunding Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”). The Underwriter has agreed to purchase the Refunding Bonds at a price of \$1,513,970.95 which is equal to the initial principal amount of the Refunding Bonds of \$1,320,000.00, plus original issue premium of \$213,770.95 less an Underwriter's discount of \$19,800.00.

The bond purchase agreement relating to the Refunding Bonds provides that the Underwriter will purchase all of the Refunding Bonds if any are purchased, and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

PROFESSIONAL SERVICES

In connection with the issuance of the Refunding Bonds, fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the Refunding Bonds: Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel; Kutak Rock LLP, as Underwriter's Counsel; and The Bank of New York Mellon Trust Company, N.A., as Paying Agent.

EXECUTION

The execution and delivery of this Official Statement have been approved by the Town Council.

TOWN OF SAN ANSELMO

By: /s/ David Donery
Town Manager

APPENDIX A

GENERAL INFORMATION ABOUT THE TOWN OF SAN ANSELMO AND MARIN COUNTY

*The following information concerning the Town of San Anselmo (the “**Town**”) and the County of Marin (the “**County**”) is included only for the purpose of supplying general information regarding the area in and around the Town. The County, including its Board of Supervisors, officers, officials, agents and other employees, are required, only to the extent required by law, to: (i) levy and collect ad valorem taxes for payment of the Refunding Bonds in accordance with the law; and (ii) transmit the proceeds of such taxes to the paying agent for the payment of the principal of and interest on Refunding Bonds at the time such payment is due.*

General

The Town. The Town was incorporated as a municipal corporation in 1907. The council-manager form of government provides for five council members elected at large to serve four-year overlapping terms, at elections held every two years. Council members select a mayor from among their members to serve a one-year term. A town manager is appointed by the Council to administer daily affairs of the Town and to implement policies established by the Council.

The Town is located in Ross Valley in Marin County, approximately 20 miles north of San Francisco. The primary access roads to San Anselmo are U.S. Highway 101, the main north-south corridor in the west Bay Area, and Interstate Highway 580, a major east-west corridor serving the Bay Area. The Town limits encompass 2.7 square miles. The estimated population of the Town was 12,757 as of January 1, 2020.

The County. The County was one of the original counties of California, created in 1850 at the time of statehood. The County has a total area of 828 miles and, as of January 1, 2020, a population of approximately 260,831. Geographically, the county forms a large, southward-facing peninsula, with the Pacific Ocean to the west, San Pablo Bay and San Francisco Bay to the east, and, across the Golden Gate, the city of San Francisco to the south. Marin County’s northern border is with Sonoma County. Most of the county’s population resides on the eastern side, with a string of communities running along the Bay, from Sausalito to Tiburon to Corte Madera to San Rafael, to Novato. The interior contains large areas of agricultural and open space; West Marin, through which California State Route 1 runs alongside the California coast, contains many small unincorporated communities dependent on agriculture and tourism for their economies.

Population

The table below shows population estimates for the cities in the County for the last five years, as of January 1.

MARIN COUNTY
Population Estimates
Calendar Years 2016 through 2020

	2016	2017	2018	2019	2020
Belvedere	2,161	2,153	2,143	2,139	2,124
Corte Madera	9,751	9,737	10,142	10,138	10,114
Fairfax	7,641	7,596	7,492	7,443	7,399
Larkspur	12,494	12,460	12,387	12,331	12,253
Mill Valley	14,800	14,787	14,756	14,743	14,674
Novato	54,453	54,355	54,201	54,062	53,702
Ross	2,561	2,557	2,552	2,548	2,550
San Anselmo	12,926	12,898	12,872	12,845	12,757
San Rafael	60,432	60,433	60,259	60,207	59,807
Sausalito	7,385	7,372	7,326	7,301	7,252
Tiburon	9,571	9,572	9,580	9,581	9,540
Balance of County	69,152	69,098	68,942	68,902	68,659
Marin County Total	263,327	263,018	262,652	262,240	260,831

Source: State Department of Finance estimates (as of January 1).

Employment and Industry

The unemployment rate in the County was 10.3% in May 2020, down from a revised 11.2% in April 2020, and above the year-ago estimate of 2.0%. This compares with an unadjusted unemployment rate of 15.9% for California and 13.0% for the nation during the same period.

The following table shows civilian labor force data and wage and salary employment data for Marin County for the years 2015 through 2019.

**SAN RAFAEL METROPOLITAN DIVISION
(Marin County)
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2019 Benchmark)**

	2015	2016	2017	2018	2019
Civilian Labor Force ⁽¹⁾	138,800	139,700	140,000	141,100	140,000
Employment	133,900	135,200	136,000	137,700	136,800
Unemployment	4,900	4,600	4,000	3,400	3,200
Unemployment Rate	3.6%	3.3%	2.9%	2.4%	2.3%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	300	300	300	300	400
Mining and Logging	0	0	0	0	0
Construction	6,500	6,800	7,200	7,700	7,700
Manufacturing	4,000	4,500	4,900	5,100	5,300
Wholesale Trade	2,500	2,500	2,500	2,400	2,500
Retail Trade	14,200	14,400	14,600	14,800	14,700
Trans., Warehousing, Utilities	1,300	1,300	1,300	1,300	1,300
Information	2,900	2,900	2,700	2,700	2,600
Financial Activities	6,400	6,200	5,800	5,600	5,600
Professional and Business Services	18,000	18,000	17,600	17,700	18,300
Educational and Health Services	20,100	20,600	21,000	21,000	21,300
Leisure and Hospitality	15,400	16,100	16,500	16,200	16,100
Other Services	5,200	5,500	5,700	5,700	5,700
Federal Government	700	700	700	700	600
State Government	1,900	2,000	2,000	2,000	2,000
Local Government	12,800	12,900	13,100	13,300	13,200
Total All Industries ⁽³⁾	112,300	114,500	115,800	116,600	117,200

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The following table lists the major employers within the County as of June 2020, in alphabetical order, without regard to the number of employees.

COUNTY OF MARIN Major Employers June 2020

Employer Name	Location	Industry
Autodesk Inc	San Rafael	Computer Programming Services
Bay Equity	Sausalito	Real Estate Loans
Biomarin Pharmaceutical Inc	San Rafael	Laboratories-Research & Development
Bradley Real Estate	Belvedere Tibrn	Real Estate
Brayton Purcell LLP	Novato	Attorneys
Cagwin & Dorward Landscape	Novato	Landscape Contractors
California Alpine Club	Mill Valley	Clubs
College of Marin	Kentfield	Schools-Universities & Colleges Academic
Community Action Marin	San Rafael	Non-Profit Organizations
Corrections Dept	San Quentin	Government Offices-State
Glassdoor Inc	Mill Valley	Website Hosting
Kaiser Permanente Sn Rafael MD	San Rafael	Hospitals
Macy's	Corte Madera	Department Stores
Managed Health Network Inc	San Rafael	Mental Health Services
Marin County Sheriff's Dept	San Rafael	Government Offices-County
Marin Independent Journal	San Rafael	Newspapers (publishers/Mfrs)
Marine General Hospital	Greenbrae	Hospitals
Nordstrom	Corte Madera	Department Stores
Novato Medical	Novato	Clinics
RH	Corte Madera	Furniture-Dealers-Retail
San Rafael Human Resources	San Rafael	Government Offices-City/Village & Twp
Sutter Care At Home	Novato	Health Care Facilities
Township Building Svc Inc	Novato	Janitor Service
Westamerica Bancorporation	San Rafael	Holding Companies (bank)
Y Ymca San Francisco	San Rafael	Youth Organizations & Centers

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.

The following table lists the major employers within the County as of December 31, 2018, based on number of employees.

COUNTY OF MARIN
Major Employers

Employer Name	Employees
County of Marin	2,317
Kaiser Permanente	2,014
BioMarin Pharmaceutical	1,765
San Quentin Prison	1,614
Marin General Hospital	1,279
Glassdoor Inc.	875
San Rafael City Schools	865
Novato Unified School District	800
Marin County Office of Education	656
Dominican University of California	421

Source: County of Marin Comprehensive Annual Financial Report, Fiscal Year 2018-19.

Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the Town and the County.

TOWN OF SAN ANSELMO Total Building Permit Valuations (Dollars in Thousands)

	2015	2016	2017	2018	2019
<u>Permit Valuation</u>					
New Single-family	\$3,377.9	\$2,646.5	\$3,083.8	\$1,164.5	\$4,480.0
New Multi-family	0.0	0.0	0.0	0.0	0.0
Res. Alterations/Additions	14,867.6	12,727.2	13,265.3	10,962.2	13,731.6
Total Residential	\$18,245.5	\$15,373.7	\$16,349.1	\$12,126.7	\$18,211.6
 New Commercial	 \$0.0	 \$36.3	 \$30.0	 \$45.0	 \$45.1
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	282.2	423.0	525.3	1,015.6	55.8
Com. Alterations/Additions	800.9	649.2	942.4	1,207.5	336.6
Total Nonresidential	\$1,083.1	\$1,108.5	\$1,497.7	\$2,268.1	\$437.50
 New Dwelling Units					
Single Family	5	4	5	8	9
Multiple Family	0	0	0	0	0
TOTAL	5	4	5	8	9

Source: Construction Industry Research Board, Building Permit Summary.

MARIN COUNTY Total Building Permit Valuations (Dollars in Thousands)

	2015	2016	2017	2018	2019
<u>Permit Valuation</u>					
New Single-family	\$75,834.5	\$62,804.2	\$86,748.2	\$94,556.2	\$115,771.9
New Multi-family	2,426.4	7,869.8	0.0	23,600.0	13,650.2
Res. Alterations/Additions	203,754.7	194,743.0	194,772.0	180,662.3	202,353.8
Total Residential	\$282,015.6	\$265,417.0	\$281,520.2	\$298,818.5	\$331,775.9
 New Commercial	 \$10,439.6	 \$17,564.0	 \$24,300.5	 \$32,219.2	 \$68,717.0
New Industrial	0.0	0.0	0.0	1,125.0	0.0
New Other	42,614.2	54,015.5	35,898.9	53,086.9	24,009.6
Com. Alterations/Additions	497,343.6	69,437.8	65,867.0	69,619.1	150,484.0
Total Nonresidential	\$550,397.4	\$141,017.3	\$126,066.4	\$156,050.2	\$219,210.0
 <u>New Dwelling Units</u>					
Single Family	121	89	104	133	130
Multiple Family	20	17	0	102	86
TOTAL	141	106	104	235	216

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the median household effective buying income for the Town, the County, the State and the United States for the period 2016 through 2020:

**TOWN OF SAN ANSELMO, MARIN COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
Median Household Effective Buying Income
2016 through 2020**

	2016	2017	2018	2019	2020
Town of San Anselmo	\$88,120	\$88,103	\$92,697	\$95,695	\$101,378
Marin County	80,192	80,608	85,923	88,348	94,399
California	53,589	55,681	59,646	62,637	65,870
United States	46,738	48,043	50,735	52,841	55,303

Source: The Nielsen Company (US), Inc for years 2016 through 2018; Claritas, LLC for 2019 and 2020.

Commercial Activity

Summaries of historic taxable sales within the Town and the County during the past five years in which data is available are shown in the following tables.

Total taxable sales during calendar year 2019 in the Town were reported to be \$119,337,600, a 9.06% increase over the total taxable sales of \$109,428,027 reported during calendar year 2018.

TOWN OF SAN ANSELMO Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	402	\$88,685	681	\$101,599
2016	390	84,109	666	103,500
2017	372	87,208	631	100,704
2018	374	93,669	658	109,428
2019	366	103,038	656	119,338

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Department of Tax and Fee Administration.

Total taxable sales reported during calendar year 2019 in the County were \$5,492,089,289, a 1.83% increase over the total taxable sales of \$5,393,565,483 reported during calendar year 2018.

COUNTY OF MARIN Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	4,836	\$3,836,153	10,958	\$5,046,316
2016	6,059	3,855,662	10,941	5,045,785
2017	6,036	3,903,138	10,899	5,147,808
2018	6,027	4,144,299	11,199	5,393,565
2019	6,057	4,174,455	11,373	5,492,089

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Department of Tax and Fee Administration.

Transportation

The County's transportation facilities include U.S. Highway 101 and U.S. Interstate Highway 580, providing access to the rest of California. Buses provide commuter service to San Francisco and other Bay Area cities, and commuter ferries embark for San Francisco from the communities of Sausalito, Tiburon, and Larkspur. The San Francisco International Airport, located approximately 60 miles from the Town, provides air passenger service to points worldwide. Sonoma-Marín Area Transit (SMART), which is a new passenger rail service in Sonoma and Marin Counties, officially opened on August 25, 2017.

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX B

TOWN FINANCIAL INFORMATION

The information in this section concerning the operations of the Town and the Town's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Refunding Bonds is payable from the general fund of the Town. The Refunding Bonds are payable solely from the proceeds of an ad valorem tax levied by the County, as directed by the Town, in an amount sufficient for the payment thereof. Amounts in the Town's general fund are not pledged to the payment of the Refunding Bonds. See "THE REFUNDING BONDS" and "SECURITY FOR THE REFUNDING BONDS" above.

Municipal Government.

The Town is a general law agency of the State of California. The Town was incorporated in 1907 and operates under a Council-Manager form of government. The Town's political and legislative body is the Town Council, which is empowered by the general laws of the State of California to formulate town-wide policy, including a fiscal program, Town services and appointment of Town Manager and Town Attorney. It approves all ordinances, resolutions and major contracts, modifies and approves the budget. All major changes in direction or emphasis and organizational changes must be approved by the Town Council. It sets the policy, and the Town Manager and staff enforce the laws and implement the programs and policies.

The Town Council consists of five members who are elected by popular vote to serve a four-year term. Elections are held every two years, alternating between two and three positions. The Mayor is separately elected to a one-year term by members of the Town Council from among the Town Council members. The Mayor acts as the presiding officer of the Town Council.

The Town provides a range of municipal services. These include police, neighborhood services, public improvements, planning, building and public facility inspection, engineering, redevelopment, and general administrative services. Other municipal services in the Town are provided by joint powers associations. Fire protection, emergency medical and related services are provided by the Ross Valley Fire Service provides; paramedic services are provided by the Ross Valley Paramedic Authority; rate regulation for telecommunication services and equipment is provided by the Marin Telecommunications Agency; street lighting facilities are provided by the Marin Street Light Acquisition Authority; and a public safety radio system is provided by the Marin Emergency Radio Authority.

Budget Process

The fiscal year of the Town begins on the first day of July of each year and ends on the 30th day of June of the following year.

At such date as the Town Manager determines, each department head must furnish to the Town Manager an estimate of revenues and expenditures for such department for the ensuing fiscal year, detailed in such manner as may be prescribed by the Town Manager. In preparing the proposed budget, the Town Manager review the estimates, holds conferences thereon with the respective department heads, and revises the estimates as the Town Manager deems advisable.

Prior to the beginning of each fiscal year, the Town Manager submits to the Town Council the proposed budget. After reviewing and making such revisions as it deems advisable, the Town Council determines the time for the holding of a public hearing thereon and causes to be published a notice thereof not less than ten days prior to the hearing date. Copies of the proposed budget are available for inspection by the public in the office of the Town Clerk at not less than ten days prior to the hearing. At the conclusion of the public hearing, the Town Council further considers the proposed budget and makes revisions thereto that it deems advisable. On or before June 30 of each year, it adopts the budget with revisions, if any, by the affirmative vote of at least a majority of the total members of the Town Council.

From the effective date of the budget, the several amounts stated as proposed expenditures become appropriated to the several departments, offices and agencies for the objects and purposes named, provided that the Town Manager may transfer the appropriations of a fund from one object or purpose to another within the same department. All appropriations lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered. At the public meeting after the adoption of the budget, the Town Council may amend or supplement the budget by motion adopted by the majority vote of the Town Council.

The Town Council employs an independent certified public accountant who, at such time or times as specified by the Town Council, at least annually, and at such other times as the Town Council shall determine, examines the financial statements of the Town in accordance with generally accepted auditing standards, including such tests of the accounting records and such other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the final audit and report is submitted by such accountant to the Town Council and a copy of the financial statements as of the close of the fiscal year is published.

In addition, the Town has a financial advisory committee for the purpose of reviewing the Town's financial position, budget, resource allocations and expenditures, and making recommendations to the Town Council on how best to fund the town's priority needs. The committee is made up of volunteers from the community and two non-voting members of the Town Council.

Impact of COVID-19

General. See "SECURITY FOR THE REFUNDING BONDS – Ad Valorem Taxes - COVID-19 Global Pandemic" in the main body of the Official Statement.

Potential impacts to the Town associated with the COVID-19 outbreak include, but are not limited to, disruption of the regional and local economy with corresponding decreases in the Town's revenues from tax collections and increased costs of Town operations. In addition, the

Town may experience delays in receipt of various revenue sources as a result of policies and rules enacted at the federal, State or County level. On June 23, 2020, the Town Council approved a balanced budget for fiscal year 2020-21.

Budget Overview

General. The Town's revised and estimated actual General Fund budget figures for the year ended June 30, 2020 and the Town's adopted budget for the year ended June 30, 2021 are set forth in the following table.

TOWN OF SAN ANSELMO General Fund Budgets For Fiscal Years 2019-20 through 2020-21

	Revised Budget <u>2019-20</u>	Estimated Actual <u>2019-20</u>	Adopted Budget <u>2020-21</u>
<u>Revenues:</u>			
Property Taxes	\$12,785,262	\$13,044,305	\$12,710,327
Franchise Taxes	756,596	751,757	737,000
Other Taxes	1,286,372	1,164,008	1,160,600
Licenses & Permits	1,205,500	1,061,466	1,053,000
Use of Money & Property	35,000	34,190	25,000
Other Agency Revenue	124,800	125,676	144,800
Fees for Services, Misc.	246,025	233,362	195,400
Subtotal Revenues	16,539,555	16,414,764	16,026,27
Transfers in	393,864	353,773	447,087
Total Revenues and Transfers In	16,933,419	16,768,537	16,473,214
 TOTAL RESOURCES	 \$21,234,920	 \$21,070,038	 \$20,719,031
<u>Expenditures:</u>			
Salaries	2,621,911	2,398,393	2,459,771
Retirement	767,284	716,098	830,820
Other Benefits	836,979	796,300	822,371
Office Supplies, Library Materials	217,362	175,605	172,873
Training, Publications, Dues	52,350	47,516	47,750
Outsides Services	10,515,021	10,501,873	10,326,304
Utilities	210,740	210,740	210,740
Bldg, Vehicles, Equip Maint	233,550	232,237	164,050
Debt Service - Principal	504,000	504,000	211,000
Debt Service – Interest	34,711	32,942	19,018
Subtotal appropriations	15,993,908	15,615,704	15,264,697
Transfers out	1,208,517	1,208,517	1,208,517
 TOTAL EXPENDITURES	 \$17,202,425	 \$16,824,221	 \$16,473,214
 Net Increase (Decrease)	 (269,006)	 (55,684)	 --
 Fund Balance, Beginning	 4,812,356	 4,301,501	 4,245,617
Fund Balance, Ending	\$4,301,501	\$4,245,817	\$4,245,617

Source: Town of San Anselmo

Future Budgets. As a result of the recent COVID-19 pandemic, the Town does not believe that its recent history is representative of likely future results. Notwithstanding the impacts the COVID-19 emergency may have on the economy in the Town, the Refunding Bonds described

herein are voter-approved general obligations of the Town payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the Town.

Financial Statements

The accounting policies of the Town conform to generally accepted accounting principles. The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting and (ii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iii) required supplementary information.

Accounts of the Town are organized on the basis of funds each of which is considered a separate accounting entity. There are three groups of funds- governmental funds (which include the General Fund), proprietary funds (which include enterprise funds and internal service funds) and fiduciary funds (which are used to account for resources held for the benefit of parties outside the Town). The Town maintains 21 individual governmental funds. Information is presented separately in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Maintenance Fund, Recreation Fund and Emergency Reserve Fund, which are each considered major funds. Data for the 17 other funds are combined into a single aggregated presentation.

All governmental funds and fiduciary funds use the modified accrual basis of accounting. The proprietary funds use the accrual basis of accounting. The General Fund is the general operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

In fiscal year 2014-15, the Town implemented GASB Statements No. 68 and 71. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and pension plan expenses. GASB Statements No. 68 and No. 71 do not change the pension funding obligations of the Town and have had no effect on the General Fund.

The Town's most recent audited financial statements are included in the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019, which is attached as APPENDIX C to this Official Statement. The financial statements were prepared by the Town and audited by Marcello & Company, Certified Public Accountants (the "**Auditor**").

The Financial Statements should be read in their entirety. The Town has neither requested nor obtained permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the Town or General Fund. In addition, the Auditor has not reviewed this Official Statement.

Set forth in the following pages are (i) a general fund balance sheet for fiscal years 2016-17 through 2018-19 and (ii) a statement of revenues, expenditures and changes in fund balances for the Town's general fund for the last three fiscal years.

TOWN OF SAN ANSELMO
General Fund Balance Sheet
As of June 30 for Fiscal Years 2016-17 through 2018-19

	<u>Audited</u> <u>2016-17</u>	<u>Audited</u> <u>2017-18</u>	<u>Audited</u> <u>2018-19</u>
<u>ASSETS:</u>			
Cash and investments	\$5,273,646	\$5,602,006	\$4,622,422
Receivables	587,674	601,172	1,457,160
Prepaid expenses	31,104	41,119	40,486
Investment with Pension Trust	--	--	501,422
Total Assets	<u>5,892,424</u>	<u>6,244,297</u>	<u>6,621,490</u>
<u>LIABILITIES:</u>			
Payables	339,361	216,959	277,342
Cash Overdraft	--	--	257,397
Deposits	<u>848,739</u>	<u>1,020,839</u>	<u>1,389,396</u>
Total Liabilities	<u>1,188,100</u>	<u>1,237,798</u>	<u>1,924,135</u>
<u>FUND BALANCES:</u>			
Nonspendable	31,104	--	--
Restricted	355,764	67,501	542,831
Assigned	236,264	238,615	471,918
Unassigned	<u>4,081,192</u>	<u>4,700,383</u>	<u>3,682,606</u>
Total Fund Balances	<u>\$4,704,324</u>	<u>\$5,006,499</u>	<u>\$4,697,355</u>
Total Liabilities and Fund Balances	<u>\$5,892,424</u>	<u>\$6,244,297</u>	<u>\$6,621,490</u>

Source: Town of San Anselmo Audited Financial Statements.

TOWN OF SAN ANSELMO
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2016-17 through 2018-19

	Audited <u>2016-17</u>	Audited <u>2017-18</u>	Audited <u>2018-19</u>
<u>Revenues:</u>			
Property Taxes	\$11,398,139	\$12,048,996	\$12,825,891
Sales Taxes	2,974,499	2,392,689	2,613,863
Other Taxes	109,848	--	--
Franchise Fees	746,714	752,222	764,120
Fines and Forfeitures	124,079	183,119	227,425
Use of money and property	10,887	32,811	65,360
Intergovernmental and Agency	123,083	22,484	452,828
Licenses and Permit	1,025,720	1,068,554	1,037,296
Current Service Charges	133,448	112,663	140,931
Other Revenue	132,075	103,904	118,645
Total Revenues	<u>16,778,492</u>	<u>16,717,412</u>	<u>18,246,359</u>
<u>Expenditures:</u>			
Current:			
Town Administration	1,235,845	1,345,872	1,379,514
Nondepartmental	659,730	716,103	940,094
Public Safety	7,819,570	8,072,237	8,471,476
Streets	838,175	839,945	918,778
Community Development	1,555,324	1,540,575	1,867,953
Library	586,463	624,212	640,668
Parks and Recreation	614,299	676,121	630,764
Capital Projects	861,829	1,175,738	1,494,650
Debt Service	484,791	501,735	518,433
Total expenditures	<u>14,656,026</u>	<u>15,482,538</u>	<u>16,862,330</u>
Excess of revenues Over Expenditures	2,122,466	1,234,874	1,384,029
<u>Other financing sources (uses):</u>			
Operating Transfers In	287,778	305,818	558,344
Operating Transfers Out ⁽¹⁾	<u>(1,201,617)</u>	<u>(1,238,517)</u>	<u>(2,251,517)</u>
Total other financing Sources (Uses)	(913,839)	(932,699)	(1,693,173)
Change in Fund Balance	1,208,627	302,175	(309,144)
Fund balance - July 1	3,495,697	4,704,324	5,006,499
Fund balance - June 30	<u>\$4,704,324</u>	<u>\$5,006,499</u>	<u>\$4,697,355</u>

(1) Represents transfers made as needed for the purchase of equipment, capital costs, reserve funds for mudslides, and other items.

Source: Town of San Anselmo Audited Financial Statements.

MAJOR GENERAL FUND REVENUE SOURCES

Following is a discussion of the Town's principal general fund revenue sources: property taxes; franchise and other taxes; services charges; sales taxes; licenses and permits; fines and forfeitures; and other charges and revenues. The table below shows a five-year history of the major general fund revenue sources for the Town.

TOWN OF SAN ANSELMO Major General Fund Revenue Sources Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
Property Taxes	\$11,288,894	\$11,797,565	\$12,235,598	\$13,150,168	\$13,970,142
Sales Taxes	1,897,334	2,022,639	3,113,552	2,490,752	2,716,922
Franchise Fees	682,411	721,628	746,715	752,222	764,120
Property Transfer Taxes	119,828	107,445	109,848	--	--
Special Assessments	220,780	--	--	--	--
Fines and Forfeitures	154,510	143,642	124,079	183,119	227,425
Intergovernmental	93,590	33,237	--	--	--
Use of Property and Money	139,048	149,331	158,238	182,967	230,918
Licenses and Permits	995,895	969,297	1,025,720	1,068,554	1,037,296
Gasoline Taxes	367,868	249,761	--	--	--
Other Revenue	413,091	446,821	170,718	106,312	137,079
Transfers In (Out)	--	(50,000)	(425,000)	(200,000)	--
TOTAL	\$16,373,249	\$16,591,366	\$17,762,708	\$17,734,094	\$19,083,902

Source: Town of San Anselmo

Property Taxes

Property taxes represent the largest source of tax revenue to the Town (approximately 76% of general fund tax revenues in fiscal year 2018-19). Property tax is imposed on real property (land and permanent improvements) and tangible personal property (furniture, fixtures and equipment). The general tax levy rate is 1% of assessed value, with assessed value adjusted by an annual inflation factor not to exceed 2%. Property in the Town is assessed by County Assessor, except for certain public utility property which is assessed by the State Board of Equalization. Cities and other local agencies, such as schools, special districts, and the County share in the County-wide property tax pool for purchases made within the County, but not within a specific jurisdiction. See "PROPERTY TAXATION" in the front half of this Official Statement for a discussion of the levy and collection of *ad valorem* property taxes, historical assessed valuation and the major taxpayers with respect to the Town.

In addition to general *ad valorem* property taxes, property taxes in the Town include a pension override tax, a municipal services tax, and a library services tax, each as described below.

Pension Tax. This tax was voted into law in 1958. Property in the Town is assessed at 5.9 cents per \$100 of assessed valuation, and funds are used for employee pension costs.

Library Tax. This tax was voted into law in 2014 for the purpose of improving library services. The tax was \$59 per parcel in 2018-19, with an annual 3% cost of living increase through expiration in 2023-24.

Municipal Services Tax. This tax was voted into law in 1983 to provide funds for general government services. The tax is \$78 annual per residential unit and \$78 per 1,500 square feet of non-residential use.

Sales Tax

Sales and use taxes represent the second largest source of revenue to the Town (approximately 11% of general fund revenues in fiscal year 2018-19). Sales tax revenue grew by 9% in 2018-19 over the previous year, but the Town expects it to start leveling off as the trend of consumer spending continues to shift away from brick-and-mortar locations to online retailers. This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State of California.

Sales Tax Rates. The Town collects a percentage of taxable sales in the Town (minus certain administrative costs imposed by the State Board of Equalization) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (the “**Sales Tax Law**”), as shown below.

Currently, taxable transactions in the Town are subject to the following sales and use tax, of which the Town’s share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the Town, as follows:

TOWN OF SAN ANSELMO Sales Tax Rates Fiscal Year 2019-20

<u>Component</u>	<u>Rate</u>
State-Wide Tax Rate	6.00%
State Sales Tax	0.25
Marin County	0.50
Special Tax	2.00
Total Town Tax Rate	<hr/> 8.75%

Source: California State Board of Equalization.

Supplementary Sales Tax. In 2013 the voters of San Anselmo passed a supplemental sales tax applying to taxable transactions occurring in the Town of one-half percent for the purpose of repairing potholes, repaving roads, reducing traffic congestion, maintaining and improving sidewalks, drainage and street medians, preserving public safety and improving other general Town services, facilities, and infrastructure. The supplemental sales tax revenue was \$1,011,996 for 2018-19. The sales tax increase expires March 31, 2024.

Other Revenues

Licenses and Permits. This revenue comes to the Town from a variety of licenses and permits, including business licenses, parking permits, construction related permits (such as building permits, building plan check fees, encroachment and grading permits and inspection fees).

Franchise Taxes. Franchise taxes consist primarily of an 11% tax on the revenues of the garbage service, a 5% tax on the revenues received by the cable provider in the Town, a 1% tax on electrical service revenues and an 0.5% tax on gas service revenues.

Other miscellaneous charges that contribute revenues to the general fund include banner fees for non-profit organization events and programs, fees for police services, planning fees (variances, use permits etc.), and fees for residential resale inspections.

2020-21 State Budget

Introduction and Background. The Governor signed the fiscal year 2020-21 State Budget (the “**2020-21 State Budget**”) on June 29, 2020. The 2020-21 State Budget notes that the COVID-19 pandemic has impacted every sector of the State's economy and has caused record high unemployment, and further action from the federal government is needed as a result of the crisis. The Governor is pursuing \$1 trillion in flexible federal aid to state and local governments across the country, which support will be critical to mitigate the effects of the public health crisis, encourage recovery, and support persons in need.

At the time of the Governor's proposed 2020-21 State Budget in January, the State was projecting a surplus of \$5.6 billion. At the time of the May Revision with respect to the 2020-21 State Budget, the State had a budget deficit of \$54.3 billion. The 2020-21 State Budget includes measures to close the gap and bring the State's resources and spending into balance while preserving reserves for future years.

To reduce the structural deficit in the coming years, the 2020-21 State Budget sustains the January 1, 2022 suspension of several ongoing programmatic expansions that were made in the 2019 Budget Act. In addition, the 2020-21 State Budget accelerates the suspension of most Proposition 56 (2016 tobacco tax measure) tax rate increases to July 1, 2021. Despite these measures, the State forecasts an operating deficit of \$8.7 billion in 2021-22, after accounting for reserves.

Closing the Budget Gap. The 2020-21 State Budget uses the following strategies to close the budget gap:

- **Reserve Draw Down:** Draws down \$8.8 billion in reserves, including from the State's Rainy Day Fund (\$7.8 billion), the Safety Net Reserve (\$450 million), and all of the funds in the Public School System Stabilization Account.
- **Triggers:** Includes \$11.1 billion in funding reductions and deferrals that will be restored if at least \$14 billion in federal funds are received by October 15, 2020. If the State receives a lesser amount between \$2 billion and \$14 billion, the reductions and deferrals will be partially restored. The trigger includes \$6.6 billion in deferred funding for schools.

- Federal Funds: Relies on \$10.1 billion in federal funds that provide State general fund relief, including \$8.1 billion already received.
- Revenues: Temporarily suspends the use of net operating losses for medium and large businesses and temporarily limits to \$5 million the amount of business incentive credits a taxpayer can use in any given tax year. These short-term limitations will generate \$4.4 billion in new revenues in the 2020-21 fiscal year.
- Borrowing/Transfers/Deferrals: Relies on \$9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 schools. Approximately \$900 million in additional special fund borrowing is associated with the reductions to employee compensation and is contained in the trigger.
- Other Solutions: Cancelling multiple program expansions and anticipating increased government efficiencies, higher ongoing revenues above the May Revision forecast and lower health and human services caseload costs than the May Revision estimated.

General Budget Highlights. Certain highlights of the 2020-21 State Budget are:

Emergency Response: COVID-19 and other emergency response efforts included in the 2020-21 State Budget are:

- Responding to COVID-19: The State expects to receive over \$72 billion in federal assistance to State programs, of which unemployment insurance represents about \$52 billion of this total. Under the CARES Act, the State received \$9.5 billion for various uses including \$4.4 billion to mitigate K-14 learning loss. The amount of \$5.9 million of General Fund spending for 2020-21 and \$4.8 million ongoing is allocated to support the State Department of Health's response to COVID-19.
- Enhancements to Emergency Responses and Preparedness: \$117.6 million is allocated to the State Office of Emergency Services to enhance emergency preparedness and response capabilities, including with respect to power outages, earthquakes, wildfires and cybersecurity.
- Forestry and Fire Protection: \$90 million is allocated to enhance CAL FIRE's fire protection capabilities, including for wildfire prediction and modeling technology.

Revenue Solutions. Revenue measures which are expected to net \$4.3 billion in 2020-21, \$3.1 billion in 2021-22 and \$1.3 billion in 2022-23, include:

- Certain Tax Measure Extensions. Extending certain tax measures including certain sales tax exemptions through the end of 2022-23, extending the carryover period for film credits from 6 years to 9 years, and extending the current exemption from the minimum tax for first year corporations to first year limited liability corporations, partnerships, and limited liability partnerships.

- Expansion of Earned Income Tax. Expanding the Earned Income Tax Credit to certain taxpayers.

- Changes to Tax Laws and Sales Tax. Changes in tax law including suspending net operating losses for 2020, 2021, and 2022 for medium and large businesses, and limiting certain business incentive tax credits, and with respect to closing the sale tax loss gap, requiring used car dealers to remit sales tax to the Department of Motor Vehicles with registration fees.

Recovery for Small Businesses. The 2020-21 State Budget includes a waiver of the minimum franchise tax for the first year of operation, \$100 million budgeted for the State's small business loan program, \$25 million to provide capital to enable the origination of more loans in underbanked communities, and adding funding of \$758,000 ongoing for positions relating to small business support.

Housing. Up to \$500 million is allocated in State tax credits for low-income housing in 2021, under certain conditions. The 2020-21 State Budget provides \$331 million in National Mortgage Settlement funds to help prevent avoidable foreclosures and evictions, and \$8.3 billion across multiple departments and programs to address housing throughout the State.

State Budget and Its Impact on the Town

General. Information about the fiscal year 2020-21 State budget and other State budgets are regularly available at <http://www.ebudget.ca.gov>. An impartial analysis of the budget is posted by the Legislative Analyst Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. *The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the Town or the Underwriter, and the Town and the Underwriter take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.*

The Town's general fund receives amounts from the State that could impact the services provided by the Town. The Town cannot predict what actions will be taken in the current or future years by the State Legislature and the Governor to address a State budget deficit, particularly in response to COVID-19.

State budgets will be affected by national and state economic conditions and other factors over which the Town has no control. To the extent that the State budget process results in reduced revenues to the Town, the Town will be required to make adjustments to its budget. There can be no certainty that budget-cutting strategies, such as those used in prior recessions, will not be used by the State in the future, should the State budget again be stressed.

Future State Budgets. The Town cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the Town has no control. Notwithstanding the impacts the COVID-19 emergency may have on the economy in the Town, the Refunding Bonds described herein are voter-approved

general obligations of the Town payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the Town.

Long-Term Indebtedness

2003 General Obligation Bonds. On February 20, 2003, the Town issued the 2003 Bonds to fund capital improvements to the Town's streets and storm drains. The 2003 Bonds are expected to be refunded in full with proceeds of the Refunding Bonds.

2011 General Obligation Bonds. On April 21, 2011, the Town issued its 2011 General Obligation Refunding Bonds, in the aggregate principal amount of \$5,955,000, for the purpose of refunding certain of its outstanding general obligation bonds. The 2011 General Obligation Refunding Bonds are currently outstanding in the principal amount of \$2,130,000.

2012 Pension Obligation Bonds. On May 29, 2012, the Town issued its 2012 Pension Obligation Bonds in the aggregate principal amount of \$3,583,000 for the purpose of paying off the Town's outstanding "side fund" obligation due to the California's Public Retirement System. The 2012 Pension Obligation Bonds are currently outstanding in the principal amount of \$438,000.

Lease Agreement. On February 1, 2008, the Town entered into a 15-year site lease agreement with Municipal Asset Management, Inc. to finance the restoration, remodeling and expansion of Town's Fire Station No. 19 in the aggregate principal amount of \$1,700,000. The lease agreement is current outstanding in the principal amount of \$439,243.

Employee Retirement System

This caption contains certain information relating to California Public Employees' Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The Town has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. Neither the Town nor the Underwriter can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

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

California Public Employees Retirement System Trust. In fiscal year 2018-19, the Town elected to begin prefunding its OPEB obligation through the use of an irrevocable trust

established with the California Employers' Retiree Benefit Trust Fund (CERBT). This trust fund is an agent multiple-employer plan which is administered by the CalPERS Board of Administration. The trust will be used to accumulate and invest funds necessary to pay for future retiree benefits and to reduce the Town's future cash flow requirements. The Town contributed \$100,000 to the trust in fiscal year 2018-19. As of June 30, 2019 the trust account balance was \$101,096.

Contributions. The obligation of the Town to contribute to the Plan is established and may be amended by the Town Council. For this fiscal year end, the Town's average contribution rate was not applicable. Employees are currently not required to contribute to the plan.

Actuarial Assumptions and Other Inputs. The Town's total OPEB liability of \$2,955,818 was measured as of June 30, 2017 and was rolled forward to June 30, 2018 to determine the total OPEB liability using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: general inflation 2.75%, discount rate of return 2.98% for fiscal year ending June 30, 2019, payroll growth rate 3.25%, participation rate is 100% for employees that qualify for subsidized coverage and 50% for future employees, future retirees spouses will be covered 60%, and healthcare cost trend rates 8.00% effective January 1, 2018. Mortality factors were based on the CalPERS 2014 Experience Study.

Funded Status. The components of the net OPEB liability of the Town at June 30, 2019, were as follows:

TOWN OF SAN ANSELMO Funded Status of OPEB

Total OPEB Liability	\$2,955,818
Plan Fiduciary Net Position	--
Town's Net OPEB liability (asset)	2,955,818
OPEB plan expense for the fiscal year	\$189,266

Source: Town of San Anselmo.

For more information regarding the Town's OPEB and assumptions used in its most recent actuarial study, see Note 8 of Appendix C to the Official Statement.

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Public Agency Retirement System Trust. On March 26, 2019, Town Council passed a resolution to participate in the Public Agency Retirement System (PARS) Pension Benefits Trust Program (the "**Plan**"), an irrevocable trust established to prefund pension obligations. The trust will be used to accumulate and invest funds necessary to pay for future retiree benefits and to reduce the Town's future cash flow requirements. The Town contributed \$500,000 in fiscal year 2018-19. As of June 30, 2019, the total balance of \$501,422 was recorded as a restricted investment in the Town's general fund.

Plan Description. The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System ("**CalPERS**"). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed

in the Plan's June 30, 2017 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in the actuarial valuation report.

Contribution Description. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total Plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Actuarial Assumptions and Other Inputs. The Town's total pension liability of \$28,299,438 was measured as of June 30, 2017 and was rolled forward to June 30, 2018 based on the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation 2.50%, discount rate of 7.15%, salary increases were determined by entry age and service, and investment rate of return 7.00%, net of investment expense. Post-retirement benefit increase is based on contract COLA up to 2.50%.

Funded Status. The components of the Plan liability of the Town at June 30, 2019, were as follows:

**TOWN OF SAN ANSELMO
Funded Status of Pension Plan**

Total Plan Liability	\$28,299,438
Plan Fiduciary Net Position	20,627,164
Town's Net Plan liability (asset)	7,672,274
Plan expense for the fiscal year	\$928,617

Source: Town of San Anselmo.

For more information regarding the Town's Plan and assumptions used in its most recent actuarial study, see Note 9 of Appendix C to the Official Statement.

COVID-19 Impacts. Recent investment losses in the PERS portfolios as a result of the general market downturn caused by the COVID-19 outbreak may result in increases in the Town's required contributions in future years. The Town cannot predict the level of such increases, if any.

APPENDIX C

FISCAL YEAR 2018-19 COMPREHENSIVE ANNUAL FINANCIAL REPORT

(THIS PAGE INTENTIONALLY LEFT BLANK)

TOWN OF SAN ANSELMO

California

**Annual Financial Report
June 30, 2019**

Town Council

**Matt Brown
Ford Greene
Brian Colbert
Kay Coleman
John Wright**

**Mayor
Vice Mayor
Member
Member
Member**

Appointed Officials

***Town Manager*
David P. Donery**

***Finance & Administrative Services Director*
Helen Yu-Scott**

TOWN OF SAN ANSELMO

Table of Contents

INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)	
Required Supplementary Information, as prepared by management	3-11
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	12
Statement of Activities	13
FUND FINANCIAL STATEMENTS	
Balance Sheet - Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenue, Expenditures, and Change in Fund Balances - Governmental Funds.....	16
Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Proprietary Funds:	
Statement of Net Position	18
Statement of Revenue, Expenses, and Change in Net Position.....	19
Statement of Cash Flows.....	20
Statement of Fiduciary Assets and Liabilities - Agency Funds	21
NOTES TO FINANCIAL STATEMENTS.....	22-45
REQUIRED SUPPLEMENTARY INFORMATION (unaudited)	
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan	46-47
Other Postemployment Benefits Plan.....	48
Budgetary Comparison Information.....	49-51
OTHER SUPPLEMENTARY INFORMATION	
Combining Funds Financial Statements	
General Fund:	
Combining Balance Sheet.....	52
Combining Statement of Revenue, Expenditures, and Change in Fund Balance.....	53
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	54-55
Combining Statement of Revenue, Expenditures, and Change in Fund Balances.....	56-57

MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Post Office Box 60127 / Sacramento, California 95860-0127

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of San Anselmo, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of San Anselmo, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules and schedules of funding progress, other postemployment benefits plan schedule of funding progress, and the respective budgetary comparison information of the general and major funds as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of San Anselmo's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Marcello & Company

Certified Public Accountants
Sacramento, California
November 22, 2019

MANAGEMENT'S DISCUSSION & ANALYSIS

***As Prepared by Management
(unaudited)***

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2019

This discussion and analysis of the Town's financial activities and performance provides an overview for the fiscal year ended June 30, 2019. Please read this in conjunction with the Town's financial statements, which follow this discussion and analysis.

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: Government-wide Financial Statements, Fund Financial Statements, and Notes to the Basic Financial Statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on both short-term inflows and outflows of spendable resources and the remaining year-end balances available for spending. This information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the statement of revenue, expenditures, and changes in fund balances provide a reconciliation to assist the reader with this comparison between governmental funds and governmental activities.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2019

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

- General Fund
- Road Maintenance Fund
- Grants Fund

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

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

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

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

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

- Capital Reconstruction fund - accounts for revenue set aside for capital projects.
- Equipment Replacement fund - accounts for revenue set aside for equipment replacement.

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

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

Proprietary Funds

The Town currently reports one Internal Service fund; the Insurance fund. This fund accounts for the premium payments as well as the self-insured portion of the Town's workers' compensation and liability insurance programs.

Fiduciary Funds

A fiduciary fund is used to account for assets held for the benefit of other individuals or entities. The Town currently acts as an agent on behalf of the Snack Shack.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2019

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 follow the Basic Financial Statements.

Required Supplementary Information

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

FINANCIAL HIGHLIGHTS

Government-wide Financial Statement Highlights

- The Government-wide statement of net position, appearing as the first statement of the basic financial statements and summarized in Management's Discussion and Analysis, reports the Town's total assets to be \$39,292,425, deferred outflows of resources at \$2,270,997, total liabilities of \$20,388,838, deferred inflows of resources at \$949,360, and net position of \$20,225,224.
- The Town's total revenue for governmental funds of \$26,374,478 was offset by total expenses of \$26,395,025, resulting in a decrease in governmental fund balances of \$20,547.
- The Town's capital assets totaled \$28,473,122, net of \$12,045,879 in accumulated depreciation.
- The Town's long-term debt and obligations totaled \$17,192,417 as of June 30, 2019, a decrease of \$1,215,460 over the prior fiscal year. The decrease is mainly contributed from payments made to reduce the general obligation bonds, pension obligation bonds, and municipal lease.

Fund Financial Statement Highlights

At the close of fiscal year 2019, the Town's governmental funds reported a combined ending fund balance of \$7,368,118 as compared to \$7,388,665 as of June 30, 2018, approximately the same as last year.

Accomplishments for 2018-19

- Road Resurfacing – Work completed this year includes numerous ADA curb ramps, paving on Meadowcroft Drive, Morningside Drive, Brookside Drive, and San Francisco Boulevard.
- Pavement Maintenance – Permanent pavement repair of large potholes, crack sealing and/or slurry sealing took place on various roads throughout San Anselmo, and new retaining walls constructed on Luna Lane, Scenic Avenue, The Alameda Avenue, and Summit Road. In addition, the Town constructed emergency repairs covered by FEMA on Summit Road and along San Anselmo Creek.
- Drainage – Drainage improvements were also included on the projects above.
- Low Impact Development Project – Work was completed on three bio-retention projects (partially grant funded) at Magnolia Avenue parking lot, a median on Greenfield Avenue and the green waste pad at the Corporation Yard.
- Utility Projects – Issued permits, performed inspections and reviewed PG&E, MMWD, and RVSD projects in excess of \$17 million valuation for 394 encroachment permits issued, including major sewer work on Butterfield Road and Morningside neighborhood.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2019

- Sales Tax Measure – In November 2013 the voters of San Anselmo passed a one-half percent general sales tax increase for the purpose of repairing potholes, repaving roads, reducing traffic congestion, maintaining and improving sidewalks, drainage and street medians, preserving public safety and improving other general Town services, facilities, and infrastructure. The Measure D sales tax revenue was \$1,011,996 for 2018-19.
- Library Programming – A grant from the US Institute of Museum and Library Services through the California State Library funded a major technology upgrade in the Carnegie Reading room. A projection screen, recording equipment, and a sound system and monitor, enabled programs to be held in the library itself as well as continuous promotion of events and services. The “Take & Make” collection was launched for patron in-home use which includes a rock tumbler, a ukulele, a Go-Pro, an embroidery kit and more. Overdue fines were cut in half for adult and children's DVDs and “Kanopy” was launched which is a movie streaming service available to San Anselmo residents.

Children's programs include toddler story times, French and Spanish story times, Kiddo Crafternoons, reading clubs, Teen Library Council, and the very successful Summer Reading Program. Adult programs include the book clubs, Art Talk Tuesdays, sketchbook drawing classes, the bead meet up and participation in the Marin Comics Fest which is for all ages. The library continues to be a vibrant community resource due in part to the generosity of the Friends of the Library and to the library parcel tax.

- Community Events, Recreation and Volunteers – The Recreation Department develops programs, coordinates events, and manage facilities. The department is responsible for sports, Parkside Preschool, Robson-Aftercare, After-School Enrichment, summer and break camps and the Activity Guide. In addition, the Department encourages and facilitates community events such as Picnics on the Plaza, Country Fair Day and annual holiday events. Our sports programs, preschool, after-care programs and camps are thriving with children of all ages enjoying programs. The Ross Valley Seniors program brings seniors together on a monthly basis to enjoy lunch, games and lectures.
- Grants – The Town has been successful in procuring significant grants for infrastructure improvements, including grants for sidewalks, bridge replacement, a Complete Street grant to pave Sir Francis Drake from Tunstead to Bolinas, a bike spine grant, and a Hub Reconfiguration Study grant. Nokomis and Madrone Bridges are approximately 40% complete in design.
- Technology – In 2018-19, staff launched DocuSign and Dude Solutions software programs. DocuSign enables staff to send out documents for virtual signatures. Dude Solutions is a software for organizing facility needs. Various town staff from each department formed the Communications Team and worked on the Connect San Anselmo project. Connect San Anselmo is a web portal built for the end user to find and discover information more easily. Microsoft announced it will stop supporting Windows 7 in January 2020 and Cisco will be discontinuing the Smartnet firewall protection for our servers in August 2020. Because of this, most of the IT time has been mitigating future issues. This includes replacing and configuring workstations or upgrading workstations capable of running Windows 10 and data migration, role transfers and decommissioning of a couple of servers in 2019-20.

**Town of San Anselmo
Management's Discussion and Analysis
June 30, 2019**

Government-wide Financial Statement Analysis

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

Statement of Net Position Comparison of FY 2019 and FY 2018				
	June 30		Amount Change	Percent Change
	2019	2018		
<u>Assets</u>				
Current and other assets	\$ 10,819,303	\$ 9,890,486	\$ 928,817	9%
Capital assets, net	28,473,122	24,665,249	3,807,873	15%
Total assets	39,292,425	34,555,735	4,736,690	14%
<u>Deferred outflows</u>	2,270,997	2,194,449	76,548	3%
Totals	41,563,422	36,750,184	4,813,238	13%
<u>Liabilities</u>				
Current and other liabilities	3,028,292	2,243,305	784,987	35%
Noncurrent liabilities	17,360,546	18,638,914	(1,278,368)	-7%
Total liabilities	20,388,838	20,882,219	(493,381)	-2%
<u>Deferred inflows</u>	949,360	719,949	229,411	32%
Totals	21,338,198	21,602,168	(263,970)	-1%
<u>Net Position</u>				
Net investment in				
capital assets	23,540,379	18,949,985	4,590,394	24%
Restricted	2,812,297	1,862,517	949,780	51%
Unrestricted	(6,127,452)	(5,664,486)	(462,966)	8%
Total net position	\$ 20,225,224	\$ 15,148,016	\$ 5,077,208	34%

Net position of \$20,225,224 at June 30, 2019 as compared to \$15,148,016 at the close of the prior fiscal year changed due to the following:

- Receivables increased by \$1,807,010 due to increased tax revenue and grant reimbursements.
- Net capital assets increased by \$3,807,873 due to additional infrastructure projects, such as San Francisco Blvd Paving project, Magnolia Parking improvement, various retaining wall projects, etc.,
- Total liabilities decreased by \$493,381 due payments made to reduce the general obligation bonds, pension obligation bonds, and municipal lease.
- Noncurrent liabilities of \$17,360,546 included the unfunded net pension liability, noncurrent portion of insurance claim liabilities, the noncurrent portion of long-term debt, and the postemployment benefit plan obligation.

**Town of San Anselmo
Management's Discussion and Analysis
June 30, 2019**

General Government Functions

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

Statement of Activities				
Comparison of FY 2019 and 2018				
	June 30		Amount	Percent
	2019	2018	Change	Change
<u>Revenue</u>				
Program revenue	\$ 4,877,658	\$ 3,058,944	\$ 1,818,714	59%
General revenue	19,083,902	17,734,094	1,349,808	8%
Total revenue	23,961,560	20,793,038	3,168,522	15%
<u>Expenses</u>				
General government	2,518,983	2,946,737	(427,754)	-15%
Public safety	8,471,476	8,128,759	342,717	4%
Planning/engineering	1,581,614	1,848,836	(267,222)	-14%
Public works/streets	2,018,687	3,085,155	(1,066,468)	-35%
Recreation, parks, library	3,217,947	3,878,274	(660,327)	-17%
Other	1,075,645	1,216,749	(141,104)	-12%
Total expenses	18,884,352	21,104,510	(2,220,158)	-11%
Change in Net Position	5,077,208	(311,472)	5,388,680	-1730%
Net Position - beginning	15,148,016	15,459,488	(311,472)	-2%
Net Position - end of year	\$ 20,225,224	\$ 15,148,016	\$ 5,077,208	34%

- Total revenue increased by \$3,168,522 due primarily to increased tax revenue and grant reimbursements for various capital projects.
- Total expense decreases were due to the nature of allocations of expenses in the government-wide statements and the continuing impact of GASB 68 (Pension Plan expense) and GASB 75 (OPEB retiree medical benefits plan expense). When the expected Discount Rate (return on investments) on these two plans is less than anticipated, the difference is amortized over a five-year period.
- Public safety expenses increased by \$342,717 primarily due to the cost of services increased for FY2018-2019.

FINANCIAL ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

General Fund

Total revenue and *transfers in* from other funds that comprise the general fund include (1) the Measure D Sales Tax fund, (2) the Emergency fund, and (3) the Downtown Revitalization fund. Total General Fund No. 01 revenue exceeded budgeted revenue by \$884,539. This includes property tax exceeding the budgeted amount by \$400,313, and sales tax exceeding the budget by \$261,774. Expenditures and *transfers out* for the General Fund were \$532,832 less than the budgeted amount, mainly because of the Town recorded its \$500,000 Pension Trust contribution as the Town's asset instead of expenditure due to GASB 67 requirements.

**Town of San Anselmo
Management's Discussion and Analysis
June 30, 2019**

Road Maintenance Fund

During fiscal year 2018-19, revenue and transfers in for the Road Maintenance fund was collected in the amount of \$1,520,817, which was approximately \$94,000 more than the budgeted amount. Expenditures for the year totaled \$1,730,105. The ending balance decreased by approximately \$209,000.

Grants Fund

The Grants fund's purpose is to track grant proceeds, mainly those associated with street resurfacing and other capital improvement projects. For fiscal year 2018-19, revenue exceeded expenditures by \$8,372.

Isabel Cook Complex Fund

The Isabel Cook Complex fund had a negative beginning fund balance of (\$50,834). Revenue exceeded expenditures in fiscal year 2018-19 by \$25,067, bringing the ending fund balance to negative (\$25,767). This fund receives its revenue through rental income.

Capital Assets and Debt Administration

Capital Assets - the Town's investment in capital assets at year end was \$28,476,122, net of depreciation; an increase of \$3,870,873 as compared with the previous fiscal year, primarily due to infrastructure improvements.

Long-term Debt and Obligations- the Town had \$17,192,417 outstanding in long-term debt and obligations (not including insurance claims). This is a decrease of \$1,215,460 as compared to the prior fiscal year. This decrease is primarily due to payments made to reduce the general obligation bonds, pension obligation bonds, and municipal lease.

ECONOMIC OUTLOOK AND BUDGET FOR 2019-2020

Revenue: The California economy continues to rebound from the recession to officially reach the longest economic expansion in US history. The rising housing market and consistent job growth contribute to the strong operating results of the Town's general fund. However, growth is beginning to slow. Our secured property tax revenue is projected to show an increase over 2018-19 figures of 3%. Approximately 76% of our General fund revenue comes from property tax revenue.

Sales tax and use tax (Measure D) combined, represent the Town's second largest tax revenue generators. It has achieved a 9% gain over the previous year, which will start leveling off. The trend of consumer spending continues to shift away from brick-and-mortar locations to online retailers.

Expenditures: The 2019-20 Town Budget represents the status quo in most Department budgets. Employee-related expenses make up approximately 77% of the Town expenditures, including the Fire and Police Departments. Town employees received a 3% salary increase in the 2019-20 fiscal year.

In 2006, the Town's Miscellaneous Employees bargaining unit, SEIU 1021, agreed to a two-tiered retirement plan for employees hired after February 1, 2007 and all new benefitted employees, including management and confidential, were affected. On January 1, 2013 the California Public Employees' Pension Reform Act of 2013 (PEPRA) went into effect. The pension reform bill impacts new public employees and establishes a cap on the amount of compensation that can be used to calculate a retirement benefit. In 2019-20, more than 80% of the Town's employees were enrolled in the two lower cost tiers.

In 2019-20, employer pension rates for the pension tiers are 13.182 % for the Tier 1 plan, 10.221% for the Tier 2 plan, and 6.985% for the PEPRA group. In addition to this percentage of salary normal cost rates, the Town is also required to pay a lump sum payment of \$525,019 towards its unfunded pension liability.

The Town's experience rating with the Bay Cities Joint Powers Insurance Authority, our self-insurance pool, has remained fairly stable. Costs for workers compensation claims were as anticipated, but costs for liability claims were lower than anticipated. A fund transfer of \$450,000 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.

Town of San Anselmo
Management's Discussion and Analysis
June 30, 2019

Grants: The proposed budget reflects a number of grants, some awarded in earlier years. Grants are accounted for in the Grant Fund with the majority requiring no matching funds by the Town. Figures below indicate the total amount of each grant. Actual budgeted expenditures for 2019-20 are, in many cases, less than the total amount of the grant since projects usually span multiple years. Grants include:

- Federal Highway Bridge Program funding to rebuild the bridge over San Anselmo Creek at Nokomis Avenue. Total grant for design is estimated at \$1,235,975, but approximately \$365,000 is scheduled to be expended this year. There is no required match for this bridge grant.
- Federal Highway Bridge Program funding to rebuild the bridge over San Anselmo Creek at Madrone Avenue. Total grant for design is \$1,267,875, with approximately \$381,000 scheduled to be expended this year. There is a required match of 11.5% that is being covered by the County of Marin Flood Zone 9 Flood Fee.
- Zero Waste Grant, funding to work toward our goal of zero waste with a grant amount of \$38,000.
- CalRecycle grant for managing recycling and waste recovery, \$5,000 total.
- Bridge Preventative Maintenance Program. Funds were granted by the State for preventative maintenance in the total amount of approximately \$1.2 million on three bridges consisting of Center Boulevard Bridge at Lansdale, Sir Francis Drake Bridge at Tunstead, and Barber Avenue Bridge. This funding is for bridges that do not need to be replaced but that need preventative maintenance. This fiscal year's funding is expected to be approximately \$157,006 total (\$139,000 from the grant, and \$18,000 local match).
- Bike Spine grant providing safe bike paths along school corridors, \$269,000 total and \$35,313 this year.
- TAM has allocated a \$350,000 grant to design and construct sidewalks and other pedestrian improvements along Butterfield Road from Brookside School to Sir Francis Drake Boulevard (SFD), and along on SFD to the Fairfax Town Limit. The design process is underway and the total cost is \$102,000 (\$57,000 from the grant, and \$45,000 local match).
- Hub Reconfiguration Study to look at alternatives to improve traffic flow. The total grant is \$309,000, with a local match of \$41,000.
- Red Hill Median Project – This project will be funded by an anonymous donation, the Red Hill Median project will replace the dead and diseased elm trees in the Red Hill Median with new trees and understory plants, along with bio-retention to treat the stormwater runoff. The donation is approximately \$1,500,000.
- SB 2 Grant from the Building Homes and Jobs Act (SB 2, 2017), which established a \$75 recording fee on real estate documents to increase the supply of affordable homes in California. The Town will receive \$160,000 to help prepare, adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production. The funds are planned to be spent on objective design and development standards for multifamily development; Accessory Dwelling Unit (ADU) website and workbook; and inclusionary housing ordinance, fee and residential and commercial nexus study.
- Sir Francis Drake Boulevard Rehabilitation from the Hub to Bolinas Avenue. This is a Completes Streets grant that will pay for repaving, pedestrian and bicyclist improvements in the amount of \$1,134,000. This year's budget amount is \$145,000 for design.

**Town of San Anselmo
Management's Discussion and Analysis
June 30, 2019**

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 older, outdated equipment.
- Restoring Town services that were previously 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 5-Year Capital Improvement Plan (CIP) was prepared by staff in 2018-2019. 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. Construction planning for 2019-20 is underway and reflected in the Road Maintenance Fund and Measure D Sales Tax Fund. The entire 5-year plan is available on the Town's website at:

https://sananselmo-ca.granicus.com/MetaViewer.php?view_id=1&clip_id=372&meta_id=60807

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

Budget Format

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

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

Finance & Administrative Services Director
Town of San Anselmo
525 San Anselmo Avenue
San Anselmo, CA 94960
(415) 258-4678

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF SAN ANSELMO
Government-wide Financial Statements
Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS	
Current Assets	
Cash and investments	\$ 7,266,964
Receivables	2,931,125
Prepaid expenses	119,792
Investment with Pension Trust	501,422
Total current assets	<u>10,819,303</u>
Noncurrent Assets	
Capital assets not being depreciated	4,405,056
Capital assets, net of depreciation	24,068,066
Total noncurrent assets	<u>28,473,122</u>
Total assets	<u>39,292,425</u>
Deferred Outflows of Resources	
Deferred pension contributions	1,965,102
Deferred retirement medical plan contributions	305,895
Total assets and deferred outflows of resources	<u>41,563,422</u>
LIABILITIES	
Current Liabilities	
Payables	1,077,524
Accrued interest	122,360
Deposits	1,393,001
Deferred revenue	366,373
Insurance claims payable	69,034
Total current liabilities	<u>3,028,292</u>
Noncurrent Liabilities	
Due within one year	1,299,917
Due in more than one year	15,892,500
Insurance claims due in more than one year	168,129
Total noncurrent liabilities	<u>17,360,546</u>
Total liabilities	<u>20,388,838</u>
Deferred Inflows of Resources	
Deferred pension inflows	845,201
Deferred retirement medical plan inflows	104,159
Total liabilities and deferred inflows of resources	<u>21,338,198</u>
NET POSITION	
Net investment in capital assets	23,540,379
Restricted	2,812,297
Unrestricted	(6,127,452)
Total net position	<u>\$ 20,225,224</u>

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

TOWN OF SAN ANSELMO
Government-wide Financial Statements
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants	Capital Grants	
Governmental Activities:					
General government	\$ 2,518,983	\$ -	\$ 18,463	\$ -	\$ (2,500,520)
Public safety-police	4,385,056	-	-	-	(4,385,056)
Public safety-fire	4,086,420	-	-	-	(4,086,420)
Planning/engineering	1,581,614	140,931	-	-	(1,440,683)
Public works/streets	2,018,687	332,766	439,365	2,206,213	959,657
Recreation, parks, library	3,217,947	1,739,920	-	-	(1,478,027)
Depreciation	713,422	-	-	-	(713,422)
Interest Expense	362,223	-	-	-	(362,223)
Totals	<u>\$18,884,352</u>	<u>\$ 2,213,617</u>	<u>\$ 457,828</u>	<u>\$ 2,206,213</u>	<u>(14,006,694)</u>

General Revenue

Property taxes	13,970,142
Sales taxes	2,716,922
Franchise fees	764,120
Fines and forfeitures	227,425
Use of property and money	230,918
Licenses and permits	1,037,296
Other revenue	<u>137,079</u>
Total	<u>19,083,902</u>

Change in Net Position	5,077,208
Net Position - beginning	<u>15,148,016</u>
Net Position - end of year	<u>\$ 20,225,224</u>

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

FUND FINANCIAL STATEMENTS

TOWN OF SAN ANSELMO
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Road Maintenance	Grants Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 4,622,422	\$ 647,458	\$ -	\$ 2,862,507	\$ 8,132,387
Receivables	1,457,160	146,715	1,259,130	68,120	2,931,125
Prepaid expenses	40,486	1,901	-	61,831	104,218
Investment with Pension Trust	501,422	-	-	-	501,422
Total assets	<u>\$ 6,621,490</u>	<u>\$ 796,074</u>	<u>\$ 1,259,130</u>	<u>\$ 2,992,458</u>	<u>\$ 11,669,152</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables	\$ 277,342	\$ 636,554	\$ 60,569	\$ 99,478	\$ 1,073,943
Cash overdraft	257,397	-	1,149,240	61,080	1,467,717
Deposits	1,389,396	-	-	3,605	1,393,001
Deferred revenue	-	-	22,500	343,873	366,373
Total liabilities	<u>1,924,135</u>	<u>636,554</u>	<u>1,232,309</u>	<u>508,036</u>	<u>4,301,034</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	542,831	159,520	26,821	2,083,125	2,812,297
Committed	-	-	-	-	-
Assigned	471,918	-	-	403,967	875,885
Unassigned	<u>3,682,606</u>	<u>-</u>	<u>-</u>	<u>(2,670)</u>	<u>3,679,936</u>
Total fund balances	<u>4,697,355</u>	<u>159,520</u>	<u>26,821</u>	<u>2,484,422</u>	<u>7,368,118</u>
Total liabilities and fund balances	<u>\$ 6,621,490</u>	<u>\$ 796,074</u>	<u>\$ 1,259,130</u>	<u>\$ 2,992,458</u>	<u>\$ 11,669,152</u>

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

TOWN OF SAN ANSELMO
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total fund balances - governmental funds (page 14)	\$ 7,368,118
Amounts reported for governmental activities in the statement of net position are different because:	
(1) Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the balance sheet.	28,473,122
(2) Pension plan contributions are reported as deferred outflows of resources in the statement of net position.	1,965,102
(3) Other post-retirement employee medical benefit plan contributions are reported as deferred outflows of resources in the statement of net position.	305,895
(4) Accrued interest payable on long-term debt is reported in the statement of net position.	(122,360)
(5) Long-term liabilities and obligations are not due and payable in the current period and therefore, are not reported in the governmental funds balance sheet. All such liabilities are reported in the statement of net position.	(17,192,417)
(6) Deferred pension plan inflows of resources are not recognized as revenue in the governmental funds financial statements.	(845,201)
(7) Other post-retirement employee medical benefit plan inflows of resources are not recognized as revenue in the governmental funds financial statements.	(104,159)
(8) Internal Service Funds are used by management to charge the cost of insurance to one fund. Those assets and liabilities are included in governmental activities in the statement of net position.	<u>377,124</u>
Net position of governmental activities (page 12)	<u><u>\$ 20,225,224</u></u>

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

TOWN OF SAN ANSELMO
Statement of Revenue, Expenditures, and Change in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General	Road	Grants	Other	Total
	Fund	Maintenance	Fund	Governmental	Governmental
REVENUE				Funds	Funds
Property taxes	\$ 12,825,891	\$ -	\$ -	\$ 1,144,251	\$ 13,970,142
Sales taxes	2,613,863	-	-	103,059	2,716,922
Franchise fees	764,120	-	-	-	764,120
Fines and forfeitures	227,425	-	-	-	227,425
Use of money and property	65,360	1,994	-	163,564	230,918
Intergovernmental and agency	452,828	-	1,697,484	513,729	2,664,041
Licenses and permits	1,037,296	-	-	-	1,037,296
Charges for services	140,931	332,766	-	1,739,920	2,213,617
Other revenue	118,645	-	-	18,434	137,079
Total revenue	<u>18,246,359</u>	<u>334,760</u>	<u>1,697,484</u>	<u>3,682,957</u>	<u>23,961,560</u>
EXPENDITURES					
Current -					
Town administration	1,379,514	-	-	-	1,379,514
Non-departmental	940,094	-	20,414	109,455	1,069,963
Public safety - police	4,385,056	-	-	-	4,385,056
Public safety - fire	4,086,420	-	-	-	4,086,420
Streets	918,778	1,730,105	-	-	2,648,883
Community development	1,867,953	-	1,668,698	117,692	3,654,343
Library	640,668	-	-	291,196	931,864
Parks and recreation	630,764	-	-	1,585,813	2,216,577
Capital projects	1,494,650	-	-	184,708	1,679,358
Debt service	518,433	-	-	1,011,696	1,530,129
Total expenditures	<u>16,862,330</u>	<u>1,730,105</u>	<u>1,689,112</u>	<u>3,300,560</u>	<u>23,582,107</u>
Excess of Revenue					
Over (Under) Expenditures	<u>1,384,029</u>	<u>(1,395,345)</u>	<u>8,372</u>	<u>382,397</u>	<u>379,453</u>
Other Financing Sources / (Uses)					
Operating transfers in	558,344	1,186,057	-	668,517	2,412,918
Operating transfers (out)	(2,251,517)	-	-	(561,401)	(2,812,918)
Total other financing sources	<u>(1,693,173)</u>	<u>1,186,057</u>	<u>-</u>	<u>107,116</u>	<u>(400,000)</u>
CHANGE IN FUND BALANCES	(309,144)	(209,288)	8,372	489,513	(20,547)
Fund balances - beginning	5,006,499	368,808	18,449	1,994,909	7,388,665
Fund balances - end of year	<u>\$ 4,697,355</u>	<u>\$ 159,520</u>	<u>\$ 26,821</u>	<u>\$ 2,484,422</u>	<u>\$ 7,368,118</u>

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

TOWN OF SAN ANSELMO
Reconciliation of the Statement of Revenue, Expenditures, and Change in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Change in fund balances - governmental funds (page 16)	\$	(20,547)
--	----	----------

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

Capital Assets

(1) The acquisition of capital assets uses current financial resources but has no effect on net position.		4,521,295
(2) The cost of capital assets is allocated over their estimated useful lives and and reported as depreciation expense in the statement of activities.		(713,422)

Measurement focus

(3) Certain 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. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.		
Change in accrued interest expense on long-term debt		84,618
Change in compensated absences expense liability		(32,059)
Change in net pension plan expense liability and deferrals		(266,216)
Change in net OPEB plan expense liability and deferrals		70,053

Long-term Liabilities and Obligations

(4) Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,215,460
--	--	-----------

Internal Service funds

(5) Internal service funds are used by management to charge the costs of insurance to an individual fund. The net revenue (loss) is reported with governmental activities in the statement of activities.		218,026
---	--	---------

Change in net position of governmental activities (page 13)	\$	5,077,208
---	----	-----------

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

TOWN OF SAN ANSELMO
Proprietary Funds
Statement of Net Position
June 30, 2019

	Governmental Activities Internal Service Fund
ASSETS	
Cash and investments	\$ 602,294
Receivables	-
Prepaid expenses	15,574
Total assets	<u>617,868</u>
LIABILITIES	
Current liabilities:	
Payables	3,581
Claims payable - current	69,034
Total current liabilities	<u>72,615</u>
Noncurrent liabilities:	
Claims payable - due in more than one year	168,129
Total liabilities	<u>240,744</u>
NET POSITION	
Unrestricted	377,124
Total net position	<u><u>\$ 377,124</u></u>

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

TOWN OF SAN ANSELMO
Proprietary Funds
Statement of Revenue, Expenses, and Change in Net Position
Year Ended June 30, 2019

	Governmental Activities Internal Service Fund
OPERATING REVENUE	
Charge for services	\$ -
OPERATING EXPENSES	
Insurance costs	181,974
Operating income (loss)	(181,974)
Transfers in	400,000
CHANGE IN NET POSIION	218,026
Net Position - beginning	159,098
Net Position - end of year	\$ 377,124

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

TOWN OF SAN ANSELMO
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2019

	Governmental Activities Internal Service Fund
CASH FLOWS PROVIDED BY (USED FOR)	
Operating Activities	
Cash paid to vendors and insurance claims	\$ (277,417)
Net cash provided (used)	<u>(277,417)</u>
Noncapital Financing Activities	
Transfers in	400,000
Net cash provided (used)	<u>400,000</u>
Net Increase (Decrease) in Cash	122,583
Cash and cash equivalents - beginning	479,711
Cash and cash equivalents - end of year	<u><u>\$ 602,294</u></u>
Operating Activities Analysis	
Operating Income (Loss)	\$ (181,974)
Reconciliation adjustments:	
(Increase) decrease in receivables	2,711
(Increase) decrease in prepaid expenses	(361)
Increase (decrease) in payables	1,432
Increase (decrease) in claims	(99,225)
Net cash provided (used)	<u><u>\$ (277,417)</u></u>

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

TOWN OF SAN ANSELMO
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2019

	<u>Agency Fund</u>
Assets	
Cash and investments	\$ 8,636
	<u>8,636</u>
Liabilities	
Deposits - Snack Shack food concession stand	\$ 8,636
	<u>8,636</u>

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

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

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

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

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

Note 1 - Defining the Financial Reporting Entity

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants as applicable to governments. The following is a summary of the more significant policies.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenue are reported instead as general revenue. Expenses reported for functional activities include allocated indirect expenses.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenue, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the Town, or the government has determined that a fund is important to the financial statement user, or it meets the following criteria:

- Total assets, liabilities, revenue, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total for all funds of that category or type.
- Total assets, liabilities, revenue, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Fund Types

Governmental funds are those through which most general government functions typically are financed. The Town maintains the following fund types:

- General Fund - this fund accounts for all unrestricted resources except those required to be accounted for in another fund.
- Special Revenue Funds - these funds are used to account for the proceeds of specific revenue resources (other than major capital projects) that are legally restricted to expenditures for specified purposes.
- Capital Projects Funds - these funds are used to account for financial resources to be used for the acquisition, improvements or construction of streets, infrastructure and major capital projects.
- Proprietary Fund Types - these funds are used to account for activities that are similar to those found in the private sector. The measurement focus is upon determination of net income and cost reimbursement.
 - (1) *Enterprise Funds* are established to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Town is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town currently does not have enterprise funds.
 - (2) *Internal Service Funds* are established to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Town, and to other government units on a cost reimbursement basis. The Town's self-insurance employee benefit program is reported as internal service funds.
- Fiduciary Fund Types - these funds are used to account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments.

Major Funds

The following are the Town's major funds this year:

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

- *General Fund* - this fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- *Road Maintenance Fund* - this fund is used to account for road impact fee revenue that is restricted for road maintenance expenditures.
- *Grants Fund* - this fund is used to account for various intergovernmental revenue sources that are restricted primarily for road and infrastructure repair and improvement expenditures.

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The government-wide statement of net position and the statement of activities, and both governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of the economic measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used, as appropriate. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The proprietary fund utilizes an "economic resources" measurement focus. Proprietary fund equity is classified as net position.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide statement of net position, and in the statement of activities, both governmental and business-like activities are presented using the "accrual basis of accounting." Under the accrual basis of accounting, revenue is recognized when earned, and expenses are recorded when the liability is incurred and the amount of obligation is ascertainable. Revenue, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the "modified accrual basis of accounting." Under this modified accrual basis of accounting, revenue is recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Revenue which is susceptible to accrual includes property taxes and special assessments that are levied for and due for the fiscal year and collected within 60 days after year-end. Licenses, permits, fines, penalties, charges for services, and miscellaneous revenue are recorded as governmental fund type revenue when received in cash because they are not generally measurable until actually received. Revenue from taxpayer assessed taxes, such as sales taxes, are recognized in the accounting period in which they became both measurable and available to finance expenditures of the fiscal period. Grant revenue, which is normally reimbursements of expenses under contractual agreements, is recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program or contractual agreement. Expenditures are recognized

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt in the governmental funds, which is recognized when due.

Proprietary funds use the “accrual basis of accounting” which records the financial effect on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events and circumstances occur rather than only when cash is received or paid by the enterprise.

Budgetary Data

General Budget Policies: the Town maintains budgetary controls of which the objective is to ensure compliance with legal provisions embodied in the annual budget approval by the Town Council. Budgetary control for operations is maintained at the department level by individual funds. Budgetary control for capital improvement projects (i.e., project-length financial plans) is maintained at the individual project level by fund. The Town’s budgeted expenditure authority lapses at the end of each fiscal year. However, outstanding purchase order commitments or capital improvement projects may be re-appropriated for the subsequent fiscal year upon Town Council approval.

Budget Basis of Accounting: budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America as prescribed by the GASB and the AICPA. The Budgetary Comparison Schedule of the general fund presents comparisons of legally adopted budget amounts (both the original budget and final budget), and actual amounts, on the budgetary basis. The budgeting basis is substantially equivalent to the Town’s accounting basis; thus no reconciliation between the two is considered necessary.

Other Accounting Policies

Cash and Investments

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

Restricted Assets

Certain cash and investments of the Town are classified as restricted because their uses are limited by revenue sources. When an expense is incurred for purposes for which there are both restricted and unrestricted cash assets available, restricted cash is used first, then unrestricted cash as it is needed

Receivables and Payables

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

Balances representing lending/borrowing transactions between funds outstanding at the end of the fiscal year are reported as either “due to/due from other funds” (amounts due within one year), “advances to/from other funds” (non-current portions of interfund lending/borrowing transactions), or “loans to/from

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

other funds" (long-term lending/borrowing transactions as evidenced by loan agreements).

Allowance for Doubtful Accounts

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

Capital Assets

Capital assets are reported in the government-wide statement of net position. Capital assets are stated at historical cost, when available and at estimated replacement cost when original cost was not available. Donated assets are stated at estimated market value at date of donation. The Town's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$10,000, with an estimated useful life in excess of two years. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from five to thirty years. As permitted by GASB, small governments are allowed to report infrastructure assets prospectively beginning in fiscal year 2003-04.

Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

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

Long-term Obligations

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

Net Position and Fund Balances

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

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

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

Governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Town is bound to honor constraints on how specific amounts can be spent, as follows:

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

Other Postemployment Benefits Plan (OPEB)

In government-wide financial statements, as required by GASB Statement No. 75, OPEB plans are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as OPEB expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

The Town recognizes a net OPEB liability, which represents the excess of the total OPEB liability over the fiduciary net position (*plan assets owned*) as reflected in the actuarial report provided by the plan actuarial analyst. The net OPEB liability is measured as of the Town's prior fiscal year-end. Changes in the net OPEB liability are recorded, in the period incurred, as OPEB expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective OPEB plan and are recorded as a component of OPEB expense beginning with the period in which they are incurred.

Pension Plan

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

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

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

Property Tax Revenue

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

- Property Valuations - are established by the Assessor of Marin County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the California State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.
- Tax Levies - are limited to 1% of full assessed value which results in a tax rate of \$1.00 per \$100 assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.
- Tax Levy Dates - are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.
- Tax Collections - are the responsibility of the Marin County's tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.
- Tax Levy Apportionments - due to the nature of the Town-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by each County auditor-controller based primarily on the ratio that each agency represented of the total Town-wide levy for the three fiscal years prior to fiscal year 1979.
- Property Tax Administration Fees - the State of California fiscal year 1990-91 Budget Act authorized Counties to collect an administrative fee for its collection and distribution of property taxes.

Note 3 - Stewardship, Compliance and Accountability

Budgetary Information

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

1. The Town Manager submits to the Town Council a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The Town Council reviews the proposed budget at special scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

interested persons.

3. Prior to July 1, the budget is adopted through the passage of a resolution.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various Town departments. The Town Council may amend the budget by resolution during the fiscal year. The Town Manager may authorize transfers from one object or purpose to another within the same department, and between departments within the General Fund. All appropriations lapse at year end.

Economic Dependency

In fiscal year 2018-19, the Town received 58% of its total revenue from one source; property taxes. Sales tax provided 11% of total revenue. Any reduction in assessed property values or reductions in the Town's property tax share due to the State's ongoing budget issues could have serious consequences to the Town's operating budget.

Revenue Limitations Imposed By California Proposition 218

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

Note 4 - Cash and Investments

The Town follows the practice of pooling cash and investments of all funds except for restricted funds required to be held by outside custodians, fiscal agents or trustees under the provisions of bond indentures. Cash and investments at June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 7,266,964
Statement of Fiduciary Net Assets	
Cash and investments	8,636
	<u>\$ 7,275,600</u>
Cash and Investments are comprised of the following:	
Deposits with financial institutions:	
checking accounts	1,394,817
Investment with Local Agency Investment Fund	5,880,783
	<u>\$ 7,275,600</u>

Investment in State Investment Pool

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the California State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

cost or best estimate for those securities where market value is not readily available. LAIF is part of the Pooled Money Investment Account (PMIA) and under the control of the State Treasurer's Office, which is audited by the Bureau of State Audits on an annual basis. As of June 30, 2019, PMIA had approximately \$106 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer.

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.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the maturity date and yield of each investment:

		<u>Maturity / Yield</u>
State investment pool (LAIF)	\$5,880,783	6 months average maturity, 2.4% yield

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the Town contains limitations on the amount that can be invested in any single issuer as follows: 30% to 40% for Bankers acceptances, 25% for Commercial paper, 30% for Negotiable certificates of deposit, 30% for Medium-term notes, and no limit for US Treasury obligations, US Agency obligations, Federal Instrumentalities, State of California Bonds and Registered Warrants, LAIF, Passbook savings account demand deposits, and Bonds, Notes, & Warrants of a local governmental agency within the State of California. There are no investments in any single issuer that represent 5% or more of total Town investments other than LAIF. Nearly 81% of the Town's cash and investments at year end were invested in LAIF.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: "the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies." California law also allows financial institutions to secure Town deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At fiscal year end the Town had \$2,425,329 that was not covered by depository insurance but collateralized by either marketable securities, first trust deed mortgage notes, or a combination of both.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

(e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Note 5 - Capital Assets

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

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u><i>Non-depreciable Assets</i></u>				
Land	\$ 2,591,850	\$ -	\$ -	\$ 2,591,850
Construction-in-progress	688,959	1,124,247	-	1,813,206
	<u>3,280,809</u>	<u>1,124,247</u>	<u>-</u>	<u>4,405,056</u>
<u><i>Depreciable Assets</i></u>				
Buildings and improvements	15,085,711	1,152,219	-	16,237,930
Furniture and equipment	1,368,306	141,355	-	1,509,661
Infrastructure	16,262,880	2,103,474	-	18,366,354
	<u>32,716,897</u>	<u>3,397,048</u>	<u>-</u>	<u>36,113,945</u>
<u><i>Accumulated Depreciation</i></u>	<u>(11,332,457)</u>	<u>(713,422)</u>	<u>-</u>	<u>(12,045,879)</u>
Depreciable assets, net	<u>21,384,440</u>	<u>2,683,626</u>	<u>-</u>	<u>24,068,066</u>
 Total capital assets, net	 <u>\$ 24,665,249</u>	 <u>\$ 3,807,873</u>	 <u>\$ -</u>	 <u>\$ 28,473,122</u>

Annual depreciation expense was charged to department functions and programs based upon their use of the related capital assets:

Engineering	\$ 290,982
Public safety fire dept.	839
Town administration	172,751
Parks	20,095
Recreation	14,067
Streets	214,688
	<u>\$ 713,422</u>

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

Note 6 - Long-term Obligations

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

Governmental Activities	Beginning Balance	Additions	Reductions	End of Year	Due Within One Year
2003 General Obligation	\$ 1,765,000	\$ -	\$ (110,000)	\$ 1,655,000	\$ 110,000
2011 General Obligation	3,250,000	-	(545,000)	2,705,000	545,000
2012 Pension Obligation	1,412,000	-	(470,000)	942,000	470,000
Municipal Lease	700,264	-	(127,521)	572,743	127,521
Due to BCJPIA	500,000	-	-	500,000	-
Net pension liability	7,789,536	-	(117,262)	7,672,274	-
Net OPEB liability	2,833,554	122,264	-	2,955,818	-
Compensated absences	157,523	32,059	-	189,582	47,396
	<u>\$ 18,407,877</u>	<u>\$ 154,323</u>	<u>\$ (1,369,783)</u>	<u>\$17,192,417</u>	<u>\$ 1,299,917</u>

Compensated Absences

Town employees accumulate earned but unused vacation benefits which can be converted to cash at termination of employment. No expenditure is reported for these accrued amounts in the governmental funds financial statements. However, in the statement of activities, the expenditure is allocated to each function or department. Vested compensated absences are payable in accordance with various collective bargaining agreements. At year end, \$189,582 was reported in the statement of net position of which \$47,396 (25%) is estimated to be paid within the next fiscal year.

2003 General Obligation Bonds

On February 1, 2003, the Town issued \$2,565,000 of General Obligation Bonds to fund capital improvements to the Town's streets and storm drains. Interest is due semi-annually on February 1 and August 1, with principal payments due August 1 annually. Total annual payments are approximately \$193,000 increasing annually, with an average annual interest rate of 4.5%. The debt matures in fiscal year 2028-29.

2011 General Obligation Bonds

On April 21, 2011, the Town issued \$5,955,000 of General Obligation Bonds for the purpose of refunding the \$5,894,928 of outstanding 1995, 1997, and 2000 General Obligation Bonds. Interest is due semi-annually on February 1 and August 1, with principal payments due August 1 annually. Total annual payments are approximately \$660,000 increasing annually, with a current average annual interest rate of 3.2% that increases with time. The debt matures in fiscal year 2025-26.

2012 Pension Obligation Bonds

On May 29, 2012, the Town issued \$3,583,000 of Taxable Pension Obligation Bonds for the purpose of paying off the Town's outstanding "side fund" obligation due to the California's Public Retirement System. Principal and interest payments are due semi-annually each June 30 and December 31. Total annual payments are approximately \$517,000 increasing annually with an annual interest rate of 3.6%. The debt matures in fiscal year 2021-22.

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

Future bond payment requirements consist of the following:

Year Ending June 30,	2003 Bonds	2011 Bonds	2012 Bonds	Interest	Total
2020	\$ 115,000	\$ 575,000	\$ 504,000	\$ 213,097	\$ 1,407,097
2021	125,000	620,000	211,000	173,484	1,129,484
2022	135,000	450,000	227,000	135,187	947,187
2023	145,000	475,000	-	104,836	724,836
2024	155,000	185,000	-	79,238	419,238
2025-2029	980,000	400,000	-	175,605	1,555,605
	<u>\$ 1,655,000</u>	<u>\$ 2,705,000</u>	<u>\$ 942,000</u>	<u>\$ 881,447</u>	<u>\$ 6,183,447</u>

Municipal Lease - Fire Station

On February 1, 2008, the Town entered into a 15 year site lease agreement with Municipal Asset Management, Inc. ("Corporation"), whereby the Town agrees to lease to the Corporation, the Town's Fire Station No. 19 ("property"), and the Corporation agrees to make available to the Town \$1,700,000 through an advanced rental payment agreement, which will enable the Town to finance the restoration, remodeling and expansion of the subject property. The Corporation agrees to lease the property back to the Town, and the Town agrees to make lease payments for use of the property. Payments are \$158,517 per year with an effective interest rate of 4.635% per annum.

Year Ending June 30,	Principal	Interest	Total Payments
2020	\$ 133,500	\$ 25,017	\$ 158,517
2021	139,759	18,758	158,517
2022	146,312	12,205	158,517
2023	153,172	5,345	158,517
	<u>\$ 572,743</u>	<u>\$ 61,325</u>	<u>\$ 634,068</u>

Due to BCJPIA

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

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

Note 7 - Interfund Transfers

Operating interfund transfers for the fiscal year comprise the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 308,344	\$ 2,251,517
Road Maintenance fund	1,186,057	-
Gasoline Tax fund	-	513,729
Recreation fund	-	47,672
Capital Reconstruction fund	220,000	-
Equipment Replacement fund	200,000	-
Community Facilities Master Plan fund	30,000	-
Robson House fund	60,000	-
Emergency Reserve fund	250,000	-
Municipal Lease fund	158,517	-
Internal Service fund - Insurance fund	400,000	-
	<u>\$ 2,812,918</u>	<u>\$ 2,812,918</u>

Note 8 - Other Postemployment Benefits Plan (OPEB)

Plan Description and Eligibility

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

California Public Employees Retirement System Trust

In fiscal year 2018-19, the Town elected to begin prefunding its OPEB obligation through the use of an irrevocable trust established with the California Employers' Retiree Benefit Trust Fund (CERBT). This trust fund is an agent multiple-employer plan which is administered by the CalPERS Board of Administration. The trust will be used to accumulate and invest funds necessary to pay for future retiree benefits and to reduce the Town's future cash flow requirements. The Town contributed \$100,000 to the trust in fiscal year 2018-19. As of June 30, 2019 the trust account balance was \$101,096.

Contributions

The obligation of the Town to contribute to the Plan is established and may be amended by the Town Council. For this fiscal year end, the Town's average contribution rate was not applicable. Employees are currently not required to contribute to the plan.

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	June 30, 2017 to June 30, 2018

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

Reporting Date June 30, 2019

Actuarial Assumptions:

Funding Method	Entry age normal cost, level of percent of pay
Amortization Method	Straight-line amortization over a closed 5-year period
Discount Rate	2.98% for fiscal year end June 30, 2019
General Inflation	2.75%
Payroll Growth Rate	3.25%
Participation Rate	100% for employees that qualify for subsidized coverage, and 50% for future employees
Spouse Coverage	60% of future retirees
Healthcare Cost Trend Rate	8.00% effective January 1, 2018
Mortality Factors	CalPERS 2014 Experience Study

Funded Status

Total OPEB Plan Liability	\$ 2,955,818
Plan Fiduciary Net Position (<i>assets owned</i>)	-
Net OPEB Plan Liability	2,955,818
 OPEB plan expense for the fiscal year	 \$ 189,266

Discount Rate

Valuation results were computed at a 2.98% discount rate, which the Actuary has determined is a reasonable long-term assumption of the Town's expected return on its investments.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. The impact of a 1% increase or decrease in these assumptions is shown in the chart below:

	Discount Rate -1% 1.98%	Current Discount Rate 2.98%	Discount Rate +1% 3.98%
Net OPEB liability / (asset)	\$ 3,404,367	\$ 2,955,818	\$ 2,598,456

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability calculated using the Healthcare Cost Trend discount rate assumed to start at 8.0% (effective January 1, 2018) down grade down to 5% for years 2024 and thereafter.

The impact of a 1% increase or decrease in these assumptions are shown in the chart below:

	Discount Rate -1% 1.98%	Current Discount Rate 2.98%	Discount Rate +1% 3.98%
Net OPEB liability / (asset)	\$ 2,560,914	\$ 2,955,818	\$ 3,649,027

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 259,319	\$ -
Differences between projected and actual experience	-	-
Changes of assumptions	46,576	104,159
Net difference between projected and actual earnings of OPEB Plan investments	-	-
Totals	<u>\$ 305,895</u>	<u>\$ 104,159</u>

The Town will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

<u>Year Ending June 30:</u>	
2020	(24,644)
2021	(24,644)
2022	(18,388)
2023	10,093

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

Overview of the Plan

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68), requires public employers to comply with new accounting and financial reporting standards. GASB 68 outlines a different approach to the recognition and calculation of pension obligations. Under GASB 68, employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement are required to record their portion of the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position. Net pension liability is the plan's total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position. This may be a net pension asset when the Plan's fiduciary net position exceeds its total pension liability. Pension expense is the change in net pension liability from the previous reporting period to the current reporting period less adjustments. This may be a negative expense (pension income), which should be reported as a credit in pension expense. Deferred outflows of resources and deferred inflows of resources related to pensions are certain changes in total pension liability and fiduciary net position that are to be recognized in future pension expense.

Public Agency Retirement System Trust

On March 26, 2019, Town Council passed a resolution to participate in the Public Agency Retirement System (PARS) Pension Benefits Trust Program, an irrevocable trust established to prefund pension obligations. The trust will be used to accumulate and invest funds necessary to pay for future retiree benefits and to reduce the Town's future cash flow requirements. The Town contributed \$500,000 in fiscal year 2018-19. As of June 30, 2019, the total balance of \$501,422 was recorded as a restricted investment in the Town's general fund.

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2017 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website: <https://www.calpers.ca.gov>

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018
Reporting Date	June 30, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal Cost
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using Membership Data
Investment Rate of Return	7.00%, net of investment expense
Post Retirement Benefit Increase	Contract COLA up to 2.50%

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

Funded Status

Total Pension Plan Liability	\$ 28,299,438
Plan Fiduciary Net Position (<i>assets owned</i>)	20,627,164
Net Pension Plan Liability	7,672,274

Pension plan expense for the fiscal year	\$ 928,617
--	------------

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>Current Target Allocation</u>
Global Equity	50.00%
Fixed Income	28.00%
Private Equity	8.00%
Real Assets	13.00%
Liquid Assets	1.00%
	<u>100.00%</u>

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss, as follows:

- Net Difference between projected and actual earnings on pension plan investments: 5 year straight-line amortization.
- All Other Amounts: Straight-line amortization over the expected average remaining service lifetime (EARS�) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

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

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

	Discount Rate -1%	Current Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Net Pension Liability	\$ 11,500,372	\$ 7,672,274	\$ 4,512,242

Deferred Outflows/Inflows of Resources Related to Pensions

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 294,372	\$ 100,173
Changes of assumptions	874,662	214,363
Differences between projected and actual investment earnings	37,930	-
Change in employer's proportion	57,439	149,072
Differences between employer's share of contributions	-	381,593
Pension contributions subsequent to the measurement date	700,699	-
Totals	<u>\$ 1,965,102</u>	<u>\$ 845,201</u>

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

The Town will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

<u>Fiscal Year Ending June 30:</u>	
2020	\$ 569,931
2021	250,691
2022	(332,412)
2023	69,008

Note 10 - Jointly Governed Organizations

Central Marin Police Authority

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

Hazardous Materials Spills Management Authority

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

Marin Climate and Energy Partnership

The Marin Climate and Energy Partnership (MCEP) was created in 2007 by the County of Marin, eleven Marin cities and towns, the Transportation Authority of Marin, Marin Clean Energy, and the Marin Municipal Water District. The member agencies work together to reduce greenhouse gas emissions in our government operations and in our communities. The MCEP developed greenhouse gas inventories and climate action plans for our member cities and work together to implement a wide range of greenhouse gas reduction programs, such as green building regulations, electric vehicle charging stations, LED streetlights, zero waste initiatives, and green purchasing policies. The MCEP demonstrates a way for local governments to collaborate on various energy and climate-related issues and address AB 32 goals on a countywide basis.

Marin Emergency Radio Authority

The Town participates in a joint powers agreement through the Marin Emergency Radio Authority (MERA) under an operating agreement dated February 1, 1999. MERA was created July 1, 1997 by an agreement between certain public agencies in Marin County to provide a public safety radio system to its members. The members have agreed to pay a pro-rata share of MERA's operations costs and debt service through year 2022, which are projected at \$64,000 per year.

Marin General Services Authority

The Marin General Services Authority (Authority) was created on April 26, 2005 to replace the Marin Street Light Acquisition Authority. All the original members of the Marin Street Light Acquisition Authority are eligible for membership. The Authority is established to finance, implement, and manage various

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

municipal services within the member agencies including the taxicab regulation program and information management services. All assets and funds of the Street Light Authority are transferred to the General Services Authority. The financial responsibility of each member is based on a relative population and assessed value formula. Financial statements may be obtained by mailing a request to the Marin Street Light Authority at Marin County Auditor-Controller, County of Marin, Room 225, San Rafael, CA 94903.

Marin Telecommunications Agency

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

Ross Valley Fire Department

The Ross Valley Fire Department (Department) was created in 1982. An Amended and Restated Joint Powers Agreement was entered into effective July 1, 2010, between the Town of Fairfax, Town of San Anselmo and the Sleepy Hollow Fire Protection District (Sleepy Hollow), to provide fire protection, emergency medical and related services within their respective jurisdictions. On July 1, 2012, the Department entered into a First Amendment to the Amended and Restated Joint Powers Agreement to admit the Town of Ross as a member. Primary funding for the Department is through contributions from the member agencies. The Department is governed by an eight voting member Board of Directors, consisting of, two from the Fairfax Town Council, two from the San Anselmo Town Council, two from Sleepy Hollow Fire Protection District, and two from Ross Town Council. The Department is administered by the Town Manager (Executive Officer) and shall rotate among Fairfax, San Anselmo, and Ross for two year terms, or such other terms as may be determined by the Board. Financial statements may be obtained from Ross Valley Fire Service, 777 San Anselmo Avenue, San Anselmo, CA 94960.

Ross Valley Paramedic Authority

The Ross Valley Paramedic Authority (RVPA) was created on December 14, 1982 by the Town of Corte Madera, Town of Fairfax, Kentfield Fire Protection District, Town 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. RVPA's operations are financed by its members, through a tax on each residential unit and an equivalent tax for commercial property. The tax is \$75.00 (including a \$.50 administrative fee) per living unit and per 1,500 square feet of structure on parcels in non-residential use. Financial statements may be obtained by mailing a request to the Town of Larkspur, 400 Magnolia Avenue, Larkspur, CA 94939.

Note 11 - Commitments and Contingencies

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

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

the undeterminable amounts of disallowed expenditures, if any, to materially affect the financial statements. Receipt of this federal, state and local grant revenue is not assured in the future.

Note 12 - Risk Management

The Town participates in a joint powers agreement through the Bay Cities Joint Powers Insurance Authority (BCJPIA) which is a workers compensation and general liability risk pool. The Town currently reports all of its risk management activities in its Internal Service Fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. BCJPIA was created as a California Public Agency by an agreement between certain public agencies in the San Francisco Bay Area to provide vehicle, general liability, and workers compensation coverage. BCJPIA is governed by a Board of Directors which is comprised of officials appointed by each member town, Town or agency.

The BCJPIA is an "account pool" as defined by Government Accounting Standards Board Statement No. 10 (GASB 10). The BCJPIA manages separate accounts for each pool member. Losses and expenses are paid from these pools above the self-insured retention limit of \$25,000 to \$1,000,000 per occurrence. This is the Primary Liability Program. The BCJPIA annually evaluates the financial risk cash position, less claims reserves, claims incurred but not reported (IBNR), and claims development of each member in the Primary Liability Program. If a member has a negative risk position, as defined by the BCJPIA, its annual assessment is increased. The BCJPIA purchases excess insurance above the \$1,000,000 limit. This Excess Liability Program provides risk sharing pool coverage for its members of \$1,000,000 up to \$28,000,000 per occurrence. The workers' compensation fund is self-insured for the first \$150,000 of loss per accident; excess coverage policy is provided by an outside insurance carrier up to statutory limits. Financial statements may be obtained from BCJPIA, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833.

Note 13 - Subsequent Events

The management of the Town has reviewed the results of operations for the period from its year end June 30, 2019 through December 6, 2019, the date the draft financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Note 14 - New Pronouncements

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

GASB Statement No. 84, Fiduciary Activities

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. (Issued 01/17)

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

GASB Statement No. 87, Leases

Effective Date: For reporting periods beginning after December 15, 2019. (Issued 06/17)

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

TOWN OF SAN ANSELMO
Notes to Financial Statements
June 30, 2019

Note 15 - Fund Balance Designations Section of the Balance Sheet

Fund Balances	General Fund	Road Maintenance Fund	Grants Fund	Nonmajor Governmental Funds	Total
Nonspendable:	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Measure D sales tax	41,409	-	-	-	41,409
Pension trust	501,422	-	-	-	501,422
Grant funded projects	-	-	26,821	-	26,821
Recreation activities	-	-	-	706,086	706,086
Library	-	-	-	24,780	24,780
Road maintenance	-	159,520	-	-	159,520
Measure A Marin County parks	-	-	-	399,037	399,037
Measure G 2003 debt service	-	-	-	198,800	198,800
Measure G 2011 debt service	-	-	-	754,422	754,422
Total restricted fund balances	542,831	159,520	26,821	2,083,125	2,812,297
Committed to:	-	-	-	-	-
Assigned:					
Emergency reserve	340,007	-	-	-	340,007
Downtown projects	16,054	-	-	-	16,054
Merchant parking	115,857	-	-	-	115,857
Community Facilities Master Plan	-	-	-	4,851	4,851
Robson House	-	-	-	134,457	134,457
Special events	-	-	-	-	-
Capital Reconstruction	-	-	-	121,632	121,632
Equipment replacement	-	-	-	143,027	143,027
Total assigned fund balances	471,918	-	-	403,967	875,885
Unassigned:	3,682,606	-	-	(2,670)	3,679,936
Total Fund Balances	<u>\$ 4,697,355</u>	<u>\$ 159,520</u>	<u>\$ 26,821</u>	<u>\$ 2,484,422</u>	<u>\$ 7,368,118</u>

REQUIRED SUPPLEMENTARY INFORMATION

(unaudited)

TOWN OF SAN ANSELMO
Required Supplementary Information (unaudited)
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2019

Schedule of Proportionate Share of the Net Pension Liability

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

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

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

Schedule of Contributions

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

TOWN OF SAN ANSELMO
Required Supplementary Information (unaudited)
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Last Five Fiscal Years*

Schedule of the Town's Proportionate Share of the Plan's Net Pension Liability:	Measurement Date - Fiscal Year Ending June 30:				
	2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.07962%	0.07855%	0.07844%	0.07721%	0.06400%
Town's proportionate share of the net pension liability	\$ 7,672,274	\$ 7,789,536	\$ 6,787,374	\$ 5,299,442	\$ 4,002,425
Town's covered-employee payroll **	\$ 2,847,262	\$ 2,598,726	\$ 2,418,737	\$ 2,435,975	\$ 2,236,414
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	269%	300%	281%	218%	179%
Plan fiduciary net position as a percentage of the total pension liability	75%	73%	74%	78%	79%

Schedule of the Town's Contributions	Fiscal Year Ending June 30:				
	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 700,699	\$ 457,426	\$ 533,161	\$ 466,182	\$ 359,492
Contributions in relation to the contractually required employer contribution	700,699	457,426	533,161	466,182	359,492
Contribution (excess) deficiency	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll ***	\$ 2,992,886	\$ 2,847,262	\$ 2,598,726	\$ 2,418,737	\$ 2,435,975
Contributions as a percentage of covered employee payroll	23%	16%	21%	19%	15%

* Fiscal year 2015 was the first year of implementation, therefore only five years are shown

** For the measurement date fiscal year

*** For the fiscal year ending on the date shown

TOWN OF SAN ANSELMO
Required Supplementary Information (unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Two Fiscal Years*

For Reporting at Fiscal Year Ended June 30:	2019	2018
Measurement Date - Fiscal Year Ending June 30:	2018	2017
<hr/>		
<u>Total OPEB Liability</u>		
Service Cost	\$ 123,701	\$ 132,020
Interest Cost	90,209	80,504
Expected Investment Income	-	-
Employer Contributions	(150,383)	(146,144)
Changes of Benefit Terms	-	-
Benefit Payments	-	-
Assumption Changes	58,737	(177,769)
Net Change in Total OPEB Liability	122,264	(111,389)
Total OPEB Liability - beginning	2,833,554	2,944,943
Total OPEB Liability - end of year	<u>\$ 2,955,818</u>	<u>\$ 2,833,554</u>
 <u>Plan Fiduciary Net Position</u>		
Contributions - employer	\$ 150,383	\$ 146,144
Net investment income	-	-
Benefit payments	(150,383)	(146,144)
Net Change in Plan Fiduciary Net Position	-	-
Plan Fiduciary Net Position - beginning	-	-
Plan Fiduciary Net Position - end of year	<u>\$ -</u>	<u>\$ -</u>
 <u>Net OPEB Liability</u>	 <u>\$ 2,955,818</u>	 <u>\$ 2,833,554</u>
 Covered-employee payroll	 \$ 2,844,381	 \$ 2,598,726
 Net OPEB liability as a percentage of covered-employee payroll	 105%	 109%

* Fiscal year 2018 was the first year of implementation, therefore only two years are shown

TOWN OF SAN ANSELMO
Required Supplementary Information (unaudited)
Budgetary Comparison Information
Year Ended June 30, 2019

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

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

TOWN OF SAN ANSELMO
Required Supplementary Information (unaudited)
Budgetary Comparison Information
General Fund No. 01
Year Ended June 30, 2019

	Budget Amounts (unaudited)		Actual	Variance with
	Original	Final	Results	Final Budget
Resources				Positive
				(Negative)
Property taxes	\$ 12,425,578	\$ 12,425,578	\$ 12,825,891	\$ 400,313
Sales taxes	1,340,093	1,340,093	1,601,867	261,774
Franchise fees	725,000	743,000	764,120	21,120
Fines and forfeitures	130,000	130,000	227,425	97,425
Use of money and property	10,000	10,000	65,360	55,360
Intergovernmental and agency	4,800	4,800	18,463	13,663
Licenses and permits	1,017,500	1,047,500	1,037,296	(10,204)
Charges for services	106,100	106,100	140,931	34,831
Other revenue	92,000	92,000	118,645	26,645
Transfers in	324,732	324,732	308,344	(16,388)
Amounts Available for Appropriation	16,175,803	16,223,803	17,108,342	884,539
Charges to Appropriations				
Town administration	1,400,934	1,430,229	1,379,514	50,715
Non-departmental	837,406	1,437,406	940,094	497,312
Public safety - police	4,373,208	4,384,693	4,385,056	(363)
Public safety - fire	4,087,775	4,087,775	4,086,420	1,355
Streets	783,238	829,258	918,778	(89,520)
Community development	1,687,408	1,913,372	1,867,953	45,419
Library	626,935	642,239	640,668	1,571
Parks and recreation	641,955	656,907	630,764	26,143
Capital projects	-	-	-	-
Debt service	518,633	518,633	518,433	200
Transfers out	1,318,517	2,251,517	2,251,517	-
Total Charges to Appropriations	16,276,009	18,152,029	17,619,197	532,832
Surplus (Deficit)	\$ (100,206)	\$ (1,928,226)	\$ (510,855)	\$ 1,417,371

TOWN OF SAN ANSELMO
Required Supplementary Information (unaudited)
Budgetary Comparison Information
Road Maintenance Fund No. 19
Year Ended June 30, 2019

	Budget Amounts (unaudited)		Actual	Variance with Final Budget Positive (Negative)
Resources	Original	Final	Results	
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Franchise fees	-	-	-	-
Fines and penalties	-	-	-	-
Investment earnings	800	800	1,994	1,194
Intergovernmental and agency	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	263,600	263,600	332,766	69,166
Other revenue	-	-	-	-
Transfers in	630,000	1,163,000	1,186,057	23,057
Amounts Available for Appropriation	894,400	1,427,400	1,520,817	93,417
Charges to Appropriations				
Town administration	-	-	-	-
Non-departmental	-	-	-	-
Public safety	-	-	-	-
Streets	1,259,367	1,794,582	1,730,105	64,477
Community development	-	-	-	-
Library	-	-	-	-
Parks and recreation	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Transfers out	-	-	-	-
Total Charges to Appropriations	1,259,367	1,794,582	1,730,105	64,477
Surplus (Deficit)	\$ (364,967)	\$ (367,182)	\$ (209,288)	\$ 157,894

TOWN OF SAN ANSELMO
Required Supplementary Information (unaudited)
Budgetary Comparison Information
Grants Fund No. 14
Year Ended June 30, 2019

	Budget Amounts (unaudited)		Actual	Variance with Final Budget Positive (Negative)
Resources	Original	Final	Results	
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Franchise fees	-	-	-	-
Fines and penalties	-	-	-	-
Investment earnings	-	-	-	-
Intergovernmental and agency	3,777,005	3,802,005	1,697,484	(2,104,521)
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Transfers in	-	-	-	-
Amounts Available for Appropriation	<u>3,777,005</u>	<u>3,802,005</u>	<u>1,697,484</u>	<u>(2,104,521)</u>
Charges to Appropriations				
Town administration	-	-	-	-
Non-departmental	21,080	21,080	20,414	666
Public safety	-	-	-	-
Streets	-	-	-	-
Community development	5,000	5,000	4,243	757
Library	-	25,000	-	25,000
Parks and recreation	-	-	-	-
Capital projects	3,750,925	3,750,925	1,664,455	2,086,470
Debt service	-	-	-	-
Transfers out	-	-	-	-
Total Charges to Appropriations	<u>3,777,005</u>	<u>3,802,005</u>	<u>1,689,112</u>	<u>2,112,893</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,372</u>	<u>\$ 8,372</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SAN ANSELMO
General Fund
Combining Balance Sheet
June 30, 2019

Page 1 of 2

	General Fund	Sales Tax Measure D Fund	Emergency Reserve Fund	Downtown Revitalization Fund	Totals
ASSETS					
Cash and investments	\$ 4,607,984	\$ -	\$ -	\$ 14,438	\$ 4,622,422
Receivables	791,431	231,364	434,365	-	1,457,160
Prepaid expenses	40,486	-	-	-	40,486
Investment with Pension Trust	501,422	-	-	-	501,422
Total Assets	<u>\$ 5,941,323</u>	<u>\$ 231,364</u>	<u>\$ 434,365</u>	<u>\$ 14,438</u>	<u>\$ 6,621,490</u>
LIABILITIES					
Payables	\$ 250,426	\$ 26,916	\$ -	\$ -	\$ 277,342
Cash overdraft	-	163,039	94,358	-	257,397
Deposits	-	-	-	-	-
Deferred revenue	1,389,396	-	-	-	1,389,396
Total Liabilities	<u>1,639,822</u>	<u>189,955</u>	<u>94,358</u>	<u>-</u>	<u>1,924,135</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	501,422	41,409	-	-	542,831
Committed	-	-	-	-	-
Assigned	117,473	-	340,007	14,438	471,918
Unassigned	3,682,606	-	-	-	3,682,606
Total Fund Balances	<u>4,301,501</u>	<u>41,409</u>	<u>340,007</u>	<u>14,438</u>	<u>4,697,355</u>
Total Liabilities and Fund Balances	<u>\$ 5,941,323</u>	<u>\$ 231,364</u>	<u>\$ 434,365</u>	<u>\$ 14,438</u>	<u>\$ 6,621,490</u>

TOWN OF SAN ANSELMO**General Fund****Combining Statement of Revenue, Expenditures and Change in Fund Balances****Year Ended June 30, 2019***Page 2 of 2*

	General Fund	Sales Tax Measure D Fund	Emergency Reserve Fund	Downtown Revitalization Fund	Totals
REVENUE					
Property taxes	\$ 12,825,891	\$ -	\$ -	\$ -	\$ 12,825,891
Sales taxes	1,601,867	1,011,996	-	-	2,613,863
Franchise fees	764,120	-	-	-	764,120
Fines and forfeitures	227,425	-	-	-	227,425
Use of money and property	65,360	-	-	-	65,360
Intergovernmental	18,463	-	434,365	-	452,828
Licenses and permits	1,037,296	-	-	-	1,037,296
Charges for services	140,931	-	-	-	140,931
Other revenue	118,645	-	-	-	118,645
Total Revenue	16,799,998	1,011,996	434,365	-	18,246,359
EXPENDITURES					
Current -					
Town administration	1,379,514	-	-	-	1,379,514
Non-departmental	940,094	-	-	-	940,094
Public safety - police	4,385,056	-	-	-	4,385,056
Public safety - fire	4,086,420	-	-	-	4,086,420
Streets	918,778	-	-	-	918,778
Community development	1,867,953	-	-	-	1,867,953
Library	640,668	-	-	-	640,668
Parks and recreation	630,764	-	-	-	630,764
Capital projects	-	1,038,088	455,500	1,062	1,494,650
Debt service	518,433	-	-	-	518,433
Total Expenditures	15,367,680	1,038,088	455,500	1,062	16,862,330
Excess Revenue over (under) Expenditures	1,432,318	(26,092)	(21,135)	(1,062)	1,384,029
OTHER FINANCING SOURCES					
Operating transfers in	308,344	-	250,000	-	558,344
Operating transfers (out)	(2,251,517)	-	-	-	(2,251,517)
Total Other Financing Sources	(1,943,173)	-	250,000	-	(1,693,173)
CHANGE IN FUND BALANCES	(510,855)	(26,092)	228,865	(1,062)	(309,144)
Fund Balances - Beginning	4,812,356	67,501	111,142	15,500	5,006,499
Fund Balances - End of Year	\$ 4,301,501	\$ 41,409	\$ 340,007	\$ 14,438	\$ 4,697,355

TOWN OF SAN ANSELMO
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

Page 1 of 4

	Special Revenue Funds								
	Community Facilities Master Plan	Gas Tax Fund	Library Tax Fund	Isabel Cook Community Center	Robson House Fund	Special Events Fund	Marin Cty Parks Measure A	Recreation Fund	Total Special Revenue Funds
ASSETS									
Cash & investments	\$ 4,851	\$ -	\$ 31,077	\$ -	\$ 143,432	\$ 23,279	\$ 347,424	\$ 1,118,320	\$ 1,668,383
Receivables	-	42,547	1,168	-	-	-	-	-	43,715
Prepaid expenses	-	-	2,931	200	200	-	51,613	6,887	61,831
Total Assets	<u>\$ 4,851</u>	<u>\$ 42,547</u>	<u>\$ 35,176</u>	<u>\$ 200</u>	<u>\$ 143,632</u>	<u>\$ 23,279</u>	<u>\$ 399,037</u>	<u>\$ 1,125,207</u>	<u>\$ 1,773,929</u>
LIABILITIES									
Payables	\$ -	\$ -	\$ 10,396	\$ 7,434	\$ 5,570	\$ 182	\$ -	\$ 75,248	\$ 98,830
Cash overdraft	-	42,547	-	18,533	-	-	-	-	61,080
Deposits	-	-	-	-	3,605	-	-	-	3,605
Deferred revenue	-	-	-	-	-	-	-	343,873	343,873
Total Liabilities	<u>-</u>	<u>42,547</u>	<u>10,396</u>	<u>25,967</u>	<u>9,175</u>	<u>182</u>	<u>-</u>	<u>419,121</u>	<u>507,388</u>
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	24,780	-	-	-	399,037	706,086	1,129,903
Committed	-	-	-	-	-	-	-	-	-
Assigned	4,851	-	-	-	134,457	-	-	-	139,308
Unassigned	-	-	-	(25,767)	-	23,097	-	-	(2,670)
Totals	<u>4,851</u>	<u>-</u>	<u>24,780</u>	<u>(25,767)</u>	<u>134,457</u>	<u>23,097</u>	<u>399,037</u>	<u>706,086</u>	<u>1,266,541</u>
Total Liabilities and Fund Balances	<u>\$ 4,851</u>	<u>\$ 42,547</u>	<u>\$ 35,176</u>	<u>\$ 200</u>	<u>\$ 143,632</u>	<u>\$ 23,279</u>	<u>\$ 399,037</u>	<u>\$ 1,125,207</u>	<u>\$ 1,773,929</u>

TOWN OF SAN ANSELMO
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

Page 2 of 4

	Capital Project Funds			Debt Service Funds					
	Capital	Equipment	Total	Measure G	Measure G	Municipal	Total	Total	Total
	Reconstruction	Replacement	Capital	Debt Svc	Debt Svc	Lease	Debt	Special	Nonmajor
	Fund	Fund	Project	2003	2011	Fund	Service	Revenue	Governmental
	Fund	Fund	Funds				Funds	Funds	Funds
ASSETS									
Cash & investments	\$ 117,493	\$ 130,678	\$ 248,171	\$ 197,169	\$ 748,784	\$ -	\$ 945,953	\$ 1,668,383	\$ 2,862,507
Receivables	4,636	12,500	17,136	1,631	5,638	-	7,269	43,715	68,120
Prepaid expenses	-	-	-	-	-	-	-	61,831	61,831
Total Assets	<u>\$ 122,129</u>	<u>\$ 143,178</u>	<u>\$ 265,307</u>	<u>\$ 198,800</u>	<u>\$ 754,422</u>	<u>\$ -</u>	<u>\$ 953,222</u>	<u>\$ 1,773,929</u>	<u>\$ 2,992,458</u>
LIABILITIES									
Payables	\$ 497	\$ 151	\$ 648	\$ -	\$ -	\$ -	\$ -	\$ 98,830	\$ 99,478
Cash overdraft	-	-	-	-	-	-	-	61,080	61,080
Deposits	-	-	-	-	-	-	-	3,605	3,605
Deferred revenue	-	-	-	-	-	-	-	343,873	343,873
Total Liabilities	<u>497</u>	<u>151</u>	<u>648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>507,388</u>	<u>508,036</u>
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	198,800	754,422	-	953,222	1,129,903	2,083,125
Committed	-	-	-	-	-	-	-	-	-
Assigned	121,632	143,027	264,659	-	-	-	-	139,308	403,967
Unassigned	-	-	-	-	-	-	-	(2,670)	(2,670)
Totals	<u>121,632</u>	<u>143,027</u>	<u>264,659</u>	<u>198,800</u>	<u>754,422</u>	<u>-</u>	<u>953,222</u>	<u>1,266,541</u>	<u>2,484,422</u>
Total Liabilities and Fund Balances	<u>\$ 122,129</u>	<u>\$ 143,178</u>	<u>\$ 265,307</u>	<u>\$ 198,800</u>	<u>\$ 754,422</u>	<u>\$ -</u>	<u>\$ 953,222</u>	<u>\$ 1,773,929</u>	<u>\$ 2,992,458</u>

TOWN OF SAN ANSELMO
Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Change in Fund Balances
Year Ended June 30, 2019

Page 3 of 4

	Special Revenue Funds								
	Community Facilities Master Plan	Gas Tax Fund	Library Tax Fund	Isabel Cook Community Center	Robson House Fund	Special Events Fund	Marin Cty Parks Measure A	Recreation Fund	Total Special Revenue Funds
REVENUE									
Property taxes	\$ -	\$ -	\$ 266,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 266,228
Sales taxes	-	-	-	-	-	-	103,059	-	103,059
Franchises	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	104,100	40,145	-	7,553	-	151,798
Intergovernmental	-	513,729	-	-	-	-	-	-	513,729
Licenses and permits	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	25,971	-	1,713,949	1,739,920
Other revenue	-	-	-	-	-	-	-	-	-
Total Revenue	-	513,729	266,228	104,100	40,145	25,971	110,612	1,713,949	2,774,734
EXPENDITURES									
Current -									
Town administration	-	-	-	-	-	-	-	-	-
Non-departmental	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-
Community development	-	-	-	79,033	38,659	-	-	-	117,692
Library	-	-	291,196	-	-	-	-	-	291,196
Parks and recreation	78,789	-	-	-	-	25,051	-	1,481,973	1,585,813
Capital projects	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Total Expenditures	78,789	-	291,196	79,033	38,659	25,051	-	1,481,973	1,994,701
Excess Revenue over (under) Expenditures	(78,789)	513,729	(24,968)	25,067	1,486	920	110,612	231,976	780,033
OTHER FINANCING SOURCES (USES)									
Operating transfers in	30,000	-	-	-	60,000	-	-	-	90,000
Operating transfers (out)	-	(513,729)	-	-	-	-	-	(47,672)	(561,401)
Totals	30,000	(513,729)	-	-	60,000	-	-	(47,672)	(471,401)
CHANGE IN FUND BALANCES	(48,789)	-	(24,968)	25,067	61,486	920	110,612	184,304	308,632
Fund Balances - Beginning	53,640	-	49,748	(50,834)	72,971	22,177	288,425	521,782	957,909
Fund Balances - End of Year	\$ 4,851	\$ -	\$ 24,780	\$ (25,767)	\$ 134,457	\$ 23,097	\$ 399,037	\$ 706,086	\$ 1,266,541

TOWN OF SAN ANSELMO
Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Change in Fund Balances
Year Ended June 30, 2019

Page 4 of 4

	Capital Project Funds			Debt Service Funds					
	Capital	Equipment	Total	Measure G	Measure G	Municipal	Total	Total	Total
	Reconstruction	Replacement	Capital	Debt Svc	Debt Svc	Lease	Debt	Special	Nonmajor
	Fund	Fund	Project	2003	2011	Fund	Service	Revenue	Governmental
	Fund	Fund	Funds	2003	2011	Fund	Funds	Funds	Funds
REVENUE									
Property taxes	\$ -	\$ -	\$ -	\$ 214,965	\$ 663,058	\$ -	\$ 878,023	\$ 266,228	\$ 1,144,251
Sales taxes	-	-	-	-	-	-	-	103,059	103,059
Franchises	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	2,284	9,482	-	11,766	151,798	163,564
Intergovernmental	-	-	-	-	-	-	-	513,729	513,729
Licenses and permits	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	1,739,920	1,739,920
Other revenue	18,434	-	18,434	-	-	-	-	-	18,434
Total Revenue	18,434	-	18,434	217,249	672,540	-	889,789	2,774,734	3,682,957
EXPENDITURES									
Current -									
Town administration	-	-	-	-	-	-	-	-	-
Non-departmental	-	109,455	109,455	-	-	-	-	-	109,455
Public safety	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	117,692	117,692
Library	-	-	-	-	-	-	-	291,196	291,196
Parks and recreation	-	-	-	-	-	-	-	1,585,813	1,585,813
Capital projects	184,708	-	184,708	-	-	-	-	-	184,708
Debt service	-	-	-	191,385	661,794	158,517	1,011,696	-	1,011,696
Total Expenditures	184,708	109,455	294,163	191,385	661,794	158,517	1,011,696	1,994,701	3,300,560
Excess Revenue over									
(under) Expenditures	(166,274)	(109,455)	(275,729)	25,864	10,746	(158,517)	(121,907)	780,033	382,397
OTHER FINANCING									
SOURCES (USES)									
Operating transfers in	220,000	200,000	420,000	-	-	158,517	158,517	90,000	668,517
Operating transfers (out)	-	-	-	-	-	-	-	(561,401)	(561,401)
Totals	220,000	200,000	420,000	-	-	158,517	158,517	(471,401)	107,116
CHANGE IN FUND BALANCES	53,726	90,545	144,271	25,864	10,746	-	36,610	308,632	489,513
Fund Balances - Beginning	67,906	52,482	120,388	172,936	743,676	-	916,612	957,909	1,994,909
Fund Balances - End of Year	\$ 121,632	\$ 143,027	\$ 264,659	\$ 198,800	\$ 754,422	\$ -	\$ 953,222	\$ 1,266,541	\$ 2,484,422

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

July 23, 2020

Town Council
Town of San Anselmo
525 San Anselmo Avenue
San Anselmo, CA 94960

OPINION: \$1,320,000 Town of San Anselmo
2020 General Obligation Refunding Bonds

Members of the Town Council:

We have acted as bond counsel in connection with the issuance by the Town of San Anselmo (the "Town") of the captioned bonds (the "Bonds"). The Bonds have been issued by the Town under the Constitution and laws of the State of California and a resolution adopted by the Town Council of the Town on May 12, 2020 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Town contained in the Bond Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Town is duly organized and validly existing as a municipal corporation under the laws of the State of California, with the power to adopt the Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Bond Resolution has been duly adopted by the Town Council of the Town and constitutes the valid and binding obligation of the Town enforceable against the Town in accordance with its terms.

3. The Bonds have been duly authorized, issued and sold by the Town and are valid and binding general obligations of the Town, and the Town has the power, is obligated and in the Bond Resolution has covenanted to direct the County of Marin to levy *ad valorem* taxes upon all property within the Town that is subject to taxation by the Town, without limitation of rate or amount (except for certain personal property that is taxable at limited rates), for the payment when due of the principal of and interest on the Bonds.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions’ interest expense allocable to the portion of the Bonds designated as and comprising interest.

The opinions set forth in the preceding paragraph are subject to the condition that the Town comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds, and in order for the Bonds to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code. The Town has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds, or may cause the Bonds not to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$1,320,000

TOWN OF SAN ANSELMO

2020 General Obligation Refunding Bonds

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Town of San Anselmo (the “Town”) in connection with the execution and delivery of the Refunding Bonds captioned above (the “Bonds”). The Bonds are being issued and delivered pursuant to a resolution adopted by the Town Council of the Town on May 12, 2020 (the “Bond Resolution”).

The Town hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Town for the benefit of the holders and beneficial owners of the Refunding Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Town pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date not later than March 31 after the end of each fiscal year of the Town (currently June 30th).

“*Dissemination Agent*” shall mean the Town or an entity selected and retained by the Town, or any successor thereto selected by the Town. The initial Dissemination Agent shall be the Town.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement dated July 7, 2020, executed by the Town in connection with the issuance of the Bonds.

“*Paying Agent*” means The Bank of New York Mellon Trust Company, N.A., or any successor thereto.

“Participating Underwriter” means Stifel, Nicolaus & Company, Incorporated, the original purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Town shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021 with the report for the 2019-20 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Town shall provide the Annual Report to the Dissemination Agent (if other than the Town). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Town) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Town to determine if the Town is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Town may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Town’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Town shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Town hereunder.

(b) If the Town does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Town shall, in a timely manner, provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice of failure to file such Annual Report.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Town, file a report with the Town, certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Town’s Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the Town for the most recently completed fiscal year prepared in accordance with GAAP, as in effect from time to time, as such principles are modified by GASB (or, if Audited Financial Statements are not available, unaudited Financial Statements will be provided, if available, and Audited Financial Statements will be provided as soon as available);

- (b) The approved budget of the Town for the current fiscal year;
- (c) Changes, if any, in the operation of the County of Marin's Teeter Plan affecting the Town;
- (d) Any change in the County of Marin's investment pool which would affect the Town's access to property tax collections used to pay debt service on the Bonds;
- (e) Assessed value of taxable property within the jurisdiction of the Town;
- (f) Property tax collection delinquencies for the prior fiscal year for the Town if the Town is no longer a participant in the County of Marin's Teeter Plan;
- (g) Amount of all general obligation debt of the Town outstanding, and total scheduled debt service on such general obligation debt.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Town is an "obligated person" (as defined by the Rule), which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Town shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Town shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.

- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Town.
- (13) The consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of Town, any of which affect security holders, if material.
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

(b) Whenever the Town obtains knowledge of the occurrence of a Listed Event, the Town shall, or shall cause the Dissemination Agent (if not the Town) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of a Listed Event described in subsections (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Bond Resolution.

(c) The Town acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Town shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the Town obtains knowledge of the occurrence of any of these Listed Events, the Town will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Town will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Town in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Town’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Refunding Bonds. If such termination occurs prior to the final maturity of the Refunding Bonds, the Town shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Town may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the Town and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Town may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the Town has received an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Town chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Town shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Town fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Refunding Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Town to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Refunding Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Town to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Town agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Town hereunder and shall not be deemed to be acting in any fiduciary capacity for the Town, the Refunding Bond holders or any other party. The obligations of the Town under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Refunding Bonds.

(b) The Dissemination Agent shall be paid compensation by the Town for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the Issuer:	Town of San Anselmo 525 San Anselmo Avenue San Anselmo, CA 94960 (415) 258-4600
----------------	--

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Town, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: July 23, 2020

TOWN OF SAN ANSELMO

By: _____
Finance and
Administrative Services Director

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Refunding Bonds, payment of principal, interest and other payments on the Refunding Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Refunding Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the Town (the “Issuer”) nor the Paying Agent (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Refunding Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Refunding Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Refunding Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The information set forth on such website is not incorporated herein by reference.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

(THIS PAGE INTENTIONALLY LEFT BLANK)

