



— CITY OF BELVEDERE, CALIFORNIA —

COMPREHENSIVE ANNUAL FINANCIAL REPORT

WITH INDEPENDENT AUDITORS' REPORT

*** * * * ***

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by

Finance Department

CITY OF BELVEDERE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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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

August 29, 2016

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, 2016. 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, 2016 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, 2016, are fairly presented in conformity with generally accepted accounting principles ("GAAP"). The independent auditors' report is presented as the first component of the financial section of this report.

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

Government Profile

The City of Belvedere is a residential community located on the Tiburon Peninsula in Marin County, California. Belvedere is less than one square mile in size and is surrounded on three sides by the waters of the San Francisco Bay. The town is situated on two "islands" (Belvedere Island and Corinthian Island) with a lagoon between them. The Belvedere Lagoon is owned and maintained by the Belvedere Lagoon Property Owners' Association. The lagoon is not accessible by boat from the San Francisco Bay, and no public access is provided.

Belvedere provides its residents with amazing views in every direction. San Francisco, the Golden Gate Bridge, Sausalito, Angel Island and Mt. Tamalpais can be seen from Belvedere. The population of Belvedere is just over 2,100. A small fraction of the land area in Belvedere is devoted to commercial uses, including offices, services and retail establishments.

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

The City Manager is responsible for assuring compliance with all ordinances, implementing the policies and direction of the City Council, appointing department heads, hiring employees, and managing the daily operations of the City.

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

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

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

Economic Outlook

The City is primarily residential and the majority of general fund revenue received, (75%) is from local property taxes. Current Secured Property Tax revenue increased 7.1% in fiscal year 2016 and is estimated to increase 6% in fiscal year 2017. Currently there are 15 homes for sale in Belvedere with sales prices ranging from \$2 to \$10 million and an average list price of \$4.3 million.

Total General Fund revenues in 2016 increased \$298,940 (5%) over the prior fiscal year. This increase was primarily due to an increase in property tax revenue.

Belvedere's revenues are not greatly affected by downturns in the economy as many other cities are because only a small percentage of revenue received is from sales tax and there are no hotels in town. In the ten years from fiscal year 2007 through fiscal year 2016, property taxes increased an average of 6.79% per year.

Long-Term Financial Planning

The City has identified \$3.3 million in capital projects to be completed over the next five fiscal years. Capital projects included are \$1.1 million for street improvements, \$0.37 million for storm drainage repairs, \$0.43 million for community building upgrades, and \$1.4 million for miscellaneous uncategorized projects.

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

The City 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. The General Fund reserve was met at the end of Fiscal 2016 and is anticipated to be met in each of the next five fiscal years as well.

Financial Information

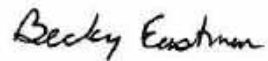
The City's management is responsible for establishing and maintaining internal controls to ensure that the City's assets are adequately protected from loss, theft or misuse. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) safeguarding of assets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

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

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Belvedere for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the third year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Sincerely,

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

Becky Eastman
Finance Officer



Belvedere Residents

City Council

Claire McAuliffe, Mayor
James Campbell, Vice Mayor
City Councilors: Sandra Donnell, Bob McCaskill, Marty Winter

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 Celiberti,
Charles Wayshak

Planning & Building

City Planner
Irene Borba

Building Official
Eric Banvard

Associate Planner
Rebecca Markwick

Building Inspector
Genaro Muniz

Department Secretary II
Nancy Miller

Department Secretary II
Lorrie Duffy

Administration

Finance Officer
Becky Eastman

Mgmt Analyst/ City Clerk
Alison Foulis

IT Coordinator
Marin IT

Public Works

Public Works Manager
Scott Derdenger

Maintenance Supervisor
Gerhard Laufer

Maintenance Workers
Max Sandoval
Alberto Carranza

City Engineer
John Moe
Contract for Services

PRINCIPAL OFFICERS

CITY OF BELVEDERE

JUNE 30, 2016

CITY COUNCIL

Mayor
Vice Mayor
Councilmember
Councilmember
Councilmember

Claire McAuliffe
James Campbell
Sandra Donnell
Bob McCaskill
Marty Winter

COUNCIL APPOINTEES

City Manager
City Attorney
Deputy City Attorney

Mary Neilan
Robert Epstein
Emily Longfellow

DEPARTMENT MANAGERS

City Clerk
Finance Officer
City Planner
Police Chief
Public Works Manager
Building Official

Alison Foulis
Becky Eastman
Irene Borba
Tricia Seyler
Scott Derdenger
Eric Banvard



Government Finance Officers Association

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

Presented to

**City of Belvedere
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



— CITY OF BELVEDERE, CALIFORNIA —

FINANCIAL

SECTION

* * * * *



To the City Council
City of Belvedere, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Belvedere, California (the "City"), as of and for the year ended June 30, 2016, 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, 2016, 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.

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 for the General and major funds, pension funding, and other post-employment benefit funding information on pages 9–16 and 60-67 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 December 6, 2016 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 6, 2016



— 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, 2016. Please read this in conjunction with the City's financial statements, which follow this discussion and analysis.

Government-Wide Highlights

In the fiscal year ended June 30, 2015, the City of Belvedere implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. The implementation of this pronouncement required a prior period adjustment and reduced the City's net position as of July 1, 2015, by \$0.1 million related to the City's PARS Retirement Enhancement Plan that was not included in the City's 2015 financial statements.

- 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 \$10.1 million; deferred outflows of \$0.8 million; liabilities of \$3.9 million; deferred inflows of \$1.2 million; and net position of \$ 5.7 million.
- Total City revenues were approximately \$7.8 million (general revenues of \$6.7 million and program revenues of \$1.1 million) compared with total expenses of approximately \$7.4 million resulting in an increase in net position of approximately \$0.4 million for the fiscal year ended June 30, 2016.
- The City's cash and investments totaled \$3.5 million and net capital assets totaled approximately \$6.3 million at June 30, 2016, representing 34% and 63% of the City's total assets, respectively.
- The City's total liabilities totaled approximately \$3.9 million as of June 30, 2016 and consist primarily of refundable deposits, accounts payable, compensated absences, postemployment benefit obligation and net pension liability.

Fund Highlights

- As of the close of fiscal year 2016, the City's governmental funds reported a combined ending fund balance of approximately \$3.4 million, an increase of \$0.5 million for the year ended June 30, 2016. 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 2016, 13,000 square feet of Lower Belvedere Avenue was repaved at a cost of \$174,000. This is one of the two access streets for Belvedere and is heavily used.
- In August 2015, a 12,000 square foot residence in Belvedere known as Locksley Hall was sold for \$47.5 million, a Marin County record setting price.

Budgetary Highlights

- There were no budget variances between the final amended budget and actual results in the general fund.

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. One section includes budgetary comparison statements for the major funds (general, fire protection, and general capital improvements). The other section is a schedule of funding progress for PERS and OPEB.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position is a measure of a government's financial position and, over time, a trend of increase and deferred outflows or decreasing net position is an indicator of the financial health of the organization. The City's assets exceed liabilities and deferred inflows by approximately \$5.7 million. A schedule of net position is presented in the following table in thousands:

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Net Position
June 30, 2016 and 2015
(thousands)

	Governmental Activities		Total Primary Government		Total Percentage Change
	2016	2015	2016	2015	
Current and other assets	\$ 3,716	\$ 3,211	\$ 3,716	\$ 3,211	16%
Capital assets	6,338	6,424	6,338	6,424	-1%
Total assets	10,054	9,635	10,054	9,635	4%
Deferred outflows related to pension	796	297	796	297	168%
Total deferred outflows	796	297	796	297	168%
Current liabilities	291	322	291	322	-10%
Noncurrent liabilities	3,647	3,283	3,647	3,283	11%
Total liabilities	3,938	3,605	3,938	3,605	9%
Deferred inflows related to pension	1,234	986	1,234	986	25%
Total deferred outflows	1,234	986	1,234	986	25%
Net position:					
Net investment in capital assets	6,338	6,424	6,338	6,424	-1%
Unrestricted	(660)	(1,083)	(660)	(1,083)	-39%
Total net position	\$ 5,678	\$ 5,341	\$ 5,678	\$ 5,341	6%

Net investment in capital assets (e.g., land, buildings, equipment and infrastructure) of \$6.3 million represents the cost of these assets less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Resources needed to repay the outstanding debt must be provided from other sources other than the related assets, because the capital assets themselves cannot be used to repay these debts. At June 30, 2016, the City has no outstanding debt used to acquire those assets.

Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. Due to the implementation of GASB 68 & 71 and the recording of a net pension liability, the unrestricted net position was (\$0.7) million. Restricted net position represents resources that are subject to external restrictions on how they may be used. At June 30, 2016, the City does not have any restricted assets.

Changes in Net Position

The City's net position increased by approximately \$0.4 million during the current fiscal year and increased by \$0.3 million during the prior fiscal year. The increase in the City's net position is principally from the tax revenues of the governmental activities. Information about changes in net position is summarized in the following table in thousands:

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities and Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015 (thousands)

	Governmental Activities		Total Primary Government		Total Percentage Change
	2016	2015	2016	2015	
Revenues:					
Program revenues:					
Charges for services	\$ 1,116	\$ 1,208	\$ 1,116	\$ 1,208	-8%
General revenues:					
Taxes	5,493	4,994	5,493	4,994	10%
Franchise and other taxes	171	267	171	267	-36%
Earnings on investment	49	45	49	45	9%
Revenues from other agencies	872	841	872	841	4%
Other revenue	154	120	154	120	28%
Total revenues	7,855	7,475	7,855	7,475	5%
Program expenses:					
General government	681	840	681	840	-19%
Police	1,713	1,717	1,713	1,717	0%
Fire	1,533	1,240	1,533	1,240	24%
Planning and development	1,122	1,083	1,122	1,083	4%
Public works	960	916	960	916	5%
Non Departmental	371	402	371	402	-8%
Library and community services	714	699	714	699	2%
Unallocated depreciation expense	310	294	310	294	5%
Total program expenses	7,404	7,191	7,404	7,191	3%
Transfers:					
	-	-	-	-	
Change in net position	451	284	451	284	
Net position, beginning of year, as restated	5,227	5,057	5,227	5,057	
Net position, end of year	\$ 5,678	\$ 5,341	\$ 5,678	\$ 5,341	

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.

Analysis of Major Governmental Funds

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

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.

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund

General fund revenues of \$6.1 million increased by \$0.3 million from the previous fiscal year, primarily due to an increase in property taxes. General fund expenditures of \$4.7 million increased by \$0.1 million over the previous fiscal year.

Transfers out of \$863,378 consist of transfers out for capital improvement and equipment replacement (\$110,259) and fire protection (\$753,119).

The General Fund balance at fiscal year-end was \$2.9 million consisting of non-spendable (\$31,422), restricted (\$98,995), assigned (\$257,592) and \$2,535,633 that was unassigned.

Other Major Funds - Fire Protection Fund

Revenues in the Fire Protection Fund, which were generated from a Citywide Parcel Tax, were \$779,575, an increase of \$34,237 over the previous fiscal year. Expenses were \$1,532,694, an increase of \$292,754 over the previous year.

Governmental Funds
Statement of Revenues, Expenditures and Other Changes in Fund Balances
For the Fiscal Years Ended June 30, 2016 and 2015 (thousands)

	2016			2015		Change
	General Fund	Other Major Funds	Other Funds	Total Gov. Funds	Total Gov. Funds	
Revenues	\$ 6,090	\$ 1,078	\$ 687	\$ 7,855	\$ 7,475	5%
Current expenditures	-	-	-	-	6,490	-100%
Capital outlay	4,675	1,984	659	7,318	713	926%
	4,675	1,984	659	7,318	7,203	2%
Net transfers	(863)	886	(23)	-	-	0%
Net change in fund balances	552	(20)	5	537	272	97%
Fund balances, beginning of year	2,372	415	115	2,903	2,631	10%
Fund balances, end of year	\$ 2,924	\$ 395	\$ 120	\$ 3,440	\$ 2,903	18%

CITY OF BELVEDERE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Major Funds - General Capital Improvements Fund

Revenues in the Capital Improvement Fund were \$298,081, an increase of \$38,613 over the previous year. Expenses were \$451,135, a decrease of \$210,728 from the previous year.

The General Capital Improvements Fund balance at fiscal year-end amounted to \$214,064 in restricted funds and \$182,340 in assigned funds. There were no original to final budget differences.

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

- Citywide street & drainage projects totaling \$302,754. Various streets were paved as needed in the City and a storm drain pipeline was relined on Bayview Avenue.
- Handrails were replaced on various lanes throughout the City at a cost of \$41,070. A matching grant was received from the Belvedere Community Foundation for this project.

Information regarding fiscal year 2015/16 capital asset activity is provided in *Note 4 - Capital assets* to the Financial Statements.

Fiduciary Funds

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

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

General Fund revenues for fiscal year ending June 30, 2017 are anticipated to increase by \$152,340. General Fund expenditures are anticipated to increase by \$120,472 for FY2016-17.

Fire Protection Fund revenue will increase by \$44,201, the amount permitted by the Proposition 4 Limitation Factor. Expenditures are estimated to increase by \$46,058.

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

* * * * *

CITY OF BELVEDERE
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Total
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 3,458,547	\$ 3,458,547
Receivables:		
Accounts receivable, net	94,762	94,762
Prepaid items	162,785	162,785
Total current assets	<u>3,716,094</u>	<u>3,716,094</u>
Capital assets:		
Depreciable, net	6,338,137	6,338,137
Total capital assets	<u>6,338,137</u>	<u>6,338,137</u>
Total assets	<u>10,054,231</u>	<u>10,054,231</u>
<u>DEFERRED OUTFLOWS</u>		
Deferred outflows related to pension (Note 9)	795,881	795,881
Total deferred outflows	<u>795,881</u>	<u>795,881</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and other liabilities	136,575	136,575
Compensated absences due within one year	15,184	15,184
Refundable deposits	139,473	139,473
Total current liabilities	<u>291,232</u>	<u>291,232</u>
Long-term liabilities:		
Compensated absences	202,038	202,038
Postemployment benefit obligation	364,249	364,249
Net pension liability	3,080,855	3,080,855
Total noncurrent liabilities	<u>3,647,142</u>	<u>3,647,142</u>
Total liabilities	<u>3,938,374</u>	<u>3,938,374</u>
<u>DEFERRED INFLOWS</u>		
Deferred inflows related to pension (Note 9)	1,234,097	1,234,097
Total deferred inflows	<u>1,234,097</u>	<u>1,234,097</u>
<u>NET POSITION</u>		
Net investment in capital assets	6,338,137	6,338,137
Unrestricted	(660,496)	(660,496)
Total net position	<u>\$ 5,677,641</u>	<u>\$ 5,677,641</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, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary government:					
Governmental activities:					
General government	\$ 681,073	\$ 15,058	\$ -	\$ -	\$ (666,015)
Public safety:					
Police services	1,712,694	112,626	-	-	(1,600,068)
Fire services	1,532,694	-	-	-	(1,532,694)
Planning and development	1,122,216	726,619	-	-	(395,597)
Public works	960,194	262,117	-	-	(698,077)
Recreation (The Ranch)	81,833	-	-	-	(81,833)
Non Departmental	371,348	-	-	-	(371,348)
Library	631,726	-	-	-	(631,726)
Unallocated depreciation expense	310,089	-	-	-	(310,089)
Total governmental activities	<u>7,403,867</u>	<u>1,116,420</u>	<u>-</u>	<u>-</u>	<u>(6,287,447)</u>
Change in net position:					
Net (expense) revenue	<u>\$ 7,403,867</u>	<u>\$ 1,116,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,287,447)</u>

continued
next page

CITY OF BELVEDERE
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Primary Government	
	Governmental Activities	Total
Change in net position:		
Net (expense) revenue	\$ (6,287,447)	\$ (6,287,447)
General revenues:		
Taxes:		
Property taxes	5,350,001	5,350,001
Other taxes	142,479	142,479
Use of money/property	49,006	49,006
Intergovernmental revenues	872,228	872,228
Franchise fees	170,673	170,673
Other revenues	153,889	153,889
Total general revenues	6,738,276	6,738,276
Transfers	-	-
Change in net position	450,829	450,829
Net position, beginning of year, as adjusted (Note 8)	5,226,812	5,226,812
Net position, end of year	\$ 5,677,641	\$ 5,677,641

See accompanying notes to basic financial statements.



— CITY OF BELVEDERE, CALIFORNIA —

GOVERNMENTAL FUNDS

FINANCIAL STATEMENTS

* * * * *

CITY OF BELVEDERE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	Major Funds			Non-Major Funds	Total Governmental Funds
	General	Fire Protection Fund	General Capital Improvements	Other Funds	
<u>ASSETS:</u>					
Cash and investments	\$ 3,034,883	\$ -	\$ 440,800	\$ 119,947	\$ 3,595,630
Accounts receivable, net	85,270	5,720	338	3,434	94,762
Prepaid and other current assets	31,422	131,363	-	-	162,785
Total assets	\$ 3,151,575	\$ 137,083	\$ 441,138	\$ 123,381	\$ 3,853,177
<u>LIABILITIES:</u>					
Accounts payable and other liabilities	\$ 88,460	\$ -	\$ 44,734	\$ 3,381	\$ 136,575
Cash balance overdraft	-	137,083	-	-	137,083
Refundable deposits	139,473	-	-	-	139,473
Total liabilities	227,933	137,083	44,734	3,381	413,131
<u>FUND BALANCES:</u>					
Nonspendable	\$ 31,422	\$ -	\$ -	\$ -	\$ 31,422
Restricted	98,995	-	214,064	100,000	413,059
Assigned	257,592	-	182,340	20,000	459,932
Unassigned	2,535,633	-	-	-	2,535,633
Total fund balances	2,923,642	-	396,404	120,000	3,440,046
Total liabilities and fund balances	\$ 3,151,575	\$ 137,083	\$ 441,138	\$ 123,381	\$ 3,853,177

See accompanying notes to basic financial statements.

CITY OF BELVEDERE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION

JUNE 30, 2016

Total Fund Balances - Total Governmental Funds **\$ 3,440,046**

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

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

Depreciable	\$ 10,916,725	
Less accumulated depreciation	<u>(4,578,588)</u>	6,338,137

Deferred outflows related to pension	795,881	795,881
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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	(217,222)	
Postemployment benefit obligation	(364,249)	
Net pension liability	(3,080,855)	
Deferred inflows related to pension	<u>(1,234,097)</u>	<u>(4,896,423)</u>

Net Position of Governmental Activities **\$ 5,677,641**

CITY OF BELVEDERE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Funds			Non-Major Funds	Total Governmental Funds
	General	Fire Protection Fund	General Capital Improvements	Other Funds	
Revenues:					
Property taxes	\$ 4,570,426	\$ 779,575	\$ -	\$ -	\$ 5,350,001
Other taxes	142,479	-	-	-	142,479
Licenses and permits	453,404	-	-	-	453,404
Fines and forfeitures	21,786	-	-	-	21,786
Use of money/property	25,048	-	23,958	-	49,006
Intergovernmental revenues	149,738	-	45,190	677,300	872,228
Charges for services	462,979	-	178,249	-	641,228
Franchise fees	169,989	-	684	-	170,673
Other revenues	93,889	-	50,000	10,000	153,889
Total revenues	6,089,738	779,575	298,081	687,300	7,854,694
Expenditures:					
Current:					
General government	723,168	-	-	-	723,168
Public safety:					
Police	1,634,330	-	-	-	1,634,330
Fire	-	1,532,694	-	-	1,532,694
Planning & development	1,064,239	-	-	-	1,064,239
Public works	828,348	-	-	-	828,348
Recreation (The Ranch)	53,019	-	-	-	53,019
Non Departmental	371,348	-	-	-	371,348
Library	-	-	-	631,726	631,726
Capital outlay	-	-	451,135	27,212	478,347
Total expenditures	4,674,452	1,532,694	451,135	658,938	7,317,219
Revenues over (under) expenditures	1,415,286	(753,119)	(153,054)	28,362	537,475
Other financing sources (uses):					
Transfers from other funds	-	753,119	133,621	22,212	908,952
Transfers to other funds	(863,378)	-	-	(45,574)	(908,952)
Total other financing sources (uses)	(863,378)	753,119	133,621	(23,362)	-
Net change in fund balances	551,908	-	(19,433)	5,000	537,475
Fund balances-beginning	2,371,734	-	415,837	115,000	2,902,571
Fund balances-ending	\$ 2,923,642	\$ -	\$ 396,404	\$ 120,000	\$ 3,440,046

See accompanying notes to basic financial statements.

CITY OF BELVEDERE

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Net changes in fund balances - total governmental funds **\$ 537,475**

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

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

Capital outlay	\$ 388,326	
Depreciation expense	<u>(473,980)</u>	(85,654)

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	(6,649)	
Change in postemployment benefit obligation	<u>(99,281)</u>	(105,930)

Net Pension Liability Transactions

Governmental funds record pension expense as it is paid. However, in the Statement of Activities those costs are reversed as deferred outflows (inflows) and an increase/(decrease) in net pension liability.

	<u>104,938</u>	<u>104,938</u>
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Total changes in net position of governmental activities **\$ 450,829**

CITY OF BELVEDERE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency Funds</u>
<u>ASSETS:</u>	
Cash and investments:	
Redemption Fund	\$ 524,677
Reserve Fund	<u>281,193</u>
	805,870
Interest receivable	<u>6,739</u>
Total assets	<u>\$ 812,609</u>
<u>LIABILITIES:</u>	
Accounts payable	\$ -
Due to special assessment districts	<u>812,609</u>
Total liabilities	<u>\$ 812,609</u>

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, 2016, 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 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 fund balance as presented in these fund statements to the net position presented in the government-wide financial statements.

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

Major funds are defined as governmental funds which have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total or five percent of the grand total. The general fund is always a major fund. The City may select other governmental funds it believes should be presented as major funds. No such funds were selected in fiscal 2016.

The major governmental funds of the City are:

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

E. Fiduciary Fund Financial Statements

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

F. Basis of Accounting

The City's Government-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 assets.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

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

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB 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 using the purchases method in both the Government-Wide and Fund Financial statements.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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

J. Capital Assets

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

K. Compensated Absences

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

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

The liability for compensated absences was \$217,222 on June 30, 2016, an increase of \$6,644 over the prior year's liability.

L. Unavailable Revenue and Revenue Received in Advance

Unavailable revenue in governmental funds arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period and is recorded as deferred inflows of resources. As of June 30, 2016, there is no unavailable revenue recorded.

Revenue received in advance arises when resources are received by the City before it has a legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures) and is recorded as a liability. As of June 30, 2016, \$25,540 is recorded as revenue received in advance and is presented in accounts payable and other liabilities on the governmental funds Balance Sheet and the government-wide Statement of Net Position.

M. Property Tax Revenues

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees’ Retirement System (CalPERS) and additions to/deduction from CalPERS’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publically available reports that can be obtained at CalPERS’ website under Forms and Publications (www.calpers.ca.gov). Reported results pertain to liability and assets information within the following defined timeframes:

Valuation Date (VD) – June 30, 2014
Measurement Date (MD) – June 30, 2015
Measurement Period (MP) – July 1, 2014 to June 30, 2015

O. 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”.

P. Use of Estimates

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

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NOTES TO BASIC FINANCIAL STATEMENTS

Q. Fund Balance – Classifications

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

R. Implementation of Accounting Standards

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (“GASB 68”). The intention of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

GASB Statement No. 71 – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (“GASB 71”). The intent of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities.

S. Recent Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. GASB 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 took effect for fiscal years beginning after June 30, 2015.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations* (“GASB 69”), which provides guidance on measurement and reporting of combinations and disposals of government operations. GASB 69 is effective for fiscal years beginning after June 30, 2015.

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

issuer to disclose information about the amounts and nature of nonexchange financial guarantees. GASB 70 is effective for reporting beginning after June 15, 2013 and earlier application is encouraged.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (“GASB 71”), which amends GASB Statement 68 to “require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.” The purpose of the new Statement is to remove “a potential source of understatement of restated beginning net position and expense in a government’s first year of implementing Statement 68.” GASB 71 is effective for fiscal years beginning June 15, 2014.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”). GASB 72 requires the City to use valuation techniques which are appropriate under the circumstances and are consistent with the market approach, the cost approach or the income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs. GASB 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements. Implementation of this statement did not have a significant impact on the City for the year ended June 30, 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68* (“GASB 73”). This statement establishes requirements for defined benefit pensions that are not within the scope of GASB 68, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and GASB 68 for pension plans and pensions that are within their respective scopes. The provisions in this statement are effective for the City’s fiscal year ending June 30, 2016, except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB 68, which are effective for the City’s fiscal year ending June 30, 2017. Partial implementation of this statement did not have a significant impact on the City for the year ended June 30, 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (“GASB 76”). GASB 76 establishes the hierarchy of GAAP for state and local governments. The new standard is effective for periods beginning after June 15, 2015. Implementation of this statement did not have a significant impact on the City for the year ended June 30, 2016.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”). GASB 75 revises and establishes new accounting and financial reporting requirements for governments that provide their employees with OPEB and requires additional OPEB disclosures. GASB 75 is effective for periods beginning after June 15, 2017 and is effective for the City’s fiscal year ending June 30, 2018.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* (“GASB 78”). GASB 78 establishes accounting and financial reporting standards for defined benefit pensions provided by state or local governments through a cost sharing plan that meets the criteria of GASB 68 and is not a state or local governmental pension plan. The new standard is effective for periods beginning after December 15, 2015. Application of this statement is effective for the City’s fiscal year ending June 30, 2017.

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NOTES TO BASIC FINANCIAL STATEMENTS

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* (“GASB 82”). GASB 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Applicable requirements of this Statement are effective for reporting periods beginning after June 15, 2016 and is effective for the City’s fiscal year ending June 30, 2017.

NOTE 2 - Stewardship, compliance, and accountability:

Budgetary information

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

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

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

NOTE 3 - Cash and investments:

Government-wide cash and investments at June 30, 2016 consisted of the following:

	<u>Carrying Value</u>	<u>Market Value</u>
State of California - Local Agency Investment Fund	\$ 4,159,113	\$ 4,161,697
Cash in checking accounts	104,405	104,405
Petty cash	900	900
	<u>\$ 4,264,418</u>	<u>\$ 4,267,002</u>
Unrestricted	\$ 3,458,547	
Restricted	805,870	
	<u>\$ 4,264,417</u>	

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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

General fund	\$ 3,034,883
Capital improvement fund	440,800
Other non-major funds	119,947
	3,595,630
 Fiduciary fund	 805,870
Total cash and investments	\$ 4,401,500

The difference between the government-wide cash and investments and total fund cash and investments is due to the overdraft of cash by the Fire Protection fund of \$137,083.

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

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

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

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

	12 months or less	Carrying amount
<u>Pooled investments</u>		
State of California Local Agency Investment Fund	\$ 4,159,113	\$ 4,159,113
Subtotal	4,159,113	4,159,113
Total	\$ 4,159,113	\$ 4,159,113

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

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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

Fair Value Hierarchy. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (the City does not value any of its investments using Level 3 inputs). The inputs or methodology used for valuing securities are not an indication of risk associated with investing in those securities. All investments are classified as Level 1.

NOTE 4 - Capital assets:

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

The City has chosen to defer the recording of historical costs of infrastructure assets. 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, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
Depreciable capital assets:				
City Hall & Community Center				
Buildings improvements	\$ 3,456,769	\$ 5,998	\$ -	\$ 3,462,767
Corporation yard improvements	265,251	-	-	265,251
Office furniture & equipment	184,562	24,085	(9,882)	198,765
Transportation/other-Yard	354,448	-	-	354,448
Transportation/other-Police	169,331	-	(31,943)	137,388
Infrastructure	6,139,864	358,242	-	6,498,106
Total	<u>10,570,225</u>	<u>388,325</u>	<u>(41,825)</u>	<u>10,916,725</u>
Less - accumulated depreciation for:				
City Hall & Community Center				
Buildings improvements	2,432,519	115,260	-	2,547,779
Corporation yard improvements	10,610	10,230	-	20,840
Office furniture & equipment	2,943	10,451	(9,882)	3,512
Transportation/other-Yard	18,496	18,496	-	36,992
Transportation/other-Police	12,783	9,453	(31,943)	(9,707)
Infrastructure	1,669,083	310,089	-	1,979,172
	<u>4,146,434</u>	<u>473,979</u>	<u>(41,825)</u>	<u>4,578,588</u>
Depreciable capital assets, net	<u>6,423,791</u>	<u>(85,654)</u>	<u>-</u>	<u>6,338,137</u>
Total capital assets, net	<u>\$ 6,423,791</u>	<u>\$ (85,654)</u>	<u>\$ -</u>	<u>\$ 6,338,137</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	\$ 31,982
Police	45,554
Public works	28,726
Planning & building	28,815
Community Center	28,814
Infrastructure	310,089
	<u>\$ 473,980</u>

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

Local Improvement Districts (“LID”s) are established in various parts of the City to provide improvements to properties located in those districts. Properties in these districts are assessed for the cost of improvements; these assessments are payable over the term of the debt issued to finance the improvements and must be sufficient to repay this debt. The City acts solely as the collecting and paying agent for the Districts’ debt which is not included in the general debt of the City. The outstanding balance of each of these issues as of June 30, 2016 is as follows:

<u>LID Debt:</u>	Balance, June 30, 2015	Additions	Retirements/ Adjustments	Balance, June 30, 2016
Corinthian Island	\$ 30,000	\$ -	\$ (30,000)	\$ -
Upper Beach Road	975,000	-	(35,000)	940,000
Madrona	1,600,000	-	(50,000)	1,550,000
San Rafael	920,000	-	(25,000)	895,000
Lower Belvedere	2,235,000	-	(50,000)	2,185,000
Bayview/Bella Vista	1,480,000	-	(30,000)	1,450,000
Mid San Rafael Ave	1,270,000	-	(25,000)	1,245,000
Pine Avenue	1,140,000	-	(25,000)	1,115,000
Total	<u>\$ 9,650,000</u>	<u>\$ -</u>	<u>\$ (270,000)</u>	<u>\$ 9,380,000</u>

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

In August 1998, improvement bonds (City of Belvedere Limited Obligation Improvement Bonds, Corinthian Island Undergrounding Assessment District) were issued in the amount of \$553,254, 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.

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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, 2016, the bond was fully repaid.

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

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

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

As of June 30, 2016, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2017	\$ 35,000	\$ 46,815	\$ 81,815
2018	40,000	45,070	85,070
2019	40,000	43,170	83,170
2020	45,000	41,119	86,119
2021	45,000	38,925	83,925
2022-2026	255,000	158,253	413,253
2027-2031	330,000	83,524	413,524
2032-2033	150,000	7,875	157,875
	<u>\$ 940,000</u>	<u>\$ 464,751</u>	<u>\$ 1,404,751</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

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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 in aggregate confirmed assessments, leaving a balance of \$1,977,801. 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.

As of June 30, 2016, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2017	\$ 50,000	\$ 73,758	\$ 123,758
2018	55,000	71,525	126,525
2019	55,000	69,133	124,133
2020	60,000	66,573	126,573
2021	60,000	63,873	123,873
2022-2026	335,000	274,009	609,009
2027-2031	410,000	184,153	594,153
2032-2036	525,000	68,125	593,125
	<u>\$ 1,550,000</u>	<u>\$ 871,149</u>	<u>\$ 2,421,149</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.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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.

As of June 30, 2016, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2017	\$ 25,000	\$ 41,663	\$ 66,663
2018	25,000	40,606	65,606
2019	25,000	39,538	64,538
2020	30,000	38,348	68,348
2021	30,000	37,035	67,035
2022-2026	165,000	164,011	329,011
2027-2031	210,000	120,588	330,588
2032-2036	260,000	64,116	324,116
2037-2038	125,000	6,375	131,375
	<u>\$ 895,000</u>	<u>\$ 552,280</u>	<u>\$ 1,447,280</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, 2016, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 50,000	\$ 116,430	\$ 166,430
2018	55,000	114,130	169,130
2019	55,000	111,586	166,586
2020	60,000	108,780	168,780
2021	60,000	105,750	165,750
2022-2026	360,000	476,083	836,083
2027-2031	475,000	365,420	840,420
2032-2036	615,000	216,600	831,600
2037-2039	455,000	39,060	494,060
	<u>\$ 2,185,000</u>	<u>\$ 1,653,839</u>	<u>\$ 3,838,839</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, 2016, future debt service payments were as follows:

Fiscal year ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 30,000	\$ 76,983	\$ 106,983
2018	30,000	75,858	105,858
2019	35,000	74,529	109,529
2020	35,000	72,998	107,998
2021	35,000	71,405	106,405
2022-2026	210,000	328,420	538,420
2027-2031	270,000	267,733	537,733
2032-2036	350,000	183,691	533,691
2037-2041	455,000	68,856	523,856
	<u>\$ 1,450,000</u>	<u>\$ 1,220,473</u>	<u>\$ 2,670,473</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, 2016, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2017	\$ 30,000	\$ 69,000	\$ 99,000
2018	30,000	67,988	97,988
2019	30,000	66,863	96,863
2020	30,000	65,625	95,625
2021	30,000	64,313	94,313
2022-2026	185,000	296,096	481,096
2027-2031	220,000	242,658	462,658
2032-2036	290,000	168,310	458,310
2037-2041	400,000	64,050	464,050
	<u>\$ 1,245,000</u>	<u>\$ 1,104,903</u>	<u>\$ 2,349,903</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, 2016, future debt service payments were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2017	\$ 25,000	\$ 47,506	\$ 72,506
2018	25,000	47,144	72,144
2019	25,000	46,675	71,675
2020	25,000	46,099	71,099
2021	25,000	45,438	70,438
2022-2026	140,000	213,547	353,547
2027-2031	170,000	181,703	351,703
2032-2036	215,000	139,663	354,663
2037-2041	270,000	83,004	353,004
2042-2044	195,000	15,125	210,125
	<u>\$ 1,115,000</u>	<u>\$ 865,904</u>	<u>\$ 1,980,904</u>

NOTE 6 - Joint ventures and pools:

Belvedere-Tiburon Library Agency

The Belvedere-Tiburon Library Agency (the "Agency") was established in May 1995 to construct, own, operate, and maintain a new public library, servicing the residents of Belvedere and Tiburon. Each member of the Agency has three (3) representatives on the Library Board which governs the management and financing of its activities and an at large member appointed by the Reed School District. Participating agencies at June 30, 2016 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 (\$631,726 for fiscal 2016), which utilizes the funds for ordinary operations. The financial results of the Agency are not included in the accompanying financial statements because the City does not have oversight authority.

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

Condensed audited financial information as of and for the fiscal year ended June 30, 2016 for the Agency is presented below:

Total assets	\$ 8,041,895
Total capital assets, net	4,606,078
Total deferred outflows	173,848
Total liabilities	(2,169,740)
Total deferred inflows	(110,760)
Net position	5,935,243
Net program expenses	(2,262,571)
Net program revenues	304,320
Total general revenues	2,233,499
Increase in net position	275,248

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

Public Agency Risk Sharing Authority of California (PARSAC)

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

The liability program includes coverage for general liability, property, bond and employment practices. The City pays an annual premium to PARSAC for its risk coverage. The City has a \$25,000 retention limit similar to a deductible. The Liability Program provides coverage to \$35 million per occurrence for general and automobile liability and public official's errors and omissions. PARSAC self-funds coverage up to \$1 million; losses that exceed this amount are covered via the CSAC Excess Insurance Authority.

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

The Worker's Compensation Program provides coverage up to statutory limits per occurrence, including volunteer operations. PARSAC self-funds up to \$500,000; losses in excess of this amount are covered via the Local Agency Workers' Compensation Excess Pool and reinsurance.

County of Marin

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

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

450 San Rafael Avenue
Belvedere, California 94920

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 - Transfers:

The following schedule summarizes the operating transfers in and out for the fiscal year ended June 30, 2016, followed by the principal purposes of each interfund transfer:

	Transfers in	Transfers out
General Fund:		
Fire Protection	\$ -	\$ 753,119
Equipment Replacement	-	22,212
Capital Improvement	-	88,047
	-	863,378
Fire Protection Fund:		
General Fund	753,119	-
	753,119	-
General Capital Improvements:		
General Fund	88,047	-
Gas Tax	45,574	-
	133,621	-
Non-Major Funds:		
Equipment Replacement	22,212	-
Gas Tax	-	45,574
	22,212	45,574
Totals	\$ 908,952	\$ 908,952

General Fund to Fire Fund \$753,119 – The revenue received from the Fire Tax is not enough to cover the amount that is paid to the Tiburon Fire Protection District annually for fire services. The year-end transfer is to cover the deficit.

General Fund to Equipment Replacement \$22,212 – The amount of expenditures for equipment in fiscal 2016 will be replaced by a transfer from the General Fund to make the Equipment Replacement Fund balance \$120,000 at year end.

General Fund to Capital Improvement Fund \$88,047 – To cover expenditures for the fiscal year for CIP.

Gas Tax Fund to Capital Improvement Fund \$45,574 – Year end transfer of State of California Fuel Tax revenue to cover eligible Capital Improvement expenditures.

NOTE 8 - Fund Balance:

The City has adopted the provisions of GASB Statement No. 54, *Fund Balance and Governmental Fund Type Definitions* (“GASB 54”). 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.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Governmental Fund Type Definitions

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

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

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

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

Spending Policy

The City's policy is to spend restricted fund balances first, before spending unrestricted fund balances, for expenditures incurred for purposes for which both restricted and unrestricted fund balances are available. The City does not have a formal policy for its use of unrestricted fund balance amounts. The City will reduce committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City typically uses unassigned general funds to liquidate the liability for compensated absences and to liquidate the net pension liability or net postemployment benefit obligation when necessary.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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, 2016, the amount in reserve is \$2.5 million.

Fund balances classifications at June 30, 2016 were:

	General Fund	Fire Protection Fund	Capital Improvement Fund	Non-Major Other Funds	Total
Nonspendable:					
Prepaid Items	\$ 31,422	\$ -	\$ -	\$ -	\$ 31,422
Total Nonspendable:	31,422	-	-	-	31,422
Restricted:					
Police Safety	98,995	-	-	-	98,995
Street Maintenance	-	-	214,064	100,000	314,064
Gas tax	-	-	-	-	-
Total Restricted:	98,995	-	214,064	100,000	413,059
Assigned:					
Pension Reserve	200,000	-	-	-	200,000
Insurance Reserve	57,592	-	-	-	57,592
Project Design	-	-	182,340	-	182,340
Computer Replacement	-	-	-	20,000	20,000
Total Assigned:	257,592	-	182,340	20,000	459,932
Unassigned:	2,535,633	-	-	-	2,535,633
	\$ 2,923,642	\$ -	\$ 396,404	\$ 120,000	\$ 3,440,046

Governmental Accounting Standards Board (GASB) Statements No. 68 and 71 Restatement

For the fiscal year ended June 30, 2015, the City implemented the provisions of GASB No. 68 and 71 – *Accounting and Financial Reporting for Pensions*. The Governmental activities net position was reduced by \$114,098, related to the City's Public Agency Retirement Services that was not recorded in the 2015 financial statements. These reductions reflect the recording of net pension liabilities, deferred inflows of resources and deferred outflows of resources as required under the new GASBs.

NOTE 9 - Pension Plans

A. General Information about the Pension Plans

The City has pension plans with the California Public Employees Retirement System ("CalPERS") and the Public Agency Retirement Services ("PARS"). Information about the pension plans follows.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

California Public Employees Retirement System (CalPERS)

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

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

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

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

Funding Policy – Active plan members in the Plan are required to contribute 6.25% or 7% of their covered salary for the miscellaneous plans and 11.5% or 9% for public safety members. The City does not contribute to the employee portion. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates for the fiscal year ended June 30, 2016 Miscellaneous Classic 8.51%, PEPRA rates were miscellaneous 6.24%, Safety Classic 13.81%, and PEPRA Safety 11.15%. The contribution requirements of plan members are established by State statute and the employer contribution is established and may be amended by PERS.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payment	monthly for life	monthly for life
Retirement age	50 - 63+	52 - 67+
Monthly benefit, as a % of eligible compensation	1.46%-2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	8.51%	6.24%

	Safety	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payment	monthly for life	monthly for life
Retirement age	50 - 55+	50 - 57+
Monthly benefit, as a % of eligible compensation	2.0% - 2.7%	2.0% - 2.7%
Required employee contribution rates	9%	11.50%
Required employer contribution rates	13.81%	11.15%

PARS Retirement Enhancement Plan (REP)

Plan Description - The PARS Retirement Enhancement Plan ("REP") was implemented July 1, 2003 and closed to new participants hired after January 1, 2012. This plan is separate from CalPERS and is established as a 401 (a) Defined Benefit Plan. The REP is administered by PARS.

The REP provides a benefit equal to 0.5% of final average compensation for City service all service while employed at the City of Belvedere.

Eligibility for the benefit is defined as reaching age 55, completing fifteen years of full- time City service, and retiring concurrently from both the City and Cal PERS after leaving City employment.

Employees Covered

	CalPERS		PARS REP
	Miscellaneous	Safety	
Inactive employees or beneficiaries currently receiving benefits	0	2	2
Inactive employees entitled to but not yet receiving benefits	0	0	0
Active employees	7	4	11
Total	7	6	13

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

B. Contributions

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

PARS Retirement Enhancement Plan (REP) - The City makes all contributions necessary to fund the benefits available under the REP. Employees are not permitted to make any contributions.

For the year ended June 30, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous		Safety		PARS REP	Total
	Classic	PEPRA	Classic	PEPRA		
Contributions - employer	\$165,300	\$15,495	\$135,855	\$11,166	\$37,546	\$365,362
Contributions - employee	78,246	15,596	58,169	11,537	-	\$163,548

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the City reported CalPERS net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability (Asset)
Miscellaneous (Classic)	\$1,771,115
Miscellaneous (PEPRA)	(560)
Safety	1,137,147
Total Net Pension Liability	<u>\$2,907,702</u>

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for each Plan as of June 30, 2014 and 2015 was as follows:

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

	Miscellaneous		Safety
	Classic	PEPRA	
Proportion - June 30, 2014	.08603%	.00000%	0.03714%
Proportion - June 30, 2015	.06456%	.00002%	0.02760%
Change - Increase(Decrease)	(.02147%)	.00002%	(0.00954%)

For the year ended June 30, 2016, the City recognized pension expense of \$249,258. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 354,196	\$
Differences between actual and expected experience	9,589	(16,104)
Changes in assumptions		(164,792)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(553,317)
Net differences between projected and actual earnings on plan investments	432,096	(499,884)
Total	<u>\$ 795,881</u>	<u>\$ (1,234,097)</u>

\$354,196 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	\$ (327,127)
2017	(321,679)
2018	(251,630)
2019	108,024
Thereafter	-

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	CalPERS	PARS (REP)
Valuation Date	June 30, 2014	June 30, 2013
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.00%
Inflation	2.75%	3.00%
Payroll Growth	3.0%	Not stated
Projected Salary Increase	Rates Vary (1)	Rates vary (1)
Investment Rate of Return	7.5% (2)	7.0%
Mortality	Derived using CalPERS' Membership Data for all Funds (3)	
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter	Not stated

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.
- (4) All of the City's plans for miscellaneous and safety, and the District's plan's employed the same assumptions

California Public Employees Retirement System Plans (CalPERS)

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for fiscal years 1997-2011, including updates to salary increase, mortality and retirement rates. The Experience Study can found on the CalPERS website under Forms and Publications-

Changes of assumptions – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.5 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

Discount Rate – The discount rate used to measure the total pension liability was 7.65 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund ("PERF"). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected nominal rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

PARS Retirement Enhancement Plan (REP)

The REP's range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation as follows:

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Cash	3.55%	.53%
Core Fixed Income	39.19%	2.03%
Broad US Equities	41.29%	5.64%
Developed Foreign Equities	12.29%	6.31%
Emerging Market Equities	3.68%	8.56%
Total	100%	

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate– The following presents the City’s proportionate share of the net pension liability for each Plan, calculated using the discount rate 7.65 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous		Safety	PARS	Total
	Classic	PEPRA			
1% Decrease	6.65%	6.65%	6.65%	6.00%	
Net Pension Liability	\$2,970,284	(\$939)	\$1,823,236	\$265,037	\$5,057,618
Current Discount Rate	7.65%	7.65%	7.65%	7.00%	
Net Pension Liability	\$1,771,115	(\$560)	\$1,137,147	\$173,153	\$3,080,855
1% Increase	8.65%	8.65%	8.65%	8.00%	
Net Pension Liability	\$781,062	(\$247)	\$574,565	\$95,926	\$1,451,306

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

Payable to the Pension Plan

At June 30, 2016, the City has no outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

NOTE 10 - Postemployment Benefits Other Than Pensions:

Plan Description: The City has implemented GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (“GASB 45”). 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* (“GASB 57”), 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, eight retirees meet those eligibility requirements. The City pays a portion of the health plan in the amount of \$125 per month for seven of the employees and \$816 per month for one of the employees. Expenditures for post

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

retirement health care benefits are recognized as retirees elect coverage in the health plan. During 2016, the City paid a total of \$18,824 for such postretirement health care benefits on behalf of eight former employees.

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 45, as amended by GASB 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	\$ 118,105
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	118,105
Contributions made	(18,824)
Increase in net OPEB obligation	99,281
Net OPEB obligation - beginning of year	264,968
Net OPEB obligation - end of year	\$ 364,249

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the two preceding fiscal years were as follows:

Fiscal Year Ended	OPEB Annual Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 67,669	24.8%	\$ 214,694
6/30/2015	\$ 67,669	25.7%	\$ 264,968
6/30/2016	\$ 118,105	15.9%	\$ 364,249

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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Valuation Date	Entry Age Normal Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Liability/ (Excess Assets) [(A)-(B)]	Funded Ratio [(B)/(A)]	Covered Payroll (C)	Actuarial Accrued Liability % of Covered Payroll [(A-B)/C]
7/1/2009	\$ 374,116	\$ -	\$ 374,116	\$ -	\$ 1,866,608	20.043%
7/1/2012	\$ 656,924	\$ -	\$ 656,924	\$ -	\$ 1,859,776	35.323%
7/1/2015	\$ 1,036,193	\$ -	\$ 1,036,193	\$ -	\$ 2,277,818	45.491%

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

Based on the historical and expected returns of the City’s short-term investment portfolio, a discount rate of 4 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015 was thirty years.

CITY OF BELVEDERE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 - Excess of expenditures over appropriations:

For the fiscal year ended June 30, 2016, expenditures exceeded appropriations in the following individual funds:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
General Government	\$ 688,915	\$ 723,168	\$ (34,253)
Planning and Development	1,058,963	1,064,239	(5,276)
Non Departmental	354,975	371,348	(16,373)
	<u>\$ 2,102,853</u>	<u>\$ 2,158,755</u>	<u>\$ (55,902)</u>

The excess of expenditures over appropriation in the General Government department of \$34,253 was primarily due to expenditures for outside legal services.

The excess of expenditures over appropriations in the Planning & Building department of \$5,276 was due to employee benefits exceeding the budget.

The excess of expenditures over appropriations in the Non-Departmental department was due to the expenditures for "Concerts in the Park".

NOTE 12 - Commitments and contingencies:

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

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

NOTE 13 - Subsequent events:

On July 14, 2016 \$300,000 was sent to the California Public Employees Retirement System as a payment towards the unfunded liability. This payment was authorized by the City Council in the 2016/17 budget document.

On August 2, 2016 the City's seven utility undergrounding assessment districts were consolidated and refinanced with lower interest rates in order to reduce payments for participating property owners. The financing structure involved two levels of bonds. First, the City issued reassessment bonds to the Belvedere Financing Authority, the proceeds of which were deposited into a refunding escrow and used to refund the seven outstanding series of utility undergrounding assessment bonds. The reassessment bonds were purchased by the Belvedere Financing Authority using funds obtained from the sale by the Authority of its revenue bonds, which were marketed and sold to investors.

The City has evaluated its financial statements for subsequent events after June 30, 2016 through December 6, 2016, the date these financial statements were available to be issued.



— CITY OF BELVEDERE, CALIFORNIA —

REQUIRED SUPPLEMENTARY INFORMATION

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

* * * * *

CITY OF BELVEDERE, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous and Safety Cost-Sharing Multiple-Employer Defined Benefit Pension Plans
Last 10 Years*
Fiscal Year Ended June 30, 2016

Schedule of City's Proportionate Share of the Net Pension Liability

	City Miscellaneous Plan				City Safety Plan	
	Classic		PEPRA		6/30/2014	6/30/2015
	6/30/2014	6/30/2015	6/30/2014	6/30/2015		
Plan's proportion of the Net Pension Liability (Asset)	0.02786%	0.06456%	0.00000%	-0.00002%	0.01748%	0.02760%
Plan's proportionate share of the Net Pension Liability (Asset)	\$ 1,733,728	\$ 1,771,115	\$ 22	\$ (560)	\$ 1,087,923	\$ 1,137,147
Plan's Covered Employee Payroll	\$ 1,240,066	\$ 1,194,730	\$ 154,364	\$ 219,252	\$ 700,977	\$ 549,191
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	139.81%	148.24%	0.01%	-0.26%	155.20%	207.06%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.54%	83.57%	83.46%	102.03%	82.23%	82.11%

* - Fiscal year 2014 - 15 was the first year of implementation, therefore only two years are shown.

CITY OF BELVEDERE, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous and Safety Cost-Sharing Multiple-Employer Defined Benefit Pension Plans
Last Ten Fiscal Years*
Year Ended June 30, 2016

Schedule of Contributions

	City Miscellaneous Plan				City Safety Plan			
	Classic		PEPRA		Classic		PEPRA	
	2015	2016	2015	2016	2015	2016	2015	2016
Contractually required contribution (actuarially determined)	\$ 136,009	\$ 165,300	\$ 13,604	\$ 15,495	\$ 122,586	\$ 135,855	\$ 8,614	\$ 11,166
Contributions in relation to the actuarially determined contributions	(136,009)	(165,300)	(13,604)	(15,495)	(122,586)	(135,855)	(8,614)	(11,166)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,194,730	\$ 1,315,586	\$ 219,252	\$ 163,765	\$ 549,191	\$ 743,667	\$ 96,600	\$ 98,701
Contributions as a percentage of covered-employee payroll	11.38%	12.56%	6.20%	9.46%	22.32%	18.27%	8.92%	11.31%

* - Fiscal year 2014 - 15 was the first year of implementation, therefore only two years are shown.

Notes to Schedule of Contributions

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Actual Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5%, net of pension plan investment and administrative expenses, including inflation to 2007
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries
Mortality	
Payroll Growth	3%

CITY OF BELVEDERE, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION

PARS Retirement Enhancement Plan (REP) Defined Benefit Pension Plans
Last Ten Fiscal Years*
Year Ended June 30, 2016

Schedule of Contributions

	2015	2016
Contractually required contribution (actuarially determined)	\$ 44,240	\$ 37,546
Contributions in relation to the actuarially determined contributions	(44,240)	(37,546)
Contribution deficiency (excess)	\$ -	\$ -
 Covered-employee payroll	 \$ 1,436,349	 \$ 1,313,476
 Contributions as a percentage of covered- employee payroll	 3.08%	 2.86%

* - Fiscal year 2014 - 15 was the first year of implementation, therefore only two years are shown.

Notes to Schedule of Contributions

Valuation date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization method	Level dollar of payroll, closed
Remaining amortization period	19 years
Asset valuation method	Actuarial valuation of assets
Inflation	2.75%
Salary increases	Based on service with City
Investment rate of return	7.00%

Retirement age	Retirement rates of 2.5% for Non-Safety and 3% for Safety per year starting at age 55 with required years of service
Mortality	Consistent with the Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final- Positive (Negative)
Revenues:				
Property taxes	\$ 4,406,034	\$ 4,406,034	\$ 4,570,426	\$ 164,392
Other taxes	117,000	117,000	142,479	25,479
Licenses and permits	418,000	418,000	453,404	35,404
Fines and forfeitures	38,000	38,000	21,786	(16,214)
Use of money/property	20,450	20,450	25,048	4,598
Intergovernmental revenues	123,742	123,742	149,738	25,996
Charges for services	314,197	314,197	462,979	148,782
Franchise fees	156,000	156,000	169,989	13,989
Other revenues	45,000	45,000	93,889	48,889
Total revenues	5,638,423	5,638,423	6,089,738	451,315
Expenditures				
Current:				
General government	688,915	688,915	723,168	(34,253)
Public safety:				
Police	1,703,434	1,703,434	1,634,330	69,104
Fire	-	-	-	-
Planning and development	1,058,963	1,058,963	1,064,239	(5,276)
Public works	833,628	833,628	828,348	5,280
Recreation (The Ranch)	59,685	59,685	53,019	6,666
Non Departmental	354,975	354,975	371,348	(16,373)
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	4,699,600	4,699,600	4,674,452	25,148
Excess of revenues over (under) expenditures	938,823	938,823	1,415,286	476,463
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	(914,029)	(914,029)	(863,378)	50,651
Total other financing sources (uses)	(914,029)	(914,029)	(863,378)	50,651
Excess of revenues and other sources over (under) expenditures and other uses	24,794	24,794	551,908	527,114
Fund balances-beginning	2,202,276	2,202,276	2,371,734	169,458
Fund balances-ending	\$ 2,227,070	\$ 2,227,070	\$ 2,923,642	\$ 696,572

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final- Positive (Negative)
<u>Revenues:</u>				
Property taxes	\$ 778,543	\$ 778,543	\$ 779,575	\$ 1,032
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	-	-	-	-
Total revenues	778,543	778,543	779,575	1,032
<u>Expenditures</u>				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	1,539,163	1,539,163	1,532,694	6,469
Planning and development	-	-	-	-
Public works	-	-	-	-
Community center	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,539,163	1,539,163	1,532,694	6,469
Excess of revenues over (under) expenditures	(760,620)	(760,620)	(753,119)	7,501
<u>Other financing sources (uses):</u>				
Transfers from other funds	760,620	760,620	753,119	(7,501)
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	760,620	760,620	753,119	(7,501)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances-beginning	-	-	-	-
Fund balances-ending	\$ -	\$ -	\$ -	\$ -

CITY OF BELVEDERE

REQUIRED SUPPLEMENTARY INFORMATION - OPEB
SCHEDULE OF FUNDING PROGRESS 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%
7/1/2015	\$ 1,036,193	\$ -	\$ 1,036,193	0.0%	\$ 2,277,818	45.491%

CITY OF BELVEDERE, CALIFORNIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - Budgets and budgetary accounting:

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

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

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



— CITY OF BELVEDERE, CALIFORNIA —

SUPPLEMENTARY INFORMATION

OTHER GOVERNMENTAL FUNDS

COMBINING FINANCIAL STATEMENTS

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CITY OF BELVEDERE
COMBINING BALANCE SHEETS
GENERAL FUNDS
JUNE 30, 2016

	GENERAL FUND	SLESF FUND	INSURANCE RESERVE FUND	TOTAL GENERAL FUNDS
ASSETS:				
Cash and investments	\$ 2,878,441	\$ 98,850	\$ 57,592	\$ 3,034,883
Accounts receivable, net	85,125	145	-	85,270
Prepaid items and other current assets	31,422	-	-	31,422
Total assets	\$ 2,994,988	\$ 98,995	\$ 57,592	\$ 3,151,575
LIABILITIES:				
Accounts payable and other liabilities	\$ 88,460	\$ -	\$ -	\$ 88,460
Refundable deposits	139,473	-	-	139,473
Total liabilities	227,933	-	-	227,933
FUND BALANCES:				
Nonspendable	31,422	-	-	31,422
Restricted	-	98,995	-	98,995
Assigned	200,000	-	57,592	257,592
Unassigned	2,535,633	-	-	2,535,633
Total fund balances	2,767,055	98,995	57,592	2,923,642
Total liabilities and fund balances	\$ 2,994,988	\$ 98,995	\$ 57,592	\$ 3,151,575

CITY OF BELVEDERE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	GENERAL FUND	SLESF FUND	INSURANCE RESERVE FUND	TOTAL GENERAL FUND
Revenues:				
Property taxes	\$ 4,570,426	\$ -	\$ -	\$ 4,570,426
Other taxes	142,479	-	-	142,479
Licenses and permits	453,404	-	-	453,404
Fines and forfeitures	21,786	-	-	21,786
Use of money/property	24,623	425	-	25,048
Intergovernmental revenues	22,297	127,441	-	149,738
Charges for services	462,979	-	-	462,979
Franchise fees	169,989	-	-	169,989
Other revenues	93,889	-	-	93,889
Total revenues	5,961,872	127,866	-	6,089,738
Expenditures:				
Current:				
General government	723,168	-	-	723,168
Public safety:				
Police	1,634,330	-	-	1,634,330
Fire	-	-	-	-
Planning & development	1,064,239	-	-	1,064,239
Public works	828,348	-	-	828,348
Recreation (The Ranch)	53,019	-	-	53,019
Non-Departmental	371,348	-	-	371,348
Total expenditures	4,674,452	-	-	4,674,452
Revenues over (under) expenditures	1,287,420	127,866	-	1,415,286
Other financing sources (uses):				
Transfers from other funds	106,679	(106,679)	-	-
Transfers to other funds	(863,378)	-	-	(863,378)
Total other financing sources (uses)	(756,699)	(106,679)	-	(863,378)
Net change in fund balance	530,721	21,187	-	551,908
Fund balances, beginning of year	2,236,334	77,808	57,592	2,371,734
Fund balances, end of year	\$ 2,767,055	\$ 98,995	\$ 57,592	\$ 2,923,642

CITY OF BELVEDERE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds	Equipment Replacement Fund	Total Nonmajor Governmental Funds
ASSETS:			
Cash and investments	\$ (53)	\$ 120,000	\$ 119,947
Accounts receivable, net	3,434	-	3,434
Total assets	\$ 3,381	\$ 120,000	\$ 123,381
LIABILITIES:			
Accounts payable and other liabilities	\$ 3,381	\$ -	\$ 3,381
Total liabilities	3,381	-	3,381
FUND BALANCES:			
Restricted	-	100,000	100,000
Assigned	-	20,000	20,000
Total fund equity	-	120,000	120,000
Total liabilities and fund equity	\$ 3,381	\$ 120,000	\$ 123,381

CITY OF BELVEDERE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Equipment Replacement Fund	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental revenues	\$ 677,300	\$ -	\$ 677,300
Other revenues	-	10,000	10,000
Total revenues	<u>677,300</u>	<u>10,000</u>	<u>687,300</u>
Expenditures:			
Current:			
Library	631,726	-	631,726
Capital outlay	-	27,212	27,212
Total expenditures	<u>631,726</u>	<u>27,212</u>	<u>658,938</u>
Revenues over (under) expenditures	<u>45,574</u>	<u>(17,212)</u>	<u>28,362</u>
Other financing sources (uses):			
Transfers from other funds	-	22,212	22,212
Transfers to other funds	(45,574)	-	(45,574)
Total other financing sources (uses)	<u>(45,574)</u>	<u>22,212</u>	<u>(23,362)</u>
Net change in fund balance	-	5,000	5,000
Fund balances, beginning of year	-	115,000	115,000
Fund balances, end of year	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>

CITY OF BELVEDERE
COMBINING BALANCE SHEETS
OTHER SPECIAL REVENUE FUNDS
JUNE 30, 2016

	<u>LIBRARY FUND</u>	<u>GAS TAX FUND</u>	<u>TOTAL OTHER SPECIAL REVENUE FUNDS</u>
<u>ASSETS:</u>			
Cash and investments	\$ -	\$ (53)	\$ (53)
Accounts receivable, net	3,381	53	3,434
Total assets	\$ 3,381	\$ -	\$ 3,381
<u>LIABILITIES:</u>			
Accounts payable and other liabilities	\$ 3,381	\$ -	\$ 3,381
Total liabilities	3,381	-	3,381
<u>FUND BALANCES:</u>			
Restricted	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ 3,381	\$ -	\$ 3,381

CITY OF BELVEDERE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

OTHER SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>LIBRARY FUND</u>	<u>GAS TAX FUND</u>	<u>TOTAL OTHER SPECIAL REVENUE FUNDS</u>
Revenues:			
Intergovernmental revenues	\$ 631,726	\$ 45,574	\$ 677,300
Total revenues	<u>631,726</u>	<u>45,574</u>	<u>677,300</u>
Expenditures:			
Library	631,726	-	631,726
Total expenditures	<u>631,726</u>	<u>-</u>	<u>631,726</u>
Revenues over (under) expenditures	<u>-</u>	<u>45,574</u>	<u>45,574</u>
Other financing sources (uses):			
Transfers from other funds	-	-	-
Transfers to other funds	-	(45,574)	(45,574)
Total other financing sources (uses)	<u>-</u>	<u>(45,574)</u>	<u>(45,574)</u>
Net change in fund balance	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



— CITY OF BELVEDERE, CALIFORNIA —

SUPPLEMENTARY INFORMATION

FIDUCIARY FUNDS

COMBINING FINANCIAL STATEMENTS

* * * * *

CITY OF BELVEDERE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2016

	<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>
ASSETS:									
Cash and investments:									
Redemption Fund	\$ (8,343)	\$ 101,064	\$ 92,785	\$ 46,393	\$ 111,586	\$ 74,910	\$ 56,645	\$ 49,637	\$ 524,677
Reserve Fund	42,000	33,013	47,946	20,876	52,815	32,642	28,416	23,485	281,193
	<u>33,657</u>	<u>134,077</u>	<u>140,731</u>	<u>67,269</u>	<u>164,401</u>	<u>107,552</u>	<u>85,061</u>	<u>73,122</u>	<u>805,870</u>
Interest receivable	46	846	1,153	630	1,517	989	885	673	6,739
Total assets	<u>\$ 33,703</u>	<u>\$ 134,923</u>	<u>\$ 141,884</u>	<u>\$ 67,899</u>	<u>\$ 165,918</u>	<u>\$ 108,541</u>	<u>\$ 85,946</u>	<u>\$ 73,795</u>	<u>\$ 812,609</u>
LIABILITIES:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to special assessment districts	33,703	134,923	141,884	67,899	165,918	108,541	85,946	73,795	812,609
Total liabilities	<u>\$ 33,703</u>	<u>\$ 134,923</u>	<u>\$ 141,884</u>	<u>\$ 67,899</u>	<u>\$ 165,918</u>	<u>\$ 108,541</u>	<u>\$ 85,946</u>	<u>\$ 73,795</u>	<u>\$ 812,609</u>

CITY OF BELVEDERE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2016</u>
<hr/> Corinthian Island Assessment District <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 22,203	\$ 159	\$ (30,705)	\$ (8,343)
Reserve Fund	42,000	-	-	42,000
Interest receivable	45	46	(45)	46
Total assets:	<u>\$ 64,248</u>	<u>\$ 205</u>	<u>\$ (30,750)</u>	<u>\$ 33,703</u>
Liabilities:				
Accounts payable	\$ -	\$ 30,705	\$ (30,705)	\$ -
Due to special assessment districts	64,248	160	(30,705)	33,703
Total liabilities:	<u>\$ 64,248</u>	<u>\$ 30,865</u>	<u>\$ (61,410)</u>	<u>\$ 33,703</u>
<hr/> Upper Beach Road Assessment District <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 99,915	\$ 88,345	\$ (87,196)	\$ 101,064
Reserve Fund	32,872	141	-	33,013
Interest receivable	768	846	(768)	846
Total assets:	<u>\$ 133,555</u>	<u>\$ 89,332</u>	<u>\$ (87,964)</u>	<u>\$ 134,923</u>
Liabilities:				
Accounts payable	\$ -	\$ 87,196	\$ (87,196)	\$ -
Due to special assessment districts	133,555	88,564	(87,196)	134,923
Total liabilities:	<u>\$ 133,555</u>	<u>\$ 175,760</u>	<u>\$ (174,392)</u>	<u>\$ 134,923</u>
<hr/> Madrona, Bella Vista and Oak Assessment District <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 94,816	\$ 128,650	\$ (130,681)	\$ 92,785
Reserve Fund	47,741	205	-	47,946
Interest receivable	1,075	1,153	(1,075)	1,153
Total assets:	<u>\$ 143,632</u>	<u>\$ 130,008</u>	<u>\$ (131,756)</u>	<u>\$ 141,884</u>
Liabilities:				
Accounts payable	\$ -	\$ 130,681	\$ (130,681)	\$ -
Due to special assessment districts	143,632	128,933	(130,681)	141,884
Total liabilities:	<u>\$ 143,632</u>	<u>\$ 259,614</u>	<u>\$ (261,363)</u>	<u>\$ 141,884</u>

continued
next page

CITY OF BELVEDERE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
San Rafael Assessment District				
Assets:				
Cash and investments:				
Redemption Fund	\$ 45,640	\$ 72,071	\$ (71,318)	\$ 46,393
Reserve Fund	20,876	-	-	20,876
Interest receivable	594	630	(594)	630
Total assets:	\$ 67,110	\$ 72,701	\$ (71,912)	\$ 67,899
Liabilities:				
Accounts payable	\$ -	\$ 71,318	\$ (71,318)	\$ -
Due to special assessment districts	67,110	72,107	(71,318)	67,899
Total liabilities:	\$ 67,110	\$ 143,425	\$ (142,636)	\$ 67,899
Lower Belvedere Assessment District				
Assets:				
Cash and investments:				
Redemption Fund	\$ 111,312	\$ 173,162	\$ (172,888)	\$ 111,586
Reserve Fund	52,589	226	-	52,815
Interest receivable	1,423	1,517	(1,423)	1,517
Total assets:	\$ 165,324	\$ 174,905	\$ (174,311)	\$ 165,918
Liabilities:				
Accounts payable	\$ -	\$ 172,888	\$ (172,888)	\$ -
Due to special assessment districts	165,324	173,482	(172,888)	165,918
Total liabilities:	\$ 165,324	\$ 346,370	\$ (345,776)	\$ 165,918
Bayview/Bella Vista Avenues Assessment District				
Assets:				
Cash and investments:				
Redemption Fund	\$ 74,171	\$ 112,651	\$ (111,912)	\$ 74,910
Reserve Fund	32,503	139	-	32,642
Interest receivable	922	989	(922)	989
Total assets:	\$ 107,596	\$ 113,779	\$ (112,834)	\$ 108,541
Liabilities:				
Accounts payable	\$ -	\$ 111,912	\$ (111,912)	\$ -
Due to special assessment districts	107,596	112,857	(111,912)	108,541
Total liabilities:	\$ 107,596	\$ 224,769	\$ (223,824)	\$ 108,541

continued
next page

CITY OF BELVEDERE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
<hr/> Mid San Rafael Avenue Assessment District <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 52,160	\$ 102,873	\$ (98,388)	\$ 56,645
Reserve Fund	28,295	121	-	28,416
Interest receivable	797	885	(797)	885
Total assets:	<u>\$ 81,252</u>	<u>\$ 103,879</u>	<u>\$ (99,185)</u>	<u>\$ 85,946</u>
Liabilities:				
Accounts Payable	\$ -	\$ 98,388	\$ (98,388)	\$ -
Due to special assessment districts	81,252	103,082	(98,388)	85,946
Total liabilities:	<u>\$ 81,252</u>	<u>\$ 201,470</u>	<u>\$ (196,776)</u>	<u>\$ 85,946</u>
<hr/> Pine Avenue Assessment District <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 48,492	\$ 76,376	\$ (75,231)	\$ 49,637
Reserve Fund	23,384	101	-	23,485
Interest receivable	625	673	(625)	673
Total assets:	<u>\$ 72,501</u>	<u>\$ 77,150</u>	<u>\$ (75,856)</u>	<u>\$ 73,795</u>
Liabilities:				
Accounts Payable	\$ -	\$ 75,231	\$ (75,231)	\$ -
Due to special assessment districts	72,501	76,525	(75,231)	73,795
Total liabilities:	<u>\$ 72,501</u>	<u>\$ 151,756</u>	<u>\$ (150,462)</u>	<u>\$ 73,795</u>
<hr/> Total Agency Funds <hr/>				
Assets:				
Cash and investments:				
Redemption Fund	\$ 548,709	\$ 754,287	\$ (778,319)	\$ 524,677
Reserve Fund	280,260	933	-	281,193
Interest receivable	6,249	6,739	(6,249)	6,739
Total assets:	<u>\$ 835,218</u>	<u>\$ 761,959</u>	<u>\$ (784,568)</u>	<u>\$ 812,609</u>
Liabilities:				
Accounts Payable	\$ -	\$ 778,319	\$ (778,319)	\$ -
Due to special assessment districts	835,218	755,710	(778,319)	812,609
Total liabilities:	<u>\$ 835,218</u>	<u>\$ 1,534,029</u>	<u>\$ (1,556,639)</u>	<u>\$ 812,609</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, 2016

	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	2,500	2,500	-	2,500
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning & development	-	-	-	-
Public works	-	-	-	-
Community Center	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	2,500	2,500	-	2,500
Excess of revenues over (under) expenditures	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>	<u>2,500</u>
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(2,500)	(2,500)	-	2,500
Fund balances-beginning	<u>47,212</u>	<u>47,212</u>	<u>57,592</u>	<u>10,380</u>
Fund balances-ending	<u>\$ 44,712</u>	<u>\$ 44,712</u>	<u>\$ 57,592</u>	<u>\$ 12,880</u>

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	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	22,874	22,874	23,958	1,084
Intergovernmental revenues	42,626	42,626	45,190	2,564
Charges for services	185,000	185,000	178,249	(6,751)
Franchise fees	-	-	684	684
Other revenues	50,000	50,000	50,000	-
Total revenues	300,500	300,500	298,081	(2,419)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning & development	-	-	-	-
Public works	-	-	-	-
Community Center	-	-	-	-
Library	-	-	-	-
Capital outlay	602,600	602,600	451,135	151,465
Total expenditures	602,600	602,600	451,135	151,465
Excess of revenues over (under) expenditures	(302,100)	(302,100)	(153,054)	149,046
Other financing sources (uses):				
Transfers from other funds	74,715	74,715	133,621	58,906
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	74,715	74,715	133,621	58,906
Excess of revenues and other sources over (under) expenditures and other uses	(227,385)	(227,385)	(19,433)	207,952
Fund balances-beginning	432,120	432,120	415,837	(16,283)
Fund balances-ending	<u>\$ 204,735</u>	<u>\$ 204,735</u>	<u>\$ 396,404</u>	<u>\$ 191,669</u>

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
EQUIPMENT REPLACEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final- Positive (Negative)
<u>Revenues:</u>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money/property	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	500	500	10,000	9,500
Total revenues	500	500	10,000	9,500
<u>Expenditures:</u>				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning and development	-	-	-	-
Public works	-	-	-	-
Community Center	-	-	-	-
Library	-	-	-	-
Capital outlay	44,194	44,194	27,212	16,982
Total expenditures	44,194	44,194	27,212	16,982
Excess of revenues over (under) expenditures	(43,694)	(43,694)	(17,212)	26,482
<u>Other financing sources (uses):</u>				
Transfers from other funds	38,694	38,694	22,212	(16,482)
Transfers to other funds	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	38,694	38,694	22,212	(16,482)
Excess of revenues and other sources over (under) expenditures and other uses	(5,000)	(5,000)	5,000	10,000
Fund balances-beginning	115,000	115,000	115,000	-
Fund balances-ending	\$ 110,000	\$ 110,000	\$ 120,000	\$ 10,000

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
LIBRARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	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	-	-	631,726	631,726
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	631,726	631,726
Expenditures:				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Planning and development	-	-	-	-
Public works	-	-	-	-
Community center	-	-	-	-
Library	-	-	631,726	(631,726)
Capital outlay	-	-	-	-
Total expenditures	-	-	631,726	(631,726)
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELVEDERE
BUDGETARY COMPARISON SCHEDULE
GAS TAX FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	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	60,000	60,000	45,574	(14,426)
Charges for services	-	-	-	-
Franchise fees	-	-	-	-
Other revenues	-	-	-	-
Total revenues	60,000	60,000	45,574	(14,426)
Expenditures:				
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	60,000	60,000	45,574	(14,426)
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	(60,000)	(60,000)	(45,574)	(14,426)
Proceeds of long-term debt	-	-	-	-
Total other financing sources (uses)	(60,000)	(60,000)	(45,574)	14,426
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances-beginning	-	-	-	-
Fund balances-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



— CITY OF BELVEDERE, CALIFORNIA —

STATISTICAL

SECTION

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Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	87
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>	93
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>	99
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>	100
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>	102

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Invested in capital assets, net of related debt	\$ 6,338,137	\$ 6,423,791	\$ 6,290,687	\$ 6,391,231	\$ 6,477,485	\$ 5,706,425	\$ 5,463,346	\$ 5,007,173	\$ 4,153,529	\$ 3,262,770
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(660,496)	(1,082,881)	2,228,375	2,748,028	3,434,876	4,479,437	5,287,697	5,587,825	6,368,744	6,137,101
Total governmental activities net position	<u>\$ 5,677,641</u>	<u>\$ 5,340,910</u>	<u>\$ 8,519,062</u>	<u>\$ 9,139,259</u>	<u>\$ 9,912,361</u>	<u>\$ 10,185,862</u>	<u>\$ 10,751,043</u>	<u>\$ 10,594,998</u>	<u>\$ 10,522,273</u>	<u>\$ 9,399,871</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government										
Net investment in capital assets	\$ 6,338,137	\$ 6,423,791	\$ 6,290,687	\$ 6,391,231	\$ 6,477,485	\$ 5,706,425	\$ 5,463,346	\$ 5,007,173	\$ 4,153,529	\$ 3,262,770
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(660,496)	(1,082,881)	2,228,375	2,748,028	3,434,876	4,479,437	5,287,697	5,587,825	6,368,744	6,137,101
Total primary government net position	<u>\$ 5,677,641</u>	<u>\$ 5,340,910</u>	<u>\$ 8,519,062</u>	<u>\$ 9,139,259</u>	<u>\$ 9,912,361</u>	<u>\$ 10,185,862</u>	<u>\$ 10,751,043</u>	<u>\$ 10,594,998</u>	<u>\$ 10,522,273</u>	<u>\$ 9,399,871</u>

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
General government	\$ 681,073	\$ 839,551	\$ 1,028,858	\$ 1,238,851	\$ 1,172,786	\$ 898,233	\$ 792,680	\$ 819,409	\$ 761,977	\$ 703,800
Public safety	3,245,388	2,957,115	3,148,198	2,934,211	2,780,923	2,702,610	2,676,539	2,436,063	2,200,074	2,066,508
Planning and development	1,122,216	1,082,995	1,565,998	1,578,591	1,456,839	1,481,116	1,511,119	1,447,646	1,149,621	1,043,117
Public works	960,194	916,263	1,083,090	873,506	862,370	921,415	902,579	901,726	878,056	838,098
Community Center	81,833	99,253	74,807	346,405	45,443	42,233	37,561	58,879	36,070	37,218
Library	631,726	600,217	596,645	545,294	533,126	528,273	520,894	523,063	564,677	429,790
Non-departmental	371,348	401,903	-	261,670	231,431	193,232	157,913	136,615	102,282	59,232
Unallocated depreciation expense	310,089	294,135	273,435	-	-	-	-	-	-	-
Total governmental activities expenses	<u>7,403,867</u>	<u>7,191,432</u>	<u>7,771,031</u>	<u>7,778,528</u>	<u>7,082,918</u>	<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>
Business-type activities:										
Sewer	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u>\$ 7,403,867</u>	<u>\$ 7,191,432</u>	<u>\$ 7,771,031</u>	<u>\$ 7,778,528</u>	<u>\$ 7,082,918</u>	<u>\$ 6,767,112</u>	<u>\$ 6,599,285</u>	<u>\$ 6,323,401</u>	<u>\$ 5,692,757</u>	<u>\$ 5,177,763</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 15,058	\$ 12,523	\$ 28,748	\$ 23,101	\$ 33,022	\$ 21,936	\$ 22,603	\$ 18,189	\$ 29,273	\$ 39,661
Public safety	112,626	53,245	19,933	11,822	17,265	21,889	29,300	24,483	16,428	110
Planning and development	726,619	981,766	572,953	725,821	912,270	521,575	881,464	607,349	662,362	839,950
Public works	262,117	160,412	234,795	269,865	245,991	175,804	231,576	218,778	288,641	288,712
Community Center	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-
Non-departmental	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>1,116,420</u>	<u>1,207,946</u>	<u>856,429</u>	<u>1,030,609</u>	<u>1,208,548</u>	<u>741,204</u>	<u>1,164,943</u>	<u>868,799</u>	<u>996,704</u>	<u>1,168,433</u>
Business-type activities:										
Charges for services:										
Sewer	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>\$ 1,116,420</u>	<u>\$ 1,207,946</u>	<u>\$ 856,429</u>	<u>\$ 1,030,609</u>	<u>\$ 1,208,548</u>	<u>\$ 741,204</u>	<u>\$ 1,164,943</u>	<u>\$ 868,799</u>	<u>\$ 996,704</u>	<u>\$ 1,168,433</u>

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net (Expense)/Revenue										
Governmental activities	\$ (6,287,447)	\$ (5,983,486)	\$ (6,914,602)	\$ (6,747,919)	\$ (5,874,370)	\$ (6,025,908)	\$ (5,434,342)	\$ (5,454,602)	\$ (4,696,053)	\$ (4,009,330)
Total primary government net expense	<u>\$ (6,287,447)</u>	<u>\$ (5,983,486)</u>	<u>\$ (6,914,602)</u>	<u>\$ (6,747,919)</u>	<u>\$ (5,874,370)</u>	<u>\$ (6,025,908)</u>	<u>\$ (5,434,342)</u>	<u>\$ (5,454,602)</u>	<u>\$ (4,696,053)</u>	<u>\$ (4,009,330)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 5,350,001	\$ 4,993,837	\$ 4,858,173	\$ 4,501,805	\$ 3,680,706	\$ 3,602,729	\$ 3,719,284	\$ 3,562,944	\$ 3,505,396	\$ 3,024,281
Other taxes	142,479	115,208	199,457	247,757	850,245	791,767	779,662	786,786	771,346	724,351
Use of money/property	49,006	44,630	42,091	54,201	61,607	67,407	74,202	137,425	238,191	234,909
Intergovernmental revenues	872,228	841,403	885,324	825,388	808,829	746,210	739,425	749,506	1,138,158	842,618
Franchise fees	170,673	152,253	158,671	169,881	128,336	123,028	113,265	116,977	110,501	110,850
Other	153,889	119,985	150,689	68,561	71,146	43,798	55,045	53,099	54,763	394,540
Transfers	-	-	-	107,224	-	83,788	111,504	120,690	-	54,582
Total governmental activities	<u>6,738,276</u>	<u>6,267,316</u>	<u>6,294,405</u>	<u>5,974,817</u>	<u>5,600,869</u>	<u>5,458,727</u>	<u>5,592,387</u>	<u>5,527,427</u>	<u>5,818,355</u>	<u>5,386,131</u>
Total primary government	<u>\$ 6,738,276</u>	<u>\$ 6,267,316</u>	<u>\$ 6,294,405</u>	<u>\$ 5,974,817</u>	<u>\$ 5,600,869</u>	<u>\$ 5,458,727</u>	<u>\$ 5,592,387</u>	<u>\$ 5,527,427</u>	<u>\$ 5,818,355</u>	<u>\$ 5,386,131</u>
Change in Net Position										
Governmental activities	\$ 450,829	\$ 283,830	\$ (620,197)	\$ (773,102)	\$ (273,501)	\$ (567,181)	\$ 158,045	\$ 72,825	\$ 1,122,302	\$ 1,376,801
Total primary government	<u>\$ 450,829</u>	<u>\$ 283,830</u>	<u>\$ (620,197)</u>	<u>\$ (773,102)</u>	<u>\$ (273,501)</u>	<u>\$ (567,181)</u>	<u>\$ 158,045</u>	<u>\$ 72,825</u>	<u>\$ 1,122,302</u>	<u>\$ 1,376,801</u>

Source: City Finance Department

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

	Program Revenues									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Function/Program										
Governmental activities:										
General government	\$ 15,058	\$ 12,523	\$ 28,748	\$ 23,101	\$ 33,022	\$ 21,936	\$ 22,603	\$ 18,189	\$ 29,273	\$ 39,661
Public safety	112,626	53,245	19,933	11,822	17,265	21,889	29,300	24,483	16,428	110
Planning and development	726,619	981,766	572,953	725,821	912,270	521,575	881,464	607,349	662,362	839,950
Public works	262,117	160,412	234,795	269,865	245,991	175,804	231,576	218,778	288,641	288,712
Other	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>1,116,420</u>	<u>1,207,946</u>	<u>856,429</u>	<u>1,030,609</u>	<u>1,208,548</u>	<u>741,204</u>	<u>1,164,943</u>	<u>868,799</u>	<u>996,704</u>	<u>1,168,433</u>
Total primary government	<u>\$ 1,116,420</u>	<u>\$ 1,207,946</u>	<u>\$ 856,429</u>	<u>\$ 1,030,609</u>	<u>\$ 1,208,548</u>	<u>\$ 741,204</u>	<u>\$ 1,164,943</u>	<u>\$ 868,799</u>	<u>\$ 996,704</u>	<u>\$ 1,168,433</u>

Source: City Finance Department

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

	Fiscal Year									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund										
Nonspendable	\$ 31,422	\$ 16,150	\$ 10,476	\$ 9,923	\$ 413,142	\$ 410,817	\$ 414,848	\$ 405,460	\$ 422,350	\$ 426,267
Restricted	98,995	77,808	61,322	53,831	44,372	50,946	36,644	54,645	57,651	41,855
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	257,592	157,592	58,839	-	-	-	-	-	-	-
Unassigned	<u>2,535,633</u>	<u>2,120,184</u>	<u>2,047,647</u>	<u>2,438,174</u>	<u>2,781,071</u>	<u>2,892,358</u>	<u>3,371,344</u>	<u>3,318,988</u>	<u>3,654,167</u>	<u>3,824,392</u>
Total general fund	<u>\$ 2,923,642</u>	<u>\$ 2,371,734</u>	<u>\$ 2,178,284</u>	<u>\$ 2,501,928</u>	<u>\$ 3,238,585</u>	<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>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	314,064	307,737	402,903	414,209	375,708	812,854	1,170,749	273,621	438,468	440,576
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	202,340	223,100	49,790	170,271	99,370	573,924	533,540	2,554,221	1,960,527	1,541,534
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 516,404</u>	<u>\$ 530,837</u>	<u>\$ 452,693</u>	<u>\$ 584,480</u>	<u>\$ 475,078</u>	<u>\$ 1,386,778</u>	<u>\$ 1,704,289</u>	<u>\$ 2,827,842</u>	<u>\$ 2,398,961</u>	<u>\$ 1,982,110</u>

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues										
Property taxes	\$ 5,350,001	\$ 4,993,837	\$ 4,858,173	\$ 4,501,805	\$ 3,680,706	\$ 3,602,729	\$ 3,719,284	\$ 3,562,944	\$ 3,505,396	\$ 3,024,281
Other taxes	142,479	115,208	199,457	247,757	850,245	91,767	779,662	786,786	771,346	724,351
Licenses and permits	453,404	367,059	411,600	442,153	409,990	330,151	333,733	335,539	381,750	406,837
Fines and forfeitures	21,786	368,789	22,925	122,770	232,881	23,073	354,942	67,554	64,017	230,112
Use of money/property	49,006	44,630	42,091	54,201	61,607	67,407	74,202	137,425	238,191	234,909
Intergovernmental	872,228	841,403	885,324	825,388	808,829	746,210	739,425	749,506	1,138,158	842,618
Charges for services	641,228	472,098	421,905	465,686	565,677	387,979	476,268	465,705	550,938	531,483
Franchise fees	170,673	152,253	158,671	169,881	128,336	123,028	113,265	116,977	110,501	110,850
Other revenues	<u>153,889</u>	<u>119,985</u>	<u>150,689</u>	<u>68,561</u>	<u>71,146</u>	<u>43,798</u>	<u>55,045</u>	<u>53,099</u>	<u>54,763</u>	<u>394,540</u>
Total revenues	<u>7,854,694</u>	<u>7,475,262</u>	<u>7,150,835</u>	<u>6,898,202</u>	<u>6,809,417</u>	<u>5,416,142</u>	<u>6,645,826</u>	<u>6,275,535</u>	<u>6,815,060</u>	<u>6,499,981</u>
Expenditures										
General government	1,094,516	1,155,569	967,926	1,182,562	1,141,306	844,598	736,715	752,063	707,121	663,328
Public safety	3,167,024	2,864,729	3,092,280	2,860,949	2,717,723	2,633,751	2,597,898	2,398,330	2,155,192	2,029,973
Planning and development	1,064,239	1,029,395	1,501,913	1,551,205	1,420,824	1,457,819	1,472,293	1,412,662	1,119,300	1,012,489
Public works	828,348	769,864	862,315	756,043	704,076	798,718	773,627	750,275	702,629	711,332
Community Center	53,019	70,380	46,141	317,976	18,294	16,343	12,516	35,564	15,320	14,116
Library	631,726	600,217	596,645	545,294	533,126	528,273	520,894	526,063	564,677	429,790
Capital outlay	<u>478,347</u>	<u>713,514</u>	<u>539,046</u>	<u>418,652</u>	<u>1,301,304</u>	<u>706,654</u>	<u>883,377</u>	<u>1,290,281</u>	<u>1,292,318</u>	<u>528,262</u>
Total expenditures	<u>7,317,219</u>	<u>7,203,668</u>	<u>7,606,266</u>	<u>7,632,681</u>	<u>7,836,653</u>	<u>6,986,156</u>	<u>6,997,320</u>	<u>7,165,238</u>	<u>6,556,557</u>	<u>5,389,290</u>
Excess of revenues over (under) expenditures	537,475	271,594	(455,431)	(734,479)	(1,027,236)	(1,570,014)	(351,494)	(889,703)	258,503	1,110,691
Other Financing Sources (Uses)										
Transfers in	908,952	1,015,062	513,794	717,043	561,178	697,167	805,051	983,932	74,608	1,047,475
Transfers out	<u>(908,952)</u>	<u>(1,015,062)</u>	<u>(513,794)</u>	<u>(609,819)</u>	<u>(561,178)</u>	<u>(613,379)</u>	<u>(693,547)</u>	<u>(863,241)</u>	<u>(74,608)</u>	<u>(992,893)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,224</u>	<u>-</u>	<u>83,788</u>	<u>111,504</u>	<u>120,691</u>	<u>-</u>	<u>54,582</u>
Net change in fund balances	<u>\$ 537,475</u>	<u>\$ 271,594</u>	<u>\$ (455,431)</u>	<u>\$ (627,255)</u>	<u>\$ (1,027,236)</u>	<u>\$ (1,486,226)</u>	<u>\$ (239,990)</u>	<u>\$ (769,012)</u>	<u>\$ 258,503</u>	<u>\$ 1,165,273</u>
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 Five 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	1.1036	2,161,323,521	1.353303
2013-14	1,612,430,131	12,807,652	40,962,436	16,706,550	10,871,256	1,672,035,513	1.1036	2,435,824,679	1.456802
2014-15	1,685,572,954	12,888,797	41,655,695	16,933,816	11,124,656	1,745,926,606	1.0951	3,106,077,967	1.779043
2015-16	1,823,642,530	13,182,251	31,296,908	18,944,702	10,787,692	1,876,278,699	1.1098	2,577,614,790	1.373791

Source: Marin County Assessor data, MuniServices, LLC

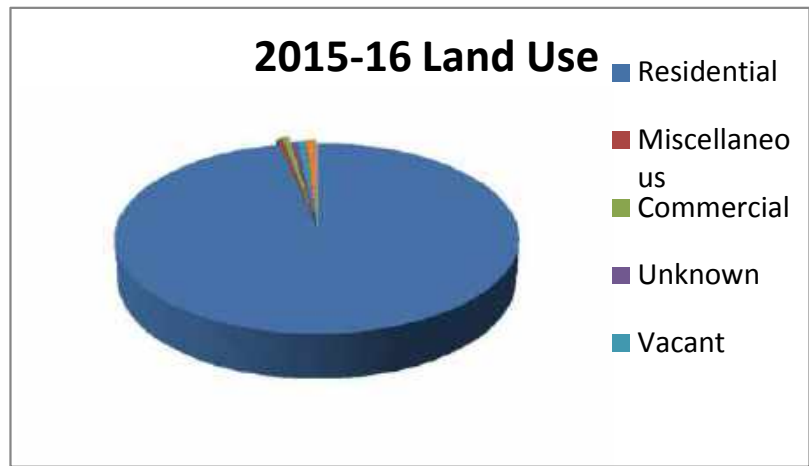
1.) Total direct tax rate is the city share of the 1% Proposition 13 tax only for TRA 001-000 and rounded.

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

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

Category	2013-14	2014-15	2015-16
Residential	1,612,430,131	1,685,572,954	1,823,642,530
Miscellaneous	7,751,260	7,504,772	7,540,624
Commercial	12,807,652	12,888,797	13,182,251
Unknown	20,231,500	21,117,416	10,324,956
Vacant	12,979,676	13,033,407	13,431,328
Gross Secured Value	1,666,200,219	1,740,117,346	1,868,121,689
Unsecured	16,706,550	16,933,816	18,944,702
Less Exemptions	10,871,256	11,124,656	10,787,692
Net Taxable Value	1,672,035,513	1,745,926,506	1,876,278,699



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 Five Fiscal Years

	2011-12	2012-13	2013-14	2014-15	2015-16
Basic City and County Levy					
COUNTY GENERAL FUND	0.185000	0.185000	0.185000	0.185000	0.185000
CITY OF BELVEDERE	0.207000	0.207000	0.207000	0.207000	0.207000
ALL OTHER COUNTY ENTITIES	0.608000	0.608000	0.608000	0.608000	0.608000
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments					
TAM UNION HIGH SCH BONDS					
2001 Series	0.011300	0.005100	0.000000	0.000000	0.000000
2002 Series	0.000000	0.000000	0.000000	0.000000	0.000000
2004 Series	0.000000	0.000000	0.000000	0.000000	0.000000
2006 Series	0.017100	0.016700	0.016000	0.014800	0.006300
2010 Refunding bond	0.012600	0.010200	0.012800	0.011700	0.010600
MARIN COM COLLEGE	0.017500	0.017800	0.020400	0.018000	0.014700
REED SCHOOL BONDS 2002	0.024300	0.000000	0.000000	0.000000	0.000000
REED UNION SCH BONDS 2004	0.017900	0.007100	0.000000	0.000000	0.000000
REED UNION SCH- 2011 REFUNDING	0.000000	0.029200	0.034000	0.031200	0.029000
REED UNION SCH- 2012 REFUNDING	0.000000	0.000000	0.006300	0.010700	0.009500
REED ELEM SCH BD'06	0.014000	0.013400	0.004300	0.000000	0.000000
TAMALPAIS USHD GO BOND FUND 2011	0.000000	0.005100	0.009800	0.008700	0.008000
TAMALPAIS UHSD 2014 REFUNDING	0.000000	0.000000	0.000000	0.000000	0.006400
MARIN COM COLLEGE 2015 REFUNDING	0.000000	0.000000	0.000000	0.000000	0.001800
MARIN HEALTHCARE-MEASURE	0.000000	0.000000	0.000000	0.000000	0.023500
TOTAL	0.114700	0.104600	0.103600	0.095100	0.109800
TOTAL TAX RATE	1.114700	1.104600	1.103600	1.095100	1.109800

Source: Marin County Auditor data, MuniServices, LLC

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

City of Belvedere

Principal Property Tax Payers Last Fiscal Year and Nine Years Ago

Taxpayer	2015-16		2006-07	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Belvedere Land Company Partner	\$ 40,684,486	2.17%	\$ 35,766,718	2.79%
Pampalone Trust	24,989,510	1.33%		
Koogle Timothy A	19,473,922	1.04%		
Winslow Clark J	14,101,580	0.75%		
Settling Ltd.	12,740,490	0.68%		
Grand Stephen Nancy J Joint	12,232,760	0.65%		
Drebes Lawrence T Jr	11,967,594	0.64%	10,525,192	0.82%
Faithfort Entrps Inc.	11,873,945	0.63%	7,355,500	0.57%
Dillard Family Trust 2003	11,443,845	0.61%		
27 Bellevue Llc	9,733,794	0.52%		
Tozzi Georgene M Separate Prop	9,597,842	0.51%		
Burillo Javier	9,407,535	0.50%		
Decker Olivia H	9,259,147	0.49%		
39 Belvedere Llc	9,066,522	0.48%		
Castellucci Antonio Rita Trust	8,996,637	0.48%		
Janney Daniel S	8,975,918	0.48%	9,863,001	0.77%
Schneider James A	8,799,254	0.47%	7,737,954	0.60%
Brown J M Revoc Trust	8,346,451	0.44%		
De Somma Leonard B	7,658,694	0.41%		
Kawishiwi Partners Revocable T	7,295,750	0.39%		
Hyman Zachary Kimberly Revoc T	7,048,625	0.38%		
Bogliolo Alessandro	6,860,839	0.37%		
Friedman Gerald L	6,741,000	0.36%		
Hilpert Dale W	6,734,000	0.36%	6,538,042	0.51%
Mc Neil Robert A Carole J 2000	6,693,085	0.36%		
Kahn Philippe R Tr			10,200,000	0.79%
Carrel David M Tr			8,518,613	0.66%
Burillo Javier Tr			8,273,832	0.64%
Barker Jennifer P Tr			7,676,601	0.60%
Troxel Douglas D Tr			7,592,982	0.59%
Richards Albert			7,521,045	0.59%
Dixon William R Jr			7,275,800	0.57%
Lockshin Steven D Tr Etal			6,579,000	0.51%
Wojcik Richard F			6,370,959	0.50%
Gilliland Gloria J Tr			6,302,304	0.49%
Goldberg Fred S Tr			6,268,780	0.49%
Richardson Bay Land Co			6,207,153	0.48%
Reynolds Michael D Tr			6,150,073	0.48%
Safiri Zohreh			5,946,294	0.46%
Jacobs Bruce Tr			5,878,260	0.46%
Skeen Michelle			5,850,516	0.46%
Ostroff Greg M Tr			5,848,895	0.46%
Skeen John K			5,646,001	0.44%
Bella Vista Capital Inc			5,610,000	0.44%
Total Top 25 Taxpayers	\$ 290,723,225	15.49%	\$ 207,503,515	16.16%
Total Taxable Value	\$ 1,876,278,699	100.00%	\$1,283,855,967	100.00%

Source: Marin County Assessor data, MuniServices, LLC

City of Belvedere

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

2015-16	
Taxpayer	Business Type
Ann Hoskins Interiors	Miscellaneous Retail
Arthur Leeper Asian Art	Miscellaneous Other
Bayside Garden Center	Florist/Nursery
Block Party	Miscellaneous Other
Byblye	Miscellaneous Retail
Christen Interiors	Miscellaneous Retail
Corinne Matthews Wiley	Furniture/Appliance
Cottage Coastal Store	Furniture/Appliance
Cuthrell & Daugther	Business Services
Gwen Price Interiors	Miscellaneous Retail
Hot Foot America	Chemical Products
Katharine Whittaker	Miscellaneous Retail
Katherine Hill	Miscellaneous Retail
Linda Applewhite & Associates	Business Services
Mcgovern Design Studio	Miscellaneous Retail
Mh Design	Miscellaneous Retail
Michelle Friend	Miscellaneous Retail
Ming's Restaurant	Restaurants
Nancy Freed Interiors	Miscellaneous Retail
Purple Monkey Hair	Apparel Stores
R & S Service	Auto Parts/Repair
San Francisco Yacht Club	Miscellaneous Retail
Smith Bio-Medical	Office Equipment
Spindler Textiles	Miscellaneous Other
St. Stephen'S Episcopal Church	Health & Government

Source: Q116 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
2007	\$ 2,523,828	\$ 2,523,828	100.00 %	\$ -	\$ 2,523,828	100.00 %
2008	2,691,297	2,691,297	100.00 %	-	2,691,297	100.00 %
2009	2,885,912	2,885,912	100.00 %	-	2,885,912	100.00 %
2010	3,019,098	3,019,098	100.00 %	-	3,019,098	100.00 %
2011	2,936,875	2,936,875	100.00 %	-	2,936,875	100.00 %
2012	3,006,205	3,006,205	100.00 %	-	3,006,205	100.00 %
2013	3,121,274	3,121,274	100.00 %	-	3,121,274	100.00 %
2014	3,296,437	3,296,437	100.00 %	-	3,296,437	100.00 %
2015	3,448,212	3,448,212	100.00 %	-	3,448,212	100.00 %
2016	3,720,091	3,720,091	100.00 %	-	3,720,091	100.00 %

Sources: City Finance Department

City of Belvedere

2015-16 Assessed Valuation: \$1,879,486,557

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/16	% Applicable (1)	City's Share of Debt 6/30/16
Marin Community College District	\$218,950,000	2.828%	\$ 6,191,906
Tamalpais Union High School District	124,435,000	4.786	5,955,459
Reed Union School District	31,625,000	24.470	7,738,638
Marin Healthcare District	170,000,000	3.409	5,795,300
Belvedere-Tiburon Library Community Facilities District No. 95-1	935,000	28.235	263,997
Marin County Open Space Community Facilities District No. 1993-1	2,510,035	33.989	853,136
Marin County Open Space Community Facilities District No. 1997-1	2,510,035	33.989	853,136
City of Belvedere 1915 Act Bonds	9,380,000	100.	9,380,000
Marin Emergency Radio Authority Parcel Tax Obligations	33,000,000	2.896	<u>955,680</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$37,987,252
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Marin County General Fund Obligations	\$92,087,468	2.823%	\$2,599,629
Marin County Pension Obligation Bonds	99,675,000	2.823	2,813,825
Marin County Transit General Fund Obligations	131,511	2.823	3,713
Marin Municipal Water District General Fund Obligations	106,992	3.611	3,863
Marin Community College District General Fund Obligations	2,515,834	2.828	71,148
City of Belvedere General Fund Obligations	85,817	100.	<u>85,817</u> (2)
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$5,577,995
TOTAL DIRECT DEBT			\$85,817
TOTAL OVERLAPPING DEBT			\$43,479,430
COMBINED TOTAL DEBT			\$43,565,247 (3)

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

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.02%
Total Direct Debt (\$85,817)	0.005%
Combined Total Debt.....	2.32%

AB:(\$475)

City of Belvedere

Demographic and Economic Statistics Last Five Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (5)	**Public School Enrollment	County Unemployment Rate (%) (3)	City Unemployment Rate (%) (4)	County Population (1)
2011-12	2,090	\$ 239,074,285	\$ 114,390	55.3	5,240	7.0%	8.0%	254,790
2012-13	2,086	242,681,214	116,338	54.0	5,415	6.3%	6.9%	254,007
2013-14	2,094	264,608,310	126,365	55.2	5,616	5.0%	3.9%	255,846
2014-15	2,121	284,498,617	134,134	56.8	5,711	3.3%	3.9%	258,927
2015-16	2,162	263,709,928	121,975	56.1	6,023	3.5%	3.9%	262,274

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General government										
City Manager's Office	2	2	2	3	3	2	2	2	2	2
Finance	1	1	1	1	1	1	1	1	1	1
Planning	4	4	4	3	4	4	4	3	3	3
Public Safety										
Officers	7	6	6	7	7	7	7	7	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
Public Works	4	4	4	4	4	4	4	4	4	4
Total	<u>22</u>	<u>21</u>	<u>21</u>	<u>22</u>	<u>23</u>	<u>22</u>	<u>22</u>	<u>21</u>	<u>20</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General government										
Building permits issued	205	267	287	292	281	284	270	258	240	257
Building inspections conducted	2,551	2,568	2,196	1,869	2,130	1,668	1,573	1,855	1,933	1,813
Police										
Physical arrests	15	10	10	18	27	33	26	21	16	14
Parking violations	571	427	232	236	183	155	178	242	227	176
Traffic violations	56	82	98	86	129	136	135	86	60	67
Public Works										
Encroachment permits issued	560	528	584	651	686	546	560	491	820	584
Road closures	35	27	57	160	162	107	119	95	84	84
Planning Department										
Applications received	264	433	420	470	473	411	400	417	624	454
Applications approved	230	339	425	334	363	316	293	305	479	320

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol officers	7	7	7	7	7	7	7	7	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, 2016, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 6, 2016.

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 6, 2016