

Town of Atherton, California

General Purpose Financial Statements

For the year ended June 30, 2002

C&L
Caporicci & Larson
Certified Public Accountants

Town of Atherton
 General Purpose Financial Statements
 For the year ended June 30, 2002

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the Town of Atherton
Atherton, California

We have audited the accompanying general purpose financial statements of the Town of Atherton, California (Town), as of and for the year ended June 30, 2002, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the Town. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying combining, individual funds and account groups financial statements and schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town. This additional information is the responsibility of the management of the Town. Such additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general purpose financial statements taken as a whole.

Caporicci & Larson

Oakland, California
August 15, 2002

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GENERAL PURPOSE FINANCIAL STATEMENTS

Town of Atherton
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002
(With comparative totals for June 30, 2001)

	Governmental Fund Types			Proprietary Fund Types
	General	Special Revenue	Capital Projects	Internal Service
ASSETS				
Cash and investments in treasury (Note 3)	\$ 5,770,900	\$ 2,512,990	\$ 1,479,106	\$ 250,651
Receivables (net of allowances):				
Accounts	130,033	19,000	159,048	-
Interest	-	25,001	42,137	6,592
Miscellaneous	-	-	472	-
Due from other funds (Note 5)	4,363	-	-	-
Land, building and equipment (Note 4)	-	-	-	266,105
Amount to be provided for retirement of long-term obligations	-	-	-	-
Total assets	\$ 5,905,296	\$ 2,556,991	\$ 1,680,763	\$ 523,348
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 149,429	\$ 474,796	\$ 226,121	\$ 66,967
Accrued payroll	82,966	-	-	-
Deposits payable	478,714	-	-	-
Due to other funds (Note 5)	-	-	-	4,363
Accumulated compensated absences (Note 2)	-	-	-	-
Total liabilities	711,109	474,796	226,121	71,330
Fund Equity:				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	84,434
Retained earnings	-	-	-	367,584
Fund Balances:				
Reserved:				
Unrealized gain / (loss) on investments	67,563	-	-	-
Encumbrances	22,671	204,401	-	-
Contingency	3,000,000	-	-	-
Future building inspection	450,000	-	-	-
Capital projects	-	-	1,454,642	-
Designated:				
Compensated absences	438,931	-	-	-
Insurance	500,000	-	-	-
Undesignated	715,022	1,877,794	-	-
Total fund equity	5,194,187	2,082,195	1,454,642	452,018
Total liabilities and fund equity	\$ 5,905,296	\$ 2,556,991	\$ 1,680,763	\$ 523,348

See accompanying notes to general purpose financial statements.

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long- Term Debt	2002	2001
Agency				
\$ 116,071	\$ -	\$ -	\$ 10,129,718	\$ 8,565,056
9,023	-	-	317,104	204,212
4,123	-	-	77,853	46,922
-	-	-	472	-
-	-	-	4,363	-
-	2,646,033	-	2,912,138	2,944,852
-	-	438,932	438,932	318,776
<u>\$ 129,217</u>	<u>\$ 2,646,033</u>	<u>\$ 438,932</u>	<u>\$ 13,880,580</u>	<u>\$ 12,079,818</u>
\$ 7,586	\$ -	\$ -	\$ 924,899	\$ 275,301
-	-	-	82,966	194,175
121,631	-	-	600,345	649,424
-	-	-	4,363	-
-	-	438,932	438,932	318,776
<u>129,217</u>	<u>-</u>	<u>438,932</u>	<u>2,051,505</u>	<u>1,437,676</u>
-	2,646,033	-	2,646,033	2,651,426
-	-	-	84,434	192,082
-	-	-	367,584	244,886
-	-	-	67,563	8,735
-	-	-	227,072	138,581
-	-	-	3,000,000	3,000,000
-	-	-	450,000	300,000
-	-	-	1,454,642	1,545,336
-	-	-	438,931	318,776
-	-	-	500,000	500,000
-	-	-	2,592,816	1,742,320
-	2,646,033	-	11,829,075	10,642,142
<u>\$ 129,217</u>	<u>\$ 2,646,033</u>	<u>\$ 438,932</u>	<u>\$ 13,880,580</u>	<u>\$ 12,079,818</u>

Town of Atherton

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Fund Types

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
REVENUES:			
Property taxes	\$ 3,076,749	\$ 400,000	\$ 45,126
Special assessments	-	1,516,430	-
Sales taxes	156,672	-	-
Measure A grants	-	216,590	-
Other taxes	468,338	-	-
Permits and licenses	1,451,920	-	-
Fines and forfeitures	107,483	-	-
From other agencies	524,553	255,988	159,049
Service charges	462,729	10,974	-
Use of money and property	371,909	45,028	48,143
Gas tax	-	501,038	-
Donations	-	-	-
Other revenues	12,420	23,187	30,770
Total revenues	6,632,773	2,969,235	283,088
EXPENDITURES:			
Current:			
General government:			
City Council	20,589	-	-
City administration	440,341	-	-
City Attorney	158,329	-	-
Finance	339,944	-	-
Building safety	835,806	-	-
Holbrook-Palmer Park	-	-	-
Public works administration	1,539,967	-	-
Police	3,294,575	210,847	-
Park maintenance	-	9,270	-
Streets	-	661,007	-
Capital projects	-	582,762	514,383
Total expenditures	6,629,551	1,463,886	514,383
REVENUES OVER (UNDER) EXPENDITURES	3,222	1,505,349	(231,295)
OTHER FINANCING SOURCES (USES):			
Operating transfers in (Note 5)	450,000	-	220,000
Operating transfers out (Note 5)	(320,000)	(450,000)	-
Total other financing sources (uses)	130,000	(450,000)	220,000
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	133,222	1,055,349	(11,295)
FUND BALANCES:			
Beginning of year as restated	5,060,965	1,026,846	1,465,937
End of year	\$ 5,194,187	\$ 2,082,195	\$ 1,454,642

See accompanying notes to general purpose financial statements.

Totals (Memorandum Only)

	2002	2001
\$	3,521,875	\$ 2,340,323
	1,516,430	-
	156,672	288,325
	216,590	279,749
	468,338	913,867
	1,451,920	1,914,702
	107,483	60,311
	939,590	427,518
	473,703	1,113,139
	465,080	583,290
	501,038	387,176
	-	381,241
	66,377	50,255
	<u>9,885,096</u>	<u>8,739,896</u>
	20,589	33,367
	440,341	445,740
	158,329	160,052
	339,944	314,417
	835,806	670,546
	-	(3,188)
	1,539,967	1,082,455
	3,505,422	3,395,704
	9,270	63,501
	661,007	305,532
	1,097,145	288,899
	<u>8,607,820</u>	<u>6,757,025</u>
	<u>1,277,276</u>	<u>1,982,871</u>
	670,000	320,000
	<u>(770,000)</u>	<u>(420,000)</u>
	<u>(100,000)</u>	<u>(100,000)</u>
	1,177,276	1,882,871
	<u>7,553,748</u>	<u>5,670,877</u>
\$	<u>8,731,024</u>	<u>\$ 7,553,748</u>

Town of Atherton

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - All Governmental Fund Types

For the year ended June 30, 2002

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Property taxes	\$ 2,624,563	\$ 3,076,749	\$ 452,186
Special assessments	-	-	-
Sales taxes	306,000	156,672	(149,328)
Measure A grants	-	-	-
Other taxes	481,133	468,338	(12,795)
Permits and licenses	1,316,200	1,451,920	135,720
Fines and forfeitures	110,000	107,483	(2,517)
From other agencies	484,124	524,553	40,429
Service charges	502,700	462,729	(39,971)
Use of money and property	358,200	371,909	13,709
Gas tax	-	-	-
Donations	-	-	-
Other revenues	12,150	12,420	270
Total revenues	<u>6,195,070</u>	<u>6,632,773</u>	<u>437,703</u>
EXPENDITURES:			
Current:			
General government:			
City Council	21,739	20,589	1,150
City administration	442,708	440,341	2,367
City Clerk	-	-	-
City Attorney	196,199	158,329	37,870
Finance	362,598	339,944	22,654
Building safety	713,814	835,806	(121,992)
Public works administration	1,632,102	1,539,967	92,135
Police	3,371,582	3,294,575	77,007
Park maintenance	-	-	-
Streets	-	-	-
Capital projects	-	-	-
Total expenditures	<u>6,740,742</u>	<u>6,629,551</u>	<u>111,191</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(545,672)</u>	<u>3,222</u>	<u>548,894</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	450,000	450,000	-
Operating transfers out	(320,000)	(320,000)	-
Total other financing sources (uses)	<u>130,000</u>	<u>130,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (415,672)</u>	<u>133,222</u>	<u>\$ 548,894</u>
FUND BALANCES:			
Beginning of year as restated		5,060,965	
End of year		<u>\$ 5,194,187</u>	

See accompanying notes to general purpose financial statements.

Special Revenue			Capital Projects		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ 400,000	\$ 400,000	\$ 51,000	\$ 45,126	\$ (5,874)
1,600,000	1,516,430	(83,570)	-	-	-
-	-	-	-	-	-
273,000	216,590	(56,410)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
267,114	255,988	(11,126)	600,000	159,049	(440,951)
6,600	10,974	4,374	-	-	-
-	45,028	45,028	16,000	48,143	32,143
465,000	501,038	36,038	-	-	-
-	-	-	-	-	-
-	23,187	23,187	239,647	30,770	(208,877)
<u>2,611,714</u>	<u>2,969,235</u>	<u>357,521</u>	<u>906,647</u>	<u>283,088</u>	<u>(623,559)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
199,423	210,847	(210,847)	-	-	-
5,000	9,270	(4,270)	-	-	-
805,955	661,007	144,948	-	-	-
<u>1,809,974</u>	<u>582,762</u>	<u>1,227,212</u>	<u>1,619,313</u>	<u>514,383</u>	<u>1,104,930</u>
<u>2,820,352</u>	<u>1,463,886</u>	<u>1,356,466</u>	<u>1,619,313</u>	<u>514,383</u>	<u>1,104,930</u>
<u>(208,638)</u>	<u>1,505,349</u>	<u>1,713,987</u>	<u>(712,666)</u>	<u>(231,295)</u>	<u>481,371</u>
-	-	-	220,000	220,000	-
-	(450,000)	(450,000)	-	-	-
-	(450,000)	(450,000)	220,000	220,000	-
<u>\$ (208,638)</u>	<u>1,055,349</u>	<u>\$ 1,263,987</u>	<u>\$ (492,666)</u>	<u>(11,295)</u>	<u>\$ 481,371</u>
	<u>1,026,846</u>			<u>1,465,937</u>	
	<u>\$ 2,082,195</u>			<u>\$ 1,454,642</u>	

(Continued)

Town of Atherton
Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - All Governmental Fund Types, Continued
For the year ended June 30, 2002

	Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes	\$ 2,675,563	\$ 3,521,875	\$ 846,312
Special assessments	1,600,000	1,516,430	(83,570)
Sales taxes	306,000	156,672	(149,328)
Measure A grants	273,000	216,590	(56,410)
Other taxes	481,133	468,338	(12,795)
Permits and licenses	1,316,200	1,451,920	135,720
Fines and forfeitures	110,000	107,483	(2,517)
From other agencies	1,351,238	939,590	(411,648)
Service charges	509,300	473,703	(35,597)
Use of money and property	374,200	465,080	90,880
Gas tax	465,000	501,038	36,038
Donations	-	-	-
Other revenues	251,797	66,377	(185,420)
Total revenues	<u>9,713,431</u>	<u>9,885,096</u>	<u>171,665</u>
EXPENDITURES:			
Current:			
General government:			
City Council	21,739	20,589	1,150
City administration	442,708	440,341	2,367
City Clerk	-	-	-
City Attorney	196,199	158,329	37,870
Finance	362,598	339,944	22,654
Building safety	713,814	835,806	(121,992)
Public works administration	1,632,102	1,539,967	92,135
Police	3,571,005	3,505,422	65,583
Park maintenance	5,000	9,270	(4,270)
Streets	805,955	661,007	144,948
Capital projects	3,429,287	1,097,145	2,332,142
Total expenditures	<u>11,180,407</u>	<u>8,607,820</u>	<u>2,572,587</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,466,976)</u>	<u>1,277,276</u>	<u>2,744,252</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	670,000	670,000	-
Operating transfers out	(320,000)	(770,000)	(450,000)
Total other financing sources (uses)	<u>350,000</u>	<u>(100,000)</u>	<u>(450,000)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (1,116,976)</u>	<u>1,177,276</u>	<u>\$ 2,294,252</u>
FUND BALANCES:			
Beginning of year as restated		<u>7,553,748</u>	
End of year		<u>\$ 8,731,024</u>	

(Concluded)

Town of Atherton

Combined Statement of Revenues, Expenses and Changes in Retained Earnings

Proprietary Fund Type

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Internal Service Fund	
	2002	2001
OPERATING REVENUES:		
Charges for services	\$ 531,038	\$ 575,155
Total operating revenues	531,038	575,155
OPERATING EXPENSES:		
Risk management	381,024	383,133
Depreciation on vehicles	66,802	35,434
Supplies and maintenance	98,177	56,788
Total operating expenses	546,003	475,355
OPERATING INCOME (LOSS)	(14,965)	99,800
NONOPERATING REVENUES:		
Interest income	2,229	11,556
Operating transfers in	100,000	100,000
Total nonoperating revenues	102,229	111,556
NET INCOME (LOSS)	87,264	211,356
Add back depreciation of contributed assets	35,434	35,434
RETAINED EARNINGS:		
Beginning of year	244,886	(1,904)
End of year	\$ 367,584	\$ 244,886

See accompanying notes to general purpose financial statements.

Town of Atherton
Combined Statement of Cash Flows
Proprietary Fund Type
For the year ended June 30, 2002
(With comparative totals for the year ended June 30, 2001)

	Internal Service Fund	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (14,965)	\$ 99,800
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	66,802	35,434
Net effect of changes in:		
Interest receivable	(6,592)	-
Accounts payable	46,122	-
Due to other funds	4,363	16,399
Net cash provided (used) by operating activities	<u>95,730</u>	<u>151,633</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interest income	2,229	11,556
Operating transfer in	100,000	100,000
Net cash provided (used) by noncapital financing activities	<u>102,229</u>	<u>111,556</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Acquisition of fixed assets	(111,695)	(101,344)
Net cash provided (used) by capital financing activities	<u>(111,695)</u>	<u>(101,344)</u>
Net increase (decrease) in cash and investments	86,264	161,845
CASH AND INVESTMENTS:		
Beginning of year	164,387	2,542
End of year	<u>\$ 250,651</u>	<u>\$ 164,387</u>

See accompanying notes to general purpose financial statements.

Town of Atherton
Notes to General Purpose Financial Statements
For the year ended June 30, 2002

1. GENERAL

The Town of Atherton is a residential community located in the southern part of San Mateo County.

The Town operates as a general law town under the Council-Manager form of government, with five elected Council members served by a full-time City Manager and staff. At June 30, 2002, the Town's staff provided the following services:

Public Safety - The Town employs police personnel to provide round-the-clock police services from a central station.

Public Works and Streets - The Town builds and maintains its streets, curbs, gutters and related public property with a force of seven full-time employees. Major projects are contracted out to reduce costs.

Parks Services - The Town employs personnel to provide park services.

Building Safety - The Town employs personnel to approve building permits, check building plans, and perform inspections. A City Planner and engineering firm are retained on a contract basis.

Town Administration - Various personnel including the City Manager provide Town administration services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town conform with generally accepted accounting principles applicable to governments. The following is a summary of the significant policies.

A. *Fund Accounting*

In order to ensure the proper identification of individual revenue sources and the expenditures made from those revenues, the accounts of the Town are organized on the basis of individual funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The Town's resources are accounted for in the individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled.

Town of Atherton
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Fund Accounting, Continued

In the Combined Financial Statements, these funds are grouped into the fund types and categories discussed below. The financial statements for each individual fund type are presented in the Combining Financial Statements section of this report.

Governmental Funds

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this fund are property taxes, sales taxes, unrestricted revenues from the State, fines and forfeitures, and interest income. Expenditures are made for public safety, most street work, and other services as described in Note 1.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Fund

Internal Service Funds - Internal service funds are used to account for the financing of services provided by one department to other departments on a cost reimbursement basis.

Fiduciary Fund

Agency Funds - Agency funds are used to account for assets held by the Town as an agent for individuals, private organizations, other governments and/or other funds.

Account Groups

General Fixed Assets Account Group - The purpose of this account group is to maintain control and cost information on capital assets owned by the Town, other than those accounted for in proprietary funds.

Town of Atherton

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Fund Accounting, Continued

Account Groups, Continued

General Long-Term Debt Account Group - The purpose of this account group is to account for the unmatured long-term obligations of the Town, other than those accounted for in proprietary funds.

B. Measurement Focus

All governmental and agency funds are accounted for on a spending or "current financial resources" measurement focus which means that only *current* assets and *current* liabilities are generally included on their balance sheets. The reported fund balance is their net current assets, which is considered only to be a measure of "available spendable resources." Governmental fund operating statements present a summary of sources and uses of "available spendable resources" during a period by presenting increases (revenues) and other financing sources including proceeds from long-term debt and decreases (expenditures) and other financing uses, including capital expenditures and repayments of long-term debt, in net current assets.

Because of their spending measurement focus, governmental funds exclude fixed assets and noncurrent liabilities. Instead, these assets and liabilities are reported in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. These account groups measure only financial position; they are not funds and they do not measure results of operation. They maintain accounting control over the Town's governmental funds.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

In those cases when a governmental fund records a long-term receivable or other noncurrent asset, an offsetting credit is made to deferred revenue or undesignated fund balance is reduced to reflect the fact that this amount is not yet available.

Proprietary funds are accounted for on a cost of services or capital maintenance measurement focus, which means that all assets and all liabilities associated with their activity are included on their balance sheets. Their reported fund equity is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. *Basis of Accounting*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Thus fund revenues are recognized when they become measurable *and* available as net current assets. Measurable means the amount of the transaction can be determined, and available means the amount is collectible within the current period or soon enough thereafter (generally thirty days) to be used to pay liabilities of the current period. Amounts which could not be measured or were not available were not accrued as revenue in the current fiscal year.

Those revenues susceptible to accrual are property tax, franchise taxes, interest revenue, charges for services, and fines.

Expenditures are also generally recognized under the modified accrual basis of accounting.

Proprietary fund types are accounted for using the accrual basis of accounting under which revenues are recognized when they are earned and expenses are recognized when they are incurred. The Town follows Financial Accounting Standard Board statements issued before November 30, 1989, which do not conflict with Governmental Accounting Standards Board statements.

D. *Budgets and Budgetary Accounting*

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

1. Each year, the City Manager submits to the City Council a proposed operating budget for the following fiscal year. This budget includes proposed expenditures, by fund and department, and the revenues expected to finance them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution before July 1.
4. The City Manager is authorized to transfer budgeted amounts between line items within any department; however, any revisions which alter total appropriations of any fund must be approved by the City Council. Additions and reductions in staffing must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, and capital projects funds.

Town of Atherton
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Budgets and Budgetary Accounting, Continued

6. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Budget/actual comparisons in this report use this budgetary basis. These budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

E. Encumbrances

Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in the books in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in the General Fund, special revenue funds, and capital projects funds. Since they do not yet constitute expenditures or liabilities, encumbrances outstanding at year end are reported as reservations of fund balance. Unexpended appropriations lapse at year end and are reappropriated in the following year.

F. Fund Balances, Reserves, and Designations

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditures.

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity that provided the funds. The Town cannot modify or remove these restrictions or reserves.

Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended, or removed by Council action.

G. Deferred Compensation Plan

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

In fiscal 1997, the Town signed new Plan administration agreements with the administrator. These agreements incorporate changes in the laws governing deferred compensation plan assets, which now require plan assets to be held by a Trust for the exclusive benefit of Plan participants

Town of Atherton

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Deferred Compensation Plan, Continued

and their beneficiaries. Since the assets held under these new plans are not Town property and are not subject to claims by general creditors of the Town, they have been excluded from these general purpose financial statements.

H. Property Taxes

Revenue is recognized in the period for which the tax is levied. San Mateo County (County) assesses properties and bills and collects property taxes for the Town; the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

I. Accumulated Compensated Absences

Compensated absences include vacation, holiday, and compensated time off. The Town recognizes the liability for its compensated absences at year end as a general long-term debt liability, since this liability is expected to be paid from future revenues. The Town has designated General Fund fund balance to repay this liability.

J. Cash Flows

All Town investments have maturities of less than one month and are considered cash or equivalents for Statement of Cash Flows purposes.

K. Interfund Balances

During the normal course of business, individual funds may receive or pay amounts for other funds, giving rise to interfund receivables or payables, which are liquidated shortly thereafter.

L. Post-Employment Health Care Benefits

Full-time Town employees with 20 years of service and their surviving spouses are eligible for post-retirement health care benefits under a Town-sponsored plan. During the fiscal year ended June 30, 2002, four employees received benefits at a total cost to the Town of \$2,925.

Town of Atherton

Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Total Columns on Combined Financial Statements

Although each of the Town's funds is a separate accounting entity, the Combined Financial Statements also include total columns, which are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis.

Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation of financial results, since no interfund eliminations have been made in the aggregation of this data.

N. Restatement of Prior Period Balances

As of July 1, 2001, the Town recorded an accounting correction in the General Fund and the capital projects funds. Accordingly, the accompanying general purpose financial statements have been restated. The restatement corrects the recording of the property tax revenues that were posted to the incorrect fund.

A summary of the effects of the above statement as of July 1, 2001, is as follows:

	Beginning Fund Balance/ Balance	Adjustments/ Accounting Corrections	Restated Fund Balance/ Balance
General Fund	\$ 5,070,784	\$ (9,819)	\$ 5,060,965
Capital Projects Fund:			
Channel Drainage District	377,396	9,819	387,215

Town of Atherton
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2002

3. CASH AND INVESTMENTS IN TREASURY

A. Cash and Investments

The Town pools its cash and investments of all funds for investing.

The Town's investments are limited to that allowable under State statutes and as incorporated into the Town's Investment Policy. Based on the California Government Code, the Town has adopted a conservative Investment Policy that limits the Town to only invest in the following:

Local Agency Investment Fund (State of California)
San Mateo County Investment Pool
Certificates of Deposit

The Town has not entered into reverse repurchase agreements during this fiscal year.

Local Agency Investment Fund

The Town invests in the Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

The Town's investments with LAIF at June 30, 2002, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

- Structured Notes are debt securities (other than Asset-Backed Securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

As of June 30, 2002, the Town had \$2,866,486 invested in LAIF, which had invested 3.086% of the pool investments funds in Structured Notes and Asset-Backed Securities.

Town of Atherton

Notes to General Purpose Financial Statements, Continued For the year ended June 30, 2002

3. CASH AND INVESTMENTS IN TREASURY, Continued

A. Cash and Investments, Continued

San Mateo County Pooled Investment Fund

The Town invests in the San Mateo County Pooled Investment Fund (Pool), an external investment pool. The Pool determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

The Town's investments with the Pool at June 30, 2002 include a portion of the Pool funds invested in Asset-Backed Securities. These investments may include the following:

- Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

As of June 30, 2002, the Town had \$7,141,522 invested in the Pool.

At June 30, 2002, the carrying amount of the Town's cash deposits was \$121,510. Bank balances of the three Town bank accounts before reconciling items total \$307,204. Each bank account is insured up to \$100,000.

The Town's dependence on property tax receipts, which are received semi-annually, requires the Town to maintain significant cash reserves to finance operations during the remainder of the year.

Cash and investments are categorized into these three categories of risk:

Category 1 - Insured or registered, with securities held by the Town or its agent in the Town's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name.

Category 3 - Uninsured and unregistered securities held by the counterparty, or by its trust department or agent but not in the Town's name. The Town has no investments in risk Category 3.

Uncategorized - Certain cash deposits and investments are not subject to categorization under GASB Statement No. 3 and are identified as "uncategorized."

Town of Atherton

Notes to General Purpose Financial Statements, Continued For the year ended June 30, 2002

3. CASH AND INVESTMENTS IN TREASURY, Continued

A. Cash and Investments, Continued

At June 30, 2002, the Town's cash and investments, including restricted funds, classified by risk category consisted of the following:

	Category 1	Uncategorized	Fair Value
Bank balance	\$ 121,510	\$ -	\$ 121,510
Petty cash	-	200	200
Investments:			
Local Agency Investment Fund	-	2,866,486	2,866,486
San Mateo County Pool	-	7,141,522	7,141,522
Total investments	-	10,008,008	10,008,008
Total pooled cash and investments	\$ 121,510	\$ 10,008,208	\$ 10,129,718

At June 30, 2002, the City had no category 2 or 3 deposits or investments.

B. Cash Deposits

Cash deposits are entirely insured or collateralized by the institution holding the deposit. California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all municipal deposits. This collateral is considered to be held in the Town's name and places the Town ahead of general creditors of the institution. The Town has waived collateral requirements for the position of deposits covered by federal deposit insurance.

C. Investments to Fair Market Value

The Town's investments are carried at fair market value, as required by generally accepted accounting principles. The Town adjusts the carrying value of its investments, to reflect their fair market value at each fiscal year end and includes the effects of these adjustments in income for that fiscal year. The amount of the adjustment was \$67,563 for the year ended June 30, 2002.

Town of Atherton

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

4. LAND, BUILDINGS AND EQUIPMENT

The Town makes capital outlays for general fixed assets and for infrastructure. General fixed assets include land, building, and equipment used in Town operations. Depreciation is not provided on general fixed assets since the cost of these assets is accounted for as an expenditure reducing fund balance in the year they are acquired.

Infrastructure includes roads, bridges, curbs, sidewalks, drainage systems, streets and traffic lights, and other improvements used by all citizens. Expenditures for infrastructure are not capitalized.

Land, buildings, and equipment balances and activity for the year ended June 30, 2002, were:

	Balance July 1, 2001	Additions	Deletions	Adjustments	Balance June 30, 2002
General Fixed Assets:					
Land	\$ 690,884	\$ -	\$ -	\$ -	\$ 690,884
Building	898,618	-	-	-	898,618
Building improvements	-	-	-	-	-
Other improvements	605,539	-	-	-	605,539
Equipment - computer	56,463	15,245	14,193	-	57,515
Equipment - furniture /equipment	399,922	23,315	29,760	-	393,477
Total general fixed assets	\$ 2,651,426	\$ 38,560	\$ 43,953	\$ -	\$ 2,646,033
Internal Service Funds:					
Vehicles	\$ 328,860	\$ 105,656	\$ 13,529	\$ -	\$ 420,987
Computers	-	6,039	-	-	6,039
Total internal service funds	328,860	111,695	13,529	-	427,026
Less accumulated depreciation	(35,434)	(48,910)	(13,529)	(90,106)	(160,921)
Total fixed assets net of accumulated depreciation	\$ 293,426	\$ 62,785	\$ -	\$ (90,106)	\$ 266,105

Town of Atherton
Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2002

5. INTERFUND TRANSACTIONS

Interfund activity for the year ended June 30, 2002, was as follows:

A. Due to / Due From Other Funds

	Due From Other Funds	Due To Other Funds
General Fund	\$ 4,363	\$ -
Internal Service Funds:		
Insurance	-	4,363
Totals	<u>\$ 4,363</u>	<u>\$ 4,363</u>

B. Operating Transfers In/Out

	Transfers In	Transfers out
General Fund	\$ 450,000	\$ 320,000
Special Revenue Funds:		
Special Tax	-	350,000
Street Improvement	-	100,000
Capital Projects Funds:		
Facilities Construction	220,000	-
Internal Service Funds:		
Equipment Operations	100,000	-
Totals	<u>\$ 770,000</u>	<u>\$ 770,000</u>

6. PENSION PLAN

Plan Description

The Town contributes to the California Public Employee Retirement System (PERS) an agent multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and Town ordinance. Copies of PERS' annual financial report may be obtained from their executive office at 400 P Street, Sacramento, CA 95814.

Town of Atherton

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

6. PENSION PLAN, Continued

Funding Policy

PERS requires Town employees to contribute 7% for miscellaneous employees and 9% for safety employees of their annual covered salary. The Town forwards the contributions made by Town employees on their behalf and for their account, which amounted to \$280,154. The Town is required to contribute at an actuarially determined rate; the current rate is 0.00% for non-safety employees and 0.10% for safety employees, of annual covered payroll.

Annual Pension Cost

For 2001-2002, the Town's annual pension cost of \$352,054 for PERS was equal to the Town's required and actual contribution. The required contribution was determined as part of the June 30, 2000, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 8.25% investment rate of return (net of administrative expenses); (b) projected annual salary increases that vary by duration of service; and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2000, was 18 years for miscellaneous and 15 years for safety employees for prior and current service unfunded liability.

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
1999-2000	\$ 405,026	100%	\$ 0
2000-2001	336,023	100%	0
2001-2002	352,054	100%	0

Social Security

The Town's part-time, seasonal, and temporary employees are covered under Social Security, which requires these employees and the Town to each contribute 6.2% of the employees' pay. Total contributions to Social Security during the year ended June 30, 2002, amounted to \$10,293, of which the Town paid one-half.

Town of Atherton

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

7. RISK MANAGEMENT

A. Risk Pool

The Town belongs to ABAG Plan Corporation, which covers general liability claims in an amount up to \$7,000,000. The Town has a deductible or uninsured liability of up to \$25,000 per claim. Once the Town's deductible is met, ABAG Plan becomes responsible for payment of all claims up to the limit. Other coverage includes Risk Property Coverage of \$100,000,000 for property and \$50,000,000 for boiler and machinery with a deductible of \$5,000 for property damage and \$10,000 for auto/vehicle damage, and Public Official Bond insurance of \$1,000,000 with a deductible of \$5,000. During the fiscal year ended June 30, 2002, the Town contributed \$96,970 for current year coverage and received a refund of \$3,900 of prior year excess contributions.

The Cities Group covers workers' compensation claims up to \$250,000 each and has coverage above that limit to a maximum of \$6,900,000. The Town has no deductible for the claims. During the fiscal year ended June 30, 2002, the Town contributed \$118,491 for current year coverage.

Each risk pool is governed by a board consisting of representatives from member municipalities. The board controls the operations of each risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board. The Town's contributions to each risk pool equal the ratio of the Town's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

B. Liability for Uninsured Claims

Municipalities are required to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed above, the Town has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims. The Town's liability for uninsured claims based on claims experience was computed as follows:

	<u>General Fund</u>
Beginning balance	\$ 35,398
Liability for current fiscal year claims	50,000
Claims paid	<u>(31,906)</u>
Ending balance	<u>\$ 53,492</u>

Town of Atherton

Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

8. JOINT VENTURES

The Town participates in several active joint ventures through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements (JPA), including selection of management and approval of operating budgets, independent of any influence by each member beyond representation on each Board. Obligations and liabilities of these joint ventures are not the Town's responsibility, and the Town does not have an equity interest in the assets of each joint venture except upon dissolution.

A. City/County Association of Governments (C/CAG)

C/CAG was established under a 1990 Joint Exercise of Powers Agreement between the Town, the County and a majority of cities and towns within the County for the purpose of developing State mandated plans. Members of C/CAG pay their pro rata share of the total annual contributions required based on the member's 1990 population. Financial statements for C/CAG may be obtained by mailing a request to the Town of San Carlos, 666 Elm Street, San Carlos, CA 94070.

B. South Bayside Waste Management Authority

The South Bayside Waste Management Authority (Authority) is a joint powers agreement formed on October 13, 1999 for the purpose of joint ownership, financing and administration of the San Carlos Transfer Station and the San Mateo Recyclery; and the planning, administration, review, monitoring and enforcement and reporting of solid waste and recyclable material within the Authorities service area.

Members of the Authority include 11 municipalities located on the mid and lower Peninsula as well as certain unincorporated areas within the County. The Authority is controlled by a 12-member board consisting of one representative from each community. Through the operation of franchise agreements, BFI Waste Systems of North America Inc. provides refuse and recyclable materials collection and disposal services for the benefit of the residents and businesses of each member agency.

C. Alcohol Violation Temporary Housing Authority (AVTHA)

AVTHA was established between the County and most of the cities and towns in the County to provide temporary housing and counseling to persons accused of alcohol related law violations. AVTHA contracts with an operator to provide such services. The costs of operating the temporary housing are allocated to each member based on alcohol related arrests occurring within each member's jurisdiction. Financial statements for AVTHA may be obtained by mailing a request to the Redwood Town, 801 Marshall Street, Suite 600, Redwood Town, CA 94063.

Town of Atherton

Notes to General Purpose Financial Statements, Continued
For the year ended June 30, 2002

8. JOINT VENTURES, Continued

D. Library Joint Powers Agreement

In December 1998, the Town joined with the County and ten other municipalities in the County to Coordinate and expand library services throughout the County, including those in the Town.

9. COMMITMENTS AND CONTINGENCIES

The Town is subject to litigation arising in the normal course of business. In the opinion of the Town Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the Town.

The Town had a commitment totaling \$1,454,642 as of June 30, 2002. This commitment was for a large construction project, the rehabilitation of Middlefield Road. This commitment is evidenced by a contractual agreement with the contractor.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Atherton
 Required Supplementary Information
 For the year ended June 30, 2002

PUBLIC EMPLOYEE RETIREMENT SYSTEM
 SCHEDULE OF FUNDING PROGRESS

SAFETY PLAN - Actuarial

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
1998	\$ 9,273,325	\$ 10,003,334	\$ (730,009)	107.9%	\$ 1,468,401	(49.71)%
1999	9,903,868	11,364,362	(1,460,494)	114.7%	1,550,165	(94.22)%
2000	10,622,460	12,656,995	(2,034,535)	119.2%	1,417,909	(143.49)%

MISCELLANEOUS PLAN - Actuarial

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
1998	\$ 2,892,835	\$ 4,058,421	\$ (1,165,586)	140.3%	\$ 1,427,064	(81.68)%
1999	3,314,136	4,649,259	(1,335,123)	140.3%	1,297,268	(102.92)%
2000	3,758,923	5,217,584	(1,458,661)	138.8%	1,208,846	(120.67)%

COMBINING, INDIVIDUAL FUNDS AND ACCOUNT GROUPS
FINANCIAL STATEMENTS AND SCHEDULES

Town of Atherton
Combining Balance Sheet
Special Revenue Funds
June 30, 2002
(With comparative totals for June 30, 2001)

	Tennis	Special Tax	Transportation	Street Improvement
ASSETS				
Cash and investments in treasury	\$ 21,200	\$ 880,200	\$ 177,373	\$ 78,103
Accounts receivable	-	-	14,000	5,000
Interest receivable	726	11,307	5,530	2,594
Total assets	\$ 21,926	\$ 891,507	\$ 196,903	\$ 85,697
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 43,687	\$ 170,124	\$ -
Total liabilities	-	43,687	170,124	-
Fund Balances:				
Reserved:				
Unrealized gain / (loss) on investments	-	-	-	-
Encumbrances	-	53,855	150,546	-
Undesignated	21,926	793,965	(123,767)	85,697
Total fund balances	21,926	847,820	26,779	85,697
Total liabilities and fund balances	\$ 21,926	\$ 891,507	\$ 196,903	\$ 85,697

Road Construction	COPS Grant	Police on the Street	Supplemental Law		Totals	
			Enforcement Services	Library	2002	2001
\$ 896,417	\$ 5,488	\$ 43,422	\$ 10,787	\$ 400,000	\$ 2,512,990	\$ 965,317
-	-	-	-	-	19,000	61,579
-	3,466	1,012	366	-	25,001	-
<u>\$ 896,417</u>	<u>\$ 8,954</u>	<u>\$ 44,434</u>	<u>\$ 11,153</u>	<u>\$ 400,000</u>	<u>\$ 2,556,991</u>	<u>\$ 1,026,896</u>
\$ 250,000	\$ 10,985	\$ -	\$ -	\$ -	\$ 474,796	\$ 50
<u>250,000</u>	<u>10,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>474,796</u>	<u>50</u>
-	-	-	-	-	-	403
-	-	-	-	-	204,401	4,950
646,417	(2,031)	44,434	11,153	400,000	1,877,794	1,021,493
<u>646,417</u>	<u>(2,031)</u>	<u>44,434</u>	<u>11,153</u>	<u>400,000</u>	<u>2,082,195</u>	<u>1,026,846</u>
<u>\$ 896,417</u>	<u>\$ 8,954</u>	<u>\$ 44,434</u>	<u>\$ 11,153</u>	<u>\$ 400,000</u>	<u>\$ 2,556,991</u>	<u>\$ 1,026,896</u>

Town of Atherton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Special Revenue Funds

For the year ended June 30, 2002

(With comparative amounts for the year ended June 30, 2001)

	Tennis	Special Tax	Transportation	Street Improvement
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	1,516,430	-	-
Measure A grants	-	-	216,590	-
From other agencies	-	-	-	155,988
Service charges	10,974	-	-	-
Use of money and property	726	11,307	5,530	2,594
Gas tax	-	-	-	-
Other revenues	-	-	-	-
Total revenues	11,700	1,527,737	222,120	158,582
EXPENDITURES:				
Current:				
Police	-	-	-	-
Park maintenance	9,270	-	-	-
Streets	-	-	430,897	230,110
Capital projects	-	329,917	-	-
Total expenditures	9,270	329,917	430,897	230,110
REVENUES OVER (UNDER) EXPENDITURES	2,430	1,197,820	(208,777)	(71,528)
OTHER FINANCING SOURCES (USES):				
Operating transfers out	-	(350,000)	-	(100,000)
Total other financing sources (uses)	-	(350,000)	-	(100,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	2,430	847,820	(208,777)	(171,528)
FUND BALANCES:				
Beginning of year	19,496	-	235,556	257,225
End of year	\$ 21,926	\$ 847,820	\$ 26,779	\$ 85,697

Road Construction	COPS Grant	Police on the Streets	Supplemental Law		Totals	
			Enforcement Services	Library	2002	2001
\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 400,000	\$ -
-	-	-	-	-	1,516,430	-
-	-	-	-	-	216,590	279,749
-	100,000	-	-	-	255,988	100,000
-	-	-	-	-	10,974	386,582
20,196	3,466	1,012	197	-	45,028	22,940
501,038	-	-	-	-	501,038	387,176
-	-	23,187	-	-	23,187	19,300
<u>521,234</u>	<u>103,466</u>	<u>24,199</u>	<u>197</u>	<u>400,000</u>	<u>2,969,235</u>	<u>1,195,747</u>
-	210,847	-	-	-	210,847	3,310
-	-	-	-	-	9,270	196
-	-	-	-	-	661,007	234,502
252,845	-	-	-	-	582,762	-
<u>252,845</u>	<u>210,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,463,886</u>	<u>238,008</u>
<u>268,389</u>	<u>(107,381)</u>	<u>24,199</u>	<u>197</u>	<u>400,000</u>	<u>1,505,349</u>	<u>957,739</u>
-	-	-	-	-	(450,000)	(100,000)
-	-	-	-	-	(450,000)	(100,000)
268,389	(107,381)	24,199	197	400,000	1,055,349	857,739
378,028	105,350	20,235	10,956	-	1,026,846	169,107
<u>\$ 646,417</u>	<u>\$ (2,031)</u>	<u>\$ 44,434</u>	<u>\$ 11,153</u>	<u>\$ 400,000</u>	<u>\$ 2,082,195</u>	<u>\$ 1,026,846</u>

Town of Atherton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - Special Revenue Funds

For the year ended June 30, 2002

	Tennis			Special Tax		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	1,600,000	1,516,430	(83,570)
Measure A grants	-	-	-	-	-	-
From other agencies	-	-	-	-	-	-
Service charges	6,600	10,974	4,374	-	-	-
Use of money and property	-	726	726	-	11,307	11,307
Gas tax	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	6,600	11,700	5,100	1,600,000	1,527,737	(72,263)
EXPENDITURES:						
Current:						
Public works administration	-	-	-	-	-	-
Police	-	-	-	-	-	-
Park maintenance	5,000	9,270	(4,270)	-	-	-
Streets	-	-	-	-	-	-
Capital projects	-	-	-	1,224,890	329,917	894,973
Total expenditures	5,000	9,270	(4,270)	1,224,890	329,917	894,973
REVENUES OVER (UNDER) EXPENDITURES	1,600	2,430	830	375,110	1,197,820	822,710
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	(350,000)	(350,000)
Total other financing sources (uses)	-	-	-	-	(350,000)	(350,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 1,600	2,430	\$ 830	\$ 375,110	847,820	\$ 472,710
FUND BALANCES:						
Beginning of year		19,496			-	
End of year		\$ 21,926			\$ 847,820	

Transportation			Street Improvement			Road Construction		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
273,000	216,590	(56,410)	-	-	-	-	-	-
-	-	-	167,114	155,988	(11,126)	-	-	-
-	5,530	5,530	-	2,594	2,594	-	20,196	20,196
-	-	-	-	-	-	465,000	501,038	36,038
-	-	-	-	-	-	-	-	-
<u>273,000</u>	<u>222,120</u>	<u>(50,880)</u>	<u>167,114</u>	<u>158,582</u>	<u>(8,532)</u>	<u>465,000</u>	<u>521,234</u>	<u>56,234</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
481,141	430,897	50,244	324,814	230,110	94,704	-	-	-
-	-	-	-	-	-	585,084	252,845	332,239
<u>481,141</u>	<u>430,897</u>	<u>50,244</u>	<u>324,814</u>	<u>230,110</u>	<u>94,704</u>	<u>585,084</u>	<u>252,845</u>	<u>332,239</u>
<u>(208,141)</u>	<u>(208,777)</u>	<u>(636)</u>	<u>(157,700)</u>	<u>(71,528)</u>	<u>86,172</u>	<u>(120,084)</u>	<u>268,389</u>	<u>388,473</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	(100,000)	(100,000)	-	-	-
-	-	-	-	(100,000)	(100,000)	-	-	-
<u>\$ (208,141)</u>	<u>(208,777)</u>	<u>\$ (636)</u>	<u>\$ (157,700)</u>	<u>(171,528)</u>	<u>\$ (13,828)</u>	<u>\$ (120,084)</u>	<u>268,389</u>	<u>\$ 388,473</u>
	<u>235,556</u>			<u>257,225</u>			<u>378,028</u>	
	<u>\$ 26,779</u>			<u>\$ 85,697</u>			<u>\$ 646,417</u>	

(Continued)

Town of Atherton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - Special Revenue Funds, Continued
 For the year ended June 30, 2002

	COPS Grant			Police on the Streets		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Measure A grants	-	-	-	-	-	-
From other agencies	100,000	100,000	-	-	-	-
Service charges	-	-	-	-	-	-
Use of money and property	-	3,466	3,466	-	1,012	1,012
Gas tax	-	-	-	-	-	-
Other revenues	-	-	-	-	23,187	23,187
Total revenues	100,000	103,466	3,466	-	24,199	24,199
EXPENDITURES:						
Current:						
Public works administration	-	-	-	-	-	-
Police	199,423	210,847	(11,424)	-	-	-
Park maintenance	-	-	-	-	-	-
Streets	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	199,423	210,847	(11,424)	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	(99,423)	(107,381)	(7,958)	-	24,199	24,199
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (99,423)	(107,381)	\$ (7,958)	\$ -	24,199	\$ 24,199
FUND BALANCES:						
Beginning of year		105,350			20,235	
End of year		<u>\$ (2,031)</u>			<u>\$ 44,434</u>	

Supplemental Law Enforcement Services			Library			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 400,000	\$ -	\$ 400,000	\$ 400,000
-	-	-	-	-	-	1,600,000	1,516,430	(83,570)
-	-	-	-	-	-	273,000	216,590	(56,410)
-	-	-	-	-	-	267,114	255,988	(11,126)
-	-	-	-	-	-	6,600	10,974	4,374
-	197	197	-	-	-	-	45,028	45,028
-	-	-	-	-	-	465,000	501,038	36,038
-	-	-	-	-	-	-	23,187	23,187
-	197	197	-	400,000	400,000	2,611,714	2,969,235	357,521
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	199,423	210,847	(11,424)
-	-	-	-	-	-	5,000	9,270	(4,270)
-	-	-	-	-	-	805,955	661,007	144,948
-	-	-	-	-	-	1,809,974	582,762	1,227,212
-	-	-	-	-	-	2,820,352	1,463,886	1,356,466
-	197	197	-	400,000	400,000	(208,638)	1,505,349	1,713,987
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(450,000)	(450,000)
-	-	-	-	-	-	-	(450,000)	(450,000)
\$ -	197	\$ 197	\$ -	400,000	\$ 400,000	\$ (208,638)	1,055,349	\$ 1,263,987
	10,956			-			1,026,846	
	\$ 11,153			\$ 400,000			\$ 2,082,195	

(Concluded)

Town of Atherton
Combining Balance Sheet
Capital Project Funds
June 30, 2002
(With comparative totals for June 30, 2001)

	Storm Drainage	Channel Drainage District	Facilities Construction	Park Playground Improvement
ASSETS				
Cash and investments	\$ 48,167	\$ 432,309	\$ 440,000	\$ 120,607
Accounts receivable	5,048	-	-	-
Interest receivable	4,071	13,200	7,477	9,255
Miscellaneous receivable	-	-	-	-
Total assets	<u>\$ 57,286</u>	<u>\$ 445,509</u>	<u>\$ 447,477</u>	<u>\$ 129,862</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 500	\$ -	\$ -	\$ 71,445
Total liabilities	<u>500</u>	<u>-</u>	<u>-</u>	<u>71,445</u>
Fund Balances:				
Reserved:				
Unrealized gain / (loss) on investments	-	-	-	-
Encumbrances	-	-	-	-
Capital projects	56,786	445,509	447,477	58,417
Total fund balances	<u>56,786</u>	<u>445,509</u>	<u>447,477</u>	<u>58,417</u>
Total liabilities and fund balances	<u>\$ 57,286</u>	<u>\$ 445,509</u>	<u>\$ 447,477</u>	<u>\$ 129,862</u>

Middlefield Road Rehabilitation	Capital Improvement	Releaf Grant	Totals	
			2002	2001
\$ (173)	\$ 438,196	\$ -	\$ 1,479,106	\$ 1,492,133
154,000	-	-	159,048	-
-	8,134	-	42,137	-
-	472	-	472	-
<u>\$ 153,827</u>	<u>\$ 446,802</u>	<u>\$ -</u>	<u>\$ 1,680,763</u>	<u>\$ 1,492,133</u>
\$ 154,000	\$ -	\$ 176	\$ 226,121	\$ 36,015
<u>154,000</u>	<u>-</u>	<u>176</u>	<u>226,121</u>	<u>36,015</u>
-	-	-	-	1,373
-	-	-	-	12,409
(173)	446,802	(176)	1,454,642	1,442,336
<u>(173)</u>	<u>446,802</u>	<u>(176)</u>	<u>1,454,642</u>	<u>1,456,118</u>
<u>\$ 153,827</u>	<u>\$ 446,802</u>	<u>\$ -</u>	<u>\$ 1,680,763</u>	<u>\$ 1,492,133</u>

Town of Atherton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Capital Project Funds

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Storm Drainage	Channel Drainage District	Facilities Construction	Park Playground Improvement
REVENUES:				
Property taxes	\$ -	\$ 45,126	\$ -	\$ -
From other agencies	5,049	-	-	-
Use of money and property	4,071	13,200	7,477	9,255
Other revenues	229	-	-	30,541
Total revenues	<u>9,349</u>	<u>58,326</u>	<u>7,477</u>	<u>39,796</u>
EXPENDITURES:				
Capital projects	72,849	32	-	287,153
Total expenditures	<u>72,849</u>	<u>32</u>	<u>-</u>	<u>287,153</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(63,500)</u>	<u>58,294</u>	<u>7,477</u>	<u>(247,357)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	220,000	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>220,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(63,500)</u>	<u>58,294</u>	<u>227,477</u>	<u>(247,357)</u>
FUND BALANCES (DEFICIT):				
Beginning of year	120,286	377,396	220,000	305,774
Prior period adjustment	-	9,819	-	-
Beginning of year as restated	<u>120,286</u>	<u>387,215</u>	<u>220,000</u>	<u>305,774</u>
End of year	<u>\$ 56,786</u>	<u>\$ 445,509</u>	<u>\$ 447,477</u>	<u>\$ 58,417</u>

Middlefield Road Rehabilitation	Capital Improvement	Releaf Grant	Totals	
			2002	2001
\$ -	\$ -	\$ -	\$ 45,126	\$ 22,943
154,000	-	-	159,049	-
-	14,140	-	48,143	83,514
-	-	-	30,770	361,941
154,000	14,140	-	283,088	468,398
154,173	-	176	514,383	288,899
154,173	-	176	514,383	288,899
(173)	14,140	(176)	(231,295)	179,499
-	-	-	220,000	220,000
-	-	-	220,000	220,000
(173)	14,140	(176)	(11,295)	399,499
-	432,662	-	1,456,118	1,107,208
-	-	-	9,819	(50,589)
-	432,662	-	1,465,937	1,056,619
\$ (173)	\$ 446,802	\$ (176)	\$ 1,454,642	\$ 1,456,118

Town of Atherton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Projects Funds For the year ended June 30, 2002

	Storm Drainage			Channel Drainage District		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 51,000	\$ 45,126	\$ (5,874)
From other agencies	-	5,049	5,049	-	-	-
Use of money and property	7,000	4,071	(2,929)	-	13,200	13,200
Other revenues	-	229	229	-	-	-
Total revenues	7,000	9,349	2,349	51,000	58,326	7,326
EXPENDITURES:						
Capital projects	159,373	72,849	86,524	422,440	32	422,408
Total expenditures	159,373	72,849	86,524	422,440	32	422,408
REVENUES OVER (UNDER) EXPENDITURES	(152,373)	(63,500)	88,873	(371,440)	58,294	429,734
OTHER FINANCING SOURCES:						
Operating transfers in	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (152,373)	(63,500)	\$ 88,873	\$ (371,440)	58,294	\$ 429,734
FUND BALANCES (DEFICIT):						
Beginning of year		120,286			377,396	
Prior period adjustment		-			9,819	
Beginning of year as restated		120,286			387,215	
End of year		<u>\$ 56,786</u>			<u>\$ 445,509</u>	

Facilities Construction			Park Playground Improvement			Middlefield Road Rehabilitation		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	600,000	154,000	(446,000)
-	7,477	7,477	-	9,255	9,255	-	-	-
212,000	-	(212,000)	27,647	30,541	2,894	-	-	-
212,000	7,477	(204,523)	27,647	39,796	12,149	600,000	154,000	(446,000)
-	-	-	333,000	287,153	45,847	600,000	154,173	445,827
-	-	-	333,000	287,153	45,847	600,000	154,173	445,827
212,000	7,477	(204,523)	(305,353)	(247,357)	57,996	-	(173)	(173)
220,000	220,000	-	-	-	-	-	-	-
220,000	220,000	-	-	-	-	-	-	-
<u>\$ 432,000</u>	227,477	<u>\$ (204,523)</u>	<u>\$ (305,353)</u>	(247,357)	<u>\$ 57,996</u>	<u>\$ -</u>	(173)	<u>\$ (173)</u>
	220,000			305,774			-	-
				-			-	-
	220,000			305,774			-	-
	<u>\$ 447,477</u>			<u>\$ 58,417</u>			<u>\$ (173)</u>	

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - Capital Projects Funds, Continued
 For the year ended June 30, 2002

	Capital Improvement			Relief Grant		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From other agencies	-	-	-	-	-	-
Use of money and property	9,000	14,140	5,140	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	9,000	14,140	5,140	-	-	-
EXPENDITURES:						
Capital projects	104,500	-	104,500	-	176	(176)
Total expenditures	104,500	-	104,500	-	176	(176)
REVENUES OVER (UNDER)						
EXPENDITURES	(95,500)	14,140	109,640	-	(176)	(176)
OTHER FINANCING SOURCES:						
Operating transfers in	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES						
	<u>\$ (95,500)</u>	<u>14,140</u>	<u>\$ 109,640</u>	<u>\$ -</u>	<u>(176)</u>	<u>\$ (176)</u>
FUND BALANCES (DEFICIT):						
Beginning of year		432,662			-	
Prior period adjustment		-			-	
Beginning of year as restated		<u>432,662</u>			<u>-</u>	
End of year		<u>\$ 446,802</u>			<u>\$ (176)</u>	

Totals		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 51,000	\$ 45,126	\$ (5,874)
600,000	159,049	(440,951)
16,000	48,143	32,143
239,647	30,770	(208,877)
<u>906,647</u>	<u>283,088</u>	<u>(623,559)</u>
1,619,313	514,383	1,104,930
<u>1,619,313</u>	<u>514,383</u>	<u>1,104,930</u>
<u>(712,666)</u>	<u>(231,295)</u>	<u>481,371</u>
220,000	220,000	-
<u>220,000</u>	<u>220,000</u>	<u>-</u>
<u>\$ (492,666)</u>	<u>(11,295)</u>	<u>\$ 481,371</u>
	1,456,118	
	9,819	
	<u>1,465,937</u>	
	<u>\$ 1,454,642</u>	

(Concluded)

Town of Atherton
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2002

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002
<u>Evans Creative Design Fund</u>				
Assets:				
Cash and investments	\$ 126,526	\$ -	\$ (14,376)	\$ 112,150
Interest receivable	-	3,878	-	3,878
Total assets	\$ 126,526	\$ 3,878	\$ (14,376)	\$ 116,028
Liabilities:				
Accounts payable	\$ 16,062	\$ -	\$ (8,702)	\$ 7,360
Deposits payable	110,464	111,152	(112,948)	108,668
Total liabilities	\$ 126,526	\$ 111,152	\$ (121,650)	\$ 116,028
<u>MA Little League</u>				
Assets:				
Cash and investments	\$ (3,405)	\$ -	\$ (637)	\$ (4,042)
Accounts receivable	1,834	7,029	-	8,863
Total assets	\$ (1,571)	\$ 7,029	\$ (637)	\$ 4,821
Liabilities:				
Deposits payable	\$ (1,571)	\$ 6,392	\$ -	\$ 4,821
Total liabilities	\$ (1,571)	\$ 6,392	\$ -	\$ 4,821
<u>Colley Trust Fund</u>				
Assets:				
Cash and investments	\$ 66,931	\$ -	\$ (64,640)	\$ 2,291
Total assets	\$ 66,931	\$ -	\$ (64,640)	\$ 2,291
Liabilities:				
Deposits payable	\$ 66,931	\$ -	\$ (64,640)	\$ 2,291
Total liabilities	\$ 66,931	\$ -	\$ (64,640)	\$ 2,291

(Continued)

Town of Atherton
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds, Continued
 For the year ended June 30, 2002

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002
<u>H-P Park Improvement Fund</u>				
Assets:				
Cash and investments	\$ 6,364	\$ -	\$ (692)	\$ 5,672
Interest receivable	(25)	204	-	179
Total assets	<u>\$ 6,339</u>	<u>\$ 204</u>	<u>\$ (692)</u>	<u>\$ 5,851</u>
Liabilities:				
Deposits payable	\$ 6,339		\$ (488)	\$ 5,851
Total liabilities	<u>\$ 6,339</u>	<u>\$ -</u>	<u>\$ (488)</u>	<u>\$ 5,851</u>
<u>Tree Committee</u>				
Assets:				
Cash and investments	\$ 1,137	\$ -	\$ (1,137)	\$ -
Accounts receivable	-	1,376	(1,216)	160
Interest receivable	-	66	-	66
Total assets	<u>\$ 1,137</u>	<u>\$ 1,442</u>	<u>\$ (2,353)</u>	<u>\$ 226</u>
Liabilities:				
Accounts payable	\$ -	\$ 226	\$ -	\$ 226
Deposits payable	1,137	-	(1,137)	-
Total liabilities	<u>\$ 1,137</u>	<u>\$ 226</u>	<u>\$ (1,137)</u>	<u>\$ 226</u>

(Concluded)

Town of Atherton
Statement of Changes in Assets and Liabilities
All Agency Funds
For the year ended June 30, 2002

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002
<u>All Agency Funds</u>				
Assets:				
Cash and investments	\$ 197,553	\$ -	\$ (81,482)	\$ 116,071
Accounts receivable	1,834	8,405	(1,216)	9,023
Interest receivable	(25)	4,148	-	4,123
Total assets	<u>\$ 199,362</u>	<u>\$ 12,553</u>	<u>\$ (82,698)</u>	<u>\$ 129,217</u>
Liabilities:				
Accounts payable	\$ 16,062	\$ 226	\$ (8,702)	\$ 7,586
Deposits payable	183,300	117,544	(179,213)	121,631
Total liabilities	<u>\$ 199,362</u>	<u>\$ 117,770</u>	<u>\$ (187,915)</u>	<u>\$ 129,217</u>