

To: Mayor and City Council
From: Becky Eastman, Finance Officer
Subject: **Annual audit Fiscal Year 2013-14**

Recommended Motion/Item Description

That the City Council accept the annual audit for the Fiscal Year 2013-14

Background

The City's independent auditors have completed their annual review of the City's financial transactions covering the 2013-14 fiscal year and have issued the attached audited financial statements. In their report to the City Council, they indicate no material weaknesses in the City's system of accounting for the funds received and expended during the year. Furthermore, the auditors found no discrepancies in any of the City's internal controls that would warrant a comment in the management letter that generally accompanies the financial statements.

The City elected to prepare a Comprehensive Annual Financial Report (CAFR) for the 2013-14 fiscal year. The CAFR is a broad presentation of the City's finances and goes beyond the minimum required by the Governmental Accounting Standards Board (GASB). The CAFR includes the City's financial position and results of operations. It also contains demographic and statistical information to help the reader understand the financial condition of the City.

The City's Finance Committee met on October 30, 2014 to review the financial statements with the auditor. The committee unanimously recommends the audit's acceptance by the council.

Fiscal Impact

No fiscal impact occurs by the City Council's acceptance of these reports. The fiscal year 2013-14 Comprehensive Annual Financial Report and related reports are presented as the actual results of the City and financial activities for the year.

Attachments

- 2013-14 Comprehensive Annual Financial Report
- 2013-14 Independent Accountant's Report on Applying Agreed-Upon Procedures
- 2013-14 Letter to City Council



— CITY OF BELVEDERE, CALIFORNIA —

COMPREHENSIVE ANNUAL FINANCIAL REPORT

WITH INDEPENDENT AUDITORS' REPORT

*** * * * ***

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by

Finance Department

CITY OF BELVEDERE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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CITY OF BELVEDERE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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— CITY OF BELVEDERE, CALIFORNIA —

INTRODUCTORY

SECTION

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CITY of BELVEDERE

450 San Rafael Avenue • Belvedere CA 94920-2399
Tel: 415/435-3838 • Fax: 415/435-0430

October 20, 2014

To the Honorable Mayor, Members of the City Council
and Citizens of the City of Belvedere

The City, in compliance with its policy to fully disclose its financial information and to maintain compliance with all state and federal regulations, publishes a complete set of audited financial statements within six months after the close of each fiscal year. The Comprehensive Annual Financial Report of the City of Belvedere is published to fulfill that requirement for the fiscal year ended June 30, 2014. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. City management assumes full responsibility for the accuracy, completeness and reliability of all of the information contained in this report.

The City's financial statements have been audited by OUM & Co. LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with generally accepted accounting principles ("GAAP"). The independent auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles ("GAAP") require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the ("MD&A") and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Government Profile

The City of Belvedere is a residential community located on the Tiburon Peninsula in Marin County, California. Belvedere is less than one square mile in size and surrounded on three sides by the waters of the San Francisco Bay. The town is situated on two "islands" (Belvedere Island and Corinthian Island) with a lagoon between them. The Belvedere Lagoon is owned and maintained by the Belvedere Lagoon Property Owners' Association. The lagoon is not accessible by boat from the San Francisco Bay, and no public access is provided. Belvedere provides its residents with amazing views in every direction. San Francisco, the Golden Gate Bridge, Sausalito Bay, Angel Island and Mt. Tamalpais can be seen from Belvedere. The population of Belvedere is just over 2,100. A small fraction of the land area in Belvedere is devoted to commercial uses, including offices, services and several retail establishments.

Incorporated in 1896, Belvedere has a Council/Manager form of government. Policy-making and legislative authority are vested in the governing city council, which consists of a mayor, vice-mayor and three council members. Council members are elected on a non-partisan basis to overlapping four-year terms. The council members select the Mayor and Vice Mayor each year. The Council is responsible for passing ordinances, adopting the budget, appointing commission and board members, and hiring the City Manager and City Attorney. The City Manager is responsible for assuring compliance with all ordinances, implementing the policies and direction of the City Council, appointing department heads, hiring employees, and managing the daily operations of the City.

The City provides a range of municipal services including law enforcement, construction and maintenance of city streets and park maintenance. Contract fire services are provided by the Tiburon Fire Protection District. Library and Recreation services are provided through joint powers agreements with the Town of Tiburon.

The annual budget serves as the foundation for the City of Belvedere's financial planning and control system. The City's departments are required to submit requests for appropriation to the City Manager each year. The City Manager uses these requests as the starting point for developing the proposed budget. In June of each year, the City Manager submits to the City Council a proposed operating budget for review. The Council holds a public hearing and a final budget is adopted by June 30.

The budget is adopted by fund, department and account classification. The City Manager may transfer budgeted amounts within any fund. Only the City Council can approve additional appropriations. The City Council is given a financial report each month and a comprehensive budget review at mid-year.

Economic Outlook

The City is primarily residential and the majority of general fund revenue received, (77%), is from local property taxes. Current Secured Property Tax revenue increased 5.6% in fiscal year 2014 and is estimated to increase 4% in fiscal year 2015. Currently there are 19 homes for sale in Belvedere with prices ranging from \$1.8 to \$18.8 million and an average list price of \$6.8 million.

Total General Fund revenues in 2014 increased approximately \$131,000 (2%) over the prior fiscal year. This increase was primarily due to an increase in property tax revenue.

Belvedere's revenues are not greatly affected by downturns in the economy as many other cities are because only a small percentage of revenue received is from sales tax and there are no hotels in town. In the ten years from fiscal year 2005 through fiscal year 2014, property taxes increased an average of 5.4% per year.

Long-Term Financial Planning

The City has identified \$3.1 million in capital projects to be completed over the next five fiscal years. Capital projects included are \$1 million for street improvements, \$0.27 million for storm drainage repairs, \$0.31 million for community building upgrades, and \$1.5 million for miscellaneous uncategorized projects.

Funding for street related projects will come from various sources including Road Impact Fees which are collected at the time a construction permit is issued, State Gas Tax revenue and Marin County Measure A sales tax revenue.

The City adopted its General Fund Operational Reserve Policy in 2007. The policy requires that the City maintain 6-months General Fund operating expenses within the General Fund Reserve. In August 2013, the City Council voted to make a substantial payment to the CalPERS Retirement Fund in order to pay off side fund debt. This payment caused the General Fund Reserve to drop to 37% of operating expenses. It is anticipated that the reserve will build back up to 50% in the next five years.

Financial Information

The City's management is responsible for establishing and maintaining internal controls to ensure that the City's assets are adequately protected from loss, theft or misuse. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. It is management's belief that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

This report was completed with contributions from Mary Neilan, City Manager and Larry Wheat, Finance Committee Chair.

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Belvedere for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility.

Sincerely,

A handwritten signature in black ink that reads "Becky Eastman". The signature is written in a cursive, flowing style.

Becky Eastman
Finance Officer



Belvedere Residents

City Council

Tom Cromwell, Mayor
Bob McCaskill, Vice Mayor
City Councilors: Sandra Donnell, Claire McAulliffe, James Campbell

City Attorney
Rob Epstein
Deputy City Attorney
Emily Longfellow

City Manager
Mary Neilan

Public Safety

Police Chief
Tricia Seyler
Contract for Services

Tiburon Fire Protection District
Contract for Services

Police Secretary
Lylene Phillips

Police Sergeants
Chris Pool,
Tom Marksbury

Police Officers
Andy Rosas, Paul Sims
Mike Celeberti,
Janessa Gapinski

Planning & Building

City Planner
Irene Borba

Associate Planner
Jocelyn Drake

Department Secretary II
Nancy Miller

Building Official
Eric Banvard

Building Inspector
Genaro Muniz

Department Secretary II
Lorrie Duffy

Administration

Finance Officer
Becky Eastman

IT Coordinator
Marin IT
Contract for Services

City Clerk
Leslie Carpentiers

Admin Clerk
Allison Foulis

Public Works

Public Works Manager
Scott Derdenger

Maintenance Supervisor
Gerhard Laufer

Maintenance Workers
Max Sandoval
Shane Rodgers

City Engineer
John Moe
Contract for Services

PRINCIPAL OFFICERS

CITY OF BELVEDERE

JUNE 30, 2014

CITY COUNCIL

Mayor	Thomas Cromwell
Vice Mayor	Bob McCaskill
Councilmember	Sandra Donnell
Councilmember	Claire McAuliffe
Councilmember	James Campbell

COUNCIL APPOINTEES

City Manager	Mary Neilan
City Attorney	Robert Epstein
Deputy City Attorney	Emily Longfellow

DEPARTMENT MANAGERS

City Clerk	Leslie Carpentiers
Finance Officer	Becky Eastman
City Planner	Irene Borba
Police Chief	Tricia Seyler
Public Works Manager	Scott Derdenger
Building Official	Eric Banvard



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Belvedere
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



— CITY OF BELVEDERE, CALIFORNIA —

FINANCIAL

SECTION

* * * * *



To the City Council
City of Belvedere, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Belvedere, California (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, and the respective changes in financial position, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As described in Note 1 to the financial statements, in 2014 the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, pension funding, and other post-employment benefit funding information on pages 9–16 and 55-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual General and nonmajor fund financial statements, combining fiduciary fund financial statements, nonmajor budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

OUM + Co. LLP

San Francisco, California
October 15, 2014



— CITY OF BELVEDERE, CALIFORNIA —

MANAGEMENT'S DISCUSSION

AND ANALYSIS

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CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Belvedere's financial activities and performance provides an overview for the fiscal year ended June 30, 2014. Please read this in conjunction with the City's financial statements, which follow this discussion and analysis.

Government-Wide Highlights

- The Government-Wide Statement of Net Position appearing as the first statement of the Basic Financial Statements and summarized in this Management Discussion and Analysis, show the City's assets to be approximately \$9.4 million; liabilities of \$0.9 million; and net position of \$8.5 million.
- Total City revenues were approximately \$7.2 million (general revenues of \$6.3 million and program revenues of \$0.9 million) compared with total expenses of approximately \$7.8 million resulting in a decrease in net position of approximately \$0.6 million for the fiscal year ended June 30, 2014.
- The City's cash and investments totaled \$2.8 million and net capital assets totaled approximately \$6.3 million at June 30, 2014, representing 30% and 67% of the City's total assets, respectively.
- The City's total liabilities totaled approximately \$0.9 million as of June 30, 2014 and consist primarily of refundable deposits, accounts payable, compensated absences, and postemployment benefit obligation.

Fund Highlights

- As of the close of fiscal year 2014, the City's governmental funds reported a combined ending fund balance of approximately \$2.6 million, a decrease of \$0.5 million for the year ended June 30, 2014. The detailed components of Revenues and Expenditures can be found in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances on page 24.

City's Highlights

- In 2013 the City paid off the CalPERS retirement side fund debt in the amount of \$853,729. Prior to the payoff, the City was making annual debt payments and the retirement system was charging the City 7.5% interest.

Budgetary Highlights

- Significant budgetary variances between the final amended budget and actual results in the general fund were primarily due to the payoff of the retirement debt as described above.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all of the City'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 City is improving or deteriorating.

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

Fund Financial Statements

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

Governmental funds

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

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

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The City maintains 8 individual governmental funds. In the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances, information is presented separately for the following funds considered to be major funds:

- General Fund
- Fire Protection Fund
- General Capital Improvements Fund

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because those resources are not available to support the City's own programs.

Notes to the Financial Statements

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

Required Supplementary Information

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

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position is a measure of a government's financial position and, over time, a trend of increasing or decreasing net position is an indicator of the financial health of the organization. The City's assets exceed liabilities by approximately \$8.5 million. A schedule of net position is presented in the following table:

	Governmental Activities		Total Primary Government		Total Percentage Change
	2014	2013	2014	2013	
Current and other assets	\$ 3,085	\$ 3,920	\$ 3,085	\$ 3,920	-21%
Capital assets	6,291	6,391	6,291	6,391	-2%
Total assets	9,376	10,311	9,376	10,311	-9%
Current liabilities	454	834	454	834	-46%
Noncurrent liabilities	403	338	403	338	19%
Total liabilities	857	1,172	857	1,172	-27%
Net position:					
Net investment in capital assets	6,291	6,391	6,291	6,391	-2%
Unrestricted	2,228	2,748	2,228	2,748	-19%
Total net position	\$ 8,519	\$ 9,139	\$ 8,519	\$ 9,139	-7%

Net investment in capital assets (e.g., land, buildings, equipment and infrastructure) of \$6.3 million represents the cost of these assets less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Resources needed to repay the outstanding debt must be provided from other sources other than the related assets, because the capital assets themselves cannot be used to repay these debts. At June 30, 2014, the City has no outstanding debt used to acquire those assets.

The remaining balance of unrestricted net position of \$2.2 million may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Restricted net position represents resources that are subject to external restrictions on how they may be used. At June 30, 2014, the City does not have any restricted assets.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Position

The City's net position decreased by approximately \$0.6 million during the current fiscal year and decreased by \$0.8 million during the prior fiscal year. The decrease in the City's net position is principally from the program expenses of the governmental activities. Information about changes in net position is summarized in the following table:

Activities and Changes in Net Position
For the Fiscal Years Ended June 30, 2014 and 2013 (thousands)

	Governmental		Total		Total Percentage Change
	Activities		Government		
	2014	2013	2014	2013	
Revenues:					
Program revenues:					
Charges for services	\$ 856	\$ 1,031	\$ 856	\$ 1,031	-17%
General revenues:					
Taxes	5,058	4,749	5,058	4,749	7%
Franchise and other taxes	159	170	159	170	-6%
Earnings on investment	42	54	42	54	-22%
Revenues from other agencies	885	825	885	825	7%
Other revenue	151	69	151	69	119%
Total revenues	7,151	6,898	7,151	6,898	4%
Program expenses:					
General government	1,029	1,239	1,029	1,239	-17%
Police	1,979	1,754	1,979	1,754	13%
Fire	1,169	1,180	1,169	1,180	-1%
Planning and development	1,566	1,578	1,566	1,578	-1%
Public works	1,083	874	1,083	874	24%
Library and community services	672	545	672	545	23%
Unallocated depreciation expense	273	608	273	608	-55%
Total program expenses	7,771	7,778	7,771	7,778	0%
Transfers:	-	107	-	107	
Change in net position	(620)	(773)	(620)	(773)	
Net position, beginning of year	9,139	9,912	9,139	9,912	
Net position, end of year	\$ 8,519	\$ 9,139	\$ 8,519	\$ 9,139	

As noted earlier, the City uses fund accounting to ensure compliance with finance related legal requirements and restrictions. The fund basis financial statements presented in this report address the need of the City to demonstrate compliance with financial restrictions, and they allow the statements' users to separately analyze individual funds. The City maintains two types of funds: Governmental and Fiduciary.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Major Governmental Funds

Activity of the Governmental Funds is summarized in the following table:

Governmental Funds
Revenues, Expenditures and Other Changes in Fund Balances
For the Fiscal Years Ended June 30, 2014 and 2013 (thousands)

	2014			2013		Change
	General Fund	Other Major Funds	Other Funds	Total Gov. Funds	Total Gov. Funds	
Revenues	\$ 5,411	\$ 1,063	\$ 677	\$ 7,151	\$ 6,898	4%
Current expenditures	5,301	1,170	596	7,067	7,214	-2%
Capital outlay	-	526	13	539	419	29%
	5,301	1,696	609	7,606	7,633	0%
Net transfers	(434)	512	(78)	-	107	100%
Net change in fund balances	(324)	(121)	(10)	(455)	(628)	-28%
Fund balances, beginning of year	2,502	459	125	3,086	3,714	-17%
Fund balances, end of year	\$ 2,178	\$ 338	\$ 115	\$ 2,631	\$ 3,086	-15%

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund

General fund revenues of \$5.4 million increased by \$0.1 from the previous fiscal year, primarily due to an increase in property tax revenue. General fund expenditures of \$5.3 million decreased by \$0.2 million over the previous fiscal year.

Transfers out of \$433,840 consist of transfers out for capital improvement and equipment replacement (\$9,399) and fire protection (\$424,441).

The General Fund balance at fiscal year-end was \$2.2 million consisting of non-spendable (\$10,476), restricted (\$61,322), assigned (\$58,839) and \$2,047,647 that was unassigned.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Major Funds - Fire Protection Fund

Revenues in the Fire Protection Fund, which were generated from a Citywide Parcel Tax, were \$744,998, an increase of \$42,979 over the previous fiscal year. Expenses were \$1,169,439, a decrease of \$10,514 over the previous year.

The Fire Protection Fund balance at fiscal year-end was zeroed out with a transfer in from the General Fund.

Other Major Funds - General Capital Improvements Fund

Revenues in the Capital Improvement Fund were \$317,306, a decrease of \$4,397 over the previous year. Expenses were \$526,120, a decrease of \$117,417 from the previous year.

The General Capital Improvements Fund balance at fiscal year-end amounted to \$302,903 in restricted funds and \$34,790 in assigned funds. There were no original to final budget differences.

Major events affecting capital assets during the current fiscal year included the following:

- City wide street & drainage projects \$192,489

Information regarding fiscal year 2013/14 capital asset activity is provided in *Note 4 - Capital assets* to the Financial Statements.

Fiduciary Funds

The Fiduciary Fund maintained by the City consists of Local Improvement Districts ("LID"s). LID's are established in various parts of the City to provide improvements to properties located in those districts. Properties in these districts are assessed for the cost of improvements; these assessments are payable over the term of the debt issued to finance the improvements and must be sufficient to repay this debt. The City acts solely as the collecting and paying agent for the Districts' debt which is not included in the general debt of the City.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

General Fund revenues for fiscal year ending June 30, 2015 are anticipated to increase by \$414,312. General Fund expenditures are anticipated to decrease by \$472,361 for FY2014-15.

Fire Protection Fund revenue will increase by \$10,074, the amount permitted by the Proposition 4 Limitation Factor. Expenditures are estimated to increase by \$46,436.

REQUESTS FOR INFORMATION

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

City of Belvedere
Finance Department
450 San Rafael Ave.
Belvedere, CA 94920
Ph: 415-435-3838



— CITY OF BELVEDERE, CALIFORNIA —

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

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CITY OF BELVEDERE
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Total
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 2,843,608	\$ 2,843,608
Receivables:		
Accounts receivable, net	130,051	130,051
Prepaid items	111,786	111,786
Total current assets	<u>3,085,445</u>	<u>3,085,445</u>
Capital assets:		
Depreciable, net	6,290,687	6,290,687
Total capital assets	<u>6,290,687</u>	<u>6,290,687</u>
Total assets	<u>9,376,132</u>	<u>9,376,132</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and other liabilities	126,466	126,466
Refundable deposits	328,002	328,002
Total current liabilities	<u>454,468</u>	<u>454,468</u>
Long-term liabilities:		
Compensated absences	187,908	187,908
Postemployment benefit obligation	214,694	214,694
Total liabilities	<u>857,070</u>	<u>857,070</u>
 <u>NET POSITION</u>		
Net investment in capital assets	6,290,687	6,290,687
Unrestricted	2,228,375	2,228,375
Total net position	<u>\$ 8,519,062</u>	<u>\$ 8,519,062</u>

See accompanying notes to basic financial statements.

CITY OF BELVEDERE
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue
					Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 1,028,858	\$ 28,748	\$ -	\$ -	\$ (1,000,110)
Public safety:					
Police services	1,978,759	19,933	-	-	(1,958,826)
Fire services	1,169,439	-	-	-	(1,169,439)
Planning and development	1,565,998	572,953	-	-	(993,045)
Public works	1,083,090	234,795	-	-	(848,295)
Community Center	74,807	-	-	-	(74,807)
Library	596,645	-	-	-	(596,645)
Unallocated depreciation expense	273,435	-	-	-	(273,435)
Total governmental activities	7,771,031	856,429	-	-	(6,914,602)
Change in net position:					
Net (expense) revenue	\$ 7,771,031	\$ 856,429	\$ -	\$ -	\$ (6,914,602)

continued
next page

CITY OF BELVEDERE
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Primary Government	
	Governmental Activities	Total
Change in net position:		
Net (expense) revenue	\$ (6,914,602)	\$ (6,914,602)
General revenues:		
Taxes:		
Property taxes	4,858,173	4,858,173
Other taxes	199,457	199,457
Use of money/property	42,091	42,091
Intergovernmental revenues	885,324	885,324
Franchise fees	158,671	158,671
Other revenues	150,689	150,689
Total general revenues	<u>6,294,405</u>	<u>6,294,405</u>
Transfers	<u>-</u>	<u>-</u>
Change in net position	(620,197)	(620,197)
Net position, beginning of year	<u>9,139,259</u>	<u>9,139,259</u>
Net position, end of year	<u>\$ 8,519,062</u>	<u>\$ 8,519,062</u>

See accompanying notes to basic financial statements.



— CITY OF BELVEDERE, CALIFORNIA —

GOVERNMENTAL FUNDS

FINANCIAL STATEMENTS

* * * * *

CITY OF BELVEDERE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	Major Funds			Non-Major Funds	Total Governmental Funds
	General	Fire Protection Fund	General Capital Improvements	Other Funds	
<u>ASSETS:</u>					
Cash and investments	\$ 2,463,522	\$ -	\$ 379,291	\$ 107,279	\$ 2,950,092
Accounts receivable, net	108,123	5,174	5,752	11,002	130,051
Prepaid and other current assets	10,476	101,310	-	-	111,786
Total assets	\$ 2,582,121	\$ 106,484	\$ 385,043	\$ 118,281	\$ 3,191,929
<u>LIABILITIES:</u>					
Accounts payable and other liabilities	\$ 75,835	\$ -	\$ 47,350	\$ 3,281	\$ 126,466
Cash balance overdraft	-	106,484	-	-	106,484
Refundable deposits	328,002	-	-	-	328,002
Total liabilities	403,837	106,484	47,350	3,281	560,952
<u>FUND BALANCES:</u>					
Nonspendable	10,476	-	-	-	10,476
Restricted	61,322	-	302,903	100,000	464,225
Assigned	58,839	-	34,790	15,000	108,629
Unassigned	2,047,647	-	-	-	2,047,647
Total fund balances	2,178,284	-	337,693	115,000	2,630,977
Total liabilities and fund balances	\$ 2,582,121	\$ 106,484	\$ 385,043	\$ 118,281	\$ 3,191,929

See accompanying notes to basic financial statements.

CITY OF BELVEDERE

**Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position**

JUNE 30, 2014

Total Fund Balances - Total Governmental Funds **\$ 2,630,977**

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

Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.

Depreciable	\$ 10,058,026	
Less accumulated depreciation	<u>(3,767,339)</u>	6,290,687

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.

Long-term liabilities are not due and payable in the current period and, therefore, were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Accrued compensated absences	(187,908)	
Postemployment benefit obligation	<u>(214,694)</u>	<u>(402,602)</u>

Net Position of Governmental Activities **\$ 8,519,062**

CITY OF BELVEDERE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Major Funds			Non-Major Funds	Total Governmental Funds
	General	Fire Protection Fund	General Capital Improvements	Other Funds	
Revenues:					
Property taxes	\$ 4,113,175	\$ 744,998	\$ -	\$ -	\$ 4,858,173
Other taxes	199,457	-	-	-	199,457
Licenses and permits	411,600	-	-	-	411,600
Fines and forfeitures	22,925	-	-	-	22,925
Use of money/property	19,217	-	22,874	-	42,091
Intergovernmental revenues	122,822	-	85,935	676,567	885,324
Charges for services	267,418	-	154,487	-	421,905
Franchise fees	158,671	-	-	-	158,671
Other revenues	96,047	-	54,010	632	150,689
Total revenues	5,411,332	744,998	317,306	677,199	7,150,835
Expenditures:					
Current:					
General government	967,926	-	-	-	967,926
Public safety:					
Police	1,922,841	-	-	-	1,922,841
Fire	-	1,169,439	-	-	1,169,439
Planning & development	1,501,913	-	-	-	1,501,913
Public works	862,315	-	-	-	862,315
Community center	46,141	-	-	-	46,141
Library	-	-	-	596,645	596,645
Capital outlay	-	-	526,120	12,926	539,046
Total expenditures	5,301,136	1,169,439	526,120	609,571	7,606,266
Revenues over (under) expenditures	110,196	(424,441)	(208,814)	67,628	(455,431)
Other financing sources (uses):					
Transfers from other funds	-	424,441	87,059	2,294	513,794
Transfers to other funds	(433,840)	-	-	(79,954)	(513,794)
Total other financing sources (uses)	(433,840)	424,441	87,059	(77,660)	-
Net change in fund balances	(323,644)	-	(121,755)	(10,032)	(455,431)
Fund balances-beginning	2,501,928	-	459,448	125,032	3,086,408
Fund balances-ending	\$ 2,178,284	\$ -	\$ 337,693	\$ 115,000	\$ 2,630,977

See accompanying notes to basic financial statements.

CITY OF BELVEDERE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF
ACTIVITIES AND CHANGES IN NET POSITION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Net changes in fund balances - total governmental funds \$ (455,431)

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 344,391	
Depreciation expense	(432,981)	
Net loss on disposal	<u>(11,954)</u>	(100,544)

Some expenses reported in the Statement of Activities and Changes in Net Assets do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences	(13,305)	
Change in postemployment benefit obligation	<u>(50,917)</u>	<u>(64,222)</u>

Total changes in net position of governmental activities **\$ (620,197)**

CITY OF BELVEDERE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Agency Funds</u>	<u>Combined</u>
<u>ASSETS:</u>		
Cash and investments:		
Redemption Fund	\$ 574,715	\$ 574,715
Reserve Fund	279,699	279,699
	854,414	854,414
Interest receivable	6,514	6,514
	860,928	860,928
Total assets	\$ 860,928	\$ 860,928
<u>LIABILITIES:</u>		
Accounts payable	\$ -	\$ -
Due to special assessment districts	860,928	860,928
	860,928	860,928
Total liabilities	\$ 860,928	\$ 860,928

See accompanying notes to basic financial statements.



— CITY OF BELVEDERE, CALIFORNIA —

NOTES TO BASIC

FINANCIAL STATEMENTS

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CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - Summary of significant accounting policies:

The basic financial statements of the City of Belvedere (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Boards ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles are described below.

A. Reporting Entity

The City is a municipal corporation governed by an elected five-member Council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. At June 30, 2014, the City did not have any component units that met this criterion.

B. Description of Funds

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The minimum number of funds is maintained consistent with legal and managerial expectations.

C. Government-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities and Business-type activities for the City, accompanied by a total column. These financial statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed generally through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed generally through user fees. The City does not currently have any Business-type activities.

The Statement of Activities and Changes in Net Position presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include three categories: (1) charges for services, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including all taxes are presented as general revenues.

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* ("GASB No. 34") in regards to interfund activities, payables and receivables.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

D. Governmental Fund Financial Statements

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

GASB 34 defines major funds and requires that the City's major governmental funds be identified and presented separately in the Fund financial statements. All other governmental funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as governmental funds which have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total or five percent of the grand total. The general fund is always a major fund. The City may select other governmental funds it believes should be presented as major funds. No such funds were selected in fiscal 2014.

The major governmental funds of the City are:

- **General Fund** – The General Fund is used to account for the resources to carry out basic governmental activities of the City such as general government, public safety, public works, and parks and recreation, which are not required to be accounted for in another fund.
- **Fire Protection Fund** - This fund was established to receive and expend revenue from Measure C, the fire and emergency services special tax levy. This revenue, along with transfers from other funds, funds the cost of services provided by the Tiburon Fire Protection District.
- **General Capital Improvements Fund** – This fund is used to account for monies used for capital projects, including street improvements and the Community Park turf and sprinkler system project.

E. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position. Fiduciary funds have no measurement focus. The activities reported in the fiduciary fund type are Local Improvement District Debt with no City commitment. Information regarding Fiduciary Funds is provided in *Note 5 - Local Improvement District Debt with no City commitment* to the Financial Statements.

F. Basis of Accounting

The City-wide and Fiduciary Fund financial statements required by GASB 34 are reported using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities, if any are included in the accompanying Statement of Net Position. The Statement of Activities and Changes in Net Position presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The Governmental Fund financial statements are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities (except for long-term advances from the City) are included in the Balance Sheet, The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after fiscal year end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, intergovernmental revenues, other taxes and investment earnings. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

In fiscal year 2014, the City adopted GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarified the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB 65 also recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. There were no transactions determined by the City to be deferred inflows of resources or deferred outflows of resources that had been previously been recorded as assets or liabilities.

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

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

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

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

G. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the City's policy is to apply restricted net position first.

H. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). The City does not have any due to/from other funds.

Long-term advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not in a spendable form and are not expendable available financial resources. The City does not have any long-term advances between funds.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the Government-Wide and Fund Financial statements.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

Inventories and prepaid items, as reported in the Fund Financial Statements, are offset by a nonspendable fund balance for noncurrent assets in governmental funds to indicate that these resources are not in spendable form.

J. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$1,500. Gifts or contributions of capital assets are recorded at fair market value on the date donated. Depreciation of capital assets is charged as an expense each year and the total amount of depreciation taken over the years, accumulated depreciation, is reported on the Statement of Net Position as a reduction in the book value of capital assets. The City has assigned the useful lives listed below to capital assets: Buildings and improvements (20-30 years); Transportation equipment (10-15 years) and Machinery and Equipment (3-20 years).

K. Compensated Absences

City employees accrue vacation, sick, holiday, executive leave and compensatory time off benefits. Vacation may not accrue beyond 240 hours or as provided in the employee's memorandum of understanding ("MOU"). Cash compensation is payable for accrued vacation upon separation of service and also payable each year when the accrual balance exceeds the maximum allowed on December 31. No cash payment is made for accrued sick leave upon separation of service. Upon retirement, eligible employees may convert sick leave to years of service credit as provided for in the City's contract with PERS. In lieu of overtime, it is the City's policy to allow employees to accumulate compensatory time to limits provided for in the MOU. This accumulation may subsequently be converted to cash up to limits provided for in their MOU or converted to cash upon separation of service.

All vacation pay is accrued when incurred in the Government-Wide and Fiduciary Fund financial statements. A liability for these amounts is reported in the governmental funds financial statements only when they have matured (such as vacation time, estimated to be paid upon retirement in the next fiscal year with expendable available financial resources).

L. Unavailable Revenue and Revenue Received in Advance

Unavailable revenue in governmental funds arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period and is recorded as deferred inflows of resources. As of June 30, 2014, there is no unavailable revenue recorded.

Revenue received in advance arises when resources are received by the City before it has a legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures) and is recorded as a liability. As of June 30, 2014, \$22,795 is recorded as revenue received in advance and is presented in accounts payable and other liabilities on the governmental funds Balance Sheet and the government-wide Statement of Net Position.

M. Property Tax Revenues

State Constitution Article 13 provides for a maximum general property tax rate statewide of \$1.00 per \$100 of assessed value. Assessed value is calculated at 100% of market value as defined by the above-referenced Article 13. The State Legislature has determined the method of distribution of receipts from the \$1.00 tax levy among the counties, cities, school districts and other districts. Counties, cities and school districts may levy such additional tax rate as is necessary to provide for voter approved debt service. The County of Marin assesses properties and bills for and collects property taxes according to the schedules that follow:

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

	Secured	Unsecured
Valuation dates	March 1	March 1
Lien/levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 and April 10	August 31

The term “Unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized in the fiscal year for which the taxes have been levied.

N. Net Position

Government-Wide Net Position consists of the following:

Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that was attributed to the acquisition, construction or improvement of the assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted net position – This amount consists of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses/expenditures. Actual results could differ from those estimates.

P. Fund Balance – Classifications

The Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned, and Unassigned amounts. See *Note 8 – Fund Balance* for a detailed explanation.

Q. Recent Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is intended to clarify the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The statement also recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2014.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 - An Amendment of GASB Statements No. 10 and No. 62*, to resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement amends Statement No. 10, *Codification of Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government’s risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30,*

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

1989 FASB and AICPA Pronouncements, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current servicing fee rate. The implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2014.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. This Statement's objective is to improve financial reporting by state and local governmental pension plans. The implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2014.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of Statement 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. Statement 68 requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. Governments will also have to enhance note disclosures and schedules of required supplementary information. GASB 68 is effective for fiscal year ending June 30, 2015 and earlier application is encouraged. The City is currently evaluating the impact of adopting this GASB Standards.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*, which provides guidance on measurement and reporting of combinations and disposals of government operations. GASB 69 is effective for fiscal year ending June 30, 2015 and earlier application is encouraged.

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which requires "a state or local government guarantor that offers a nonexchange financial guarantee to another government organization...to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement." In addition, Statement 70 requires: a government guarantor to consider qualitative factors when determining if a payment on its guarantee is more likely than not to be required. Such factors may include whether the issuer of the guaranteed obligation is experiencing significant financial difficulty or initiating the process of entering into bankruptcy or financial reorganization, an issuer government that is required to repay a guarantor for guarantee payments made to continue to report a liability unless legally released. When a government is released, the government would recognize revenue as a result of being relieved of the obligation, and a government guarantor or issuer to disclose information about the amounts and nature of nonexchange financial guarantees. GASB 70 is effective for fiscal year ending June 30, 2015 and earlier application is encouraged.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, which amends GASB Statement 68 to "require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability." The purpose of the new Statement is to remove "a potential source of understatement of restated beginning net position and expense in a government's first year of

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NOTES TO BASIC FINANCIAL STATEMENTS

implementing Statement 68." The implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2015.

NOTE 2 - Stewardship, compliance, and accountability:

Budgetary information

The City operates under the general laws of the State of California ("State") and annually adopts a budget to be effective July 1 of the ensuing fiscal year. The City adopts an annual budget for General, Special Revenue and Capital Projects Funds. The legal level of budgetary control has been established at the fund level. Budgets are subject to a public hearing before they are adopted by the City Council. Budgets are prepared on the cash basis and are not materially different from budgets prepared under accounting principles generally accepted in the United States of America.

All annual appropriations lapse at fiscal year-end. Budgets submitted to the City Council include both proposed appropriations and the means of financing them. The City Council approves total appropriations on a fund-by-fund basis.

The City Manager is authorized to transfer budget appropriations within the same fund in conformance with the adopted policies set by the City Council. Additional appropriations or interfund transfers not included in the original budget resolutions require approval by the City Council. Budgeted amounts shown reflect the annual operating budget as originally passed and include an additional appropriation for equipment replacement made in mid-year. Encumbrance accounting, a method of recording purchase commitments, is not used by the City.

NOTE 3 - Cash and investments:

Government-wide cash and investments at June 30, 2014 consisted of the following:

	Carrying Value	Market Value
State of California - Local Agency Investment Fund	\$ 3,542,625	\$ 3,543,683
Cash in checking accounts	154,497	154,497
Petty cash	900	900
	\$ 3,698,022	\$ 3,699,080
Unrestricted	\$ 2,843,608	
Restricted	854,414	
	\$ 3,698,022	

The disposition of cash and investments by funds was as follows:

General fund	\$ 2,463,522
Capital improvement fund	379,291
Other non-major funds	107,279
	2,950,092
Fiduciary fund	854,414
Total cash and investments	\$ 3,804,506

The difference between the government-wide cash and investments and total fund cash and investments is due to the overdraft of cash by the Fire Protection fund of \$106,484.

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Interest earned on pooled deposits and investments is allocated to the various funds based upon average balances. Interest earned by investments is credited directly to the respective fund.

Pooled demand deposits. The California Government Code requires California banks and savings and loans to secure a local agency's deposits by pledging government securities as collateral. The market value of the pledged securities must equal at least 110% of the agency's deposits. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes at least equal to 150% of an agency's deposits. The agency may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC").

Investments. The City is authorized by its most recent investment policy to invest in the following investments generally with a maturity date not to exceed three years from the date of purchase:

- State Local Agency Investment Fund ("LAIF")
- Securities of the U.S. government
- Certificates of deposit
- Passbook savings and money market accounts

	12 months or less	Carrying amount
<u>Pooled investments</u>		
State of California Local Agency Investment Fund	\$ 3,542,625	\$ 3,542,625
Subtotal	3,542,625	3,542,625
Total	\$ 3,542,625	\$ 3,542,625

The LAIF is not registered with the Securities and Exchange Commission and is part of the Pooled Money Investment Account ("PMIA"). The PMIA began in 1956 and has oversight provided by the Pooled Money Investment Board ("PMIB") and an in-house Investment Committee. The PMIB board members are the State Treasurer, Director of Finance, and the State Controller. The fund is not rated. The fair value of the City's position in the pool is the same as the value of the pool share.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of five years or less.

NOTE 4 - Capital assets:

All capital assets are valued at historical cost or estimated cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed.

The City has chosen to defer the recording of historical costs of infrastructure assets; GASB 34 allows up to four years to record the costs and depreciation on these assets. With the implementation of GASB 34, the City has begun recording costs and depreciation of current infrastructure assets beginning with fiscal 2004.

GASB 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of the depreciation is to spread the cost of the capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro-rata share of the cost of the capital assets. Depreciation is provided using the straight-line method over its expected useful life. Capital assets with a value over \$1,500 or more are capitalized.

CITY OF BELVEDERE, CALIFORNIA
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Governmental capital asset activity for the fiscal year was as follows:

	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
Depreciable capital assets:				
City Hall & Community Center				
Buildings improvements	\$ 3,407,996	\$ 48,773	\$ -	\$ 3,456,769
Corporation yard improvements	265,251	-	-	265,251
Office furniture & equipment	158,246	3,797	(51,612)	110,431
Transportation/other-Yard	354,448	-	-	354,448
Transportation/other-Police	224,349	-	(6,857)	217,492
Infrastructure	5,361,814	291,821	-	5,653,635
Total	<u>9,772,104</u>	<u>344,391</u>	<u>(58,469)</u>	<u>10,058,026</u>
Less - accumulated depreciation for:				
City (Facilities & Equipment)	2,157,477	159,546	-	2,317,023
Infrastructure	1,223,396	273,435	(46,515)	1,450,316
	<u>3,380,873</u>	<u>432,981</u>	<u>(46,515)</u>	<u>3,767,339</u>
Depreciable capital assets, net	<u>6,391,231</u>	<u>(88,590)</u>	<u>(11,954)</u>	<u>6,290,687</u>
Total capital assets, net	<u>\$ 6,391,231</u>	<u>\$ (88,590)</u>	<u>\$ (11,954)</u>	<u>\$ 6,290,687</u>

Depreciation expense for governmental activities was charged to each expense function as follows:

Governmental activities:	
General government	\$ 32,316
Police	40,792
Public works	29,106
Planning & building	28,666
Community Center	28,666
Infrastructure	273,435
	<u>\$ 432,981</u>

NOTE 5 - Local Improvement District Debt with no City commitment:

Local Improvement Districts ("LID"s) are established in various parts of the City to provide improvements to properties located in those districts. Properties in these districts are assessed for the cost of improvements; these assessments are payable over the term of the debt issued to finance the improvements and must be sufficient to repay this debt. The City acts solely as the collecting and paying agent for the Districts' debt which is not included in the general debt of the City. The outstanding balance of each of these issues as of June 30, 2014 is as follows:

CITY OF BELVEDERE, CALIFORNIA
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	Balance, June 30, 2013	Additions	Retirements/ Adjustments	Balance, June 30, 2014
<u>LID Debt:</u>				
Corinthian Island	\$ 105,000	\$ -	\$ (45,000)	\$ 60,000
Upper Beach Road	1,045,000	-	(35,000)	1,010,000
Madrona	1,690,000	-	(45,000)	1,645,000
San Rafael	960,000	-	(20,000)	940,000
Lower Belvedere	2,330,000	-	(45,000)	2,285,000
Bayview/Bella Vista	1,540,000	-	(30,000)	1,510,000
Mid San Rafael Ave	1,318,067	-	(23,067)	1,295,000
Pine Avenue	1,160,866	-	-	1,160,866
Total	<u>\$ 10,148,933</u>	<u>\$ -</u>	<u>\$ (243,067)</u>	<u>\$ 9,905,866</u>

Corinthian Island Undergrounding Assessment District: This District was formed to finance certain public improvements, including the relocation of utility services (electricity, telephone and cable television) to underground locations and the elimination of all existing utility poles and overhead wires in the same area. The total assessments levied against the parcels in this District were \$792,000, of which cash prepayments amounted to \$217,529 (gross assessments of \$238,746 less a 9% discount offered for early payment).

In August 1998, improvement bonds (City of Belvedere Limited Obligation Improvement Bonds, Corinthian Island Undergrounding Assessment District) were issued in the amount of \$553,253.96, representing the unpaid assessments pursuant to the provisions of the Improvement Bond Act of 1915. The bonds were issued in denominations of \$5,000 or any integral multiple thereof, except for one bond in an odd amount due 30n September 2, 1999. Interest on the bonds became payable commencing September 2, 1999, and semi-annually thereafter on each March 2 and September 2 until maturity.

A Special Reserve Fund was established in the initial amount of \$42,000 from the bond proceeds. That amount, less any amounts transferred to the Redemption Fund, constitutes the "Reserve Requirement" for the bonds. The City's liability to advance funds to the Redemption Fund in the event of delinquent installments shall not exceed the balance in the Reserve Fund. The Improvement Fund was established to account for the expenditures for capital improvements. Proceeds from the sale of bonds were deposited into this fund in addition to the prepaid assessments collected. The third fund created was the Redemption Fund, to collect all payments of principal and interest installments on the assessments. Payments of the bonds at maturity, or at redemption prior to maturity, and all interest on the bonds shall be made from this fund.

As of June 30, 2014, future debt service payments were as follows:

	Principal	Interest	Total
Fiscal year ended June 30:			
2015	\$ 20,000	\$ 2,350	\$ 22,350
2016	20,000	1,410	21,410
2017	20,000	470	20,470
	<u>\$ 60,000</u>	<u>\$ 4,230</u>	<u>\$ 64,230</u>

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Upper Beach Road Underground Assessment District: This District was formed to finance certain public improvements, including the relocation of utility services (electricity, telephone and cable television) to underground locations and the elimination of all existing utility poles and overhead wires in the same area. The total assessments levied against the parcels in this District were \$1,508,079. Cash payments of \$204,038 were received from six property owners leaving a balance of \$1,304,041.

In May 2002, improvement bonds (City of Belvedere Limited Obligation Improvement Bonds, Upper Beach Road Underground Assessment District) were issued in the amount of \$1,304,041, representing the unpaid assessments pursuant to the provisions of the Improvement Bond Act of 1915. The bonds bear annual interest ranging from 2.25% to 5.25%. The bonds were issued in denominations of \$5,000 or any integral multiple thereof, except for one bond in an odd amount due on September 2, 2003. Interest on the bonds become payable commencing March 2, 2003, and semi-annually thereafter on each March 2 and September 2 until maturity.

A Special Reserve Fund was established in the initial amount of \$25,930 from the bond proceeds. The reserve fund is allowed to grow through interest earnings to the reserve requirement maximum of \$87,818. That amount, less any amounts transferred to the Redemption Fund, constitutes the "Reserve Requirement" for the bonds. The City's liability to advance funds to the Redemption Fund in the event of delinquent installments shall not exceed the balance in the Reserve Fund. The Improvement Fund was established to account for the expenditures for capital improvements. Proceeds from the sale of bonds were deposited into this fund in addition to the prepaid assessments collected. The third fund created was the Redemption Fund, to collect all payments of principal and interest installments on the assessments. Payments of the bonds at maturity, or at redemption prior to maturity, and all interest on the bonds shall be made from this fund.

As of June 30, 2014, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2015	\$ 35,000	\$ 49,974	\$ 84,974
2016	35,000	48,408	83,408
2017	35,000	46,815	81,815
2018	40,000	45,070	85,070
2019	40,000	43,170	83,170
2020-2024	235,000	182,861	417,861
2025-2029	300,000	115,876	415,876
2030-2033	290,000	30,958	320,958
	<u>\$ 1,010,000</u>	<u>\$ 563,132</u>	<u>\$ 1,573,132</u>

Madrona, Bella Vista and Oak Underground Assessment District: This District was formed to finance certain public improvements, including the relocation of utility services (electricity, telephone and cable television) to underground locations and the elimination of all existing utility poles and overhead wires in the same area. The preliminary estimated assessment in the District totaled \$2,035,000. Full cash payment was received by one of the property owners and partial cash payments were received by two of the property owners to offset \$56,055.06 in aggregate confirmed assessments, leaving a balance of \$1,977,800.97. Six of the property owners have requested an increase in their individual assessments of \$5,000 each for funding service connections, giving a net total amount of unpaid assessments securing the Bonds of \$2,007,800.

In June 2005, improvement bonds (City of Belvedere Limited Obligation Improvement Bonds, Madrona, Bella Vista and Oak Underground Assessment District) were issued in the amount of \$2,008,413, representing the unpaid assessments pursuant to the provisions of the Improvement Bond Act of 1915. The bonds bear annual interest ranging from 2.25% to 5.00%. The bonds were issued in denominations of \$5,000 or any

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integral multiple thereof, except for one bond in an odd amount due on September 2, 2006. Interest on the bonds become payable commencing on March 2, 2006, and semi-annually thereafter on each March 2 and September 2 until maturity.

A Special Reserve Fund is required to be established in the initial amount of \$40,156 from the bond proceeds. The reserve fund is allowed to grow through interest earnings. That amount, less any amounts transferred to the Redemption Fund constitutes the "Reserve Requirement" for the bonds. The City's liability to advance funds to the Redemption Fund in the event of delinquent installments shall not exceed the balance in the Reserve Fund. The Improvement Fund was established to account for the expenditures for capital improvements. Proceeds from the sale of bonds were deposited into this fund in addition to the prepaid assessments collected. The third fund created was the Redemption Fund, to collect all payments of principal and interest installments on the assessments. Payments of the bonds at maturity, or at redemption prior to maturity, and all interest on the bonds shall be made from this fund.

As of June 30, 2014, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2015	\$ 45,000	\$ 77,758	\$ 122,758
2016	50,000	75,833	125,833
2017	50,000	73,758	123,758
2018	55,000	71,525	126,525
2019	55,000	69,133	124,133
2020-2024	315,000	304,411	619,411
2025-2029	375,000	222,820	597,820
2030-2034	475,000	118,125	593,125
2035-2036	225,000	11,375	236,375
	<u>\$ 1,645,000</u>	<u>\$ 1,024,738</u>	<u>\$ 2,669,738</u>

San Rafael Underground Assessment District: This District was formed to finance certain public improvements, including the relocation of utility services (electricity, telephone and cable television) to underground locations and the elimination of all existing utility poles and overhead wires in the same area. The preliminary estimated assessment in the District totaled \$1,333,279. Full cash payment was received by five of the property owners and partial cash payment was received by one of the property owners to offset \$143,279 in aggregate confirmed assessments, leaving a balance of \$1,190,000.

In May 2007, improvement bonds (City of Belvedere Limited Obligation Improvement Bonds, San Rafael Avenue Underground Assessment District) were issued in the amount of \$1,043,797, representing the unpaid assessments pursuant to the provisions of the Improvement Bond Act of 1915. The bonds bear annual interest ranging from 3.75% to 5.00%. The bonds were issued in denominations of \$5,000 or any integral multiple thereof, except for one bond in an odd amount due on September 2, 2008. Interest on the bonds become payable commencing on March 2, 2008, and semi-annually thereafter on each March 2 and September 2 until maturity.

A Special Reserve Fund is required to be established in the initial amount of \$20,875 from the bond proceeds. The reserve fund is allowed to grow through interest earnings. That amount, less any amounts transferred to the Redemption Fund constitutes the "Reserve Requirement" for the bonds. The City's liability to advance funds to the Redemption Fund in the event of delinquent installments shall not exceed the balance in the Reserve Fund. The Improvement Fund was established to account for the expenditures for capital improvements. Proceeds from the sale of bonds were deposited into this fund in addition to the prepaid assessments collected. The third fund created was the Redemption Fund, to collect all payments of principal and interest installments on the assessments. Payments of the bonds at maturity, or at redemption prior to maturity, and all interest on the bonds shall be made from this fund.

CITY OF BELVEDERE, CALIFORNIA
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As of June 30, 2014, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2015	\$ 20,000	\$ 43,635	\$ 63,635
2016	25,000	42,706	67,706
2017	25,000	41,663	66,663
2018	25,000	40,606	65,606
2019	25,000	39,538	64,538
2020-2024	155,000	178,358	333,358
2025-2029	190,000	139,354	329,354
2030-2034	240,000	88,400	328,400
2035-2038	235,000	24,361	259,361
	<u>\$ 940,000</u>	<u>\$ 638,621</u>	<u>\$ 1,578,621</u>

Lower Belvedere Underground Assessment District: This District was formed to finance certain public improvements, including the relocation of utility services (electricity, telephone and cable television) to underground locations and the elimination of all existing utility poles and overhead wires in the same area. The preliminary estimated assessment in the District totaled \$2,621,069. Full cash payment was received by four of the property owners to offset \$98,926 in aggregate confirmed assessments, leaving a balance of \$2,519,270.

In October 2008, improvement bonds (City of Belvedere Limited Obligation Improvement Bonds, Lower Belvedere Avenue Underground Assessment District) were issued in the amount of \$2,519,270, representing the unpaid assessments pursuant to the provisions of the Improvement Bond Act of 1915. The bonds bear annual interest ranging from 2% to 5.60%. The bonds were issued in denominations of \$5,000 or any integral multiple thereof, except for one bond in an odd amount due on September 2, 2009. Interest on the bonds became payable commencing March 2, 2009, and semi-annually thereafter on each March 2 and September 2 until maturity.

A Special Reserve Fund is required to be established in the initial amount of \$50,385 from the bond proceeds. The reserve fund is allowed to grow through interest earnings. That amount, less any amounts transferred to the Redemption Fund constitutes the "Reserve Requirement" for the bonds. The City's liability to advance funds to the Redemption Fund in the event of delinquent installments shall not exceed the balance in the Reserve Fund. The Improvement Fund was established to account for the expenditures for capital improvements. Proceeds from the sale of bonds were deposited into this fund in addition to the prepaid assessments collected. The third fund created was the Redemption Fund, to collect all payments of principal and interest installments on the assessments. Payments of the bonds at maturity, or at redemption prior to maturity, and all interest on the bonds shall be made from this fund.

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As of June 30, 2014, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2015	\$ 50,000	\$ 120,430	\$ 170,430
2016	50,000	118,493	168,493
2017	50,000	116,431	166,431
2018	55,000	114,131	169,131
2019	55,000	111,586	166,586
2020-2024	325,000	511,524	836,524
2024-2029	425,000	413,978	838,978
2030-2034	555,000	281,188	836,188
2035-2039	720,000	105,000	825,000
	<u>\$ 2,285,000</u>	<u>\$ 1,892,761</u>	<u>\$ 4,177,761</u>

Bayview Avenue/Bella Vista Avenue Underground Assessment District: This District was formed to finance certain public improvements, including the relocation of utility services (electricity, telephone and cable television) to underground locations and the elimination of all existing utility poles and overhead wires in the same area. The preliminary estimated assessment in the District totaled \$1,679,250. Full cash payment was received by four of the property owners to offset \$104,283 in aggregate confirmed assessments, leaving a balance of \$1,592,404.

In September 2009, improvement bonds (City of Belvedere Limited Obligation Improvement Bonds, Bayview Avenue/Bella Vista Avenue Underground Assessment District) were issued in the amount of \$1,592,404, representing the unpaid assessments pursuant to the provisions of the Improvement Bond Act of 1915. The bonds bear annual interest ranging from 2% to 5.75%. The bonds were issued in denominations of \$5,000 or any integral multiple thereof, except for one bond in an odd amount due on September 2, 2011. Interest on the bonds became payable commencing March 2, 2010, and semi-annually thereafter on each March 2 and September 2 until maturity.

A Special Reserve Fund is required to be established in the initial amount of \$31,806 from the bond proceeds. The reserve fund is allowed to grow through interest earnings. That amount, less any amounts transferred to the Redemption Fund constitutes the "Reserve Requirement" for the bonds. The City's liability to advance funds to the Redemption Fund in the event of delinquent installments shall not exceed the balance in the Reserve Fund. The Improvement Fund was established to account for the expenditures for capital improvements. Proceeds from the sale of bonds were deposited into this fund in addition to the prepaid assessments collected. The third fund created was the Redemption Fund, to collect all payments of principal and interest installments on the assessments. Payments of the bonds at maturity, or at redemption prior to maturity, and all interest on the bonds shall be made from this fund.

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As of June 30, 2014, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 30,000	\$ 78,895	\$ 108,895
2016	30,000	78,003	108,003
2017	30,000	76,983	106,983
2018	30,000	75,858	105,858
2019	35,000	74,529	109,529
2020-2024	190,000	347,643	537,643
2025-2029	245,000	294,468	539,468
2030-2034	310,000	220,755	530,755
2035-2039	410,000	118,450	528,450
2040-2041	200,000	11,788	211,788
	<u>\$ 1,510,000</u>	<u>\$ 1,377,372</u>	<u>\$ 2,887,372</u>

Mid San Rafael Avenue Underground Assessment District: This District was formed to finance certain public improvements, including the relocation of utility services (electricity, telephone and cable television) to underground locations and the elimination of all existing utility poles and overhead wires in the same area. The preliminary estimated assessment in the District totaled \$2,128,482. Full cash payment was received by twelve of the property owners totaling \$267,735; the City contributed \$358,216, and PG&E contributed \$125,000, leaving an assessment balance of \$1,388,067.

In March 2011, improvement bonds (City of Belvedere Limited Obligation Improvement Bonds, Mid San Rafael Avenue Underground Assessment District) were issued in the amount of \$1,388,067, representing the unpaid assessments pursuant to the provisions of the Improvement Bond Act of 1915. The bonds bear annual interest ranging from 2% to 6.10%. The bonds were issued in denominations of \$5,000 or any integral multiple thereof, except for one bond in an odd amount due on September 2, 2013. Interest on the bonds became payable commencing March 2, 2012, and semi-annually thereafter on each March 2 and September 2 until maturity.

A Special Reserve Fund is required to be established in the initial amount of \$27,923 from the bond proceeds. That amount, less any amounts transferred to the Redemption Fund constitutes the "Reserve Requirement" for the bonds. The City's liability to advance funds to the Redemption Fund in the event of delinquent installments shall not exceed the balance in the Reserve Fund. The Improvement Fund was established to account for the expenditures for capital improvements. Proceeds from the sale of bonds were deposited into this fund in addition to the prepaid assessments collected. The third fund created was the Redemption Fund, to collect all payments of principal and interest installments on the assessments. Payments of the bonds at maturity, or at redemption prior to maturity, and all interest on the bonds shall be made from this fund.

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As of June 30, 2014, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2015	\$ 25,000	\$ 74,710	\$ 99,710
2016	25,000	74,023	99,023
2017	30,000	73,160	103,160
2018	30,000	72,148	102,148
2019	30,000	71,023	101,023
2020-2024	165,000	333,994	498,994
2025-2029	205,000	285,598	490,598
2030-2034	260,000	215,775	475,775
2035-2039	350,000	116,663	466,663
2040-2041	175,000	11,438	186,438
	<u>\$ 1,295,000</u>	<u>\$ 1,328,532</u>	<u>\$ 2,623,532</u>

Pine Avenue Underground Assessment District: This District was formed to finance certain public improvements, including the relocation of utility services (electricity, telephone and cable television) to underground locations and the elimination of all existing utility poles and overhead wires in the same area. The preliminary estimated assessment in the District totaled \$1,384,986. Full cash payment was received by five of the property owners totaling \$169,936; the City contributed \$16,184 for a city owned parcel within the district, leaving an assessment balance of \$1,160,866.

In October 2012, improvement bonds (City of Belvedere Limited Obligation Improvement Bonds, Pine Avenue Underground Assessment District) were issued in the amount of \$1,160,866, representing the unpaid assessments pursuant to the provisions of the Improvement Bond Act of 1915. The bonds bear annual interest ranging from 0.75% to 5.00%. The bonds were issued in denominations of \$5,000 or any integral multiple thereof, except for one bond in an odd amount due on September 2, 2014. Interest on the bonds became payable commencing March 2, 2013, and semi-annually thereafter on each March 2 and September 2 until maturity.

A Special Reserve Fund is required to be established in the initial amount of \$23,217 from the bond proceeds. That amount, less any amounts transferred to the Redemption Fund constitutes the "Reserve Requirement" for the bonds. The City's liability to advance funds to the Redemption Fund in the event of delinquent installments shall not exceed the balance in the Reserve Fund. The Improvement Fund was established to account for the expenditures for capital improvements. Proceeds from the sale of bonds were deposited into this fund in addition to the prepaid assessments collected. The third fund created was the Redemption Fund, to collect all payments of principal and interest installments on the assessments. Payments of the bonds at maturity, or at redemption prior to maturity, and all interest on the bonds shall be made from this fund.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2014, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2015	\$ 20,866	\$ 47,991	\$ 68,857
2016	25,000	47,788	72,788
2017	25,000	47,506	72,506
2018	25,000	47,144	72,144
2019	25,000	46,675	71,675
2020-2024	130,000	222,965	352,965
2025-2029	160,000	195,571	355,571
2030-2034	195,000	157,991	352,991
2035-2039	245,000	107,624	352,624
2040-2044	310,000	40,428	350,428
	<u>\$ 1,160,866</u>	<u>\$ 961,683</u>	<u>\$ 2,122,549</u>

NOTE 6 - Joint ventures and pools:

Belvedere-Tiburon Library Agency

The Belvedere-Tiburon Library Agency (the "Agency") was established in May 1995 to construct, own, operate, and maintain a new public library, servicing the residents of Belvedere and Tiburon. Each member of the Agency has three (3) representatives on the Library Board which governs the management and financing of its activities. Participating agencies at June 30, 2014 were the Town of Tiburon and the City of Belvedere. The City receives tax receipts, relating to the Belvedere-Tiburon Library, from the County of Marin. The City disburses all of those receipts to the Library (\$596,645 for fiscal 2014), which utilizes the funds for ordinary operations. The financial results of the Agency are not included in the accompanying financial statements because the City does not have oversight authority.

Condensed audited financial information (in thousands) as of and for the fiscal year ended June 30, 2014 for the Agency is presented below:

Total assets	\$ 7,916,274
Total capital assets	4,770,239
Total liabilities	1,512,786
Net position	6,403,488
Net program expenses	(2,422,287)
Net program revenues	320,017
Total general revenues	2,093,630
Increase in net assets	(8,640)

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

California Joint Powers Insurance Authority

The City of Belvedere is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY ("Authority"). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Comprehensive General and Automotive Liability Coverage: In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

Workers' Compensation: In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Property Insurance: The City of Belvedere participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Belvedere property is currently insured according to a schedule of covered property submitted by the City of Belvedere to the Authority. The City of Belvedere currently has all-risk property insurance protection in the amount of \$6,843,175. There is a \$5,000 deductible per occurrence except for nonemergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood: The City of Belvedere purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City of Belvedere property currently has earthquake protection in the amount of \$6,765,840. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance: The City of Belvedere purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

Special Event Tenant User Liability Insurance: The City of Belvedere further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Belvedere according to a schedule. The City of Belvedere then pays for the insurance. The insurance is arranged by the Authority.

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2013-14.

County of Marin

The City along with certain other cities entered into joint venture and pooling contracts with the County of Marin to provide dispatch services and a 911 public safety answering point for member cities.

Financial information on the joint ventures and pools can be obtained from the City at:

450 San Rafael Avenue
Belvedere, California 94920

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 - Operating transfers:

The following schedule summarizes the operating transfers in and out for the fiscal year ended June 30, 2014, followed by the principal purposes of each interfund transfer:

	Transfers in	Transfers out
General Fund:		
Fire Protection	\$ -	\$ 424,441
Equipment Replacement	-	2,294
Capital Improvement	-	7,105
	-	433,840
Fire Protection Fund:		
General Fund	424,441	-
	424,441	-
General Capital Improvements:		
General Fund	7,105	-
Gas Tax	79,954	-
	87,059	-
Non-Major Funds:		
Equipment Replacement	2,294	-
Gas Tax	-	79,954
	2,294	79,954
Totals	\$ 513,794	\$ 513,794

General Fund to Fire Fund \$424,441 – The revenue received from the Fire Tax is not enough to cover the amount that is paid to the Tiburon Fire Protection District annually for fire services. The year-end transfer is to cover the deficit.

General Fund to Equipment Replacement \$2,294 – The amount of expenditures for equipment in 2013/14 will be replaced by a transfer from the General Fund to make the Equipment Replacement Fund balance \$115,000 at year end.

General Fund to Capital Improvement Fund \$7,105 - To cover expenditures for the fiscal year for CIP.

Gas Tax Fund to Capital Improvement Fund \$79,954 - Year end transfer of State of California Fuel Tax revenue to cover eligible Capital Improvement expenditures.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8 - Fund Balance:

The City has adopted the provisions of GASB Statement No. 54, *Fund Balance and Governmental Fund Type Definitions*. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification.

The Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

Nonspendable: Items that cannot be spent because they are not in spendable form, such as prepaid items, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.

Restricted: Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed: Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City and can commit funds through resolutions.

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has the authority to assign funds in Belvedere and can assign funds through the budgetary process.

Unassigned: This category is for any balances that have no restrictions placed upon them.

Governmental Fund Type Definitions

General Fund: The general fund is be used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues is the foundation for a special revenue fund. The description of each major special revenue fund is discussed in *Note 1 - Summary of significant accounting policies*.

Capital Projects Fund: Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Based upon the above, the City determined that the Insurance Reserve Fund does not meet the definition of a Special Revenue fund and has been shown as part of the General Fund.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

Spending Policy

The City's policy is to spend restricted fund balances first, before spending unrestricted fund balances, for expenditures incurred for purposes for which both restricted and unrestricted fund balances are available. The City does not have a formal policy for its use of unrestricted fund balance amounts. The City will reduce committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Investment Earnings

Investment earnings follow the classification of the revenues invested.

Minimum Fund Balance Policy

As adopted in 2007, the City's General Fund Operational Reserve Policy requires that the City maintain 6-months General Fund operating expenses within the General Fund Reserve. At June 30, 2014, the amount in reserve is \$2.0 million. At June 30, 2014, the City did not have this minimum fund balance in unassigned fund balance due to a significant payment to the California Public Employees Retirement System ("CALPERS") for retirement debt.

Fund balances classifications at June 30, 2014 were:

	General Fund	Fire Protection Fund	Capital Improvement Fund	Non-Major Other Funds	Total
Nonspendable:					
Prepaid Expenses	\$ 10,476	\$ -	\$ -	\$ -	\$ 10,476
Total Nonspendable:	<u>10,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,476</u>
Restricted:					
Police Safety	61,322	-	-	-	61,322
Street Maintenance	-	-	302,903	100,000	402,903
Gas tax	-	-	-	-	-
Total Restricted:	<u>61,322</u>	<u>-</u>	<u>302,903</u>	<u>100,000</u>	<u>464,225</u>
Assigned:					
Drainage	-	-	34,790	-	34,790
Insurance Reserve	58,839	-	-	-	58,839
Computer Replacement	-	-	-	15,000	15,000
Total Assigned:	<u>58,839</u>	<u>-</u>	<u>34,790</u>	<u>15,000</u>	<u>108,629</u>
Unassigned:	2,047,647	-	-	-	2,047,647
	<u>\$ 2,178,284</u>	<u>\$ -</u>	<u>\$ 337,693</u>	<u>\$ 115,000</u>	<u>\$ 2,630,977</u>

NOTE 9 - Public Employees Retirement System:

Plan description. The City of Belvedere contributes to the California Public Employees Retirement System ("PERS"), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries based on the employee's years of service, age, and final compensation. Employees vest after five years of service and may receive retirement benefits at age 50 (age 55 prior to

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

January 1, 1991) for public safety employees and age 55 for other employees. 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 city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office – 400 P Street, Sacramento, California, 95814.

Funding Policy and Annual Pension Cost. The contribution requirements of plan members and the City are established by and may be amended by PERS. The City's annual pension cost for the most recent year and related information for each plan is as follows:

	<u>Safety Employees</u>	<u>Miscellaneous Employees</u>	<u>New Employees</u>
Contribution rates:			
City	19.900%	10.781%	6.250%
Employees	9.00%	7.00%	6.25%
Annual pension cost	\$ 134,995	\$ 135,110	\$ 10,207
Contributions made:			
City portion	\$ 134,995	\$ 135,110	\$ 10,207
Employee contribution made by City	\$ -	\$ -	
Actuarial valuation date	June 30, 2012	June 30, 2012	

	<u>Safety Employees</u>	<u>Miscellaneous Employees</u>
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage pay, 16 years	Level percentage pay, 20 years
Avg. remaining amortization period (closed)	15-year smoothed market	15-year smoothed market
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	3.30% - 14.20%	3.30% - 14.20%
Inflation	2.75%	2.75%
Payroll growth	3.00%	3.00%

The following is the combined three year trend information for both safety and miscellaneous employees:

<u>Three Year Trend Information</u>				
<u>Year Ending</u>	<u>Annual Pension Cost - Safety</u>	<u>Annual Pension Cost - Misc.</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2012	\$ 199,331	\$ 188,351	100%	\$ -
6/30/2013	\$ 198,377	\$ 161,938	100%	\$ -
6/30/2014	\$ 134,995	\$ 145,317	100%	\$ -

As discussed in *Note 1 (Q) - Recent Accounting Pronouncements*, the City will be required to implement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB 27*, effective June 30, 2015. GASB 68 will require, among other things, the City to recognize any unfunded

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

pension obligation as a liability (as defined) in its government-wide basic financial statements. The following table sets forth the City's funding history at June 30, 2012 provided by CalPERS under GASB 27.

The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. The Funding History shows the actuarial accrued liability, the actuarial value of assets, the market value of assets, funded ratios and the annual covered payroll. The actuarial value of assets is used to establish funding requirements and the funded ratio on this basis represents the progress toward fully funding future benefits for current plan participants. The funded ratio based on the market value of assets is an indicator of the short-term solvency of the plan. Please note that these numbers do not reflect any of the changes that will be required to calculate the unfunded pension obligation under GASB 68 and are set forth here for informational purposes.

Safety Employees:

Valuation Date	Accrued Liability	Actuarial Value of Assets (AVA)	Market Value of Assets (MVA)	Funded Ratio		Annual Covered Payroll
				AVA	MVA	
06/30/11	\$ 4,855,072	\$ 3,888,159	\$ 3,480,870	80.1%	71.7%	\$ 617,448
06/30/12	\$ 5,122,305	\$ 4,227,314	\$ 3,524,267	82.5%	68.8%	\$ 642,920

Miscellaneous Employees:

Valuation Date	Accrued Liability	Actuarial Value of Assets (AVA)	Market Value of Assets (MVA)	Funded Ratio		Annual Covered Payroll
				AVA	MVA	
06/30/11	\$ 8,848,378	\$ 7,585,651	\$ 6,790,167	85.7%	76.7%	\$ 1,282,847
06/30/12	\$ 9,122,665	\$ 7,838,347	\$ 6,633,895	85.9%	72.7%	\$ 1,329,746

As of the date of this report, the information for the fiscal years 2013 and 2014 were not provided to the City.

NOTE 10 - Postemployment Benefits Other Than Pensions:

Plan Description: The City has implemented GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement establishes uniform financial reporting standards for employers providing postemployment benefits. The provisions of this statement are applied on a prospective basis. The City also implemented GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which permits an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates.

The City provides postretirement health care benefits through the PERS Health Plan to all employees who retire from the City on or after attaining age 50 with at least five years of service.

Funding Policy: The City provides these benefits on a pay-as-you-go basis. Currently, seven retirees meet those eligibility requirements. The City pays a portion of the health plan in the amount of \$119 per month for six of the employees and \$655 per month for one of the employees. Expenditures for postretirement health care benefits are recognized as retirees elect coverage in the health plan. During 2014, the City paid a total of \$16,752 for such postretirement health care benefits on behalf of seven former employees.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45, as amended by GASB Statement 57, for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 66,560
Interest on net OPEB obligation	3,328
Adjustment to annual required contribution	<u>(2,219)</u>
Annual OPEB cost (expense)	67,669
Contributions made	<u>(16,752)</u>
Increase in net OPEB obligation	50,917
Net OPEB obligation - beginning of year	<u>163,777</u>
Net OPEB obligation - end of year	<u><u>\$214,694</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the two preceding fiscal years were as follows:

Fiscal Year Ended	OPEB Annual Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 52,493	31.3%	\$ 114,233
6/30/2013	\$ 66,560	25.6%	\$ 163,777
6/30/2014	\$ 67,669	24.8%	\$ 214,694

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

Valuation Date	Entry Age Normal Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Liability/ (Excess Assets) [(A)-(B)]	Funded Ratio [(B)/(A)]	Covered Payroll (C)	Actuarial Accrued Liability % of Covered Payroll [(A-B)/C]
7/1/2009	\$ 374,116	\$ -	\$ 374,116	0.0%	\$ 1,866,608	20.043%
7/1/2012	\$ 656,924	\$ -	\$ 656,924	0.0%	\$ 1,859,776	35.323%

Note: Three-year funding progress data will be shown when three years' funding progress data becomes available.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55 or 60, based on the subscriber group, or at the first subsequent year in which the member would qualify for benefits.

Marital status – Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality – Life expectancies were based on mortality tables from the National Center for Health Statistics. The 1994 GAM tables for Males and for Females were used.

Turnover – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 7 percent initially, reduced to an ultimate rate of 5 percent after ten years, was used.

Health insurance premiums – 2012 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate – The expected long-term inflation assumption of 5 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (“CPI-W”) in *The 2010 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

Payroll growth rate – The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the City’s short-term investment portfolio, a discount rate of 4 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012 was thirty years.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 - Excess of expenditures over appropriations:

For the fiscal year ended June 30, 2014, expenditures exceeded appropriations in the following individual funds:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
General Government	\$ 855,026	\$ 964,553	\$ (109,527)
Police	1,689,521	1,922,841	(233,320)
Planning & Development	1,387,580	1,501,913	(114,333)
Public Works	808,272	862,315	(54,043)

All departments exceeded the original budget in 2014 because of the \$853,729 payment to CALPERS. The City Council authorized this payment in August 2013 by resolution. The payment was expensed to each department. The debt payment had the effect of lowering the monthly retirement expense for the rest of the fiscal year.

NOTE 12 - Commitments and contingencies:

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

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

NOTE 13 - Subsequent events:

The City has evaluated its financial statements for subsequent events after June 30, 2014 through October 15, 2014, the date these financial statements were available to be issued, and no subsequent events have taken place requiring disclosure.



— CITY OF BELVEDERE, CALIFORNIA —

REQUIRED SUPPLEMENTARY INFORMATION

**(BUDGETARY INFORMATION AND
PENSION AND OPEB FUNDING)**

* * * * *

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final- Positive (Negative)
Revenues:				
Property taxes	\$ 3,913,403	\$ 3,913,403	\$ 4,113,175	\$ 199,772
Other taxes	210,000	210,000	199,457	(10,543)
Licenses and permits	416,500	416,500	411,600	(4,900)
Fines and forfeitures	113,000	113,000	22,925	(90,075)
Use of money/property	30,267	30,267	19,125	(11,142)
Intergovernmental revenues	23,450	23,450	23,072	(378)
Charges for services	385,000	385,000	267,418	(117,582)
Franchise fees	152,012	152,012	158,671	6,659
Other revenues	47,000	47,000	96,047	49,047
Total revenues	5,290,632	5,290,632	5,311,490	20,858
Expenditures				
Current:				
General government	855,026	855,026	964,553	(109,527)
Public safety:				
Police	1,689,521	1,689,521	1,922,841	(233,320)
Fire	-	-	-	-
Planning and development	1,387,580	1,387,580	1,501,913	(114,333)
Public works	808,272	808,272	862,315	(54,043)
Community center	68,200	68,200	46,141	22,059
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	4,808,599	4,808,599	5,297,763	(489,164)
Excess of revenues over (under) expenditures	482,033	482,033	13,727	(468,306)
Other financing sources (uses):				
Transfers from other funds	-	-	92,351	(92,351)
Transfers to other funds	(540,918)	(540,918)	(433,840)	107,078
Total other financing sources (uses)	(540,918)	(540,918)	(341,489)	14,727
Excess of revenues and other sources over (under) expenditures and other uses	(58,885)	(58,885)	(327,762)	(453,579)
Fund balances-beginning	2,877,897	2,842,897	2,385,885	(457,012)
Fund balances-ending	\$ 2,819,012	\$ 2,784,012	\$ 2,058,123	\$ (910,591)

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 746,587	\$ 746,587	\$ 744,998	\$ (1,589)
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	-	-	-	-
Total revenues	746,587	746,587	744,998	(1,589)
Expenditures				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	1,227,555	1,227,555	1,169,439	58,116
Planning and development	-	-	-	-
Public works	-	-	-	-
Community center	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,227,555	1,227,555	1,169,439	58,116
Excess of revenues over (under) expenditures	(480,968)	(480,968)	(424,441)	56,527
Other financing sources (uses):				
Transfers from other funds	480,968	480,968	424,441	(56,527)
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	480,968	480,968	424,441	(56,527)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances-beginning	-	-	-	-
Fund balances-ending	\$ -	\$ -	\$ -	\$ -

CITY OF BELVEDERE

REQUIRED SUPPLEMENTARY INFORMATION - PERS
SCHEDULE OF FUNDING PROCESS - UNAUDITED

Miscellaneous Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal Accrual Liability (b)	(Unfunded) Overfunded (a - b)	Funded Ratio (a/b)	Covered Payroll (c)	(Unfunded) Overfunded % of Covered Payroll ((a - b)/c)
6/30/10	2,946,408,106	3,309,064,934	(362,656,828)	89.0%	748,401,352	-48.5%
6/30/11	3,203,214,899	3,619,835,876	(416,620,977)	88.5%	759,263,518	-54.9%
6/30/12	3,686,598,343	4,175,139,166	(488,540,823)	88.3%	757,045,663	-64.5%
6/30/13	*	*	*	*	*	*
6/30/14	*	*	*	*	*	*

Safety Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal Accrual Liability (b)	(Unfunded) Overfunded (a - b)	Funded Ratio (a/b)	Covered Payroll (c)	(Unfunded) Overfunded % of Covered Payroll ((a - b)/c)
6/30/10	396,740,091	469,525,634	(72,785,543)	84.5%	61,878,177	-117.6%
6/30/11	421,374,728	503,491,275	(82,116,547)	83.7%	63,392,685	-129.5%
6/30/12	407,411,936	475,963,729	(68,551,793)	85.6%	59,986,230	-114.3%
6/30/13	*	*	*	*	*	*
6/30/14	*	*	*	*	*	*

*The actuarial value of assets, liabilities and covered payroll are obtained from the City of Belvedere's annual actuarial reports received from PERS. This information covers the entire risk pool and not just the City of Belvedere. The information for fiscal years after June 30, 2012 is not available and therefore is not included in the above analysis.

CITY OF BELVEDERE

REQUIRED SUPPLEMENTARY INFORMATION - OPEB
SCHEDULE OF FUNDING PROCESS FOR THE RETIREE HEALTH PLAN- UNAUDITED

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability (A)</u>	<u>Actuarial Value of Assets (B)</u>	<u>Unfunded Liability/ (Excess Assets) [(A)-(B)]</u>	<u>Funded Ratio [(B)/(A)]</u>	<u>Covered Payroll (C)</u>	<u>Actuarial Accrued Liability % of Covered Payroll [(A-B)/C]</u>
7/1/2009	\$ 374,116	\$ -	\$ 374,116	0.0%	\$ 1,866,608	20.043%
7/1/2012	\$ 656,924	\$ -	\$ 656,924	0.0%	\$ 1,859,776	35.323%

Note: Three-year funding progress data will be shown when three years' funding progress data becomes available.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - Budgets and budgetary accounting:

The City operates under the general laws of the State of California ("State") and annually adopts a budget to be effective July 1 of the ensuing fiscal year. The City adopts an annual budget for General, Special Revenue and Capital Projects Funds. The legal level of budgetary control has been established at the fund level. Budgets are subject to a public hearing before they are adopted by the City Council. Budgets are prepared on the cash basis and are not materially different from budgets prepared under accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule – General Fund does not include other funds combined with the General Fund for financial statement purposes. Budgetary comparison schedules for these funds have been included with the nonmajor budgetary comparison schedules as appropriate.

All annual appropriations lapse at fiscal year-end. Budgets submitted to the City Council include both proposed appropriations and the means of financing them. The City Council approves total appropriations on a fund-by-fund basis.

The City Manager is authorized to transfer budget appropriations within the same fund in conformance with the adopted policies set by the City Council. Additional appropriations or interfund transfers not included in the original budget resolutions require approval by the City Council. Budgeted amounts shown reflect the annual operating budget as originally passed and include an additional appropriation for equipment replacement made in mid-year. Encumbrance accounting, a method of recording purchase commitments, is not used by the City.



— CITY OF BELVEDERE, CALIFORNIA —

SUPPLEMENTARY INFORMATION

OTHER GOVERNMENTAL FUNDS

COMBINING FINANCIAL STATEMENTS

* * * * *

CITY OF BELVEDERE
COMBINING BALANCE SHEETS
GENERAL FUNDS
JUNE 30, 2014

	GENERAL FUND	SLESF FUND	INSURANCE RESERVE FUND	TOTAL GENERAL FUNDS
ASSETS:				
Cash and investments	\$ 2,367,045	\$ 37,521	\$ 58,956	\$ 2,463,522
Accounts receivable, net	84,322	23,801	-	108,123
Prepaid items and other current assets	10,476	-	-	10,476
Total assets	\$ 2,461,843	\$ 61,322	\$ 58,956	\$ 2,582,121
LIABILITIES:				
Accounts payable and other liabilities	\$ 75,718	\$ -	\$ 117	\$ 75,835
Refundable deposits	328,002	-	-	328,002
Total liabilities	403,720	-	117	403,837
FUND BALANCES:				
Nonspendable	10,476	-	-	10,476
Restricted	-	61,322	-	61,322
Assigned	-	-	58,839	58,839
Unassigned	2,047,647	-	-	2,047,647
Total fund balances	2,058,123	61,322	58,839	2,178,284
Total liabilities and fund balances	\$ 2,461,843	\$ 61,322	\$ 58,956	\$ 2,582,121

CITY OF BELVEDERE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	GENERAL FUND	SLESF FUND	INSURANCE RESERVE FUND	TOTAL GENERAL FUND
Revenues:				
Property taxes	\$ 4,113,175	\$ -	\$ -	\$ 4,113,175
Other taxes	199,457	-	-	199,457
Licenses and permits	411,600	-	-	411,600
Fines and forfeitures	22,925	-	-	22,925
Use of money/property	19,125	92	-	19,217
Intergovernmental revenues	23,072	99,750	-	122,822
Charges for services	267,418	-	-	267,418
Franchise fees	158,671	-	-	158,671
Other revenues	96,047	-	-	96,047
Total revenues	5,311,490	99,842	-	5,411,332
Expenditures:				
Current:				
General government	964,553	-	3,373	967,926
Public safety:				
Police	1,922,841	-	-	1,922,841
Fire	-	-	-	-
Planning & development	1,501,913	-	-	1,501,913
Public works	862,315	-	-	862,315
Community center	46,141	-	-	46,141
Total expenditures	5,297,763	-	3,373	5,301,136
Revenues over (under) expenditures	13,727	99,842	(3,373)	110,196
Other financing sources (uses):				
Transfers from other funds	92,351	(92,351)	-	-
Transfers to other funds	(433,840)	-	-	(433,840)
Total other financing sources (uses)	(341,489)	(92,351)	-	(433,840)
Net change in fund balance	(327,762)	7,491	(3,373)	(323,644)
Fund balances, beginning of year	2,385,885	53,831	62,212	2,501,928
Fund balances, end of year	<u>\$ 2,058,123</u>	<u>\$ 61,322</u>	<u>\$ 58,839</u>	<u>\$ 2,178,284</u>

CITY OF BELVEDERE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds	Equipment Replacement Fund	Total Nonmajor Governmental Funds
ASSETS:			
Cash and investments	\$ (7,721)	\$ 115,000	\$ 107,279
Accounts receivable, net	11,002	-	11,002
Total assets	\$ 3,281	\$ 115,000	\$ 118,281
LIABILITIES:			
Accounts payable and other liabilities	\$ 3,281	\$ -	\$ 3,281
Total liabilities	3,281	-	3,281
FUND BALANCES:			
Restricted	-	100,000	100,000
Assigned	-	15,000	15,000
Total fund equity	-	115,000	115,000
Total liabilities and fund equity	\$ 3,281	\$ 115,000	\$ 118,281

CITY OF BELVEDERE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Equipment Replacement Fund	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental revenues	\$ 676,567	\$ -	\$ 676,567
Other revenues	-	632	632
Total revenues	<u>676,567</u>	<u>632</u>	<u>677,199</u>
Expenditures:			
Current:			
Library	596,645	-	596,645
Capital outlay	-	12,926	12,926
Total expenditures	<u>596,645</u>	<u>12,926</u>	<u>609,571</u>
Revenues over (under) expenditures	<u>79,922</u>	<u>(12,294)</u>	<u>67,628</u>
Other financing sources (uses):			
Transfers from other funds	-	2,294	2,294
Transfers to other funds	(79,954)		(79,954)
Total other financing sources (uses)	<u>(79,954)</u>	<u>2,294</u>	<u>(77,660)</u>
Net change in fund balance	(32)	(10,000)	(10,032)
Fund balances, beginning of year	<u>32</u>	<u>125,000</u>	<u>125,032</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>

CITY OF BELVEDERE
COMBINING BALANCE SHEETS
OTHER SPECIAL REVENUE FUNDS
JUNE 30, 2014

	<u>LIBRARY FUND</u>	<u>GAS TAX FUND</u>	<u>TOTAL OTHER SPECIAL REVENUE FUNDS</u>
<u>ASSETS:</u>			
Cash and investments	\$ -	\$ (7,721)	\$ (7,721)
Accounts receivable, net	3,281	7,721	11,002
Total assets	\$ 3,281	\$ -	\$ 3,281
<u>LIABILITIES:</u>			
Accounts payable and other liabilities	\$ 3,281	\$ -	\$ 3,281
Total liabilities	3,281	-	3,281
<u>FUND BALANCES:</u>			
Restricted	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ 3,281	\$ -	\$ 3,281

CITY OF BELVEDERE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

OTHER SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>LIBRARY FUND</u>	<u>GAS TAX FUND</u>	<u>TOTAL OTHER SPECIAL REVENUE FUNDS</u>
Revenues:			
Intergovernmental revenues	\$ 596,645	\$ 79,922	\$ 676,567
Total revenues	<u>596,645</u>	<u>79,922</u>	<u>676,567</u>
Expenditures:			
Library	596,645	-	596,645
Total expenditures	<u>596,645</u>	<u>-</u>	<u>596,645</u>
Revenues over (under) expenditures	<u>-</u>	<u>79,922</u>	<u>79,922</u>
Other financing sources (uses):			
Transfers from other funds	-	-	-
Transfers to other funds	-	(79,954)	(79,954)
Total other financing sources (uses)	<u>-</u>	<u>(79,954)</u>	<u>(79,954)</u>
Net change in fund balance	-	(32)	(32)
Fund balances, beginning of year	-	32	32
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



— CITY OF BELVEDERE, CALIFORNIA —

SUPPLEMENTARY INFORMATION

FIDUCIARY FUNDS

COMBINING FINANCIAL STATEMENTS

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CITY OF BELVEDERE

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

JUNE 30, 2014

	<u>Corinthian</u>	<u>Upper Beach</u>	<u>Madrona</u>	<u>San Rafael</u>	<u>Lwr Beach</u>	<u>Bayview</u>	<u>Mid San Raf</u>	<u>Pine Avenue</u>	<u>Combined</u>
<u>ASSETS:</u>									
Cash and investments:									
Redemption Fund	\$ 56,283	\$ 99,870	\$ 92,384	\$ 40,933	\$ 112,257	\$ 74,770	\$ 53,639	\$ 44,579	\$ 574,715
Reserve Fund	42,000	32,787	47,618	20,876	52,453	32,419	28,222	23,324	279,699
	<u>98,283</u>	<u>132,657</u>	<u>140,002</u>	<u>61,809</u>	<u>164,710</u>	<u>107,189</u>	<u>81,861</u>	<u>67,903</u>	<u>854,414</u>
Interest receivable	348	802	1,091	581	1,499	968	607	618	6,514
	<u>348</u>	<u>802</u>	<u>1,091</u>	<u>581</u>	<u>1,499</u>	<u>968</u>	<u>607</u>	<u>618</u>	<u>6,514</u>
Total assets	<u>\$ 98,631</u>	<u>\$ 133,459</u>	<u>\$ 141,093</u>	<u>\$ 62,390</u>	<u>\$ 166,209</u>	<u>\$ 108,157</u>	<u>\$ 82,468</u>	<u>\$ 68,521</u>	<u>\$ 860,928</u>
<u>LIABILITIES:</u>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to special assessment districts	98,631	133,459	141,093	62,390	166,209	108,157	82,468	68,521	860,928
	<u>98,631</u>	<u>133,459</u>	<u>141,093</u>	<u>62,390</u>	<u>166,209</u>	<u>108,157</u>	<u>82,468</u>	<u>68,521</u>	<u>860,928</u>
Total liabilities	<u>\$ 98,631</u>	<u>\$ 133,459</u>	<u>\$ 141,093</u>	<u>\$ 62,390</u>	<u>\$ 166,209</u>	<u>\$ 108,157</u>	<u>\$ 82,468</u>	<u>\$ 68,521</u>	<u>\$ 860,928</u>

CITY OF BELVEDERE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<hr/>				
Corinthian Island Assessment District				
Assets:				
Cash and investments:				
Redemption Fund	\$ 81,587	\$ 36,805	\$ (62,109)	\$ 56,283
Reserve Fund	42,000	-	-	42,000
Interest receivable	433	348	(433)	348
Total assets:	<u>\$ 124,020</u>	<u>\$ 37,153</u>	<u>\$ (62,542)</u>	<u>\$ 98,631</u>
Liabilities:				
Accounts payable	\$ -	\$ 62,109	\$ (62,109)	\$ -
Due to special assessment districts	124,020	36,720	(62,109)	98,631
Total liabilities	<u>\$ 124,020</u>	<u>\$ 98,829</u>	<u>\$ (124,218)</u>	<u>\$ 98,631</u>
<hr/>				
Upper Beach Road Assessment District				
Assets:				
Cash and investments:				
Redemption Fund	\$ 100,033	\$ 91,337	\$ (91,500)	\$ 99,870
Reserve Fund	32,706	81	-	32,787
Interest receivable	1,098	802	(1,098)	802
Total assets:	<u>\$ 133,837</u>	<u>\$ 92,220</u>	<u>\$ (92,598)</u>	<u>\$ 133,459</u>
Liabilities:				
Accounts payable	\$ -	\$ 91,500	\$ (91,500)	\$ -
Due to special assessment districts	133,837	91,122	(91,500)	133,459
Total liabilities	<u>\$ 133,837</u>	<u>\$ 182,622</u>	<u>\$ (183,000)</u>	<u>\$ 133,459</u>
<hr/>				
Madrona, Bella Vista and Oak Assessment District				
Assets:				
Cash and investments:				
Redemption Fund	\$ 94,412	\$ 127,033	\$ (129,061)	\$ 92,384
Reserve Fund	47,501	117	-	47,618
Interest receivable	1,498	1,091	(1,498)	1,091
Total assets:	<u>\$ 143,411</u>	<u>\$ 128,241</u>	<u>\$ (130,559)</u>	<u>\$ 141,093</u>
Liabilities:				
Accounts payable	\$ -	\$ 129,061	\$ (129,061)	\$ -
Due to special assessment districts	143,411	126,743	(129,061)	141,093
Total liabilities	<u>\$ 143,411</u>	<u>\$ 255,804</u>	<u>\$ (258,122)</u>	<u>\$ 141,093</u>

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CITY OF BELVEDERE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
<hr/> <u>San Rafael Assessment District</u>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 41,409	\$ 68,518	\$ (68,994)	\$ 40,933
Reserve Fund	20,876	-	-	20,876
Interest receivable	798	581	(798)	581
Total assets:	<u>\$ 63,083</u>	<u>\$ 69,099</u>	<u>\$ (69,792)</u>	<u>\$ 62,390</u>
Liabilities:				
Accounts payable	\$ -	\$ 68,994	\$ (68,994)	\$ -
Due to special assessment districts	63,083	68,301	(68,994)	62,390
Total liabilities	<u>\$ 63,083</u>	<u>\$ 137,295</u>	<u>\$ (137,988)</u>	<u>\$ 62,390</u>
<hr/> <u>Lower Belvedere Assessment District</u>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 107,671	\$ 176,516	\$ (171,930)	\$ 112,257
Reserve Fund	52,325	128	-	52,453
Interest receivable	1,996	1,499	(1,996)	1,499
Total assets:	<u>\$ 161,992</u>	<u>\$ 178,143</u>	<u>\$ (173,926)</u>	<u>\$ 166,209</u>
Liabilities:				
Accounts payable	\$ -	\$ 173,930	\$ (173,930)	\$ -
Due to special assessment districts	161,992	178,147	(173,930)	166,209
Total liabilities	<u>\$ 161,992</u>	<u>\$ 352,077</u>	<u>\$ (347,860)</u>	<u>\$ 166,209</u>
<hr/> <u>Bayview/Bella Vista Avenues Assessment District</u>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 74,932	\$ 113,846	\$ (114,008)	\$ 74,770
Reserve Fund	32,339	80	-	32,419
Interest receivable	1,323	968	(1,323)	968
Total assets:	<u>\$ 108,594</u>	<u>\$ 114,894</u>	<u>\$ (115,331)</u>	<u>\$ 108,157</u>
Liabilities:				
Accounts payable	\$ -	\$ 114,008	\$ (114,008)	\$ -
Due to special assessment districts	108,594	113,571	(114,008)	108,157
Total liabilities	<u>\$ 108,594</u>	<u>\$ 227,579</u>	<u>\$ (228,016)</u>	<u>\$ 108,157</u>

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CITY OF BELVEDERE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<hr/> Mid San Rafael Avenue Assessment District <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 81,584	\$ 70,637	\$ (98,582)	\$ 53,639
Reserve Fund	28,152	70	-	28,222
Interest receivable	1,141	607	(1,141)	607
Total assets:	<u>\$ 110,877</u>	<u>\$ 71,314</u>	<u>\$ (99,723)</u>	<u>\$ 82,468</u>
Liabilities:				
Accounts Payable	\$ -	\$ 98,582	\$ (98,582)	\$ -
Due to special assessment districts	110,877	70,173	(98,582)	82,468
Total liabilities	<u>\$ 110,877</u>	<u>\$ 168,755</u>	<u>\$ (197,164)</u>	<u>\$ 82,468</u>
<hr/> Pine Avenue Assessment District <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 40,668	\$ 71,945	\$ (68,034)	\$ 44,579
Reserve Fund	23,267	57	-	23,324
Interest receivable	49	618	(49)	618
Total assets:	<u>\$ 63,984</u>	<u>\$ 72,620</u>	<u>\$ (68,083)</u>	<u>\$ 68,521</u>
Liabilities:				
Accounts Payable	\$ 37,028	\$ 31,006	\$ (68,034)	\$ -
Due to special assessment districts	26,956	35,543	6,022	68,521
Total liabilities	<u>\$ 63,984</u>	<u>\$ 66,549</u>	<u>\$ (62,012)</u>	<u>\$ 68,521</u>
<hr/> Total Agency Funds <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 622,296	\$ 756,637	\$ (804,218)	\$ 574,715
Reserve Fund	279,166	533	-	279,699
Interest receivable	8,336	6,514	(8,336)	6,514
Total assets:	<u>\$ 909,798</u>	<u>\$ 763,684</u>	<u>\$ (812,554)</u>	<u>\$ 860,928</u>
Liabilities:				
Accounts Payable	\$ 37,028	\$ 769,190	\$ (806,218)	\$ -
Due to special assessment districts	872,770	720,320	(732,162)	860,928
Total liabilities	<u>\$ 909,798</u>	<u>\$ 1,489,510</u>	<u>\$ (1,538,380)</u>	<u>\$ 860,928</u>



— CITY OF BELVEDERE, CALIFORNIA —

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

* * * * *

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
INSURANCE RESERVE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	25,000	25,000	3,373	21,627
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning & development	-	-	-	-
Public works	-	-	-	-
Community Center	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	25,000	25,000	3,373	21,627
Excess of revenues over (under) expenditures	<u>(25,000)</u>	<u>(25,000)</u>	<u>(3,373)</u>	<u>21,627</u>
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(25,000)	(25,000)	(3,373)	21,627
Fund balances-beginning	100,000	100,000	62,212	(37,788)
Fund balances-ending	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 58,839</u>	<u>\$ (16,161)</u>

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final- Positive (Negative)
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	25,775	25,775	22,874	(2,901)
Intergovernmental revenues	98,623	98,623	85,935	(12,688)
Charges for services	175,500	175,500	154,487	(21,013)
Franchise fees	-	-	-	-
Other revenues	-	-	54,009	54,009
Total revenues	299,898	299,898	317,305	17,407
Expenditures:				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning & development	-	-	-	-
Public works	-	-	-	-
Community Center	-	-	-	-
Library	-	-	-	-
Capital outlay	638,000	638,000	526,120	111,880
Total expenditures	638,000	638,000	526,120	111,880
Excess of revenues over (under) expenditures	(338,102)	(338,102)	(208,815)	129,287
Other financing sources (uses):				
Transfers from other funds	45,000	45,000	87,059	42,059
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	45,000	45,000	87,059	42,059
Excess of revenues and other sources over (under) expenditures and other uses	(293,102)	(293,102)	(121,756)	171,346
Fund balances-beginning	243,263	243,263	459,448	216,185
Fund balances-ending	\$ (49,839)	\$ (49,839)	\$ 337,692	\$ 387,531

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
EQUIPMENT REPLACEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	50	50	632	582
Total revenues	50	50	632	582
Expenditures:				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning and development	-	-	-	-
Public works	-	-	-	-
Community Center	-	-	-	-
Library	-	-	-	-
Capital outlay	15,000	15,000	12,926	2,074
Total expenditures	15,000	15,000	12,926	2,074
Excess of revenues over (under) expenditures	(14,950)	(14,950)	(12,294)	2,656
Other financing sources (uses):				
Transfers from other funds	14,950	14,950	2,294	(12,656)
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	14,950	14,950	2,294	(12,656)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	(10,000)	(10,000)
Fund balances-beginning	125,000	125,000	125,000	-
Fund balances-ending	\$ 125,000	\$ 125,000	\$ 115,000	\$ (10,000)

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
LIBRARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	-	-	-	-
Intergovernmental revenues	-	-	596,645	596,645
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	596,645	596,645
Expenditures:				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning and development	-	-	-	-
Public works	-	-	-	-
Community center	-	-	-	-
Library	-	-	596,645	(596,645)
Capital outlay	-	-	-	-
Total expenditures	-	-	596,645	(596,645)
Excess of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances-beginning	-	-	-	-
Fund balances-ending	\$ -	\$ -	\$ -	\$ -

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
GAS TAX FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final- Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	-	-	-	-
Intergovernmental revenues	68,649	68,649	79,922	11,273
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	-	-	-	-
Total revenues	68,649	68,649	79,922	11,273
<u>Expenditures:</u>				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning and development	-	-	-	-
Public works	-	-	-	-
Community center	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	68,649	68,649	79,922	11,273
<u>Other financing sources (uses):</u>				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	(79,954)	79,954
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	-	-	(79,954)	(79,954)
Excess of revenues and other sources over (under) expenditures and other uses	68,649	68,649	(32)	(68,681)
Fund balances-beginning	62,040	62,040	32	(62,008)
Fund balances-ending	\$ 130,689	\$ 130,689	\$ -	\$ (130,689)



— CITY OF BELVEDERE, CALIFORNIA —

STATISTICAL

SECTION

* * * * *

Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	80
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	86
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	92
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i>	93
Operating Information <i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	95

City of Belvedere
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 6,290,687	\$ 6,391,231	\$ 6,477,485	\$ 5,706,425	\$ 5,463,346	\$ 5,007,173	\$ 4,153,529	\$ 3,262,770	\$ 3,046,918	\$ 2,742,392
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>2,228,375</u>	<u>2,748,028</u>	<u>3,434,876</u>	<u>4,479,437</u>	<u>5,287,697</u>	<u>5,587,825</u>	<u>6,368,744</u>	<u>6,137,101</u>	<u>4,976,151</u>	<u>4,551,208</u>
Total governmental activities net position	<u>\$ 8,519,062</u>	<u>\$ 9,139,259</u>	<u>\$ 9,912,361</u>	<u>\$ 10,185,862</u>	<u>\$ 10,751,043</u>	<u>\$ 10,594,998</u>	<u>\$ 10,522,273</u>	<u>\$ 9,399,871</u>	<u>\$ 8,023,069</u>	<u>\$ 7,293,600</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 882,378
Restricted	-	-	-	-	-	-	-	-	-	267,505
Unrestricted	-	-	-	-	-	-	-	-	-	(6,892)
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,142,991</u>
Primary government										
Net investment in capital assets	\$ 6,290,687	\$ 6,391,231	\$ 6,477,485	\$ 5,706,425	\$ 5,463,346	\$ 5,007,173	\$ 4,153,529	\$ 3,262,770	\$ 3,046,918	\$ 3,624,770
Restricted	-	-	-	-	-	-	-	-	-	267,505
Unrestricted	<u>2,228,375</u>	<u>2,748,028</u>	<u>3,434,876</u>	<u>4,479,437</u>	<u>5,287,697</u>	<u>5,587,825</u>	<u>6,368,744</u>	<u>6,137,101</u>	<u>4,976,151</u>	<u>4,544,316</u>
Total primary government net position	<u>\$ 8,519,062</u>	<u>\$ 9,139,259</u>	<u>\$ 9,912,361</u>	<u>\$ 10,185,862</u>	<u>\$ 10,751,043</u>	<u>\$ 10,594,998</u>	<u>\$ 10,522,273</u>	<u>\$ 9,399,871</u>	<u>\$ 8,023,069</u>	<u>\$ 8,436,591</u>

Source: City Finance Department

City of Belvedere
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
General government	\$ 1,028,858	\$ 1,238,851	\$ 1,172,786	\$ 898,233	\$ 792,680	\$ 819,409	\$ 761,977	\$ 703,800	\$ 665,671	\$ 660,943
Public safety	3,148,198	2,934,211	2,780,923	2,702,610	2,676,539	2,436,063	2,200,074	2,066,508	1,984,241	1,799,132
Planning and development	1,565,998	1,578,591	1,456,839	1,481,116	1,511,119	1,447,646	1,149,621	1,043,117	1,043,030	925,732
Public works	1,083,090	873,508	862,370	921,415	902,579	901,726	878,056	838,098	812,426	614,228
Community Center	74,807	346,405	45,443	42,233	37,561	58,879	36,070	37,218	41,986	30,978
Library	596,645	545,294	533,126	528,273	520,894	523,063	564,677	429,790	444,385	400,413
Unallocated depreciation expense	273,435	261,668	231,431	193,232	157,913	136,615	102,282	59,232	50,630	26,479
Total governmental activities expenses	<u>7,771,031</u>	<u>7,778,528</u>	<u>7,082,918</u>	<u>6,767,112</u>	<u>6,599,285</u>	<u>6,323,401</u>	<u>5,692,757</u>	<u>5,177,763</u>	<u>5,042,369</u>	<u>4,457,905</u>
Business-type activities:										
Sewer	-	-	-	-	-	-	-	-	224,259	1,153,699
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,259</u>	<u>1,153,699</u>
Total primary government expenses	<u>\$ 7,771,031</u>	<u>\$ 7,778,528</u>	<u>\$ 7,082,918</u>	<u>\$ 6,767,112</u>	<u>\$ 6,599,285</u>	<u>\$ 6,323,401</u>	<u>\$ 5,692,757</u>	<u>\$ 5,177,763</u>	<u>\$ 5,266,628</u>	<u>\$ 5,611,604</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 28,748	\$ 23,101	\$ 33,022	\$ 21,936	\$ 22,603	\$ 18,189	\$ 29,273	\$ 39,661	\$ 110,857	\$ 99,604
Public safety	19,933	11,822	17,265	21,889	29,300	24,483	16,428	110	12,349	14,368
Planning and development	572,953	725,821	912,270	521,575	881,464	607,349	662,362	839,950	835,242	784,770
Public works	234,795	269,865	245,991	175,804	231,576	218,778	288,641	288,712	234,790	274,221
Community Center	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation expense	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	80,822	145,000
Total governmental activities program revenues	<u>856,429</u>	<u>1,030,609</u>	<u>1,208,548</u>	<u>741,204</u>	<u>1,164,943</u>	<u>868,799</u>	<u>996,704</u>	<u>1,168,433</u>	<u>1,274,060</u>	<u>1,317,963</u>
Business-type activities:										
Charges for services:										
Sewer	-	-	-	-	-	-	-	-	-	792,560
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>792,560</u>
Total primary government program revenues	<u>\$ 856,429</u>	<u>\$ 1,030,609</u>	<u>\$ 1,208,548</u>	<u>\$ 741,204</u>	<u>\$ 1,164,943</u>	<u>\$ 868,799</u>	<u>\$ 996,704</u>	<u>\$ 1,168,433</u>	<u>\$ 1,274,060</u>	<u>\$ 2,110,523</u>

City of Belvedere
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (Expense)/Revenue										
Governmental activities	\$ (6,914,602)	\$ (6,747,919)	\$ (5,874,370)	\$ (6,025,908)	\$ (5,434,342)	\$ (5,454,602)	\$ (4,696,053)	\$ (4,009,330)	\$ (3,768,309)	\$ (3,139,942)
Business-type activities	-	-	-	-	-	-	-	-	(224,259)	(361,139)
Total primary government net expense	<u>\$ (6,914,602)</u>	<u>\$ (6,747,919)</u>	<u>\$ (5,874,370)</u>	<u>\$ (6,025,908)</u>	<u>\$ (5,434,342)</u>	<u>\$ (5,454,602)</u>	<u>\$ (4,696,053)</u>	<u>\$ (4,009,330)</u>	<u>\$ (3,992,568)</u>	<u>\$ (3,501,081)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 4,858,173	\$ 4,501,805	\$ 3,680,706	\$ 3,602,729	\$ 3,719,284	\$ 3,562,944	\$ 3,505,396	\$ 3,024,281	\$ 2,970,678	\$ 2,286,871
Other taxes	199,457	247,757	850,245	791,767	779,662	786,786	771,346	724,351	636,111	606,846
Use of money/property	42,091	54,201	61,607	67,407	74,202	137,425	238,191	234,909	199,783	112,660
Intergovernmental revenues	885,324	825,388	808,829	746,210	739,425	749,506	1,138,158	842,618	717,065	998,681
Franchise fees	158,671	169,881	128,336	123,028	113,265	116,977	110,501	110,850	104,860	96,952
Other	150,689	68,561	71,146	43,798	55,045	53,099	54,763	394,540	106,102	122,876
Transfers	-	107,224	-	83,788	111,504	120,690	-	54,582	(236,820)	(162,886)
Total governmental activities	<u>6,294,405</u>	<u>5,974,817</u>	<u>5,600,869</u>	<u>5,458,727</u>	<u>5,592,387</u>	<u>5,527,427</u>	<u>5,818,355</u>	<u>5,386,131</u>	<u>4,497,779</u>	<u>4,062,000</u>
Business-type activities:										
Use of money/property	-	-	-	-	-	-	-	-	-	18,418
Transfers	-	-	-	-	-	-	-	-	236,820	205,000
Distribution to Sanitary District No. 5	-	-	-	-	-	-	-	-	(1,155,552)	(750,000)
Total business-type activities	-	-	-	-	-	-	-	-	(918,732)	(526,582)
Total primary government	<u>\$ 6,294,405</u>	<u>\$ 5,974,817</u>	<u>\$ 5,600,869</u>	<u>\$ 5,458,727</u>	<u>\$ 5,592,387</u>	<u>\$ 5,527,427</u>	<u>\$ 5,818,355</u>	<u>\$ 5,386,131</u>	<u>\$ 3,579,047</u>	<u>\$ 3,535,418</u>
Change in Net Position										
Governmental activities	\$ (620,197)	\$ (773,102)	\$ (273,501)	\$ (567,181)	\$ 158,045	\$ 72,825	\$ 1,122,302	\$ 1,376,801	\$ 729,470	\$ 922,058
Business-type activities	-	-	-	-	-	-	-	-	(1,142,991)	(887,721)
Total primary government	<u>\$ (620,197)</u>	<u>\$ (773,102)</u>	<u>\$ (273,501)</u>	<u>\$ (567,181)</u>	<u>\$ 158,045</u>	<u>\$ 72,825</u>	<u>\$ 1,122,302</u>	<u>\$ 1,376,801</u>	<u>\$ (413,521)</u>	<u>\$ 34,337</u>

Source: City Finance Department

City of Belvedere
Program Revenues by Function/Program,
Last Ten Fiscal Years
(accrual basis of accounting)

	Program Revenues									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Function/Program										
Governmental activities:										
General government	\$ 28,748	\$ 23,101	\$ 33,022	\$ 21,936	\$ 22,603	\$ 18,189	\$ 29,273	\$ 39,661	\$ 110,857	\$ 99,604
Public safety	19,933	11,822	17,265	21,889	29,300	24,483	16,428	110	12,349	14,368
Planning and development	572,953	725,821	912,270	521,575	881,464	607,349	662,362	839,950	835,242	784,770
Public works	234,795	269,865	245,991	175,804	231,576	218,778	288,641	288,712	234,790	274,221
Other	-	-	-	-	-	-	-	-	80,822	145,000
Subtotal governmental activities	<u>856,429</u>	<u>1,030,609</u>	<u>1,208,548</u>	<u>741,204</u>	<u>1,164,943</u>	<u>868,799</u>	<u>996,704</u>	<u>1,168,433</u>	<u>1,274,060</u>	<u>1,317,963</u>
Business-type activities:										
Sewer	-	-	-	-	-	-	-	-	-	792,560
Subtotal business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>792,560</u>
Total primary government	<u>\$ 856,429</u>	<u>\$ 1,030,609</u>	<u>\$ 1,208,548</u>	<u>\$ 741,204</u>	<u>\$ 1,164,943</u>	<u>\$ 868,799</u>	<u>\$ 996,704</u>	<u>\$ 1,168,433</u>	<u>\$ 1,274,060</u>	<u>\$ 2,110,523</u>

Source: City Finance Department

City of Belvedere
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund										
Nonspendable	\$ 10,476	\$ 9,923	\$ 413,142	\$ 410,817	\$ 414,848	\$ 405,460	\$ 422,350	\$ 426,267	\$ 502,081	\$ 415,097
Restricted	61,322	53,831	44,372	50,946	36,644	54,645	57,651	41,855	23,990	49,823
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	58,839	-	-	-	-	-	-	-	-	-
Unassigned	<u>2,047,647</u>	<u>2,438,174</u>	<u>2,781,071</u>	<u>2,892,358</u>	<u>3,371,344</u>	<u>3,318,988</u>	<u>3,654,167</u>	<u>3,824,392</u>	<u>2,859,373</u>	<u>2,717,175</u>
Total general fund	<u>\$ 2,178,284</u>	<u>\$ 2,501,928</u>	<u>\$ 3,238,585</u>	<u>\$ 3,354,121</u>	<u>\$ 3,822,836</u>	<u>\$ 3,779,093</u>	<u>\$ 4,134,168</u>	<u>\$ 4,292,514</u>	<u>\$ 3,385,444</u>	<u>\$ 3,182,095</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	402,903	414,209	375,708	812,854	1,170,749	273,621	438,468	440,576	477,135	315,900
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	49,790	170,271	99,370	573,924	533,540	2,554,221	1,960,527	1,541,534	1,246,773	1,473,456
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 452,693</u>	<u>\$ 584,480</u>	<u>\$ 475,078</u>	<u>\$ 1,386,778</u>	<u>\$ 1,704,289</u>	<u>\$ 2,827,842</u>	<u>\$ 2,398,961</u>	<u>\$ 1,982,110</u>	<u>\$ 1,723,908</u>	<u>\$ 1,789,356</u>

Source: City Finance Department

City of Belvedere
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues										
Property taxes	\$ 4,858,173	\$ 4,501,805	\$ 3,680,706	\$ 3,602,729	\$ 3,719,284	\$ 3,562,944	\$ 3,505,396	\$ 3,024,281	\$ 2,970,678	\$ 2,289,871
Other taxes	199,457	247,757	850,245	91,767	779,662	786,786	771,346	724,351	636,111	606,846
Licenses and permits	411,600	442,153	409,990	330,151	333,733	335,539	381,750	406,837	485,308	499,810
Fines and forfeitures	22,925	122,770	232,881	23,073	354,942	67,554	64,017	230,112	189,740	143,776
Use of money/property	42,091	54,201	61,607	67,407	74,202	137,425	238,191	234,909	199,783	112,660
Intergovernmental	885,324	825,388	808,829	746,210	739,425	749,506	1,138,158	842,618	797,887	1,143,681
Charges for services	421,905	465,686	565,677	387,979	476,268	465,705	550,938	531,483	518,189	529,377
Franchise fees	158,671	169,881	128,336	123,028	113,265	116,977	110,501	110,850	104,860	96,952
Other revenues	<u>150,689</u>	<u>68,561</u>	<u>71,146</u>	<u>43,798</u>	<u>55,045</u>	<u>53,099</u>	<u>54,763</u>	<u>394,540</u>	<u>106,102</u>	<u>122,876</u>
Total revenues	<u>7,150,835</u>	<u>6,898,202</u>	<u>6,809,417</u>	<u>5,416,142</u>	<u>6,645,826</u>	<u>6,275,535</u>	<u>6,815,060</u>	<u>6,499,981</u>	<u>6,008,658</u>	<u>5,545,849</u>
Expenditures										
General government	967,926	1,182,562	1,141,306	844,598	736,715	752,063	707,121	663,328	623,321	666,183
Public safety	3,092,280	2,860,949	2,717,723	2,633,751	2,597,898	2,398,330	2,155,192	2,029,973	1,912,309	1,743,498
Planning and development	1,501,913	1,551,205	1,420,824	1,457,819	1,472,293	1,412,662	1,119,300	1,012,489	1,008,424	905,613
Public works	862,315	756,043	704,076	798,718	773,627	750,275	702,629	711,332	641,491	580,707
Community Center	46,141	317,976	18,294	16,343	12,516	35,564	15,320	14,116	17,293	11,205
Library	596,645	545,294	533,126	528,273	520,894	526,063	564,677	429,790	444,385	400,413
Capital outlay	<u>539,046</u>	<u>418,652</u>	<u>1,301,304</u>	<u>706,654</u>	<u>883,377</u>	<u>1,290,281</u>	<u>1,292,318</u>	<u>528,262</u>	<u>670,814</u>	<u>621,546</u>
Total expenditures	<u>7,606,266</u>	<u>7,632,681</u>	<u>7,836,653</u>	<u>6,986,156</u>	<u>6,997,320</u>	<u>7,165,238</u>	<u>6,556,557</u>	<u>5,389,290</u>	<u>5,318,037</u>	<u>4,929,165</u>
Excess of revenues over (under) expenditures	(455,431)	(734,479)	(1,027,236)	(1,570,014)	(351,494)	(889,703)	258,503	1,110,691	690,621	616,684
Other Financing Sources (Uses)										
Transfers in	513,794	717,043	561,178	697,167	805,051	983,932	74,608	1,047,475	867,621	924,324
Transfers out	<u>(513,794)</u>	<u>(609,819)</u>	<u>(561,178)</u>	<u>(613,379)</u>	<u>(693,547)</u>	<u>(863,241)</u>	<u>(74,608)</u>	<u>(992,893)</u>	<u>(1,104,441)</u>	<u>(1,087,209)</u>
Total other financing sources (uses)	<u>-</u>	<u>107,224</u>	<u>-</u>	<u>83,788</u>	<u>111,504</u>	<u>120,691</u>	<u>-</u>	<u>54,582</u>	<u>(236,820)</u>	<u>(162,885)</u>
Net change in fund balances	\$ <u>(455,431)</u>	\$ <u>(627,255)</u>	\$ <u>(1,027,236)</u>	\$ <u>(1,486,226)</u>	\$ <u>(239,990)</u>	\$ <u>(769,012)</u>	\$ <u>258,503</u>	\$ <u>1,165,273</u>	\$ <u>453,801</u>	\$ <u>453,799</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: City Finance Department

City of Belvedere

City-Wide Assessed Value and Estimated Actual Value of Taxable Property Last Three Fiscal Years

Fiscal Year End	Residential Property	Commercial Property	Other Property	Unsecured Property	Less Tax-Exempt Property	Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
2011-12	1,485,737,622	12,408,533	33,270,375	17,227,702	4,545,789	1,544,098,443	.	1,922,973,878	1.245370
2012-13	1,539,081,839	12,598,426	38,553,566	18,037,450	11,197,876	1,597,073,405	.	2,161,323,521	1.353303
2013-14	1,612,430,131	12,807,652	40,962,436	16,706,550	10,871,256	1,672,035,513	1.1036	2,435,824,679	1.456802

Source: Marin County Assessor data, MuniServices, LLC

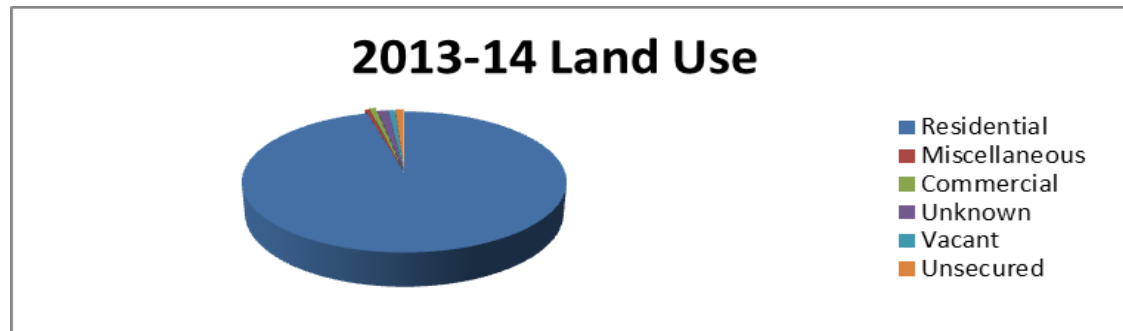
1.) Total direct tax rate is the city share of the 1% Proposition 13 tax only for TRA 001-000 and rounded.

2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

City of Belvedere

Taxable Property by Use Code, City-Wide Last Three Fiscal Years

Category	2011-12	2012-13	2013-14
Residential	1,485,737,622	1,539,081,839	1,612,430,131
Miscellaneous	1,298,236	7,603,569	7,751,260
Commercial	12,408,533	12,598,426	12,807,652
Unknown	15,042,000	18,757,000	20,231,500
Vacant	16,930,139	12,192,997	12,979,676
Gross Secured Value	1,531,416,530	1,590,233,831	1,666,200,219
Unsecured	17,227,702	18,037,450	16,706,550
Less Exemptions	4,545,789	11,197,876	10,871,256
Net Taxable Value	1,544,098,443	1,597,073,405	1,672,035,513



Source: Marin County Assessor data, MuniServices, LLC
Use code categories are based on Marin County Assessor's data

City of Belvedere

Direct and Overlapping Property Tax Rates Last Three Fiscal Years

	2011-12	2012-13	2013-14
Basic City and County Levy			
COUNTY GENERAL FUND	0.185000	0.185000	0.185000
CITY OF BELVEDERE	0.207000	0.207000	0.207000
ALL OTHER COUNTY ENTITIES	0.608000	0.608000	0.608000
TOTAL	1.000000	1.000000	1.000000
Override Assessments			
TAM UNION HIGH SCH BONDS			
2001 Series	0.011300	0.005100	0.000000
2002 Series	0.000000	0.000000	0.000000
2004 Series	0.000000	0.000000	0.000000
2006 Series	0.017100	0.016700	0.016000
2010 Refunding bond	0.012600	0.010200	0.012800
MARIN COM COLLEGE	0.017500	0.017800	0.020400
REED SCHOOL BONDS 2002	0.024300	0.000000	0.000000
REED UNION SCH BONDS 2004	0.017900	0.007100	0.000000
REED UNION SCH- 2011 REFUNDING	0.000000	0.029200	0.034000
REED UNION SCH- 2012 REFUNDING	0.000000	0.000000	0.006300
REED ELEM SCH BD'06	0.014000	0.013400	0.004300
TAMALPAIS USHD GO BOND FUND 2011	0.000000	0.005100	0.009800
TOTAL	0.114700	0.104600	0.103600
TOTAL TAX RATE	1.114700	1.104600	1.103600

Source: Marin County Auditor data, MuniServices, LLC
For purposes of this table TRA 01-000 is represented .

City of Belvedere

Principal Property Tax Payers Last Fiscal Year and Nine Years Ago

Taxpayer	2013-14		2004-05	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Belvedere Land Company	39,714,843	2.38%	34,330,347	3.21%
425 Belvedere Associates LLC	27,042,742	1.62%	0	0.00%
Koogle Timothy A	19,006,327	1.14%	0	0.00%
Winslow Clark J	14,973,500	0.90%	0	0.00%
Drebes Lawrence T Jr.	11,680,233	0.70%	10,116,537	0.95%
Settling LTD	11,340,000	0.68%	0	0.00%
Dillard Family Trust 2003	11,169,000	0.67%	0	0.00%
Faithfort Entrps Inc	11,000,000	0.66%	0	0.00%
Burillo Javier	9,181,635	0.55%	0	0.00%
Decker Olivia H	9,036,607	0.54%	0	0.00%
Schneider James A	8,587,803	0.51%	0	0.00%
27 Bellevue LLC	8,464,893	0.51%	0	0.00%
Janney Daniel S	7,898,001	0.47%	0	0.00%
Friedman Gerald L	7,428,456	0.44%	0	0.00%
Hilpert Dale W	7,256,251	0.43%	6,283,920	0.59%
Lacey Family Trust	6,997,340	0.42%	0	0.00%
Hyman Zachary Kimberly Revoc T	6,936,000	0.41%	0	0.00%
De Somma Leonard B	6,797,000	0.41%	0	0.00%
Bogliolo Alessandro	6,696,050	0.40%	0	0.00%
McNeil Robert A	6,532,538	0.39%	0	0.00%
Kawishiwi Partners Revocable T	6,493,000	0.39%	0	0.00%
San Francisco Yacht Club	6,404,389	0.38%	0	0.00%
Brown J M Revoc Trust	6,253,000	0.37%	0	0.00%
Friedman Gary	6,157,183	0.37%	5,332,939	0.50%
Syman Gary A	6,115,500	0.37%	0	0.00%
Brookins-Schneider Barbara B	0	0.00%	7,444,216	0.70%
Carrel David M Tr	0	0.00%	7,105,597	0.66%
Richardson Bay Land Co	0	0.00%	6,943,480	0.65%
Wojcik Richard F	0	0.00%	6,123,336	0.57%
Goldberg Fred Tr & Jerrilyn	0	0.00%	6,025,097	0.56%
Skeen Michelle	0	0.00%	5,623,362	0.53%
Ostroff Greg M & Hanna H	0	0.00%	5,621,540	0.53%
Reynolds Michael D Tr & Robin	0	0.00%	5,621,540	0.53%
Barker Richard C & Jennifer P	0	0.00%	5,602,596	0.52%
Dolch Volker Tr & Mai Tr	0	0.00%	5,543,000	0.52%
Skeen John K	0	0.00%	5,426,553	0.51%
Abbaszadeh Reza	0	0.00%	5,289,150	0.49%
Roven Rose W Tr	0	0.00%	5,195,200	0.49%
Golden Gate Trust	0	0.00%	5,100,000	0.48%
Herr John A Jr & Maureen F	0	0.00%	5,018,246	0.47%
Kurland R Duff Tr & Carol N Tr	0	0.00%	4,993,960	0.47%
Richards Albert & Roxanne	0	0.00%	4,901,244	0.46%
Cliff Belvedere Co LTD	0	0.00%	4,889,616	0.46%
Gilliland Gloria J Tr	0	0.00%	4,760,000	0.45%
Barsotti Jules TR & Geraldine	0	0.00%	4,643,722	0.43%
Garman Richard N	0	0.00%	4,587,292	0.43%
Total Top 25 Taxpayers	269,162,291	16.10%	172,522,490	16.14%
Total Taxable Value	1,672,035,513	100.00%	1,068,607,030	100.00%

Source: Marin County Assessor data, MuniServices, LLC

City of Belvedere

Principal Sales Tax Producers Last Fiscal Year

Taxpayer	Business Type
Agins Interiors	Light Industry
Ally Financial Inc	Business Services
Ann C. Turner	Miscellaneous Retail
Bayside Garden Center	Florist/Nursery
Christian Interiors	Miscellaneous Retail
Christies Inc	Miscellaneous Retail
Corrinne Matthews Wiley	Furniture/Appliance
Cortigilla LLC	Light Industry
Cuthrell & Daughter	Business Services
Gmac Automotive Bank	Leasing
Gwen Price Interiors	Miscellaneous Retail
Hope C. Hopkins	Miscellaneous Retail
Hot Foot America, LLC	Chemical Products
JM Interiors	Miscellaneous Retail
Kara Warrin Design	Miscellaneous Retail
Katherine Ferguson Inter. Desgin	Miscellaneous Retail
Katherine Hill	Miscellaneous Retail
Linda Applewhite & Associates	Business Services
Nancy Freed Interiors	Miscellaneous Retail
R & S Service	Auto Parts/Repair
Smith Bio-Medical, Inc.	Office Equipment
Spindler Textiles	Miscellaneous Retail
St. Stephen's Episcopal Church	Health & Government
The San Francisco Yacht Club	Miscellaneous Retail
Unusual Things	Department Stores

Source: Q114 SBOE data, MuniServices, LLC

City of Belvedere
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 2,102,276	\$ 2,102,276	100.00 %	\$ -	\$ 2,102,276	100.00 %
2006	2,314,585	2,314,585	100.00 %	-	2,314,585	100.00 %
2007	2,523,828	2,523,828	100.00 %	-	2,523,828	100.00 %
2008	2,691,297	2,691,297	100.00 %	-	2,691,297	100.00 %
2009	2,885,912	2,885,912	100.00 %	-	2,885,912	100.00 %
2010	3,019,098	3,019,098	100.00 %	-	3,019,098	100.00 %
2011	2,936,875	2,936,875	100.00 %	-	2,936,875	100.00 %
2012	3,006,205	3,006,205	100.00 %	-	3,006,205	100.00 %
2013	3,121,274	3,121,274	100.00 %	-	3,121,274	100.00 %
2014	3,296,437	3,296,437	100.00 %	-	3,296,437	100.00 %

Sources: City Finance Department

City of Belvedere

Direct and Overlapping General Fund Debt Last Fiscal Year

2013-14 Assessed Valuation: \$1,675,932,105

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2014	% Applicable (1)	City's Share of Debt 6/30/14
Marin Community College District	\$ 220,770,000	2.856%	\$ 6,305,191
Tamalpais Union High School District	143,535,000	4.888%	7,015,991
Reed Union School District	35,380,000	25.260%	8,936,988
Belvedere-Tiburon Library Community Facilities District No. 95-1	1,050,000	28.805%	302,453
Marin County Open Space Community Facilities District No. 1993-1	2,415,000	34.575%	834,986
Marin County Open Space Community Facilities District No. 1997-1	2,666,000	34.575%	921,770
City of Belvedere 1915 Act Bonds	9,965,866	100.000%	9,965,866
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 34,283,245

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt 2.05%

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Marin County General Fund Obligations	\$ 71,687,267	2.851%	\$ 2,043,804
Marin County Pension Obligations	106,085,000	2.851%	3,024,483
Marin County Transit General Fund Obligations	169,271	2.851%	4,826
Marin Municipal Water District General Fund Obligations	137,712	3.665%	5,047
Marin Community College District General Fund Obligations	2,675,834	2.856%	76,422
City of Belvedere	-	100.000%	-
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 5,154,582

TOTAL DIRECT DEBT

\$ -

TOTAL OVERLAPPING DEBT

\$ 39,437,827

COMBINED TOTAL DEBT

\$ 39,437,827 (2)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.

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

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 2.05%

Total Direct Debt **0.00%**

Combined Total Debt ... 2.35%

AB:(\$475)

City of Belvedere

Demographic and Economic Statistics Last Three Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (5)	**Public School Enrollment	County Unemployment Rate (%) (3)	City Unemployment Rate (%) (4)	County Population (1)
2011-12	2,090	239,074,285	114,390	55.3	5,240	7.0%	8.0%	254,790
2012-13	2,086	242,681,214	116,338	54.0	5,415	6.3%	6.9%	254,007
2013-14	2,094	264,608,310	126,365	55.2	5,616	5.0%	3.9%	255,846

Source: MuniServices, LLC, U.S. Census Bureau, 2010 American Community Survey.

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.

- 1.) Population Projections are provided by the California Department of Finance Projections.
- 2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.
- 3.) County Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.
- 4.) City Unemployment Data is provided by the Sperling's BestPlaces.
- 5.) Median Age reflects the U.S. Census data estimation table.

**Student Enrollment reflects the total number of students enrolled in the Reed Union Elem & Tamalpais Union High School Districts.

City of Belvedere
Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of June 30</u>									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General government										
City Manager's Office	2	3	3	2	2	2	2	2	2	2
Finance	1	1	1	1	1	1	1	1	1	1
Planning	4	3	4	4	4	3	3	3	3	3
Public Safety										
Officers	6	7	7	7	7	7	6	6	6	6
Civilians	1	1	1	1	1	1	1	1	1	1
Building Inspection	3	3	3	3	3	3	3	3	3	3
Public Works										
Engineering	-	-	-	-	-	-	-	1	1	1
Public Works	4	4	4	4	4	4	4	4	4	4
Total	<u>21</u>	<u>22</u>	<u>23</u>	<u>22</u>	<u>22</u>	<u>21</u>	<u>20</u>	<u>21</u>	<u>21</u>	<u>21</u>

Source: City Finance Department

City of Belvedere
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal year</u>									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General government										
Building permits issued	287	292	281	284	270	258	240	257	239	not available
Building inspections conducted	2,196	1,869	2,130	1,668	1,573	1,855	1,933	1,813	2,110	not available
Police										
Physical arrests	10	18	27	33	26	21	16	14	13	not available
Parking violations	232	236	183	155	178	242	227	176	231	not available
Traffic violations	98	86	129	136	135	86	60	67	66	not available
Public Works										
Encroachment permits issued	584	651	686	546	560	491	820	584	515	not available
Road closures	57	160	162	107	119	95	84	84	76	not available
Planning Department										
Applications received	420	470	473	411	400	417	624	454	338	not available
Applications approved	325	334	363	316	293	305	479	320	262	not available

Source: City Finance Department

**City of Belvedere
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol officers	6	7	7	7	7	7	6	6	6	6
Other public works										
Streets (miles)	13	13	13	13	13	13	13	13	13	13
Lanes	17	17	17	17	17	17	17	17	17	17
Storm drain inlets	250	250	250	250	250	250	250	250	250	250
Parks and recreation										
Acreage	2	2	2	2	2	2	2	2	2	2
Playgrounds	1	1	1	1	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1	1	1	1	1

Source: City Finance Department



— CITY OF BELVEDERE, CALIFORNIA —

COMPLIANCE

* * * * *



To the City Council
City of Belvedere, California

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Belvedere (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated October 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

OUM + Co. LLP

San Francisco, California
October 15, 2014



CITY OF BELVEDERE, CALIFORNIA

CITY OF BELVEDERE
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

* * * * *

JUNE 30, 2014



To The Honorable Mayor and
Members of the City Council
City of Belvedere, California

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below to the accompanying Appropriations Limit worksheet No. 6 of the City of Belvedere, California for the fiscal year ended June 30, 2014. These procedures, which were agreed to by the City of Belvedere, California and the League of California Cities (as presented in the League publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist the City of Belvedere, California in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The City of Belvedere, California management is responsible for the Appropriations Limit worksheet No. 6. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets Nos. 1 through 7 and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit worksheet No. 6, we added line A, last year's limit, to line E, total adjustments, and compared the resulting amount to line F, this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the current year information presented in the accompanying Appropriations Limit worksheet No. 6 to the other worksheets described in No. 1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet No. 6 to the prior year appropriations limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet No. 6. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and management of the City of Belvedere, California and is not intended to be and should not be used by anyone other than these specified parties.

OUM + Co. LLP

San Francisco, California
October 15, 2014

CITY OF BELVEDERE

APPROPRIATIONS WORKSHEET NO. 6

FISCAL YEAR ENED JUNE 30, 2014

A	Fiscal 2013 Appropriations Limit	\$ 2,464,271
B	Inflation Factor	1.0042
	Population Factor	1.0512
	Adjustment Factor	1.0556
C	Fiscal 2014 Appropriations Limit	<u>\$ 2,601,322</u>

October 30, 2014

To the Honorable Mayor,
Members of the City Council,
The City Manager of the City of Belvedere, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Belvedere ("City") for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 2, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Belvedere are described in Note 1 to the financial statements. As noted in Note 1 to the financial statements, in fiscal 2014 the City of Belvedere adopted Statement of Governmental Accounting Standards (GASB Statement) No. 65, *Items Previously Reported as Assets and Liabilities*, which clarified the reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The adoption did not have an impact on the City's financial statements for the year ended June 30, 2014, and the adoption of this statement has been included in an emphasis-of-matter paragraph in the audit opinion. We noted no transactions entered into by City of Belvedere during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the depreciable lives for fixed asset as described in Note 4 to the financial statements. We evaluated the key factors and assumptions used to develop the estimated useful lives of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the postemployment benefit obligation as described in Note 10 to the financial statements. We evaluated the key factors and assumptions used to develop the estimated postemployment benefit obligations in determining that is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. No such misstatements were identified during the audit.

The Honorable Mayor,
Members of the City Council,
The City Manager of the City of Belvedere, California
October 30, 2014
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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We will receive certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of Belvedere's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City of Belvedere's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Other Matters

We applied certain limited procedures to Budgetary Comparison schedules, PERS-Schedule of Funding Progress, OPEB-Schedule of Funding Progress, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Combining Other Governmental Funds Financial Information, Combining Fiduciary Funds Financial Information, Non-Major Fund Budgetary Comparison Schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of

The Honorable Mayor,
Members of the City Council,
The City Manager of the City of Belvedere, California
October 30, 2014
Page 3

preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on Introduction and Statistical Sections of the Comprehensive Annual Financial Report, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of Honorable Mayor, Members of the City Council, the City Manager of the City of Belvedere, and management of the City of Belvedere and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

OUM + Co. LLP

San Francisco, California