



— CITY OF BELVEDERE, CALIFORNIA —

COMPREHENSIVE ANNUAL FINANCIAL REPORT

WITH INDEPENDENT AUDITORS' REPORT

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FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by

Finance Department

CITY OF BELVEDERE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	3
List of Principal Officials	4
FINANCIAL SECTION	
Independent Auditor's Report	5
Management's Discussion and Analysis	7
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements:	18
Statement of Net Position	19
Statement of Activities and Changes in Net Position	20
Governmental Fund Financial Statements:	
Governmental Funds:	22
Balance Sheet	23
Reconciliation of the Governmental Funds to the Government-Wide Statement of Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances	25
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	26
Fiduciary Funds:	
Statement of Fiduciary Net Position	27
Notes To Basic Financial Statements	28
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Budgetary Comparison Schedules:	57
General Fund (General Fund and Annually Budgeted Major Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual)	58
Fire Protection Fund (General Fund and Annually Budgeted Major Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual)	59
PERS-Schedule of Funding Progress	60
OPEB-Schedule of Funding Progress	61
Notes To Required Supplementary Information	62
<u>SUPPLEMENTARY INFORMATION</u>	
COMBINING OTHER GOVERNMENTAL FUNDS FINANCIAL INFORMATION	63
General Funds:	
Combining Balance Sheet - General Funds	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Funds	65
Other Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	67
Combining Balance Sheet - Other Special Revenue Funds	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Special Revenue Funds	69

CITY OF BELVEDERE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED)

SUPPLEMENTARY INFORMATION (CONTINUED)

COMBINING FIDUCIARY FUNDS FINANCIAL INFORMATION	70
Combining Statement of Fiduciary Net Position	71
Statement of Changes In Assets and Liabilities	72
NONMAJOR BUDGETARY COMPARISON SCHEDULES	75
Insurance Reserve Fund (Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual)	76
Capital Improvement Fund (Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual)	77
Equipment Replacement Fund (Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual)	78
Library Fund (Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual)	79
Gas Tax Fund (Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual)	80

STATISTICAL SECTION

Statistical Information:	81
Financial Trends	
Net Position by Component - Last Ten Fiscal Years	82
Changes in Net Position - Last Ten Fiscal Years	83
Program Revenues by Function/Revenues - Last Ten Fiscal Years	85
Fund Balance of Governmental Funds - Last Ten Fiscal Years	86
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	87
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property - Last Two Fiscal Years	88
Assessed Value of Property by Use Code, Citywide - Last Two Fiscal Years	89
Direct and Overlapping Property Tax Rates - Last Two Fiscal Years	90
Principal Property Tax Payers - Last Fiscal Year and Nine Years Ago	91
Principal Sales Tax Producers - Last Fiscal Year	92
Principal Tax Levies and Collections - Last Ten Fiscal Years	93
Debt Capacity	
Direct and Overlapping General Fund Debt - Last Fiscal Year	94
Demographic and Economic Information	
Demographic and Economic Statistics - Last Two Fiscal Years	95
Full-Time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	96
Operating Information	
Operating Indicators by Function/Program - Last Ten Fiscal Years	97
Capital Asset Statistics by Function/Program	98

COMPLIANCE

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	99
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— CITY OF BELVEDERE, CALIFORNIA —

INTRODUCTORY

SECTION

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CITY of BELVEDERE

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

December 20, 2013

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

The City, in compliance with its policy to fully disclose its financial information and to maintain compliance with all state and federal regulations, publishes a complete set of audited financial statements within six months after the close of each fiscal year. The Comprehensive Annual Financial Report of the City of Belvedere is published to fulfill that requirement for the fiscal year ended June 30, 2012. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. City management assumes full responsibility for the accuracy, completeness and reliability of all of the information contained in this report.

The City's financial statements have been audited by OUM & Co. LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with generally accepted accounting principles ("GAAP"). The independent auditors' report is presented as the first component of the financial section of this report.

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

Government Profile

The City of Belvedere is a residential community located in Marin County, California. Belvedere is less than one square mile in size and surrounded on three sides by the waters of the San Francisco Bay. Belvedere has spectacular views of San Francisco, Angel Island and the Golden Gate Bridge. The population of Belvedere is just over 2,000. A small fraction of the land area in Belvedere is devoted to commercial uses, including offices, services and several retail establishments.

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

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

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

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

Economic Outlook

The City is primarily residential and the majority of general fund revenue received, (73%), is from local property taxes. Property tax revenues increased 3% in fiscal year 2013 and it is anticipated that they will increase by 6% in fiscal year 2014. Currently there are 31 homes for sale in Belvedere with an average list price of \$7.1 million. One new waterfront estate is listed for sale at \$35 million. The anticipated sale of this home in fiscal year 2014 will have a positive impact on the general fund revenues collected in fiscal 2014.

Total General Fund revenues in 2013 increased approximately \$60,000 (1%) over the prior fiscal year. This increase was primarily due to an increase in residential construction activity. Revenue related to residential construction accounts for 12% of the total general fund revenue and is expected to be similar in 2014.

Belvedere's revenues are less affected by downturns in the economy than most cities because only a small percentage of revenue received is from sales tax and there are no hotels in town. In the ten years from fiscal year 2000 through fiscal year 2009, property taxes increased an average of 9.5% per year. Due to the mortgage crisis and the downturn in the economy the annual increase in property tax revenue has dropped slightly in 2010 and 2011, and then began to rebound the last two fiscal years.

Long-Term Financial Planning

The City has identified \$2.1 million in capital projects to be completed over the next five fiscal years. Capital projects included are \$0.9 million for street improvements, \$0.1 million for storm drainage repairs, \$0.17 million for community building upgrades, and \$.84 million for miscellaneous uncategorized projects.

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

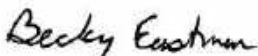
The City adopted its General Fund Operational Reserve Policy in 2007. The policy requires that the City maintain 6-months General Fund operating expenses within the General Fund Reserve. Projections through fiscal year 2017 are that the City will continue to maintain the required reserve.

Financial Information

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

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

Sincerely,



Becky Eastman
Finance Officer



Belvedere Residents

City Council

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

City Attorney
Rob Epstein
Deputy City Attorney
Emily Longfellow

City Manager
Mary Neilan

Public Safety

Police Chief
Tricia Seyler
Contract for Services

Tiburon Fire Protection District
Contract for Services

Police Secretary
Lylene Phillips

Police Sergeants
Chris Pool,
Tom Marksbury

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

Planning & Building

City Planner
Irene Borba

Associate Planner
Contract

Department Secretary II
Nancy Miller

Building Official
Eric Banvard

Building Inspector
Genaro Muniz

Department Secretary II
Lorrie Duffy

Administration

Finance Officer
Becky Eastman

IT Coordinator
Marin IT
Contract for Services

City Clerk
Leslie Carpentiers

Admin Clerk
Allison Foulis

Public Works

Public Works Manager
Scott Derdenger

Maintenance Supervisor
Gerhard Laufer

Maintenance Workers II
Max Sandoval
Javier Villegas

City Engineer
John Moe
Contract for Services

PRINCIPAL OFFICERS

CITY OF BELVEDERE

JUNE 30, 2013

CITY COUNCIL

Mayor	Sandra Donnell
Vice Mayor	Thomas Crowell
Councilmember	Bob McCaskill
Councilmember	Clare McAuliffe
Councilmember	James Campbell

COUNCIL APPOINTEES

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

DEPARTMENT MANAGERS

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



— CITY OF BELVEDERE, CALIFORNIA —

FINANCIAL

SECTION

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To the City Council
City of Belvedere, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Belvedere, California (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, pension funding, and other post-employment benefit funding information on pages 7–17 and 58-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

OUM + Co. LLP

San Francisco, California
December 17, 2013



— CITY OF BELVEDERE, CALIFORNIA —

MANAGEMENT'S DISCUSSION

AND ANALYSIS

* * * * *

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Belvedere's financial activities and performance provides an overview for the fiscal year ended June 30, 2013. Please read this in conjunction with the City's financial statements, which follow this discussion and analysis.

Government-Wide Highlights

- The Government-Wide Statement of Net Position appearing as the first statement of the Basic Financial Statements and summarized in this Management Discussion and Analysis, show the City's assets to be approximately \$10.3 million; liabilities of \$1.2 million; and net position of \$9.1 million.
- Total City revenues were approximately \$6.9 million (general revenues of \$5.9 million and program revenues of \$1.0 million) compared with total expenses of approximately \$7.8 million resulting in a decrease in net position of approximately \$0.8 million for the fiscal year ended June 30, 2013.
- The City's cash and investments totaled \$3.7 million and net capital assets totaled approximately \$6.4 million at June 30, 2013, representing 36% and 62% of the City's total assets, respectively.
- The City's total liabilities totaled approximately \$1.2 million as of June 30, 2013 and consist primarily of refundable deposits, accounts payable, compensated absences, and postemployment benefit obligation.

Fund Highlights

- As of the close of fiscal year 2013, the City's governmental funds reported a combined ending fund balance of approximately \$3.1 million, a decrease of \$0.6 million for the year ended June 30, 2013. The detailed components of Revenues and Expenditures can be found in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances on page 25.

City's Highlights

- In October 2012 an assessment district was formed and bonds were issued in the amount of \$1,160,866. The proceeds of the bonds were used for undergrounding all existing overhead utility lines, removal of utility poles and installation of new street lights along a section of Pine Avenue. Annual principal and interest payments for the bonds will be paid from assessments to property owners.

Budgetary Highlights

- Significant budgetary variances between the final amended budget and actual results in the general fund were primarily due to the write off of the loss on the home to the former City Manager, outside legal services and unanticipated staffing changes during the year.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Pension Information

The City participates in the California Public Employees' Retirement System ("PERS") for employee retirement benefits. The employees are divided into two plans. The sworn Police personnel are in the Safety Plan and the non-Police are in the Miscellaneous Plan. PERS generates an actuarial valuation report annually for each plan. The most recent report received is dated October 2012 with an effective date of June 30, 2011.

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

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

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

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

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

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

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Required Employer Contributions

	Fiscal Year 2013/2014	Fiscal Year 2014/2015
Employer Contribution Required (in Projected Dollars)		
Risk Pool's Net Employer Normal Cost	\$ 112,873	\$ 113,687
Risk Pool's Payment on Amortization Bases	31,260	46,614
Surcharge for Class 1 Benefits		
a) FAC 1	6,995	7,120
Phase out of Normal Cost Difference	-	-
Amortization of Side Fund	67,698	69,729
Total Employer Contribution	\$ 218,826	\$ 237,150
Annual Lump Sum Prepayment Option	\$ 211,055	\$ 228,728
 Projected Payroll for the Contribution Fiscal Year	 \$ 1,401,801	 \$ 1,453,050
 Employer Contribution Required (Percentage of Payroll)		
Risk Pool's Net Employer Normal Cost	8.052%	7.824%
Risk Pool's Payment on Amortization Bases	2.230%	3.208%
Surcharge for Class 1 Benefits		
a) FAC 1	0.499%	0.490%
Phase out of Normal Cost Difference	0.000%	0.000%
Amortization of Side Fund	4.829%	4.799%
Total Employer Contribution	15.610%	16.321%

Employer Side Fund Reconciliation

	June 30, 2011	June 30, 2012
Side Fund as of valuation date	\$ (550,438)	\$ (526,963)
Adjustments	-	-
Side Fund Payment	63,711	65,782
Side Fund one year later	\$ (526,963)	\$ (498,281)
 Adjustments	 -	 -
Side Fund Payment	65,782	67,698
Side Fund two years later	\$ (498,281)	\$ (465,461)
 Amortization Period	 9	 8
Side Fund Payment during last year	\$ 67,698	\$ 69,729

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Required Employer Contributions

	Fiscal Year 2013/2014	Fiscal Year 2014/2015
Employer Contribution Required (in Projected Dollars)		
Risk Pool's Net Employer Normal Cost	\$ 98,783	\$ 102,521
Risk Pool's Payment on Amortization Bases	35,483	38,569
Surcharge for Class 1 Benefits		
None	-	-
Phase out of Normal Cost Difference	-	-
Amortization of Side Fund	69,965	72,064
Total Employer Contribution	\$ 204,231	\$ 213,154
Annual Lump Sum Prepayment Option	\$ 196,978	\$ 205,584
 Projected Payroll for the Contribution Fiscal Year	 \$ 674,702	 \$ 702,536
 Employer Contribution Required (Percentage of Payroll)		
Risk Pool's Net Employer Normal Cost	14.641%	14.593%
Risk Pool's Payment on Amortization Bases	5.259%	5.490%
Surcharge for Class 1 Benefits		
None	0.000%	0.000%
Phase out of Normal Cost Difference	0.000%	0.000%
Amortization of Side Fund	10.370%	10.258%
Total Employer Contribution	30.270%	30.341%

Employer Side Fund Reconciliation

	June 30, 2011	June 30, 2011
Side Fund as of valuation date	\$ (439,254)	\$ (404,934)
Adjustments	-	-
Side Fund Payment	65,858	67,998
Side Fund one year later	\$ (404,934)	\$ (364,802)
 Adjustments	 -	 -
Side Fund Payment	67,998	69,965
Side Fund two years later	\$ (364,802)	\$ (319,621)
 Amortization Period	 6	 5
Side Fund Payment during last year	\$ 69,965	\$ 72,064

During the 2013-2014 fiscal year, the City paid off its side fund in the amount of \$853,729.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental funds

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

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

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Fiduciary funds

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

Notes to the Financial Statements

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

Required Supplementary Information

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

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position are a measure of a government's financial position and, over time, a trend of increasing or decreasing net position is an indicator of the financial health of the organization. The City's assets exceeded liabilities by approximately \$9.1 million. A schedule of net position is presented in the following table:

Net Position					
June 30, 2013 and 2012					
(thousands)					
	Governmental		Total		Total
	Activities		Primary		
	2013	2012	2013	2012	Change
Current and other assets	\$ 3,920	\$ 4,542	\$ 3,920	\$ 4,542	-14%
Capital assets	6,391	6,477	6,391	6,477	-1%
Total assets	10,311	11,019	10,311	11,019	-6%
Current liabilities	834	828	834	828	1%
Noncurrent liabilities	338	279	338	279	21%
Total liabilities	1,172	1,107	1,172	1,107	6%
Net assets:					
Net investment in capital assets	6,391	6,477	6,391	6,477	-1%
Restricted	-	-	-	-	
Unrestricted	2,748	3,435	2,748	3,435	-20%
Total net position	\$ 9,139	\$ 9,912	\$ 9,139	\$ 9,912	-8%

Net investment in capital assets (e.g., land, buildings, equipment and infrastructure) of \$6.4 million represent the cost of these assets less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Resources needed to repay the outstanding debt must be provided from other sources other than the related assets, because the capital assets themselves cannot be used to repay these debts. At June 30, 2013, the City has no outstanding debt used to acquire those assets.

The remaining balance of unrestricted net position of \$2.7 million may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Restricted net position represents resources that are subject to external restrictions on how they may be used. At June 30, 2013, the City does not have any restricted assets.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Position

The City's net position decreased by approximately \$0.8 million during the current fiscal year and decreased by \$0.3 million during the prior fiscal year. The decrease in the City's net position is principally from the program expenses of the governmental activities. Information about changes in net position is summarized in the following table:

Activities and Changes in Net Position
For the Fiscal Years Ended June 30, 2013 and 2012 (thousands)

	Governmental		Total		Total Percentage Change
	Activities		Government		
	2013	2012	2013	2012	
Revenues:					
Program revenues:					
Charges for services	\$ 1,031	\$ 1,209	\$ 1,031	\$ 1,209	-15%
General revenues:					
Taxes	4,749	4,530	4,749	4,530	5%
Franchise and other taxes	170	128	170	128	33%
Earnings on investment	54	62	54	62	-13%
Revenues from other agencies	825	809	825	809	2%
Other revenue	69	71	69	71	-3%
Total revenues	6,898	6,809	6,898	6,809	1%
Program expenses:					
General government	1,239	1,173	1,239	1,173	6%
Police	1,754	1,644	1,754	1,644	7%
Fire	1,180	1,137	1,180	1,137	4%
Planning and development	1,578	1,457	1,578	1,457	8%
Public works	874	908	874	908	-4%
Library and community services	545	533	545	533	2%
Non-departmental	608	231	608	231	163%
Total program expenses	7,778	7,083	7,778	7,083	10%
Transfers:					
	107	-	107	-	
Change in net position	(773)	(274)	(773)	(274)	
Net position, beginning of year	9,912	10,186	9,912	10,186	
Net position, end of year	\$ 9,139	\$ 9,912	\$ 9,139	\$ 9,912	

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

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Major Governmental Funds

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

Governmental Funds
Revenues, Expenditures and Other Changes in Fund Balances
For the Fiscal Years Ended June 30, 2013 and 2012 (thousands)

	2013			2012		Change
	General Fund	Other Major Funds	Other Funds	Total Gov. Funds	Total Gov. Funds	
Revenues	\$ 5,279	\$ 1,015	\$ 604	\$ 6,898	\$ 6,809	1%
Current expenditures	5,489	1,180	545	7,214	6,535	10%
Capital outlay	-	409	10	419	1,301	-68%
	5,489	1,589	555	7,633	7,836	-3%
Net transfers	(527)	658	(24)	107	-	100%
Net change in fund balances	(737)	84	25	(628)	(1,027)	-39%
Fund balances, beginning of year	3,239	375	100	3,714	4,741	-22%
Fund balances, end of year	\$ 2,502	\$ 459	\$ 125	\$ 3,086	\$ 3,714	-17%

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

General Fund

General fund revenues of \$5.3 million increased by \$60,000 from the previous fiscal year, primarily due to an increase in property tax revenue. General fund expenditures of \$5.5 million increased by \$0.6 million over the previous fiscal year, primarily due to a contribution of \$300,000 made towards a new recreation facility and the write off of an uncollectable loan of \$195,000.

Net transfers out of \$527,128 consist of transfers out for capital improvement and equipment replacement (\$49,194) and fire protection (\$477,934).

The General Fund balance at fiscal year-end was \$2.5 million consisting of non-spendable (\$9,923), restricted (\$53,831) and \$2,438,174 that was unassigned.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Major Funds - Fire Protection Fund

Revenues in the Fire Protection Fund were \$702,019, an increase of \$32,000 over the previous fiscal year. Expenses were \$1,179,953, an increase of \$43,000 over the previous year.

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

Other Major Funds - General Capital Improvements Fund

Revenues in the Capital Improvement Fund were \$312,909 a decrease of \$5,000 over the previous year. Expenses were \$408,703, a decrease of \$865,000 from the previous year.

The General Capital Improvements Fund balance at fiscal year-end amounted to \$314,177 in restricted funds and \$145,271 in assigned funds. There were no original to final budget differences.

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

- City wide street & drainage projects \$118,002

Information regarding fiscal year 2012/13 capital asset activity is provided in Note 6 to the Financial Statements.

Fiduciary Funds

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

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

General Fund revenues for fiscal year ending June 30, 2014 are anticipated to increase by \$111,429. General Fund expenditures are anticipated to decrease by \$680,184 for FY2013-14.

Fire Protection Fund revenue will increase by \$44,568, the amount permitted by the Proposition 4 Limitation Factor. Expenditures are estimated to increase by \$47,602.

REQUESTS FOR INFORMATION

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

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



— CITY OF BELVEDERE, CALIFORNIA —

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

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CITY OF BELVEDERE
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Total
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 3,683,190	\$ 3,683,190
Receivables:		
Accounts receivable, net	128,481	128,481
Prepaid items	108,208	108,208
Note receivable, City Manager	-	-
Total current assets	<u>3,919,879</u>	<u>3,919,879</u>
Capital assets:		
Depreciable, net	6,391,231	6,391,231
Total capital assets	<u>6,391,231</u>	<u>6,391,231</u>
Total assets	<u>10,311,110</u>	<u>10,311,110</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	241,624	241,624
Cash balance overdraft	106,027	106,027
Refundable deposits	468,756	468,756
Deferred revenues	17,064	17,064
Total current liabilities	<u>833,471</u>	<u>833,471</u>
Long-term liabilities:		
Compensated absences	174,603	174,603
Postemployment benefit obligation	163,777	163,777
Total liabilities	<u>1,171,851</u>	<u>1,171,851</u>
<u>NET POSITION</u>		
Net investment in capital assets	6,391,231	6,391,231
Unrestricted	2,748,028	2,748,028
Total net position	<u>\$ 9,139,259</u>	<u>\$ 9,139,259</u>

See accompanying notes to basic financial statements.

CITY OF BELVEDERE
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue
					Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 1,238,851	\$ 23,101	\$ -	\$ -	\$ (1,215,750)
Public safety:					
Police services	1,754,258	11,822	-	-	(1,742,436)
Fire services	1,179,953	-	-	-	(1,179,953)
Planning and development	1,578,591	725,821	-	-	(852,770)
Public works	873,506	269,865	-	-	(603,641)
Community Center	346,405	-	-	-	(346,405)
Library	545,294	-	-	-	(545,294)
Non-departmental	261,670	-	-	-	(261,670)
Total governmental activities	7,778,528	1,030,609	-	-	(6,747,919)
Change in net position:					
Net (expense) revenue	\$ 7,778,528	\$ 1,030,609	\$ -	\$ -	\$ (6,747,919)

continued
next page

CITY OF BELVEDERE
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Primary Government	
	Governmental Activities	Total
Change in net position:		
Net (expense) revenue	\$ (6,747,919)	\$ (6,747,919)
General revenues:		
Taxes:		
Property taxes	4,501,805	4,501,805
Other taxes	247,757	247,757
Use of money/property	54,201	54,201
Intergovernmental revenues	825,388	825,388
Franchise fees	169,881	169,881
Other revenues	68,561	68,561
Total general revenues	<u>5,867,593</u>	<u>5,867,593</u>
Transfers	<u>107,224</u>	<u>107,224</u>
Change in net position	(773,102)	(773,102)
Net position, beginning of year	<u>9,912,361</u>	<u>9,912,361</u>
Net position, end of year	<u>\$ 9,139,259</u>	<u>\$ 9,139,259</u>

See accompanying notes to basic financial statements.



— CITY OF BELVEDERE, CALIFORNIA —

GOVERNMENTAL FUNDS

FINANCIAL STATEMENTS

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CITY OF BELVEDERE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	Major Funds			Non-Major Funds	Total Governmental Funds
	General	Fire Protection Fund	General Capital Improvements	Other Funds	
ASSETS					
Cash and investments	\$ 3,082,601	\$ -	\$ 472,513	\$ 128,076	\$ 3,683,190
Accounts receivable, net	114,720	7,742	3,932	2,087	128,481
Note receivable, City Manager	-	-	-	-	-
Prepaid and other current assets	9,923	98,285	-	-	108,208
Total assets	\$ 3,207,244	\$ 106,027	\$ 476,445	\$ 130,163	\$ 3,919,879
LIABILITIES					
Accounts payable	\$ 219,496	\$ -	\$ 16,997	\$ 5,131	\$ 241,624
Cash balance overdraft	-	106,027	-	-	106,027
Refundable deposits	468,756	-	-	-	468,756
Deferred revenues	17,064	-	-	-	17,064
Total liabilities	705,316	106,027	16,997	5,131	833,471
FUND BALANCES					
Nonspendable	9,923	-	-	-	9,923
Restricted	53,831	-	314,177	100,032	468,040
Assigned	-	-	145,271	25,000	170,271
Unassigned	2,438,174	-	-	-	2,438,174
Total fund balances	2,501,928	-	459,448	125,032	3,086,408
Total liabilities and fund balances	\$ 3,207,244	\$ 106,027	\$ 476,445	\$ 130,163	\$ 3,919,879

See accompanying notes to basic financial statements.

CITY OF BELVEDERE

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

JUNE 30, 2013

Total Fund Balances - Total Governmental Funds **\$ 3,086,408**

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

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

Depreciable	\$ 9,772,104	
Less accumulated depreciation	<u>(3,380,873)</u>	6,391,231

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

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

Accrued compensated absences	(174,603)	
Postemployment benefit obligation	<u>(163,777)</u>	<u>(338,380)</u>

Net Position of Governmental Activities **\$ 9,139,259**

CITY OF BELVEDERE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Major Funds			Non-Major Funds	Total Governmental Funds
	General	Fire Protection Fund	General Capital Improvements	Other Funds	
Revenues:					
Property taxes	\$ 3,799,786	\$ 702,019	\$ -	\$ -	\$ 4,501,805
Other taxes	247,757	-	-	-	247,757
Licenses and permits	442,153	-	-	-	442,153
Fines and forfeitures	122,770	-	-	-	122,770
Use of money/property	29,177	-	25,024	-	54,201
Intergovernmental revenues	124,726	-	97,700	602,962	825,388
Charges for services	278,001	-	187,685	-	465,686
Franchise fees	169,881	-	-	-	169,881
Other revenues	65,002	-	2,500	1,059	68,561
Total revenues	5,279,253	702,019	312,909	604,021	6,898,202
Expenditures:					
Current:					
General government	1,182,562	-	-	-	1,182,562
Public safety:					
Police	1,680,996	-	-	-	1,680,996
Fire	-	1,179,953	-	-	1,179,953
Planning & development	1,551,205	-	-	-	1,551,205
Public works	756,043	-	-	-	756,043
Community center	317,976	-	-	-	317,976
Library	-	-	-	545,294	545,294
Capital outlay	-	-	408,703	9,949	418,652
Total expenditures	5,488,782	1,179,953	408,703	555,243	7,632,681
Revenues over (under) expenditures	(209,529)	(477,934)	(95,794)	48,778	(734,479)
Other financing sources (uses):					
Transfers from other funds	-	477,934	205,219	33,890	717,043
Transfers to other funds	(527,128)	-	(25,000)	(57,691)	(609,819)
Total other financing sources (uses)	(527,128)	477,934	180,219	(23,801)	107,224
Net change in fund balances	(736,657)	-	84,425	24,977	(627,255)
Fund balances-beginning	3,238,585	-	375,023	100,055	3,713,663
Fund balances-ending	\$ 2,501,928	\$ -	\$ 459,448	\$ 125,032	\$ 3,086,408

See accompanying notes to basic financial statements.

CITY OF BELVEDERE

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net changes in fund balances - total governmental funds \$ (627,255)

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

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

Capital outlay	\$ 341,707	
Depreciation expense	<u>(427,961)</u>	(86,254)

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

Change in compensated absences	(10,049)	
Change in postemployment benefit obligation	<u>(49,544)</u>	<u>(59,593)</u>

Total changes in net position of governmental activities \$ (773,102)

CITY OF BELVEDERE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	<u>Agency Funds</u>	<u>Combined</u>
<u>ASSETS:</u>		
Cash and investments:		
Redemption Fund	\$ 622,296	\$ 622,296
Reserve Fund	279,166	279,166
	901,462	901,462
Interest receivable	8,336	8,336
	\$ 909,798	\$ 909,798
	\$ 909,798	\$ 909,798
<u>LIABILITIES:</u>		
Accounts payable	37,028	37,028
Due to special assessment districts	\$ 872,770	\$ 872,770
	\$ 909,798	\$ 909,798
	\$ 909,798	\$ 909,798

See accompanying notes to basic financial statements.



— CITY OF BELVEDERE, CALIFORNIA —

NOTES TO BASIC

FINANCIAL STATEMENTS

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CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - Summary of significant accounting policies:

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

A. Reporting Entity

The City is a municipal corporation governed by an elected five-member Council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. At June 30, 2013, the City did not have any component units that met this criterion.

B. Description of Funds

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

C. Government-Wide Financial Statements

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

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

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

D. Governmental Fund Financial Statements

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

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

Major funds are defined as governmental funds which have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total or five percent of the grand total. The general fund is always a major fund. The City may select other governmental funds it believes should be presented as major funds. No such funds were selected in fiscal 2013.

The major governmental funds of the City are:

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

E. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position. The activities reported in the fiduciary fund type are Local Improvement District Debt with no City commitment. Information regarding Fiduciary Funds is provided in Note 7 to the Financial Statements.

F. Basis of Accounting

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

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

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

G. Use of Restricted/Unrestricted Net Position

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

H. Receivables and Payables

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

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

I. Prepaid Items

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

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.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

J. Capital Assets

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

K. Compensated Absences

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

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

L. Deferred Revenues

Deferred revenues in governmental funds arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received by the City before it has a legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

M. Property Tax Revenues

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

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

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

N. Net Position

Government-Wide Net Position consists of the following:

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

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

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

O. Use of Estimates

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

P. Fund Balance – Designations

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

Q. Recent Accounting Pronouncements

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. Common examples of SCAs include long-term arrangements between a transferor (a government) and an operator (governmental or nongovernmental entity) in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties. The implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2013.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*, to better meet the needs of users and address reporting entity issues that have come to light since these statements were issued in 1991 and 1999, respectively. GASB Statement No. 61 improves the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units) and amends the criteria for blending – reporting component units as if they were part of the primary government – in certain circumstances. The implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the pronouncements issued on or before November 30, 1989,

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

which does not conflict with or contradict GASB pronouncements. This statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2013.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is intended to clarify the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The statement also recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 - An Amendment of GASB Statements No. 10 and No. 62*, to resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement amends Statement No. 10, *Codification of Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current servicing fee rate. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. This Statement's objective is to improve financial reporting by state and local governmental pension plans. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

for fiscal year ending June 30, 2015 and earlier application is encouraged. The City is currently evaluating the impact of adopting this GASB Standards.

NOTE 2 - Stewardship, compliance, and accountability:

Budgetary information

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

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

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

NOTE 3 - Cash and investments:

Cash and investments at June 30, 2013 consisted of the following:

	Carrying Value	Market Value
State of California - Local Agency Investment Fund	\$ 4,220,437	\$ 4,222,831
Cash in checking accounts	363,316	363,316
Petty cash	900	900
	\$ 4,584,653	\$ 4,587,047
Unrestricted	\$ 901,462	
Restricted	3,683,190	
	\$ 4,584,652	

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

General fund	\$ 3,082,601
Capital improvement fund	472,513
Other non-major funds	128,076
	3,683,190
Fiduciary fund	901,462
Total cash and investments	\$ 4,584,652

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

	<u>Category 1</u>	<u>Category 2</u>	<u>Uncategorized</u>	<u>Carrying amount</u>
<u>Pooled investments</u>				
State of California Local Agency Investment Fund	\$ -	\$ -	\$ 4,221,590	\$ 4,221,590
Subtotal	-	-	4,221,590	4,221,590
Total	\$ -	\$ -	\$ 4,221,590	\$ 4,221,590

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

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

NOTE 4 - Note receivable from Former City manager:

The City Council determined it was beneficial to the City for the Former City Manager to reside within a certain distance from the City. To accommodate the purchase of a home within this radius, in May 2005, the City Council made a \$400,000 interest-only loan to the Former City Manager in order to help with the purchase of a residence. The City's interest-only loan at the time of purchase represented less than fifty (50%) percent of the value of the property. The agreement provided for among other things that principal plus all accrued interest shall be due and payable in full six (6) months following the first to occur of any of the following: (1) the termination of employment with the City, for any reason whatsoever; (2) death; (3) determination by city manager not to occupy the subject property as his principal place of residence and (4) the physical or mental incapacity of the city manager such as to render him unable to perform his work for the City for a period of six (6) consecutive months.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

During June 2012, the City Manager resigned his position with the City. Per the terms of the agreement, the City Manager had until December 2012 to repay the principal and any unpaid accrued interest. During June 2013, the Former City Manager sold his home and the City received approximately \$204,000 from the title company. The City recorded a loss of approximately \$196,000 against the uncollected portion of the note receivable.

NOTE 5 - Capital assets:

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

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

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

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

	<u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
Depreciable capital assets:				
City Hall & Community Center				
Buildings improvements	\$ 3,400,663	\$ 7,333	\$ -	\$ 3,407,996
Corporation yard improvements	237,570	27,681	-	265,251
Office furniture & equipment	158,246	-	-	158,246
Transportation/other-Yard	354,448	-	-	354,448
Transportation/other-Police	224,349	-	-	224,349
Infrastructure	5,055,121	306,693	-	5,361,814
Total	<u>9,430,397</u>	<u>341,707</u>	<u>-</u>	<u>9,772,104</u>
Less - accumulated depreciation for:				
City (Facilities & Equipment)	1,991,188	166,289	-	2,157,477
Infrastructure	961,724	261,672	-	1,223,396
	<u>2,952,912</u>	<u>427,961</u>	<u>-</u>	<u>3,380,873</u>
Depreciable capital assets, net	<u>6,477,485</u>	<u>(86,254)</u>	<u>-</u>	<u>6,391,231</u>
Total capital assets, net	<u>\$ 6,477,485</u>	<u>\$ (86,254)</u>	<u>\$ -</u>	<u>\$ 6,391,231</u>

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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

Governmental activities:	
General government	\$ 38,844
Police	41,259
Public works	28,429
Planning & building	29,330
Community Center	28,429
Infrastructure	261,670
	<u>\$ 427,961</u>

NOTE 6 - Local Improvement District Debt with no City commitment:

Local Improvement Districts ("LID"s) are established in various parts of the City to provide improvements to properties located in those districts. Properties in these districts are assessed for the cost of improvements; these assessments are payable over the term of the debt issued to finance the improvements and must be sufficient to repay this debt. The City acts solely as the collecting and paying agent for the Districts' debt which is not included in the general debt of the City. The outstanding balance of each of these issues as of June 30, 2013 is as follows:

	<u>Balance, June 30, 2012</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance, June 30, 2013</u>
<u>LID Debt:</u>				
Corinthian Island	\$ 130,000	\$ -	\$ 25,000	\$ 105,000
Upper Beach Road	1,075,000	-	30,000	1,045,000
Madrona	1,735,000	-	45,000	1,690,000
San Rafael	980,000	-	20,000	960,000
Lower Belvedere	2,375,000	-	45,000	2,330,000
Bayview/Bella Vista	1,570,000	-	30,000	1,540,000
Mid San Rafael Ave	1,388,067	-	70,000	1,318,067
Pine Avenue	-	1,160,866	-	1,160,866
Total	<u>\$ 9,253,067</u>	<u>\$ 1,160,866</u>	<u>\$ 265,000</u>	<u>\$ 10,148,933</u>

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

As of June 30, 2013, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2014	\$ 25,000	\$ 4,818	\$ 29,818
2015	30,000	3,525	33,525
2016	30,000	2,115	32,115
2017	20,000	705	20,705
	<u>\$ 105,000</u>	<u>\$ 11,163</u>	<u>\$ 116,163</u>

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

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

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2013, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2014	\$ 35,000	\$ 51,523	\$ 86,523
2015	35,000	49,974	84,974
2016	35,000	48,408	83,408
2017	35,000	46,815	81,815
2018	40,000	45,070	85,070
2019-2023	225,000	194,234	419,234
2024-2028	285,000	130,810	415,810
2029-2033	355,000	47,821	402,821
	<u>\$ 1,045,000</u>	<u>\$ 614,655</u>	<u>\$ 1,659,655</u>

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

In June 2005, improvement bonds (City of Belvedere Limited Obligation Improvement Bonds, Madrona, Bella Vista and Oak Underground Assessment District) were issued in the amount of \$2,008,413, representing the unpaid assessments pursuant to the provisions of the Improvement Bond Act of 1915. The bonds bear annual interest ranging from 2.25% to 5.00%. The bonds were issued in denominations of \$5,000 or any integral multiple thereof, except for one bond in an odd amount due on September 2, 2006. Interest on the bonds become payable commencing on March 2, 2006, and semi-annually thereafter on each March 2 and September 2 until maturity.

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2013, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2014	\$ 45,000	\$ 79,535	\$ 124,535
2015	45,000	77,758	122,758
2016	50,000	76,833	126,833
2017	50,000	73,758	123,758
2018	55,000	71,525	126,525
2019-2023	305,000	318,610	623,610
2024-2028	360,000	240,754	600,754
2028-2032	450,000	141,250	591,250
2033-2036	330,000	25,250	355,250
	<u>\$ 1,690,000</u>	<u>\$ 1,105,273</u>	<u>\$ 2,795,273</u>

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

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

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2013, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 20,000	\$ 44,450	\$ 64,450
2015	20,000	43,635	63,635
2016	25,000	42,706	67,706
2017	25,000	41,663	66,663
2018	25,000	40,606	65,606
2019-2023	145,000	184,993	329,993
2024-2028	185,000	148,034	333,034
2028-2033	230,000	99,675	329,675
2034-2038	285,000	37,308	322,308
	<u>\$ 960,000</u>	<u>\$ 683,070</u>	<u>\$ 1,643,070</u>

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

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

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2013, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2014	\$ 45,000	\$ 122,155	\$ 167,155
2015	50,000	120,430	170,430
2016	50,000	118,493	168,493
2017	50,000	116,430	166,430
2018	55,000	114,130	169,130
2019-2023	310,000	527,715	837,715
2024-2028	400,000	435,993	835,993
2029-2033	525,000	310,814	835,814
2034-2038	685,000	144,278	829,278
2039	160,000	4,478	164,478
	<u>\$ 2,330,000</u>	<u>\$ 2,014,916</u>	<u>\$ 4,344,916</u>

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

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

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2013, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 30,000	\$ 79,683	\$ 109,683
2015	30,000	78,895	108,895
2016	30,000	78,003	108,003
2017	30,000	76,983	106,983
2018	30,000	75,858	105,858
2019-2023	185,000	356,351	541,351
2024-2028	230,000	306,555	536,555
2029-2033	295,000	237,418	532,418
2034-2038	390,000	141,433	531,433
2039-2041	290,000	25,872	315,872
	<u>\$ 1,540,000</u>	<u>\$ 1,457,051</u>	<u>\$ 2,997,051</u>

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

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

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2013, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 23,067	\$ 75,253	\$ 98,320
2015	25,000	74,710	99,710
2016	25,000	74,023	99,023
2017	30,000	73,160	103,160
2018	30,000	72,148	102,148
2019-2023	160,000	341,506	501,506
2024-2028	195,000	296,778	491,778
2029-2033	245,000	231,963	476,963
2024-2038	330,000	138,928	468,928
2039-2041	255,000	25,315	280,315
	<u>\$ 1,318,067</u>	<u>\$ 1,403,784</u>	<u>\$ 2,721,851</u>

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

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

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2013, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	\$ 48,069	\$ 48,069
2015	20,866	47,991	68,857
2016	25,000	47,788	72,788
2017	25,000	47,506	72,506
2018	25,000	47,144	72,144
2019-2023	125,000	226,788	351,788
2024-2028	155,000	202,045	357,045
2029-2033	185,000	166,315	351,315
2034-2038	235,000	118,930	353,930
2039-2043	295,000	55,426	350,426
2044	70,000	1,750	71,750
	<u>\$ 1,160,866</u>	<u>\$ 1,009,752</u>	<u>\$ 2,170,618</u>

NOTE 7 - Joint ventures and pools:

Belvedere-Tiburon Library Agency

The Belvedere-Tiburon Library Agency (the "Agency") was established in May 1995 to construct, own, operate, and maintain a new public library, servicing the residents of Belvedere and Tiburon. Each member of the Agency has three (3) representatives on the Library Board which governs the management and financing of its activities. Participating agencies at June 30, 2013 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 (\$545,294 for fiscal 2013), which utilizes the funds for ordinary operations. The financial results of the Agency are not included in the accompanying financial statements because the City does not have oversight authority.

Condensed audited financial information (in thousands) as of and for the fiscal year ended June 30, 2013 for the Agency is presented below:

Total assets	\$ 7,934
Total capital assets	4,815
Total liabilities	1,493
Net position	6,441
Net program expenses	(2,355)
Net program revenues	597
Total general revenues	1,929
Increase in net assets	171

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

California Joint Powers Insurance Authority

The City of Belvedere is a member of the California Joint Powers Insurance Authority (“Authority”). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

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

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

Comprehensive General and Automotive Liability Coverage: In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2012-13 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool’s SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

Workers’ Compensation: In the workers’ compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs in excess of

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

\$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

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

Property Insurance: The City of Belvedere participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Belvedere property is currently insured according to a schedule of covered property submitted by the City of Belvedere to the Authority. The City of Belvedere currently has all-risk property insurance protection in the amount of \$6,243,695. There is a \$5,000 deductible per occurrence except for nonemergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood: The City of Belvedere purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Belvedere property currently has earthquake protection in the amount of \$6,172,679. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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

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

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2012-13.

County of Marin

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

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

450 San Rafael Avenue
Belvedere, California 94920

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8 - Operating transfers:

The following schedule summarizes the operating transfers in and out for the fiscal year ended June 30, 2013, followed by the principal purposes of each interfund transfer:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund:		
Fire Protection	\$ 477,934	\$ -
Equipment Replacement	8,890	-
Capital Improvement	40,304	-
	<u>527,128</u>	<u>-</u>
Fire Protection Fund:		
General Fund	-	477,934
	<u>-</u>	<u>477,934</u>
General Capital Improvements:		
General Fund	-	40,304
Equipment Replacement	25,000	-
Gas Tax	-	57,691
Pine Avenue Underground Assessment District	-	107,224
	<u>25,000</u>	<u>205,219</u>
Non-Major Funds:		
Equipment Replacement	-	33,890
Gas Tax	57,691	-
	<u>57,691</u>	<u>33,890</u>
Fiduciary Funds		
Pine Avenue Underground Assessment District	107,224	-
	<u>107,224</u>	<u>-</u>
Totals	<u>\$ 717,043</u>	<u>\$ 717,043</u>

General Fund to Fire Fund \$477,934 – The revenue received from the Fire Tax is not enough to cover the amount that is paid to the Tiburon Fire Protection District annually. The year end transfer is to cover the deficit.

General Fund to Equipment Replacement \$8,890 – The amount of expenditures for equipment in 2012/13 will be replaced by a transfer from the General Fund to make the Equipment Replacement Fund balance \$25,000 at year end.

General Fund to Capital Improvement Fund \$40,304 - To cover expenditures for the fiscal year for CIP.

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

Gas Tax Fund to Capital Improvement Fund \$57,691 - Year end transfer of State of California Fuel Tax revenue to cover eligible Capital Improvement expenditures.

Capital Improvement Fund to Pine Avenue Underground Assessment District Fund \$107,224 – To cover initial costs of the project.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 - Fund Balance:

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

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

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

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

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

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

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

Governmental Fund Type Definitions

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

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

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

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

Spending Policy

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

Investment Earnings

Investment earnings follow the classification of the revenues invested.

Minimum Fund Balance Policy

As adopted in 2007, the City's General Fund Operational Reserve Policy requires that the City maintain 6-months General Fund operating expenses within the General Fund Reserve. At June 30, 2013, the amount is \$2.576 million. At June 30, 2013, the City did not have this minimum fund balance in unassigned fund balance due to a significant contribution to the Belvedere-Tiburon Recreation Department and the loan write off of the former City Manager.

Fund balances classifications at June 30, 2013 were:

	General Fund	Fire Protection Fund	Capital Improvement Fund	Non-Major Other Funds	Total
Nonspendable:					
Prepaid Expenses	\$ 9,923	\$ -	\$ -	\$ -	\$ 9,923
Total Nonspendable:	<u>9,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,923</u>
Restricted:					
Police Safety	53,831	-	-	-	53,831
Street Maintenance	-	-	314,177	100,000	414,177
Gas tax	-	-	-	32	32
Total Restricted:	<u>53,831</u>	<u>-</u>	<u>314,177</u>	<u>100,032</u>	<u>468,040</u>
Assigned:					
Drainage	-	-	145,271	-	145,271
Computer Replacement	-	-	-	25,000	25,000
Total Assigned:	<u>-</u>	<u>-</u>	<u>145,271</u>	<u>25,000</u>	<u>170,271</u>
Unassigned:					
	2,438,174	-	-	-	2,438,174
	<u>\$ 2,501,928</u>	<u>\$ -</u>	<u>\$ 459,448</u>	<u>\$ 125,032</u>	<u>\$ 3,086,408</u>

NOTE 10 - Public Employees Retirement System:

Plan description. The City of Belvedere contributes to the California Public Employees Retirement System ("PERS"), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries based on the employee's years of service, age, and final compensation. Employees vest after five years of service and may receive retirement benefits at age 50 (age 55 prior to January 1, 1991) for public safety employees and age 55 for other employees. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office – 400 P Street, Sacramento, California, 95814.

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

	<u>Safety Employees</u>	<u>Miscellaneous Employees</u>
Contribution rates:		
City	29.149%	14.561%
Employees	9.00%	7.00%
Annual pension cost	\$ 198,377	\$ 161,938
Contributions made:		
City portion	\$ 198,377	\$ 161,938
Employee contribution made by City	\$ 20,417	\$ 30,948
Actuarial valuation date	June 30, 2011	June 30, 2011

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

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

<u>Three Year Trend Information</u>			
<u>Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$ 334,637	100%	\$ -
6/30/2012	\$ 387,682	100%	\$ -
6/30/2013	\$ 360,315	100%	\$ -

As discussed in Note 1 (Q), the City will be required to implement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB 27*, effective June 30, 2015. GASB 68 will require, among other things, the City to recognize any unfunded pension obligation as a liability (as defined) in its government-wide basic financial statements. The following table sets forth the City's funding history at June 30, 2011 provided by CalPers under GASB 27. The Funding History shows the

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

actuarial accrued liability, the actuarial value of assets, the market value of assets, funded ratios and the annual covered payroll. The actuarial value of assets is used to establish funding requirements and the funded ratio on this basis represents the progress toward fully funding future benefits for current plan participants. The funded ratio based on the market value of assets is an indicator of the short-term solvency of the plan. Please note that these numbers do not reflect any of the changes that will be required to calculate the unfunded pension obligation under GASB 68 and are set forth here for informational purposes.

Safety Employees:

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

Miscellaneous Employees:

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

NOTE 11 - Postemployment Benefits Other Than Pensions:

Plan Description: During fiscal year ended June 30, 2010, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement establishes uniform financial reporting standards for employers providing postemployment benefits. The provisions of this statement are applied on a prospective basis. The City also implemented GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which permits an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates.

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

Funding Policy: The City provides these benefits on a pay-as-you-go basis. Currently, seven retirees meet those eligibility requirements. The City pays a portion of the health plan in the amount of \$115 per month for six of the employees and \$741 per month for one of the employees. Expenditures for postretirement health care benefits are recognized as retirees elect coverage in the health plan. During 2013, the City paid a total of \$17,016 for such postretirement health care benefits on behalf of seven former employees.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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

Annual required contribution	\$ 66,560
Contributions made	<u>(17,016)</u>
Increase in net OPEB obligation	49,544
Net OPEB obligation - beginning of year	<u>114,233</u>
Net OPEB obligation - end of year	<u><u>\$163,777</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the two preceding fiscal years were as follows:

Fiscal Year Ended	OPEB Annual Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 54,849	27.0%	\$ 78,152
6/30/2012	\$ 52,493	31.3%	\$ 114,233
6/30/2013	\$ 66,560	25.6%	\$ 163,777

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

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

The following simplifying assumptions were made:

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

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

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

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

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

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

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

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

Based on the historical and expected returns of the City’s short-term investment portfolio, a discount rate of 4 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013 was thirty years.

NOTE 12 - Excess of expenditures over appropriations:

For the fiscal year ended June 30, 2013, expenditures exceeded appropriations in the following individual funds:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
General Government	\$ 917,892	\$ 1,141,097	\$ (223,205)
Police	1,579,797	1,590,405	(10,608)
Planning & Development	1,490,287	1,551,205	(60,918)
Community Center	316,950	317,976	(1,026)

The General Government department expenditures exceeded the budgeted amount due to the write off of the loss on the home loan to the former City Manager of \$195,695 and outside legal services which were \$62,000 over the budgeted amount.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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

The Planning & Development and Community Center department expenditures exceeded the budgeted amount due to unanticipated staffing changes during the year that resulted in a higher expense for outside contractors.

NOTE 13 - Commitments and contingencies:

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

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

NOTE 14 - Subsequent events:

The City has evaluated events and transactions that have occurred after June 30, 2013 through December 17, 2013, the date on which the accompanying financial statements were available to be issued.

The City made significant payments towards its unfunded pension liability by paying off its side funds in July and August in the amount of \$853,729. Making this payment had the immediate effect of lowering the City's current retirement rate. Future retirement savings are estimated to be \$327,000 over the next nine years. The \$853,729 payment will bring the City's General Fund reserves down to \$1.79 million at the end of the current fiscal year. This figure is below the Council's minimum year-end cash balance policy by \$790,000. The City Council voted to rebuild the General Fund Reserve using savings from reduced pension expense over the next five years.

The City established a line of credit of \$800,000 with WestAmerica Bank with an interest rate equal to the WestAmerica Bank's Index rate plus 0.5000 percentage points, or 4.75%, to provide flexibility and ensure the ability to meet short-term cash needs as they arise. It is anticipated that the Line of Credit will not be used in fiscal year 2014.

Following their annual audit, the Tiburon Fire Protection District gave the City a \$48,629 credit for 2012/13 because their actual expenditures were below the original estimate. The credit was recorded in November 2013.



— CITY OF BELVEDERE, CALIFORNIA —

REQUIRED SUPPLEMENTARY INFORMATION

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

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CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final- Positive (Negative)
Revenues:				
Property taxes	\$ 3,692,989	\$ 3,692,989	\$ 3,799,786	\$ 106,797
Other taxes	139,000	139,000	247,757	108,757
Licenses and permits	411,500	411,500	442,153	30,653
Fines and forfeitures	213,000	213,000	122,770	(90,230)
Use of money/property	40,267	40,267	29,127	(11,140)
Intergovernmental revenues	125,500	125,500	24,726	(100,774)
Charges for services	333,000	333,000	278,001	(54,999)
Franchise fees	127,500	127,500	169,881	42,381
Other revenues	43,500	43,500	65,002	21,502
Total revenues	5,126,256	5,126,256	5,179,203	52,947
Expenditures				
Current:				
General government	917,892	917,892	1,141,097	(223,205)
Public safety:				
Police	1,544,797	1,579,797	1,590,405	(10,608)
Fire	-	-	-	-
Planning and development	1,490,287	1,490,287	1,551,205	(60,918)
Public works	770,177	770,177	756,043	14,134
Community center	316,950	316,950	317,976	(1,026)
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	5,040,103	5,075,103	5,356,726	(281,623)
Excess of revenues over (under) expenditures	86,153	51,153	(177,523)	(228,676)
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	(664,379)	(664,379)	(527,128)	137,251
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	(664,379)	(664,379)	(527,128)	137,251
Excess of revenues and other sources over (under) expenditures and other uses	(578,226)	(613,226)	(704,651)	(91,425)
Fund balances-beginning	3,456,123	3,456,123	3,090,536	(365,587)
Fund balances-ending	\$ 2,877,897	\$ 2,842,897	\$ 2,385,885	\$ (457,012)

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final- Positive (Negative)
Revenues:				
Property taxes	\$ 701,584	\$ 701,584	\$ 702,019	\$ 435
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	-	-	-	-
Total revenues	701,584	701,584	702,019	435
Expenditures				
Current:				
General government	-	-	-	-
Public safety:				
Police	1,182,073	1,182,073	1,179,953	2,120
Fire	-	-	-	-
Planning and development	-	-	-	-
Public works	-	-	-	-
Community center	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,182,073	1,182,073	1,179,953	2,120
Excess of revenues over (under) expenditures	(480,489)	(480,489)	(477,934)	2,555
Other financing sources (uses):				
Transfers from other funds	480,489	480,489	477,934	(2,555)
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	480,489	480,489	477,934	(2,555)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances-beginning	-	-	-	-
Fund balances-ending	\$ -	\$ -	\$ -	\$ -

CITY OF BELVEDERE

REQUIRED SUPPLEMENTARY INFORMATION - PERS
SCHEDULE OF FUNDING PROCESS - UNAUDITED

Miscellaneous Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal Accrual Liability (b)	(Unfunded) Overfunded (a - b)	Funded Ratio (a/b)	Covered Payroll (c)	(Unfunded) Overfunded % of Covered Payroll ((a - b)/c)
6/30/09	2,758,511,101	3,104,798,222	(346,287,121)	88.8%	742,981,488	-46.6%
6/30/10	2,946,408,106	3,309,064,934	(362,656,828)	89.0%	748,401,352	-48.5%
6/30/11	3,203,214,899	3,619,835,876	(416,620,977)	88.5%	759,263,518	-54.9%
6/30/12	3,686,598,343	4,175,139,166	(488,540,823)	88.3%	757,045,663	-64.5%
6/30/13	*	*	*	*	*	*

Safety Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal Accrual Liability (b)	(Unfunded) Overfunded (a - b)	Funded Ratio (a/b)	Covered Payroll (c)	(Unfunded) Overfunded % of Covered Payroll ((a - b)/c)
6/30/09	368,645,673	440,333,381	(71,687,708)	83.7%	60,158,108	-119.2%
6/30/10	396,740,091	469,525,634	(72,785,543)	84.5%	61,878,177	-117.6%
6/30/11	421,374,728	503,491,275	(82,116,547)	83.7%	63,392,685	-129.5%
6/30/12	407,411,936	475,963,729	(68,551,793)	85.6%	59,986,230	-114.3%
6/30/13	*	*	*	*	*	*

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

CITY OF BELVEDERE

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

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

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - Budgets and budgetary accounting:

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

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

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



— CITY OF BELVEDERE, CALIFORNIA —

SUPPLEMENTARY INFORMATION

OTHER GOVERNMENTAL FUNDS

COMBINING FINANCIAL STATEMENTS

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CITY OF BELVEDERE
COMBINING BALANCE SHEETS
GENERAL FUNDS
JUNE 30, 2013

	<u>GENERAL FUND</u>	<u>SLESF FUND</u>	<u>INSURANCE RESERVE FUND</u>	<u>TOTAL GENERAL FUNDS</u>
ASSETS:				
Cash and investments	\$ 3,001,778	\$ 18,143	\$ 62,680	\$ 3,082,601
Taxes/user fees receivable	79,032	35,688	-	114,720
Accounts receivable	-	-	-	-
Prepaid items	9,923	-	-	9,923
Total assets	\$ 3,090,733	\$ 53,831	\$ 62,680	\$ 3,207,244
LIABILITIES:				
Accounts payable	\$ 219,028	\$ -	\$ 468	\$ 219,496
Refundable deposits	468,756	-	-	468,756
Deferred revenues	17,064	-	-	17,064
Total liabilities	704,848	-	468	705,316
FUND BALANCES				
Nonspendable	9,923	-	-	9,923
Restricted	-	53,831	-	53,831
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	2,375,962	-	62,212	2,438,174
Total fund balances	2,385,885	53,831	62,212	2,501,928
Total liabilities and fund balances	\$ 3,090,733	\$ 53,831	\$ 62,680	\$ 3,207,244

CITY OF BELVEDERE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	GENERAL FUND	SLESF FUND	INSURANCE RESERVE FUND	TOTAL GENERAL FUND
Revenues:				
Property taxes	\$ 3,799,786	\$ -	\$ -	\$ 3,799,786
Other taxes	247,757	-	-	247,757
Licenses and permits	442,153	-	-	442,153
Fines and forfeitures	122,770	-	-	122,770
Use of money/property	29,127	50	-	29,177
Intergovernmental revenues	24,726	100,000	-	124,726
Charges for services	278,001	-	-	278,001
Franchise fees	169,881	-	-	169,881
Other revenues	65,002	-	-	65,002
Total revenues	<u>5,179,203</u>	<u>100,050</u>	<u>-</u>	<u>5,279,253</u>
Expenditures:				
Current:				
General government	1,141,097	-	41,465	1,182,562
Public safety:				
Police	1,590,405	90,591	-	1,680,996
Fire	-	-	-	-
Planning & development	1,551,205	-	-	1,551,205
Public works	756,043	-	-	756,043
Community center	317,976	-	-	317,976
Total expenditures	<u>5,356,726</u>	<u>90,591</u>	<u>41,465</u>	<u>5,488,782</u>
Revenues over (under) expenditures	<u>(177,523)</u>	<u>9,459</u>	<u>(41,465)</u>	<u>(209,529)</u>
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	(527,128)	-	-	(527,128)
Total other financing sources (uses)	<u>(527,128)</u>	<u>-</u>	<u>-</u>	<u>(527,128)</u>
Net change in fund balance	(704,651)	9,459	(41,465)	(736,657)
Fund balances, beginning of year	3,090,536	44,372	103,677	3,238,585
Fund balances, end of year	<u>\$ 2,385,885</u>	<u>\$ 53,831</u>	<u>\$ 62,212</u>	<u>\$ 2,501,928</u>

CITY OF BELVEDERE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds	Equipment Replacement Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ -	\$ 128,076	\$ 128,076
Accounts receivable, net	2,087	-	2,087
Total assets	\$ 2,087	\$ 128,076	\$ 130,163
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,055	\$ 3,076	\$ 5,131
Total liabilities	2,055	3,076	5,131
Fund balances:			
Restricted	32	100,000	100,032
Assigned	-	25,000	25,000
Total fund equity	32	125,000	125,032
Total liabilities and fund equity	\$ 2,087	\$ 128,076	\$ 130,163

CITY OF BELVEDERE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Equipment Replacement Fund	Total Nonmajor Governmental Funds
Revenues;			
Intergovernmental revenues	\$ 602,962	\$ -	\$ 602,962
Other revenues	-	1,059	1,059
Total revenues	<u>602,962</u>	<u>1,059</u>	<u>604,021</u>
Expenditures:			
Current:			
Library	545,294	-	545,294
Capital outlay	-	9,949	9,949
Total expenditures	<u>545,294</u>	<u>9,949</u>	<u>555,243</u>
Revenues over (under) expenditures	<u>57,668</u>	<u>(8,890)</u>	<u>48,778</u>
Other financing sources (uses):			
Transfers from other funds	-	33,890	33,890
Transfers to other funds	(57,691)	-	(57,691)
Total other financing sources (uses)	<u>(57,691)</u>	<u>33,890</u>	<u>(23,801)</u>
Net change in fund balance	(23)	25,000	24,977
Fund balances, beginning of year	<u>55</u>	<u>100,000</u>	<u>100,055</u>
Fund balances, end of year	<u>\$ 32</u>	<u>\$ 125,000</u>	<u>\$ 125,032</u>

CITY OF BELVEDERE
COMBINING BALANCE SHEETS
OTHER SPECIAL REVENUE FUNDS
JUNE 30, 2013

	<u>LIBRARY FUND</u>	<u>GAS TAX FUND</u>	<u>TOTAL OTHER SPECIAL REVENUE FUNDS</u>
ASSETS:			
Accounts receivable	\$ 2,055	\$ 32	\$ 2,087
Total assets	<u>\$ 2,055</u>	<u>\$ 32</u>	<u>\$ 2,087</u>
LIABILITIES:			
Accounts payable	\$ 2,055	\$ -	\$ 2,055
Total liabilities	<u>2,055</u>	<u>-</u>	<u>2,055</u>
FUND BALANCES:			
Restricted	-	32	32
Total fund balances	<u>-</u>	<u>32</u>	<u>32</u>
Total liabilities and fund balances	<u>\$ 2,055</u>	<u>\$ 32</u>	<u>\$ 2,087</u>

CITY OF BELVEDERE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

OTHER SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	LIBRARY FUND	GAS TAX FUND	TOTAL OTHER SPECIAL REVENUE FUNDS
Revenues:			
Intergovernmental revenues	\$ 545,294	\$ 57,668	\$ 602,962
Total revenues	<u>545,294</u>	<u>57,668</u>	<u>602,962</u>
Expenditures:			
Library	545,294	-	545,294
Total expenditures	<u>545,294</u>	<u>-</u>	<u>545,294</u>
Revenues over (under) expenditures	<u>-</u>	<u>57,668</u>	<u>57,668</u>
Other financing sources (uses):			
Transfers from other funds	-	-	-
Transfers to other funds	-	(57,691)	(57,691)
Total other financing sources (uses)	<u>-</u>	<u>(57,691)</u>	<u>(57,691)</u>
Net change in fund balance	-	(23)	(23)
Fund balances, beginning of year	-	55	55
Fund balances, end of year	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 32</u>



— CITY OF BELVEDERE, CALIFORNIA —

SUPPLEMENTARY INFORMATION

FIDUCIARY FUNDS

COMBINING FINANCIAL STATEMENTS

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CITY OF BELVEDERE

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

JUNE 30, 2013

	<u>Corinthian</u>	<u>Upper Beach</u>	<u>Madrona</u>	<u>San Rafael</u>	<u>Lwr Beach</u>	<u>Bayview</u>	<u>Mid San Raf</u>	<u>Pine Avenue</u>	<u>Combined</u>
<u>ASSETS:</u>									
Cash and investments:									
Redemption Fund	\$ 81,587	\$ 100,033	\$ 94,412	\$ 41,409	\$ 107,671	\$ 74,932	\$ 81,584	\$ 40,668	\$ 622,296
Reserve Fund	42,000	32,706	47,501	20,876	52,325	32,339	28,152	23,267	279,166
	<u>123,587</u>	<u>132,739</u>	<u>141,913</u>	<u>62,285</u>	<u>159,996</u>	<u>107,271</u>	<u>109,736</u>	<u>63,935</u>	<u>901,462</u>
Interest receivable	433	1,098	1,498	798	1,996	1,323	1,141	49	8,336
	<u>433</u>	<u>1,098</u>	<u>1,498</u>	<u>798</u>	<u>1,996</u>	<u>1,323</u>	<u>1,141</u>	<u>49</u>	<u>8,336</u>
Total assets	\$ 124,020	\$ 133,837	\$ 143,411	\$ 63,083	\$ 161,992	\$ 108,594	\$ 110,877	\$ 63,984	\$ 909,798
<u>LIABILITIES:</u>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,028	\$ 37,028
Due to special assessment districts	124,020	133,837	143,411	63,083	161,992	108,594	110,877	26,956	872,770
	<u>124,020</u>	<u>133,837</u>	<u>143,411</u>	<u>63,083</u>	<u>161,992</u>	<u>108,594</u>	<u>110,877</u>	<u>26,956</u>	<u>872,770</u>
Total liabilities	\$ 124,020	\$ 133,837	\$ 143,411	\$ 63,083	\$ 161,992	\$ 108,594	\$ 110,877	\$ 63,984	\$ 909,798

CITY OF BELVEDERE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
<hr/>				
Corinthian Island Assessment District				
Assets:				
Cash and investments:				
Redemption Fund	\$ 81,888	\$ 31,752	\$ (32,053)	\$ 81,587
Reserve Fund	42,000	-	-	42,000
Interest receivable	713	433	(713)	433
Total assets:	<u>\$ 124,601</u>	<u>\$ 32,185</u>	<u>\$ (32,766)</u>	<u>\$ 124,020</u>
Liabilities:				
Accounts payable	\$ -	\$ 2,346	\$ (2,346)	\$ -
Due to special assessment districts	124,601	32,757	(33,338)	124,020
Total liabilities	<u>\$ 124,601</u>	<u>\$ 35,103</u>	<u>\$ (35,684)</u>	<u>\$ 124,020</u>
<hr/>				
Upper Beach Road Assessment District				
Assets:				
Cash and investments:				
Redemption Fund	\$ 94,474	\$ 91,065	\$ (85,506)	\$ 100,033
Reserve Fund	32,607	99	-	32,706
Interest receivable	1,669	1,098	(1,669)	1,098
Total assets:	<u>\$ 128,750</u>	<u>\$ 92,262</u>	<u>\$ (87,175)</u>	<u>\$ 133,837</u>
Liabilities:				
Accounts payable	\$ -	\$ 87,577	\$ (87,577)	\$ -
Due to special assessment districts	128,750	92,664	(87,577)	133,837
Total liabilities	<u>\$ 128,750</u>	<u>\$ 180,241</u>	<u>\$ (175,154)</u>	<u>\$ 133,837</u>
<hr/>				
Madrona, Bella Vista and Oak Assessment District				
Assets:				
Cash and investments:				
Redemption Fund	\$ 96,419	\$ 153,958	\$ (155,965)	\$ 94,412
Reserve Fund	47,358	143	-	47,501
Interest receivable	2,405	1,498	(2,405)	1,498
Total assets:	<u>\$ 146,182</u>	<u>\$ 155,599</u>	<u>\$ (158,370)</u>	<u>\$ 143,411</u>
Liabilities:				
Accounts payable	\$ -	\$ 157,349	\$ (157,349)	\$ -
Due to special assessment districts	146,182	127,952	(130,723)	143,411
Total liabilities	<u>\$ 146,182</u>	<u>\$ 285,301</u>	<u>\$ (288,072)</u>	<u>\$ 143,411</u>

continued
next page

CITY OF BELVEDERE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
<hr/> San Rafael Assessment District <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 41,710	\$ 67,832	\$ (68,133)	\$ 41,409
Reserve Fund	20,876	-	-	20,876
Interest receivable	1,279	798	(1,279)	798
Total assets:	<u>\$ 63,865</u>	<u>\$ 68,630</u>	<u>\$ (69,412)</u>	<u>\$ 63,083</u>
Liabilities:				
Accounts payable	\$ -	\$ 69,494	\$ (69,494)	\$ -
Due to special assessment districts	63,865	68,712	(69,494)	63,083
Total liabilities	<u>\$ 63,865</u>	<u>\$ 138,206</u>	<u>\$ (138,988)</u>	<u>\$ 63,083</u>
<hr/> Lower Belvedere Assessment District <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 110,419	\$ 169,140	\$ (171,888)	\$ 107,671
Reserve Fund	52,167	158	-	52,325
Interest receivable	665	1,996	(665)	1,996
Total assets:	<u>\$ 163,251</u>	<u>\$ 171,294</u>	<u>\$ (172,553)</u>	<u>\$ 161,992</u>
Liabilities:				
Accounts payable	\$ -	\$ 173,387	\$ (173,387)	\$ -
Due to special assessment districts	163,251	172,128	(173,387)	161,992
Total liabilities	<u>\$ 163,251</u>	<u>\$ 345,515</u>	<u>\$ (346,774)</u>	<u>\$ 161,992</u>
<hr/> Bayview/Bella Vista Avenues Assessment District <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 75,235	\$ 113,006	\$ (113,309)	\$ 74,932
Reserve Fund	32,242	97	-	32,339
Interest receivable	2,093	1,323	(2,093)	1,323
Total assets:	<u>\$ 109,570</u>	<u>\$ 114,426</u>	<u>\$ (115,402)</u>	<u>\$ 108,594</u>
Liabilities:				
Accounts payable	\$ -	\$ 114,669	\$ (114,669)	\$ -
Due to special assessment districts	109,570	113,693	(114,669)	108,594
Total liabilities	<u>\$ 109,570</u>	<u>\$ 228,362</u>	<u>\$ (229,338)</u>	<u>\$ 108,594</u>

continued
next page

CITY OF BELVEDERE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance at <u>July 1, 2012</u>	Additions	Deletions	Balance at <u>June 30, 2013</u>
<hr/> <u>Mid San Rafael Avenue Assessment District</u>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 122,732	\$ 109,752	\$ (150,900)	\$ 81,584
Reserve Fund	28,064	88	-	28,152
Interest receivable	2,113	1,141	(2,113)	1,141
Total assets:	<u>\$ 152,909</u>	<u>\$ 110,981</u>	<u>\$ (153,013)</u>	<u>\$ 110,877</u>
Liabilities:				
Accounts Payable	\$ -	\$ 159,458	\$ (159,458)	\$ -
Due to special assessment districts	152,909	117,963	(159,995)	110,877
Total liabilities	<u>\$ 152,909</u>	<u>\$ 277,421</u>	<u>\$ (319,453)</u>	<u>\$ 110,877</u>
<hr/> <u>Pine Avenue Assessment District</u>				
Assets:				
Cash and investments:				
Redemption Fund	\$ -	\$ 1,336,200	\$ (1,295,532)	\$ 40,668
Reserve Fund	-	23,267	-	23,267
Interest receivable	-	49	-	49
Total assets:	<u>\$ -</u>	<u>\$ 1,359,516</u>	<u>\$ (1,295,532)</u>	<u>\$ 63,984</u>
Liabilities:				
Accounts Payable	\$ -	\$ 1,361,615	\$ (1,324,587)	\$ 37,028
Due to special assessment districts	-	1,386,015	(1,359,059)	26,956
Total liabilities	<u>\$ -</u>	<u>\$ 2,747,630</u>	<u>\$ (2,683,646)</u>	<u>\$ 63,984</u>
<hr/> <u>Total Agency Funds</u>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 622,877	\$ 2,072,705	\$ (2,073,286)	\$ 622,296
Reserve Fund	255,314	23,852	-	279,166
Interest receivable	10,937	8,336	(10,937)	8,336
Total assets:	<u>\$ 889,128</u>	<u>\$ 2,104,893</u>	<u>\$ (2,084,223)</u>	<u>\$ 909,798</u>
Liabilities:				
Accounts Payable	\$ -	\$ 2,125,895	\$ (2,088,867)	\$ 37,028
Due to special assessment districts	889,128	2,111,884	(2,128,242)	872,770
Total liabilities	<u>\$ 889,128</u>	<u>\$ 4,237,779</u>	<u>\$ (4,217,109)</u>	<u>\$ 909,798</u>



— CITY OF BELVEDERE, CALIFORNIA —

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS

* * * * *

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
INSURANCE RESERVE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current:				
General government	25,000	25,000	41,465	(16,465)
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning & development	-	-	-	-
Public works	-	-	-	-
Community Center	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	25,000	25,000	41,465	(16,465)
Excess of revenues over (under) expenditures	(25,000)	(25,000)	(41,465)	(16,465)
Other financing sources (uses):				
Transfers from other funds	18,940	18,940	-	(18,940)
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	18,940	18,940	-	(18,940)
Excess of revenues and other sources over (under) expenditures and other uses	(6,060)	(6,060)	(41,465)	(35,405)
Fund balances-beginning	106,060	106,060	103,677	(2,383)
Fund balances-ending	\$ 100,000	\$ 100,000	\$ 62,212	\$ (37,788)

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final- Positive (Negative)
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	26,118	26,118	25,024	(1,094)
Intergovernmental revenues	121,300	121,300	97,700	(23,600)
Charges for services	175,500	175,500	187,685	12,185
Franchise fees	-	-	-	-
Other revenues	30,000	30,000	2,500	(27,500)
Total revenues	352,918	352,918	312,909	(40,009)
Expenditures				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning & development	-	-	-	-
Public works	-	-	-	-
Community Center	-	-	-	-
Library	-	-	-	-
Capital outlay	659,000	659,000	408,703	250,297
Total expenditures	659,000	659,000	408,703	250,297
Excess of revenues over (under) expenditures	(306,082)	(306,082)	(95,794)	210,288
Other financing sources (uses):				
Transfers from other funds	140,000	140,000	205,219	65,219
Transfers to other funds	(25,000)	(25,000)	(25,000)	-
Proceeds of long-term debt	100,000	100,000	-	(100,000)
Total other financing sources (uses)	215,000	215,000	180,219	(34,781)
Excess of revenues and other sources over (under) expenditures and other uses	(91,082)	(91,082)	84,425	175,507
Fund balances-beginning	334,345	334,345	375,023	40,678
Fund balances-ending	\$ 243,263	\$ 243,263	\$ 459,448	\$ 216,185

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
EQUIPMENT REPLACEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	50	50	1,059	1,009
Total revenues	50	50	1,059	1,009
Expenditures				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning and development	-	-	-	-
Public works	-	-	-	-
Community Center	-	-	-	-
Library	-	-	-	-
Capital outlay	25,000	25,000	9,949	15,051
Total expenditures	25,000	25,000	9,949	15,051
Excess of revenues over (under) expenditures	(24,950)	(24,950)	(8,890)	16,060
Other financing sources (uses):				
Transfers from other funds	49,950	49,950	33,890	(16,060)
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	49,950	49,950	33,890	(16,060)
Excess of revenues and other sources over (under) expenditures and other uses	25,000	25,000	25,000	-
Fund balances-beginning	100,000	100,000	100,000	-
Fund balances-ending	\$ 125,000	\$ 125,000	\$ 125,000	\$ -

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
LIBRARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final- Positive (Negative)
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	-	-	-	-
Intergovernmental revenues	-	-	545,294	545,294
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	545,294	545,294
Expenditures				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning and development	-	-	-	-
Public works	-	-	-	-
Community center	-	-	-	-
Library	-	-	545,294	(545,294)
Capital outlay	-	-	-	-
Total expenditures	-	-	545,294	(545,294)
Excess of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances-beginning	-	-	-	-
Fund balances-ending	\$ -	\$ -	\$ -	\$ -

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
GAS TAX FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final- Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	-	-	-	-
Intergovernmental revenues	62,040	62,040	57,668	(4,372)
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	-	-	-	-
Total revenues	62,040	62,040	57,668	(4,372)
<u>Expenditures</u>				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning and development	-	-	-	-
Public works	-	-	-	-
Community center	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	62,040	62,040	57,668	(4,372)
<u>Other financing sources (uses):</u>				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	(57,691)	(57,691)
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	-	-	(57,691)	(57,691)
Excess of revenues and other sources over (under) expenditures and other uses	62,040	62,040	(23)	(62,063)
Fund balances-beginning	-	-	55	55
Fund balances-ending	\$ 62,040	\$ 62,040	\$ 32	\$ (62,008)



— CITY OF BELVEDERE, CALIFORNIA —

STATISTICAL

SECTION

* * * * *

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	82
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	88
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	94
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i>	95
Operating Information <i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	97

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

	Fiscal Year									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 6,391,231	\$ 6,477,485	\$ 5,706,425	\$ 5,463,346	\$ 5,007,173	\$ 4,153,529	\$ 3,262,770	\$ 3,046,918	\$ 2,742,392	\$ 2,297,756
Restricted	-	-	-	-	-	-	-	-	-	47,577
Unrestricted	<u>2,748,028</u>	<u>3,434,876</u>	<u>4,479,437</u>	<u>5,287,697</u>	<u>5,587,825</u>	<u>6,368,744</u>	<u>6,137,101</u>	<u>4,976,151</u>	<u>4,551,208</u>	<u>4,026,207</u>
Total governmental activities net position	<u>\$ 9,139,259</u>	<u>\$ 9,912,361</u>	<u>\$ 10,185,862</u>	<u>\$ 10,751,043</u>	<u>\$ 10,594,998</u>	<u>\$ 10,522,273</u>	<u>\$ 9,399,871</u>	<u>\$ 8,023,069</u>	<u>\$ 7,293,600</u>	<u>\$ 6,371,540</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 882,378	\$ 903,522
Restricted	-	-	-	-	-	-	-	-	267,505	268,668
Unrestricted	-	-	-	-	-	-	-	-	(6,892)	858,522
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,142,991</u>	<u>\$ 2,030,712</u>
Primary government										
Net investment in capital assets	\$ 6,391,231	\$ 6,477,485	\$ 5,706,425	\$ 5,463,346	\$ 5,007,173	\$ 4,153,529	\$ 3,262,770	\$ 3,046,918	\$ 3,624,770	\$ 3,201,278
Restricted	-	-	-	-	-	-	-	-	267,505	316,245
Unrestricted	<u>2,748,028</u>	<u>3,434,876</u>	<u>4,479,437</u>	<u>5,287,697</u>	<u>5,587,825</u>	<u>6,368,744</u>	<u>6,137,101</u>	<u>4,976,151</u>	<u>4,544,316</u>	<u>4,884,729</u>
Total primary government net position	<u>\$ 9,139,259</u>	<u>\$ 9,912,361</u>	<u>\$ 10,185,862</u>	<u>\$ 10,751,043</u>	<u>\$ 10,594,998</u>	<u>\$ 10,522,273</u>	<u>\$ 9,399,871</u>	<u>\$ 8,023,069</u>	<u>\$ 8,436,591</u>	<u>\$ 8,402,252</u>

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities:										
General government	\$ 1,238,851	\$ 1,172,786	\$ 898,233	\$ 792,680	\$ 819,409	\$ 761,977	\$ 703,800	\$ 665,671	\$ 660,943	\$ 565,884
Public safety	2,934,211	2,780,923	2,702,610	2,676,539	2,436,063	2,200,074	2,066,508	1,984,241	1,799,132	1,580,014
Planning and development	1,578,591	1,456,839	1,481,116	1,511,119	1,447,646	1,149,621	1,043,117	1,043,030	925,732	768,816
Public works	873,508	862,370	921,415	902,579	901,726	878,056	838,098	812,426	614,228	570,642
Community Center	346,405	45,443	42,233	37,561	58,879	36,070	37,218	41,986	30,978	26,901
Library	545,294	533,126	528,273	520,894	523,063	564,677	429,790	444,385	400,413	370,009
Non-departmental	261,668	231,431	193,232	157,913	136,615	102,282	59,232	50,630	26,479	10,149
Total governmental activities expenses	<u>7,778,528</u>	<u>7,082,918</u>	<u>6,767,112</u>	<u>6,599,285</u>	<u>6,323,401</u>	<u>5,692,757</u>	<u>5,177,763</u>	<u>5,042,369</u>	<u>4,457,905</u>	<u>3,892,415</u>
Business-type activities:										
Sewer	-	-	-	-	-	-	-	224,259	1,153,699	1,083,372
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,259</u>	<u>1,153,699</u>	<u>1,083,372</u>
Total primary government expenses	<u>\$ 7,778,528</u>	<u>\$ 7,082,918</u>	<u>\$ 6,767,112</u>	<u>\$ 6,599,285</u>	<u>\$ 6,323,401</u>	<u>\$ 5,692,757</u>	<u>\$ 5,177,763</u>	<u>\$ 5,266,628</u>	<u>\$ 5,611,604</u>	<u>\$ 4,975,787</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 23,101	\$ 33,022	\$ 21,936	\$ 22,603	\$ 18,189	\$ 29,273	\$ 39,661	\$ 110,857	\$ 99,604	\$ 166,040
Public safety	11,822	17,265	21,889	29,300	24,483	16,428	110	12,349	14,368	967
Planning and development	725,821	912,270	521,575	881,464	607,349	662,362	839,950	835,242	784,770	983,547
Public works	269,865	245,991	175,804	231,576	218,778	288,641	288,712	234,790	274,221	146,747
Community Center	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-
Non-departmental	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	80,822	145,000	50,000
Total governmental activities program revenues	<u>1,030,609</u>	<u>1,208,548</u>	<u>741,204</u>	<u>1,164,943</u>	<u>868,799</u>	<u>996,704</u>	<u>1,168,433</u>	<u>1,274,060</u>	<u>1,317,963</u>	<u>1,347,301</u>
Business-type activities:										
Charges for services:										
Sewer	-	-	-	-	-	-	-	-	792,560	794,954
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>792,560</u>	<u>794,954</u>
Total primary government program revenues	<u>\$ 1,030,609</u>	<u>\$ 1,208,548</u>	<u>\$ 741,204</u>	<u>\$ 1,164,943</u>	<u>\$ 868,799</u>	<u>\$ 996,704</u>	<u>\$ 1,168,433</u>	<u>\$ 1,274,060</u>	<u>\$ 2,110,523</u>	<u>\$ 2,142,255</u>

continued
next page

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net (Expense)/Revenue										
Governmental activities	\$ (6,747,919)	\$ (5,874,370)	\$ (6,025,908)	\$ (5,434,342)	\$ (5,454,602)	\$ (4,696,053)	\$ (4,009,330)	\$ (3,768,309)	\$ (3,139,942)	\$ 2,545,114
Business-type activities	-	-	-	-	-	-	-	(224,259)	(361,139)	288,418
Total primary government net expense	<u>\$ (6,747,919)</u>	<u>\$ (5,874,370)</u>	<u>\$ (6,025,908)</u>	<u>\$ (5,434,342)</u>	<u>\$ (5,454,602)</u>	<u>\$ (4,696,053)</u>	<u>\$ (4,009,330)</u>	<u>\$ (3,992,568)</u>	<u>\$ (3,501,081)</u>	<u>\$ 2,833,532</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 4,501,805	\$ 3,680,706	\$ 3,602,729	\$ 3,719,284	\$ 3,562,944	\$ 3,505,396	\$ 3,024,281	\$ 2,970,678	\$ 2,286,871	\$ 2,167,189
Other taxes	247,757	850,245	791,767	779,662	786,786	771,346	724,351	636,111	606,846	588,634
Use of money/property	54,201	61,607	67,407	74,202	137,425	238,191	234,909	199,783	112,660	80,422
Intergovernmental revenues	825,388	808,829	746,210	739,425	749,506	1,138,158	842,618	717,065	998,681	796,094
Franchise fees	169,881	128,336	123,028	113,265	116,977	110,501	110,850	104,860	96,952	91,246
Other	68,561	71,146	43,798	55,045	53,099	54,763	394,540	106,102	122,876	175,926
Transfers	107,224	-	83,788	111,504	120,690	-	54,582	(236,820)	(162,886)	(350,073)
Total governmental activities	<u>5,974,817</u>	<u>5,600,869</u>	<u>5,458,727</u>	<u>5,592,387</u>	<u>5,527,427</u>	<u>5,818,355</u>	<u>5,386,131</u>	<u>4,497,779</u>	<u>4,062,000</u>	<u>3,549,438</u>
Business-type activities:										
Use of money/property	-	-	-	-	-	-	-	-	18,418	11,237
Transfers	-	-	-	-	-	-	-	236,820	205,000	350,073
Distribution to Sanitary District No. 5	-	-	-	-	-	-	-	(1,155,552)	(750,000)	-
Total business-type activities	-	-	-	-	-	-	-	<u>(918,732)</u>	<u>(526,582)</u>	<u>361,310</u>
Total primary government	<u>\$ 5,974,817</u>	<u>\$ 5,600,869</u>	<u>\$ 5,458,727</u>	<u>\$ 5,592,387</u>	<u>\$ 5,527,427</u>	<u>\$ 5,818,355</u>	<u>\$ 5,386,131</u>	<u>\$ 3,579,047</u>	<u>\$ 3,535,418</u>	<u>\$ 3,910,748</u>
Change in Net Position										
Governmental activities	\$ (773,102)	\$ (273,501)	\$ (567,181)	\$ 158,045	\$ 72,825	\$ 1,122,302	\$ 1,376,801	\$ 729,470	\$ 922,058	\$ 1,004,324
Business-type activities	-	-	-	-	-	-	-	(1,142,991)	(887,721)	72,892
Total primary government	<u>\$ (773,102)</u>	<u>\$ (273,501)</u>	<u>\$ (567,181)</u>	<u>\$ 158,045</u>	<u>\$ 72,825</u>	<u>\$ 1,122,302</u>	<u>\$ 1,376,801</u>	<u>\$ (413,521)</u>	<u>\$ 34,337</u>	<u>\$ 1,077,216</u>

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

Source: City Finance Department

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

	Program Revenues									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Function/Program										
Governmental activities:										
General government	\$ 23,101	\$ 33,022	\$ 21,936	\$ 22,603	\$ 18,189	\$ 29,273	\$ 39,661	\$ 110,857	\$ 99,604	\$ 166,040
Public safety	11,822	17,265	21,889	29,300	24,483	16,428	110	12,349	14,368	967
Planning and development	725,821	912,270	521,575	881,464	607,349	662,362	839,950	835,242	784,770	983,547
Public works	269,865	245,991	175,804	231,576	218,778	288,641	288,712	234,790	274,221	146,747
Other	-	-	-	-	-	-	-	80,822	145,000	50,000
Subtotal governmental activities	<u>1,030,609</u>	<u>1,208,548</u>	<u>741,204</u>	<u>1,164,943</u>	<u>868,799</u>	<u>996,704</u>	<u>1,168,433</u>	<u>1,274,060</u>	<u>1,317,963</u>	<u>1,347,301</u>
Business-type activities:										
Sewer	-	-	-	-	-	-	-	-	792,560	794,954
Subtotal business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>792,560</u>	<u>794,954</u>
Total primary government	<u>\$ 1,030,609</u>	<u>\$ 1,208,548</u>	<u>\$ 741,204</u>	<u>\$ 1,164,943</u>	<u>\$ 868,799</u>	<u>\$ 996,704</u>	<u>\$ 1,168,433</u>	<u>\$ 1,274,060</u>	<u>\$ 2,110,523</u>	<u>\$ 2,142,255</u>

Source: City Finance Department

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

	Fiscal Year									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund										
Nonspendable	\$ 9,923	\$ 413,142	\$ 410,817	\$ 414,848	\$ 405,460	\$ 422,350	\$ 426,267	\$ 502,081	\$ 415,097	\$ 8,072
Restricted	53,831	44,372	50,946	36,644	54,645	57,651	41,855	23,990	49,823	47,577
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>2,438,174</u>	<u>2,781,071</u>	<u>2,892,358</u>	<u>3,371,344</u>	<u>3,318,988</u>	<u>3,654,167</u>	<u>3,824,392</u>	<u>2,859,373</u>	<u>2,717,175</u>	<u>3,059,277</u>
Total general fund	<u>\$ 2,501,928</u>	<u>\$ 3,238,585</u>	<u>\$ 3,354,121</u>	<u>\$ 3,822,836</u>	<u>\$ 3,779,093</u>	<u>\$ 4,134,168</u>	<u>\$ 4,292,514</u>	<u>\$ 3,385,444</u>	<u>\$ 3,182,095</u>	<u>\$ 3,114,926</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,757
Restricted	414,209	375,708	812,854	1,170,749	273,621	438,468	440,576	477,135	315,900	205,070
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	170,271	99,370	573,924	533,540	2,554,221	1,960,527	1,541,534	1,246,773	1,473,456	876,999
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 584,480</u>	<u>\$ 475,078</u>	<u>\$ 1,386,778</u>	<u>\$ 1,704,289</u>	<u>\$ 2,827,842</u>	<u>\$ 2,398,961</u>	<u>\$ 1,982,110</u>	<u>\$ 1,723,908</u>	<u>\$ 1,789,356</u>	<u>\$ 1,089,826</u>

Source: City Finance Department

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

	Fiscal Year									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues										
Property taxes	\$ 4,501,805	\$ 3,680,706	\$ 3,602,729	\$ 3,719,284	\$ 3,562,944	\$ 3,505,396	\$ 3,024,281	\$ 2,970,678	\$ 2,289,871	\$ 2,167,189
Other taxes	247,757	850,245	91,767	779,662	786,786	771,346	724,351	636,111	606,846	588,634
Licenses and permits	442,153	409,990	330,151	333,733	335,539	381,750	406,837	485,308	499,810	417,923
Fines and forfeitures	122,770	232,881	23,073	354,942	67,554	64,017	230,112	189,740	143,776	438,178
Use of money/property	54,201	61,607	67,407	74,202	137,425	238,191	234,909	199,783	112,660	80,422
Intergovernmental	825,388	808,829	746,210	739,425	749,506	1,138,158	842,618	797,887	1,143,681	846,094
Charges for services	465,686	565,677	387,979	476,268	465,705	550,938	531,483	518,189	529,377	441,200
Franchise fees	169,881	128,336	123,028	113,265	116,977	110,501	110,850	104,860	96,952	91,246
Other revenues	68,561	71,146	43,798	55,045	53,099	54,763	394,540	106,102	122,876	175,926
Total revenues	6,898,202	6,809,417	5,416,142	6,645,826	6,275,535	6,815,060	6,499,981	6,008,658	5,545,849	5,246,812
Expenditures										
General government	1,182,562	1,141,306	844,598	736,715	752,063	707,121	663,328	623,321	666,183	532,278
Public safety	2,860,949	2,717,723	2,633,751	2,597,898	2,398,330	2,155,192	2,029,973	1,912,309	1,743,498	1,537,230
Planning and development	1,551,205	1,420,824	1,457,819	1,472,293	1,412,662	1,119,300	1,012,489	1,008,424	905,613	750,820
Public works	756,043	704,076	798,718	773,627	750,275	702,629	711,332	641,491	580,707	554,578
Community Center	317,976	18,294	16,343	12,516	35,564	15,320	14,116	17,293	11,205	13,893
Library	545,294	533,126	528,273	520,894	526,063	564,677	429,790	444,385	400,413	370,009
Capital outlay	418,652	1,301,304	706,654	883,377	1,290,281	1,292,318	528,262	670,814	621,546	1,453,719
Total expenditures	7,632,681	7,836,653	6,986,156	6,997,320	7,165,238	6,556,557	5,389,290	5,318,037	4,929,165	5,212,527
Excess of revenues over (under) expenditures	(734,479)	(1,027,236)	(1,570,014)	(351,494)	(889,703)	258,503	1,110,691	690,621	616,684	34,285
Other Financing Sources (Uses)										
Transfers in	717,043	561,178	697,167	805,051	983,932	74,608	1,047,475	867,621	924,324	1,332,833
Transfers out	(609,819)	(561,178)	(613,379)	(693,547)	(863,241)	(74,608)	(992,893)	(1,104,441)	(1,087,209)	(1,682,906)
Total other financing sources (uses)	107,224	-	83,788	111,504	120,691	-	54,582	(236,820)	(162,885)	(350,073)
Net change in fund balances	\$ (627,255)	\$ (1,027,236)	\$ (1,486,226)	\$ (239,990)	\$ (769,012)	\$ 258,503	\$ 1,165,273	\$ 453,801	\$ 453,799	\$ (315,788)
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: City Finance Department

City of Belvedere

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

Fiscal Year End	Residential Property	Commercial Property	Other Property	Unsecured Property	Less Tax-Exempt Property	Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
2011-12	1,485,737,622	12,408,533	33,270,375	17,227,702	4,545,789	1,544,098,443	1.1147	1,922,973,878	1.245370
2012-13	1,539,081,839	12,598,426	38,553,566	18,037,450	11,197,876	1,597,073,405	1.1046	2,161,323,521	1.353303

Source: Marin County Assessor data, MuniServices, LLC

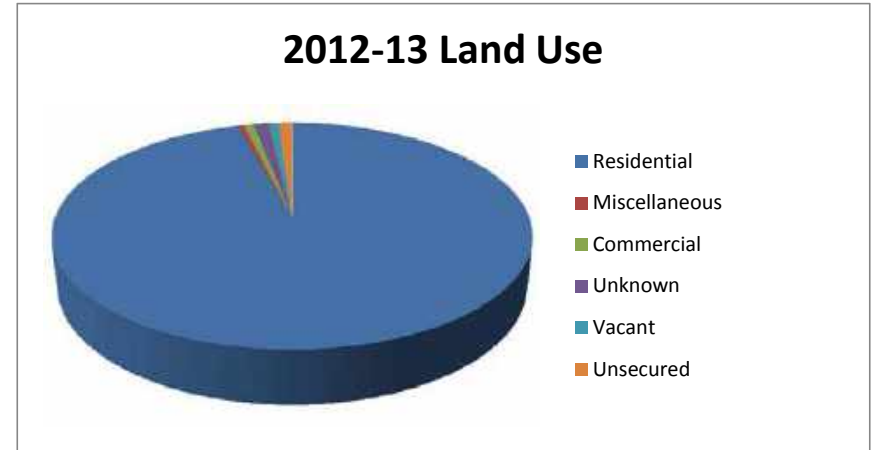
1.) Total direct tax rate is the city share of the 1% Proposition 13 tax only for TRA 001-000 and rounded.

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

City of Belvedere

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

Category	2011-12	2012-13
Residential	\$ 1,485,737,622	\$ 1,539,081,839
Miscellaneous	1,298,236	7,603,569
Commercial	12,408,533	12,598,426
Unknown	15,042,000	18,757,000
Vacant	16,930,139	12,192,997
Gross Secured Value	1,531,416,530	1,590,233,831
Unsecured	17,227,702	18,037,450
Less Exemptions	4,545,789	11,197,876
Net Taxable Value	\$ 1,544,098,443	\$ 1,597,073,405



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

City of Belvedere

Direct and Overlapping Property Tax Rates Last Two Fiscal Years

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

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

City of Belvedere

Principal Property Tax Payers Last Fiscal Year and Nine Years Ago

Taxpayer	2012-13		2003-04*	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Belvedere Land Company	38,940,607	2.44%	34,374,979	0.00%
425 Belvedere Associates LLC	21,512,536	1.35%	0	0.00%
Koogle Timothy A	18,633,685	1.17%	0	0.00%
Winslow Clark J	12,500,000	0.78%	0	0.00%
Drebes Lawrence T Jr.	11,451,225	0.72%	10,129,749	0.00%
Settling LTD	11,340,000	0.71%	0	0.00%
Faithfort Entrps Inc	10,307,000	0.65%	0	0.00%
Burillo Javier	9,001,659	0.56%	0	0.00%
Murphy Glenn K	8,602,500	0.54%	0	0.00%
Schneider James A	8,419,305	0.53%	7,446,893	0.00%
Kahn Philippe R	8,298,946	0.52%	0	0.00%
Syman Gary A	8,204,288	0.51%	0	0.00%
Scully Irene S	8,065,224	0.51%	0	0.00%
Dixon William R Jr.	7,916,440	0.50%	0	0.00%
Janney Daniel S	7,898,001	0.49%	0	0.00%
Kawishiwi Partners Revocable T	7,898,000	0.49%	0	0.00%
Brown Janet	7,516,373	0.47%	0	0.00%
Friedman Gerald L	7,282,800	0.46%	0	0.00%
Hilpert Dale W	7,113,860	0.45%	5,221,700	0.00%
De Somma Leonard B	6,797,000	0.43%	0	0.00%
McNeil Robert A	6,399,573	0.40%	0	0.00%
San Francisco Yacht Club	6,299,392	0.39%	0	0.00%
Du Molin James R	6,293,000	0.39%	0	0.00%
Jacaell LLC	6,159,500	0.39%	0	0.00%
Friedman Gary	6,036,465	0.38%	5,339,890	0.00%
Safiri Zohreh & Karim	0	0.00%	7,864,878	0.00%
Carrel David M Tr	0	0.00%	6,391,592	0.00%
Wojcik Richard F	0	0.00%	6,138,360	0.00%
Goldberg Fred Tr & Jerrilyn	0	0.00%	6,032,966	0.00%
Skeen Michelle	0	0.00%	5,630,706	0.00%
Ostroff Greg M & Hanna H	0	0.00%	5,628,908	0.00%
Reynolds Michael D Tr & Robin	0	0.00%	5,611,160	0.00%
Barker Richard C & Jennifer P	0	0.00%	5,610,547	0.00%
Dolch Volker Tr & Mai Tr	0	0.00%	5,547,040	0.00%
Skeen John K	0	0.00%	5,433,689	0.00%
Roven Rose W Tr	0	0.00%	5,202,000	0.00%
Herr John A Jr & Maureen F	0	0.00%	5,024,781	0.00%
Kurland R Duff Tr & Carol N Tr	0	0.00%	5,000,528	0.00%
Barsotti Jules TR & Geraldine	0	0.00%	4,637,780	0.00%
Garman Richard N	0	0.00%	4,600,285	0.00%
Crane Leslie Tr	0	0.00%	4,529,634	0.00%
Lohrey David W	0	0.00%	4,525,626	0.00%
Richards Albert & Roxanne	0	0.00%	4,457,040	0.00%
Investment Three	0	0.00%	4,377,450	0.00%
Kos Graham V	0	0.00%	4,345,626	0.00%
Total Top 25 Taxpayers	258,887,379	16.21%	169,103,807	0.00%
Total Taxable Value**	1,597,073,405	100.00%	-	0.00%

Source: Marin County Assessor data, MuniServices, LLC

City of Belvedere

Principal Sales Tax Producers Last Fiscal Year

Taxpayer	Business Type
Agins Interiors	Light Industry
Audio/Video Consultants	Furniture/Appliance
Bayside Garden Center	Florist/Nursery
Christen Interiors	Miscellaneous Retail
Christies Inc	Miscellaneous Retail
Corinne Matthews Wiley	Furniture/Appliance
Corinthian Yacht Club	Miscellaneous Retail
Cottage Coastal Store Inc	Furniture/Appliance
Custom House II	Furniture/Appliance
Cuthrell & Daughter	Business Services
Gwen Price Interiors	Miscellaneous Retail
Hot Foot America, LLC	Chemical Products
JM Interiors	Miscellaneous Retail
Kara Warrin Design	Miscellaneous Retail
Karen Johnson Designs	Apparel Stores
Katherine Ferguson Inter. Des.	Miscellaneous Retail
Katherine Hill	Miscellaneous Retail
Linda Applewhite & Associates	Business Services
Ming's	Restaurants
Nancy Freed Interiors	Miscellaneous Retail
P.J. Svanfeldt	Office Equipment
R & S Service	Auto Parts/Repair
Smith Bio-Medical, Inc	Office Equipment
Spindler Textiles	Miscellaneous Other
The San Francisco Yacht Club	Miscellaneous Retail

Source: SBOE data, MuniServices, LLC

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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 %

Sources: City Finance Department

City of Belvedere

Direct and Overlapping General Fund Debt Last Fiscal Year

2012-13 Assessed Valuation: \$1,597,674,037

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt <u>6/30/2013</u>	<u>% Applicable (1)</u>	City's Share of <u>Debt 6/30/13</u>
Marin Community College District	\$ 223,440,000	2.827%	\$ 6,316,649
Tamalpais Union High School District	151,215,000	4.844%	7,324,855
Reed Union School District	37,275,000	24.995%	9,316,886
Belvedere-Tiburon Library Community Facilities District No. 95-1	1,100,000	28.589%	314,479
Marin County Open Space Community Facilities District No. 1993-1	2,578,000	34.260%	883,223
Marin County Open Space Community Facilities District No. 1997-1	2,793,000	34.260%	956,882
City of Belvedere 1915 Act Bonds	10,218,933	100.000%	<u>10,218,933</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 35,331,907

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt 2.21%

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Marin County General Fund Obligations	\$ 74,396,820	2.822%	\$ 2,099,478
Marin County Pension Obligations	108,400,000	2.822%	3,059,048
Marin County Transit General Fund Obligations	152,448	3.628%	5,531
Marin Municipal Water District General Fund Obligations	187,384	2.822%	5,288
Marin Community College District General Fund Obligations	2,740,834	2.827%	77,483
City of Belvedere	-	100.000%	<u>-</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 5,246,828

TOTAL DIRECT DEBT

\$ -

TOTAL OVERLAPPING DEBT

\$ 40,578,735

COMBINED TOTAL DEBT

\$ 40,578,735 (2)

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

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

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 2.21%

Total Direct Debt **0.00%**

Combined Total Debt ... 2.54%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/13: \$0

AB:(\$425)

City of Belvedere

Demographic and Economic Statistics Last Two Fiscal Year

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (5)	**Public School Enrollment	County Unemployment Rate (%) (3)	City Unemployment Rate (%) (4)	County Population (1)
2011-12	2,090	239,074,285	114,390	55.3	5,240	7.0%	8.0%	254,790
2012-13	2,086	242,681,214	116,338	54.0	5,415	6.3%	6.9%	254,007

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

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

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

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

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

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of June 30</u>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General government										
City Manager's Office	3	3	2	2	2	2	2	2	2	2
Finance	1	1	1	1	1	1	1	1	1	1
Planning	3	4	4	4	3	3	3	3	3	3
Public Safety										
Officers	7	7	7	7	7	6	6	6	6	6
Civilians	1	1	1	1	1	1	1	1	1	1
Building Inspection	3	3	3	3	3	3	3	3	3	3
Public Works										
Engineering	-	-	-	-	-	-	1	1	1	1
Public Works	4	4	4	4	4	4	4	4	4	4
Total	<u>22</u>	<u>23</u>	<u>22</u>	<u>22</u>	<u>21</u>	<u>20</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>

Source: City Finance Department

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

<u>Function/Program</u>	<u>Fiscal year</u>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General government										
Building permits issued	292	281	284	270	258	240	257	239	not available	not available
Building inspections conducted	1,869	2,130	1,668	1,573	1,855	1,933	1,813	2,110	not available	not available
Police										
Physical arrests	21	27	33	26	21	16	14	13	not available	not available
Parking violations	236	183	155	178	242	227	176	231	not available	not available
Traffic violations	86	129	136	135	86	60	67	66	not available	not available
Public Works										
Encroachment permits issued	1,001	686	546	560	491	820	584	515	not available	not available
Road closures	160	162	107	119	95	84	84	76	not available	not available
Planning Department										
Applications received	470	473	411	400	417	624	454	338	not available	not available
Applications approved	334	363	316	293	305	479	320	262	not available	not available

Source: City Finance Department

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol officers	7	7	7	7	7	6	6	6	6	6
Other public works										
Streets (miles)	13	13	13	13	13	13	13	13	13	13
Lanes	17	17	17	17	17	17	17	17	17	17
Storm drain inlets	250	250	250	250	250	250	250	250	250	250
Parks and recreation										
Acreage	2	2	2	2	2	2	2	2	2	2
Playgrounds	1	1	1	1	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1	1	1	1	1

Source: City Finance Department



— CITY OF BELVEDERE, CALIFORNIA —

COMPLIANCE

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To the City Council
City of Belvedere, California

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Belvedere (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated November 25, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

OUM + Co. LLP

San Francisco, California
December 17, 2013