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# CITY OF BELVEDERE

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## FINANCE COMMITTEE AGENDA

December 1, 2021  
10:00 a.m.

.....

*This is a hybrid public meeting. Committee members and staff will meet in person at City Hall. Members of the public may attend the meeting on the Zoom platform:*

*Join Zoom Meeting:*

<https://us02web.zoom.us/j/86560859613?pwd=dWM3NWtwSmUzd0ZaaE9KVUpHc2ITdz09>

*Meeting ID: 865 6085 9613  
Passcode: 680146*

*888 788 0099 US Toll-free  
877 853 5247 US Toll-free*

.....

1. Approve minutes of October 20, 2021 Finance Committee meeting.
2. Review draft audited financial statements for fiscal year 2020/21 with representative from Maze & Associates:
  - a. Auditor review and required communications.
  - b. Discussion of audited financial statements.
  - c. Closed session with Auditors and non-staff members of Finance Committee.
  - d. Discussion of potential policy changes to reserve calculations and unassigned general fund balance.
  - e. Recommendations to Council regarding the financial statements potential policy changes.

3. Other new business.

4. Adjourn.

**NOTICE: WHERE TO VIEW AGENDA MATERIALS**

Staff reports and other writings distributed to the Committee, including those distributed after the posting date of this agenda, are available for public inspection at Belvedere City Hall, 450 San Rafael Avenue, Belvedere. (*Writings distributed to the City Council after the posting date of this agenda are available for public inspection at this location only.*) To request automatic mailing of agenda materials, please contact the City Clerk at 415/435-3838.

**NOTICE**

**AMERICANS WITH DISABILITIES ACT**

The following accommodations will be provided, upon request, to persons with a disability: agendas and/or agenda packet materials in alternate formats and special assistance needed to attend or participate in this meeting. Please make your request at the Office of the Finance Officer or by calling 415/435-3838. Whenever possible, please make your request four working days in advance.

**FINANCE COMMITTEE**  
**October 20, 2021**  
**11:00 AM**  
**on Zoom remote platform**

**MINUTES**

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**COMMITTEE PRESENT:** Bob McCaskill, Greg Ostroff, David Walker, John Wilton, Sally Wilkinson, Steve Block

**COMMITTEE ABSENT:** Justin Faggioli

**OTHERS PRESENT:** City Manager – Craig Middleton,  
Admin. Services Director – Amber Johnson  
Municipal Financial Advisors – Jim Fabian and  
Un Chu Reardon

**CALL TO ORDER OF REGULAR MEETING**

The meeting was called to order at 11:00 a.m.

**SCHEDULED ITEMS**

1. *Approve minutes of July 30, 2021, Finance Committee meeting.*

**MOTION:** Approve the minutes of the July 30, 2021, meeting.

**MOVED:** By Wilton, seconded by Walker; approval was unanimous.

2. *Discuss recommendation from Taskforce on Critical Infrastructure Financing.*

The Committee discussed the work performed by the Taskforce on Critical Infrastructure Financing, and the written recommendation provided as part of the agenda packet. The Committee agreed that it would favor a real property transfer tax recommendation, with the additional recommendation that the Council have an educational session for the public on both revenue generating options.

**MOTION:** The Finance Committee recommends that the Council educate the public about both the RPTT/Charter City option and the GO Bond/Ad Valorem tax option for financing critical infrastructure improvements. Based on its analysis, the Committee recommends the Real Property Transfer Tax.

**MOVED:** By Walker, seconded by Ostroff; approval was unanimous.

**ADJOURN**

The meeting was adjourned at 12:00 p.m.

**THE FOREGOING MINUTES** were approved at a regular meeting of the Finance Committee on December 1, 2021 by the following vote:

**AYES:**           —  
**NOES:**           —  
**ABSENT:**       —  
**ABSTAIN:**      —

**APPROVED** \_\_\_\_\_  
Bob McCaskill, Chair

**ATTEST** \_\_\_\_\_  
Amber Johnson, Administrative Services Director



— CITY OF BELVEDERE, CALIFORNIA —

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY THE  
FINANCE DEPARTMENT

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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

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**DATE**

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

The City, consistent with its responsibility to fully disclose its financial information and to ensure 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 Annual Comprehensive Financial Report of the City of Belvedere fulfills that requirement for the fiscal year ended June 30, 2021. 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 the information contained in this report.

The City's financial statements have been audited by Maze & Associates Accountancy Corporation, a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2021 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 unmodified ("clean") opinion that the City's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with generally accepted accounting principles ("GAAP"). The independent auditors' report is presented as the first component of the financial section of this report.

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

**Government Profile**

The City of Belvedere is a residential community located on the Tiburon Peninsula in Marin County, California. Belvedere is 2.4 square miles in size and is surrounded on three sides by the waters of the San Francisco Bay. The town is situated on two "islands" (Belvedere Island and Corinthian Island) and a lagoon area with adjacent residential properties. Belvedere affords its residents with amazing views in every direction. San Francisco, the Golden Gate Bridge, Sausalito, Angel Island and Mt. Tamalpais can be seen from Belvedere. The population of Belvedere is just over 2,100. A small fraction of the land area in Belvedere is devoted to commercial uses, including offices, services and 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, planning, building code compliance, construction and maintenance of city infrastructure and park maintenance. Contract fire services are provided by the Tiburon Fire Protection District. Library and Recreation services are provided through joint powers agreements with the Town of Tiburon.

The annual budget serves as the foundation for the City of Belvedere's financial planning and control system. The City's departments are required to submit requests for appropriation to the City Manager each year. The City Manager uses these requests as the starting point for developing the proposed budget. In May 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 and a comprehensive budget review at mid-year.

### **Economic Outlook**

The City is primarily residential and the majority of general fund revenue received (77%) is from local property taxes. Current Secured Property Tax revenue increased 4.9% (or \$236,000) in fiscal year 2021 and is estimated to increase 3% (or 153,000) in fiscal year 2022. Currently, there are 8 homes for sale in Belvedere with sales prices ranging from \$1.9 to \$60 million with an average list price of \$18 million, and a median list price of \$10.8 million.

Belvedere's revenues are somewhat insulated from economic downturns because only a small percentage of revenue received is from sales tax and there are no hotels in the city. In the ten years ranging from fiscal year 2012 through fiscal year 2021, overall property tax revenues increased an average of 7.4% per year.

### **Long-Term Financial Planning**

Cities across the nation are still dealing with restrictions intended to limit the devastation wrought by the COVID-19 virus, and with economic impacts resulting from these restrictions. However, the widespread availability of effective vaccines, combined with Belvedere's unique reliance on property tax revenue places Belvedere in a relatively positive economic outlook compared to the beginning and middle stages of the pandemic.

The five-year forecast assumes increases in property tax revenue from three to five percent over the time period, and significant increases to a newly created section 115 pension trust fund to hedge against rising pension liabilities. Operating and capital expenditures have been forecasted just below pre-pandemic levels.

The City has identified \$3 million in capital projects to be completed over the next five fiscal years. Capital projects included are:

- \$1,900,000 for street improvements,
- \$340,000 for infrastructure improvements – including the continuation of the seawall stabilization project,
- \$190,000 for improvements to Belvedere’s lanes,
- \$170,000 for parks and open space projects,
- \$190,000 for community building upgrades, and
- \$248,000 for miscellaneous uncategorized projects.

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

The City’s General Fund Reserve Policy requires that the City maintain an end-of-year General Fund Reserve that totals one half of the current fiscal year’s General Fund expenditures, plus one half of the current fiscal year’s General Fund transfer to the Fire Fund. The General Fund reserve was fully funded at the end of fiscal year 2021, and is anticipated to be fully funded in each of the next five fiscal years.

### **Financial Information**

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

This report was completed with contributions from Craig Middleton, City Manager and Bob McCaskill, Finance Committee Chair.

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Belvedere for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the eighth year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility.

Sincerely,



Amber Johnson  
Administrative Services Director



PRINCIPAL OFFICERS

CITY OF BELVEDERE

JUNE 30, 2021

CITY COUNCIL

Mayor	James Campbell
Vice Mayor	Sally Wilkinson
Councilmember	Nancy Kemnitzer
Councilmember	Jim Lynch
Councilmember	Steve Block

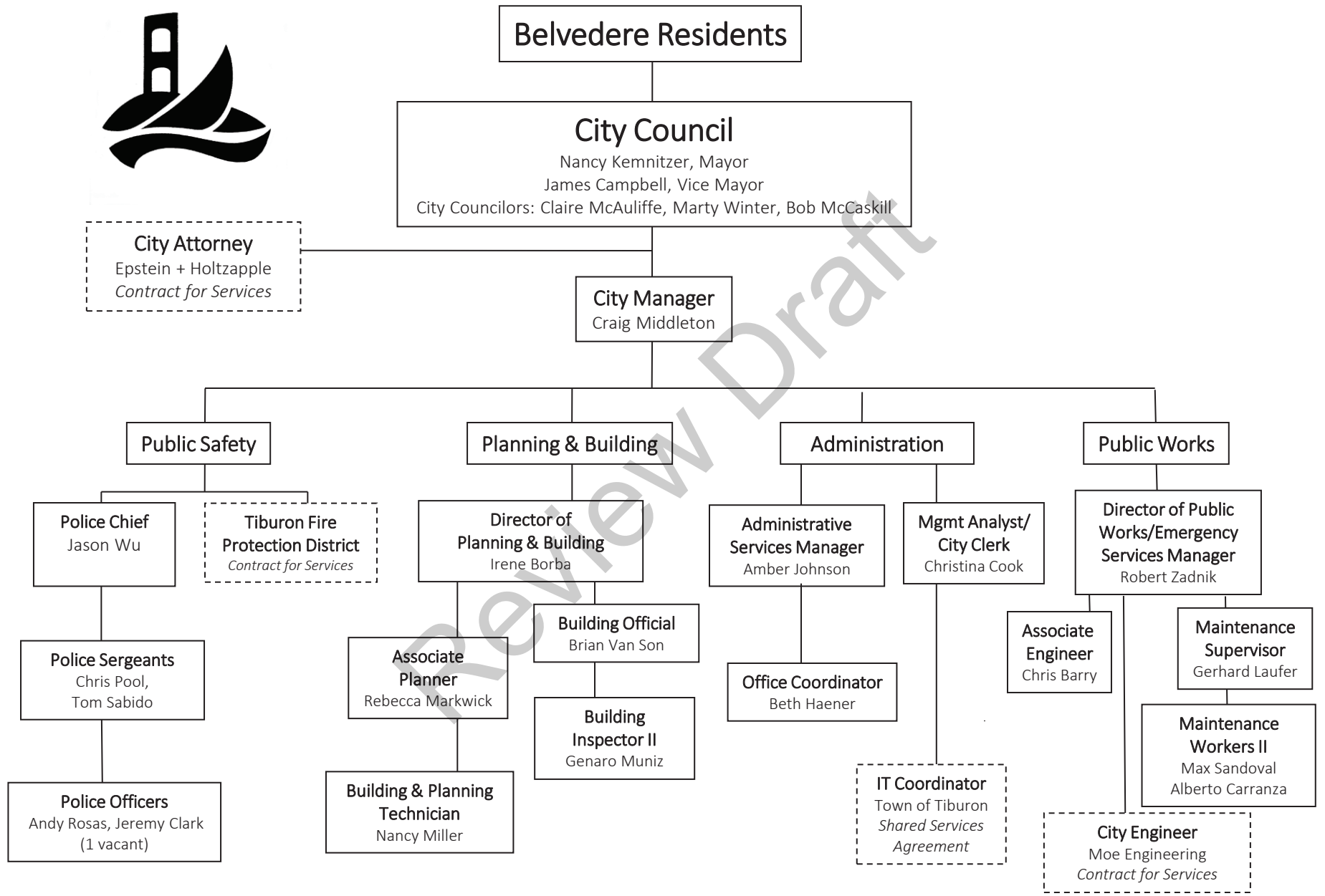
COUNCIL APPOINTEES

City Manager	Craig Middleton
City Attorney	Emily Longfellow

DEPARTMENT MANAGERS

City Clerk	Beth Haener
Admin Services Director	Amber Johnson
City Planner	Irene Borba
Police Chief	Jason Wu
Director of Public Works	Robert Zadnik
Building Official	Brian Van Son

City-Wide Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Belvedere  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# CITY OF BELVEDERE

ITEM 2A - DRAFT FINANCIAL STATEMENTS



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— CITY OF BELVEDERE, CALIFORNIA —

**FINANCIAL**

**SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council  
of the City of Belvedere, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Belvedere, California (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Report on Summarized Comparative Information*

We have previously audited the City's June 30, 2020 financial statements and we expressed unmodified audit opinions on those audited financial statements in our report dated November 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



***Emphasis of a Matter – Change in Accounting Principles***

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 84 – *Fiduciary Activities*, which became effective during the year ended June 30, 2021 and required the restatement of net position of the fiduciary funds, as discussed in Note 1Q to the Financial Statements. In addition, the Statement established the new fund type, Custodial Funds, and eliminated the fund type of Agency Funds.

The emphasis of this matter does not constitute a change in our opinion.

***Other Matters******Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Pleasant Hill, California

**DATE**

CITY OF BELVEDERE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

As management of the City of Belvedere (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this discussion and analysis.

## FINANCIAL HIGHLIGHTS

- The City's total assets plus deferred outflows on a Government-wide basis exceeded its liabilities plus deferred inflows at the close of the most recent fiscal year by \$8.65 million (*net position*).
- The City's Government-wide *net position* increased by \$1.85 million at the close of FY 2020-21 as compared to FY 2019-20, primarily due to revenues in excess of expenditures, plus favorable changes to the City's long term inflows and outflows of resources.
- At the close of the current fiscal year, the City's Governmental funds, on a current financial resource basis, reported a combined ending fund balance of \$7.5 million. This represents an increase of \$1.4 million over the prior year.
- The General Fund balance is \$6 million, of which \$3.2 million is assigned to the General Fund Reserve in compliance with City policy, \$1.5 million is restricted and committed to the City's pension liabilities, and \$1.2 million is unassigned.

## 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 other required and non-required supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets (including deferred outflows of resources) and liabilities (including deferred inflows of resources), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position and condition of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused vacation leave).

CITY OF BELVEDERE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

The governmental activities of the City include general government, public safety, planning and development, public works, recreation, and non-departmental. The City does not conduct any business-type activities (such as water or sewer).

The government-wide financial statements include only the City because the City has no component unit relationships with any other agency. The government-wide financial statements can be found on **pages 12 and 13 of this report**.

### **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 state and local governments, 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. The City does not have any proprietary 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.

The City maintains 6 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

CITY OF BELVEDERE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside of 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. The City uses fiduciary funds to account for the undergrounding assessment district funds and the Library fund. The basic fiduciary fund financial statements can be found on [page 22](#) of this report.

**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 are part of the basic financial statements and can be found on [pages 23 to 57](#) of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. One section includes budgetary comparison statements for the major funds (general, fire protection, and general capital improvements). The other section is a schedule of funding progress for PERS and OPEB. Required supplementary information can be found [on pages 61 to 68](#) of this report. Other supplementary information as noted in the table of contents can be found on [pages 71 to 80](#) of this report.

CITY OF BELVEDERE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8.7 million at the close of the most recent fiscal year. The following table summarizes the net position for governmental activities as of June 30, 2021, 2020 and 2019:

	Governmental Activities			Total Primary Government				
	2021	2020	2019	2021	2020	2021-2020		2020-2019
						Increase (Decrease)	2019	Increase (Decrease)
Current and other assets	\$ 8,843	\$7,168	\$ 6,112	\$8,843	\$7,168	\$ 1,675	\$ 6,112	\$ 1,056
Capital assets	7,122	7,078	6,639	7,122	7,078	46	6,070	1,008
<b>Total assets</b>	<b>15,965</b>	<b>14,246</b>	<b>12,751</b>	<b>15,965</b>	<b>14,246</b>	<b>1,719</b>	<b>12,182</b>	<b>2,064</b>
Deferred outflows related to pension	1,070	961	1,288	1,070	961	109	2,916	(1,955)
<b>Total deferred outflows</b>	<b>1,070</b>	<b>961</b>	<b>1,288</b>	<b>1,070</b>	<b>961</b>	<b>109</b>	<b>2,916</b>	<b>(1,955)</b>
Current liabilities	1,369	1,194	1,214	1,369	1,194	173	1,214	(19)
Noncurrent liabilities	5,285	4,771	4,543	5,285	4,771	515	8,577	(3,806)
<b>Total liabilities</b>	<b>6,653</b>	<b>5,965</b>	<b>5,757</b>	<b>6,653</b>	<b>5,965</b>	<b>688</b>	<b>9,790</b>	<b>(3,825)</b>
Deferred inflows related to pension	1,731	2,443	3,329	1,731	2,443	(712)	1,716	727
<b>Total deferred inflows</b>	<b>1,731</b>	<b>2,443</b>	<b>3,329</b>	<b>1,731</b>	<b>2,443</b>	<b>(712)</b>	<b>1,716</b>	<b>727</b>
Net position:								
Net investment in capital assets	7,122	7,078	6,639	7,122	7,078	45	6,070	1,008
Restricted	592	1,261	941	592	1,261	(669)	396	864
Unrestricted	937	(1,539)	(2,627)	937	(1,539)	2,476	(3,231)	1,692
<b>Total net position</b>	<b>\$ 8,651</b>	<b>\$6,800</b>	<b>\$ 4,953</b>	<b>\$8,651</b>	<b>\$6,800</b>	<b>\$ 1,852</b>	<b>\$ 3,235</b>	<b>\$ 3,564</b>

- Current assets increased by \$1.7 million, largely attributable to total revenues in excess of program expenses in the reported year.
- Capital assets increased by \$46 thousand, net of accumulated depreciation, due to modest additions to equipment and completions of infrastructure projects during the year.
- Liabilities related to short term obligations increased by \$173 thousand, due to modest increases in accounts payable, refundable deposits, and bonds payable within one year.
- Liabilities related to long term obligations increased by \$515 thousand, but were offset by decreases to deferred outflows of \$712 thousand, and a modest increase to deferred inflows of \$109 thousand.

CITY OF BELVEDERE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

### Statement of Activities and Changes in Net Position

The Statement of Activities and Changes in Net Position provides information regarding the City's revenue and expenses. The following table summarizes the revenues, expenditures and changes in net position as of June 30, 2021, 2020 and 2019:

**Statement of Activities and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2021, 2020, and 2019**  
(thousands)

	Governmental Activities			Total Primary Government				
	2021	2020	2019	2021	2020	2021-2020 Increase (Decrease)	2019	2020-2019 Increase (Decrease)
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 979	\$1,167	\$1,069	\$ 979	\$1,167	\$ (188)	\$1,069	\$ 98
Operating grants and contributions	57	-	27	57	-	57	27	(27)
Capital grants	229	137	20	229	137	92	20	117
General revenues:								
Taxes	7,280	6,961	6,795	7,280	6,961	319	6,795	166
Franchise and other taxes	345	190	171	345	190	157	171	17
Earnings on investment	104	135	113	104	135	(31)	113	22
Revenues from other agencies	577	402	309	577	402	175	309	93
Other revenue	45	35	36	45	35	10	36	(1)
<b>Total revenues</b>	<b>9,615</b>	<b>9,027</b>	<b>8,540</b>	<b>9,615</b>	<b>9,027</b>	<b>588</b>	<b>8,540</b>	<b>487</b>
<b>Program expenses:</b>								
General government	1,025	1,011	847	1,025	1,011	14	847	164
Police	1,481	1,387	1,524	1,481	1,387	94	1,524	(138)
Fire	1,749	1,690	1,530	1,749	1,690	59	1,530	160
Planning and development	1,146	883	933	1,146	883	261	933	(49)
Public works	1,760	1,576	1,348	1,760	1,576	185	1,348	228
Non Departmental	389	452	472	389	452	(63)	472	(20)
Community services	66	75	54	66	75	(9)	54	21
Interest on long-term debt	150	108	114	150	108	41	114	(7)
Unallocated depreciation expense		-	-	-	-	-	-	-
<b>Total program expenses</b>	<b>7,764</b>	<b>7,182</b>	<b>6,822</b>	<b>7,765</b>	<b>7,182</b>	<b>582</b>	<b>6,822</b>	<b>358</b>
<b>Transfers:</b>	-	-	-	-	-	-	-	-
<b>Change in net position</b>	<b>1,852</b>	<b>1,845</b>	<b>1,719</b>	<b>1,851</b>	<b>1,845</b>	<b>8</b>	<b>1,719</b>	<b>125</b>
Net position, as previously reported				-	-	-	-	-
Restatement for GASB 75				-	-	-	-	-
<b>Net position, beginning of year</b>	<b>6,800</b>	<b>4,954</b>	<b>3,234</b>	<b>6,800</b>	<b>4,954</b>	<b>1,848</b>	<b>3,234</b>	<b>1,719</b>
<b>Net position, end of year</b>	<b>\$8,651</b>	<b>\$6,800</b>	<b>\$4,953</b>	<b>\$8,651</b>	<b>\$6,800</b>	<b>\$ 1,851</b>	<b>\$4,953</b>	<b>\$ 1,848</b>

CITY OF BELVEDERE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities net position increased by \$1.8 million. Key elements of the change in net position are as follows:

- Program revenue, charges for services reflected a decrease of \$188 thousand over the prior year, primarily due to COVID-related reductions in construction activity and project valuations, resulting in lower construction permit fees collected.
- Capital grants reflected an increase of \$92 thousand over the prior year, as community partners donated to various capital projects in the City.
- Overall property taxes (including current secured property taxes) reflected an increase of \$319 thousand over the prior year.
- Program expenses reflected an increase of \$582 thousand over the prior year. The most significant changes were reimbursable expenditures towards certain grants, the first full year of two additions to City personnel, and contractual increase in the City's contribution to the Tiburon Fire Protection District.

## FUND FINANCIAL STATEMENTS

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

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

<b>Governmental Funds</b>								
<b>Revenues, Expenditures and Other Changes in Fund Balances</b>								
<b>For the Fiscal Years Ended June 30, 2021, 2020 and 2019 (thousands)</b>								
	<b>2021</b>			<b>2020</b>		<b>2019</b>		
	General Fund	Other Major Funds	Other Funds	Total Gov. Funds	Total Gov. Funds	2021-2020 Increase (Decrease)	Total Gov. Funds	
Revenues	\$ 7,871	\$ 1,456	\$ 131	<b>9,458</b>	<b>\$ 9,027</b>	\$ 431	<b>\$ 8,542</b>	\$ 485
Current expenditures	5,357	1,749	320	<b>7,425</b>	<b>6,894</b>	531	<b>6,980</b>	(86)
Capital outlay		679	27	<b>706</b>	<b>1,043</b>	(337)	<b>1,220</b>	(177)
	<u>5,357</u>	<u>2,428</u>	<u>347</u>	<b>8,131</b>	<b>7,937</b>	<u>193</u>	<b>8,200</b>	<u>(262)</u>
Capital Lease, net of repayment			73	<b>73</b>	-	73	-	-
Net transfers	(1,390)	1,230	160	-	-	-	-	-
	<u>(1,390)</u>	<u>1,230</u>	<u>233</u>	<b>73</b>	-	<u>73</u>	-	-
Net change in fund balances	1,123	258	18	<b>1,399</b>	<b>1,090</b>	311	<b>342</b>	747
Fund balances, beginning of year	4,855	1,261	25	<b>6,141</b>	<b>5,050</b>	1,091	<b>4,707</b>	342
Fund balances, end of year	<b>\$ 5,978</b>	<b>\$ 1,519</b>	<b>\$ 43</b>	<b>7,540</b>	<b>\$ 6,141</b>	<b>1,399</b>	<b>\$ 5,050</b>	<b>1,091</b>

CITY OF BELVEDERE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**General Fund**

- General fund revenues of \$7.9 million reflected an increase of approximately \$300 thousand when compared to the prior year.
- General fund expenditures of \$5.3 million increased by \$300 thousand over the previous fiscal year.
- Net transfers out of \$1.4 million consist of transfers out for capital improvement and equipment replacement, fire protection, and debt service.
- The General Fund balance at fiscal year-end was \$5.9 million.

**Other Major Funds - Fire Protection Fund**

- Revenues in the Fire Protection Fund, which were generated from a Citywide Parcel Tax, were \$946 thousand, an increase of \$27 thousand over the previous fiscal year. Expenses were \$1.75 million, an increase of \$61 thousand over the previous year.

**General Fund Budgetary Highlights**

In the General Fund, there were no significant changes to appropriations as a result of amending the original budget.

Also in the General Fund, differences between the adopted budget and the actual amounts for revenues, expenditures, and other financing source and uses resulted in a positive net variance of \$789 thousand. General fund revenues accounted for a positive variance of \$613 thousand, resulting primarily from a positive variance of \$421 thousand in property taxes. General fund expenditures were under budget by \$176 thousand (or 3% of the budgeted expenditures), which is considered a reasonable fluctuation and not due to any one particular cause.

**CAPITAL ASSETS AND DEBT ADMINISTRATION****Capital Assets**

The City's net investment in capital assets for its governmental activities as of June 30, 2021 was \$7.1 million. This investment in capital assets includes: infrastructure, construction-in-progress, buildings and improvements, equipment, vehicles, streets and roads, storm drains, and parks. Infrastructure assets are items that are normally immovable and of value to the City, such as roads, levees, streets and sidewalks, drainage systems, and similar items (Note 5).



CITY OF BELVEDERE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Net investment in capital assets are presented below to illustrate changes from the prior year:

**Capital Assets at Year-end**

	2021	2020	Net Change
Construction-in-progress	\$ 344,746	\$ 685,918	\$ (341,172)
Buildings & Improvements	3,979,129	3,979,129	0
Equipment	298,702	287,220	11,482
Vehicles	662,801	710,159	(47,358)
Infrastructure	9,057,479	8,095,241	962,238
Less accumulated depreciation	(7,220,677)	(6,680,130)	(540,547)
	<u>\$ 7,122,180</u>	<u>\$ 7,077,537</u>	<u>\$ 44,643</u>

**Debt Administration**

The City's sole debt issuance is discussed in detail in Note 6 to the financial statements. At June 30, 2021 the City's long-term debt is comprised of a Lease Revenue bond bearing an interest rate of 2.55%, as follows:

**Outstanding Debt**

	Balance June 30, 2021	Balance June 30, 2020	Net Change
<b>Governmental Activity Debt:</b>			
Lease Revenue Bonds	\$ 2,228,000	\$ 2,325,000	\$ (97,000)
<b>Total Debt</b>	<u>\$ 2,228,000</u>	<u>\$ 2,325,000</u>	<u>\$ (97,000)</u>

**PENSION AND OTHER POST EMPLOYMENT BENEFITS**

The City offers pension and Other Post-Employment Benefits (OPEB) to its employees. The primary pension plan is administered by the California Public Employees' Retirement System (CalPERS). Council has continued to be concerned about the impacts of rising pension cost on the City's budgets, and its potential for creating shortfalls in budgetary resources needed to fund city services and important capital projects. Recognizing that Belvedere needed a more comprehensive proactive strategy for dealing with the pension challenge, the City created in 2020 an ad hoc Taskforce on Pensions and OPEB. The Taskforce developed and proposed a strategy that would establish a City commitment to plan for and fund pension costs based on realistic assumptions, and to develop a mechanism by which future adjustments to the funding formula could be made in 3–5-year increments. The City Council approved this strategy at its April 2021 meeting, and staff implemented the strategy right away.

As a result, the City has begun accumulating restricted funds that can only be used for pension liabilities and is well positioned to meet its pension commitments to past, present, and future City employees (Note 8D).

CITY OF BELVEDERE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

The City previously offered an additional defined benefit plan to long-time employees; it does not offer this plan to employees hired after January 1, 2012. The plan is administered by the Public Agency Retirement System (PARS). It is a supplement to the CalPERS plan and has more stringent qualification requirements than the CalPERS plan.

The City also offers OPEB health benefits to employees who meet CalPERS vesting requirements. The benefit provided to City retirees is the minimum amount allowable under the CalPERS health plan, with the exception of certain City Manager retirees, who receive a more generous benefit.

The following table summarizes all of the City's reported liabilities that are related to pensions and OPEB.

**City of Belvedere**  
**Summary of Pension and OPEB Liability**  
**as of June 30, 2021**  
**(In Millions)**

Description of Liability	Valuation Date	Amount
Pension-related Debt Restructuring	6/30/2021	\$ 2.2
CalPERS Pension as reported by PERS	6/30/2020	2.2
Adjustment to CalPERS Pension*	6/30/2021	(0.1)
PARS Defined Benefit	6/30/2021	0.1
OPEB Health Benefit	6/30/2021	1.6
<b>Total Liability</b>		<b>\$ 6.1</b>

Description of Asset	As of Date	Amount
Pension 115 Trust Funds	6/30/2021	\$ 0.2
Funds Committed to Pension Expenses	6/30/2021	\$ 1.3
<b>Total Assets</b>		<b>\$ 1.5</b>

<b>Net Liability</b>		<b>\$ 4.6</b>
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\* Adjustment includes the impact of the City's internal 6.0% discount rate adoption, plus the anticipated impact of the 21.3% investment rate of return reported by CalPERS at 6/30/21.

CITY OF BELVEDERE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET**


- Property tax revenue is the primary source of revenue for the City, and continues to show steady growth, thanks to a stable real estate market and the City's favorable inventory of homes.
- The City has been insulated from dramatic economic impacts thus far as a result of the COVID-19 pandemic and continues to proceed reasonably conservatively with regards to revenue projections and expenditure plans.
- Creation of a Section 115 pension trust and aggressive funding towards the trust means the City is well positioned for inevitable volatility in its future pension liabilities.
- Prudent fiscal management has resulted in a strong general fund reserve balance of 50% of operating expenses. Consequently, the City is well positioned to face unanticipated fiscal emergencies, such as catastrophic events or budget stabilization.

**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

Respectfully submitted,

  
Craig Middleton  
City Manager

  
Amber Johnson  
Administrative Services Director

<b>STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES</b>
--

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets, all its deferred inflows/outflows of resources and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position presents information in a way that focuses the reader on the composition of the City's net position, by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources.

The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column. The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds that present the financial position of the primary government. This column is followed by a column that displays the discretely presented component unit.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the “modified accrual” basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. The City's general revenues are then listed in the Governmental Activities or discretely presented component unit and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City and the Belvedere Public Financing Authority.

**CITY OF BELVEDERE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**  
WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2020

	<b>Governmental Activities</b>	
	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents (Note 3)	\$7,845,530	\$6,232,256
Restricted cash and investments (Note 3)	201,913	
Accounts and interest receivable	586,530	468,897
Prepays and deposits	208,972	467,051
Capital assets (Note 5):		
Non-depreciable capital assets	344,746	685,918
Depreciable, net of accumulated depreciation	6,777,434	6,391,619
Total Assets	<u>15,965,125</u>	<u>14,245,741</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension-related (Note 8)	776,019	864,958
Other Post Employment Benefits-related (Note 9)	294,286	96,320
Total Deferred Outflows of Resources	<u>1,070,305</u>	<u>961,278</u>
<b>LIABILITIES</b>		
Accounts payable and other liabilities	409,231	315,362
Refundable deposits	736,137	712,154
Compensated absences (Note 1K):		
Due within one year	29,195	21,692
Due in more than one year	262,754	195,223
Bonds payable (Note 6):		
Due within one year	194,000	145,000
Due in more than one year	2,034,000	2,180,000
Collective net pension liability, due in more than one year (Note 8)	1,378,273	1,083,290
Net Other Post Employment Benefits liability, due in more than one year (Note 9)	1,609,699	1,312,304
Total Liabilities	<u>6,653,289</u>	<u>5,965,025</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension-related (Note 8)	1,674,614	2,332,251
Other Post Employment Benefits-related (Note 9)	56,286	110,324
Total Deferred Inflows of Resources	<u>1,730,900</u>	<u>2,442,575</u>
<b>NET POSITION (Note 7)</b>		
Net investment in capital assets	7,122,180	7,077,537
Restricted for pension funding	201,913	
Restricted for road projects	390,351	324,857
Unrestricted	936,797	(602,975)
<b>Total Net Position</b>	<u><u>\$8,651,241</u></u>	<u><u>\$6,799,419</u></u>

See accompanying notes to basic financial statements

**CITY OF BELVEDERE**  
**STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants	2021	2020
<b>Primary Government:</b>						
Governmental Activities:						
General government	\$1,024,585	\$27,983	\$56,723		(\$939,879)	(\$985,066)
Public safety:						
Police services	1,480,714	10,874			(1,469,840)	(1,370,104)
Fire services	1,748,530				(1,748,530)	(1,690,022)
Planning and development	1,145,680	676,366			(469,314)	(89,550)
Public works	1,760,192	263,978		\$228,785	(1,267,429)	(1,107,023)
Recreation	65,740				(65,740)	(75,107)
Non-departmental	388,591				(388,591)	(451,929)
Interest on long-term debt	149,521				(149,521)	(108,044)
<b>Total Governmental Activities</b>	<b>\$7,763,553</b>	<b>\$979,201</b>	<b>\$56,723</b>	<b>\$228,785</b>	<b>(6,498,844)</b>	<b>(5,876,845)</b>
General revenues:						
Taxes:						
Property taxes					7,279,753	6,798,394
Other taxes					159,401	162,236
Use of money and property					104,067	135,333
Intergovernmental					576,865	402,095
Franchise taxes					185,776	189,601
Miscellaneous					44,804	35,038
<b>Total General Revenues</b>					<b>8,350,666</b>	<b>7,722,697</b>
Changes in Net Position					1,851,822	1,845,852
Net Position-Beginning					6,799,419	4,953,567
Net Position-Ending					<b>\$8,651,241</b>	<b>\$6,799,419</b>

See accompanying notes to basic financial statements

<b>FUND FINANCIAL STATEMENTS</b>
----------------------------------

Major funds are defined generally as having significant activities or balances in the current year.

The General Fund, Fire Protection Special Revenue Fund and General Capital Improvements Fund were determined to be Major Funds by the City for fiscal 2021. Individual non-major funds may be found in the Supplemental Section.

Review Draft

**CITY OF BELVEDERE  
GOVERNMENTAL FUNDS  
BALANCE SHEET**

**JUNE 30, 2021**

WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2020

	General Fund	Fire Protection Fund	General Capital Improvements	Other Funds	Totals	
					2021	2020
<b>ASSETS</b>						
Cash and investments (Note 3)	\$6,390,888		\$1,411,641	\$43,001	\$7,845,530	\$6,232,256
Restricted cash and investments (Note 3)	201,913				201,913	
Accounts receivable, net	344,992	\$5,885	231,816	3,837	586,530	468,897
Due from other funds (Note 4A)	164,073				164,073	157,419
Prepaid items and other current assets	54,621	154,351			208,972	467,051
<b>Total Assets</b>	<b>\$7,156,487</b>	<b>\$160,236</b>	<b>\$1,643,457</b>	<b>\$46,838</b>	<b>\$9,007,018</b>	<b>\$7,325,623</b>
<b>LIABILITIES</b>						
Accounts payable and other liabilities	\$317,618		\$91,613		\$409,231	\$315,362
Due to other funds (Note 4A)		\$160,236		\$3,837	164,073	157,419
Refundable deposits	736,137				736,137	712,154
<b>Total Liabilities</b>	<b>1,053,755</b>	<b>160,236</b>	<b>91,613</b>	<b>3,837</b>	<b>1,309,441</b>	<b>1,184,935</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - grants	124,499		33,068		157,567	
<b>Total Deferred Inflows of Resources</b>	<b>124,499</b>		<b>33,068</b>		<b>157,567</b>	
<b>FUND BALANCES (Note 7)</b>						
Nonspendable	54,621				54,621	320,788
Restricted	201,913		390,351		592,264	324,857
Committed	1,300,000				1,300,000	
Assigned	3,259,915		1,128,425	43,001	4,431,341	4,199,530
Unassigned	1,161,784				1,161,784	1,295,513
<b>Total Fund Balances</b>	<b>5,978,233</b>		<b>1,518,776</b>	<b>43,001</b>	<b>7,540,010</b>	<b>6,140,688</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$7,156,487</b>	<b>\$160,236</b>	<b>\$1,643,457</b>	<b>\$46,838</b>	<b>\$9,007,018</b>	<b>\$7,325,623</b>

See accompanying notes to basic financial statements



**CITY OF BELVEDERE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**  
**WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2020**

	2021	2020
<b>Total Fund Balances - Governmental Funds Balance Sheet</b>	\$7,540,010	\$6,140,688
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:</p>		
<b>CAPITAL ASSETS</b>		
Capital assets used in Governmental Activities are not current assets or financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.	7,122,180	7,077,537
<b>DEFERRED INFLOWS AND OUTFLOWS</b>		
Unavailable revenues - grants	157,567	
Deferred outflows related to pension	776,019	864,958
Deferred outflows related to OPEB	294,286	96,320
Deferred inflows related to pension	(1,674,614)	(2,332,251)
Deferred inflows related to OPEB	(56,286)	(110,324)
<b>LONG-TERM LIABILITIES</b>		
<p>Long-term liabilities are not due and payable in the current period and, therefore are not reported in the Governmental Funds Balance Sheet.</p>		
Compensated absences	(291,949)	(216,915)
Bonds payable	(2,228,000)	(2,325,000)
Net OPEB liability	(1,609,699)	(1,312,304)
Net pension liability	(1,378,273)	(1,083,290)
<b>Net Position of Governmental Activities</b>	<b>\$8,651,241</b>	<b>\$6,799,419</b>

See accompanying notes to basic financial statements.

**CITY OF BELVEDERE**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2020**

	General Fund	Fire Protection Fund	General Capital Improvements	Other Governmental Funds	Totals	
					2021	2020
<b>REVENUES</b>						
Property taxes	\$6,332,809	\$946,944			\$7,279,753	\$6,798,394
Other taxes	159,401				159,401	162,236
Licenses and permits	483,331				483,331	539,126
Fines and forfeitures	864				864	36,416
Use of money and property	100,737		\$3,073	\$257	104,067	135,333
Intergovernmental revenues	242,703		341,850	131,060	715,613	539,205
Charges for services	331,071		163,935		495,006	591,801
Franchise fees	185,776				185,776	189,601
Other revenues	33,997				33,997	35,038
<b>Total Revenues</b>	<b>7,870,689</b>	<b>946,944</b>	<b>508,858</b>	<b>131,317</b>	<b>9,457,808</b>	<b>9,027,150</b>
<b>EXPENDITURES</b>						
<b>Current:</b>						
General government	934,099				934,099	972,064
Public safety:						
Police	1,583,418				1,583,418	1,455,349
Fire		1,748,530			1,748,530	1,690,022
Planning and development	1,173,665				1,173,665	934,615
Public works	1,211,592				1,211,592	1,076,890
Recreation (The Ranch)	65,740				65,740	75,107
Non-Departmental	388,591				388,591	451,929
Debt service:						
Principal				170,000	170,000	130,000
Interest and fiscal charges				149,521	149,521	108,044
Capital outlay			679,239	27,091	706,330	1,043,323
<b>Total Expenditures</b>	<b>5,357,105</b>	<b>1,748,530</b>	<b>679,239</b>	<b>346,612</b>	<b>8,131,486</b>	<b>7,937,343</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,513,584</b>	<b>(801,586)</b>	<b>(170,381)</b>	<b>(215,295)</b>	<b>1,326,322</b>	<b>1,089,807</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Capital lease proceeds (Note 6)				2,323,000	2,323,000	
Repayment of capital lease (Note 6)				(2,250,000)	(2,250,000)	
Transfers in (Note 4B)		801,586	428,287	246,521	1,476,394	1,848,762
Transfers (out) (Note 4B)	(1,390,169)			(86,225)	(1,476,394)	(1,848,762)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,390,169)</b>	<b>801,586</b>	<b>428,287</b>	<b>233,296</b>	<b>73,000</b>	
<b>NET CHANGES IN FUND BALANCES</b>	<b>1,123,415</b>		<b>257,906</b>	<b>18,001</b>	<b>1,399,322</b>	<b>1,089,807</b>
<b>BEGINNING FUND BALANCES</b>	<b>4,854,818</b>		<b>1,260,870</b>	<b>25,000</b>	<b>6,140,688</b>	<b>5,050,881</b>
<b>ENDING FUND BALANCES</b>	<b>\$5,978,233</b>		<b>\$1,518,776</b>	<b>\$43,001</b>	<b>\$7,540,010</b>	<b>\$6,140,688</b>

See accompanying notes to basic financial statements

**CITY OF BELVEDERE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**  
**WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

	2021	2020
<b>Net changes in fund balances - total governmental funds</b>	<b>\$1,399,322</b>	<b>\$1,089,807</b>
Amounts reported for Governmental Activities in the Statement of Activities and Changes in Net Position are different because:		
<b>CAPITAL ASSETS TRANSACTIONS</b>		
Governmental funds report capital outlays as expenditures. However, the Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capitalized expenditures are therefore added back to fund balance	638,195	999,422
Retirement of assets		1,105
Depreciation expense is deducted from fund balance	(593,552)	(562,236)
<b>LONG-TERM DEBT TRANSACTIONS</b>		
Repayment of capital lease principal is added back to fund balance	170,000	130,000
Net refinancing of capital lease	(73,000)	
<b>ACCRUAL OF NON-CURRENT ITEMS</b>		
The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):		
Compensated absences	(75,034)	8,198
Unavailable grant revenues	157,567	
Net OPEB liability and deferred outflows/inflows related to OPEB	(45,391)	(12,308)
Net pension liability and deferred outflows/inflows related to pension	273,715	191,864
<b>Total Changes in Net Position of Governmental Activities</b>	<b><u>\$1,851,822</u></b>	<b><u>\$1,845,852</u></b>

See accompanying notes to basic financial statements.

<b>FIDUCIARY FUNDS</b>
------------------------

These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

Review Draft

**CITY OF BELVEDERE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2021**

	<u>Custodial Funds</u>
<b>ASSETS:</b>	
Cash and investments (Note 3)	\$559,114
Accounts receivable	33,997
	<u>593,111</u>
<b>LIABILITIES:</b>	
Accounts payable	30,227
	<u>30,227</u>
<b>NET POSITION</b>	
Restricted for Bondholders	562,884
	<u>\$562,884</u>

See accompanying notes to basic financial statements

**CITY OF BELVEDERE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Custodial Funds</u>
<b>ADDITIONS:</b>	
Property taxes	\$925,885
Intergovernmental revenues	815,477
Investment income	1,000
Total Additions	1,742,362
<b>DEDUCTIONS:</b>	
Construction and engineering	47,910
Distributions to Library	882,709
Payments to bondholders	377,122
Interest and fiscal charges	457,795
Total Deductions	1,765,536
Change in net position	(23,174)
Net Position - Beginning, as Restated (Note 1Q)	586,058
Net Position - Ending	\$562,884

See accompanying notes to basic financial statements

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**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, 2021, 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, deferred inflows/outflows of resources, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The minimum number of funds is maintained consistent with legal and managerial expectations.

**C. Government-Wide Financial Statements**

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental Activities for the City. 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.

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

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

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 fund balance as presented in these fund statements to the net position presented in the government-wide financial statements.

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

Major funds are defined as governmental funds which have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total or five percent of the grand total. The General Fund is always a major fund. The City may select other governmental funds it believes should be presented as major funds. No such funds were selected in fiscal 2021.

The major governmental funds of the City are:

- **General Fund** – The General Fund is used to account for the resources to carry out basic governmental activities of the City such as general government, public safety, public works, and parks and recreation, which are not required to be accounted for in another fund.
- **Fire Protection Fund** – This fund was established to receive and expend revenue from Measure C, the fire and emergency services special tax levy. This revenue, along with transfers from other funds, funds the cost of services provided by the Tiburon Fire Protection District.
- **General Capital Improvements** – This fund accounts for most capital improvement projects in the City that have various funding sources. Revenues received from various sources are used for related project costs.

***E. Fiduciary Fund Financial Statements***

Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent custodial funds. Custodial funds report resources, not in a trust, that are held by the City for other parties outside of the City's reporting entity.

**Custodial Funds** – These funds were created to account for all of the Assessment District Bonds, which includes the 2016 Avenue Assessment District, the Acacia/Laurel Undergrounding Utility District and the Golden Gate Undergrounding Utility District, as well as property taxes received on behalf of the Belvedere-Tiburon Library Agency. Special assessments received are used to meet the debt service requirements and to pay for the administrative costs.



**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***F. Basis of Accounting***

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

The Governmental Fund financial statements are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities (except for long-term advances from the City) are included in the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recorded when received in cash, except 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 position may be available to finance program expenditures. The City’s policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

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

The City applies all Government Accounting Standards Board (GASB) pronouncements (including all NCGA Statements and Interpretations in effect).

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

***G. Use of Restricted/Unrestricted Net Position***

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

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***H. Interfund Balances***

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).

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

***I. Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the purchases method in both the Government-Wide and Fund Financial statements. Inventories and prepaid items, as reported in the Fund Financial Statements, are offset by a nonspendable fund balance for noncurrent assets in governmental funds to indicate that these resources are not in spendable form.

***J. Capital Assets***

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Depreciation of capital assets is charged as an expense each year and the total amount of depreciation taken over the years, accumulated depreciation, is reported on the Statement of Net Position as a reduction in the book value of capital assets. The City has assigned the useful lives listed below to capital assets: Buildings and improvements (20-30 years); Transportation equipment (10-15 years); Furniture and Equipment (3-20 years); and Infrastructure (20 years).

***K. Compensated Absences***

City employees accrue vacation, sick, holiday, executive leave and compensatory time off benefits. Vacation may not accrue beyond 320 hours or as provided in the employee's memorandum of understanding ("MOU") and the current Salary and Benefits Resolution. Cash compensation is payable for accrued vacation upon separation of service and also payable each year when the accrual balance exceeds the maximum allowed on December 31. No cash payment is made for accrued sick leave upon separation of service. Upon retirement, eligible employees may convert sick leave to years of service credit as provided for in the City's contract with PERS. In lieu of overtime, it is the City's policy to allow employees to accumulate compensatory time to limits provided for in the MOU. This accumulation may subsequently be converted to cash up to limits provided for in their MOU or converted to cash upon separation of service.

All vacation pay is accrued when incurred in the Government-Wide 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).

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Compensated absences for governmental activities are primarily liquidated by the General Fund. The change in compensated absences was as follows:

Beginning Balance	\$216,915
Additions	155,543
Payments	<u>(80,509)</u>
Ending Balance	<u><u>\$291,949</u></u>
Current Portion	<u><u>\$29,195</u></u>

**L. Unearned Revenue**

*Government-Wide Financial Statements* – Unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are unearned grants and prepaid charges for services.

*Fund Financial Statements* – Unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which funds are not available to meet current financial obligations. Typical transactions for which unavailable revenue is recorded are grants received but not yet earned or available, interest on interfund advances receivable and long-term loans receivable.

**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:

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

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

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***N. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position and governmental funds balance sheet sometimes reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in this category related to pensions and OPEB as discussed in Notes 8 and 9.

In addition to liabilities, the statement of net position and governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources related to pensions and OPEB on the statement of net position as discussed in Notes 8 and 9. The City also has deferred inflows related to unavailable grant revenues reported in the governmental fund balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***O. Use of Estimates***

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

***P. Fair Value Measurements***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Q. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements***

**GASB 84 – *Fiduciary Activities*** - In January 2017, GASB issued GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The provisions of this Statement were implemented during fiscal year 2021. As part of the implementation of this Statement, it was determined that the Assessment Districts (which include the 2016 Avenue, Acacia/Laurel Utility Undergrounding, and Golden Gate Utility Undergrounding Assessment Districts) and the Belvedere-Tiburon Library Agency funds, be accounted for and reported as Custodial Funds, which required the restatements of beginning net position of the funds in the amounts of \$586,058 and \$0, respectively, totaling \$586,058.

***R. Fund Changes***

Beginning on July 1, 2020, the City renamed the 2017 Lease Revenue Bonds Debt Service Fund as Lease Revenue Bonds Debt Service Fund and closed the Corinthian Island Assessment District Agency Fund. In addition, the 2016 Avenue Assessment District, Acacia/Laurel Undergrounding District and Golden Gate Belvedere Undergrounding Agency Funds were combined as one fund-Assessment Districts- and reclassified as a Custodial Fund, along with the Belvedere-Tiburon Library Agency fund.

***S. Prior Fiscal Year Summarized Comparative Information***

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2020, from which summarized information was derived.

**NOTE 2 – BUDGETS**

***A. Budget Policy***

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, except for the Gas Tax Special Revenue Fund. 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.

With the exception of Capital and Equipment budget which are budgeted by project, all annual appropriations lapse at fiscal year-end. Budgets submitted to the City Council include both proposed appropriations and the means of financing them. The City Council approves total appropriations on a fund-by-fund basis.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 2 – BUDGETS (Continued)**

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

**NOTE 3 – CASH AND INVESTMENTS**

The City pools cash from all sources and all funds so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

**A. Policies**

California Law requires banks and savings and loan institutions to pledge government securities with market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

**B. Classification**

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of debt instruments or agency agreements.

<b>Governmental Activities</b>	
Cash and investments	\$7,845,530
Restricted investments	201,913
Total Governmental Activities Cash and Investments	<u>8,047,443</u>
<b>Fiduciary Funds</b>	
Cash and investments	559,114
Total Cash and Investments	<u><u>\$8,606,557</u></u>

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**C. Investments Authorized by the California Government Code and the City's Investment Policy**

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive.

The City's investment policy allows the following investments:

Investment Type	Maximum Maturity	Maximum % of Portfolio	Quality Requirements
U.S. Treasury Obligations	5 years	None	None
State and Local Agency Obligations	5 years	None	None
Commercial Paper	270	25%	A1/P1 rating
Negotiable Certificates of Deposit	5 years	30%	None
Money Market Funds	N/A	20%	Multiple
State Local Agency Investment Fund (LAIF)	N/A	None	None

**D. Interest Rate Risk**

Interest rate risk is the risk that potential future changes in market interest rates will adversely affect the fair market value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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

Investment Type	12 Months or less	Total
California Local Agency Investment Fund	\$7,931,238	\$7,931,238
CalPERS Section 115 CEPPT	201,913	201,913
Total Investments	\$8,133,151	8,133,151
Cash in banks and on hand		473,406
Total Cash and Investments		\$8,606,557

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the authority of the Treasurer of the State of California and is not registered with the Securities and Exchange Commission as an investment company. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2021 the average maturity was 291 days.

***E. Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The California Local Agency Investment Fund is not rated.

***F. Cash Deposits with Financial Institutions – Custodial Credit Risk on Deposits***

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2021, the City's bank balance was \$585,604 and \$335,604 of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent.

***G. Fair Value Hierarchy***

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The California Local Agency Investment Fund, reported at amortized cost, is not subject to the fair value reporting requirements. Fair value is defined as the quoted market value on the last trading day of the period.



**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 4 – INTERFUND TRANSACTIONS**

**A. Current Interfund Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2021, current interfund balances are as follows:

Fund Making Loan	Fund Receiving Loan	Amount
General Fund	Fire Protection Special Revenue Fund	\$160,236
	Gas Tax Special Revenue Fund	3,837
	Total	<u>\$164,073</u>

**B. Transfers Between Funds**

With Council approval, resources may be transferred from one City fund to another. Transfers In/Out for the year ended June 30, 2021 were as follows:

Fund Making Transfer	Fund Receiving Transfer	Amount
General Fund	Fire Protection Special Revenue Fund	\$801,586
	General Capital Improvements Capital Projects Fund	342,062
	2017 Lease Revenue Bonds Debt Service Fund	246,521
Gas Tax Special Revenue Fund	General Capital Improvements Capital Projects Fund	<u>86,225</u>
	Total	<u>\$1,476,394</u>

**NOTE 5 – CAPITAL ASSETS**

All capital assets are valued at historical cost or estimated cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 5 – CAPITAL ASSETS (Continued)**

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

	Balance June 30, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
<b>Governmental Activities</b>					
Non-Depreciable Capital Assets:					
Construction-in-progress	\$685,918	\$237,818		(\$578,990)	\$344,746
Total capital assets not being depreciated	685,918	237,818		(578,990)	344,746
Depreciable Capital Assets:					
City Hall & Community Center					
Buildings and building improvements	3,706,278				3,706,278
Corporation yard improvements	272,851				272,851
Office furniture & equipment	287,220	11,482			298,702
Transportation/other- Yard	434,316		(\$21,188)		413,128
Transportation/other- Police	275,843	5,647	(31,817)		249,673
Infrastructure	8,095,241	383,248		578,990	9,057,479
Total capital assets being depreciated	13,071,749	400,377	(53,005)	578,990	13,998,111
Less accumulated depreciation for:					
City Hall & Community Center					
Buildings and building improvements	2,315,056	76,982			2,392,038
Corporation yard improvements	190,633	10,153			200,786
Office furniture & equipment	135,475	27,670			163,145
Transportation/other- Yard	326,994	14,741	(21,188)		320,547
Transportation/other- Police	184,580	29,445	(31,817)		182,208
Infrastructure	3,527,392	434,561			3,961,953
Total accumulated depreciation	6,680,130	593,552	(53,005)		7,220,677
Net depreciable assets	6,391,619	(193,175)		578,990	6,777,434
Governmental activities capital assets, net	\$7,077,537	\$44,643			\$7,122,180

Construction in progress consisted of the following projects at June 30, 2021:

Project	Amount
Lane Projects	\$11,427
Lagoon Road Repairs	12,110
Playground Study	76,554
Undergrounding Projects	77,265
City Hall Renovations	109,137
Miscellaneous Improvements	58,253
Total	<u>\$344,746</u>

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 5 – CAPITAL ASSETS (Continued)**

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

<b>Governmental Activities</b>	
General Government	\$46,915
Police	48,690
Planning & Building	19,246
Public Works	24,894
Community Center (General Government)	19,246
Infrastructure (Public Works)	<u>434,561</u>
Total Governmental Activities	<u><u>\$593,552</u></u>

**NOTE 6 – LONG-TERM DEBT**

**A. City Debt**

The following is a summary of long-term debt transactions of the governmental activities for the year ended June 30, 2021:

<u>Direct Borrowings</u>	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2021</u>
2017 Lease Revenue Bonds due 9/01/32	\$2,325,000		(\$2,325,000)	
2020 Refunding Lease Bonds, due 09/01/31		\$2,323,000	(95,000)	\$2,228,000
	<u>\$2,325,000</u>	<u>\$2,323,000</u>	<u>(\$2,420,000)</u>	2,228,000
			Amount due within one year	<u>(194,000)</u>
			Amount due in more than one year	<u><u>\$2,034,000</u></u>

Debt service requirements are shown below for the bonds:

<u>Year ending June 30</u>	<u>Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 194,000	\$ 55,603	\$ 249,603
2023	192,000	50,668	242,668
2024	195,000	45,722	240,722
2025	207,000	40,711	247,711
2026	205,000	35,445	240,445
2027-2031	1,114,000	94,948	1,208,948
2032-2032	121,000	1,543	122,543
Total	<u>\$ 2,228,000</u>	<u>\$ 324,640</u>	<u>\$ 2,552,640</u>

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 6 – LONG-TERM DEBT (Continued)**

In August 2017, the City entered into a site and facility lease with the Belvedere Public Financing Authority (Authority) whereby the City leased its corporation yard and adjacent parking lot to the Authority, and the Authority, in turn, leased the property back to the City where the City agreed to make semi-annual lease payments to the Authority. The Authority subsequently assigned the lease to ZB, National Association (Purchaser). The Purchaser paid the Authority \$2,655,000 which the Authority remitted to the City as an advance rental on the lease agreement, for the City to use to refinance a portion of its unfunded actuarial accrued liability with respect to the City's pension obligations, and to pay for costs related to the preparation, execution and delivery of the lease agreement, site and facility lease and the assignment agreement. The 2017 Lease Revenue Bonds associated with this agreement accrued interest at 4.460% per annum, and principal and interest payments were due semi-annually on March 1 and September 1 through September 1, 2032, and were payable from general funds of the City.

During fiscal year ended June 30, 2021, the 2017 Lease Revenue Bonds were refinanced using the proceeds of the 2020 Refunding Lease as discussed below. As a result, the lease agreement with AB, National Association, was terminated as of October 1, 2020.

On October 1, 2020, the City entered into a new agreement, the 2020 Refunding Lease Agreement. The proceeds from the 2020 Refunding Lease Bonds (2020 Bonds) of \$2,323,000 were used to refinance the remaining 2017 Lease Revenue Bonds. As part of the agreement, the Authority assigned certain of its rights under the Site Lease and Lease Agreement, including the right to receive and enforce payment of the Lease Payments, to Capital One Public Funding, LLC. The 2020 Bonds bear interest at 2.55% per annum, and principal and interest payments are due semi-annually on March 1 and September 1 through September 1, 2031. The lease payments are payable from general funds of the City.

**B. 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 following table summarizes the outstanding balance of the LID debt with no City commitment:

	Balance at June 30, 2020	Retirements	Balance at June 30, 2021	Due Within One Year	Due in More Than One Year
2016 Revenue Bonds, due serially to 2043	\$8,030,000	(\$380,000)	\$7,650,000	\$385,000	\$7,265,000
2018 Revenue Bonds, due serially to 2048	2,700,000	(60,000)	2,640,000	60,000	2,580,000
2019 Revenue Bonds, due serially to 2050	665,000	(15,000)	650,000	15,000	635,000
	<u>\$11,395,000</u>	<u>(\$455,000)</u>	<u>\$10,940,000</u>	<u>\$460,000</u>	<u>\$10,480,000</u>

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 6 – LONG-TERM DEBT (Continued)**

**2016 Underground Assessment District – 2016 Revenue Bonds:** In August 2016, the City's seven utility undergrounding assessment districts (Upper Beach Road; Madrona, Bella Vista and Oak; San Rafael; Lower Belvedere; Bayview/Bella Vista Avenues; Mid San Rafael Avenue; and Pine Avenue) were consolidated and refinanced with lower interest rates in order to reduce payments for participating property owners. 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 Belvedere Public Financing Authority Revenue Bonds, 2016 Consolidated Utility Undergrounding Reassessment and Refunding District, were issued in the amount of \$9,475,000, representing the unpaid assessments from the outstanding limited obligation bonds from the seven previous underground assessment districts of \$9,011,209, plus fees pursuant to the provisions of the Refunding Act of 1984 for 1915 Improvement Act Bonds. The revenue bonds bear annual interest ranging from 0.75% to 3.05%, and are due semi-annually commencing March 2, 2017. Principal payments are due annually on September 2 until they mature on September 2, 2034.

**2018 Acacia/Laurel Utility Undergrounding Assessment District – 2018 Revenue Bonds:** 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 Belvedere Public Financing Authority Revenue Bonds, 2018 Acacia/Laurel Utility Undergrounding Assessment District, were issued in the amount of \$2,810,000. Concurrently, the City issued one series of assessment bonds for the Acacia/Laurel Utility Undergrounding Assessment District in the amount of \$2,673,056.80 pursuant to the Municipal Improvement Act of 1913. The assessment bonds were purchased by the Public Financing Authority, and secure and provide the stream of revenues to pay debt service on the Revenue Bonds. The assessment bonds are payable from the unpaid assessments levied and collected within the assessment district. The revenue bonds bear annual interest ranging from 2.10% to 4.30%, and are due semi-annually commencing March 2, 2019. Principal payments are due annually on September 2 until they mature on September 2, 2048.

**2019 Golden Gate/Belvedere Utility Undergrounding Assessment District – 2019 Revenue Bonds:** 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 Belvedere Public Financing Authority Revenue Bonds, 2019 Golden Gate/Belvedere Utility Undergrounding Assessment District, were issued in the amount of \$665,000. The assessment bonds were purchased by the Public Financing Authority, and secure and provide the stream of revenues to pay debt service on the Revenue Bonds. The assessment bonds are payable from the unpaid assessments levied and collected within the assessment district. The revenue bonds bear annual interest ranging from 2.65% to 5.00%, and are due semi-annually commencing March 2, 2020. Principal payments are due annually on September 2 until they mature on September 2, 2049.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 7 – NET POSITION AND FUND BALANCES**

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

Net Position is measured on the full accrual basis while Fund Balance is measured on the modified accrual basis, as explained in Note 1.

**A. Net Position**

Government-Wide Net Position consists of the following:

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

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

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

**B. Fund Balances**

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

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

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

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

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

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

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 7 – NET POSITION AND FUND BALANCES (Continued)**

Unassigned: This category is for any balances that have no restrictions placed upon them. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

**C. Governmental Fund Type Definitions**

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

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

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

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

**D. 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. The City typically uses unassigned general funds to liquidate the liability for compensated absences and to liquidate the net pension liability or net postemployment benefit obligation when necessary.

**E. Investment Earnings**

Investment earnings follow the classification of the revenues invested.

**F. Minimum Fund Balance Policy**

The Council has established a policy to maintain a General Fund Reserve equal to 50% of annual operating expense plus the General Fund transfer to the Fire Fund. At June 30, 2021, the amount in reserve is \$2.9 million, which complies with this policy.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 7 – NET POSITION AND FUND BALANCES (Continued)**

**G. Fund Balance Classifications**

Fund balances classifications at June 30, 2021 were:

Fund Balance Classifications	General Fund	Fire Protection Fund	General Capital Improvements	Other Governmental Funds	Total
<b>Nonspendable:</b>					
Items not in spendable form:					
Prepays and deposits	\$54,621				\$54,621
<b>Total Nonspendable Fund Balances</b>	<u>54,621</u>				<u>54,621</u>
<b>Restricted for:</b>					
Pension benefits	201,913				201,913
Street maintenance			\$390,351		390,351
<b>Total Restricted Fund Balances</b>	<u>201,913</u>		<u>390,351</u>		<u>592,264</u>
<b>Committed to:</b>					
Pension funding	1,300,000				1,300,000
<b>Total Committed Fund Balances</b>	<u>1,300,000</u>				<u>1,300,000</u>
<b>Assigned to:</b>					
General Fund Reserve	3,202,586				3,202,586
Insurance Reserve	57,329				57,329
Capital Projects			\$1,128,425		1,128,425
Equipment Replacement				\$43,001	43,001
<b>Total Assigned Fund Balances</b>	<u>3,259,915</u>		<u>1,128,425</u>	<u>43,001</u>	<u>4,431,341</u>
<b>Unassigned:</b>					
General fund	1,161,784				1,161,784
<b>Total Unassigned Fund Balances</b>	<u>1,161,784</u>				<u>1,161,784</u>
<b>Total Fund Balances</b>	<u>\$5,978,233</u>		<u>\$1,518,776</u>	<u>\$43,001</u>	<u>\$7,540,010</u>



**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 8 – PENSION PLANS**

**A. Plan Descriptions and Summary of Balances by Plan**

**Plan Descriptions** – The City has three defined benefit pension plans, a Miscellaneous Plan, a Safety (Police) Plan, and a Retirement Enhancement Plan (REP). The Miscellaneous Plan and the Safety Plan are Cost-Sharing Multiple Employer Plans administered by the California Public Employees’ Retirement System (CalPERS). The Retirement Enhancement Plan is an Agent-Multiple Employer Plan administered by the Public Agency Retirement System (PARS). Benefit provisions under the Plans are established by State statute and City Ordinance. The PARS Plan is closed to new participants.

*CalPERS Plans* - All qualified employees are eligible to participate in the City’s following cost-sharing multiple employer defined benefit pension plans (“Plans”):

- City Miscellaneous (Classic) Plan
- City Miscellaneous (PEPRA) Plan
- City Safety (Classic) Plan
- City Safety (PEPRA) Plan

The Plans are administered by the California Public Employees’ Retirement System (“CalPERS”). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

*PARS Retirement Enhancement Plan (“REP”)* – This plan was implemented July 1, 2003 and closed to new participants hired after January 1, 2012. This plan is separate from CalPERS and is established as a 401(a) Defined Benefit Plan. The REP is administered by PARS, and is an Agent-Multiple Employer Plan.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miscellaneous and Safety Plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office or PARS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Below is a summary of the deferred outflows of resources, net pension liabilities and deferred inflows of resources by Plan:

Plan	Deferred Outflows of Resources	Net Pension Liability (Asset)/Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
CalPERS Plans:			
Miscellaneous	\$438,988	\$772,929	\$892,803
Safety - Police	333,203	631,924	648,953
PARS Retirement Enhancement Plan	3,828	(26,580)	132,858
	<u>\$776,019</u>	<u>\$1,378,273</u>	<u>\$1,674,614</u>

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 8 – PENSION PLANS (Continued)**

Pension liabilities are liquidated by the funds that have recorded the liability. The long-term portion of the governmental activities pension liabilities are liquidated primarily by the General Fund. For the year ended June 30, 2021, the City recognized pension expense of \$273,715 including amounts contributed to the CalPERS and PARS REP plans.

Each Plan is discussed in detail below.

**B. CalPERS Plans (Miscellaneous and Safety)**

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**Funding Policy** – Active plan members in the Plan are required to contribute 6.25% or 7% of their covered salary for the miscellaneous plans and 11.5% or 9% for public safety members. The City does not contribute to the employee portion. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of plan members are established by State statute and the employer contribution is established and may be amended by CalPERS.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 8 – PENSION PLANS (Continued)**

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<b>Miscellaneous</b>	
	<u>Classic (A)</u>	<u>PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-67	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	6.75%
Required employer contribution rates	10.340%	7.59%
	<b>Safety</b>	
	<u>Classic (A)</u>	<u>PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	50 - 57
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9%	12%
Required employer contribution rates	18.190%	13.13%

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2021, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Employer Contributions</u>
CalPERS:	
Miscellaneous	\$154,767
Safety	108,867
	<u>\$263,634</u>

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 8 – PENSION PLANS (Continued)**

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis. The City's required contributions for the unfunded liability in the Miscellaneous and Safety Plans were \$49,762 and \$39,153, respectively.

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions** - As of June 30, 2021, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$772,929
Safety	631,924
Total Net Pension Liability	<u>\$1,404,853</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2019 and 2020 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2019	0.01253%
Proportion - June 30, 2020	0.01832%
Change - Increase (Decrease)	<u>0.00579%</u>
	<u>Safety</u>
Proportion - June 30, 2019	0.00612%
Proportion - June 30, 2020	0.00948%
Change - Increase (Decrease)	<u>0.00336%</u>

<b>CITY OF BELVEDERE, CALIFORNIA</b> <b>NOTES TO BASIC FINANCIAL STATEMENTS</b> <b>For The Year Ended June 30, 2021</b>
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<b>NOTE 8 – PENSION PLANS (Continued)</b>
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At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the Miscellaneous Plan from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$154,767	
Differences between actual and expected experience	39,831	
Changes in assumptions		(5,513)
Net differences between projected and actual earnings on plan investments	22,961	
Net difference in actual contribution and proportion contributions		(560,268)
Adjustment due to differences in proportions	221,429	(327,022)
Total	\$438,988	(\$892,803)

\$154,767 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2022	(\$509,938)
2023	(81,157)
2024	(28,499)
2025	11,012
Total	(\$608,582)

<b>CITY OF BELVEDERE, CALIFORNIA</b> <b>NOTES TO BASIC FINANCIAL STATEMENTS</b> <b>For The Year Ended June 30, 2021</b>
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<b>NOTE 8 – PENSION PLANS (Continued)</b>
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At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the Safety Plan from the following sources:

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$108,867	
Differences between actual and expected experience	49,003	
Changes in assumptions		(\$2,105)
Net differences between projected and actual earnings on plan investments	13,734	
Net difference in actual contribution and proportion contributions		(444,202)
Adjustment due to differences in proportions	161,599	(202,646)
Total	\$333,203	(\$648,953)

\$108,867 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2022	(\$335,934)
2023	(66,164)
2024	(29,400)
2025	6,881
Total	(\$424,617)

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 8 – PENSION PLANS (Continued)**

**Actuarial Assumptions** – For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions for all benefit tiers:

	CalPERS
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost in accordance with the requirements of GASB Statement No.68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Mortality	Derived using CalPERS Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies

- (1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected rate of returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 8 – PENSION PLANS (Continued)**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected nominal rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rate of return by asset class.

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%		-0.92%
<b>Total</b>	<b>100%</b>		

(a) In the CalPERS Comprehensive AFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.



**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 8 – PENSION PLANS (Continued)**

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the City’s proportionate share of the net pension liability for each Plan, calculated using the discount rate 7.15%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$2,657,790	\$2,034,014	\$4,691,804
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$772,929	\$631,924	\$1,404,853
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability (Asset)	(\$784,473)	(\$518,624)	(\$1,303,097)

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**Subsequent Event – Reduction of CalPERS Discount Rate** – In July 2021, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2021. Under the Funding Risk Mitigation Policy, approved by the CalPERS Board of Administration in 2015, the 21.3% net return will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall Public Employees Retirement Fund (PERF) is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year.

CalPERS' final fiscal year 2021 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 8 – PENSION PLANS (Continued)**

**C. PARS Retirement Enhancement Plan (REP)**

**Benefits Provided** – Effective July 1, 2003, the City contracted with the Public Agency Retirement System (PARS) to sponsor a supplemental Retirement Enhancement Plan created in accordance with IRC Section 401(a), which is a qualified defined benefit pension plan covering all eligible employees of the City. The Retirement Enhancement Plan is an Agent-Multiple Employer Plan administered by the PARS. Eligibility for the benefit is defined as reaching age 55, completing fifteen years of full-time City service, and retiring concurrently from both the City and CalPERS after leaving City employment. The Plan was closed to new participants effective January 1, 2012. The REP provides a benefit equal to 0.5% of final average compensation for all service while employed at the City of Belvedere.

**Contributions** – The City makes all contributions necessary to fund the benefits available under the REP. Employees are not permitted to make any contributions. Contributions during the fiscal year ended June 30, 2021 totaled \$36,042.

**Net Pension Liability (Asset)** – The City's net pension liability (asset) for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability (asset) of the Plan is measured as of June 30, 2021 using an annual actuarial valuation. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 8 – PENSION PLANS (Continued)**

**Actuarial Assumptions** – For the measurement period ended June 30, 2021, the total pension liability was determined using an actuarial valuation as of June 30, 2020. The June 30, 2021 total pension liability was based on the following actuarial methods and assumptions:

	PARS REP
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.50%
Payroll Growth	2.75%
Cost of Living Adjustments	2.00%
Projected Salary Increase	Consistent with the rates used to value Miscellaneous Public Agency CalPERS Pension Plans for employees with an entry age of 30 years.
Mortality	Pre-Retirement: Consistent with the Non-Industrial rates used to value the Miscellaneous Public Agency CalPERS Pension Plans. Post-Retirement: Consistent with the Non-Industrial rates used to value the Miscellaneous Public Agency CalPERS Pension Plans.
Post Retirement Benefit Increase	Tier I: The retirement rates are consistent with those used to value the Miscellaneous Public Agency CalPERS Pension Plans "2.5% at age 55." The rates used are those for retirees with 20 years of service. Tier II: The retirement rates are consistent with those used to value the Safety (Police) Public Agency CalPERS Pension Plans "3.0% at age 50." The rates used are those for retirees with 25 years of service.

**Discount Rate** - The discount rate used to measure the total pension liability for the Plan was 6.50%. The Plan's long-term expected rate of return was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation based upon the investment of all assets in PARS' diversified Moderately Conservative portfolio.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 8 – PENSION PLANS (Continued)**

*Changes in the Net Pension Liability* - The changes in the Net Pension Liability for the Plan as of the June 30, 2020 Measurement Date follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)
<b>Balance at June 30, 2020</b>	\$893,446	\$694,265	\$199,181
<b>Changes in the year:</b>			
Service cost	7,200		7,200
Interest on the total pension liability	57,518		57,518
Effect of economic/demographic gains or losses	(76,642)		(76,642)
Effect of assumptions changes or inputs			
Benefit payments	(32,019)	(32,019)	
Contributions - employer		36,042	(36,042)
Member contributions			
Net investment income		181,819	(181,819)
Administrative expenses		(4,024)	4,024
<b>Net changes</b>	<u>(43,943)</u>	<u>181,818</u>	<u>(225,761)</u>
<b>Balance at June 30, 2021</b>	<u>\$849,503</u>	<u>\$876,083</u>	<u>(\$26,580)</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability of the City for the Plan, calculated using the discount rate for the Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	PARS REP
1% Decrease	5.50%
Net Pension Liability	\$77,504
Current Discount Rate	6.50%
Net Pension Liability	(\$26,580)
1% Increase	7.50%
Net Pension Liability	(\$114,081)

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 8 – PENSION PLANS (Continued)**

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PARS financial report.

Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
U.S. Cash	2.90%	-0.32%	-0.32%
U.S. Core Fixed Income	35.44%	1.37%	1.26%
U.S. Equity Market	46.45%	5.33%	3.70%
Foreign Developed Equity	7.83%	6.27%	4.52%
Emerging Markets Equity	5.43%	8.64%	4.95%
US REITs	1.95%	5.75%	3.57%
Total	<u>100%</u>		

*Deferred Outflows/Inflows of Resources Related to Pensions* - At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the Plan from the following sources:

	PARS REP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		(\$41,386)
Changes in assumptions	\$3,828	
Net differences between projected and actual earnings on plan investments		(91,472)
Total	<u>\$3,828</u>	<u>(\$132,858)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2022	(\$55,484)
2023	(24,799)
2024	(21,488)
2025	(27,259)
Total	<u>(\$129,030)</u>

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 8 – PENSION PLANS (Continued)**

*D. Section 115 Pension Trust Fund*

In April 2021, the City established a Section 115 irrevocable trust with the California Employers' Pension Prefunding Trust (CEPPT) fund. The Council approved an initial deposit of \$1.5 million in level payments over a 15-month period in General Fund proceeds into the Strategy 1 sub-account of the City's CEPPT account. The Trust Account allows more control and flexibility in investment allocations compared to the City's portfolio, which is restricted by State regulations to fixed income instruments. Beginning July 1, 2021, the City will proactively contribute to the Section 115 irrevocable trust amounts reflective of what retirement costs would be if the normal cost of contributions were budgeted at a 6.0% discount rate. During the fiscal year ended June 30, 2021, the City contributed \$200,000 to the CEPPT account. As of June 30, 2021, the City reported the account balance of \$201,913 as restricted investments in the General Fund. In addition, \$1.3 million of the General Fund's fund balance is reported as Committed to pension funding, for a total of \$1.5 million in fund balance being held for pension liabilities.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**A. General Information about the City’s Other Post Employment Benefit (OPEB) Plan**

**Plan Description** – The City’s Post Employment Benefit Plan is a single-employer plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

**Benefits Provided** –The following is a summary of Plan benefits by employee group as of June 30, 2021:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>City Manager</u>
<b>Eligibility:</b>			
Age & Service Retirement	50 & 5 years CalPERS service	50 & 5 years CalPERS service	50 & 5 years CalPERS service; City Manager employees only
Industrial Disability Retirement	Yes	Yes	Yes
Duty Death	Yes	Yes	Yes
<b>Health Benefit Plan:</b>			
Employee only	Premium for Kaiser Permanente or Public Employee's Medical Hospital Care Act (PEMHCA) minimum only	Premium for Kaiser Permanente or Public Employee's Medical Hospital Care Act (PEMHCA) minimum only	Amount not to exceed 60% of Kaiser Basic rate for 2-party coverage
Employee + one dependent	Premium for Kaiser Permanente or Public Employee's Medical Hospital Care Act (PEMHCA) minimum only	Premium for Kaiser Permanente or Public Employee's Medical Hospital Care Act (PEMHCA) minimum only	Amount not to exceed 60% of Kaiser Basic rate for 2-party coverage
Employee + two or more dependents	Premium for Kaiser Permanente or Public Employee's Medical Hospital Care Act (PEMHCA) minimum only	Premium for Kaiser Permanente or Public Employee's Medical Hospital Care Act (PEMHCA) minimum only	Amount not to exceed 60% of Kaiser Basic rate for 2-party coverage
Surviving Spouse of Retiree	Premium for Kaiser Permanente or Public Employee's Medical Hospital Care Act (PEMHCA) minimum only	Premium for Kaiser Permanente or Public Employee's Medical Hospital Care Act (PEMHCA) minimum only	Amount not to exceed 60% of Kaiser Basic rate for 2-party coverage

Note: PEMHCA Minimum Rate: \$139/month as of 2020

Kaiser 2-party rate: up to \$922.19/month as of 2020

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

*Employees Covered by Benefit Terms* – Membership in the plan consisted of the following at the measurement date of June 30, 2020:

	Count
Inactive employees currently receiving benefits	14
Inactive employees entitled to benefit payments	6
Active employees	19
Total	39

**B. Total OPEB Liability**

*Actuarial Methods and Assumptions* – The City’s total OPEB liability was measured as of June 30, 2020, and the total OPEB liability was determined by an actuarial valuation dated June 30, 2019, to determine the \$1,609,699 total OPEB liability as of June 30, 2021, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	Miscellaneous
Actuarial Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.21%
Inflation Rate	2.75%
Payroll Growth	3.00%
Mortality, Retirement, Disability & Termination Rate	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Healthcare Cost Trend Rate	Non-Medicare: 7.25% for 2021, and trending down to an ultimate rate of 4% in 2076 Medicare: 6.3% in 2021, trending down to 4% in 2076 PEMHCA minimum: increase by 4.25% annually after 2019

The discount rate was based on the Bond Buyer 20 Index.

The underlying mortality assumptions were based on the CalPERS 1997-2015 Experience Study and all other actuarial assumptions used in the June 30, 2020, valuation were based on the results of a June 30, 2020 actuarial experience study for the period July 1, 2020 to June 30, 2021.



**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**C. Changes in Total OPEB Liability**

The changes in the total OPEB liability follows:

	Increase (Decrease)
	Total OPEB Liability
<b>Balance at June 30, 2020</b>	<b>\$1,312,304</b>
<b>Changes for the year:</b>	
Service Cost	46,470
Interest on the Total OPEB Liability	46,568
Differences between Expected and Actual Experience	-
Assumption changes	260,897
Benefit payments	(56,540)
Administrative Expense	-
<b>Net changes</b>	<b>297,395</b>
<b>Balance at June 30, 2021</b>	<b>\$1,609,699</b>

The long-term portion of the Governmental Activities Net OPEB Liability is liquidated primarily by the General Fund.

**D. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

1% Decrease	1.21%
Net OPEB Liability	\$1,874,377
Current Discount Rate	2.21%
Net OPEB Liability	\$1,609,699
1% Increase	3.21%
Net OPEB Liability	\$1,401,015

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0%) or 1-percentage-point higher (9%) than the current healthcare cost trend rates:

1% Decrease	7.00%
Net OPEB Liability	\$1,379,205
Trend Rate	8.00%
Net Pension Liability	\$1,609,699
1% Increase	9.00%
Net Pension Liability	\$1,902,206

**E. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the City recognized OPEB expense of \$45,391. At June 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$32,286
Changes of assumptions	\$231,673	24,000
Employer contributions made subsequent to the measurement date	62,613	
Total	<u>\$294,286</u>	<u>\$56,286</u>

\$62,613 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Fiscal Year Ended June 30	Annual Amorization
2022	\$33,633
2023	51,633
2024	56,092
2025	34,029
Total	<u>\$175,387</u>

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 10 – JOINT VENTURES AND POOLS**

**A. *Belvedere Parking Authority and Belvedere Public Financing Authority***

The Belvedere Parking Authority (“Parking Authority”) was established in May 2016 for the purpose of being the second entity in a joint powers authority with the City to establish a financing authority.

The Belvedere Public Financing Authority (the “Financing Authority”) was established in May 2016 as a joint powers authority between the City and the Financing Authority. The Financing Authority was established to execute refunding agreements for the outstanding limited obligation bonds of the underground assessment districts, fund the reserve fund, pay for the costs of issuance, and pay debt service payments.

**B. *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 and an at large member appointed by the Reed School District. Participating agencies at June 30, 2020 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 (\$882,709 for fiscal 2021), 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.

Financial statements for the Belvedere-Tiburon Library Agency can be obtained at 1501 Tiburon Blvd., Tiburon, CA 94920.

**C. *Public Agency Risk Sharing Authority of California (PARSAC)***

The City of Belvedere is a member of the Public Agency Risk Sharing Authority of California (PARSAC) for liability and workers’ compensation risk coverage. PARSAC is a statewide joint powers authority providing risk sharing services to California public entities that provide a municipal service. PARSAC is governed by a Board of Directors and member agencies are entitled to representation on the board. Upon termination of the joint powers authority agreements, all property of PARSAC would be returned to the respective parties that transferred the property to PARSAC and any surplus of funds and assets would be returned to the parties in proportion to actual balances of each entity. Complete financial information for PARSAC is available at 1525 Response Road, Sacramento, CA 95815.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2021**

**NOTE 10 – JOINT VENTURES AND POOLS (Continued)**

Coverage Type	Deductible	Coverage Limits
General & Auto Liability	\$100,000	\$50,000,000
Employment Practices Liability	100,000	50,000,000
Workers' Compensation	100,000	5,000,000
Pollution Insurance	75,000	10,000,000
All-Risk Property Insurance	5,000	1,000,000,000
Employee Dishonesty	2,500	1,000,000
Forgery & Alteration	2,500	1,000,000
Theft, Disappearance, Destruction	2,500	1,000,000
Robbery & Safe Burglary	2,500	1,000,000
Computer Fraud	2,500	1,000,000
Money Orders and Counterfeit Paper Currency	2,500	1,000,000

Liabilities of the City are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). There were no material unpaid and uninsured claims outstanding at the beginning or end of the last two fiscal years.

Amounts of settlements did not exceed insurance coverage for the last three years.

**D. Marin Emergency Radio Authority (MERA)**

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.

**E. 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

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

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



— CITY OF BELVEDERE, CALIFORNIA —

**REQUIRED SUPPLEMENTARY INFORMATION**

**SECTION**

Review Draft

**CITY OF BELVEDERE**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$5,911,829	\$5,911,829	\$6,332,809	\$420,980
Other taxes	163,090	163,090	159,401	(3,689)
Licenses and permits	433,793	433,793	483,331	49,538
Fines and forfeitures	16,000	16,000	864	(15,136)
Use of money and property	65,000	65,000	100,737	35,737
Intergovernmental revenues	146,435	146,435	242,703	96,268
Charges for services	311,375	311,375	331,071	19,696
Franchise fees	173,500	173,500	185,776	12,276
Other revenues	37,000	37,000	33,997	(3,003)
Total Revenues	<u>7,258,022</u>	<u>7,258,022</u>	<u>7,870,689</u>	<u>612,667</u>
Expenditures				
Current:				
General government	1,033,928	1,033,926	934,099	99,827
Public safety:				
Police	1,655,933	1,655,933	1,583,418	72,515
Planning and development	1,128,075	1,128,075	1,173,665	(45,590)
Public works	1,183,408	1,186,982	1,211,592	(24,610)
Recreation (The Ranch)	61,844	61,844	65,740	(3,896)
Non-Departmental	466,279	466,804	388,591	78,213
Total Expenditures	<u>5,529,467</u>	<u>5,533,564</u>	<u>5,357,105</u>	<u>176,459</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,728,555</u>	<u>1,724,458</u>	<u>2,513,584</u>	<u>789,126</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	<u>(1,780,117)</u>	<u>(1,780,117)</u>	<u>(1,390,169)</u>	<u>389,948</u>
Total other financing sources (uses)	<u>(1,780,117)</u>	<u>(1,780,117)</u>	<u>(1,390,169)</u>	<u>389,948</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$51,562)</u></u>	<u><u>(\$55,659)</u></u>	1,123,415	<u><u>\$1,179,074</u></u>
FUND BALANCE AT BEGINNING OF YEAR			<u>4,854,818</u>	
FUND BALANCE AT END OF YEAR			<u><u>\$5,978,233</u></u>	

## CITY OF BELVEDERE

**BUDGETARY COMPARISON SCHEDULE  
FIRE PROTECTION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$947,932	\$947,932	\$946,944	(\$988)
Total revenues	<u>947,932</u>	<u>947,932</u>	<u>946,944</u>	<u>(988)</u>
Expenditures				
Current				
Public safety:				
Fire	<u>1,775,000</u>	<u>1,775,000</u>	<u>1,748,530</u>	<u>26,470</u>
Total expenditures	<u>1,775,000</u>	<u>1,775,000</u>	<u>1,748,530</u>	<u>26,470</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(827,068)</u>	<u>(827,068)</u>	<u>(801,586)</u>	<u>25,482</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds			<u>801,586</u>	<u>801,586</u>
Total other financing sources (uses)			<u>801,586</u>	<u>801,586</u>
NET CHANGE IN FUND BALANCE	<u>(\$827,068)</u>	<u>(\$827,068)</u>		<u>\$827,068</u>
FUND BALANCE AT BEGINNING OF YEAR				
FUND BALANCE AT END OF YEAR				

**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, except for the Gas Tax Special Revenue Fund. The legal level of budgetary control has been established at the fund level. Budgets are subject to a public hearing before they are adopted by the City Council. Budgets are prepared on the cash basis and are not materially different from budgets prepared under accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule – General Fund does not include other funds combined with the General Fund for financial statement purposes. Budgetary comparison schedules for these funds have been included with the nonmajor budgetary comparison schedules as appropriate.

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

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



**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BELVEDERE**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Miscellaneous and Safety Cost-Sharing Multiple-Employer Defined Benefit Pension Plans  
 Last 10 Years\*

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 AND RELATED RATIOS AS OF THE MEASUREMENT DATE**

Measurement Date	Miscellaneous Plan						
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Plan's proportion of the Net Pension Liability (Asset)	0.02786%	0.06454%	0.07071%	0.06844%	0.00851%	0.01253%	0.01832%
Plan's proportion share of the Net Pension Liability (Asset)	\$1,733,750	\$1,770,555	\$2,456,235	\$2,698,048	\$320,725	\$501,791	\$772,929
Plan's Covered Payroll	\$1,394,430	\$1,413,982	\$1,479,351	\$1,370,946	\$1,405,882	\$1,459,265	\$1,523,406
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	124.33%	125.22%	166.03%	196.80%	22.81%	34.39%	50.74%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%
Measurement Date	Safety Plan						
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Plan's proportion of the Net Pension Liability (Asset)	0.01748%	0.02760%	0.03112%	0.02967%	0.00448%	0.00612%	0.00948%
Plan's proportion share of the Net Pension Liability (Asset)	\$1,087,923	\$1,137,147	\$1,611,595	\$1,772,636	\$262,953	\$382,318	\$631,924
Plan's Covered Payroll	\$700,977	\$645,791	\$842,368	\$708,177	\$802,683	\$683,660	\$575,460
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	155.20%	176.09%	191.32%	250.31%	32.76%	55.92%	109.81%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%

\* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BELVEDERE**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Miscellaneous and Safety Cost-Sharing Multiple-Employer Defined Benefit Pension Plans  
Last 10 Years\*

**SCHEDULE OF CONTRIBUTIONS AND NOTES TO SCHEDULE**

Fiscal Year Ended June 30	Miscellaneous Plan						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution (actuarially determined)	\$149,613	\$180,795	\$162,841	\$110,838	\$180,028	\$173,606	\$154,767
Contributions in relation to the actuarially determined contributions	(149,613)	(180,795)	(162,841)	(110,838)	(180,028)	(173,606)	(154,767)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$1,413,982	\$1,479,351	\$1,370,946	\$1,405,882	\$1,459,265	\$1,523,406	\$1,664,549
Contributions as a percentage of covered payroll	10.58%	12.22%	11.88%	7.88%	12.34%	11.40%	9.30%
Fiscal Year Ended June 30	Safety Plan						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution (actuarially determined)	\$131,200	\$147,021	\$190,912	\$114,373	\$149,411	\$120,306	\$108,867
Contributions in relation to the actuarially determined contributions	(131,200)	(147,021)	(190,912)	(114,373)	(149,411)	(120,306)	(108,867)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$645,791	\$842,368	\$708,177	\$802,683	\$683,660	\$575,460	\$759,119
Contributions as a percentage of covered payroll	20.32%	17.45%	26.96%	14.25%	21.85%	20.91%	14.34%

**Notes to Schedule Contributions**

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method      Entry-Age Normal Cost in accordance with the requirements of GASB Statement No. 68

Actual Assumptions:

Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Investment Rate of Return	7.15% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2)

(1) Net of pension plan investment expenses, including inflation

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

\* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan  
Last 10 Years\*

Measurement Date	6/30/2018	6/30/2019	6/30/2020	6/30/2021
<b>Total Pension Liability</b>				
Service Cost	\$22,887	\$13,075	\$13,435	\$7,200
Interest	51,821	52,857	55,473	57,518
Effect of economic/ demographic gains or losses	(13,640)			(76,642)
Changes in assumptions	42,116			
Changes in benefits				
Benefit payments, including refunds of employee contributions	(19,173)	(21,829)	(30,420)	(32,019)
<b>Net change in total pension liability</b>	84,011	44,103	38,488	(43,943)
<b>Total pension liability - beginning</b>	726,844	810,855	854,958	893,446
<b>Total pension liability - ending (a)</b>	\$810,855	\$854,958	\$893,446	\$849,503
<b>Plan fiduciary net position</b>				
Contributions - employer	\$30,305	\$26,737	\$36,042	\$36,042
Contributions - employee				
Net investment income	43,289	39,677	15,207	181,819
Benefit payments, including refunds of employee contributions	(19,173)	(21,829)	(30,420)	(32,019)
Plan to Plan Resource Movement				
Administrative Expense	(3,120)	(3,233)	(3,457)	(4,024)
<b>Net change in plan fiduciary net position</b>	51,301	41,352	17,372	181,818
<b>Plan fiduciary net position - beginning</b>	584,240	635,541	676,893	694,265
<b>Plan fiduciary net position - ending (b)</b>	\$635,541	\$676,893	\$694,265	\$876,083
Net pension liability - ending (a)-(b)	\$175,314	\$178,065	\$199,181	(\$26,580)
Plan fiduciary net position as a percentage of the total pension liability	78.38%	79.17%	77.71%	103.13%
Covered payroll	\$921,592	\$946,933	\$972,977	\$578,643
Net pension liability as percentage of covered payroll	19.02%	18.80%	20.47%	-4.59%

\* Fiscal year 2015 was the first year of implementation, however, data for fiscal years 2015 thru 2017 are not currently available.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BELVEDERE**  
**REQUIRED SUPPLEMENTARY INFORMATION**

PARS Retirement Enhance Plan (REP) Defined Benefit Pension Plan  
Last 10 Years\*

**SCHEDULE OF CONTRIBUTIONS**

Fiscal Year Ended June 30	PARS REP						
	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$44,240	\$37,546	\$32,350	\$27,648	\$27,648	\$36,078	\$21,456
Contribution in relation to the actuarially determined contributions	(44,240)	(37,546)	(32,350)	(30,305)	(26,737)	(36,042)	(36,042)
Contribution deficiency (excess)	\$0	\$0	\$0	(\$2,657)	\$911	\$36	(\$14,586)
Covered Payroll	\$1,436,349	\$1,219,022	\$1,078,340	\$921,592	\$946,936	\$972,977	\$578,643
Contributions as a percentage of covered payroll	3.08%	3.08%	3.00%	3.29%	2.82%	3.70%	6.23%
<b>Notes to Schedule</b>							
Valuation date	6/30/2014	6/30/2015	6/30/2016	6/30/2018	6/30/2018	6/30/2018	6/30/2020

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar of payroll, closed
Remaining amortization period	12 years
Asset valuation method	None
Inflation	2.50%
Salary increases	Consistent with the rates used to value Miscellaneous Public Agency CalPERS Pension Plans for employees with an entry age of 30.
Investment rate of return	6.50%
Payroll growth	2.75%
Retirement	Tier I: The retirement rates are consistent with those used to value the Miscellaneous Public Agency CalPERS Pension Plans "2.5% at age 55." The rates used are those for retirees with 20 years of service. Tier II: The retirement rates are consistent with those used to value Public Agency Police CalPERS Pension Plan "3.0% at age 50." The rates used are those for retirees with 25 years of service.
Mortality	Consistent with the Non-Industrial rates used to value the Miscellaneous Public Agency CalPERS Pension Plans for both Pre-Retirement & Post-Retirement.

\*Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BELVEDERE**  
**REQUIRED SUPPLEMENTARY INFORMATION**

City of Belvedere Single-Employer OPEB Plan  
**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS**  
 For the measurement year ending June 30  
 Last 10 Years\*

<b>Measurement Date- June 30</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Total OPEB Liability</b>				
Service Cost	\$72,000	\$63,000	\$61,217	\$46,470
Interest	38,000	45,000	50,048	46,568
Differences between actual and expected experience	-	-	(60,362)	-
Assumption Changes	(126,000)	(47,000)	51,401	260,897
Benefit payments including refunds	(29,000)	(36,000)	(44,000)	(56,540)
Changes of benefit terms	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>(45,000)</b>	<b>25,000</b>	<b>58,304</b>	<b>297,395</b>
<b>Total OPEB liability - (beginning of year)</b>	<b>1,274,000</b>	<b>1,229,000</b>	<b>1,254,000</b>	<b>1,312,304</b>
<b>Total OPEB liability - (end of year)</b>	<b>\$1,229,000</b>	<b>\$1,254,000</b>	<b>\$1,312,304</b>	<b>\$1,609,699</b>
Covered Payroll	\$2,263,000	\$2,209,000	\$2,032,500	\$2,495,104
Net OPEB liability as percentage of covered payroll	54.31%	56.77%	64.57%	64.51%

**Notes to Schedule:**

\* Fiscal year 2018 was the 1st year of implementation, therefore, only four years are shown.

**CITY OF BELVEDERE, CALIFORNIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BELVEDERE**  
**REQUIRED SUPPLEMENTARY INFORMATION**

City of Belvedere Single-Employer OPEB Plan  
For the fiscal year ending June 30, 2021  
Last 10 Years\*

**SCHEDULE OF CONTRIBUTIONS**

Fiscal Year Ending	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Employer required contributions	\$32,432	\$42,658	\$56,873	\$62,613
Contributions in relation to the actuarially determined contributions	(32,432)	(42,658)	(56,873)	(62,613)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 Covered payroll	 \$2,209,000	 \$2,032,500	 \$2,495,104	 \$2,498,209
 Contributions as a percentage of covered payroll	 1.47%	 2.10%	 2.28%	 2.51%
 <b>Notes to Schedule</b>				
Valuation date:	6/30/2017	6/30/2017	6/30/2019	6/30/2019
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry age normal, level percent of pay			
Inflation	2.75%			
Assumed Rate of Payroll Growth	3.00%			
Healthcare trend rates	Non-Medicare: 7.25% for 2021, and trending down to an ultimate rate of 4% in 2076 and beyond Medicare: 6.3% in 2021, trending down to 4% in 2076 and beyond			
PEMHCA trend rate	4.25% annually after 2019			
Retirement Age	Age 50 and 5 years of service			
Mortality rate	CalPERS Rates (1)			

(1) Mortality rate is based on assumption data of 20 years of projected on-going mortality improvement using Society of Actuaries Scale BB in June 30, 2016, CalPERS actuarial valuation.

\* Fiscal year 2018 was the 1st year of implementation, therefore, only four years are shown.



— CITY OF BELVEDERE, CALIFORNIA —

**SUPPLEMENTARY INFORMATION**

Review Draft

## CITY OF BELVEDERE

**BUDGETARY COMPARISON SCHEDULE  
GENERAL CAPITAL IMPROVEMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Use of money and property			\$3,073	\$3,073
Intergovernmental revenues	\$428,000	\$428,000	341,850	(86,150)
Charges for services	175,750	175,750	163,935	(11,815)
Total Revenues	603,750	603,750	508,858	(94,892)
Expenditures				
Capital outlay	1,049,500	2,230,470	679,239	1,551,231
Total Expenditures	1,049,500	2,230,470	679,239	1,551,231
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(445,750)	(1,626,720)	(170,381)	1,456,339
OTHER FINANCING SOURCES (USES)				
Transfers from other funds			428,287	428,287
Total other financing sources (uses)			428,287	428,287
NET CHANGE IN FUND BALANCE	(\$445,750)	(\$1,626,720)	257,906	\$1,884,626
FUND BALANCE AT BEGINNING OF YEAR			1,260,870	
FUND BALANCE AT END OF YEAR			\$1,518,776	



**CITY OF BELVEDERE  
GENERAL FUND  
COMBINING BALANCE SHEET  
JUNE 30, 2021**

	General Fund*	SLESF Fund	Insurance Reserve Fund	Pension Trust Fund**	Total General Fund
<b>ASSETS</b>					
Cash and investments	\$6,333,559		\$57,329		\$6,390,888
Restricted cash and investments				\$201,913	201,913
Accounts receivable, net	344,992				344,992
Due from other funds	164,073				164,073
Prepaid items and other current assets	54,621				54,621
<b>Total Assets</b>	<b>\$6,897,245</b>		<b>\$57,329</b>	<b>\$201,913</b>	<b>\$7,156,487</b>
<b>LIABILITIES</b>					
Accounts payable and other liabilities	\$317,618				\$317,618
Refundable deposits	736,137				736,137
<b>Total Liabilities</b>	<b>1,053,755</b>				<b>1,053,755</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - grants	124,499				124,499
<b>Total Deferred Inflows of Resources</b>	<b>124,499</b>				<b>124,499</b>
<b>FUND BALANCES</b>					
Nonspendable	54,621				54,621
Restricted				\$201,913	201,913
Committed	1,300,000				1,300,000
Assigned	3,202,586		\$57,329		3,259,915
Unassigned	1,161,784				1,161,784
<b>Total Fund Balances</b>	<b>5,718,991</b>		<b>57,329</b>	<b>201,913</b>	<b>5,978,233</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$6,897,245</b>		<b>\$57,329</b>	<b>\$201,913</b>	<b>\$7,156,487</b>

\* General Fund balances combined with previously reported Pension Reserve Fund.

\*\* New General Fund combining fund to report activities of Section 115 Trust.

**CITY OF BELVEDERE**  
**GENERAL FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund*	SLESF Fund	Insurance Reserve Fund	Pension Trust Fund**	Total General Fund
<b>REVENUES</b>					
Property taxes	\$6,332,809				\$6,332,809
Other taxes	159,401				159,401
Licenses and permits	483,331				483,331
Fines and forfeitures	864				864
Use of money & property	98,191	\$593		\$1,953	100,737
Intergovernmental revenues	78,511	164,192			242,703
Charges for services	331,071				331,071
Franchise fees	185,776				185,776
Other revenues	33,997				33,997
<b>Total Revenues</b>	<b>7,703,951</b>	<b>164,785</b>		<b>1,953</b>	<b>7,870,689</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	934,059			40	934,099
Public safety:					
Police	1,583,418				1,583,418
Planning & development	1,173,665				1,173,665
Public works	1,211,592				1,211,592
Recreation (The Ranch)	65,740				65,740
Non-departmental	388,591				388,591
<b>Total Expenditures</b>	<b>5,357,065</b>			<b>40</b>	<b>5,357,105</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,346,886</b>	<b>164,785</b>		<b>1,913</b>	<b>2,513,584</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	164,785			200,000	364,785
Transfers out	(1,590,169)	(164,785)			(1,754,954)
<b>Total other financing sources (uses)</b>	<b>(1,425,384)</b>	<b>(164,785)</b>		<b>200,000</b>	<b>(1,390,169)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>921,502</b>			<b>201,913</b>	<b>1,123,415</b>
<b>BEGINNING FUND BALANCES</b>	<b>4,797,489</b>		<b>\$57,329</b>		<b>4,854,818</b>
<b>ENDING FUND BALANCES</b>	<b>\$5,718,991</b>		<b>\$57,329</b>	<b>\$201,913</b>	<b>\$5,978,233</b>

\* General Fund balances combined with previously reported Pension Reserve Fund.

\*\* New General Fund combining fund to report activities of Section 115 Trust.

**NON-MAJOR GOVERNMENTAL FUNDS**

Review Draft

**CITY OF BELVEDERE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2021**

	<u>Gas Tax</u>	<u>Equipment Replacement Fund</u>	<u>Lease Revenue Bonds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents		\$43,001		\$43,001
Accounts receivable, net	\$3,837			3,837
Total Assets	<u>\$3,837</u>	<u>\$43,001</u>		<u>\$46,838</u>
<b>LIABILITIES</b>				
Due to other funds	\$3,837			\$3,837
Total Liabilities	<u>3,837</u>			<u>3,837</u>
<b>FUND BALANCES</b>				
Assigned		\$43,001		43,001
Total Fund Balances		<u>43,001</u>		<u>43,001</u>
Total Liabilities and Fund Balances	<u>\$3,837</u>	<u>\$43,001</u>		<u>\$46,838</u>

**CITY OF BELVEDERE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Gas Tax	Equipment Replacement Fund	Lease Revenue Bonds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Use of money and property	\$257			\$257
Intergovernmental revenues	85,968	\$45,092		131,060
<b>Total Revenues</b>	<b>86,225</b>	<b>45,092</b>		<b>131,317</b>
<b>EXPENDITURES</b>				
Debt service:				
Principal			\$170,000	170,000
Interest and fiscal charges			149,521	149,521
Capital outlay		27,091		27,091
<b>Total Expenditures</b>		<b>27,091</b>	<b>319,521</b>	<b>346,612</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>86,225</b>	<b>18,001</b>	<b>(319,521)</b>	<b>(215,295)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds			2,323,000	2,323,000
Repayment of capital lease			(2,250,000)	(2,250,000)
Transfers from other funds			246,521	246,521
Transfers to other funds	(86,225)			(86,225)
<b>Total other financing sources (uses)</b>	<b>(86,225)</b>		<b>319,521</b>	<b>233,296</b>
<b>NET CHANGE IN FUND BALANCES</b>		<b>18,001</b>		<b>18,001</b>
<b>BEGINNING FUND BALANCES</b>		<b>25,000</b>		<b>25,000</b>
<b>ENDING FUND BALANCES</b>		<b>\$43,001</b>		<b>\$43,001</b>

**CITY OF BELVEDERE**  
**BUDGETARY COMPARISON SCHEDULE**  
**EQUIPMENT REPLACEMENT FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance with Final-Positive (Negative)
<b>Revenues</b>			
Use of money and property Intergovernmental revenues	<u>\$1,000</u>	<u>\$45,092</u>	<u>(\$44,092)</u>
Total Revenues	<u>1,000</u>	<u>45,092</u>	<u>(44,092)</u>
<b>Expenditures</b>			
Capital outlay	<u></u>	<u>27,091</u>	<u>(27,091)</u>
Total Expenditures	<u></u>	<u>27,091</u>	<u>(27,091)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,000</u>	<u>18,001</u>	<u>17,001</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	<u></u>	<u></u>	<u></u>
Total Other Financing Sources (Uses)	<u></u>	<u></u>	<u></u>
NET CHANGE IN FUND BALANCE	<u>\$1,000</u>	<u>18,001</u>	<u>(\$17,001)</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>25,000</u>	
FUND BALANCE AT END OF YEAR		<u>\$43,001</u>	

**CITY OF BELVEDERE**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2021**

	Assessment Districts	Belvedere- Tiburon Library Agency	Total
<b>Assets:</b>			
Cash and investments (overdraft)	\$556,204	\$2,910	\$559,114
Accounts receivable	6,680	27,317	33,997
<b>Total Assets</b>	<b>562,884</b>	<b>30,227</b>	<b>593,111</b>
<b>Liabilities:</b>			
Accounts payable		30,227	30,227
<b>Total Liabilities</b>		<b>30,227</b>	<b>30,227</b>
<b>Net Position:</b>			
Restricted for:			
Bondholders	562,884		562,884
<b>Total Net Position</b>	<b>\$562,884</b>		<b>\$562,884</b>

**CITY OF BELVEDERE  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021**

	Assessment Districts	Belvedere- Tiburon Library Agency	Total
Additions			
Property taxes	\$43,176	\$882,709	\$925,885
Intergovernmental revenues	815,477		815,477
Investment income	1,000		1,000
Total Additions	<u>859,653</u>	<u>882,709</u>	<u>1,742,362</u>
Deductions			
Construction and engineering	47,910		47,910
Distributions to Library		882,709	882,709
Payments to bondholders	377,122		377,122
Interest and fiscal charges	457,795		457,795
Total Deductions	<u>882,827</u>	<u>882,709</u>	<u>1,765,536</u>
Change in net position	(23,174)		(23,174)
Net Position - Beginning, as Restated	<u>586,058</u>		<u>586,058</u>
Total Net Position	<u><u>\$562,884</u></u>		<u><u>\$562,884</u></u>



<b>STATISTICAL SECTION</b>
----------------------------

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. In contrast to the financial section, the statistical section information is not subject to independent audit.

***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time.

***Revenue Capacity***

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

***Debt Capacity***

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.

***Demographic and Economic Information***

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.

***Operating Information***

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.

***Sources***

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investment in capital assets	\$ 7,122,180	\$ 7,077,537	\$ 6,639,246	\$ 6,069,846	\$ 6,157,925	\$ 6,338,137	\$ 6,423,791	\$ 6,290,687	\$ 6,391,231	\$ 6,477,485
Restricted	592,264	324,857	941,270	395,508	-	-	-	-	-	-
Unrestricted	936,797	(602,975)	(2,626,949)	(3,231,241)	(708,477)	(660,496)	(1,082,881)	2,228,375	2,748,028	3,434,876
Total governmental activities net position	\$ 8,651,241	\$ 6,799,419	\$ 4,953,567	\$ 3,234,113	\$ 5,449,448	\$ 5,677,641	\$ 5,340,910	\$ 8,519,062	\$ 9,139,259	\$ 9,912,361
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total business-type activities net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Primary government										
Net investment in capital assets	\$ 7,122,180	\$ 7,077,537	\$ 6,639,246	\$ 6,069,846	\$ 6,157,925	\$ 6,338,137	\$ 6,423,791	\$ 6,290,687	\$ 6,391,231	\$ 6,477,485
Restricted	592,264	324,857	941,270	395,508	-	-	-	-	-	-
Unrestricted	936,797	(602,975)	(2,626,949)	(3,231,241)	(708,477)	(660,496)	(1,082,881)	2,228,375	2,748,028	3,434,876
Total primary government net position	\$ 8,651,241	\$ 6,799,419	\$ 4,953,567	\$ 3,234,113	\$ 5,449,448	\$ 5,677,641	\$ 5,340,910	\$ 8,519,062	\$ 9,139,259	\$ 9,912,361

**Note:** The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

**Source:** City Finance Department

## City of Belvedere

## Changes in Net Position, Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,024,585	\$ 1,010,668	\$ 846,917	\$ 676,830	\$ 984,634	\$ 681,073	\$ 839,551	\$ 1,028,858	\$ 1,238,851	\$ 1,172,786
Public safety	3,229,244	3,076,802	3,054,707	3,121,632	3,412,474	3,245,388	2,957,115	3,148,198	2,934,211	2,780,923
Planning and development	1,145,680	883,231	932,726	1,047,057	1,155,093	1,122,216	1,082,995	1,565,998	1,578,591	1,456,839
Public works	1,760,192	1,575,517	1,347,896	1,498,256	879,207	960,194	916,263	1,083,090	873,506	862,370
Recreation (The Ranch)	65,740	75,107	53,902	52,364	82,528	81,833	99,253	74,807	346,405	45,443
Library*	-	-	-	737,549	706,667	631,726	600,217	596,645	545,294	533,126
Non-departmental	388,591	451,929	472,211	3,946,407	637,224	371,348	401,903	-	261,670	231,431
Interest on long-term debt	149,521	108,044	114,176	114,535	-	-	-	-	-	-
Unallocated depreciation expense	-	-	-	-	380,138	310,089	294,135	273,435	-	-
Total governmental activities expenses	<u>7,763,553</u>	<u>7,181,298</u>	<u>6,822,535</u>	<u>11,194,630</u>	<u>8,237,965</u>	<u>7,403,867</u>	<u>7,191,432</u>	<u>7,771,031</u>	<u>7,778,528</u>	<u>7,082,918</u>
Business-type activities:										
Sewer	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u>\$ 7,763,553</u>	<u>\$ 7,181,298</u>	<u>\$ 6,822,535</u>	<u>\$ 11,194,630</u>	<u>\$ 8,237,965</u>	<u>\$ 7,403,867</u>	<u>\$ 7,191,432</u>	<u>\$ 7,771,031</u>	<u>\$ 7,778,528</u>	<u>\$ 7,082,918</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 27,983	\$ 25,602	\$ 22,388	\$ 22,246	\$ 18,106	\$ 15,058	\$ 12,523	\$ 28,748	\$ 23,101	\$ 33,022
Public safety	10,874	16,676	15,259	124,752	120,445	112,626	53,245	19,933	11,822	17,265
Planning and development	676,366	793,681	764,018	1,024,348	717,054	726,619	981,766	572,953	725,821	912,270
Public works	263,978	331,384	267,460	322,032	274,710	262,117	160,412	234,795	269,865	245,991
Community Center	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-
Non-departmental	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	56,723	-	27,329	10,143	-	-	-	-	-	-
Capital grants and contributions	228,785	137,110	20,259	131,058	-	-	-	-	-	-
Total governmental activities program revenues	<u>1,264,709</u>	<u>1,304,453</u>	<u>1,116,713</u>	<u>1,634,579</u>	<u>1,130,315</u>	<u>1,116,420</u>	<u>1,207,946</u>	<u>856,429</u>	<u>1,030,609</u>	<u>1,208,548</u>
Business-type activities:										
Charges for services:										
Sewer	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>\$ 1,264,709</u>	<u>\$ 1,304,453</u>	<u>\$ 1,116,713</u>	<u>\$ 1,634,579</u>	<u>\$ 1,130,315</u>	<u>\$ 1,116,420</u>	<u>\$ 1,207,946</u>	<u>\$ 856,429</u>	<u>\$ 1,030,609</u>	<u>\$ 1,208,548</u>

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (6,498,844)	\$ (5,876,845)	\$ (5,705,822)	\$ (9,560,051)	\$ (7,107,650)	\$ (6,287,447)	\$ (5,983,486)	\$ (6,914,602)	\$ (6,747,919)	\$ (5,874,370)
Total primary government net expense	\$ (6,498,844)	\$ (5,876,845)	\$ (5,705,822)	\$ (9,560,051)	\$ (7,107,650)	\$ (6,287,447)	\$ (5,983,486)	\$ (6,914,602)	\$ (6,747,919)	\$ (5,874,370)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 7,279,753	\$ 6,798,394	\$ 6,600,347	\$ 6,129,401	\$ 5,888,358	\$ 5,350,001	\$ 4,993,837	\$ 4,858,173	\$ 4,501,805	\$ 3,680,706
Other taxes	159,401	162,236	194,637	200,676	161,677	142,479	115,208	199,457	247,757	850,245
Use of money/property	104,067	135,333	113,366	84,183	62,463	49,006	44,630	42,091	54,201	61,607
Intergovernmental revenues	576,865	402,096	309,413	1,030,510	1,011,073	872,228	841,403	885,324	825,388	808,829
Franchise fees	185,776	189,601	171,312	188,760	163,322	170,673	152,253	158,671	169,881	128,336
Other	44,804	35,038	36,201	80,777	36,245	153,889	119,985	150,689	68,561	71,146
Transfers	-	-	-	-	-	-	-	-	107,224	-
Total governmental activities	8,350,666	7,722,698	7,425,276	7,714,307	7,323,138	6,738,276	6,267,316	6,294,405	5,974,817	5,600,869
Total primary government	\$ 8,350,666	\$ 7,722,698	\$ 7,425,276	\$ 7,714,307	\$ 7,323,138	\$ 6,738,276	\$ 6,267,316	\$ 6,294,405	\$ 5,974,817	\$ 5,600,869
<b>Change in Net Position</b>										
Governmental activities	\$ 1,851,822	\$ 1,845,853	\$ 1,719,454	\$ (1,845,744)	\$ 215,488	\$ 450,829	\$ 283,830	\$ (620,197)	\$ (773,102)	\$ (273,501)
Total primary government	\$ 1,851,822	\$ 1,845,853	\$ 1,719,454	\$ (1,845,744)	\$ 215,488	\$ 450,829	\$ 283,830	\$ (620,197)	\$ (773,102)	\$ (273,501)

Source: City Finance Department

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

	<b>Program Revenues</b>									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Function/Program</b>										
Governmental activities:										
General government	\$ 27,983	\$ 25,602	\$ 22,388	\$ 22,246	\$ 18,106	\$ 15,058	\$ 12,523	\$ 28,748	\$ 23,101	\$ 33,022
Public safety	10,874	16,676	15,259	124,752	120,445	112,626	53,245	19,933	11,822	17,265
Planning and development	676,366	793,681	764,018	1,024,348	717,054	726,619	981,766	572,953	725,821	912,270
Public works	263,978	331,384	267,460	322,032	274,710	262,117	160,412	234,795	269,865	245,991
Other	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>979,201</u>	<u>1,167,343</u>	<u>1,069,125</u>	<u>1,493,378</u>	<u>1,130,315</u>	<u>1,116,420</u>	<u>1,207,946</u>	<u>856,429</u>	<u>1,030,609</u>	<u>1,208,548</u>
Total primary government	<u>\$ 979,201</u>	<u>\$ 1,167,343</u>	<u>\$ 1,069,125</u>	<u>\$ 1,493,378</u>	<u>\$ 1,130,315</u>	<u>\$ 1,116,420</u>	<u>\$ 1,207,946</u>	<u>\$ 856,429</u>	<u>\$ 1,030,609</u>	<u>\$ 1,208,548</u>

Source: City Finance Department

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

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund										
Nonspendable	\$ 54,621	\$ 320,788	\$ 304,711	\$ 293,304	\$ 26,910	\$ 31,422	\$ 16,150	\$ 10,476	\$ 9,923	\$ 413,142
Restricted	201,913	-	-	-	101,510	98,995	77,808	61,322	53,831	44,372
Committed	1,300,000	-	-	-	-	-	-	-	-	-
Assigned*	3,259,915	3,238,517	3,042,646	2,771,480	56,279	257,592	157,592	58,839	-	-
Unassigned	1,161,784	1,295,513	737,254	778,944	3,464,347	2,535,633	2,120,184	2,047,647	2,438,174	2,781,071
Total general fund	<u>\$ 5,978,233</u>	<u>\$ 4,854,818</u>	<u>\$ 4,084,611</u>	<u>\$ 3,843,728</u>	<u>\$ 3,649,046</u>	<u>\$ 2,923,642</u>	<u>\$ 2,371,734</u>	<u>\$ 2,178,284</u>	<u>\$ 2,501,928</u>	<u>\$ 3,238,585</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	390,351	1,260,870	941,270	395,508	150,000	314,064	307,737	402,903	414,209	375,708
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,171,426	25,000	25,000	469,184	346,696	202,340	223,100	49,790	170,271	99,370
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 1,561,777</u>	<u>\$ 1,285,870</u>	<u>\$ 966,270</u>	<u>\$ 864,692</u>	<u>\$ 496,696</u>	<u>\$ 516,404</u>	<u>\$ 530,837</u>	<u>\$ 452,693</u>	<u>\$ 584,480</u>	<u>\$ 475,078</u>

\* In 2018, the City implemented a new policy to classify the General Fund reserve as assigned.

Source: City Finance Department

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Revenues</b>										
Property taxes	\$ 7,279,752	\$ 6,798,394	\$ 6,600,347	\$ 6,129,401	\$ 5,888,358	\$ 5,350,001	\$ 4,993,837	\$ 4,858,173	\$ 4,501,805	\$ 3,680,706
Other taxes	159,401	162,236	194,637	199,533	161,677	142,479	115,208	199,457	247,757	850,245
Licenses and permits	483,331	539,126	458,873	585,449	443,611	453,404	367,059	411,600	442,153	409,990
Fines and forfeitures	864	36,416	33,636	152,589	23,123	21,786	368,789	22,925	122,770	232,881
Use of money/property	104,068	135,333	113,366	84,183	62,463	49,006	44,630	42,091	54,201	61,607
Intergovernmental*	715,613	539,205	357,001	1,172,854	1,011,073	872,228	841,403	885,324	825,388	808,829
Charges for services	495,005	591,801	576,616	755,340	663,581	641,228	472,098	421,905	465,686	565,677
Franchise fees	185,776	189,601	171,312	188,760	163,322	170,673	152,253	158,671	169,881	128,336
Other revenues	33,997	35,038	36,201	80,777	36,245	153,889	119,985	150,689	68,561	71,146
<b>Total revenues</b>	<u>9,457,807</u>	<u>9,027,150</u>	<u>8,541,989</u>	<u>9,348,886</u>	<u>8,453,453</u>	<u>7,854,694</u>	<u>7,475,262</u>	<u>7,150,835</u>	<u>6,898,202</u>	<u>6,809,417</u>

**City of Belvedere**  
**City-Wide Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Nine Fiscal Years**

<b>Fiscal Year End</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Other Property</b>	<b>Unsecured Property</b>	<b>Less Tax-Exempt Property</b>	<b>Taxable Assessed Value</b>	<b>Total Direct Tax Rate (1)</b>	<b>Estimated Actual Taxable Value (2)</b>	<b>Factor of Taxable Assessed Value (2)</b>	<b>Assessed Value as a Percentage of Actual</b>
2011-12	1,485,737,622	12,408,533	33,270,375	17,227,702	4,545,789	1,544,098,443	1.1147	1,922,973,878	1.245370	80.30%
2012-13	1,539,081,839	12,598,426	38,553,566	18,037,450	11,197,876	1,597,073,405	1.1036	2,161,323,521	1.353303	73.89%
2013-14	1,612,430,131	12,807,652	40,962,436	16,706,550	10,871,256	1,672,035,513	1.1036	2,435,824,679	1.456802	68.64%
2014-15	1,685,572,954	12,888,797	41,655,695	16,933,816	11,124,656	1,745,926,606	1.0951	3,106,077,967	1.779043	56.21%
2015-16	1,823,642,530	13,182,251	31,296,908	18,944,702	10,787,692	1,876,278,699	1.1098	2,577,614,790	1.373791	72.79%
2016-17	2,011,175,049	13,498,200	41,850,052	17,940,291	10,858,866	2,073,604,726	1.0886	4,249,174,817	2.049173	48.80%
2017-18	2,107,497,991	16,613,844	45,023,147	18,413,219	10,965,406	2,176,582,795	1.1152	3,547,311,929	1.629762	61.36%
2018-19	2,239,363,669	16,947,764	52,590,698	15,721,130	11,026,344	2,313,596,917	1.1098	3,409,727,543	1.473778	67.85%
2019-20	2,361,648,965	16,313,202	62,462,936	21,593,854	11,197,170	2,450,821,787	1.0994	3,452,828,413	1.408845	70.98%
2020-21	2,451,925,084	24,287,069	64,460,594	25,837,056	11,047,106	2,555,462,697	1.1008	3,494,080,035	1.367298	73.14%

Source: Marin County Assessor data, Avenu Insights & Analytics

1.) Total Direct Tax Rate is represented by TRA 001-000.

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



**City of Belvedere**  
**Taxable Property by Use Code, City-Wide**  
**Last Ten Fiscal Years**

Category	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Residential	1,485,737,622	1,539,081,839	1,612,430,131	1,685,572,954	1,823,642,530	2,011,175,049	2,107,497,991	2,239,363,669
Miscellaneous	1,298,236	7,603,569	7,751,260	7,504,772	7,540,624	19,758,398	23,607,696	30,973,539
Vacant	16,930,139	12,192,997	12,979,676	13,033,407	13,431,328	22,089,668	21,413,425	21,617,159
Commercial	12,408,533	12,598,426	12,807,652	12,888,797	13,182,251	13,498,200	16,613,844	16,947,764
Unknown	15,042,000	18,757,000	20,231,500	21,117,416	10,324,956	1,986	2,026	0
Gross Secured Value	1,531,416,530	1,590,233,831	1,666,200,219	1,740,117,346	1,868,121,689	2,066,523,301	2,169,134,982	2,308,902,131
Unsecured	17,227,702	18,037,450	16,706,550	16,933,816	18,944,702	17,940,291	18,413,219	15,721,130
Less Exemptions	4,545,789	11,197,876	10,871,256	11,124,656	10,787,692	10,858,866	10,965,406	11,026,344
Net Taxable Value	1,544,098,443	1,597,073,405	1,672,035,513	1,745,926,506	1,876,278,699	2,073,604,726	2,176,582,795	2,313,596,917

Source: Marin County Assessor data, Avenu Insights & Analytics  
 Use code categories are based on Marin County Assessor's data.

**City of Belvedere**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Basic City and County Levy								
COUNTY GENERAL FUND	0.185000	0.185000	0.185000	0.185000	0.185000	0.185000	0.185000	0.185000
CITY OF BELVEDERE	0.207000	0.207000	0.207000	0.207000	0.207000	0.207000	0.207000	0.207000
ALL OTHER COUNTY ENTITIES	0.608000	0.608000	0.608000	0.608000	0.608000	0.608000	0.608000	0.608000
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments								
TAM UNION HIGH SCH BONDS								
2001 Series	0.011300	0.005100	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2006 Series	0.017100	0.016700	0.016000	0.014800	0.006300	0.000000	0.000000	0.000000
2010 Refunding bond	0.012600	0.010200	0.012800	0.011700	0.010600	0.009900	0.009400	0.008800
MARIN COM COLLEGE	0.017500	0.017800	0.020400	0.018000	0.014700	0.010100	0.028800	0.027700
REED SCHOOL BONDS 2002	0.024300	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
REED UNION SCH BONDS 2004	0.017900	0.007100	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
REED UNION SCH- 2011 REFUNDING	0.000000	0.029200	0.034000	0.031200	0.029000	0.027200	0.022300	0.022400
REED UNION SCH- 2012 REFUNDING	0.000000	0.000000	0.006300	0.010700	0.009500	0.009100	0.008600	0.006800
REED UNION SCH- 2016 REFUNDING	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.003500	0.001900
REED ELEM SCH BD'06	0.014000	0.013400	0.004300	0.000000	0.000000	0.000000	0.000000	0.000000
TAMALPAIS USHD GO BOND FUND 2011	0.000000	0.005100	0.009800	0.008700	0.008000	0.007100	0.007100	0.006800
TAMALPAIS UHSD 2014 REFUNDING	0.000000	0.000000	0.000000	0.000000	0.006400	0.011800	0.010400	0.010200
TAMALPAIS UHSD 2019 REFUNDING	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
MARIN COM COLLEGE 2015 REFUNDING	0.000000	0.000000	0.000000	0.000000	0.001800	0.001800	0.001800	0.001700
MARIN COM COLLEGE 2016 REFUNDING	0.000000	0.000000	0.000000	0.000000	0.000000	0.002300	0.003200	0.001900
MARIN COM COLLEGE 2017 REFUNDING	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002600
MARIN COM COLLEGE 2016 BOND SERIES E	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
MARIN HEALTHCARE-MEASURE	0.000000	0.000000	0.000000	0.000000	0.023500	0.009300	0.020100	0.019000
TOTAL	0.114700	0.104600	0.103600	0.095100	0.109800	0.088600	0.115200	0.109800
TOTAL TAX RATE	1.114700	1.104600	1.103600	1.095100	1.109800	1.088600	1.115200	1.109800

Source: Marin County Auditor data, Avenu Insights & Analytics

**City of Belvedere**  
**Principal Property Tax Payers**  
**Last Fiscal Year and Nine Years Ago**

Taxpayer	2020-21		2011-12	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Golden Gate Holdings LLC	51,414,950	2.01%		
Belvedere Land Company Partnersh	42,241,504	1.65%	38,180,617	2.47%
Pampalone Trust	27,461,315	1.07%		
Waters Edge Apartments LP	19,620,560	0.77%		
101 Belvedere LLC	16,777,510	0.66%		
Winslow Clark & Sharon Living Tr	15,993,000	0.63%	12,500,000	0.81%
345 Golden Gate Ave CA LLC	14,825,700	0.58%		
INJ LLC	14,269,476	0.56%		
Cliff Partners LLC	14,150,294	0.55%		
Koogle Timothy A	13,764,307	0.54%	18,268,336	1.18%
Settling Ltd	13,632,323	0.53%	11,340,000	0.73%
Grand Stephen & Nancy J Joint Tr	13,443,440	0.53%		
Drebes Lawrence T Jr Tr	13,151,445	0.51%	11,226,712	0.73%
Dillard Family Trust 2003	12,612,160	0.49%		
San Francisco Yacht Club	12,371,226	0.48%		
Yen Hui-Hsien Bert	11,538,660	0.45%		
Silberstein Stephen M Revoc Tr	11,531,660	0.45%		
Kawishiwi Partners Revocable Tr	11,304,019	0.44%		
Golden Gate Belvedere LLC	10,751,118	0.42%		
27 Bellevue LLC	10,696,620	0.42%		
Burillo Javier Tr	10,460,594	0.41%	8,825,203	0.57%
N111VW Ltd	10,398,798	0.41%		
39 Belvedere LLC	10,347,980	0.40%		
Decker Olivia H	10,120,574	0.40%		
Cana Properties LLC	9,829,839	0.38%		
425 Belvedere Associates LLC			12,626,041	0.82%
Faithfort Entrps Inc			9,840,000	0.64%
Murphy Glenn K			8,602,500	0.56%
Schneider James A			8,254,121	0.53%
Kahn Philippe R Tr			8,136,246	0.53%
Scully Irene S			8,065,224	0.52%
Richards Albert			7,929,610	0.51%
Janney Daniel S Tr			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 Tr			7,017,471	0.45%
Hilpert Dale W			6,974,248	0.45%
Gilliland Gloria J Tr			6,882,289	0.45%
De Somma Leonard B			6,797,000	0.44%
Jacaell LLC			6,673,600	0.43%
Seven Hills Partners L P			6,565,724	0.43%
Safiri Zohreh			6,342,609	0.41%
Arlander Bodil M Tr			6,293,301	0.41%
Du Molin James R Tr			6,293,000	0.41%
Total Top 25 Taxpayers	402,709,072	15.76%	246,432,963	15.96%
Total Taxable Value	2,555,462,697	100.00%	1,543,693,981	100.00%

Source: Marin County Assessor data, Avenu Insights & Analytics

**City of Belvedere**  
**Principal Sales Tax Producers**  
**Last Fiscal Year and Nine Years Ago**

2020-21		2011-12	
Taxpayer	Business Type	Taxpayer	Business Type
B G Interior Design	Miscellaneous Retail	Agins Interiors	Miscellaneous Retail
Carmen Freiburger Design Services	Miscellaneous Retail	Ann Hoskins Interiors	Miscellaneous Retail
Carol Mac Carron	Furniture/Appliance	Audio & Video Consultants	Office Equipment
Collected Studio	Miscellaneous Retail	Bayside Garden Center	Miscellaneous Retail
Corinthian Yacht Club	Restaurants	Beauvoir Interior Design	Miscellaneous Retail
Custom House II	Furniture/Appliance	Christies	Miscellaneous Other
Cuthrell & Daughter	Miscellaneous Retail	Corinne Matthews Wiley	Furniture/Appliance
Deikel Design & Development	Miscellaneous Retail	Corinthian Yacht Club	Miscellaneous Retail
Diana J. Bradley	Miscellaneous Other	Cuthrell & Daughter	Miscellaneous Retail
Fenzi Media Group	Light Industry	Hope C. Hopkins	Miscellaneous Retail
Glampwear	Heavy Industry	Hot Foot America	Chemical Products
Ground	Miscellaneous Retail	Karen Johnson Designs	Apparel Stores
Hot Foot America	Chemical Products	Katherine Hill	Miscellaneous Retail
James E C Eaton	Miscellaneous Retail	Lacorte Bags	Light Industry
Jeffrey Binstock	Miscellaneous Retail	Linda Applewhite & Associates	Business Services
Katherine Hill	Miscellaneous Retail	Michelle Friend	Miscellaneous Retail
Kathy Best Design	Furniture/Appliance	Nancy Freed Interiors	Miscellaneous Retail
Laura Smith Blair	Business Services	R & S Service	Service Stations
Lynn Morgan Design	Miscellaneous Retail	Robert Collins Fine Art	Business Services
MH Design	Miscellaneous Retail	Robin H. Reynolds Photography	Business Services
R & S Service	Service Stations	Smith Bio-Medical	Office Equipment
Rustic Bakery	Restaurants	Spindler Textiles	Miscellaneous Retail
Sharon D. Paster	Miscellaneous Retail	St Stephen's Episcopal Church	Miscellaneous Other
Sheila Ann Leclair	Miscellaneous Retail	Suzanne Du Molin Interior Design	Miscellaneous Retail
The San Francisco Yacht Club	Miscellaneous Retail	The San Francisco Yacht Club	Miscellaneous Retail

Source: Avenu Insights & Analytics

**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 %
2013	3,121,274	3,121,274	100.00 %	-	3,121,274	100.00 %
2014	3,296,437	3,296,437	100.00 %	-	3,296,437	100.00 %
2015	3,448,212	3,448,212	100.00 %	-	3,448,212	100.00 %
2016	3,720,091	3,720,091	100.00 %	-	3,720,091	100.00 %
2017	4,113,119	4,113,119	100.00 %	-	4,113,119	100.00 %
2018	4,340,484	4,340,484	100.00 %	-	4,340,484	100.00 %
2019	4,657,434	4,657,434	100.00 %	-	4,657,434	100.00 %
2020	4,848,606	4,848,606	100.00 %	-	4,848,606	100.00 %
2021	5,085,230	5,085,230	100.00 %	-	5,085,230	100.00 %

**Sources:** City Finance Department

**City of Belvedere**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Tax Allocation Bonds	Certificates of Participation/ Lease Revenue Bonds	Assessment Bonds			
2012	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2013	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2014	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2015	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2016	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2017	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2018	\$ -	\$ 2,595,000	\$ -	\$ 2,595,000	0.89%	\$ 1,215
2019	\$ -	\$ 2,455,000	\$ -	\$ 2,455,000	0.80%	\$ 1,143
2020	\$ -	\$ 2,325,000	\$ -	\$ 2,325,000	0.73%	\$ 1,095
2021	\$ -	\$ 2,228,000	\$ -	\$ 2,228,000	0.67%	\$ 1,078

Source: City of Belvedere Finance Department, Avenu Insights & Analytics, U.S. Census Bureau, 2010 American Community Survey.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF BELVEDERE

2020-21 Assessed Valuation: \$2,558,796,736

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/21	% Applicable (1)	City's Share of Debt 6/30/21
Marin Community College District	\$450,805,000	2.968%	\$13,379,892
Tamalpais Union High School District	93,045,000	4.978	4,631,780
Reed Union School District	20,500,000	25.590	5,245,950
Marin Healthcare District	365,855,000	3.555	13,006,145
Belvedere-Tiburon Library Community Facilities District No. 95-1	585,000	29.550	172,868
Marin County Open Space Community Facilities District No. 1993-1	1,339,292	35.276	472,449
Marin County Open Space Community Facilities District No. 1997-1	1,339,292	35.276	472,449
City of Belvedere 1915 Act Bonds	10,801,925	100.	10,801,925
Marin Emergency Radio Authority Parcel Tax Obligations	29,715,000	2.964	<u>880,753</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$49,064,211</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Marin County General Fund Obligations	\$79,636,865	2.964%	\$2,360,437
Marin County Pension Obligations	70,500,000	2.964	2,089,620
Marin County Transit General Fund Obligations	24,072	2.964	713
Marin Municipal Water District General Fund Obligations	19,584	3.773	739
Marin Community College District General Fund Obligations	12,540,834	2.968	372,212
<b>City of Belvedere General Fund Obligations</b>	<b>2,228,000</b>	<b>100.</b>	<b><u>2,228,000</u></b> (2)
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$7,051,721</b>
 <b>TOTAL DIRECT DEBT</b>			 <b>\$2,228,000</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$53,887,932</b>
 <b>COMBINED TOTAL DEBT</b>			 <b>\$56,115,932</b> (3)

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Includes share of Marin Emergency Radio Authority Bonds.
- (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.92%
<b>Total Direct Debt (\$2,228,000) .....</b>	<b>0.09%</b>
Combined Total Debt.....	2.19%

**City of Belvedere**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (5)</b>	<b>**Public School Enrollment</b>	<b>County Unemployment Rate (%) (3)</b>	<b>City Unemployment Rate (%) (4)</b>	<b>County Population (1)</b>
2011-12	2,090	239,074,285	114,390	55.3	5,240	7.0%	8.0%	254,790
2012-13	2,086	242,681,214	116,338	54.0	5,415	6.3%	6.9%	254,007
2013-14	2,094	264,608,310	126,365	55.2	5,616	5.0%	3.9%	255,846
2014-15	2,121	284,498,617	134,134	56.8	5,711	3.3%	3.9%	258,927
2015-16	2,162	263,709,928	121,975	56.1	6,023	3.5%	3.9%	262,274
2016-17	2,172	277,680,404	127,845	57.7	6,223	3.2%	3.5%	263,604
2017-18	2,135	290,334,145	135,988	56.7	6,272	2.3%	3.5%	263,886
2018-19	2,148	308,104,867	143,438	53.5	6,407	1.9%	2.3%	262,879
2019-20	2,124	316,867,644	149,184	52.6	6,431	0.1	0.0	260,831
2020-21	2,066	332,684,860	161,028	50.7	6,371	0.1	0.0	257,774

Source: Avenu Insights & Analytics, U.S. Census Bureau, 2010 American Community Survey.

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

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

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



**City of Belvedere**  
**Principal Employers**

The City of Belvedere is primarily residential; this table is not applicable to our community.

Review Draft

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

<u>Function/Program</u>	Full-time-Equivalent Employees as of June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government										
City Manager's Office	2	2	2	2	2	2	2	2	3	3
Finance	2	2	2	1	1	1	1	1	1	1
Planning	2.5	2.5	2.5	3	3	4	4	4	3	4
Public Safety										
Officers	6	5	5	7	7	7	6	6	7	7
Civilians	-	-	-	1	1	1	1	1	1	1
Building Inspection	2.5	2.5	2.5	3	2	3	3	3	3	3
Public Works										
Engineering	1	1	-	-	-	-	-	-	-	-
Public Works	4	4	4	4	4	4	4	4	4	4
<b>Total</b>	<u>20</u>	<u>19</u>	<u>18</u>	<u>21</u>	<u>20</u>	<u>22</u>	<u>21</u>	<u>21</u>	<u>22</u>	<u>23</u>

Source: City Finance Department

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

<u>Function/Program</u>	Fiscal year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government										
Building permits issued	297	265	239	268	284	205	267	287	292	281
Building inspections conducted	2,375	1,946	2,325	2,607	2,320	2,551	2,568	2,196	1,869	2,130
Police										
Physical arrests		7	4	8	10	15	10	10	18	27
Parking violations			200	270	386	571	427	232	236	183
Traffic violations		22	40	12	47	56	82	98	86	129
Public Works										
Encroachment permits issued	608	486	334	534	606	560	528	584	651	686
Road closures	75	56	40	44	44	35	27	57	160	162
Planning Department										
Applications received	316	436	430	537	460	264	433	420	470	473
Applications approved	271	389	354	428	455	230	339	425	334	363

**Source:** City Finance Department

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

<u>Function/Program</u>	Fiscal Year										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police											
Stations	1	1	1	1	1	1	1	1	1	1	1
Patrol officers	7	7	7	7	7	7	7	7	7	7	7
Other public works											
Streets (miles)	13	13	13	13	13	13	13	13	13	13	13
Lanes	17	17	17	17	17	17	17	17	17	17	17
Storm drain inlets	250	250	250	250	250	250	250	250	250	250	250
Parks and recreation											
Acreage	2	2	2	2	2	2	2	2	2	2	2
Playgrounds	1	1	1	1	1	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1	1	1	1	1	1

**Source:** City Finance Department

**CITY OF BELVEDERE**  
**MEMORANDUM ON INTERNAL CONTROL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**CITY OF BELVEDERE  
MEMORANDUM ON INTERNAL CONTROL**

**For the Year Ended June 30, 2021**

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**MEMORANDUM ON INTERNAL CONTROL**

To the City Council of  
the City of Belvedere, California

In planning and performing our audit of the basic financial statements of the City of Belvedere (City) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

This communication is intended solely for the information and use of management, City Council, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Pleasant Hill, California

**DATE**

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**MEMORANDUM ON INTERNAL CONTROL****SCHEDULE OF OTHER MATTERS****2021-01: Upcoming Governmental Accounting Standards Board (GASB) Pronouncements**

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments:

**EFFECTIVE FISCAL YEAR 2021/22:****GASB 87 – Leases**

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

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

**GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period**

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

## MEMORANDUM ON INTERNAL CONTROL

## SCHEDULE OF OTHER MATTERS

**GASB 92 – Omnibus 2020**

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

**GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32**

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

## MEMORANDUM ON INTERNAL CONTROL

## SCHEDULE OF OTHER MATTERS

**GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32 (Continued)**

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

***How the Changes in this Statement will Improve Financial Reporting***

The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

## MEMORANDUM ON INTERNAL CONTROL

## SCHEDULE OF OTHER MATTERS

**EFFECTIVE FISCAL YEAR 2022/23:****GASB 91 – Conduit Debt Obligations**

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved:
  - (1) an issuer
  - (2) a third-party obligor, and
  - (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

**MEMORANDUM ON INTERNAL CONTROL****SCHEDULE OF OTHER MATTERS*****GASB 91 – Conduit Debt Obligations (Continued)***

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

***How the Changes in this Statement will Improve Financial Reporting***

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

## MEMORANDUM ON INTERNAL CONTROL

## SCHEDULE OF OTHER MATTERS

**GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements**

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

**PPPs** – This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancelable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.



## MEMORANDUM ON INTERNAL CONTROL

## SCHEDULE OF OTHER MATTERS

**GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements (Continued)**

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

**APAs** – An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

## MEMORANDUM ON INTERNAL CONTROL

## SCHEDULE OF OTHER MATTERS

***GASB 96 – Subscription-Based Information Technology Arrangements***

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.

## MEMORANDUM ON INTERNAL CONTROL

## SCHEDULE OF OTHER MATTERS

***GASB 96 – Subscription-Based Information Technology Arrangements (Continued)***

- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

***How the Changes in this Statement will Improve Financial Reporting***

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

**CITY OF BELVEDERE**  
**REQUIRED COMMUNICATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**CITY OF BELVEDERE  
REQUIRED COMMUNICATIONS**

**For The Year Ended June 30, 2021**

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## REQUIRED COMMUNICATIONS

To the City Council of  
the City of Belvedere, California

We have audited the basic financial statements of the City of Belvedere, California, for the year ended June 30, 2021. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

### **Significant Audit Findings**

#### ***Accounting Policies***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

#### **GASB 84 – *Fiduciary Activities***

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.



The pronouncement became effective, and as disclosed in Note 1Q to the financial statements, required a prior period restatement for the cumulative effect on the financial statements.

**GASB 90 – Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)**

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The pronouncement became effective, but did not have any effect on the financial statements.

***Unusual Transactions, Controversial or Emerging Areas***

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

***Accounting Estimates***

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

*Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 8 to the financial statements and are based on accounting valuations determined by the California Public Employees Retirement System and the PARS Retirement Enhancement Plan, which are based on the experience of the City. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

*Estimated Net OPEB Liabilities and OPEB-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net OPEB liabilities and deferred outflows/inflows of resources are disclosed in Note 9 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the City. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Estimate of Depreciation:* Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 1J to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Estimate of Compensated Absences:* Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 1K to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

### ***Disclosures***

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

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole, except for adjustments made related to the refinance of the capital lease.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the City Council.

### ***Disagreements with Management***

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

### ***Management Representations***

We have requested certain representations from management that are included in a management representation letter dated **DATE**.

***Management Consultations with Other Independent Accountants***

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

***Other Audit Findings or Issues***

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

**Other Information Accompanying the Financial Statements**

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information which accompany the financial statements, but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has 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 it.

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

Pleasant Hill, California

**DATE**

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Review Draft



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# CITY OF BELVEDERE

## Memorandum

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November 29, 2021

**TO:** Finance Committee

**FROM:** Craig Middleton, City Manager  
Amber Johnson, Administrative Services Manager

**SUBJECT:** General Fund Reserve Calculations and Unassigned General Fund Balance

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### General Fund Reserve Calculations

The City's Administrative Policy 2.2<sup>1</sup> describes the City's fund balance and reserve policies.

In setting the reserve policy, the Council intended to ensure that the City maintains a reserve equal to six months of operating expenditures (including the pension-related debt service and the Fire Fund transfer). The calculation is made at year end; the target for the reserve fluctuates during the year.

Staff believes that it would be useful to enter the budget year with a set numerical target for the reserve for that year. In this way, management would know what the target is and could manage to that fixed target. A fixed reserve target could be set based on projections for the current budget year; it could also be set based on actuals for the prior year, or even based on projections for the following year (a more conservative approach that would likely result in a higher reserve target). Most importantly, it would be set at a fixed amount that is known at the time that the budget is approved by the Council.

*Recommendation (Option):* Modify Administrative Policy 2.2.2 Fund Reserves as follows:

#### **2.2.2 FUND RESERVES**

The City Council may elect to establish General Fund Reserve Policy/Guidelines. These Policy/Guidelines may be updated, modified, and revised as determined by the Council. At the time of adoption of this Finance Policy, there are four such Policies/Guidelines: General Fund Reserve, 115 Pension Trust Reserve, Insurance Reserve, and Seawall Reserve.

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<sup>1</sup> <https://www.cityofbelvedere.org/DocumentCenter/View/6032/Policy-22---Fund-Balance-and-Reserve-Policies>

A. General Fund Reserve:

- Target: The City shall endeavor to achieve at year end a General Fund Reserve that totals six months of the ~~current~~ following fiscal year's forecasted General Fund expenditures, plus one half of the ~~current~~ following fiscal year's forecasted General Fund transfer to the Fire Fund, plus one half of the following fiscal year's forecasted debt service payments. In calculating the six months of the current fiscal year's expenditures, transfers to the City's 115 Pension Trust and/or any additional discretionary payments made to CalPERS will not be included because they are discretionary in nature.

*(Remainder of policy unchanged)*

Unassigned Fund Balance

In addition to the General Fund Reserve, the City sets aside funds in numerous ways – as “Nonspendable” (Prepaid Items), “Restricted” for Section 115 Pension Funds, “Committed” to Pension Funding (funds that are in process of being transmitted to the Section 115 trust), and “Assigned” to the Insurance Reserve. After funds are set aside, there are sometimes surplus funds in the General Fund. These are shown as “Unassigned.” For the year just ended, this amount is \$1.2 million. These funds ultimately flow to the General Fund Reserve.

The City also sets aside Capital funds: “Restricted” funds are road impact fees that have been collected exclusively for repairs and improvements to City roads, and “Assigned” funds are prior-year funds assigned to Capital projects that are in progress. For the fiscal year 2021-2022 budget, the Council added an Assigned fund category for the Seawall project. Funds are being set aside in the new Seawall fund beginning in the year-ended June 30, 2022.

These Fund balance classifications can be seen in the following table (extracted from Note 7G of the Notes to the Financial Statements).

**NOTE 7 – NET POSITION AND FUND BALANCES (Continued)**

**G. Fund Balance Classifications**

Fund balances classifications at June 30, 2021 were:

Fund Balance Classifications	General Fund	Fire Protection Fund	General Capital Improvements	Other Governmental Funds	Total
<b>Nonspendable:</b>					
Items not in spendable form:					
Prepays and deposits	\$54,621				\$54,621
<b>Total Nonspendable Fund Balances</b>	<b>54,621</b>				<b>54,621</b>
<b>Restricted for:</b>					
Pension benefits	201,913				201,913
Street maintenance			\$390,351		390,351
<b>Total Restricted Fund Balances</b>	<b>201,913</b>		<b>390,351</b>		<b>592,264</b>
<b>Committed to:</b>					
Pension funding	1,300,000				1,300,000
<b>Total Committed Fund Balances</b>	<b>1,300,000</b>				<b>1,300,000</b>
<b>Assigned to:</b>					
General Fund Reserve	3,202,586				3,202,586
Insurance Reserve	57,329				57,329
Capital Projects			\$1,128,425		1,128,425
Equipment Replacement				\$43,001	43,001
<b>Total Assigned Fund Balances</b>	<b>3,259,915</b>		<b>1,128,425</b>	<b>43,001</b>	<b>4,431,341</b>
<b>Unsigned:</b>					
General fund	1,161,784				1,161,784
<b>Total Unsigned Fund Balances</b>	<b>1,161,784</b>				<b>1,161,784</b>
<b>Total Fund Balances</b>	<b>\$5,978,233</b>		<b>\$1,518,776</b>	<b>\$43,001</b>	<b>\$7,540,010</b>

Given that the City intends to build a series of infrastructure improvements designed to protect the City from earthquakes, storms and flooding, and that these improvements will be costly, staff urges that the Committee consider recommending to Council that, after the reserve target is met and other reserves are funded, some portion of the remaining general fund balance be reserved for use on this critical infrastructure project.

In addition, staff recommends that the newly formed “Seawall Reserve Fund” be re-named the “Critical Infrastructure Fund,” in keeping with the name assigned to this project.