



— CITY OF BELVEDERE, CALIFORNIA —

COMPREHENSIVE ANNUAL FINANCIAL REPORT

WITH INDEPENDENT AUDITORS' REPORT

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FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by

Finance Department

CITY OF BELVEDERE, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
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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

December 1, 2012

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, 2012. 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, 2012 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, 2012, 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 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. Belvedere has spectacular views of San Francisco, Angel Island and the Golden Gate Bridge. The population of Belvedere is just over 2,000. 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 a joint powers agreement 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, (71%), is from local property taxes. Property tax revenues increased 2% in fiscal year 2012 and it is anticipated that they will increase by 2% in fiscal year 2013 as well. Currently there are twenty homes for sale in Belvedere with an average list price of \$5 million. One new waterfront estate is listed for sale at \$39 million. The anticipated sale of this home in fiscal year 2013 will have a positive impact on the general fund revenues collected in fiscal 2013.

Total General Fund revenues in 2012 increased approximately \$515,000 (11%) over the prior fiscal year. This increase was primarily due to an increase in residential construction activity. Revenue related to residential construction accounts for 12% of the total general fund revenue and is expected to again increase in fiscal year 2013.

Belvedere's revenues are less affected by downturns in the economy than most cities 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 2000 through fiscal year 2009, property taxes increased an average of 9.5% per year. Due to the mortgage crisis and the downturn in the economy the annual increase in property tax revenue has dropped significantly over the last two fiscal years. The City has responded by not increasing salaries for several years and cutting back on expenditures when appropriate.

Long-Term Financial Planning

The City has identified \$2.8 million in capital projects to be completed over the next five fiscal years. Capital projects included are \$0.9 million for street improvements, \$0.5 million for storm drainage repairs, \$0.25 million for community building upgrades, and \$1.1 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. Projections through fiscal year 2017 are that the City will continue to maintain the required reserve.

Sincerely,



Becky Eastman
Finance Officer



Belvedere Residents

City Council
Jerry Butler, Mayor
Sandra Donnell, Vice Mayor
City Councilors: Tom Cromwell, Siavash Barmand, John Telischak

City Manager
George J. Rodericks

Director of Community Development/ACM
Felicia Wheaton

- City Positions**
- City Manager – 1
 - Director of Community Development/ACM - 1
 - Planning Manager – 1
 - Finance Officer – 1
 - Public Works Manager – 1
 - City Clerk – 1
 - Building Official (Contract) – 1
 - Building Inspector – 1
 - Sr. Maintenance Worker – 1
 - Police Secretary – 1
 - Department Secretary II – 2
 - Maintenance Worker II -2
 - City Engineer (Contract) – 1
 - Planner (PT) – 1
 - Planning Intern (PT) – 1
 - Police Sergeant – 2
 - Police Officer – 5
 - Police Chief (Contract) – 1

Administration

Public Works

Planning & Building

Finance Officer
Becky Eastman

City Clerk
Leslie Carpentiers

Public Works Manager
Scott Derdenger

Planning Manager
Pierce Macdonald

Building Official
Rachel Lang
Contract for Services

Tiburon Fire Protection District
Contract for Services

Police Secretary
Lylene Phillips

Maintenance Supervisor
Gerhard Laufer

Planner
Lorraine Weiss (PT)

Building Inspector
Genaro Muniz

IT Services
Marin IT
Contract for Services

Maintenance Workers II
Max Sandoval
Javier Villegas

Department Secretary II
Nancy Miller

Department Secretary II
Lorrie Duffy

City Engineer
John Moe
Contract for Services

Asst. Planner/ Records Tech
Mariel Steiner (PT)

PRINCIPAL OFFICERS

CITY OF BELVEDERE

JUNE 30, 2012

CITY COUNCIL

Mayor	Jerry Butler
Vice Mayor	Sandra Donnell
Councilmember	Thomas Cromwell
Councilmember	Siavash Barmand
Councilmember	John Telischak

COUNCIL APPOINTEES

Acting City Manager	Felicia Wheaton
City Attorney	Robert Epstein
Deputy City Attorney	Emily Longfellow

DEPARTMENT HEADS

City Clerk	Leslie Carpentiers
Finance Officer	Becky Eastman
Planning Manager	Pierce Macdonald
Police Chief	Tricia Seyler
Public Works Manager	Scott Derdenger



— CITY OF BELVEDERE, CALIFORNIA —

FINANCIAL

SECTION

* * * * *

To the City Council
City of Belvedere, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, pension funding, and other post-employment benefit funding information on pages 7 through 18 and 56 through 61 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual general, nonmajor, and agency fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining

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

OUM + Co. LLP

San Francisco, California
October 16, 2012



— CITY OF BELVEDERE, CALIFORNIA —

MANAGEMENT'S DISCUSSION

AND ANALYSIS

* * * * *

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, 2012. 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 Assets 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 \$11.0 million; liabilities of \$1.1 million; and net assets of \$9.9 million.
- Total City revenues were approximately \$6.8 million (general revenues of \$5.6 million and program revenues of \$1.2 million) compared with total expenses of approximately \$7.1 million resulting in a decrease in net assets of approximately \$0.3 million for the fiscal year ended June 30, 2012.
- The City's cash and investments totaled \$3.9 million and net capital assets totaled approximately \$6.5 million at June 30, 2012, representing 36% and 59% of the City's total assets, respectively.
- The City's total liabilities totaled approximately \$1.1 million as of June 30, 2012 and consist primarily of refundable deposits, accounts payable and compensated absences.

Fund Highlights

- As of the close of fiscal year 2012, the City's governmental funds reported a combined ending fund balance of approximately \$3.7 million, a decrease of \$1.0 million for the year ended June 30, 2012. The detailed components of Revenues and Expenditures can be found in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances on page 26.

City's Highlights

- Two large public works projects which were budgeted in fiscal year 2010/11 were delayed because of the unusually long rainy season and were completed in fiscal year 2011/12. The projects are a replacement of the City Hall Patio and San Rafael Avenue landscape improvements.

Pension Information

The City participates in the California Public Employees' Retirement System ("PERS") for employee retirement benefits. The employees are divided into two plans. The sworn Police personnel are in the Safety Plan and the non-Police are in the Miscellaneous Plan. PERS generates an actuarial valuation report annually for each plan. The most recent report received is dated October 2011 with an effective date of June 30, 2010.

In 2003, PERS combined all public agencies with less than 100 employees to calculate annual pension contribution rates. The combination of all these agencies reduced the volatility of rates from year to year which was due to their small population base. However, all entities came into this combined fund with different funding levels. PERS created "side funds" for each entity to account for the amount they were under or over funded.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The PERS Board adopted new actuarial assumptions used to calculate employer retirement rates in March 2012. The inflation assumption was lowered from 3% to 2.75%. The payroll growth assumption was lowered from 3.25% to 3%. The Discount Rate was lowered from 7.75% to 7.5%. Changes in assumptions will be phased in over fiscal years 2013/14 & 2014/15.

On September 12, 2012, California Governor Jerry Brown signed Assembly Bill 340 creating the Public Employees Pension Reform Act ("PEPRA"). PEPRA creates a reduced tier of benefits for new employees, and closes the higher benefit formulas provided to existing employees. The new formulas are standardized for all new members. The Miscellaneous Formula will be 2% @ 62 and the Safety Formula will be 2.7% @ 57.

New employees will be subject to a 3 year final compensation period, meaning the average of the highest three years of earnings will be used when calculating a member's pension benefits.

For new employees, in addition to a reduced benefit formula, there will be a new cap on earnings that may be included in pensionable compensation. The cap will be 120% of the value of the Social Security wage index limit – currently \$132,120. The cap will increase each year by the Consumer Price Index ("CPI").

New members will pay 50% of the total normal cost with a maximum contribution rate of 8% for miscellaneous members and 12% for safety members. Current members are not required to pay 50% of total normal cost.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Information from the annual report for the Miscellaneous Plan is as follows:

Required Employer Contributions

	Fiscal Year 2012/2013	Fiscal Year 2013/2014
Employer Contribution Required (in Projected Dollars)		
Risk Pool's Net Employer Normal Cost	\$ 117,473	\$ 112,873
Risk Pool's Payment on Amortization Bases	30,373	31,260
Surcharge for Class 1 Benefits		
a) FAC 1	7,943	6,995
Phase out of Normal Cost Difference	-	-
Amortization of Side Fund	65,782	67,698
Total Employer Contribution	\$ 221,571	\$ 218,826
Annual Lump Sum Prepayment Option	\$ 213,454	\$ 211,055
 Projected Payroll for the Contribution Fiscal Year	 \$ 1,521,675	 \$ 1,401,801
 Employer Contribution Required (Percentage of Payroll)		
Risk Pool's Net Employer Normal Cost	7.720%	8.052%
Risk Pool's Payment on Amortization Bases	1.996%	2.230%
Surcharge for Class 1 Benefits		
a) FAC 1	0.522%	0.499%
Phase out of Normal Cost Difference	0.000%	0.000%
Amortization of Side Fund	4.323%	4.829%
Total Employer Contribution	14.561%	15.610%

Employer Side Fund Reconciliation

	June 30, 2010	June 30, 2011
Side Fund as of valuation date	\$ (570,293)	\$ (550,438)
Adjustments	-	-
Side Fund Payment	61,706	63,711
Side Fund one year later	\$ (550,438)	\$ (526,963)
 Adjustments	 -	 -
Side Fund Payment	63,711	65,782
Side Fund two years later	\$ (526,963)	\$ (498,281)
 Amortization Period	 10	 9
Side Fund Payment during last year	\$ 65,782	\$ 67,698

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Information from the annual report for the Safety Plan is as follows:

Required Employer Contributions

	Fiscal Year 2012/2013	Fiscal Year 2013/2014
Employer Contribution Required (in Projected Dollars)		
Risk Pool's Net Employer Normal Cost	\$ 97,196	\$ 98,783
Risk Pool's Payment on Amortization Bases	34,112	35,483
Surcharge for Class 1 Benefits		
None	-	-
Phase out of Normal Cost Difference	-	-
Amortization of Side Fund	67,998	69,965
Total Employer Contribution	\$ 199,306	\$ 204,231
Annual Lump Sum Prepayment Option	\$ 192,005	\$ 196,978
 Projected Payroll for the Contribution Fiscal Year	 \$ 683,754	 \$ 674,702
 Employer Contribution Required (Percentage of Payroll)		
Risk Pool's Net Employer Normal Cost	14.215%	14.641%
Risk Pool's Payment on Amortization Bases	4.989%	5.259%
Surcharge for Class 1 Benefits		
None	0.000%	0.000%
Phase out of Normal Cost Difference	0.000%	0.000%
Amortization of Side Fund	9.945%	10.370%
Total Employer Contribution	29.149%	30.270%

Employer Side Fund Reconciliation

	June 30, 2010	June 30, 2011
Side Fund as of valuation date	\$ (469,109)	\$ (439,254)
Adjustments	-	-
Side Fund Payment	63,785	65,858
Side Fund one year later	\$ (439,254)	\$ (404,934)
 Adjustments	 -	 -
Side Fund Payment	65,858	67,998
Side Fund two years later	\$ (404,934)	\$ (364,802)
 Amortization Period	 7	 6
Side Fund Payment during last year	\$ 67,998	\$ 69,965

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 Assets and a Statement of Activities and Changes in Net Assets. 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 Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 Assets presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 14 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 assets are a measure of a government's financial position and, over time, a trend of increasing or decreasing net assets is an indicator of the financial health of the organization. The City of Belvedere's assets exceeded liabilities by approximately \$10 million. A schedule of net assets is presented in the following table.

Net Assets
June 30, 2012 and 2011
(thousands)

	Governmental Activities		Total Primary Government		Total Percentage Change
	2012	2011	2012	2011	
Current and other assets	\$ 4,542	\$ 5,512	\$ 4,542	\$ 5,512	-18%
Capital assets	6,477	5,706	6,477	5,706	14%
Total assets	11,019	11,218	11,019	11,218	-2%
Current liabilities	828	771	828	771	7%
Noncurrent liabilities	279	261	279	261	7%
Total liabilities	1,107	1,032	1,107	1,032	7%
Net assets:					
Invested in capital assets, net of related debt	6,477	5,706	6,477	5,706	14%
Restricted	-	-	-	-	
Unrestricted	3,435	4,480	3,435	4,480	-23%
Total net assets	\$ 9,912	\$ 10,186	\$ 9,912	\$ 10,186	-3%

Net assets invested in capital assets (e.g., land, buildings, equipment and infrastructure) of \$6.5 million represent 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, 2012, the City has no outstanding debt used to acquire those assets.

The remaining balance of unrestricted net assets of \$3.4 million may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Restricted net assets represent resources that are subject to external restrictions on how they may be used. At June 30, 2012, the City does not have any restricted assets.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Assets

The City's net assets decreased by approximately \$0.3 million during the current fiscal year and decreased by \$0.6 million during the prior fiscal year. The decrease in the City's net assets is principally from the program expenses of the governmental activities. Information about changes in net assets is summarized in the following table:

For the Fiscal Years Ended June 30, 2012 and 2011 (thousands)

	Governmental Activities		Total Government		Total Percentage Change
	2012	2011	2012	2011	
Revenues:					
Program revenues:					
Charges for services	\$ 1,209	\$ 741	\$ 1,209	\$ 741	63%
General revenues:					
Taxes	4,530	4,395	4,530	4,395	3%
Franchise and other taxes	128	123	128	123	4%
Earnings on investment	62	67	62	67	-7%
Revenues from other agencies	809	746	809	746	8%
Other revenue	71	44	71	44	61%
Total revenues	6,809	6,116	6,809	6,116	11%
Program expenses:					
General government	1,173	898	1,173	898	31%
Police	1,644	1,594	1,644	1,594	3%
Fire	1,137	1,109	1,137	1,109	3%
Planning and development	1,457	1,481	1,457	1,481	-2%
Public works	908	921	908	921	-1%
Library and community services	533	571	533	571	-7%
Non-departmental	231	193	231	193	20%
Total program expenses	7,083	6,767	7,083	6,767	5%
Transfers:	-	84	-	84	
Change in net assets	(274)	(567)	(274)	(567)	
Net assets, beginning of year	10,186	10,753	10,186	10,753	
Net assets, end of year	\$ 9,912	\$ 10,186	\$ 9,912	\$ 10,186	

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, 2012 and 2011 (thousands)

	2012			2011		Change
	General Fund	Other Major Funds	Other Funds	Total Gov. Funds	Total Gov. Funds	
Revenues	\$ 5,219	\$ 977	\$ 613	\$ 6,809	\$ 6,116	11%
Current expenditures	4,865	1,137	533	6,535	6,279	4%
Capital outlay	-	1,274	27	1,301	707	84%
	4,865	2,411	560	7,836	6,986	12%
Net transfers	(469)	496	(27)	-	84	-100%
Net change in fund balances	(115)	(938)	26	(1,027)	(786)	31%
Fund balances, beginning of year	3,354	1,312	75	4,741	5,527	-14%
Fund balances, end of year	\$ 3,239	\$ 374	\$ 101	\$ 3,714	\$ 4,741	-22%

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, unreserved 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 \$5,219,235 increased by \$515,061 from the previous fiscal year, primarily due to an increase in construction related activity revenue. General fund expenditures of \$4,865,618 increased by \$223,485 over the previous fiscal year, primarily due to increases in employee benefits that were previously granted.

Net transfers out of \$469,153 consist of transfers out for capital improvement and equipment replacement (\$202,451) and fire protection (\$266,702).

The General Fund balance at fiscal year-end was \$3,238,585 consisting of non-spendable (\$413,142), restricted (\$44,372) and \$2,781,071 that was unassigned.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Major Funds - Fire Protection Fund

Revenues in the Fire Protection Fund were \$669,903, an increase of \$21,989 over the previous fiscal year. Expenses were \$1,136,605, an increase of \$27,509 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 \$307,554, an increase of \$134,026 over the previous year. Expenses were \$1,274,115, an increase of \$582,452 from the previous year.

The General Capital Improvements Fund balance at fiscal year-end amounted to \$300,653 in restricted funds and \$74,370 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 \$325,163
- San Rafael Avenue pathway improvements \$225,933
- City Hall entryway improvements \$289,341

Information regarding fiscal year 2011/12 capital asset activity is provided in Note 6 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, 2013 are anticipated to increase by \$92,979. General Fund expenditures are anticipated to increase by \$174,485 for FY2012-13.

Fire Protection Fund revenue will increase by \$31,681, the amount permitted by the Proposition 4 Limitation Factor. Expenditures are estimated to increase by \$45,468.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 ASSETS
JUNE 30, 2012

	Governmental Activities	Total
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 3,924,908	\$ 3,924,908
Receivables:		
Accounts receivable, net	112,624	112,624
Prepaid items	104,483	104,483
Note receivable, City Manager	400,000	400,000
Total current assets	<u>4,542,015</u>	<u>4,542,015</u>
Capital assets:		
Depreciable, net	6,477,485	6,477,485
Total capital assets	<u>6,477,485</u>	<u>6,477,485</u>
Total assets	<u>11,019,500</u>	<u>11,019,500</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	145,060	145,060
Cash balance overdraft	104,339	104,339
Refundable deposits	561,603	561,603
Deferred revenues	17,350	17,350
Total current liabilities	<u>828,352</u>	<u>828,352</u>
Long-term liabilities:		
Compensated absences	164,554	164,554
Postemployment benefit obligation	114,233	114,233
Total liabilities	<u>1,107,139</u>	<u>1,107,139</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	6,477,485	6,477,485
Unrestricted	3,434,876	3,434,876
Total net assets	<u>\$ 9,912,361</u>	<u>\$ 9,912,361</u>

See accompanying notes to basic financial statements.

CITY OF BELVEDERE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	\$ 1,172,786	\$ 33,022	\$ -	\$ -	\$ (1,139,764)
Public safety:					
Police services	1,644,318	17,265	-	-	(1,627,053)
Fire services	1,136,605	-	-	-	(1,136,605)
Planning and development	1,456,839	912,270	-	-	(544,569)
Public works	862,370	245,991	-	-	(616,379)
Community Center	45,443	-	-	-	(45,443)
Library	533,126	-	-	-	(533,126)
Non-departmental	231,431	-	-	-	(231,431)
Total governmental activities	7,082,918	1,208,548	-	-	(5,874,370)
Change in net assets:					
Net (expense) revenue	\$ 7,082,918	\$ 1,208,548	\$ -	\$ -	\$ (5,874,370)

continued
next page

CITY OF BELVEDERE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Total</u>
Change in net assets:		
Net (expense) revenue	<u>\$ (5,874,370)</u>	<u>\$ (5,874,370)</u>
General revenues:		
Taxes:		
Property taxes	3,680,706	3,680,706
Other taxes	850,245	850,245
Use of money/property	61,607	61,607
Intergovernmental revenues	808,829	808,829
Franchise fees	128,336	128,336
Other revenues	71,146	71,146
Total general revenues	<u>5,600,869</u>	<u>5,600,869</u>
Transfers	<u>-</u>	<u>-</u>
Change in net assets	(273,501)	(273,501)
Net assets, beginning of year	<u>10,185,862</u>	<u>10,185,862</u>
Net assets, end of year	<u>\$ 9,912,361</u>	<u>\$ 9,912,361</u>

See accompanying notes to basic financial statements.



— CITY OF BELVEDERE, CALIFORNIA —

GOVERNMENTAL FUNDS

FINANCIAL STATEMENTS

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CITY OF BELVEDERE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Major Funds</u>			<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Fire Protection Fund</u>	<u>General Capital Improvements</u>	<u>Other Funds</u>	
<u>ASSETS</u>					
Cash and investments	\$ 3,443,931	\$ -	\$ 380,308	\$ 100,669	\$ 3,924,908
Accounts receivable, net	79,055	11,635	16,350	5,584	112,624
Note receivable, City Manager	400,000	-	-	-	400,000
Prepaid and other current assets	11,779	92,704	-	-	104,483
Total assets	\$ 3,934,765	\$ 104,339	\$ 396,658	\$ 106,253	\$ 4,542,015
<u>LIABILITIES</u>					
Accounts payable	\$ 117,227	\$ -	\$ 21,635	\$ 6,198	\$ 145,060
Cash balance overdraft	-	104,339	-	-	104,339
Refundable deposits	561,603	-	-	-	561,603
Deferred revenues	17,350	-	-	-	17,350
Total liabilities	696,180	104,339	21,635	6,198	828,352
<u>FUND BALANCES</u>					
Nonspendable	413,142	-	-	-	413,142
Restricted	44,372	-	300,653	75,055	420,080
Committed	-	-	-	-	-
Assigned	-	-	74,370	25,000	99,370
Unassigned	2,781,071	-	-	-	2,781,071
Total fund balances	3,238,585	-	375,023	100,055	3,713,663
Total liabilities and fund balances	\$ 3,934,765	\$ 104,339	\$ 396,658	\$ 106,253	\$ 4,542,015

See accompanying notes to basic financial statements.

CITY OF BELVEDERE

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

JUNE 30, 2012

Total Fund Balances - Total Governmental Funds **\$ 3,713,663**

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	\$ 9,430,397	
Less accumulated depreciation	<u>(2,952,912)</u>	6,477,485

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	(164,554)	
Postemployment benefit obligation	<u>(114,233)</u>	<u>(278,787)</u>

Net Assets of Governmental Activities **\$ 9,912,361**

CITY OF BELVEDERE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Major Funds			Non-Major Funds	Total Governmental Funds
	General	Fire Protection Fund	General Capital Improvements	Other Funds	
Revenues:					
Property taxes	\$ 3,680,706	\$ -	\$ -	\$ -	\$ 3,680,706
Other taxes	180,342	669,903	-	-	850,245
Licenses and permits	409,990	-	-	-	409,990
Fines and forfeitures	232,881	-	-	-	232,881
Use of money/property	36,333	-	25,274	-	61,607
Intergovernmental revenues	126,212	-	81,928	600,689	808,829
Charges for services	374,225	-	191,452	-	565,677
Franchise fees	128,336	-	-	-	128,336
Other revenues	50,210	-	8,900	12,036	71,146
Total revenues	5,219,235	669,903	307,554	612,725	6,809,417
Expenditures:					
Current:					
General government	1,141,306	-	-	-	1,141,306
Public safety:					
Police	1,581,118	-	-	-	1,581,118
Fire	-	1,136,605	-	-	1,136,605
Planning & development	1,420,824	-	-	-	1,420,824
Public works	704,076	-	-	-	704,076
Community center	18,294	-	-	-	18,294
Library	-	-	-	533,126	533,126
Capital outlay	-	-	1,274,115	27,189	1,301,304
Total expenditures	4,865,618	1,136,605	1,274,115	560,315	7,836,653
Revenues over (under) expenditures	353,617	(466,702)	(966,561)	52,410	(1,027,236)
Other financing sources (uses):					
Transfers from other funds	-	266,702	254,863	40,153	561,718
Transfers to other funds	(469,153)	-	(25,000)	(67,565)	(561,718)
Total other financing sources (uses)	(469,153)	266,702	229,863	(27,412)	-
Net change in fund balances	(115,536)	(200,000)	(736,698)	24,998	(1,027,236)
Fund balances-beginning	3,354,121	200,000	1,111,721	75,057	4,740,899
Fund balances-ending	\$ 3,238,585	\$ -	\$ 375,023	\$ 100,055	\$ 3,713,663

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 ASSETS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Net changes in fund balances - total governmental funds \$ (1,027,236)

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets 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	\$ 1,170,108	
Depreciation expense	<u>(399,048)</u>	771,060

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	18,756	
Change in postemployment benefit obligation	<u>(36,081)</u>	<u>(17,325)</u>

Total changes in net assets of governmental activities **\$ (273,501)**

CITY OF BELVEDERE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Agency Funds</u>	<u>Combined</u>
<u>ASSETS:</u>		
Cash and investments:		
Redemption Fund	\$ 622,877	\$ 622,877
Reserve Fund	255,314	255,314
	878,191	878,191
Interest receivable	10,937	10,937
	\$ 889,128	\$ 889,128
<u>LIABILITIES:</u>		
Due to special assessment districts	\$ 889,128	\$ 889,128
	\$ 889,128	\$ 889,128

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, 2012, 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 Assets and a Statement of Activities and Changes in Net Assets. 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 Assets 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 assets as presented in these fund statements to the net assets 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 2012.

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, fund 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 Assets. 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 7 to the Financial Statements.

F. Basis of Accounting

The City-wide Proprietary Fund 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 Assets. The Statement of Activities and Changes in Net Assets presents changes in net assets. 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.

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 assets 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 Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets 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 available for appropriation and are not expendable available financial resources. The City does not have any long-term advances between funds.

I. Inventories and Prepaid Items

Inventories are recorded as expenditures when purchased rather than when consumed. Inventories in the proprietary funds are stated at the lower of cost or market and consist of expendable materials and supplies.

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 they do not constitute resources available for appropriation.

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 Assets 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"). No cash compensation is payable for accrued vacation until the employee terminates employment. 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. Deferred Revenues

Deferred revenues in governmental funds arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also 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).

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:

	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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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 Assets

Government-Wide Net Assets consist of the following:

Invested in capital assets, net of related debt – 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 assets – This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted net assets – This amount consists of net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets”.

O. Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. The City considers all pooled cash and investments as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds.

P. 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.

Q. Fund Balance – Designations

The Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned, and Unassigned amounts. See Note 10 for a detailed explanation.

S. Changes in Presentation

The presentation of prior year amounts of the Fiduciary Fund Financial Statements was reclassified to conform to the current year presentation.

T. Recent Accounting Pronouncements

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 GASB 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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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.

NOTE 2 - Stewardship, compliance, and accountability:

Budgetary information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the special revenue, capital projects, and debt service governmental funds. All annual appropriations lapse at fiscal year end. The City Departments submit requests for appropriations to the City Manager so that a budget may be prepared. The Finance Committee reviews the budget before it goes to City Council. The proposed budget is presented to the City Council for review. The Council holds public hearings and adopts a final budget.

The appropriated budget is prepared by fund, function, and department. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments and other changes require the approval of the City Council. The legal level of budgetary control is the department and fund level. Encumbrance accounting, a method of recording purchase commitments, is not used by the City.

NOTE 3 - Cash and investments:

Cash and investments at June 30, 2012 consisted of the following:

	Carrying Value	Market Value
State of California - Local Agency Investment Fund	\$ 4,407,109	\$ 4,412,483
Cash in checking accounts	395,090	395,090
Petty cash	900	900
	\$ 4,803,099	\$ 4,808,473
Unrestricted	\$ 3,924,908	
Restricted	878,191	
	\$ 4,803,099	

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

General fund	\$ 3,443,931
Capital improvement fund	380,308
Other non-major funds	100,669
	3,924,908
Fiduciary fund	878,191
Total cash and investments	\$ 4,803,099

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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 \$100,000 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
- Securities of the U.S. government
- Certificates of deposit
- Passbook savings and money market accounts

The City's investments are categorized below to give an indication of the level of risk assumed by the City at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.

	Category 1	Category 2	Uncategorized	Carrying amount
Pooled investments				
State of California Local Agency Investment Fund	\$ -	\$ -	\$ 4,412,483	\$ 4,412,483
Subtotal	-	-	4,412,483	4,412,483
Total	\$ -	\$ -	\$ 4,412,483	\$ 4,412,483

The LAIF 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.

NOTE 4 - Note receivable, City Manager:

The City Council determined it was beneficial to the City for the City Manager to reside within a certain distance from the City. To accommodate the purchase of a home within this radius, in May 2005, the City Council made an interest-only loan to the City Manager in order to help with the purchase of a residence. As of June 30, 2012, the balance of the loan was \$400,000 at an interest rate of 2.38% per annum and was secured by a second mortgage on the City Manager's principal family residence. The agreement provides for among other things that principal plus all accrued interest shall be due and payable in full six (6) months following the first to occur of any of the following: (1) the termination of employment with the City, for any reason whatsoever; (2) death; (3) determination by city manager not to occupy the subject property as his principal place of residence and (4) the physical or mental incapacity of the city manager such as to render him unable to perform his work for the City for a period of six (6) consecutive months.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

During June 2012, the City Manager resigned his position with the City. Per the terms of the agreement, the City Manager has until December 2012 to repay the principal and any unpaid accrued interest. As of the date of this report, the City Manager is current on all interest payments.

The City's interest-only loan at the time of purchase represented less than fifty (50%) percent of the value of the property. The current estimated fair value of the property is less than the value at the time of purchase due to fluctuations in the real estate market. The City has determined that a reserve against this receivable is not deemed necessary, however, the actual amount of recovery is not known as of June 30, 2012.

NOTE 5 - Termination benefits:

During June 2012, City Manager George Rodericks resigned from his employment at the City. The City and Rodericks agreed to a severance agreement equating to six months worth of this salary, or approximately \$91,000. The severance amount was paid in full prior to June 30, 2012, and, as a result, no liability is recorded at year end.

NOTE 6 - 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
NOTES TO BASIC FINANCIAL STATEMENTS

Governmental capital asset activity for the fiscal year was as follows:

	<u>June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2012</u>
Depreciable capital assets:				
City Hall & Community Center				
Buildings improvements	\$ 3,099,022	\$ 301,641	\$ -	\$ 3,400,663
Corporation yard improvements	202,243	35,327	-	237,570
Office furniture & equipment	153,704	4,542	-	158,246
Transportation/other-Yard	354,448	-	-	354,448
Transportation/other-Police	224,349	-	-	224,349
Infrastructure	4,226,523	828,598	-	5,055,121
Total	<u>8,260,289</u>	<u>1,170,108</u>	<u>-</u>	<u>9,430,397</u>
Less - accumulated depreciation for:				
City (Facilities & Equipment)	1,823,571	167,617	-	1,991,188
Infrastructure	730,293	231,431	-	961,724
	<u>2,553,864</u>	<u>399,048</u>	<u>-</u>	<u>2,952,912</u>
Depreciable capital assets, net	<u>5,706,425</u>	<u>771,060</u>	<u>-</u>	<u>6,477,485</u>
Total capital assets, net	<u>\$ 5,706,425</u>	<u>\$ 771,060</u>	<u>\$ -</u>	<u>\$ 6,477,485</u>

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

Governmental activities:	
General government	\$ 40,806
Police	44,242
Public works	28,271
Planning & building	27,149
Community Center	27,149
Infrastructure	231,431
	<u>\$ 399,048</u>

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 - 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, 2012 is as follows:

	<u>Balance, June 30, 2011</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance, June 30, 2012</u>
LID Debt:				
Corinthian Island	\$ 155,000	\$ -	\$ 25,000	\$ 130,000
Upper Beach Road	1,105,000	-	30,000	1,075,000
Madrona	1,775,000	-	40,000	1,735,000
San Rafael	1,000,000	-	20,000	980,000
Lower Belvedere	2,420,000	-	45,000	2,375,000
Bayview/Bella Vista	1,592,404	-	22,404	1,570,000
Mid San Rafael Ave	1,388,067	-	-	1,388,067
 Total	 <u>\$ 9,435,471</u>	 <u>\$ -</u>	 <u>\$ 182,404</u>	 <u>\$ 9,253,067</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 on 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.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2012, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 25,000	\$ 5,993	\$ 30,993
2014	25,000	4,818	29,818
2015	30,000	3,525	33,525
2016	30,000	2,115	32,115
2017	20,000	705	20,705
	<u>\$ 130,000</u>	<u>\$ 17,156</u>	<u>\$ 147,156</u>

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.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2012, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 30,000	\$ 52,930	\$ 82,930
2014	35,000	51,523	86,523
2015	35,000	49,974	84,974
2016	35,000	48,408	83,408
2017	35,000	46,815	81,815
2018-2022	215,000	204,981	419,981
2023-2027	270,000	144,938	414,938
2028-2032	345,000	66,048	411,048
2033	75,000	1,969	76,969
	<u>\$ 1,075,000</u>	<u>\$ 667,586</u>	<u>\$ 1,742,586</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 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.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2012, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 45,000	\$ 81,256	\$ 126,256
2014	45,000	79,535	124,535
2015	45,000	77,758	122,758
2016	50,000	76,833	126,833
2017	50,000	73,758	123,758
2018-2022	295,000	332,130	627,130
2023-2027	345,000	257,779	602,779
2028-2032	430,000	163,230	593,230
2033-2036	430,000	44,250	474,250
	<u>\$ 1,735,000</u>	<u>\$ 1,186,529</u>	<u>\$ 2,921,529</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
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2012, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 20,000	\$ 45,255	\$ 65,255
2014	20,000	44,450	64,450
2015	20,000	43,635	63,635
2016	25,000	42,706	67,706
2017	25,000	41,663	66,663
2018-2022	140,000	191,234	331,234
2023-2027	175,000	156,286	331,286
2028-2032	220,000	110,402	330,402
2033-2037	270,000	51,069	321,069
2038	65,000	1,625	66,625
	<u>\$ 980,000</u>	<u>\$ 728,325</u>	<u>\$ 1,708,325</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 \$98,926.30 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.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2012, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 45,000	\$ 123,674	\$ 168,674
2014	45,000	122,155	167,155
2015	50,000	120,430	170,430
2016	50,000	118,493	168,493
2017	50,000	116,430	166,430
2018-2022	295,000	542,792	837,792
2023-2027	380,000	456,642	836,642
2028-2032	500,000	338,859	838,859
2033-2037	650,000	181,475	831,475
2038-2039	310,000	17,640	327,640
	<u>\$ 2,375,000</u>	<u>\$ 2,138,590</u>	<u>\$ 4,513,590</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.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2012, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 30,000	\$ 80,395	\$ 110,395
2014	30,000	79,683	109,683
2015	30,000	78,895	108,895
2016	30,000	78,003	108,003
2017	30,000	76,983	106,983
2018-2022	175,000	364,448	539,448
2023-2027	220,000	317,825	537,825
2028-2032	280,000	253,022	533,022
2033-2037	370,000	163,199	533,199
2038-2041	375,000	44,993	419,993
	<u>\$ 1,570,000</u>	<u>\$ 1,537,446</u>	<u>\$ 3,107,446</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.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2012, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ 75,484	\$ 75,484
2014	23,067	75,253	98,320
2015	25,000	74,710	99,710
2016	25,000	74,023	99,023
2017	30,000	73,160	103,160
2018-2022	155,000	348,394	503,394
2023-2027	195,000	307,210	502,210
2028-2032	250,000	246,835	496,835
2033-2037	335,000	159,972	494,972
2038-2041	350,000	44,225	394,225
	<u>\$ 1,388,067</u>	<u>\$ 1,479,266</u>	<u>\$ 2,867,333</u>

NOTE 8 - 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, 2012 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 (\$533,126 for fiscal 2012), 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, 2011 for the Agency is presented below (financial information for the fiscal year ended June 30, 2012 was not available):

Total assets	\$ 7,428
Total capital assets	4,363
Total liabilities	1,445
Net assets	5,983
Net program expenses	(2,217)
Net program revenues	260
Total general revenues	1,966
Increase in net assets	9

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 123 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 (formerly called the primary deposit) 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.

General Liability: 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. 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. On a cumulative basis for all 2011-12 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through 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 \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

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 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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

\$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 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. City of Belvedere property currently has earthquake protection in the amount of \$6,379,916. 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.

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. City of Belvedere property currently has earthquake protection in the amount of \$6,172,679. 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 retroactive 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 2011-12.

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 9 - Operating transfers:

The following schedule summarizes the operating transfers in and out for the fiscal year ended June 30, 2012, followed by the principal purposes of each interfund transfer:

	Transfers in	Transfers out
General Fund:		
Fire Protection	\$ 266,702	\$ -
Equipment Replacement	15,153	-
Capital Improvement	187,298	-
	469,153	-
Fire Protection Fund:		
General Fund	-	266,702
	-	266,702
General Capital Improvements:		
General Fund	-	187,298
Equipment Replacement	25,000	-
Gas Tax	-	67,565
	25,000	254,863
Non-Major Funds:		
Equipment Replacement	-	40,153
Gas Tax	67,565	-
	67,565	40,153
Totals	\$ 561,718	\$ 561,718

General Fund to Fire Fund \$266,702 – The revenue received from the Fire Tax is not enough to cover the amount that is paid to the Tiburon Fire Protection District annually. The year end transfer is to cover the deficit.

General Fund to Equipment Replacement \$15,153 – The amount of expenditures for equipment in 2011/12 will be replaced by a transfer from the General Fund to make the Equipment Replacement Fund balance \$25,000 at year end.

General Fund to Capital Improvement Fund \$187,298-To cover expenditures for the fiscal year and make the CIP Fund balance \$100,000 at year end.

Capital Improvement Fund to Equipment Replacement Fund \$25,000-Annual transfer for the eventual replacement of the City's street sweeper.

Gas Tax Fund to Capital Improvement Fund \$67,565-Year end transfer of State of California Fuel Tax revenue to cover eligible Capital Improvement expenditures.

NOTE 10 - 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:

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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.

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.

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.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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, 2012, the amount is \$2.576 million, included in the unassigned balance.

Investment Earnings

Investment earnings follow the classification of the revenues invested.

Fund balances classifications at June 30, 2012 were:

	General Fund	Fire Protection Fund	Capital Improvement Fund	Non-Major Other Funds	Total
Nonspendable:					
Note Receivable	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
Prepaid Expenses	11,779	-	-	-	11,779
Inventory	1,363	-	-	-	1,363
Total Nonspendable:	413,142	-	-	-	413,142
Restricted:					
Police Safety	44,372	-	-	-	44,372
Street Maintenance	-	-	300,653	75,000	375,653
Gas tax	-	-	-	55	55
Total Restricted:	44,372	-	300,653	75,055	420,080
Assigned:					
Drainage	-	-	50,000	-	50,000
Parks and Open Spaces	-	-	15,000	-	15,000
Community Buildings	-	-	9,370	-	9,370
Computer Replacement	-	-	-	25,000	25,000
Total Assigned:	-	-	74,370	25,000	99,370
Unassigned:	2,781,071	-	-	-	2,781,071
	\$ 3,238,585	\$ -	\$ 375,023	\$ 100,055	\$ 3,713,663

NOTE 11 - 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 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, CA 95814.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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>
Contribution rates:		
City	30.678%	14.379%
Employees	9.00%	7.00%
Annual pension cost	\$ 199,331	\$ 188,351
Contributions made:		
City portion	\$ 199,331	\$ 188,351
Employee contribution made by City	\$ 38,985	\$ 65,495
Actuarial valuation date	June 30, 2010	June 30, 2010

	<u>Safety Employees</u>	<u>Miscellaneous Employees</u>
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage pay, 15 years	Level percentage pay, 18 years
Avg. remaining amortization period (closed)	15-year smoothed market	15-year smoothed market
Asset valuation method		
Actuarial assumptions:		
Investment rate of return	7.75%	7.75%
Projected salary increases	3.55% - 14.45%	3.55% - 14.45%
Inflation	3.00%	3.00%
Payroll growth	3.25%	3.25%

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

<u>Three Year Trend Information</u>			
Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$ 330,815	100%	\$ -
6/30/2011	\$ 334,637	100%	\$ -
6/30/2012	\$ 387,682	100%	\$ -

As discussed in Note 1 (T), 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 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, 2011 provided by CalPers under GASB 27. 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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

NOTE 12 - Postemployment Benefits Other Than Pensions:

Plan Description: During fiscal year ended June 30, 2010, the City 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 \$112 per month for six of the employees and \$733 per month for one of the employees. Expenditures for postretirement health care benefits are recognized as retirees elect coverage in the health plan. During 2012, the City paid a total of \$16,412 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	\$ 51,632
Interest on net OPEB obligation	2,582
Adjustment to annual required contribution	<u>(1,721)</u>
Annual OPEB cost (expense)	52,493
Contributions made	<u>(16,412)</u>
Increase in net OPEB obligation	36,081
Net OPEB obligation - beginning of year	<u>78,152</u>
Net OPEB obligation - end of year	<u><u>\$ 114,233</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 2012 and the two preceding fiscal years were as follows:

Fiscal Year Ended	OPEB Annual Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 51,632	26.2%	\$ 38,121
6/30/2011	\$ 54,849	27.0%	\$ 78,152
6/30/2012	\$ 52,493	31.3%	\$ 114,233

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.

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.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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 – 2011 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 5 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.

NOTE 13 - Excess of Expenditures over Appropriations:

For the fiscal year ended June 30, 2012, expenditures exceeded appropriations in the following individual funds:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
General Government	\$ 898,808	\$ 1,141,306	\$ (242,498)
Police	\$ 1,475,520	\$ 1,581,118	\$ (105,598)
Planning & Development	\$ 1,404,175	\$ 1,420,824	\$ (16,649)

The General Government department expenditures exceeded the budgeted amount due to a severance payment made to an employee who resigned in June 2012.

The Police Department expenditures exceeded the budgeted amount due to the expenditure of State COPS grant money that was received in the prior year.

The Planning & Development department expenditures exceeded the budgeted amount due to outside legal services which were more than was anticipated.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14 - Commitments and Contingencies:

The City is a defendant in several lawsuits. Although the ultimate liability resulting from these matters cannot presently be determined, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition 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 15 - Subsequent Events:

The City has evaluated events and transactions that have occurred after June 30, 2012 through October 16, 2012, the date on which the accompanying financial statements were available to be issued.

As agreed to by the City Council during the October 8, 2012 City Council regular meeting, the position of Planning Manager held by Pierce Macdonald Powell was eliminated. The City and Powell agreed to a severance agreement equating to six months of salary, or approximately \$70,000. The severance amount was paid in full in October 2012.

At the request of the citizens, the Pine Avenue Utility Underground Assessment District was created and the related bond agreement was closed in October 2012. 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 \$1,340,000. Full cash payment was received by five of the property owners and one parcel owned by the City to offset \$186,120 in aggregate confirmed assessments. In addition, three property owners have requested an increase in their individual assessments of \$7,000 each for funding a portion of the cost of their individual service connections, giving a net total amount of unpaid assessments securing the bonds of \$1,160,866.

In October 2012, improvement bonds (City of Belvedere Limited Obligation Improvement Bonds, Pine Avenue Utility Undergrounding 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 becomes payable commencing on 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. The reserve fund will be allowed to grow through interest earnings. That amount, less any amounts transferred to the Redemption Fund shall constitute 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 —

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final- Positive (Negative)
<u>Revenues:</u>				
Property taxes	\$ 3,645,722	\$ 3,645,722	\$ 3,680,706	\$ 34,984
Other taxes	141,890	141,890	180,342	38,452
Licenses and permits	351,500	351,500	409,990	58,490
Fines and forfeitures	213,000	213,000	232,881	19,881
Use of money/property	50,150	50,150	36,333	(13,817)
Intergovernmental revenues	130,000	130,000	126,212	(3,788)
Charges for services	268,100	268,100	374,225	106,125
Franchise fees	124,900	124,900	128,336	3,436
Other revenues	43,000	43,000	50,210	7,210
Total revenues	4,968,262	4,968,262	5,219,235	250,973
<u>Expenditures</u>				
Current:				
General government	898,808	898,808	1,141,306	(242,498)
Public safety:				
Police	1,475,520	1,475,520	1,581,118	(105,598)
Fire	-	-	-	-
Planning and development	1,389,175	1,404,175	1,420,824	(16,649)
Public works	752,683	772,683	704,076	68,607
Community center	51,950	51,950	18,294	33,656
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	4,568,136	4,603,136	4,865,618	(262,482)
Excess of revenues over (under) expenditures	400,126	365,126	353,617	(11,509)
<u>Other financing sources (uses):</u>				
Transfers from other funds	-	-	-	-
Transfers to other funds	(562,283)	(562,283)	(469,153)	93,130
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	(562,283)	(562,283)	(469,153)	93,130
Excess of revenues and other sources over (under) expenditures and other uses	(162,157)	(197,157)	(115,536)	81,621
Fund balances-beginning	3,436,278	3,436,278	3,354,121	-
Fund balances-ending	\$ 3,274,121	\$ 3,239,121	\$ 3,238,585	\$ 81,621

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final- Positive (Negative)
<u>Revenues:</u>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	647,137	647,137	669,903	22,766
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	-	-	-	-
Total revenues	647,137	647,137	669,903	22,766
<u>Expenditures</u>				
Current:				
General government	-	-	-	-
Public safety:				
Police	1,144,470	1,144,470	1,136,605	7,865
Fire	-	-	-	-
Planning and development	-	-	-	-
Public works	-	-	-	-
Community center	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,144,470	1,144,470	1,136,605	7,865
Excess of revenues over (under) expenditures	(497,333)	(497,333)	(466,702)	30,631
<u>Other financing sources (uses):</u>				
Transfers from other funds	497,333	497,333	266,702	(230,631)
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	497,333	497,333	266,702	(230,631)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	(200,000)	(200,000)
Fund balances-beginning	200,000	200,000	200,000	-
Fund balances-ending	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)

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)
6/30/07	\$ 2,391,434,447	\$ 2,611,746,790	\$ (220,312,343)	91.6%	\$ 665,522,859	-33.1%
6/30/08	2,547,323,278	2,780,280,768	(232,957,490)	91.6%	688,606,681	-33.8%
6/30/09	2,758,511,101	3,104,798,222	(346,287,121)	88.8%	742,981,488	-46.6%
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	*	*	*	*	*	*

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)
6/30/07	\$ 403,484,775	\$ 462,354,459	\$ (58,869,684)	87.3%	\$ 72,308,836	-81.4%
6/30/08	438,674,996	504,295,839	(65,620,843)	87.0%	77,903,428	-84.2%
6/30/09	368,645,673	440,333,381	(71,687,708)	83.7%	60,158,108	-119.2%
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	*	*	*	*	*	*

*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, 2011 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%

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.

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 department 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, 2012

	<u>GENERAL FUND</u>	<u>SLESF FUND</u>	<u>INSURANCE RESERVE FUND</u>	<u>TOTAL GENERAL FUNDS</u>
ASSETS:				
Cash and investments	\$ 3,295,017	\$ 44,320	\$ 104,594	\$ 3,443,931
Taxes/user fees receivable	79,003	52	-	79,055
Accounts receivable	400,000	-	-	400,000
Prepaid items	11,779	-	-	11,779
Total assets	\$ 3,785,799	\$ 44,372	\$ 104,594	\$ 3,934,765
LIABILITIES:				
Accounts payable	\$ 116,310	\$ -	\$ 917	\$ 117,227
Refundable deposits	561,603	-	-	561,603
Deferred revenues	17,350	-	-	17,350
Total liabilities	695,263	-	917	696,180
FUND BALANCES				
Nonspendable	413,142	-	-	413,142
Restricted	-	44,372	-	44,372
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	2,677,394	-	103,677	2,781,071
Total fund balances	3,090,536	44,372	103,677	3,238,585
Total liabilities and fund balances	\$ 3,785,799	\$ 44,372	\$ 104,594	\$ 3,934,765

CITY OF BELVEDERE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	GENERAL FUND	SLESF FUND	INSURANCE RESERVE FUND	TOTAL GENERAL FUND
Revenues:				
Property taxes	\$ 3,680,706	\$ -	\$ -	\$ 3,680,706
Other taxes	180,342	-	-	180,342
Licenses and permits	409,990	-	-	409,990
Fines and forfeitures	232,881	-	-	232,881
Use of money/property	36,130	203	-	36,333
Intergovernmental revenues	26,212	100,000	-	126,212
Charges for services	374,225	-	-	374,225
Franchise fees	128,336	-	-	128,336
Other revenues	50,210	-	-	50,210
Total revenues	<u>5,119,032</u>	<u>100,203</u>	<u>-</u>	<u>5,219,235</u>
Expenditures:				
Current:				
General government	1,044,983	-	96,323	1,141,306
Public safety:				
Police	1,474,341	106,777	-	1,581,118
Fire	-	-	-	-
Planning & development	1,420,824	-	-	1,420,824
Public works	704,076	-	-	704,076
Community center	18,294	-	-	18,294
Total expenditures	<u>4,662,518</u>	<u>106,777</u>	<u>96,323</u>	<u>4,865,618</u>
Revenues over (under) expenditures	<u>456,514</u>	<u>(6,574)</u>	<u>(96,323)</u>	<u>353,617</u>
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	(469,153)	-	-	(469,153)
Total other financing sources (uses)	<u>(469,153)</u>	<u>-</u>	<u>-</u>	<u>(469,153)</u>
Net change in fund balance	(12,639)	(6,574)	(96,323)	(115,536)
Fund balances, beginning of year	3,103,175	50,946	200,000	3,354,121
Fund balances, end of year	<u>\$ 3,090,536</u>	<u>\$ 44,372</u>	<u>\$ 103,677</u>	<u>\$ 3,238,585</u>

CITY OF BELVEDERE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds	Equipment Replacement Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ -	\$ 100,669	\$ 100,669
Accounts receivable, net	3,384	2,200	5,584
Total assets	\$ 3,384	\$ 102,869	\$ 106,253
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 3,329	\$ 2,869	\$ 6,198
Total liabilities	3,329	2,869	6,198
Fund balances:			
Restricted	55	75,000	75,055
Assigned	-	25,000	25,000
Total fund equity	55	100,000	100,055
Total liabilities and fund equity	\$ 3,384	\$ 102,869	\$ 106,253

CITY OF BELVEDERE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue Funds	Equipment Replacement Fund	Total Nonmajor Governmental Funds
Revenues;			
Intergovernmental revenues	\$ 600,689	\$ -	\$ 600,689
Other revenues	-	12,036	12,036
Total revenues	<u>600,689</u>	<u>12,036</u>	<u>612,725</u>
Expenditures:			
Current:			
Library	533,126	-	533,126
Capital outlay	-	27,189	27,189
Total expenditures	<u>533,126</u>	<u>27,189</u>	<u>560,315</u>
Revenues over (under) expenditures	<u>67,563</u>	<u>(15,153)</u>	<u>52,410</u>
Other financing sources (uses):			
Transfers from other funds	-	40,153	40,153
Transfers to other funds	(67,565)	-	(67,565)
Total other financing sources (uses)	<u>(67,565)</u>	<u>40,153</u>	<u>(27,412)</u>
Net change in fund balance	(2)	25,000	24,998
Fund balances, beginning of year	<u>57</u>	<u>75,000</u>	<u>75,057</u>
Fund balances, end of year	<u>\$ 55</u>	<u>\$ 100,000</u>	<u>\$ 100,055</u>

CITY OF BELVEDERE
COMBINING BALANCE SHEETS
OTHER SPECIAL REVENUE FUNDS
JUNE 30, 2012

	<u>LIBRARY FUND</u>	<u>GAS TAX FUND</u>	<u>TOTAL OTHER SPECIAL REVENUE FUNDS</u>
ASSETS:			
Accounts receivable	\$ 3,329	\$ 55	\$ 3,384
Total assets	\$ 3,329	\$ 55	\$ 3,384
LIABILITIES:			
Accounts payable	\$ 3,329	\$ -	\$ 3,329
Total liabilities	3,329	-	3,329
FUND BALANCES:			
Restricted	-	55	55
Total fund balances	-	55	55
Total liabilities and fund balances	\$ 3,329	\$ 55	\$ 3,384

CITY OF BELVEDERE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

OTHER SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>LIBRARY FUND</u>	<u>GAS TAX FUND</u>	<u>TOTAL OTHER SPECIAL REVENUE FUNDS</u>
Revenues:			
Intergovernmental revenues	\$ 533,126	\$ 67,563	\$ 600,689
Total revenues	<u>533,126</u>	<u>67,563</u>	<u>600,689</u>
Expenditures:			
Library	533,126	-	533,126
Total expenditures	<u>533,126</u>	<u>-</u>	<u>533,126</u>
Revenues over (under) expenditures	<u>-</u>	<u>67,563</u>	<u>67,563</u>
Other financing sources (uses):			
Transfers from other funds	-	-	-
Transfers to other funds	-	(67,565)	(67,565)
Total other financing sources (uses)	<u>-</u>	<u>(67,565)</u>	<u>(67,565)</u>
Net change in fund balance	-	(2)	(2)
Fund balances, beginning of year	-	57	57
Fund balances, end of year	<u>\$ -</u>	<u>\$ 55</u>	<u>\$ 55</u>



— CITY OF BELVEDERE, CALIFORNIA —

SUPPLEMENTARY INFORMATION

FIDUCIARY FUNDS

COMBINING FINANCIAL STATEMENTS

* * * * *

CITY OF BELVEDERE

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

JUNE 30, 2012

<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>Combined</u>
\$ 81,888	\$ 94,474	\$ 96,419	\$ 41,710	\$ 110,419	\$ 75,235	\$ 122,732	\$ 622,877
<u>42,000</u>	<u>32,607</u>	<u>47,358</u>	<u>20,876</u>	<u>52,167</u>	<u>32,242</u>	<u>28,064</u>	<u>255,314</u>
123,888	127,081	143,777	62,586	162,586	107,477	150,796	878,191
<u>713</u>	<u>1,669</u>	<u>2,405</u>	<u>1,279</u>	<u>665</u>	<u>2,093</u>	<u>2,113</u>	<u>10,937</u>
<u>\$ 124,601</u>	<u>\$ 128,750</u>	<u>\$ 146,182</u>	<u>\$ 63,865</u>	<u>\$ 163,251</u>	<u>\$ 109,570</u>	<u>\$ 152,909</u>	<u>\$ 889,128</u>
\$ 124,601	\$ 128,750	\$ 146,182	\$ 63,865	\$ 163,251	\$ 109,570	\$ 152,909	\$ 889,128
<u>\$ 124,601</u>	<u>\$ 128,750</u>	<u>\$ 146,182</u>	<u>\$ 63,865</u>	<u>\$ 163,251</u>	<u>\$ 109,570</u>	<u>\$ 152,909</u>	<u>\$ 889,128</u>

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CITY OF BELVEDERE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
<hr/>				
Corinthian Island Assessment District				
Assets:				
Cash and investments:				
Redemption Fund	\$ 81,626	\$ 34,712	\$ (34,450)	\$ 81,888
Reserve Fund	42,000	-	-	42,000
Interest receivable	854	713	(854)	713
Total assets:	<u>\$ 124,480</u>	<u>\$ 35,425</u>	<u>\$ (35,304)</u>	<u>\$ 124,601</u>
Liabilities:				
Accounts payable	\$ -	\$ 2,283	\$ (2,283)	\$ -
Due to special assessment districts	124,480	34,572	(34,451)	124,601
Total liabilities	<u>\$ 124,480</u>	<u>\$ 36,855</u>	<u>\$ (36,734)</u>	<u>\$ 124,601</u>
<hr/>				
Upper Beach Road Assessment District				
Assets:				
Cash and investments:				
Redemption Fund	\$ 94,114	\$ 89,229	\$ (88,869)	\$ 94,474
Reserve Fund	32,483	124	-	32,607
Interest receivable	1,956	1,669	(1,956)	1,669
Total assets:	<u>\$ 128,553</u>	<u>\$ 91,022</u>	<u>\$ (90,825)</u>	<u>\$ 128,750</u>
Liabilities:				
Accounts payable	\$ -	\$ 88,746	\$ (88,746)	\$ -
Due to special assessment districts	128,553	88,943	(88,746)	128,750
Total liabilities	<u>\$ 128,553</u>	<u>\$ 177,689</u>	<u>\$ (177,492)</u>	<u>\$ 128,750</u>
<hr/>				
Madrona, Bella Vista and Oak Assessment District				
Assets:				
Cash and investments:				
Redemption Fund	\$ 93,887	\$ 129,919	\$ (127,387)	\$ 96,419
Reserve Fund	47,178	180	-	47,358
Interest receivable	2,705	2,405	(2,705)	2,405
Total assets:	<u>\$ 143,770</u>	<u>\$ 132,504</u>	<u>\$ (130,092)</u>	<u>\$ 146,182</u>
Liabilities:				
Accounts payable	\$ -	\$ 127,207	\$ (127,207)	\$ -
Due to special assessment districts	143,770	129,619	(127,207)	146,182
Total liabilities	<u>\$ 143,770</u>	<u>\$ 256,826</u>	<u>\$ (254,414)</u>	<u>\$ 146,182</u>

continued
next page

CITY OF BELVEDERE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
<hr/> San Rafael Assessment District <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 42,281	\$ 69,652	\$ (70,223)	\$ 41,710
Reserve Fund	20,876	-	-	20,876
Interest receivable	1,468	1,279	(1,468)	1,279
Total assets:	<u>\$ 64,625</u>	<u>\$ 70,931</u>	<u>\$ (71,691)</u>	<u>\$ 63,865</u>
Liabilities:				
Accounts payable	\$ -	\$ 70,223	\$ (70,223)	\$ -
Due to special assessment districts	64,625	69,463	(70,223)	63,865
Total liabilities	<u>\$ 64,625</u>	<u>\$ 139,686</u>	<u>\$ (140,446)</u>	<u>\$ 63,865</u>
<hr/> Lower Belvedere Assessment District <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 255,117	\$ 30,205	\$ (174,903)	\$ 110,419
Reserve Fund	51,969	198	-	52,167
Interest receivable	987	665	(987)	665
Total assets:	<u>\$ 308,073</u>	<u>\$ 31,068</u>	<u>\$ (175,890)</u>	<u>\$ 163,251</u>
Liabilities:				
Accounts payable	\$ -	\$ 174,705	\$ (174,705)	\$ -
Due to special assessment districts	308,073	29,883	(174,705)	163,251
Total liabilities	<u>\$ 308,073</u>	<u>\$ 204,588</u>	<u>\$ (349,410)</u>	<u>\$ 163,251</u>
<hr/> Bayview/Bella Vista Avenues Assessment District <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 43,718	\$ 141,747	\$ (110,230)	\$ 75,235
Reserve Fund	32,119	123	-	32,242
Interest receivable	2,228	2,093	(2,228)	2,093
Total assets:	<u>\$ 78,065</u>	<u>\$ 143,963</u>	<u>\$ (112,458)</u>	<u>\$ 109,570</u>
Liabilities:				
Accounts payable	\$ -	\$ 110,142	\$ (110,142)	\$ -
Due to special assessment districts	78,065	141,647	(110,142)	109,570
Total liabilities	<u>\$ 78,065</u>	<u>\$ 251,789</u>	<u>\$ (220,284)</u>	<u>\$ 109,570</u>

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next page

CITY OF BELVEDERE
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
<hr/>				
Mid San Rafael Avenue Assessment District				
Assets:				
Cash and investments:				
Redemption Fund	\$ 648,814	\$ 345,481	\$ (871,563)	\$ 122,732
Reserve Fund	27,957	107	-	28,064
Interest receivable	2,716	2,113	(2,716)	2,113
Total assets:	<u>\$ 679,487</u>	<u>\$ 347,701</u>	<u>\$ (874,279)</u>	<u>\$ 152,909</u>
Liabilities:				
Accounts Payable	\$ 155,987	\$ 717,187	\$ (873,174)	\$ -
Due to special assessment districts	523,500	144,677	(515,268)	152,909
Total liabilities	<u>\$ 679,487</u>	<u>\$ 861,864</u>	<u>\$ (1,388,442)</u>	<u>\$ 152,909</u>
<hr/>				
Total Agency Funds				
Assets:				
Cash and investments:				
Redemption Fund	\$ 1,259,557	\$ 840,945	\$ (1,477,625)	\$ 622,877
Reserve Fund	254,582	732	-	255,314
Interest receivable	12,914	10,937	(12,914)	10,937
Total assets:	<u>\$ 1,527,053</u>	<u>\$ 852,614</u>	<u>\$ (1,490,539)</u>	<u>\$ 889,128</u>
Liabilities:				
Accounts Payable	\$ 155,987	\$ 1,290,493	\$ (1,446,480)	\$ -
Due to special assessment districts	1,371,066	638,804	(1,120,742)	889,128
Total liabilities	<u>\$ 1,527,053</u>	<u>\$ 1,929,297</u>	<u>\$ (2,567,222)</u>	<u>\$ 889,128</u>



— CITY OF BELVEDERE, CALIFORNIA —

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

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CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	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	25,358	25,358	25,274	(84)
Intergovernmental revenues	101,593	101,593	81,928	(19,665)
Charges for services	175,000	175,000	191,452	16,452
Franchise fees	-	-	-	-
Other revenues	-	-	8,900	8,900
Total revenues	301,951	301,951	307,554	5,603
Expenditures				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning & development	-	-	-	-
Public works	-	-	-	-
Community Center	-	-	-	-
Library	-	-	-	-
Capital outlay	985,000	1,690,500	1,274,115	416,385
Total expenditures	985,000	1,690,500	1,274,115	416,385
Excess of revenues over (under) expenditures	(683,049)	(1,388,549)	(966,561)	421,988
Other financing sources (uses):				
Transfers from other funds	90,000	90,000	254,863	(164,863)
Transfers to other funds	-	-	(25,000)	25,000
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	90,000	90,000	229,863	139,863
Excess of revenues and other sources over (under) expenditures and other uses	(593,049)	(1,298,549)	(736,698)	561,851
Fund balances-beginning	928,316	928,316	1,111,721	-
Fund balances-ending	\$ 335,267	\$ (370,233)	\$ 375,023	\$ 561,851

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
EQUIPMENT REPLACEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final- Positive (Negative)
<u>Revenues:</u>				
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	12,036	11,986
Total revenues	50	50	12,036	11,986
<u>Expenditures</u>				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning and development	-	-	-	-
Public works	-	-	-	-
Community Center	-	-	-	-
Library	-	-	-	-
Capital outlay	25,000	25,000	27,189	(2,189)
Total expenditures	25,000	25,000	27,189	(2,189)
Excess of revenues over (under) expenditures	(24,950)	(24,950)	(15,153)	9,797
<u>Other financing sources (uses):</u>				
Transfers from other funds	49,950	49,950	40,153	(9,797)
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	49,950	49,950	40,153	(9,797)
Excess of revenues and other sources over (under) expenditures and other uses	25,000	25,000	25,000	-
Fund balances-beginning	75,000	75,000	75,000	-
Fund balances-ending	\$ 100,000	\$ 100,000	\$ 100,000	\$ -

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
INSURANCE RESERVE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	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	-	-	-	-
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	-	-
<u>Expenditures</u>				
Current:				
General government	74,940	74,940	96,323	(21,383)
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning and development	-	-	-	-
Public works	-	-	-	-
Community center	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	74,940	74,940	96,323	(21,383)
Excess of revenues over (under) expenditures	<u>(74,940)</u>	<u>(74,940)</u>	<u>(96,323)</u>	<u>(21,383)</u>
<u>Other financing sources (uses):</u>				
Transfers from other funds	1,000	1,000	-	(1,000)
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	1,000	1,000	-	(1,000)
Excess of revenues and other sources over (under) expenditures and other uses	(73,940)	(73,940)	(96,323)	(22,383)
Fund balances-beginning	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Fund balances-ending	<u>\$ 126,060</u>	<u>\$ 126,060</u>	<u>\$ 103,677</u>	<u>\$ (22,383)</u>



— CITY OF BELVEDERE, CALIFORNIA —

STATISTICAL

SECTION

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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>	83
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>	91
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>	92
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>	94

		Fiscal Year								
		2012	2011	2010	2009	2008	2007	2006	2005	2004
debt	\$	6,477,485	\$ 5,706,425	\$ 5,463,346	\$ 5,007,173	\$ 4,153,529	\$ 3,262,770	\$ 3,046,918	\$ 2,742,392	\$ 2,297,756
		-	-	-	-	-	-	-	-	47,577
		<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>	<u>4,026,207</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>	<u>6,371,540</u>
debt	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 882,378	\$ 903,522
		-	-	-	-	-	-	-	267,505	268,668
		-	-	-	-	-	-	-	(6,892)	858,522
	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,142,991</u>	<u>2,030,712</u>
debt	\$	6,477,485	\$ 5,706,425	\$ 5,463,346	\$ 5,007,173	\$ 4,153,529	\$ 3,262,770	\$ 3,046,918	\$ 3,624,770	\$ 3,201,278
		-	-	-	-	-	-	-	267,505	316,245
		<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>	<u>4,884,729</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>	<u>8,402,252</u>

information when it implemented GASB Statement 34 in fiscal year 2004.

Fiscal Year

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$	1,172,786	\$ 898,233	\$ 792,680	\$ 819,409	\$ 761,977	\$ 703,800	\$ 665,671	\$ 660,943	\$ 565,884
	2,780,923	2,702,610	2,676,539	2,436,063	2,200,074	2,066,508	1,984,241	1,799,132	1,580,014
	1,456,839	1,481,116	1,511,119	1,447,646	1,149,621	1,043,117	1,043,030	925,732	768,816
	862,370	921,415	902,579	901,726	878,056	838,098	812,426	614,228	570,642
	45,443	42,233	37,561	58,879	36,070	37,218	41,986	30,978	26,901
	533,126	528,273	520,894	523,063	564,677	429,790	444,385	400,413	370,009
	231,431	193,232	157,913	136,615	102,282	59,232	50,630	26,479	10,149
	<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>	<u>3,892,415</u>
	-	-	-	-	-	-	224,259	1,153,699	1,083,372
	-	-	-	-	-	-	224,259	1,153,699	1,083,372
\$	<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>	<u>4,975,787</u>

\$	33,022	\$ 21,936	\$ 22,603	\$ 18,189	\$ 29,273	\$ 39,661	\$ 110,857	\$ 99,604	\$ 166,040
	17,265	21,889	29,300	24,483	16,428	110	12,349	14,368	967
	912,270	521,575	881,464	607,349	662,362	839,950	835,242	784,770	983,547
	245,991	175,804	231,576	218,778	288,641	288,712	234,790	274,221	146,747
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	80,822	145,000	50,000
venues	<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>	<u>1,347,301</u>
	-	-	-	-	-	-	-	792,560	794,954
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
venues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>792,560</u>	<u>794,954</u>
venues	<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>	<u>\$ 2,142,255</u>

continued
next page

Fiscal Years

									Fiscal Year	
<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>		
\$ 5,874,370	\$ 6,025,908	\$ 5,434,342	\$ 5,454,602	\$ 4,696,053	\$ 4,009,330	\$ 3,768,309	\$ 3,139,942	\$ 2,545,114		
-	-	-	-	-	-	224,259	361,139	288,418		
<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>	<u>\$ 2,833,532</u>		

Changes in Net Assets

\$ 3,680,706	\$ 3,602,729	\$ 3,719,284	\$ 3,562,944	\$ 3,505,396	\$ 3,024,281	\$ 2,970,678	\$ 2,286,871	\$ 2,167,189		
850,245	791,767	779,662	786,786	771,346	724,351	636,111	606,846	588,634		
61,607	67,407	74,202	137,425	238,191	234,909	199,783	112,660	80,422		
808,829	746,210	739,425	749,506	1,138,158	842,618	717,065	998,681	796,094		
128,336	123,028	113,265	116,977	110,501	110,850	104,860	96,952	91,246		
71,146	43,798	55,045	53,099	54,763	394,540	106,102	122,876	175,926		
-	83,788	111,504	120,690	-	54,582	(236,820)	(162,886)	(350,073)		
<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>	<u>3,549,438</u>		
-	-	-	-	-	-	-	18,418	11,237		
-	-	-	-	-	-	236,820	205,000	350,073		
-	-	-	-	-	-	(1,155,552)	(750,000)	-		
-	-	-	-	-	-	(918,732)	(526,582)	361,310		
<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>	<u>\$ 3,910,748</u>		
\$ (273,501)	\$ (567,181)	\$ 158,045	\$ 72,825	\$ 1,122,302	\$ 1,376,801	\$ 729,470	\$ 922,058	\$ 1,004,324		
-	-	-	-	-	-	(1,142,991)	(887,721)	72,892		
<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>	<u>\$ 1,077,216</u>		

information when it implemented GASB Statement 34 in fiscal year 2004.

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Program Revenues

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 33,022	\$ 21,936	\$ 22,603	\$ 18,189	\$ 29,273	\$ 39,661	\$ 110,857	\$ 99,604	\$ 166,040
17,265	21,889	29,300	24,483	16,428	110	12,349	14,368	967
912,270	521,575	881,464	607,349	662,362	839,950	835,242	784,770	983,547
245,991	175,804	231,576	218,778	288,641	288,712	234,790	274,221	146,747
-	-	-	-	-	-	80,822	145,000	50,000
<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>	<u>1,347,301</u>
-	-	-	-	-	-	-	792,560	794,954
-	-	-	-	-	-	-	792,560	794,954
<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>	<u>\$ 2,142,255</u>

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<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 413,142	\$ 410,817	\$ 414,848	\$ 405,460	\$ 422,350	\$ 426,267	\$ 502,081	\$ 415,097	\$ 8,072
44,372	50,946	36,644	54,645	57,651	41,855	23,990	49,823	47,577
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<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>	<u>3,059,277</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>	<u>\$ 3,114,926</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,757
375,708	812,854	1,170,749	273,621	438,468	440,576	477,135	315,900	205,070
-	-	-	-	-	-	-	-	-
99,370	573,924	533,540	2,554,221	1,960,527	1,541,534	1,246,773	1,473,456	876,999
-	-	-	-	(34)	-	-	-	-
<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>	<u>\$ 1,089,826</u>

s, Governmental Funds

ccounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$	3,680,706	\$ 3,602,729	\$ 3,719,284	\$ 3,562,944	\$ 3,505,396	\$ 3,024,281	\$ 2,970,678	\$ 2,289,871	\$ 2,167,189
	850,245	91,767	779,662	786,786	771,346	724,351	636,111	606,846	588,634
	409,990	330,151	333,733	335,539	381,750	406,837	485,308	499,810	417,923
	232,881	23,073	354,942	67,554	64,017	230,112	189,740	143,776	438,178
	61,607	67,407	74,202	137,425	238,191	234,909	199,783	112,660	80,422
	808,829	746,210	739,425	749,506	1,138,158	842,618	797,887	1,143,681	846,094
	565,677	387,979	476,268	465,705	550,938	531,483	518,189	529,377	441,200
	128,336	123,028	113,265	116,977	110,501	110,850	104,860	96,952	91,246
	<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>	<u>175,926</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>	<u>5,246,812</u>
	1,141,306	844,598	736,715	752,063	707,121	663,328	623,321	666,183	532,278
	2,717,723	2,633,751	2,597,898	2,398,330	2,155,192	2,029,973	1,912,309	1,743,498	1,537,230
	1,420,824	1,457,819	1,472,293	1,412,662	1,119,300	1,012,489	1,008,424	905,613	750,820
	704,076	798,718	773,627	750,275	702,629	711,332	641,491	580,707	554,578
	18,294	16,343	12,516	35,564	15,320	14,116	17,293	11,205	13,893
	533,126	528,273	520,894	526,063	564,677	429,790	444,385	400,413	370,009
	<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>	<u>1,453,719</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>	<u>5,212,527</u>
	(1,027,236)	(1,570,014)	(351,494)	(889,703)	258,503	1,110,691	690,621	616,684	34,285
	561,178	697,167	805,051	983,932	74,608	1,047,475	867,621	924,324	1,332,833
	<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>	<u>(1,682,906)</u>
	-	83,788	111,504	120,691	-	54,582	(236,820)	(162,885)	(350,073)
\$	<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>	<u>(315,788)</u>
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

rtment

City of Belvedere

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

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)
\$ 12,408,533	\$ 33,270,375	\$ 17,227,702	\$ 4,545,789	\$ 1,544,098,443	1.1147	\$ 1,922,973,878	1.245370

Historical data, MuniServices, LLC

Historical data is unavailable.

1.) Total direct tax rate is the

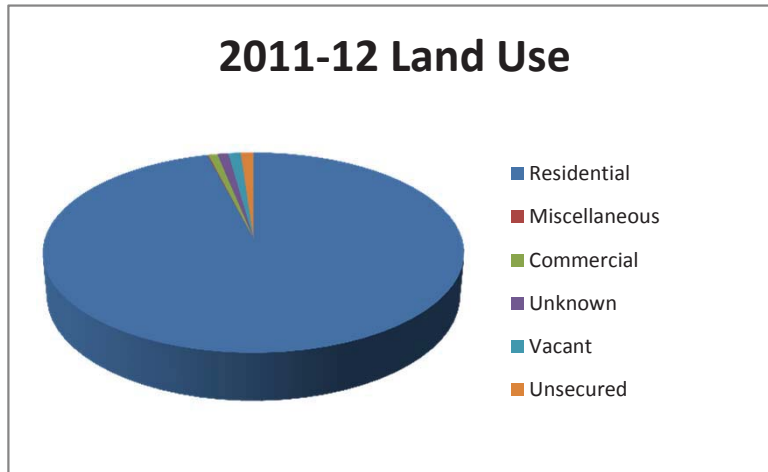
2013 tax only for TRA 001-000 and rounded.

Derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a

of Belvedere

Property by Use Code, City-Wide Last Fiscal Year

	2011-12
	\$ 1,485,737,622
	1,298,236
	12,408,533
	15,042,000
	16,930,139
Assessed Value	1,531,416,530
	17,227,702
Less Exemptions	4,545,789
Net Taxable Value	\$ 1,544,098,443



Assessor data, MuniServices, LLC
Historical data is

based on Los Angeles County Assessor's

City of Belvedere

Direct and Overlapping Property Tax Rates Last Fiscal Year

		2011-12
Basic City and County Levy		
		0.185000
	CITY OF BELVEDERE	0.207000
	ALL OTHER COUNTY ENTITIES	0.608000
	TOTAL	1.000000
Override Assessments		
TAM UNION HIGH SCH BONDS		
	2001 Series	0.011300
	2002 Series	0.000000
	2004 Series	0.000000
	2006 Series	0.017100
	2010 Refunding bond	0.012600
	MARIN COM COLLEGE	0.017500
	REED SCHOOL BONDS 2002	0.024300
	REED UNION SCH BONDS 2004	0.017900
	REED ELEM SCH BD'06	0.014000
	TOTAL	0.114700
	TOTAL TAX RATE	1.114700

data, MuniServices, LLC
01-000 is represented .

City of Belvedere

Principal Property Tax Payers Last Fiscal Year

Taxpayer	2011-12	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Belvedere Land Company	38,180,617	2.47%
Koogle Timothy A	18,268,336	1.18%
425 Belvedere Associates LLC	12,626,041	0.82%
Winslow Clark J	12,500,000	0.81%
Settling LTD	11,340,000	0.73%
Drebes Lawrence T Jr.	11,226,712	0.73%
Faithfort Entrps Inc	9,840,000	0.64%
Burillo Javier	8,825,203	0.57%
Murphy Glenn K	8,602,500	0.56%
Schneider James A	8,254,121	0.53%
Kahn Philippe R	8,136,246	0.53%
Scully Irene S	8,065,224	0.52%
Richards Albert	7,929,610	0.51%
Janney Daniel S	7,898,001	0.51%
Dixon William R Jr.	7,761,110	0.50%
Friedman Gerald L	7,140,000	0.46%
Lockshin Steven D	7,017,471	0.45%
Hilpert Dale W	6,974,248	0.45%
Gilliland Gloria J	6,882,289	0.45%
De Somma Leonard B	6,797,000	0.44%
Jacaell LLC	6,673,600	0.43%
Seven Hills Partners LP	6,565,724	0.43%
Safiri Zohreh	6,342,609	0.41%
Arlander Bodil M	6,293,301	0.41%
Du Molin James R	6,293,000	0.41%
Total Top 25 Taxpayers	246,432,963	15.96%
Total Taxable Value	1,544,098,443	100.00%

Source: Marin County Assessor data, MuniServices, LLC

Note: Because of large fluctuations in assessed valuations, it would be very difficult to present 10 years of data; therefore, the City has presented the current year's data.

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
2003	\$ 1,806,029	\$ 1,806,029	100.00 %	\$ -	\$ 1,806,029	100.00 %
2004	1,959,567	1,959,567	100.00 %	-	1,959,567	100.00 %
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 %

Sources: City Finance Department

City of Belvedere

Direct and Overlapping General Fund Debt Last Fiscal Year

2011-12 Assessed Valuation: \$1,546,417,012

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt <u>6/30/2012</u>	<u>% Applicable (1)</u>	City's Share of <u>Debt 6/30/12</u>
Marin Community College District	\$ 178,950,000	2.958%	\$ 5,293,341
Tamalpais Union High School District	158,100,000	4.804%	7,595,124
Reed Union School District	39,200,000	24.778%	9,712,976
Belvedere-Tiburon Library Community Facilities District No. 95-1	1,150,000	28.398%	326,577
Marin County Open Space Community Facilities District No. 1993-1	2,732,000	34.915%	953,878
Marin County Open Space Community Facilities District No. 1997-1	2,916,000	34.915%	1,018,121
City of Belvedere 1915 Act Bonds	9,253,067	100.000%	9,253,067
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 34,153,084

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt 2.21%

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Marin County General Fund Obligations	\$ 77,042,312	2.953%	\$ 2,275,059
Marin County Pension Obligations	110,185,000	2.953%	3,253,763
Marin County Transit General Fund Obligations	205,025	2.953%	6,054
Marin Municipal Water District General Fund Obligations	166,800	3.760%	6,272
Marin Community College District General Fund Obligations	2,800,834	295.850%	82,849
City of Belvedere	-	100.000%	-
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$5,623,997

TOTAL DIRECT DEBT

\$ -

TOTAL OVERLAPPING DEBT

\$ 39,777,081

COMBINED TOTAL DEBT

\$ 39,777,081 (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 Direct Debt **0.00%**

Combined Total Debt ... **2.57%**

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12 \$0

AB:(\$425)

City of Belvedere

Demographic and Economic Statistics Last 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)
2,090	\$ 239,074,285	114,390	55.3	5,240	7.0%	8.0%	254,790

niServices, LLC, U.S. Census Bureau, 2010 American Community Survey.

ata is unavailable.

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

on Projections are provided by the California Department of Finance projections.

Data is provided by the U.S. Census Bureau, 2010 American Community Survey.

Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

ty Unemployment's Data is provided by the Sperling's Best Places.

5.) Median Age reflects the U.S. Census data estimation table.

rollment reflects the total number of students enrolled in the Reed Union Elem. & Tamalpais Union High School

nt City Government Employees by Function/Program
 ars

	Full-time-Equivalent Employees as of June 30									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Office	3	2	2	2	2	2	2	2	2	2
	1	1	1	1	1	1	1	1	1	1
	4	4	4	3	3	3	3	3	3	3
	7	7	7	7	6	6	6	6	6	6
	1	1	1	1	1	1	1	1	1	1
	3	3	3	3	3	3	3	3	3	3
	-	-	-	-	-	1	1	1	1	1
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</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>	<u>21</u>	<u>21</u>

ce Department

Fiscal Year

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
281	284	270	258	240	257	239	not available	not available	not available
2,130	1,668	1,573	1,855	1,933	1,813	2,110	not available	not available	not available
27	33	26	21	16	14	13	not available	not available	not available
183	155	178	242	227	176	231	not available	not available	not available
129	136	135	86	60	67	66	not available	not available	not available
686	546	560	491	820	584	515	not available	not available	not available
162	107	119	95	84	84	76	not available	not available	not available
473	411	400	417	624	454	338	not available	not available	not available
363	316	293	305	479	320	262	not available	not available	not available

on/Program

<u>Fiscal Year</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>	<u>2004</u>	<u>2003</u>
1	1	1	1	1	1	1	1	1	1
7	7	7	7	6	6	6	6	6	6
13	13	13	13	13	13	13	13	13	13
17	17	17	17	17	17	17	17	17	17
250	250	250	250	250	250	250	250	250	250
2	2	2	2	2	2	2	2	2	2
1	1	1	1	1	1	1	1	1	1
1	1	1	1	1	1	1	1	1	1



— CITY OF BELVEDERE, CALIFORNIA —

COMPLIANCE

* * * * *

To the City Council
City of Belvedere, California

**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 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 16, 2012. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

This report is intended solely for the information of the members of the City's Council, management, and others within the City, and officials of the applicable grantor agencies, 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 16, 2012