

City of Belmont, California

Comprehensive Annual Financial Report

2018

For the year ended June 30, 2018



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CITY OF BELMONT, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

Prepared by
FINANCE DEPARTMENT

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Introductory Section



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City of Belmont

Message from the Finance Director



October 1, 2018

To the Citizens of the City of Belmont, California:

We are pleased to present the City of Belmont's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City, and in particular, the Finance Department. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The following pages in this transmittal are intended to summarize and highlight the City's financial results for the fiscal year just ended and complement the Management's Discussion & Analysis (MD&A) and basic financial statements.

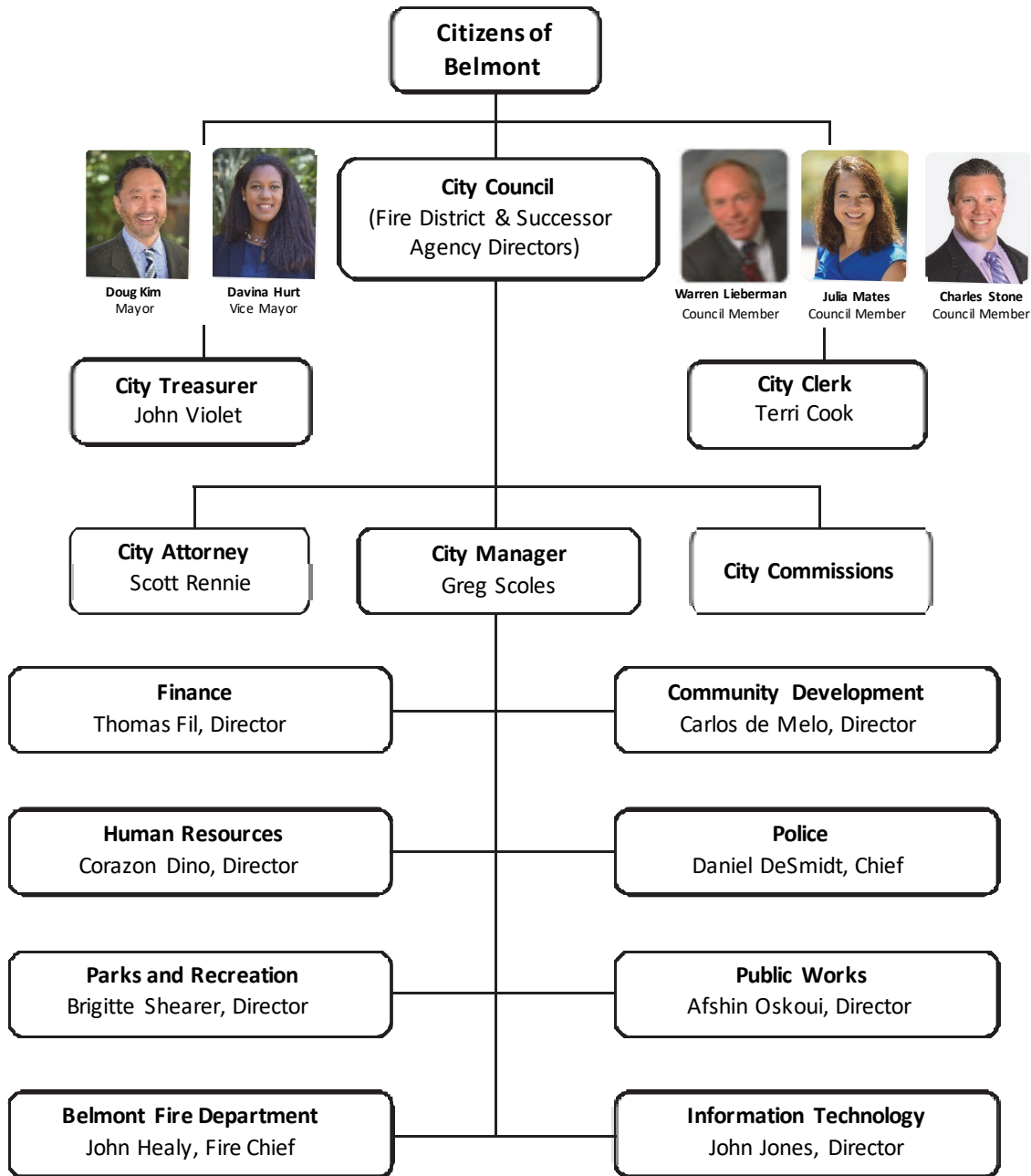
The MD&A, which provides a more comprehensive look at the City's financial results, includes a narrative introduction, overview and analysis. Readers are encouraged to read the MD&A, which can be found immediately following the independent auditor's report in the financial section of the CAFR, along with accompanying basic financial statements.

The preparation of the CAFR was made possible by the dedicated service of the entire staff of the Finance Department. Sincere appreciation is expressed to all those who assisted and contributed to its preparation.

Respectfully,

Thomas E. Fil, CPA, CPFO
Finance Director

Organizational Chart and Principal Officials



About City of Belmont

The City of Belmont, incorporated in 1926, is located on the San Francisco peninsula, midway between San Francisco and San Jose. The City of Belmont operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four other members. The City Council is responsible, amongst other things, for passing ordinances, adopting the budget, appointing commissions, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing day-to-day operations of the City, and for appointing the heads of the various departments.

The City provides a full range of services including police and fire protection; sanitation services; construction and maintenance of highways, streets, and infrastructure; community development; parks; recreational activities; and general government activities.

General Fund Results

**General Fund Balance Trends
(millions)**



The City continues to build on prior year successes of stabilizing operations and an unprecedented General Fund balance, including the effects of Measure I, was reached in FY 2018. Moreover, the City's investment in addressing deferred maintenance has increased markedly. However, the risk exposure from aging infrastructure remains significant.

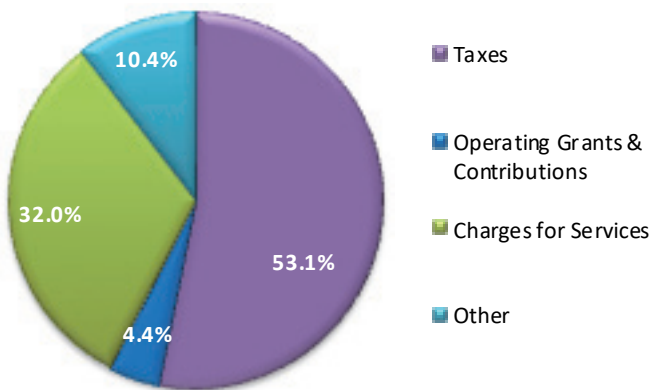
FY 2018 revenues increased to \$25.9 million from \$22.4 million in prior year. Taxes revenues of \$14.7 million, including \$1.7 million of Measure I revenue, led the increase, reflecting continued improvement in the local economy.

FY 2018 expenditures were managed and below the final budget by \$2.0 million, and were complimented by actual revenue exceeding budget by \$0.6 million.

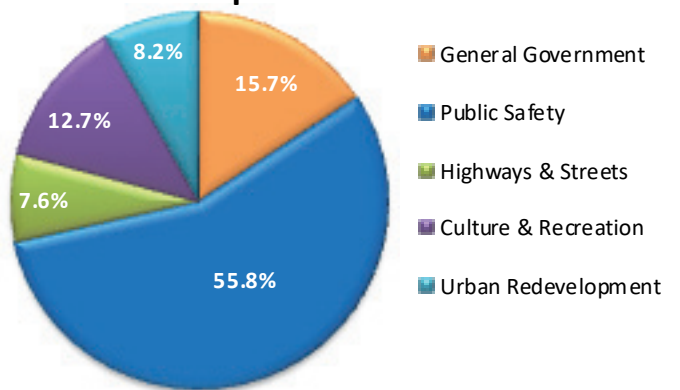
Looking forward, the FY 2019 Budget is balanced and the City's five-year forecast projects future General Fund balances to be above the minimum reserve requirement and achieving the policy reserve target. The Budget also provides a noteworthy \$28.6 million for capital projects.

Governmental Fund Results

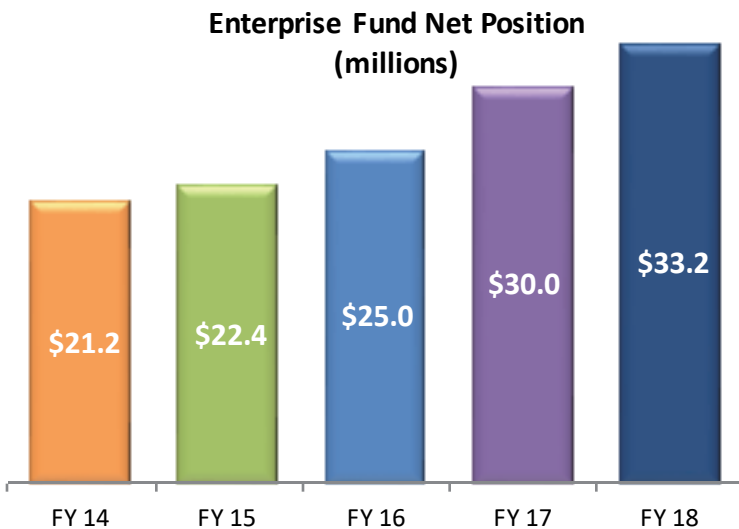
Revenues



Expenditures



Enterprise Fund Results



Operating revenues of \$15.0 million were 3% lower than last year, reflecting one-time sewer connection fees related to new development.

Operating expenses increased by \$0.8 million, mostly in sewer, to \$10.0 million.

A robust capital improvement plan has been developed for the City's enterprises.

Long-Term Debt

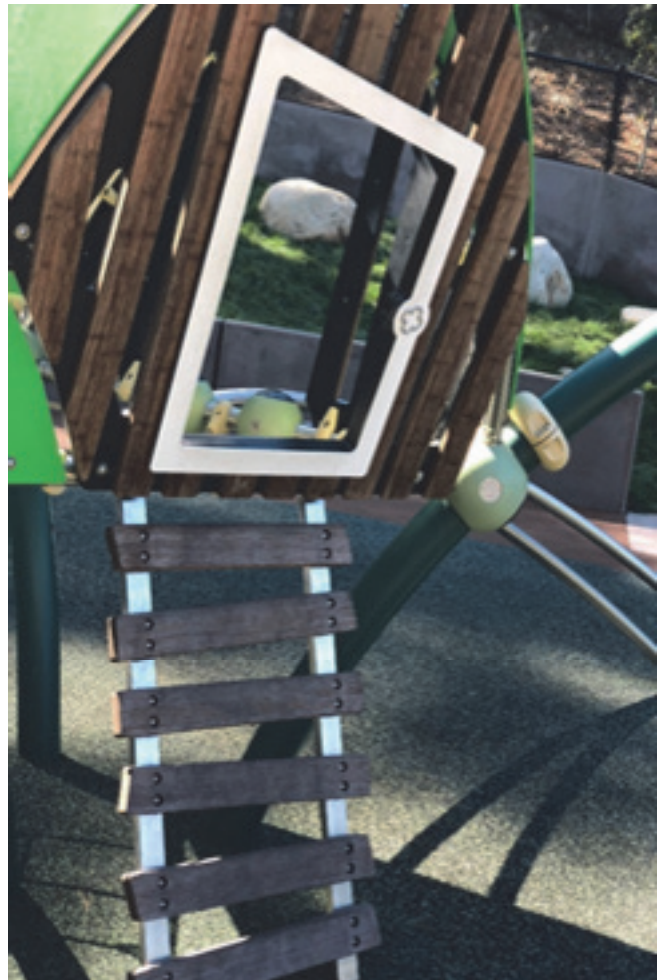
At the end of fiscal year 2018, the City had a total of \$33.6 million in long-term debt. Debt related to governmental activities totaled \$0.03 million in a capital lease for a fire apparatus, while business-type activities debt equaled \$33.6 million in sewer revenue bonds. In March 2016, the City issued \$16.12 million in sewer revenue bonds to finance certain capital projects in the sewer collection system, and \$9.95 million in sewer refunding bonds to redeem prior bonds in order to achieve lower interest cost. The existing long-term debt does not include addressing deferred capital maintenance and retirement obligations discussed in greater detail below.

Cash Management

Cash temporarily idle during the year was invested in U.S. Government securities and with the State Treasurer's Local Agency Investment Fund (LAIF).

Risk Management

Since 2004, the City has purchased primary workers' compensation insurance with no deductible. All claims from that date are covered 100% by the carrier. Prior to 2004, the City maintained a self-insurance program for workers' compensation. The City also purchases commercial insurance against general liability above the City's self-insured retention of \$250,000.

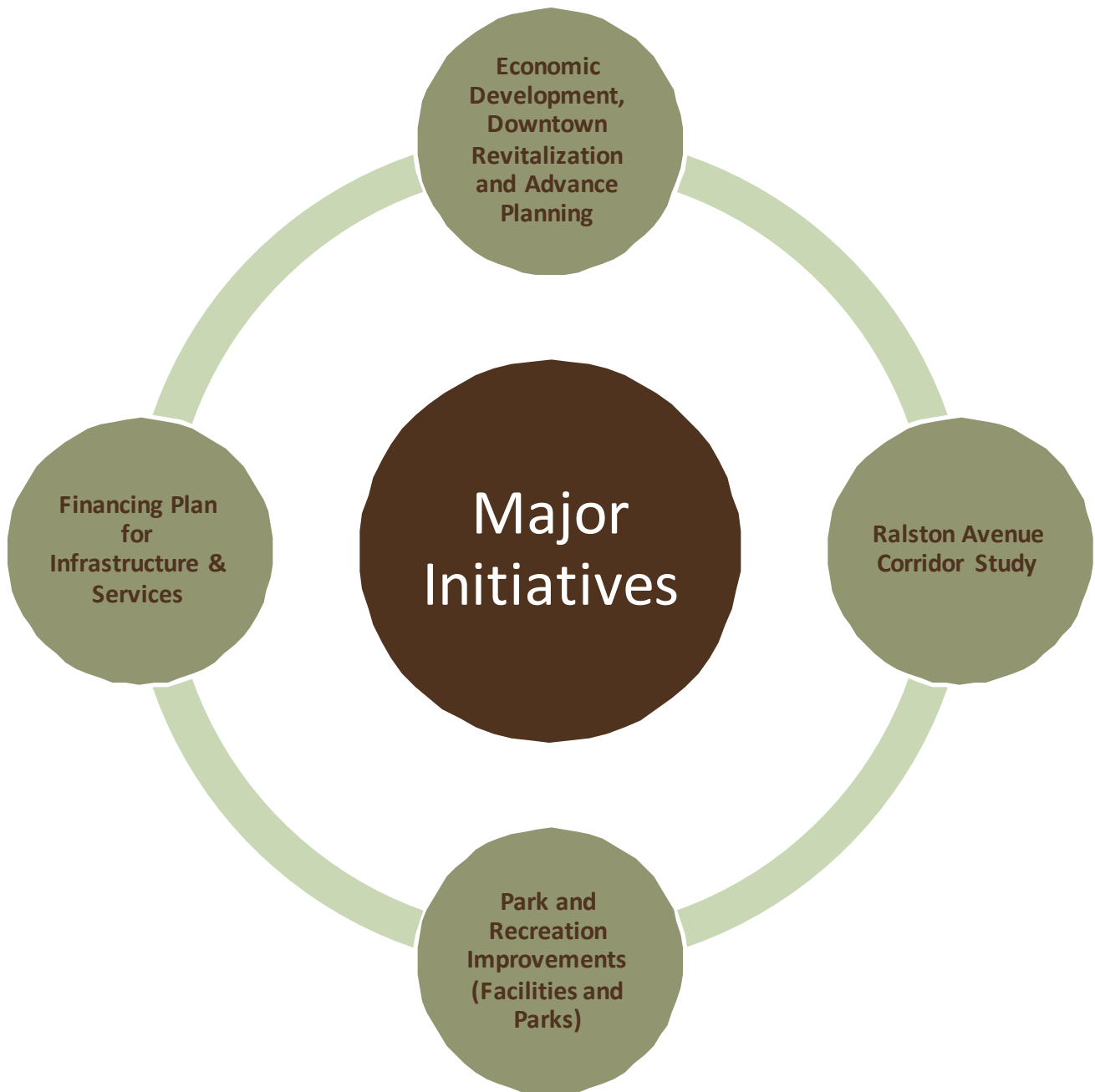


Internal Control

Management is responsible for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Long-term Financial Planning & Major Initiatives

The City Council annually performs a review of the City's strategic plan, including priorities and policy modifications. The City Council reaffirmed its commitment to the Top Priorities listed below with a focus on increased infrastructure funding. Moreover, the City Council's budget directives established a target reserve policy of 33 percent of total general fund operations, with a minimum of \$5 million, as prudent.

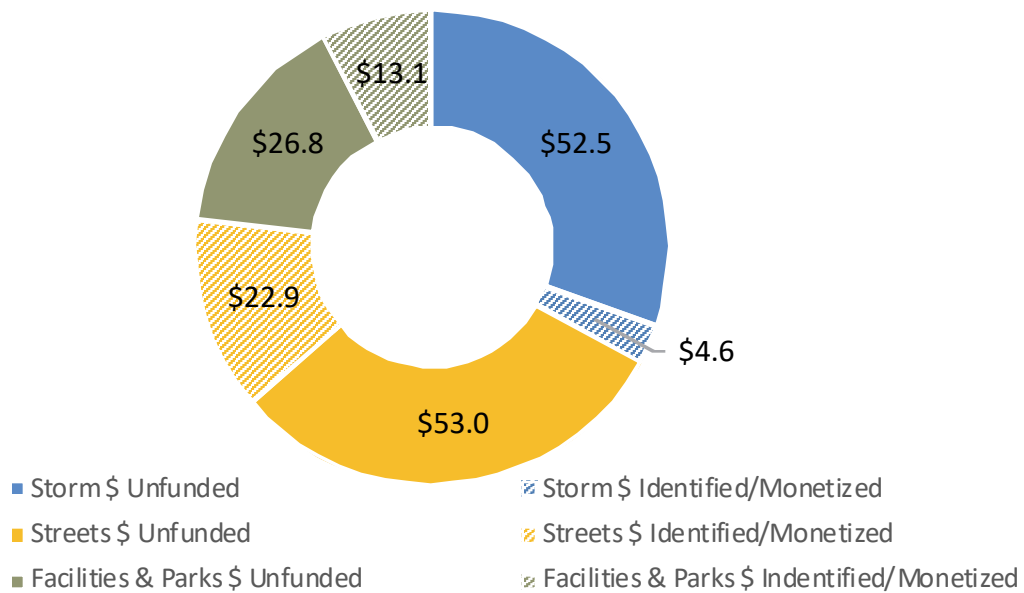


Capital and Retirement Obligations

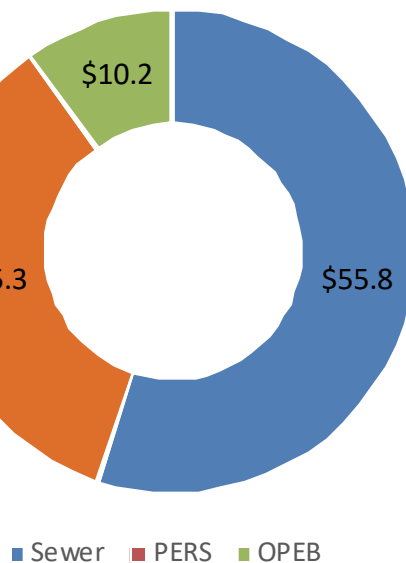
Despite the continued growth of the City’s General Fund, the sheer magnitude of the City’s aging infrastructure exposes the success in stabilizing operations to risk. The FY 2019 Budget provides limited, one-time funds totaling \$1.1 million to provide relief to street maintenance activities over the next fiscal year with additional allocations likely. The entirety of the \$1.3 million from Measure I is allocated to streets and storm drains. Belmont is not alone with this long-term issue.

The charts below summarize the City’s estimated capital and retirement obligations as of June 30, 2018. The “Partially Funded Obligations” items currently have either no identified funding source, remaining a matter of serious concern, or have identified potential future resources which, if monetized at present value, could provide a source of funding. By contrast, the “Funded” items are obligations with identified funding sources, such as sewer rates or PERS and OPEB annual required contributions.

**Partially Funded Obligations
(millions)**



**Funded Obligations
(millions)**





Davey Glen Park

CITY OF BELMONT

Facts and Statistics

2018 Population

27,388



FTE Employees

City – 133.3; Fire – 24



Area

4.61 Sq. Miles

Parks & Recreation

Recreation Class Participants – 44,910

Developed Parks – 15



Acres of Open Space – 287.58

Acres of Developed Parks – 61.4

Permit Center

Permits Issued – 1,585



Inspections Performed – 7,507



Public Safety

Police

Calls for Service – 26,715



Parking Violations – 2,428



Physical Arrests – 336



Traffic Violations – 2,373



Fire

Calls for Service – 2,294



Plan Checks – 183



Annual Fire Inspections – 647



Public Works

Sewer

Miles of Sewer – 85

Sewer Connections – 7,678



Storm Drains

Miles of Storm Drains – 27

Storm Drain Inlets – 1500

Streets

Miles of Streets – 70

Street Lights – 1,465

Traffic Signals – 17

Vision Statement

The City's Vision Statement typically drives Council's priorities and initiatives, and includes the following areas:

- Distinctive Community Character
- Easy Mobility
- Natural Beauty
- Thriving Culture
- Thriving Economy



Top 10 Employers*

1. RingCentral, Inc.
2. Oracle America, Inc.
3. Planet Granite LLC
4. Autobahn Motors
5. Roche Molecular Systems, Inc.
6. Silverado Senior Living
7. Safeway Store #1138
8. Carlmont Gardens Nursing Center
9. Nikon Precision, Inc.
10. Volkswagen Group of America

**Excludes governmental agencies and not for profit entities*



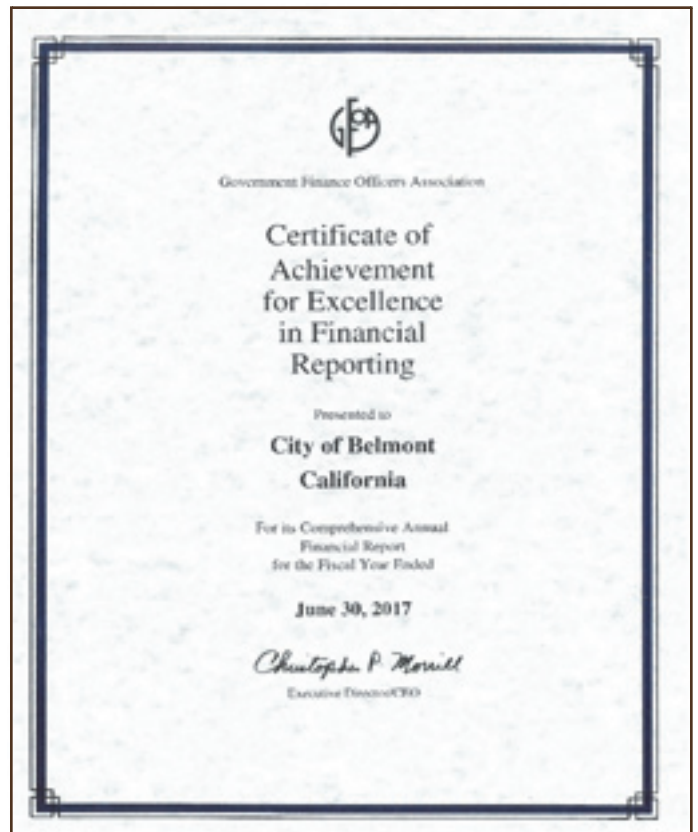
Request for Information

This financial report is designed to provide a general overview of the City of Belmont's finances for all those interested.

Questions concerning any information provided in this report should be addressed to the Finance Director or for additional information regarding the City's financial activities, including past award winning CAFRs, transparency efforts and best practices please visit the City at www.belmont.gov.

Contact Us:

Finance Director
Finance Department
Belmont City Hall
One Twin Pines Lane, Suite 320
Belmont, CA 94002
Phone (650) 595-7433
finance@belmont.gov



Financial Section



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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belmont, California (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Silicon Valley Clean Water Joint Powers Authority (SVCW) as of and for the year ended June 30, 2017, related to the calculation of the Investment in Joint Venture. The Investment in this Joint Venture represents 34%, 74% and 0% respectively, of total assets, net position and revenues of the business-type activities. The financial statements of the SVCW were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the calculation of the Investment in Joint Venture, is based solely on the report of the other auditors.

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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which became effective during the year ended June 30, 2018 and required the restatement of beginning net position as discussed in Notes 9D and 11 to the financial statements.

The emphasis of this matter does not constitute modifications to our opinion.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2018 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 the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Mary & Associates".

Pleasant Hill, California
October 1, 2018

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**CITY OF BELMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

In an effort to make these financial statements clearer and more understandable to readers, the City provides this discussion and analysis of its financial activities for the fiscal year ended June 30, 2018. Please read this document in conjunction with the Letter of Transmittal and accompanying Basic Financial Statements.

FINANCIAL HIGHLIGHTS

City-wide:

- City total assets increased by \$12.0 million to \$190.3 million, of which \$118.9 million represented governmental assets and \$71.5 million represented business-type assets.
- City total liabilities increased by \$14.2 million to \$89.1 million, of which \$49.9 million were governmental liabilities and \$39.2 million were business-type liabilities.
- The City's total net position increased by \$1.6 million to \$113.0 million, when compared to the prior year published CAFR, but increased by \$11.1 million after the restatement of the June 30, 2017 balance for the effects of the implementation of the provisions of GASB Statement No. 75 as discussed in Note 9D.
- City-wide revenues were \$64.6 million, of which \$49.1 million were generated by governmental activities and \$15.5 million were generated by business-type activities.
- City-wide expenses were \$53.5 million, of which \$42.0 million were incurred by governmental activities and \$11.5 million were incurred by business-type activities.

Fund Level:

- Governmental Fund balances increased \$7.7 million to \$41.5 million. Of this amount, \$10.7 million, or 26%, was unassigned fund balance and available for spending at the City's discretion.
- Governmental Fund revenues were \$48.6 million, a decrease of \$0.3 million from prior fiscal year.
- Governmental Fund expenditures decreased by \$0.3 million to \$40.0 million, from \$40.3 million in the prior year.
- Proprietary Fund net position increased by \$3.2 million to \$33.2 million, when compared to the prior year published CAFR, but increased by \$4.0 million after the restatement of the June 30, 2017 balance for the effects of the implementation of the provisions of GASB Statement No. 75 as discussed in Note 9D. Of this amount, \$9.9 million was unrestricted net position and available for spending at the City's discretion.
- Proprietary Fund operating revenues were \$15.0 million in fiscal year 2018 compared to \$15.4 million in the prior year.
- Proprietary Fund operating expenses were \$10.0 million, an increase of \$0.7 million from \$9.3 million in the prior fiscal year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report is composed of the following:

1. Introductory section, which includes the Transmittal Letter and general information,
2. Management's Discussion and Analysis (this part),
3. Basic Financial Statements, which include the Government-wide and the Fund financial statements along with the Notes to these financial statements,
4. Combining statements for Non Major Governmental Funds and Fiduciary Funds,
5. Successor Agency reporting, and
6. Statistical information.

The Basic Financial Statements

The Basic Financial Statements consist of the Government-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the City's financial activities and financial position—long-term and short-term.

The Government-wide Financial Statements provide a longer-term view of the City's activities as a whole, and consist of the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of the City's revenues and expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in Net Position for the year.

The Fund Financial Statements report the City's operations in more detail than the City-wide statement and focus primarily on the short-term activities of the City's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures, current assets, liabilities and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-major Funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major Funds are explained below.

The Government-wide Financial Statements

All of the City's basic services are considered to be Governmental activities, including: general government, public safety, highways and streets, culture and recreation, urban development, and miscellaneous. These services are supported by the City's general revenues such as taxes and by specific program revenues such as fees.

All of the City's enterprise activities are reported as Business-type activities, including sewer, storm drainage, and solid waste. Unlike governmental services, these activities are supported by charges paid by users based on the amount of service they use.

The City's governmental activities include the activities of separate legal entities: the Belmont Fire Protection District and the Belmont Joint Powers Financing Authority. The City is financially accountable for these entities.

Government-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole.

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 of Belmont, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Belmont can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The Fund financial statements provide detailed information about each of the City's most significant funds, called Major Funds. Each Major Fund is presented individually with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major funds. Major Funds present the major activities of the City for the year. The General Fund is always a Major Fund, but other funds may change from year to year as a result of changes in the pattern of the City's activities.

The City has one Major Governmental Fund in fiscal year 2018 in addition to the General Fund, which is discussed in the Analysis of Major Governmental Funds section.

Comparisons of Budget and Actual financial information are presented only for the General Fund and other Major governmental funds that are Special Revenue 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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are presented only in the city-wide financial statements.

The focus of governmental funds is narrower than that of government-wide financial statements, so 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 City's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary funds. The City of Belmont maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Belmont uses enterprise funds to account for its sewer, storm drain, and solid waste. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Belmont's various functions. The City of Belmont uses internal service funds to account for its workers compensation, liability, vision, benefit prefunding, fleet and equipment, facilities management, and other such services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Sewer, Storm Drainage, and Solid Waste activities. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Statement. The City acts as an agent on behalf of others, holding amounts collected, and disbursing them as directed or required. The City's fiduciary activities are reported in the separate Statements of Fiduciary Net Position and the Agency Funds Statement of Changes in Assets and Liabilities. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

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 can be found following the fund financial statements in this report.

Other Information

The combining statements referred to earlier, in connection with non-major governmental funds and internal service funds, are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found in the supplemental information section of this report.

The combining statements referred to earlier, in connection with non-major governmental funds and internal service funds, are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found in the supplemental information section of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net position and changes in net position of the City's Governmental Activities (Tables 1 and 2) and Business-Type Activities (Tables 3 and 4) are presented in the City-wide Statement of Net Position and Statement of Activities.

Governmental Activities

| Table 1 | | |
|---|-----------------|-----------------|
| Governmental Net Position at June 30 | | |
| (in Thousands) | | |
| | 2018 | 2017* |
| Current and other assets | \$50,868 | \$39,906 |
| Capital assets | 68,000 | 69,922 |
| Total assets | 118,868 | 109,828 |
| Deferred outflows related to pension | 11,118 | 9,686 |
| Deferred outflows related to OPEB | 1,225 | |
| Total deferred outflows | 12,343 | 9,686 |
| Current and other liabilities | 4,951 | 3,718 |
| Long-term obligations outstanding | 44,922 | 32,161 |
| Total liabilities | 49,873 | 35,879 |
| Deferred inflows related to pension | 1,408 | 2,279 |
| Deferred inflows related to OPEB | 113 | |
| Total deferred inflows | 1,521 | 2,279 |
| Net position: | | |
| Net investment in capital assets | 67,969 | 69,831 |
| Restricted | 24,061 | 11,714 |
| Unrestricted | (12,213) | (188) |
| Total net position | \$79,817 | \$81,357 |
| * Not restated for the implementation of GASB Statement No. 75 discussed in Note 9D | | |

Net Position

Net position may serve over time as a useful indicator of a government's financial position. This analysis focuses on the net position and year-to-year changes in net position of the City as a whole. As shown in Table 1 above, the City's governmental total net position are \$79.8 million, representing the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. During fiscal year 2018, the overall net position decreased by \$1.6 million, or 2.0%, from \$81.4 million in fiscal year 2017. This Change in Net Position reflects a decrease in the Statement of Activities as shown in Table 2 and is explained later in this report.

The largest portion, approximately \$68.0 million, of the City's net position represents its investment in infrastructure and other capital assets (e.g., land, buildings, other improvements, etc.) used in Governmental activities, net of amounts borrowed to finance that investment. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the City's governmental net position of \$24.1 million, or 30.2%, represents resources that are subject to restrictions that may only be used to construct specified capital projects, debt service, or special revenue programs. The restrictions on these funds were placed by outsiders and cannot be changed by the City.

Unrestricted net position can, when positive, 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 75 and the recording of the net OPEB liability and related deferred outflows/inflows of resources, the unrestricted net position for governmental activities was a negative \$12.2 million, compared to a negative of \$0.2 at the end of the prior fiscal year.

At the end of the fiscal year 2018, the City is able to report positive balances in all categories of net position for the governmental activities except for the unrestricted portion that was negative as indicated above.

Changes in Net Position

The Statement of Activities provides information about all the City's revenues and all its expenses, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in Net Position for the year.

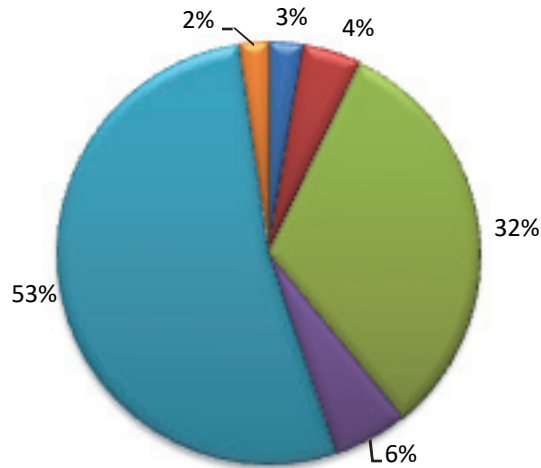
The City's Governmental activities net position increased by \$7.1 million. Governmental revenue decreased by \$0.3 million to \$49.1 million. Compared to prior year, program revenues decreased by \$3.7 million, or 19.3%, and was driven by an anticipated decrease in park in lieu and inclusionary housing fees. General revenues increased \$3.4 million primarily from taxes reflecting continued improvement in the local economy and increased sales tax revenue from Measure I. The governmental expenses increased by \$4.3 million to \$42.0 million.

Table 2
Changes in Governmental Net Position
(in Thousands)

| | 2018 | 2017* |
|---|-----------------|-----------------|
| Revenues | | |
| Program revenues: | | |
| Charges for services | \$15,728 | \$20,495 |
| Operating grants and contributions | 2,176 | 1,767 |
| Capital grants and contributions | 1,262 | 596 |
| Total program revenues | <u>19,166</u> | <u>22,858</u> |
| General revenues: | | |
| Taxes: | | |
| Property taxes | 16,895 | 15,527 |
| Sales taxes | 5,134 | 3,883 |
| Transient occupancy | 2,698 | 2,381 |
| Franchise | 1,342 | 1,546 |
| Motor Vehicle in lieu | 2,786 | 2,619 |
| Other | 1,071 | 593 |
| Total general revenues | <u>29,926</u> | <u>26,549</u> |
| Total revenue | <u>49,092</u> | <u>49,407</u> |
| Expenses | | |
| General government | 6,599 | 5,672 |
| Public safety | 23,461 | 21,284 |
| Highways and streets | 3,182 | 2,785 |
| Culture and recreation | 5,345 | 4,759 |
| Urban redevelopment | 3,448 | 3,223 |
| Interest on long-term debt | 3 | 6 |
| Total expenses | <u>42,039</u> | <u>37,728</u> |
| Change in net position | 7,053 | 11,679 |
| Net position-Beginning, as restated | <u>72,764</u> | <u>69,678</u> |
| Net position-Ending | <u>\$79,817</u> | <u>\$81,357</u> |
| * Not restated for the implementation of GASB Statement No. 75 discussed in Note 9D | | |

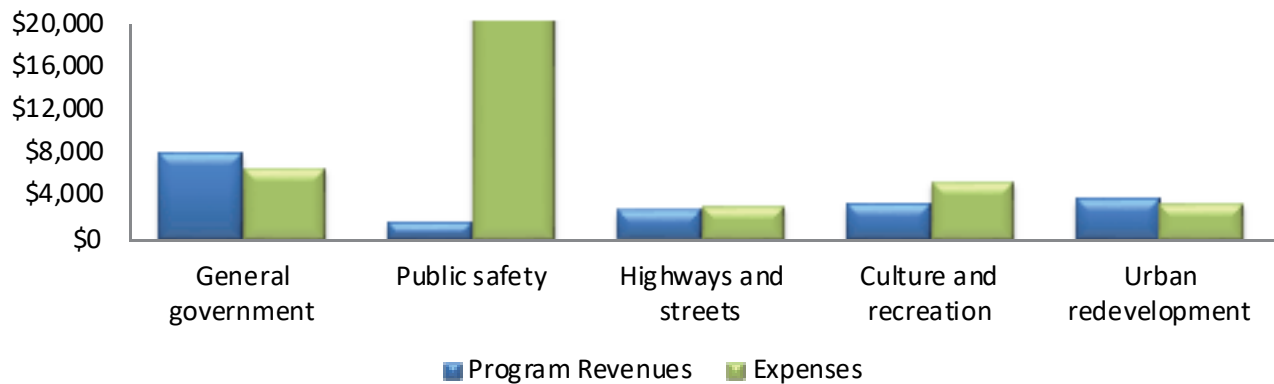
The following charts display the City's governmental activities for fiscal year 2018, highlighting the proportionate elements of the Revenue and Expenses by program.

Revenues by Source Governmental Activities



- Capital grants and contributions
- Charges for services
- Taxes
- Operating grants and contributions
- Motor vehicle in lieu
- Investment earnings and rentals and other

Expenses and Program Revenues Governmental Activities (in thousands)



Business-Type Activities

The statement of Business-Type Net Position (Table 3) and statement of Business-Type Activities (Table 4) present a summary of the City's business-type activities, which are composed of the City's enterprise funds.

Net Position

As shown on Table 3 below, the net position of business-type activities were \$33.2 million in fiscal year 2018. This was a \$3.2 million or 10.6% increase over the beginning net position. This increase was attributable, in part, to revenues associated with the 8% sewer rate increase in fiscal year 2018. \$5.5 million or 16.6% of net position is invested in capital assets, net of related debt, while \$17.7 million is restricted for sewer treatment facility activities and \$9.9 million or 29.9% are unrestricted and available for the operations of the proprietary funds.

| Table 3 | | |
|--|-------------------------------|-------------------------------|
| Business-Type Net Position at June 30 | | |
| (in Thousands) | | |
| | 2018 | 2017* |
| Current and other assets | \$52,611 | \$50,124 |
| Capital assets | 18,864 | 18,390 |
| Total assets | <u>71,475</u> | <u>68,514</u> |
| Deferred outflows related to pension | 1,084 | 801 |
| Deferred outflows related to OPEB | 104 | |
| Total deferred outflows | <u>1,188</u> | <u>801</u> |
| Current and other liabilities | 1,438 | 1,963 |
| Long-term debt outstanding | 37,787 | 37,086 |
| Total liabilities | <u>39,225</u> | <u>39,049</u> |
| Deferred inflows related to pension | 251 | 267 |
| Deferred inflows related to OPEB | 9 | |
| Total deferred inflows | <u>260</u> | <u>267</u> |
| Net position: | | |
| Net investment in capital assets | 5,536 | 6,439 |
| Restricted | 17,729 | 14,958 |
| Unrestricted | 9,913 | 8,602 |
| Total net position | <u><u>\$33,178</u></u> | <u><u>\$29,999</u></u> |

* Not restated for the implementation of GASB Statement No. 75 discussed in Note 9D

Changes in Net Position

As shown on Table 4, total program revenues of business-type activities were \$15.0 million in fiscal year 2018, a decrease of \$0.4 million, or 2.5%, from the prior year. The decrease was primarily attributable to one-time contributions in fiscal year 2017 for significant development projects.

| Table 4 | | |
|---|-----------------|-----------------|
| Business-Type Activities | | |
| (in Thousands) | | |
| | 2018 | 2017* |
| Revenues | | |
| Program Revenues: | | |
| Charges for Services | \$14,992 | \$15,367 |
| Operating Grants and Contributions | 23 | 38 |
| Total program revenues | 15,015 | 15,405 |
| General Revenues: | | |
| Investment earnings and miscellaneous | 526 | 104 |
| Total general revenues | 526 | 104 |
| Total revenues | 15,541 | 15,509 |
| Expenses | | |
| Sewer | 9,604 | 8,655 |
| Storm Drainage | 1,567 | 1,604 |
| Solid Waste | 339 | 283 |
| Total expenses | 11,510 | 10,543 |
| Change in net position | 4,031 | 4,966 |
| Net position-Beginning, as restated | 29,147 | 25,032 |
| Net position-Ending | <u>\$33,178</u> | <u>\$29,999</u> |
| * Not restated for the implementation of GASB Statement No. 75 discussed in Note 9D | | |

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As of June 30, 2018, the City's Governmental Funds reported combined ending fund balances of \$41.5 million, an increase of \$7.7 million, or 22.8%, from the prior year. In comparison with the prior year, revenues decreased by \$0.3 million to \$48.6 million, and expenditures decreased by \$0.4 million to \$40.0 million.

Table 5 below summarizes Governmental balances at the fund level:

| Table 5 | | |
|---|----------|----------|
| Financial Highlights at Fund Level | | |
| (in Thousands) | | |
| | 2018 | 2017 |
| Total assets | \$43,370 | \$35,564 |
| Total liabilities | 1,864 | 1,721 |
| Total fund balances | 41,506 | 33,843 |
| Total revenues | 48,618 | 48,976 |
| Total expenditures | 39,954 | 40,348 |
| Total other financing sources (uses) | (1,001) | (128) |

Analysis of Major Governmental Funds

General Fund

As the principal operating fund of the City, the General Fund, by definition, is a Major Governmental fund. The General Fund accounted for 53.3% of total governmental revenues and 48.7% of total expenditures. A number of City services are accounted for in the General Fund, including public safety, general government, and culture and recreation.

At the end of the current fiscal year, the unassigned fund balance of the General Fund of \$10.7 million represents 80.9% of the \$13.2 million total fund balance. Since the unassigned fund balance represents available liquid resources for spending at the City's discretion, it may be useful to compare the unassigned fund balance to total fund expenditures. The City's unassigned fund balance represents 54.9%, or equates to 200 days, of total General Fund expenditures (excluding transfers out) for the year.

During fiscal year 2018, the total fund balance of General Fund increased by \$1.8 million, representing a 16% increase over the prior year. The increase is reflective of the successful efforts to keep the expenditures and transfers below revenues.

General Fund Budgetary Highlights: The 2018 fiscal year adopted budget for General Fund expenditures amounted to \$21.3 million (excluding \$4.9 million transfers out). The final budget amount was \$21.5 million.

General Fund revenues were \$25.9 million, exceeding of the final amended budget by \$0.6 million. The positive variance was driven primarily by tax revenue exceeding estimated projections. Overall expenditures were below the final budget by \$2.0 million.

Belmont Fire Protection District Fund

The Belmont Fire Protection District (the District) accounts for resources received by a special district, shown as a blended component unit, from the citizens of Belmont and the unincorporated Harbor Industrial Area to finance fire protection and suppression services.

At June 30, 2018, the fund balance increased \$1.9 million over the prior year. Overall revenues increased \$1.0 million, primarily from property taxes driven by continued strength in the local real estate market. Overall expenditures increased by \$0.8 million compared to prior year due in part to increases in personnel costs in the current year.

On November 22, 2017, the San Mateo Consolidated Fire Department (SMC) was established by the City of San Mateo, Foster City/Estero Municipal Improvement District and the Belmont Fire Protection District. Further detail may be found in Note 16 to the financial statements.

Analysis of the Proprietary Funds

Sewer Collections

Operating revenues decreased by \$0.5 million, or 4.8% to \$10.5 million, compared to prior year. This decrease is driven by a decline in one-time sewer connection fees related to new development. Operating expenses increased to \$8.1 million from \$7.3 million in the prior year. Net position totaled \$9.5 million, relatively unchanged from fiscal year 2017. Of this amount, \$1.8 million represented net investment in capital assets and \$7.6 million was unrestricted, including investment in Silicon Valley Clean Water joint venture.

Sewer Treatment

Compared to prior year, operating revenues increased to \$3.2 million and operating expenses were relatively unchanged. Net position totaled \$17.7 million, a \$2.8 million increase compared to fiscal year 2017, all of which is restricted for sewer treatment facility activities.

Storm Drainage Fund

This fund is used to account for the maintenance of the storm drain system and other activities related to the mandated National Pollution Discharge Elimination System (NPDES).

Storm drainage fund operating revenues, which consist primarily of NPDES storm drain charges and street sweeping charges, remained flat at \$0.9 million. Operating expenses were also flat at \$1.6 million. Net position totaled \$4.9 million, with \$3.7 million invested in capital assets and \$1.2 million in unrestricted net position.

Solid Waste Fund

Operating revenues were \$0.4 million showing a slight decrease over the prior year. Operating expenses of \$0.3 million increased by \$56 thousand from the prior year. Net position was \$1.1 million, which is not restricted as to use.

CAPITAL ASSETS

Capital assets recorded on the City's financial statements are shown in Table 6. Further detail may be found in Note 7 to the financial statements.

| Table 6 | | |
|--|-------------------------------|-------------------------------|
| Capital Assets at June 30 | | |
| (in Thousands) | | |
| | <u>2018</u> | <u>2017</u> |
| <i>Governmental Activities</i> | | |
| Land | \$12,610 | \$12,610 |
| Construction in progress | 240 | 1,696 |
| Buildings | 38,775 | 38,704 |
| Improvements other than buildings | 5,799 | 3,837 |
| Streets and infrastructure | 48,903 | 48,288 |
| Machinery and equipment | 5,742 | 5,615 |
| Vehicles | 5,266 | 5,254 |
| Less accumulated depreciation | <u>(49,335)</u> | <u>(46,082)</u> |
| Totals | <u><u>\$68,000</u></u> | <u><u>\$69,922</u></u> |
| <i>Business-Type Activities</i> | | |
| Land | \$15 | \$15 |
| Construction in progress | | 670 |
| Improvements other than buildings | 33,884 | 31,703 |
| Machinery and equipment | 317 | 317 |
| Less accumulated depreciation | <u>(15,352)</u> | <u>(14,315)</u> |
| Totals | <u><u>\$18,864</u></u> | <u><u>\$18,390</u></u> |

The net decrease of \$1.9 million for governmental activities in fiscal year 2018 consists primarily of a \$3.3 million increase in accumulated depreciation and a \$1.3 million increase in various capital assets.

Business-type activities' capital assets increased by \$0.5 million to \$18.9 million.

The City depreciates all of its capital assets over the estimated useful lives. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives can be found in Note 1 G to the financial statements.

DEBT ADMINISTRATION

Each of the City's debt is discussed in more detail in Note 8 to the financial statements. Scheduled retirements were made, which caused the reduction in debt. A summary of debt activity follows:

| Table 7 | | |
|---|------------------------|------------------------|
| Outstanding Debt at June 30 | | |
| (in Thousands) | | |
| | <u>2018</u> | <u>2017</u> |
| <i>Governmental Activity Debt:</i> | | |
| Capital Lease: | | |
| 2008 Lease Purchase Financing-Fire Truck, 4.16%, due 2019 | \$31 | \$91 |
| Subtotal Governmental Activity Debt | <u>31</u> | <u>91</u> |
| <i>Business-type Debt – Sewer Enterprise Fund:</i> | | |
| Long-Term Bonds Payable: | | |
| 2009 Sewer Revenue Bonds, 3.00%-5.00%, due 2042 | 7,510 | 7,685 |
| 2016 Sewer Refunding Revenue Bonds, 3.00%-5.00% due 2035 | 10,022 | 10,514 |
| 2016 Sewer Revenue Bonds, 2.00%-5.00% due 2046 | <u>16,083</u> | <u>16,177</u> |
| Subtotal Business-type Debt | <u>33,615</u> | <u>34,376</u> |
| Total Long-Term Obligations | <u><u>\$33,646</u></u> | <u><u>\$34,467</u></u> |

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The economy of the City and its major initiatives for the coming year are discussed in detail in the accompanying Transmittal Letter.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the Finance Department at One Twin Pines Lane, Suite 320, Belmont, CA 94002. Additional information about the City's operations and activities can be obtained from the website at www.belmont.gov.

| |
|--|
| STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES |
|--|

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

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue and Capital Projects Funds. Since the City's Internal Service Funds service these funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

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

The format of the Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City, the Belmont Fire Protection District and the Belmont Joint Powers Financing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities.

These financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*.

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CITY OF BELMONT
STATEMENT OF NET POSITION
JUNE 30, 2018

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and investments (Note 3) | \$42,434,576 | \$25,003,456 | \$67,438,032 |
| Cash and investments with fiscal agent (Note 3) | | 2,869,539 | 2,869,539 |
| Receivables: | | | |
| Accounts | 2,423,759 | 15,232 | 2,438,991 |
| Interest | 316,354 | | 316,354 |
| Due from other governmental agencies | 1,239,939 | 76,618 | 1,316,557 |
| Notes receivable (Note 5) | 784,513 | | 784,513 |
| Prepays and other assets | 353,448 | | 353,448 |
| Land held for resale (Note 6) | 3,315,328 | | 3,315,328 |
| Investment in SVCW- Joint Venture (Note 13A) | | 24,646,384 | 24,646,384 |
| Capital assets (Note 7) | | | |
| Land and construction in progress | 12,849,002 | 14,792 | 12,863,794 |
| Depreciable assets, net | 55,151,277 | 18,849,360 | 74,000,637 |
| Total Assets | <u>118,868,196</u> | <u>71,475,381</u> | <u>190,343,577</u> |
| DEFERRED OUTFLOWS | | | |
| Related to pensions (Note 10B) | 11,118,133 | 1,084,299 | 12,202,432 |
| Related to OPEB (Note 11) | 1,225,405 | 103,859 | 1,329,264 |
| Total Deferred Outflows | <u>12,343,538</u> | <u>1,188,158</u> | <u>13,531,696</u> |
| LIABILITIES | | | |
| Accounts payable and other liabilities | 1,023,723 | 598,310 | 1,622,033 |
| Deposits | 971,045 | | 971,045 |
| Unearned revenue | | | |
| Compensated absences (Note 1H) | | | |
| Due within one year | 1,352,870 | 140,001 | 1,492,871 |
| Due in more than one year | 1,803,875 | 144,436 | 1,948,311 |
| Long-term debt (Note 8) | | | |
| Due within one year | 30,972 | 700,000 | 730,972 |
| Due in more than one year | | 32,915,381 | 32,915,381 |
| Net Pension Liability (Note 10) | | | |
| Due in more than one year | 33,502,429 | 3,809,650 | 37,312,079 |
| Net OPEB Liability (Note 11) | | | |
| Due in more than one year | 9,260,547 | 917,350 | 10,177,897 |
| Claims payable (Note 12) | | | |
| Due within one year | 1,572,674 | | 1,572,674 |
| Due in more than one year | 355,539 | | 355,539 |
| Total Liabilities | <u>49,873,674</u> | <u>39,225,128</u> | <u>89,098,802</u> |
| DEFERRED INFLOWS | | | |
| Related to pensions (Note 10B) | 1,407,812 | 250,724 | 1,658,536 |
| Related to OPEB (Note 11) | 113,162 | 9,310 | 122,472 |
| Total Deferred Inflows | <u>1,520,974</u> | <u>260,034</u> | <u>1,781,008</u> |
| NET POSITION (Note 9) | | | |
| Net investment in capital assets | 67,969,307 | 5,536,183 | 73,505,490 |
| Restricted for: | | | |
| Capital projects | 2,537,828 | | 2,537,828 |
| Special revenue programs: | | | |
| Belmont Fire Protection District | 9,291,409 | | 9,291,409 |
| Recreation | 107,145 | | 107,145 |
| Senior Activities | 76,812 | | 76,812 |
| Library Maintenance & Operations | 1,136,952 | | 1,136,952 |
| City Trees | 427,416 | | 427,416 |
| Supplemental Law Enforcement Services | 131,420 | | 131,420 |
| Street Improvements Measure A Grants | 2,267,790 | | 2,267,790 |
| Street Improvements State Gas Tax & SB1 | 480,440 | | 480,440 |
| Athletic Field Maintenance | 316,759 | | 316,759 |
| Affordable Housing Successor Agency | 3,993,160 | | 3,993,160 |
| Housing Inclusionary | 2,546,324 | | 2,546,324 |
| Development Services | 747,981 | | 747,981 |
| Sewer Treatment Facility Charge | | 17,728,929 | 17,728,929 |
| Total Restricted Net Position | <u>24,061,436</u> | <u>17,728,929</u> | <u>41,790,365</u> |
| Unrestricted | (12,213,657) | 9,913,265 | (2,300,392) |
| Total Net Position | <u>\$79,817,086</u> | <u>\$33,178,377</u> | <u>\$112,995,463</u> |

See accompanying notes to financial statements

CITY OF BELMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | Total |
|--|---------------------|----------------------|------------------------------------|---|-------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | |
| Governmental Activities: | | | | | | |
| General government | \$6,598,992 | \$6,868,959 | \$53,376 | \$1,000,000 | \$1,323,343 | \$1,323,343 |
| Public safety | 23,461,443 | 1,425,037 | 180,144 | | (21,856,262) | (21,856,262) |
| Highways and streets | 3,182,025 | 490,979 | 1,888,637 | 262,562 | (539,847) | (539,847) |
| Culture and recreation | 5,344,942 | 3,250,607 | 53,372 | | (2,040,963) | (2,040,963) |
| Urban redevelopment | 3,447,979 | 3,692,543 | | | 244,564 | 244,564 |
| Interest on long-term debt | 3,169 | | | | (3,169) | (3,169) |
| Total Governmental Activities | 42,038,550 | 15,728,125 | 2,175,529 | 1,262,562 | (22,872,334) | (22,872,334) |
| Business-type Activities: | | | | | | |
| Sewer Collections | 9,087,660 | 10,451,746 | | | \$1,364,086 | 1,364,086 |
| Sewer Treatment | 517,015 | 3,225,639 | | | 2,708,624 | 2,708,624 |
| Storm Drainage | 1,566,875 | 886,380 | | | (680,495) | (680,495) |
| Solid Waste | 338,756 | 428,446 | 23,408 | | 113,098 | 113,098 |
| Total Business-type Activities | 11,510,306 | 14,992,211 | 23,408 | | 3,505,313 | 3,505,313 |
| Total | \$53,548,856 | \$30,720,336 | \$2,198,937 | \$1,262,562 | (22,872,334) | (19,367,021) |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | | | | | 16,894,686 | 16,894,686 |
| Sales taxes | | | | | 5,134,206 | 5,134,206 |
| Transient occupancy taxes | | | | | 2,697,686 | 2,697,686 |
| Franchise | | | | | 1,341,714 | 1,341,714 |
| Motor vehicle in lieu, unrestricted | | | | | 2,786,304 | 2,786,304 |
| Investment earnings and rentals | | | | | 981,525 | 489,367 |
| Gain from sale of capital assets | | | | | 5,760 | 5,760 |
| Miscellaneous | | | | | 83,694 | 36,854 |
| Total general revenues | | | | | 29,925,575 | 526,221 |
| Change in Net Position | | | | | 7,053,241 | 4,031,534 |
| Net Position-Beginning, as Restated (Note 9D) | | | | | 72,763,845 | 29,146,843 |
| Net Position-Ending | | | | | \$79,817,086 | \$33,178,377 |

See accompanying notes to financial statements

| |
|----------------------------------|
| FUND FINANCIAL STATEMENTS |
|----------------------------------|

Fund Financial Statements are presented by individual major funds, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

| |
|---------------------------------|
| MAJOR GOVERNMENTAL FUNDS |
|---------------------------------|

The funds described below were determined to be Major Funds by the City. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as police protection, parks operations and maintenance, and legal and administrative services. The general fund also accounts for Measure I, a half cent local district tax approved in 2016 that will expire in 30 years. This general tax funding source provides for street and road and storm drain repair.

BELMONT FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND

To account for property taxes received and expended by the District on providing fire protection services to the City of Belmont and the unincorporated Harbor Industrial Area.

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CITY OF BELMONT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

| | General | Belmont Fire Protection District | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and investments (Note 3) | \$11,250,415 | \$9,551,700 | \$15,491,872 | \$36,293,987 |
| Receivables: | | | | |
| Accounts | 824,704 | 185,547 | 66,620 | 1,076,871 |
| Interest | 316,354 | | | 316,354 |
| Due from other governmental agencies | 1,123,427 | | 116,512 | 1,239,939 |
| Notes (Note 5) | | | 784,513 | 784,513 |
| Prepays and other assets | 342,607 | | | 342,607 |
| Land held for resale (Note 6) | 298,748 | | 3,016,580 | 3,315,328 |
| | <u>\$14,156,255</u> | <u>\$9,737,247</u> | <u>\$19,476,097</u> | <u>\$43,369,599</u> |
| LIABILITIES | | | | |
| Accounts payable and other liabilities | \$336,589 | \$322,052 | \$233,837 | \$892,478 |
| Deposits | 615,297 | | 355,748 | 971,045 |
| | <u>951,886</u> | <u>322,052</u> | <u>589,585</u> | <u>1,863,523</u> |
| FUND BALANCES (Note 9) | | | | |
| Nonspendable | 641,355 | | | 641,355 |
| Restricted | | 9,415,195 | 13,985,624 | 23,400,819 |
| Committed for: | | | | |
| Measure I Infrastructure | 1,879,332 | | | 1,879,332 |
| Special Revenue Programs | | | 784,403 | 784,403 |
| Assigned | | | 4,116,485 | 4,116,485 |
| Unassigned | 10,683,682 | | | 10,683,682 |
| | <u>13,204,369</u> | <u>9,415,195</u> | <u>18,886,512</u> | <u>41,506,076</u> |
| Total Fund Balances | <u>\$14,156,255</u> | <u>\$9,737,247</u> | <u>\$19,476,097</u> | <u>\$43,369,599</u> |
| Total Liabilities and Fund Balances | <u>\$14,156,255</u> | <u>\$9,737,247</u> | <u>\$19,476,097</u> | <u>\$43,369,599</u> |

See accompanying notes to financial statements

CITY OF BELMONT
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances reported on the governmental funds balance sheet \$41,506,076

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 68,000,279

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.

| | |
|--|-------------|
| Cash and investments | 6,140,589 |
| Accounts receivable | 1,346,888 |
| Prepays and other assets | 10,841 |
| Accounts payable and other liabilities | (131,245) |
| Claims payable | (1,928,213) |
| Compensated absences | (193,329) |

DEFERRED INFLOWS AND OUTFLOWS

The deferred outflows below are not current assets or financial resources; and the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds.

| | |
|---------------------------------------|-------------|
| Deferred outflows related to pensions | 11,118,133 |
| Deferred outflows related to OPEB | 1,225,405 |
| Deferred inflows related to pensions | (1,407,812) |
| Deferred inflows related to OPEB | (113,162) |

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

| | |
|-----------------------|---------------------|
| Net OPEB liability | (9,260,547) |
| Long-term debt | (30,972) |
| Compensated absences | (2,963,416) |
| Net pension liability | <u>(33,502,429)</u> |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$79,817,086

See accompanying notes to financial statements

CITY OF BELMONT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

| | General | Belmont Fire Protection District | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes | \$14,707,092 | \$11,289,484 | \$1,922,870 | \$27,919,446 |
| Licenses and permits | 1,233,090 | | 1,084,303 | 2,317,393 |
| Fines and forfeitures | 216,183 | | | 216,183 |
| Use of money and property | 951,007 | 1 | 277,588 | 1,228,596 |
| Intergovernmental | 3,680,882 | 441,345 | 853,440 | 4,975,667 |
| Charges for current services | 5,045,525 | 91,580 | 4,753,680 | 9,890,785 |
| Miscellaneous | 73,966 | 612,843 | 1,383,008 | 2,069,817 |
| Total Revenues | 25,907,745 | 12,435,253 | 10,274,889 | 48,617,887 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 5,151,403 | | | 5,151,403 |
| Public safety | 12,226,020 | 10,375,553 | 186,715 | 22,788,288 |
| Highways and streets | | | 1,935,535 | 1,935,535 |
| Culture and recreation | 2,015,864 | | 3,258,982 | 5,274,846 |
| Urban redevelopment | | | 3,358,362 | 3,358,362 |
| Capital outlay | 56,440 | 106,011 | 1,219,661 | 1,382,112 |
| Debt service: | | | | |
| Principal | | 60,064 | | 60,064 |
| Interest and fiscal charges | | 3,169 | | 3,169 |
| Total Expenditures | 19,449,727 | 10,544,797 | 9,959,255 | 39,953,779 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 6,458,018 | 1,890,456 | 315,634 | 8,664,108 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (Note 4A) | | | 5,931,220 | 5,931,220 |
| Transfers (out) (Note 4A) | (4,632,521) | | (2,299,900) | (6,932,421) |
| Total Other Financing Sources (Uses) | (4,632,521) | | 3,631,320 | (1,001,201) |
| NET CHANGE IN FUND BALANCES | 1,825,497 | 1,890,456 | 3,946,954 | 7,662,907 |
| BEGINNING FUND BALANCES | 11,378,872 | 7,524,739 | 14,939,558 | 33,843,169 |
| ENDING FUND BALANCES | \$13,204,369 | \$9,415,195 | \$18,886,512 | \$41,506,076 |

See accompanying notes to financial statements

CITY OF BELMONT
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$7,662,907

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

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

The capital outlay and departmental expenditures are therefore added back to fund balance. 1,190,326

Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$576,970 which has already been allocated to serviced funds) (2,675,444)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities. 60,064

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Compensated absences 45,356

Pension expense (1,516,419)

OPEB expense 384,760

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds.

The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Position - All Internal Service Funds 1,901,691

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$7,053,241

See accompanying notes to financial statements

CITY OF BELMONT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes | \$14,677,817 | \$14,428,655 | \$14,707,092 | \$278,437 |
| Licenses and permits | 1,029,328 | 1,029,328 | 1,233,090 | 203,762 |
| Fines and forfeitures | 170,000 | 170,000 | 216,183 | 46,183 |
| Use of money and property | 883,487 | 883,487 | 951,007 | 67,520 |
| Intergovernmental | 3,238,571 | 3,696,571 | 3,680,882 | (15,689) |
| Charges for current services | 5,118,016 | 5,118,016 | 5,045,525 | (72,491) |
| Miscellaneous | 7,253 | 7,253 | 73,966 | 66,713 |
| Total Revenues | <u>25,124,472</u> | <u>25,333,310</u> | <u>25,907,745</u> | <u>574,435</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 5,401,603 | 5,555,084 | 5,151,403 | 403,681 |
| Public safety | 12,534,559 | 12,534,559 | 12,226,020 | 308,539 |
| Culture and recreation | 2,057,637 | 2,100,190 | 2,015,864 | 84,326 |
| Capital outlay | <u>1,300,000</u> | <u>1,300,000</u> | <u>56,440</u> | <u>1,243,560</u> |
| Total Expenditures | <u>21,293,799</u> | <u>21,489,833</u> | <u>19,449,727</u> | <u>2,040,106</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 3,830,673 | 3,843,477 | 6,458,018 | 2,614,541 |
| OTHER FINANCING SOURCES USES | | | | |
| Transfers out (Note 4A) | <u>(4,852,521)</u> | <u>(4,852,521)</u> | <u>(4,632,521)</u> | <u>220,000</u> |
| NET CHANGE IN FUND BALANCE | <u>(\$1,021,848)</u> | <u>(\$1,009,044)</u> | 1,825,497 | <u>\$2,834,541</u> |
| BEGINNING FUND BALANCE | | | <u>11,378,872</u> | |
| ENDING FUND BALANCE | | | <u>\$13,204,369</u> | |

See accompanying notes to financial statements

CITY OF BELMONT
 BELMONT FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$10,955,730 | \$10,955,730 | \$11,289,484 | \$333,754 |
| Use of money and property | 8,865 | 8,865 | 1 | (8,864) |
| Intergovernmental | 926,875 | 926,875 | 441,345 | (485,530) |
| Charges for current services | | | 91,580 | 91,580 |
| Miscellaneous | | | 612,843 | 612,843 |
| Total Revenues | <u>11,891,470</u> | <u>11,891,470</u> | <u>12,435,253</u> | <u>543,783</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 10,047,291 | 10,048,579 | 10,375,553 | (326,974) |
| Capital Outlay | 291,000 | 291,000 | 106,011 | 184,989 |
| Debt Service: | | | | |
| Principal | 60,064 | 60,064 | 60,064 | |
| Interest and fiscal charges | 3,169 | 3,169 | 3,169 | |
| Total Expenditures | <u>10,401,524</u> | <u>10,402,812</u> | <u>10,544,797</u> | <u>(141,985)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,489,946 | 1,488,658 | 1,890,456 | 401,798 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | <u>1,000</u> | <u>1,000</u> | | <u>(1,000)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$1,490,946</u> | <u>\$1,489,658</u> | 1,890,456 | <u>\$400,798</u> |
| BEGINNING FUND BALANCE | | | <u>7,524,739</u> | |
| ENDING FUND BALANCE | | | <u>\$9,415,195</u> | |

See accompanying notes to financial statements

| |
|--------------------------|
| PROPRIETARY FUNDS |
|--------------------------|

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City has identified the funds below as major proprietary funds in fiscal year 2018.

SEWER COLLECTIONS FUND

To account for sanitary sewer services provided to the citizens of Belmont. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, capital improvement, and billing and collections.

SEWER TREATMENT FUND

To account for capital improvements made to the Silicon Valley Clean Water Authority treatment plant and related capital improvements. Revenue for the improvements comes from the sewer treatment facility charge paid by users connected to the sanitary system.

STORM DRAINAGE FUND

To account for the maintenance of the storm drain system, street sweeping and other activities related to the mandated National Pollution Discharge Elimination System (NPDES). Funding comes from customers connected to the City's sewer system, due to extensive infiltration and intrusion to the City's sewer system, street sweeping charges, and NPDES charges.

NON-MAJOR FUND:

SOLID WASTE FUND

To account for operating costs associated with administering the solid waste franchise.

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CITY OF BELMONT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2018

| | Business-type Activities-Enterprise Funds | | | | Governmental Activities- Internal Service Funds | |
|---|---|---------------------|--------------------|-----------------------------|--|--------------------|
| | Sewer Collections | Sewer Treatment | Storm Drainage | Nonmajor- Solid Waste | | Totals |
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and investments (Note 3) | \$17,679,866 | \$3,388,701 | \$2,515,345 | \$1,419,544 | \$25,003,456 | \$6,140,589 |
| Cash and investments with fiscal agent (Note 3) | 2,176,202 | 693,337 | | | 2,869,539 | |
| Accounts receivable | 11,395 | | 3,837 | | 15,232 | 1,346,888 |
| Prepays and other assets | | | | | | 10,841 |
| Due from other governmental agencies | | | 39,728 | 36,890 | 76,618 | |
| Total Current Assets | 19,867,463 | 4,082,038 | 2,558,910 | 1,456,434 | 27,964,845 | 7,498,318 |
| Noncurrent Assets: | | | | | | |
| Investment in SVCW joint venture (Note 13) | 3,357,316 | 21,289,068 | | | 24,646,384 | |
| Capital assets (Note 7): | | | | | | |
| Land and construction in progress | 14,792 | | | | 14,792 | |
| Depreciable assets, net | 15,154,483 | | 3,694,877 | | 18,849,360 | 1,119,216 |
| Total Noncurrent Assets | 18,526,591 | 21,289,068 | 3,694,877 | | 43,510,536 | 1,119,216 |
| Total Assets | 38,394,054 | 25,371,106 | 6,253,787 | 1,456,434 | 71,475,381 | 8,617,534 |
| DEFERRED OUTFLOWS | | | | | | |
| Related to pension (Note 10B) | 650,579 | | 325,290 | 108,430 | 1,084,299 | |
| Related to OPEB (Note 11) | 61,422 | | 33,503 | 8,934 | 103,859 | |
| Total Deferred Outflows | 712,001 | | 358,793 | 117,364 | 1,188,158 | |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable and other liabilities | 386,920 | 132,177 | 79,213 | | 598,310 | 131,245 |
| Claims payable (Note 12) | | | | | | 1,572,674 |
| Long-term debt (Note 8) | 520,000 | 180,000 | | | 700,000 | |
| Compensated absences (Note 1H) | 77,441 | | 56,770 | 5,790 | 140,001 | 81,840 |
| Total Current Liabilities | 984,361 | 312,177 | 135,983 | 5,790 | 1,438,311 | 1,785,759 |
| Noncurrent Liabilities: | | | | | | |
| Claims payable (Note 12) | | | | | | 355,539 |
| Compensated absences (Note 1H) | 89,853 | | 36,168 | 18,415 | 144,436 | 111,489 |
| Long-term debt (Note 8) | 25,585,381 | 7,330,000 | | | 32,915,381 | |
| Net pension liability (Note 10) | 2,285,790 | | 1,142,895 | 380,965 | 3,809,650 | |
| Net OPEB liability (Note 11) | 542,519 | | 295,919 | 78,912 | 917,350 | |
| Total Noncurrent Liabilities | 28,503,543 | 7,330,000 | 1,474,982 | 478,292 | 37,786,817 | 467,028 |
| Total Liabilities | 29,487,904 | 7,642,177 | 1,610,965 | 484,082 | 39,225,128 | 2,252,787 |
| DEFERRED INFLOWS | | | | | | |
| Related to pension (Note 10B) | 150,435 | | 75,217 | 25,072 | 250,724 | |
| Related to OPEB (Note 11) | 5,506 | | 3,003 | 801 | 9,310 | |
| Total Deferred Inflows | 155,941 | | 78,220 | 25,873 | 260,034 | |
| NET POSITION (Note 9) | | | | | | |
| Net investment in capital assets | 1,841,306 | | 3,694,877 | | 5,536,183 | 1,119,216 |
| Restricted for treatment facility | | 17,728,929 | | | 17,728,929 | |
| Unrestricted | 7,620,904 | | 1,228,518 | 1,063,843 | 9,913,265 | 5,245,531 |
| Total Net Position | \$9,462,210 | \$17,728,929 | \$4,923,395 | \$1,063,843 | \$33,178,377 | \$6,364,747 |

See accompanying notes to financial statements

CITY OF BELMONT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2018

| | Business-type Activities-Enterprise Funds | | | | Totals | Governmental Activities- Internal Service Funds |
|--|---|---------------------|--------------------|-----------------------------|---------------------|--|
| | Sewer Collections | Sewer Treatment | Storm Drainage | Nonmajor- Solid Waste | | |
| OPERATING REVENUES | | | | | | |
| Charges for current services | | | | | | |
| Sewer service charges | \$10,311,885 | \$3,225,639 | | | \$13,537,524 | |
| Sewer connection fees | 60,125 | | | | 60,125 | |
| NPDES storm drain charges | | | \$480,641 | | 480,641 | |
| Street sweeping | | | 395,488 | | 395,488 | |
| Garbage franchise fee | | | | \$428,446 | 428,446 | |
| Interdepartmental charges | 79,736 | | 10,251 | | 89,987 | \$7,772,253 |
| Total Operating Revenues | <u>10,451,746</u> | <u>3,225,639</u> | <u>886,380</u> | <u>428,446</u> | <u>14,992,211</u> | <u>7,772,253</u> |
| OPERATING EXPENSES | | | | | | |
| Personnel services | 2,047,229 | | 656,878 | 213,584 | 2,917,691 | |
| Services and supplies | 5,240,333 | 18,489 | 672,691 | 125,172 | 6,056,685 | |
| Insurance premiums | | | | | | 1,028,501 |
| Professional and legal | | | | | | 1,493,897 |
| Operating costs | | | | | | 3,427,089 |
| Other post employment benefits | | | | | | 1,059,846 |
| Insurance claims, net of change in claims payable | | | | | | 1,573,709 |
| Depreciation | 799,468 | | 237,306 | | 1,036,774 | 576,970 |
| Total Operating Expenses | <u>8,087,030</u> | <u>18,489</u> | <u>1,566,875</u> | <u>338,756</u> | <u>10,011,150</u> | <u>9,160,012</u> |
| Operating Income (Loss) | <u>2,364,716</u> | <u>3,207,150</u> | <u>(680,495)</u> | <u>89,690</u> | <u>4,981,061</u> | <u>(1,387,759)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | |
| Gain from the sale of capital assets | | | | | | 5,760 |
| Interest | 388,306 | 62,486 | 24,118 | 14,457 | 489,367 | 468,144 |
| Interest expense | (771,944) | (498,526) | | | (1,270,470) | |
| Loss from investment in SVCW - Joint Venture (Note 13) | (228,686) | | | | (228,686) | |
| Intergovernmental and miscellaneous | | | 36,854 | 23,408 | 60,262 | 1,814,345 |
| Total Nonoperating Revenues (Expenses) | <u>(612,324)</u> | <u>(436,040)</u> | <u>60,972</u> | <u>37,865</u> | <u>(949,527)</u> | <u>2,288,249</u> |
| Income (Loss) Before Transfers | <u>1,752,392</u> | <u>2,771,110</u> | <u>(619,523)</u> | <u>127,555</u> | <u>4,031,534</u> | <u>900,490</u> |
| Transfers in (Note 4A) | | | 1,312,423 | | 1,312,423 | 1,001,201 |
| Transfers (out) (Note 4A) | (1,312,423) | | | | (1,312,423) | |
| Net transfers | <u>(1,312,423)</u> | | <u>1,312,423</u> | | | <u>1,001,201</u> |
| Change in net position | 439,969 | 2,771,110 | 692,900 | 127,555 | 4,031,534 | 1,901,691 |
| BEGINNING NET POSITION, as Restated (Note 9D) | <u>9,022,241</u> | <u>14,957,819</u> | <u>4,230,495</u> | <u>936,288</u> | <u>29,146,843</u> | <u>4,463,056</u> |
| ENDING NET POSITION | <u>\$9,462,210</u> | <u>\$17,728,929</u> | <u>\$4,923,395</u> | <u>\$1,063,843</u> | <u>\$33,178,377</u> | <u>\$6,364,747</u> |

See accompanying notes to financial statements

CITY OF BELMONT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2018

| | Business-type Activities-Enterprise Funds | | | | Governmental Activities- Internal Service Funds | |
|--|---|--------------------|--------------------|-----------------------------|--|--------------------|
| | Sewer Collections | Sewer Treatment | Storm Drainage | Nonmajor- Solid Waste | | Totals |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from customers | \$10,440,351 | \$3,225,639 | \$888,512 | \$449,192 | \$15,003,694 | |
| Interdepartmental charges | | | | | | \$8,256,746 |
| Payments to suppliers | (5,921,418) | (22,844) | (557,767) | (125,172) | (6,627,201) | (4,149,181) |
| Payments to employees | (1,669,989) | | (744,277) | (191,960) | (2,606,226) | (3,070,669) |
| Claims paid | | | | | | (516,164) |
| Cash Flows from Operating Activities | <u>2,848,944</u> | <u>3,202,795</u> | <u>(413,532)</u> | <u>132,060</u> | <u>5,770,267</u> | <u>520,732</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Interfund receipts | | | 1,312,423 | | 1,312,423 | 1,001,201 |
| Interfund payments | (1,312,423) | | | | (1,312,423) | |
| Cash Flows from Noncapital Financing Activities | <u>(1,312,423)</u> | | <u>1,312,423</u> | | | <u>1,001,201</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Acquisition of capital assets | (1,462,273) | | (48,531) | | (1,510,804) | (140,201) |
| Proceeds from sale of capital assets | | | | | | 5,760 |
| Principal payments on capital debt | (505,000) | (175,000) | | | (680,000) | |
| Interest paid | (866,281) | (502,881) | | | (1,369,162) | |
| Investment in SVCW | | (3,695,254) | | | (3,695,254) | |
| Cash Flows from Capital and Related Financing Activities | <u>(2,833,554)</u> | <u>(4,373,135)</u> | <u>(48,531)</u> | | <u>(7,255,220)</u> | <u>(134,441)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Interest | 388,306 | 66,841 | 24,118 | 14,457 | 493,722 | 468,144 |
| Cash Flows from Capital and Related Investing Activities | <u>388,306</u> | <u>66,841</u> | <u>24,118</u> | <u>14,457</u> | <u>493,722</u> | <u>468,144</u> |
| Net Cash Flows | (908,727) | (1,103,499) | 874,478 | 146,517 | (991,231) | 1,855,636 |
| Cash and investments at beginning of period | 20,764,795 | 5,185,537 | 1,640,867 | 1,273,027 | 28,864,226 | 4,284,953 |
| Cash and investments at end of period | <u>\$19,856,068</u> | <u>\$4,082,038</u> | <u>\$2,515,345</u> | <u>\$1,419,544</u> | <u>\$27,872,995</u> | <u>\$6,140,589</u> |
| Reconciliation of Operating Income (Loss) to Cash Flows | | | | | | |
| from Operating Activities: | | | | | | |
| Operating income (loss) | \$2,364,716 | \$3,207,150 | (\$680,495) | \$89,690 | \$4,981,061 | (\$1,387,759) |
| Adjustments to reconcile operating income (loss) to cash flows from operating activities: | | | | | | |
| Depreciation | 799,468 | | 274,160 | | 1,073,628 | 576,970 |
| Miscellaneous | | | | 23,408 | 23,408 | 1,814,345 |
| Change in assets, deferred outflows and liabilities: | | | | | | |
| Receivables, net | (11,395) | | 2,132 | (2,662) | (11,925) | (1,321,298) |
| Accounts payable | (681,085) | (4,355) | 78,070 | | (607,370) | (242,676) |
| Claims payable | | | | | | 1,058,694 |
| Deferred outflows | (239,864) | | (36,123) | (25,699) | (301,686) | |
| Deferred inflows | 15,213 | | (20,290) | (2,273) | (7,350) | |
| Net pension liability | 627,238 | | (18,091) | 49,255 | 658,402 | |
| Net OPEB liability | (12,067) | | (6,582) | (1,755) | (20,404) | |
| Compensated absences | (13,280) | | (6,313) | 2,096 | (17,497) | 22,456 |
| Cash Flows from Operating Activities | <u>\$2,848,944</u> | <u>\$3,202,795</u> | <u>(\$413,532)</u> | <u>\$132,060</u> | <u>\$5,770,267</u> | <u>\$520,732</u> |
| Non-cash transactions | | | | | | |
| Amortization of 2016 Bond Premiums | \$80,805 | | | | | |
| Loss from investment in SVCW - Joint Venture (Note 13) | (228,686) | | | | | |
| | <u>(\$147,881)</u> | | | | | |

See accompanying notes to financial statements

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| |
|------------------------|
| FIDUCIARY FUNDS |
|------------------------|

Successor Agency Private-Purpose Trust Fund (Successor Agency) accounts for the activities related to the wind-down of the former Redevelopment Agency.

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

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CITY OF BELMONT
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2018

| | Successor Agency Private-Purpose Trust Fund | Agency Funds |
|---|--|------------------|
| ASSETS | | |
| Cash and investments (Note 3) | \$817,493 | \$525,295 |
| Cash and investments with fiscal agent (Note 3) | 676,297 | |
| Accounts receivable | | 48,176 |
| | <u>\$1,493,790</u> | <u>\$573,471</u> |
| LIABILITIES | | |
| Interest payable | \$35,856 | |
| Section 125 employee benefits payable | | \$25,246 |
| Due to other governments | | 295,256 |
| Due to bondholders | | 252,969 |
| Long-term debt (Note 15): | | |
| Due within one year | 695,000 | |
| Due more than one year | 6,395,000 | |
| | <u>7,125,856</u> | <u>\$573,471</u> |
| NET POSITION (DEFICIT): | | |
| Held in trust for private purpose | <u>(\$5,632,066)</u> | |

See accompanying notes to financial statements

CITY OF BELMONT
PRIVATE PURPOSE TRUST FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

| | Successor Agency Private-Purpose Trust Fund |
|----------------------------------|--|
| | |
| Additions: | |
| Property Taxes | \$992,433 |
| Use of money and property | 3,703 |
| | 996,136 |
| Total Additions | 996,136 |
| Deductions: | |
| Urban redevelopment | 122,558 |
| Interest expense | 180,292 |
| | 302,850 |
| Total Deductions | 302,850 |
| Change in net position | 693,286 |
| Beginning Net Position (Deficit) | (6,325,352) |
| Ending Net Position (Deficit) | (\$5,632,066) |

See accompanying notes to financial statements

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Belmont was incorporated as a general law city in 1926. The City operates under the Council-Manager form of government and is governed by a five member council elected by the City's voters. The City provides the following services: public safety (police and fire), highways and streets, sewer, storm drainage, solid waste, recreation, public improvements, planning and zoning, building inspections, general administration services, and economic development.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below.

A. *Reporting Entity*

The financial statements of the City of Belmont include the financial activities of the City, the Belmont Fire Protection District and the Belmont Joint Powers Financing Authority. All of these entities are controlled by and dependent on the City and their financial activities have been aggregated and merged (termed "blended") with those of the City in the accompanying financial statements.

The **Belmont Fire Protection District**, established in 1928, is a special district created under the general laws of California to provide fire protection services to City residents. The District is controlled by the City and has the same governing board as the City, which also performs all accounting and administrative functions for the District. The financial activities of the District have been included in these financial statements in the Belmont Fire Protection District Special Revenue Fund and the BFPD Benefit Prefunding Internal Service Fund. The District does not issue separate financial statements.

The **Belmont Joint Powers Financing Authority** is a separate government entity whose purpose is to assist with the financing certain public capital facilities for the City through the issuance of bonds or other forms of debt. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The Authority does not issue separate financial statements.

B. *Basis of Presentation*

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These 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. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and 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 (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's proprietary funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds

The City's major governmental and enterprise funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund - The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as police protection, parks operations and maintenance, and legal and administrative services. The general fund also accounts for Measure I, a half cent local district tax approved in 2016 that will expire in 30 years. This general tax funding source provides for street and road and storm drain repair.

Belmont Fire Protection District Special Revenue Fund - To account for property taxes received and expended by the District on providing fire protection services to the City of Belmont and the unincorporated Harbor Industrial Area.

The City reported all the following enterprise funds as major funds in the accompanying financial statements:

Sewer Collections Fund - To account for certain sanitary sewer services provided to the citizens of Belmont. Activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, capital improvement, and billing and collections.

Sewer Treatment Fund - To account for capital improvements made to the Silicon Valley Clean Water Authority treatment plant and related capital improvements. Revenue for the improvements comes from the sewer treatment facility charge paid by users connected to the sanitary system.

Storm Drainage Fund - To account for the maintenance of the storm drain system, street cleaning and other activities related to the mandated National Pollution Discharge Elimination System (NPDES). Funding comes from customers connected to the City's sewer system, due to extensive infiltration and intrusion to the City's sewer system, street sweeping charges, and NPDES charges.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

Internal Service Funds

The funds account for workers' compensation, general liability, vision, benefit prefunding, fleet and equipment management, and facilities management; all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds

Trust Funds and Agency Funds are used to account for assets held by the City as an agent or trustee for individuals, private organizations, and other governments. The City has three agency funds: Section 125 Plan Fund; the Library Community Facilities District Fund, a fund reporting cash and investments for the District, and the Net Six Joint Powers Authority. The Successor Agency Private-purpose Trust Fund accounts for the financial activities assumed by the Successor Agency from the former Redevelopment Agency. The financial activities of these funds are excluded from the Government-wide financial statements, and are presented in a separate Fiduciary Fund financial statement.

D. Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property, sales and use, transient occupancy, franchise and gas taxes, business license taxes, intergovernmental revenues, grants, parking fines and interest revenue. Other fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until collected.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the City gives or receives value without directly, receiving or giving equal 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.

Certain indirect costs are included in program expenses reported for individual functions and activities.

E. Revenue Recognition for Enterprise Funds

Sewer and Storm Drain user fee revenues are placed on the county tax rolls. The County bills customers annually and requires payment prior to year-end. Solid waste revenue is remitted by Recology San Mateo County as part of garbage services. At year-end there were no material uncollected sewer, storm drain, or solid waste user fees.

F. Property Tax

San Mateo County assesses properties, and it bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest, and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the County, which retains all penalties.

The term “unsecured” refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above, generally within sixty days.

G. Capital Assets

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

The City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of 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 capital assets.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

| | |
|------------------------------------|--------------|
| Building and Building Improvements | 40 years |
| Improvements Other than Buildings | 25-75 years |
| Streets and Infrastructure | 25-100 years |
| Machinery and Equipment | 5-10 years |
| Vehicles | 5-10 years |

Non-infrastructure and infrastructure assets with historical costs exceeding \$5,000 and \$25,000 respectively are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

H. *Compensated Absences*

Compensated absences comprise unpaid vacation and the vested portion of sick leave, which are accrued as earned. Employee bargaining unit agreements specify the vested portion of unused sick leave, which accumulates and is paid at time of termination of City employment. The City's liability for compensated absences is recorded in various Governmental funds and Proprietary funds as appropriate. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be paid due to terminations are recorded as fund liabilities; the long term portion is recorded in the Statement of Net Position.

The changes of the compensated absences were as follows:

| | Governmental Activities | Business-Type Activities | | | Total |
|--------------------------------------|----------------------------|--------------------------|-------------------|-----------------|--------------------|
| | | Sewer | Storm Drainage | Solid Waste | |
| Summary of Activity: | | | | | |
| Beginning Balance | \$3,179,645 | \$180,574 | \$99,251 | \$22,109 | \$3,481,579 |
| Additions | 1,871,343 | 95,145 | 73,168 | 10,205 | 2,049,861 |
| Retirements | (1,894,243) | (108,425) | (79,481) | (8,109) | (2,090,258) |
| Ending Balance | <u>\$3,156,745</u> | <u>\$167,294</u> | <u>\$92,938</u> | <u>\$24,205</u> | <u>\$3,441,182</u> |
| Financial Statement Presentation: | | | | | |
| Due within One Year | \$1,352,870 | \$77,441 | \$56,770 | \$5,790 | \$1,492,871 |
| Due in More than One Year | <u>1,803,875</u> | <u>89,853</u> | <u>36,168</u> | <u>18,415</u> | <u>1,948,311</u> |
| Total Ending Balance | <u>\$3,156,745</u> | <u>\$167,294</u> | <u>\$92,938</u> | <u>\$24,205</u> | <u>\$3,441,182</u> |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

I. *Fair Value Hierarchy*

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

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

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

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

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

J. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

K. *Estimates and Assumptions*

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows/inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *New Funds*

The Road Maintenance and Rehabilitation Account Special Revenue Fund was established to account for gas tax resources restricted for expenditure on basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system. Senate Bill (SB) 1, the Road Repair and Accountability Act of 2017 provides funding for local streets and roads over the next 10 years.

The Senior Donations Special Revenue Fund was established to account for donations from the community to be used for senior services and programming.

The Infrastructure Capital Projects Fund was established to account for expenditures associated with the City infrastructure, including streets, retaining walls, bridges, culverts, and waterways. The activities were previously reported as part of the General Facilities Capital Projects Fund.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The City Manager submits to the City Council a proposed annual operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them and is subjected to public hearings where comments are obtained for consideration. The Council adopts the budget through passage of a budget resolution at which time the proposed expenditures become appropriations. The budget is effective the following July 1 and may be amended by subsequent resolutions. The City Manager is authorized to transfer appropriations between any departments; however, any revisions, which increase the total appropriations of any fund, must be approved by the Council. Transfers not included in the original budget must be approved by the Finance Director. Where not contractually committed, expenditures may not exceed appropriations at the fund level. Unencumbered appropriations lapse at year end. Supplemental appropriations adopted by the Council are included in the budget versus actual statements.

Formal budgetary integration is employed as a management control device. Encumbrance accounting is employed as an extension of formal budgetary integration in all funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

Encumbrances outstanding at year end do not constitute expenditures or liabilities and are reappropriated in the following year budget. Budget amounts include appropriations, which are formally integrated into the City's accounting records for all funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds. Encumbrances outstanding by fund as of June 30, 2018 were as follows:

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

| | |
|------------------------------|---------------------------|
| Major Governmental Funds: | |
| General Fund | \$82,332 |
| Non-Major Governmental Funds | <u>2,274,585</u> |
| Total Encumbrances | <u><u>\$2,356,917</u></u> |

Expenditures exceeded budget for the following fund:

| Fund | Expenditures in Excess of |
|---|------------------------------|
| Belmont Fire Protection District Special Revenue Fund | \$141,985 |

NOTE 3 – CASH AND INVESTMENTS

The City pools cash from all sources and all funds except Cash and Investments held by Trustees so that it can be invested consistent with the principles of safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

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

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form.

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

B. Classification

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

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2018 consist of the following:

| | |
|--|----------------------------|
| Statement of Net Position | |
| Cash and investments | \$67,438,032 |
| Cash and investments with fiscal agent | 2,869,539 |
| Fiduciary Funds | |
| Cash and investments | 1,342,788 |
| Cash and investments with fiscal agent | <u>676,297</u> |
| Total Cash and Investments | <u><u>\$72,326,656</u></u> |

Cash and Investments Available for Operations is used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

As of June 30, 2018, the City holds \$10,601,210 in unexpended proceeds from the Sewer Revenue Bonds, Series 2016, which were included in Cash and Investments recorded in the Sewer Treatment Enterprise Fund. These restricted funds are to be spent on project costs as defined in the underlying indenture.

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

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

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality | Maximum % of Portfolio | Maximum Investment In One Issuer |
|---|------------------|------------------------|--------------------------------|----------------------------------|
| Local Agency Municipal Bonds | 5 years | None | None | None |
| U.S. Treasury Obligations | 5 years | None | None | None |
| State of California and Other State Obligations | 5 years | None | None | None |
| CA Local Agency Obligations | 5 years | None | None | None |
| U.S. Agency Securities | 5 years | None | None | None |
| Bankers Acceptances | 180 days | None | 40% | 30% |
| Commercial Paper (pooled) | 270 days | A1 / P1 | 40% | 10% |
| Commercial Paper (non-pooled) | 270 days | A1 / P1 | 25% | 10% |
| Negotiable Certificates of Deposit | 5 years | None | 30% | None |
| Non-Negotiable Certificates of Deposit | 5 years | None | None | None |
| Placement Service Deposits | 5 years | None | 30% (A) | None |
| Placement Service Certificates of Deposit | 5 years | None | 30% (A) | None |
| Repurchase Agreements | 1 year | None | None | None |
| Reverse Repurchase Agreements and Securities Lending Agreements | 92 days | None | 20% of base value of portfolio | None |
| Medium Term Corporate Notes | 5 years | A | 30% | None |
| Mutual Funds | N/A | Top rating category | 20% | 10% |
| Money Market Mutual Funds | N/A | Top rating category | 20% | 10% |
| Collateralized Bank Deposits | 5 years | None | None | None |
| Mortgage Pass-Through Securities | 5 years | AA | 20% | None |
| County Pooled Investment Funds | N/A | None | None | None |
| Joint Powers Authority Pool | N/A | Multiple | None | None |
| California Local Agency Investment Fund | N/A | None | None | \$65M |
| Voluntary Investment Program Fund | N/A | None | None | None |
| Supranational Obligations (B) | 5 years | AA | 30% | None |

(A) 30% maximum % of portfolio is for deposits and certificates of deposit combined.

(B) Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB)

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. These bond indentures did not disclose limitations for maximum percentage of portfolio and investment in one issuer. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality |
|--|------------------|-----------------------------|
| Local Agency Municipal Bonds | N/A | Two highest rating category |
| U.S. Treasury Obligations | N/A | N/A |
| State of California Obligations | N/A | A2/A |
| CA Local Agency Obligations | N/A | N/A |
| U.S. Agency Securities (A) | N/A | N/A |
| Bankers Acceptances | 1 year | A1 |
| Commercial Paper | 270 days | A-1 + |
| Short-Term Certificates of Deposit | 1 year | A-1+ |
| Repurchase Agreements | 30 days | A |
| Money Market Mutual Funds | N/A | AA-M |
| Collateralized Bank Deposits | N/A | N/A |
| California Local Agency Investment Fund | N/A | N/A |
| Unsecured CD's, deposit accounts, time deposits, bankers acceptances | 30 days | A-1 |
| Special Revenue Bonds | N/A | AA |
| Prefunded Municipal Obligations | N/A | AAA |
| FDIC insured deposit | N/A | N/A |
| Investment Agreements | N/A | AA- |
| Pre Refunded Municipal Obligations | N/A | Two highest rating category |
| Cash | N/A | N/A |

(A) Securities issued by agencies of the federal government such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), Export-Import Bank, Farm Credit System Financial Assistance Corporation, Farmers Home Administration, General Services Administration, United States Maritime Administration, Small Business Administration, Government National Mortgage Association (GNMA), United States Department of Housing & Urban Development (PHA's), the Federal Home Loan Mortgage Corporation (FHLMC) and Federal Housing Administration debentures.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the City’s investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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

| Investment Type | 12 Months or less | 13 to 24 Months | 25 to 60 Months | Total |
|---|----------------------|--------------------|--------------------|----------------------------|
| California Local Agency Investment Fund | \$68,075,888 | | | \$68,075,888 |
| Held by Trustees: | | | | |
| Money Market Mutual Fund | 185,011 | | | 185,011 |
| US Treasury Notes | 1,361,571 | \$1,624,098 | \$374,093 | 3,359,762 |
| Total Investments | <u>\$69,622,470</u> | <u>\$1,624,098</u> | <u>\$374,093</u> | 71,620,661 |
| Cash in banks and on hand | | | | <u>705,995</u> |
| Total Cash and investments | | | | <u><u>\$72,326,656</u></u> |

F. Local Agency Investment Fund

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the amortized costs provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$65 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2018 these investments matured in an average of 193 days.

G. Fair Value Hierarchy

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

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the City’s investments as of June 30, 2018:

| Investment Type | Level 1 | Exempt or Amortized Cost | Total |
|---|--------------------|--------------------------------|---------------------|
| California Local Agency Investment Fund | | \$68,075,888 | \$68,075,888 |
| <i>Held by Trustees:</i> | | | |
| Money Market Mutual Fund | | 185,011 | 185,011 |
| US Treasury Notes | \$3,359,762 | | 3,359,762 |
| Total Investments | <u>\$3,359,762</u> | <u>\$68,260,899</u> | <u>\$71,620,661</u> |

U.S. Treasury Notes totaling \$3.3 million classified in Level 1 of the fair value hierarchy are valued using quoted prices in an active market for identical assets. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices. These prices are obtained from various pricing sources by the custodian bank. LAIF is exempt from the fair value hierarchy.

H. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2018 are provided by Standard and Poor’s except as noted.

| Investment Type | AAAm | Total Investments |
|---|------------------|----------------------|
| Money Market Mutual Funds | <u>\$185,011</u> | \$185,011 |
| <i>Not rated:</i> | | |
| California Local Agency Investment Fund | | 68,075,888 |
| <i>Exempt from rating requirement:</i> | | |
| U.S. Treasury Notes | | <u>3,359,762</u> |
| Total investments | | <u>\$71,620,661</u> |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers Between Funds

The purpose of the majority of transfers is to provide annual subsidiary to the transit fund, which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the fiscal year ended June 30, 2018 were as follows:

| Fund Receiving Transfer | Fund Making Transfer | Amount Transferred |
|---------------------------------------|--|--------------------|
| Special Revenue Funds | | |
| Recreation | General Fund | \$458,691 |
| Development Services | General Fund | 57,802 |
| Supplemental Law Enforcement Services | General Fund | 123,687 |
| Street Maintenance | General Fund | 805,064 |
| Street Improvement | Infrastructure Capital Projects Fund | 1,225,000 (a) |
| Senior Donations | Recreation Special Revenue Fund | 74,900 (b) |
| Capital Projects Funds | | |
| General Facilities | General Fund | 588,887 (c) |
| Infrastructure | General Fund | 1,597,189 (d) |
| Infrastructure | General Facilities Capital Projects Fund | 1,000,000 (e) |
| Enterprise Fund | | |
| Storm Drainage | Sewer Collections Enterprise Fund | 1,312,423 (f) |
| Internal Service Funds | | |
| Fleet and Equipment Management | General Fund | 630,000 |
| Facilities Management | General Fund | 371,201 |
| | | <u>\$8,244,844</u> |

The purpose of the significant transfers that were not routine in nature or consistent with activities of the fund making the transfers is set forth below:

- (a) Transfer to fund Street Improvement Projects.
- (b) Transfer to establish Senior Donations Special Revenue Fund.
- (c) Transfer to fund General Facility Projects.
- (d) Transfer to fund General Infrastructure Projects.
- (e) Transfer to establish the Infrastructure Capital Projects Fund.
- (f) Transfer to fund Storm Drainage Projects.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 5 – NOTES RECEIVABLE

These notes are summarized below:

| Project | Amount |
|-------------------------------|-------------------------|
| Mid-Peninsula Horizons, Inc. | \$235,583 |
| Home Buyer Assistance Program | <u>548,930</u> |
| Total notes receivable | <u><u>\$784,513</u></u> |

The former Belmont Redevelopment Agency (Agency) entered into the loan programs below to improve the quality of housing and to increase the availability of affordable housing. With the dissolution of the former Redevelopment Agency, the City elected to become the successor to the former Agency’s housing activities and as a result assumed the loans receivable as of February 1, 2012.

On September 30, 1992 the former Agency made a loan to **Mid-Peninsula Horizons, Inc.**, a nonprofit corporation, to assist in financing an affordable housing project. The Agency loan is secured by a second deed of trust. The loan bears interest at one percent per annum and is due along with interest in 2039 or the date the project is no longer subject to a related regulatory agreement with HUD, whichever is later.

In fiscal year 1999, the former Agency began providing financial assistance for first time home buyers through the **Home Buyer Assistance Program**. Loans provide down payment assistance to qualified home buyers in Belmont. Loans are long-term low interest loans for down payments on the purchase of single-family residences, town homes, or condominiums. Loans are secured by a deed of trust.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 6 – LAND HELD FOR RESALE

The City purchased parcels of land as part of efforts to develop or redevelop properties. Land held for resale is carried in the financial statements at the lower of cost or estimated net realizable value.

With the dissolution of the Redevelopment Agency in fiscal year 2012, the City elected to assume housing activities as the Housing Successor, and the land held for resale was transferred to the Low and Moderate Income Housing Asset Special Revenue Fund on February 1, 2012.

NOTE 7 – CAPITAL ASSETS

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

| | Balance June 30, 2017 | Additions | Transfers | Balance June 30, 2018 |
|---|--------------------------|----------------------|--------------------|--------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$12,609,903 | | | \$12,609,903 |
| Construction in progress | 1,695,937 | \$26,766 | (\$1,483,604) | 239,099 |
| Total capital assets not being depreciated | <u>14,305,840</u> | <u>26,766</u> | <u>(1,483,604)</u> | <u>12,849,002</u> |
| Capital assets being depreciated: | | | | |
| Buildings and building improvements | 38,704,356 | 70,606 | | 38,774,962 |
| Improvements other than buildings | 3,836,776 | 478,761 | 1,483,604 | 5,799,141 |
| Streets and infrastructure | 48,288,751 | 614,193 | | 48,902,944 |
| Machinery and equipment | 5,615,126 | 127,141 | | 5,742,267 |
| Vehicles | 5,253,736 | 13,060 | | 5,266,796 |
| Total capital assets being depreciated | <u>101,698,745</u> | <u>1,303,761</u> | <u>1,483,604</u> | <u>104,486,110</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | 14,625,213 | 925,252 | | 15,550,465 |
| Improvements other than buildings | 1,144,363 | 175,168 | | 1,319,531 |
| Streets and infrastructure | 21,675,388 | 1,470,492 | | 23,145,880 |
| Machinery and equipment | 5,142,821 | 224,179 | | 5,367,000 |
| Vehicles | 3,494,634 | 457,323 | | 3,951,957 |
| Total accumulated depreciation | <u>46,082,419</u> | <u>3,252,414</u> | | <u>49,334,834</u> |
| Net depreciable assets | <u>55,616,326</u> | <u>(1,948,653)</u> | <u>1,483,604</u> | <u>55,151,276</u> |
| Governmental activities capital assets, net | <u>\$69,922,166</u> | <u>(\$1,921,887)</u> | | <u>\$68,000,278</u> |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 7 – CAPITAL ASSETS (Continued)

| | Balance June 30, 2017 | Additions | Transfers | Balance June 30, 2018 |
|--|--------------------------|-------------|-------------|--------------------------|
| Business-type activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$14,792 | | | \$14,792 |
| Construction in progress | 670,011 | | (\$670,011) | |
| Total capital assets not being depreciated | 684,803 | | (670,011) | 14,792 |
| Capital assets being depreciated: | | | | |
| Improvements other than buildings | 31,703,342 | \$1,510,804 | 670,011 | 33,884,157 |
| Machinery and equipment | 316,909 | | | 316,909 |
| Total capital assets being depreciated | 32,020,251 | 1,510,804 | 670,011 | 34,201,066 |
| Less accumulated depreciation | | | | |
| Improvements other than buildings | 14,071,432 | 1,012,951 | | 15,084,383 |
| Machinery and equipment | 243,500 | 23,823 | | 267,323 |
| Total accumulated depreciation | 14,314,932 | 1,036,774 | | 15,351,706 |
| Net depreciable assets | 17,705,319 | 474,030 | 670,011 | 18,849,360 |
| Business-type activities capital assets, net | \$18,390,122 | \$474,030 | | \$18,864,152 |

B. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. These contributions are required to be accounted for as revenues at the time the capital assets are acquired.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 7 – CAPITAL ASSETS (Continued)

C. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

| | |
|--|---------------------------|
| Governmental Activities | |
| General Government | \$1,005,246 |
| Public Safety | 199,707 |
| Highways and Streets | 1,213,244 |
| Culture and Recreation | 257,247 |
| Depreciation Charges to Internal Service Funds | <u>576,970</u> |
| Total Governmental Activities | <u><u>\$3,252,414</u></u> |
| Business-Type Activities | |
| Sewer Collections | \$799,468 |
| Storm Drainage | <u>237,306</u> |
| Total Business-Type Activities | <u><u>\$1,036,774</u></u> |

NOTE 8 – LONG TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

This debt will be repaid only out of governmental funds but is not accounted for in these funds because this debt does not require an appropriation or expenditure in this accounting period.

Proprietary Fund (Enterprise) long-term debt is accounted for in the proprietary funds, which will repay the debt because these funds are accounted for on the full-accrual basis in a similar manner to commercial operations.

The City's debt issues and transactions are summarized below and discussed in detail thereafter.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 8 – LONG TERM DEBT (Continued)

A. Current Year Transactions and Balances

| | Balance June 30, 2017 | Retirements | Balance as of June 30, 2018 | |
|---|--------------------------|------------------|-----------------------------|------------------------|
| | | | Due Within One Year | Due Beyond One Year |
| GOVERNMENTAL ACTIVITIES DEBT | | | | |
| Capital Lease | | | | |
| 2008 Seagrave Marauder II Fire Truck | | | | |
| 4.16%, due 2019 | \$91,036 | \$60,064 | \$30,972 | |
| Total Governmental Activities Debt | <u>91,036</u> | <u>60,064</u> | <u>30,972</u> | |
| BUSINESS-TYPE ACTIVITIES DEBT | | | | |
| 2009A Sewer Treatment Facility | | | | |
| Revenue Bonds | | | | |
| 3.00%-5.00%, due serially to 2042 | 7,685,000 | 175,000 | 180,000 | \$7,330,000 |
| 2016 Sewer Revenue Refunding Bonds | | | | |
| 3.00%-5.00%, due serially to 2035 | 9,460,000 | 415,000 | 425,000 | 8,620,000 |
| Premium | 1,054,026 | 76,647 | | 977,379 |
| 2016 Sewer Revenue Bonds | | | | |
| 2.00%-5.00%, due serially to 2046 | 16,120,000 | 90,000 | 95,000 | 15,935,000 |
| Premium | 57,160 | 4,158 | | 53,002 |
| Total Business-Type Activities Debt | <u>34,376,186</u> | <u>760,805</u> | <u>700,000</u> | <u>32,915,381</u> |
| Total Long-Term Obligations | <u>\$34,467,222</u> | <u>\$820,869</u> | <u>\$730,972</u> | <u>\$32,915,381</u> |

B. 2008 Seagrave Fire truck

During fiscal 2012, due to the dissolution of Belmont-San Carlos Fire Department, the Belmont Fire Protection District assumed the remaining obligation of the lease.

C. Summary of Sewer Debt Issues

On December 30, 2009 the Authority issued \$8,500,000 principal amount of **Sewer Treatment Facility Revenue Bonds, Series 2009A**. Proceeds will be used to finance certain improvements to the Silicon Valley Clean Water's sewer treatment facility. Interest is due semiannually on February 1 and August 1 and principal is due annually on August 1 and is payable solely from Sewer Treatment Facility Revenues.

The pledge of future Sewer Treatment Facility charges end upon repayment of \$12,376,261 in remaining debt service on the Bonds which is scheduled to occur in 2042. For fiscal year 2018, Sewer Treatment Facility Revenues amounted to \$3,288,125 and debt service was \$500,057.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 8 – LONG TERM DEBT (Continued)

In March 2016, the City issued \$9,945,000 in **Sewer Revenue Refunding Bonds, Series 2016** and \$16,120,000 in **Sewer Revenue Bonds, Series 2016** with interest rates ranging from 3.0% to 5.0% and 2.0% to 5.0% respectively. The \$11,094,848 in net proceeds (including a \$1,149,848 premium and after payment of \$104,670 in underwriting fees and other issuance costs) of the Sewer Revenue Refunding Bonds, Series 2016, were used to refund \$10,830,000 of outstanding 2001 and 2006 Series Sewer Revenue Bonds which had interest rates ranging from 4.375% to 5.00% and 4.00% to 4.375% respectively. The net proceeds of \$15,182,357 from the Sewer Revenue Bonds, Series 2016 (including a \$62,357 premium and after payment of \$169,662 in underwriting fees and other issuance costs) will be used to finance improvements to the City's sewer system.

The pledge of future Sewer Fund Revenues ends upon repayment of \$38,519,688 in remaining debt service on the 2016 Sewer Revenue Refunding Bonds and 2016 Sewer Revenue Bonds which is scheduled to occur in 2046. For fiscal year 2018, Sewer Fund Revenues, excluding sewer treatment facility revenue, including operating revenues, but not connection charges or non-operating interest earnings, amounted to \$10,311,885 and operating costs including operating expenses, but not interest, depreciation or amortization amounted to \$7,287,562. Net revenues available for debt service amounted to \$3,024,323.

D. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt with specified repayment terms:

| For the Year Ending June 30 | Governmental Activities | | Business-Type Activities | |
|--------------------------------|-------------------------|--------------|--------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2019 | \$30,972 | \$644 | \$700,000 | \$1,180,628 |
| 2020 | | | 725,000 | 1,153,852 |
| 2021 | | | 760,000 | 1,120,430 |
| 2022 | | | 795,000 | 1,088,082 |
| 2023 | | | 825,000 | 1,057,012 |
| 2024 - 2028 | | | 4,725,000 | 4,683,027 |
| 2029 - 2033 | | | 5,675,000 | 3,776,552 |
| 2034 - 2038 | | | 6,830,000 | 2,681,789 |
| 2039 - 2043 | | | 7,650,000 | 1,361,671 |
| 2044 - 2046 | | | 3,900,000 | 207,906 |
| Total | <u>\$30,972</u> | <u>\$644</u> | <u>\$32,585,000</u> | <u>\$18,310,949</u> |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 8 – LONG TERM DEBT (Continued)

E. Special Assessment Debt With No City Commitment

On February 4, 2004, the Community Facilities District No. 2000-1 issued Special Tax Bonds, Series 2004A for \$8,650,000 to finance the construction, operations and maintenance of a new library. The City has no legal or moral liability with respect to the payment of this debt, which is secured by proceeds of an annual special tax levy received by the District. Therefore, this debt is not included in the long-term debt of the City. As of June 30, 2018, the outstanding balance was \$5,770,000.

Pursuant to the terms of the underlying indenture for the Special Tax Bonds, the Trustee holds a Surety Bond issued by AMBAC Assurance Corporation as a debt service reserve for the Bonds. During fiscal 2010-11, AMBAC declared bankruptcy. As of the date of this report, the Trustee had not requested and the District had not obtained a replacement surety bond.

NOTE 9 – NET POSITION AND FUND BALANCES

Net Position is measured on the full accrual basis while Fund Balance is measured on the modified accrual basis.

A. Net Position

Net Position is the excess of all the City's assets and deferred outflows, if any, over all its liabilities and deferred inflows, if any, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below.

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income housing purposes.

Unrestricted describes the portion of Net Position which is not restricted to use.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances

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

The City's fund balances are classified in accordance with generally accepted accounting principles which require the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for resale are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by resolution of the City Council which may be altered only by resolution of the City Council. Nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; Nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed. Through a Council Resolution, the City Council has designated the City Manager to determine the amount of assigned fund balances.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s fund balances, as of June 30, 2018, are below:

| Fund Balance Classifications | General Fund | Belmont Fire Protection District | Other Governmental Funds | Total |
|---|---------------------|---|--------------------------------|---------------------|
| Nonspendables: | | | | |
| Items not in spendable form: | | | | |
| Prepays | \$342,607 | | | \$342,607 |
| Land held for resale | 298,748 | | | 298,748 |
| Total Nonspendable Fund Balances | 641,355 | | | 641,355 |
| Restricted for: | | | | |
| Transportation | | | \$2,651,695 | 2,651,695 |
| Belmont Fire Protection District | | \$9,415,195 | | 9,415,195 |
| Special Revenue Programs: | | | | |
| Recreation | | | 107,145 | 107,145 |
| Library Maintenance & Operations | | | 1,136,952 | 1,136,952 |
| City Trees | | | 427,416 | 427,416 |
| Supplemental Law Enforcement Services | | | 94,998 | 94,998 |
| Athletic Field Maintenance | | | 316,759 | 316,759 |
| RMRA (SB1) | | | 96,535 | 96,535 |
| Senior Donations | | | 76,812 | 76,812 |
| Capital Projects | | | 2,237,811 | 2,237,811 |
| Special Assessment District | | | 300,017 | 300,017 |
| Housing Inclusionary | | | 2,546,324 | 2,546,324 |
| Low & Moderate Income Housing | | | 3,993,160 | 3,993,160 |
| Total Restricted Fund Balances | | 9,415,195 | 13,985,624 | 23,400,819 |
| Committed to: | | | | |
| Measure I Infrastructure | 1,879,332 | | | 1,879,332 |
| Special Revenue Programs: | | | | |
| Development Services | | | 747,981 | 747,981 |
| Public Safety | | | 36,422 | 36,422 |
| Total Committed Fund Balances | 1,879,332 | | 784,403 | 2,663,735 |
| Assigned to: | | | | |
| Capital Projects | | | 4,116,485 | 4,116,485 |
| Total Assigned Fund Balances | | | 4,116,485 | 4,116,485 |
| Unassigned | 10,683,682 | | | 10,683,682 |
| Total Unassigned Fund Balances | 10,683,682 | | | 10,683,682 |
| Total Fund Balances | \$13,204,369 | \$9,415,195 | \$18,886,512 | \$41,506,076 |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

C. *Minimum Fund Balance Policies*

The City Council has established a policy with adoption of the annual budget that the General Fund fund balance should be maintained at a target of 33% of operating expenditures with a \$5,000,000 minimum. In addition, the City Council has established a \$250,000 Contingency appropriation which may be used to pay for an emergency or an uncertain occurrence. The use of contingency funds requires City Council approval. As of June 30, 2018, the City is in compliance with its minimum fund balance policies.

D. *Restatements of Net Position*

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB), which became effective during the year ended June 30, 2018. In June 2015, GASB issued Statement No. 75 and the intention of this Statement is to improve the usefulness of information for decisions made by the various users of the financial reports of governments whose employees – both active employees and inactive employees – are provided with postemployment benefits other than pensions by requiring recognition of the entire net OPEB liability and a more comprehensive measure of OPEB expense.

The implementation of the Statement required the City to make prior period adjustments. As a result, the beginning net position as of July 1, 2017 of the Governmental Activities, Business-Type Activities, Sewer Collection Enterprise Fund, Storm Drainage Enterprise Fund and Solid Waste Enterprise Fund were restated and reduced by \$8,593,455, \$852,124, \$503,945, \$274,878 and \$73,301, respectively. See Note 11 for additional information.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 10 – PENSION PLAN

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. 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.

A. General Information about the Pension Plan

Plan Description – All qualified employees are eligible to participate in the City’s separate Safety (Police and Fire) and Miscellaneous (all other) Employee Pension Rate Plans. The City’s Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan, regardless of the number of rate plans the employer sponsors. The City sponsors six rate plans and the District sponsors three rate plans as follows:

- City Miscellaneous (Tier 1)
- City Miscellaneous (Tier 2)
- City Miscellaneous (Tier 3)
- City Safety (Tier 1)
- City Safety (Tier 2)
- City Safety (Tier 3)
- District Safety (Tier 1)
- District Safety (Tier 2)
- District Safety (Tier 3)

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

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 10 – PENSION PLAN (Continued)

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 1959 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.

The Plan’s provisions and benefits in effect at June 30, 2018 are summarized as follows:

| | City Miscellaneous Rate Plans | | |
|--|--------------------------------------|--------------------------------|--------------------------------|
| | Tier 1 | Tier 2 | Tier 3 |
| Hire date | Prior to January 1, 2012 | On or after January 1, 2012 | On or after January 1, 2013 |
| Benefit formula | 2% @ 55 | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Final Average Compensation Period | One Year | Three Year | Three Year |
| Retirement age | 50 - 67 | 50 - 67 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 1.426% to 2.418% | 1.426% to 2.418% | 1.0% to 2.5% |
| Required employee contribution rates | 7.0% | 7.0% | 6.5% |
| Required employer contribution rates (normal cost) | 9.265% | 8.762% | 6.625% |

| | City Safety Rate Plans | | |
|--|-------------------------------|--------------------------------|--------------------------------|
| | Tier 1 | Tier 2 | Tier 3 |
| Hire date | Prior to January 1, 2012 | On or after January 1, 2012 | On or after January 1, 2013 |
| Benefit formula | 3% @ 50 | 3% @ 55 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Final Average Compensation Period | One Year | Three Year | Three Year |
| Retirement age | 50 - 55 | 50 - 55 | 50 - 57 |
| Monthly benefits, as a % of eligible compensation | 3% | 2.4% to 3% | 2.0% to 2.7% |
| Required employee contribution rates | 9.0% | 9.0% | 11.5% |
| Required employer contribution rates (normal cost) | 19.723% | 16.842% | 11.990% |

| | District Safety Rate Plans | | |
|--|-----------------------------------|--------------------------------|--------------------------------|
| | Tier 1 | Tier 2 | Tier 3 |
| Hire date | Prior to January 1, 2012 | On or after January 1, 2012 | On or after January 1, 2013 |
| Benefit formula | 3% @ 55 | 2% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Final Average Compensation Period | Three Year | Three Year | Three Year |
| Retirement age | 50 - 55 | 50 - 55 | 50 - 57 |
| Monthly benefits, as a % of eligible compensation | 2.4% to 3% | 2.0% to 2.7% | 2.0% to 2.7% |
| Required employee contribution rates | 9.0% | 9.0% | 11.5% |
| Required employer contribution rates (normal cost) | 16.842% | 14.971% | 11.990% |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 10 – PENSION PLAN (Continued)

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's and District's required contributions for the unfunded liability and side fund were \$1,973,075 and \$13,330, respectively, in fiscal year 2018.

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

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were as follows:

| | Safety | Miscellaneous | Total |
|--------------------------|-------------|---------------|-------------|
| Contributions - employer | \$2,263,676 | \$1,663,314 | \$3,926,990 |

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

As of June 30, 2018, the City reported the collective net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

| | Share of Net Pension Liability |
|-----------------------------|-----------------------------------|
| Safety | \$18,263,828 |
| Miscellaneous | 19,048,251 |
| Total Net Pension Liability | \$37,312,079 |

Pension liabilities are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities net pension liabilities is liquidated primarily by the General Fund and the Belmont Fire Protection District Special Revenue Fund.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 10 – PENSION PLAN (Continued)

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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 plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

| | <u>Safety</u> | <u>Miscellaneous</u> |
|------------------------------|---------------|----------------------|
| Proportion - June 30, 2017 | 0.31% | 0.48% |
| Proportion - June 30, 2018 | <u>0.31%</u> | <u>0.48%</u> |
| Change - Increase (Decrease) | <u>0.00%</u> | <u>0.00%</u> |

For the year ended June 30, 2018, the City recognized pension expense of \$5,801,692. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Pension contributions subsequent to measurement date | \$3,926,990 | |
| Differences between actual and expected experience | 202,126 | (\$374,717) |
| Changes in assumptions | 5,439,821 | (416,017) |
| Net differences between projected and actual earnings on plan investments | 1,209,158 | |
| Change in proportion and differences between actual contributions and proportionate share of contributions | <u>1,424,337</u> | <u>(867,802)</u> |
| Total | <u>\$12,202,432</u> | <u>(\$1,658,536)</u> |

\$3,926,990 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (credits) as follows:

| <u>Year Ended June 30</u> | <u>Annual Amortization</u> |
|-------------------------------|--------------------------------|
| 2019 | \$1,661,177 |
| 2020 | 3,482,346 |
| 2021 | 2,186,417 |
| 2022 | (713,034) |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 10 – PENSION PLAN (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

| | |
|---------------------------|---|
| Valuation Date | June 30, 2016 |
| Measurement Date | June 30, 2017 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.75% |
| Payroll Growth | 3.0% |
| Projected Salary Increase | Varies by Entry Age and Service |
| Investment Rate of Return | 7.15% (1) |
| Mortality | Derived using CalPers Membership Data for all Funds (2) |

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

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 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.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Change of Assumptions – In 2017, the accounting discount rate was reduced from 7.65% to 7.15%.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, 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, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 10 – PENSION PLAN (Continued)

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 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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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 for each fund. The expected 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 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.

| Asset Class | New Strategic Allocation | Real Return Years 1 - 10(a) | Real Return Years 11+(b) |
|-------------------------------|--------------------------|-----------------------------|--------------------------|
| Global Equity | 47% | 4.90% | 5.38% |
| Global Fixed Income | 19% | 0.80% | 2.27% |
| Inflation Sensitive | 6% | 0.60% | 1.39% |
| Private Equity | 12% | 6.60% | 6.63% |
| Real Estate | 11% | 2.80% | 5.21% |
| Infrastructure and Forestland | 3% | 3.90% | 5.36% |
| Liquidity | 2% | -0.40% | -0.90% |
| Total | <u>100%</u> | | |

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 the Plan, calculated using the discount rate for the Plan, 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:

| | Discount Rate | | |
|---------------|----------------------|---------------------|----------------------|
| | 1% Decrease 6.15% | Current 7.15% | 1% Increase 8.15% |
| Safety | \$26,850,928 | \$18,263,828 | \$11,244,302 |
| Miscellaneous | 28,411,333 | 19,048,251 | 11,293,578 |
| Total | <u>\$55,262,261</u> | <u>\$37,312,079</u> | <u>\$22,537,880</u> |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

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

By resolution and through agreements with its labor units, the City and District provide certain health care benefits for retired employees (spouse and dependents are not included) under third-party insurance plans (Retiree Health Care Benefits Plans). The City and District participate in the CalPERS health care plan, which is governed under the California Public Employees Health and Medical Care Act (PEMCHA). During fiscal year 2008, the City Council and, during fiscal year 2012, the District passed resolutions to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is an agent multiple-employer defined benefit other postemployment benefits plan administered by CalPERS, and is managed by an appointed board not under the control of the City Council or Fire Board of Directors. CERBT consists of participating employers of the State of California and public agencies. Individual employers may establish more than one plan.

The CERBT was established by Chapter 331 of the 1988 California Statutes, and employers elect to participate in the CERBT to pre-fund health, dental, and other non-pension postemployment benefits for their retirees and survivors. The CERBT has pooled administrative and investment functions, while separate employer accounts are maintained to prefund and pay for health care or other postemployment benefits in accordance with the terms of the participating employers' plans. There are three CalPERS Board approved investment strategies for employers to choose from depending on their expected levels of return and volatility. Benefit provisions are established by participating employers.

The CERBT Trusts are not considered a component unit by the City or District and have been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

A summary of eligibility and retiree contribution requirements for the City and District Plans are shown below by bargaining unit:

| Eligibility | <p>Service or Disability Retirement from the City</p> <ul style="list-style-type: none"> - Age and service requirements: AFSCME <ul style="list-style-type: none"> - 50 & 10 hired before 7/1/1985 and retired before 7/1/2001 - 50 & 12 retired after 7/1/2001 and retired before 8/1/2012 - 50 & 12 hired after 8/1/2012 or who retire due to disability BPOA <ul style="list-style-type: none"> - 50 & 12 retired before 7/1/2001 - 50 & 12 retired on or after 7/1/2001 and hired before 10/11/2011 - 50 & 12 hired on or after 10/11/2011 MMCEA <ul style="list-style-type: none"> - 50 & 12 retired before 7/1/2001 - 50 & 12 retired on or after 7/1/2001 and hired before 10/1/2012 - 50 & 12 hired on or after 10/1/2012 or who retire due to disability Unrepresented <ul style="list-style-type: none"> - 50 & 12 retired before 7/1/2001 - 50 & 12 retired on or after 7/1/2001 and hired before 1/1/2013 - 50 & 10 hired on or after 1/1/2013 or who retire due to disability <p>Service or Disability Retirement from District</p> <ul style="list-style-type: none"> - 50 & 5 <p>Transitioning to District from BSCFD</p> <ul style="list-style-type: none"> - 50 & 15 including service with BSCFD or South County Fire Authority, provided that 5 years must be with the District; or effective 10/1/2012, employees with 25 years of service (including any time served with SCFA or BSCFD) may retire after 3 years | | | | | | |
|--|---|------|----------------|------|-------|-------|--|
| Benefit | <p>Service Retirement:</p> <ul style="list-style-type: none"> - Retire before 7/1/2001 - Bay Area Single premium for retiree selected plan - Retire on or after 7/1/2001 and hired prior to 10/11/2011 (BPOA), 10/1/2012 (MMCEA), 8/1/2012 (AFCME), 1/1/2013 (Unrepresented) - Receive a benefit which, when added to the CalPERS Minimum Employer Contribution, brings the total up to the lesser of the Bay Area single premium rate for the medical plan selected by the retiree and the Bay Area Kaiser single rate. - Hired on or after 10/11/2011 (BPOA), 10/1/2012 (MMCEA), 8/1/2012 (AFCME), 1/1/2013 (Unrepresented)- Public Employees' Medical Hospital Care Act (PEMHCA) minimum only. <p>Disability Retirement:</p> <ul style="list-style-type: none"> - Miscellaneous Group - Same benefit as service retirement or PEMHCA minimum if eligibility requirement not met. - BPOA - same benefit as service retirement but without the age or service requirement. <p>Retirement from District:</p> <ul style="list-style-type: none"> - PEMHCA minimum, subject to "unequal method" <p>Transitioning to District from BSCFD (or on active eligible list until 10/1/12):</p> <ul style="list-style-type: none"> - Receive a benefit which, when added to the CalPERS Minimum Employer Contribution, brings the total up to the lesser of the Bay Area single premium rate for the medical plan selected by the retiree and the Bay Area Kaiser single rate. | | | | | | |
| Surviving Spouse Continuation | <p>City:</p> <ul style="list-style-type: none"> - Public Employees Medical Hospital Care Act (PEMHCA) minimum only. <p>District:</p> <ul style="list-style-type: none"> - Based on CalPERS retirement election - PEMHCA Minimum - Unequal Method | | | | | | |
| Public Employees' Medical Hospital Care Act (PEMHCA) minimum | <p>CalPERS minimum employer contribution:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">YEAR</th> <th style="text-align: left; border-bottom: 1px solid black;">PEMHCA Minimum</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>\$133</td> </tr> <tr> <td>2019+</td> <td>Increase medical care component of CPI</td> </tr> </tbody> </table> | YEAR | PEMHCA Minimum | 2018 | \$133 | 2019+ | Increase medical care component of CPI |
| YEAR | PEMHCA Minimum | | | | | | |
| 2018 | \$133 | | | | | | |
| 2019+ | Increase medical care component of CPI | | | | | | |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

In accordance with the City and District budgets, the Actuarially Determined Contribution (ADC) is to be funded throughout the year as a percentage of payroll. For the year ended June 30, 2018, the City's and District's contributions to the Plans were \$1,116,762 and \$212,502, respectively.

Employees Covered by Benefit Terms – Membership in the Plans consisted of the following at the measurement date of June 30, 2017:

| City | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 110 |
| Inactive employees entitled to but not yet receiving benefits | 0 |
| Active employees | <u>97</u> |
| Total | <u><u>207</u></u> |
| | |
| District | |
| Inactive employees or beneficiaries currently receiving benefits | 7 |
| Inactive employees entitled to but not yet receiving benefits | 0 |
| Active employees | <u>23</u> |
| Total | <u><u>30</u></u> |

As of June 30, 2018, there were approximately 126 active City eligible participants and 96 eligible City retirees or surviving spouses, exclusive of living spouses and dependents, receiving benefits. For the District, on June 30, 2018 there were approximately 24 active District eligible participants and 5 eligible District retirees or surviving spouses, exclusive of living spouses and dependents, receiving benefits.

OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB - For purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's and District's OPEB Plans and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by CERBT. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. Net OPEB Liability

Actuarial Methods and Assumptions – The City and District net OPEB liabilities were measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

City and District

| | |
|-----------------------------|---|
| Valuation Date | January 1, 2017 |
| Measurement Date | June 30, 2017 |
| Actuarial Cost Method | Entry Age Normal level percent of pay |
| Actuarial Assumptions: | |
| Discount Rate | 7.0% |
| Inflation | 2.5% |
| Salary Increases | 3.0% |
| Mortality Rates | Same as CalPERS. See appendix. |
| Healthcare Cost Trend Rates | Pre-Medicare: 7.00% for 2018, and trending down to 3.84% in 2075 and Medicare: 6.0% in 2018, trending down to 3.84% in 2075 and beyond PEMHCA: 0.31% of retiree premium |

(1) 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.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-term expected real rate of return |
|--|-------------------|--|
| Global Equity | 57.0% | 8.32% |
| Fixed Income | 27.0% | 4.87% |
| Treasury Inflation Protection Securities | 5.0% | 3.94% |
| Real Estate Investment Trusts | 8.0% | 6.75% |
| Commodities | 3.0% | 4.84% |
| Total | <u>100.0%</u> | <u>6.94%</u> |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that City and District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position were each projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

C. Changes in Net OPEB Liability

The changes in the net OPEB liability for each plan follows:

| City | Increase (Decrease) | | |
|---|----------------------|-----------------------------|---------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| Balance as of Report Date June 30, 2017 | <u>\$14,500,658</u> | <u>\$4,417,282</u> | <u>\$10,083,376</u> |
| Changes for the year: | | | |
| Service Cost | 370,743 | - | 370,743 |
| Interest on the Total OPEB Liability | 1,013,089 | - | 1,013,089 |
| Differences between Expected and Actual Experience | - | - | - |
| Contributions | | | |
| Employer - City's contribution | - | 920,754 | (920,754) |
| Employer - implicit subsidy | - | 218,910 | (218,910) |
| Employee | - | - | - |
| Net Investment Income | - | 465,943 | (465,943) |
| Benefit payments, including Refunds of Employee Contributions | (592,208) | (592,208) | - |
| Implicit Rate Subsidy Fulfilled | (218,910) | (218,910) | - |
| Administrative Expense | - | (2,373) | 2,373 |
| Net changes | <u>\$572,714</u> | <u>\$792,116</u> | <u>(\$219,402)</u> |
| Balance at June 30, 2018 | <u>\$15,073,372</u> | <u>\$5,209,398</u> | <u>\$9,863,974</u> |
| | | | |
| District | Increase (Decrease) | | |
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| Balance at June 30, 2017 | <u>\$1,668,817</u> | <u>\$1,124,652</u> | <u>\$544,165</u> |
| Changes for the year: | | | |
| Service Cost | 135,523 | - | 135,523 |
| Interest on the Total OPEB Liability | 123,123 | - | 123,123 |
| Differences between Expected and Actual Experience | - | - | - |
| Change in assumptions | - | - | - |
| Net Investment Income | - | 118,320 | (118,320) |
| Contributions | | | |
| Employer - City's contribution | - | 338,844 | (338,844) |
| Employer - implicit subsidy | - | 32,332 | (32,332) |
| Employee | - | - | - |
| Benefit payments, including Refunds of Employee Contributions | (60,100) | (60,100) | - |
| Implicit Rate Subsidy Fulfilled | (32,332) | (32,332) | - |
| Administrative Expense | - | (608) | 608 |
| Other Changes | - | - | - |
| Net changes | <u>166,214</u> | <u>396,456</u> | <u>(230,242)</u> |
| Balance at June 30, 2018 | <u>\$1,835,031</u> | <u>\$1,521,108</u> | <u>\$313,923</u> |
| | | | |
| June 30, 2018 Total, Both Plans | <u>\$16,908,403</u> | <u>\$6,730,506</u> | <u>\$10,177,897</u> |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Detailed information about the OPEB plans' fiduciary net position is available in the separately issued CalPERS CAFR that may be obtained from CalPERS website.

OPEB liabilities are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities net OPEB liabilities is liquidated primarily by the General Fund and the Belmont Fire Protection District Special Revenue Fund.

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

The following presents the net OPEB liability of the City and District, as well as what the City's or District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current discount rate:

| <u>City</u> | <u>Trend Rate</u> |
|-----------------------|-------------------|
| 1% Decrease | 6.00% |
| Net OPEB Liability | \$11,787,349 |
| Current Discount Rate | 7.00% |
| Net OPEB Liability | \$9,863,974 |
| 1% Increase | 8.00% |
| Net OPEB Liability | \$8,273,166 |
| | |
| <u>District</u> | <u>Trend Rate</u> |
| 1% Decrease | 6.00% |
| Net OPEB Liability | \$541,233 |
| Current Discount Rate | 7.00% |
| Net OPEB Liability | \$313,923 |
| 1% Increase | 8.00% |
| Net OPEB Liability | \$127,903 |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

| <u>City</u> | <u>Trend Rate</u> |
|--------------------|---------------------------|
| 1% Decrease | 6.00% Decreasing to 2.84% |
| Net OPEB Liability | \$8,010,758 |
| | |
| Trend Rate | 7.00% Decreasing to 3.84% |
| Net OPEB Liability | \$9,863,974 |
| | |
| 1% Increase | 8.00% Decreasing to 4.84% |
| Net OPEB Liability | \$12,148,129 |
| | |
| <u>District</u> | <u>Trend Rate</u> |
| 1% Decrease | 6.00% Decreasing to 2.84% |
| Net OPEB Liability | \$88,597 |
| | |
| Trend Rate | 7.00% Decreasing to 3.84% |
| Net OPEB Liability | \$313,923 |
| | |
| 1% Increase | 8.00% Decreasing to 4.84% |
| Net OPEB Liability | \$594,537 |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 2018, the City and District recognized OPEB expense of \$801,459 and \$113,722, respectively. At June 30, 2018, the City and District reported deferred outflows and inflows of resources related to OPEB from the following sources:

| <u>City</u> | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Employer contributions subsequent to measurement date | \$1,116,762 | \$ - |
| Differences between actual and expected experience | - | - |
| Changes of assumptions | - | - |
| Net differences between projected and actual earnings on OPEB plan investments | - | (100,107) |
| Total | <u>\$1,116,762</u> | <u>(\$100,107)</u> |
| | | |
| <u>District</u> | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Employer contributions subsequent to measurement date | \$212,502 | \$ - |
| Differences between actual and expected experience | - | - |
| Changes of assumptions | - | - |
| Net differences between projected and actual earnings on OPEB plan investments | - | (22,365) |
| Total | <u>\$212,502</u> | <u>(\$22,365)</u> |
| Grand Total, Both Plans | <u><u>\$1,329,264</u></u> | <u><u>(\$122,472)</u></u> |

\$1,329,264 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

| Fiscal Year Ended June 30 | Annual Amortization | |
|------------------------------|---------------------|-----------|
| | City | District |
| 2019 | (\$25,027) | (\$5,591) |
| 2020 | (25,027) | (5,591) |
| 2021 | (25,027) | (5,591) |
| 2022 | (25,026) | (5,592) |
| 2023 | - | - |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

G. *Deferred Compensation Plans*

City/District employees may defer a portion of their compensation under City/District sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457. Under these Plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, and death or in an emergency as defined by the Plans.

The City/District has no liability for any losses incurred by the Plans and do not participate in any gains, but do have the duty of due care that would be required of an ordinary prudent investor. The City/District have contracts with various Administrators to manage and invest the assets of the Plans. The administrators pool the assets of the Plans with those of other participants and do not make separate investments for the City/District. The assets in the Plans are the sole property of the participants or their beneficiaries. Since the assets held under these plans are not the City's /Districts property and are not subject to claims by general creditors of the City/District, they have been excluded from these financial statements. The Plans require investments to be stated at fair market value and it requires all gains and losses on Plans investments to accrue directly to Participants accounts.

NOTE 12 – RISK MANAGEMENT

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; general liability; errors and omissions; injuries to employees; natural disasters; and inverse condemnation.

The City is a member of the California State Association of Counties Excess Insurance Authority (CSAC EIA) for general liability, worker's compensation and other coverage. CSAC-EIA is a public entity risk pool of cities and counties within California. Loss contingency reserves established by the CSAC-EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC-EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. The City paid contributions of \$1,046,077 for the year ended June 30, 2018. CSAC-EIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. CSAC-EIA is currently fully funded. No provision has been made on these financial statements for liabilities related to possible additional assessments.

Audited financial statements for CSAC-EIA are available from CSAC-EIA, 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 12 – RISK MANAGEMENT (Continued)

A. *Liability Coverage*

The CSAC-EIA provides general liability coverage up to \$25,000,000 per occurrence above the City's \$250,000 self-insured retention. The City has auto physical damage commercial coverage through CSAC-EIA of \$2,953,192 above the City's deductible of \$1,000 or \$5,000, depending on the size of the vehicle, and commercial property coverage at the replacement value of the property with a limit of \$1,000,000,000 above the City's deductible of \$10,000. The City also purchases pollution insurance through CSAC-EIA with coverage of \$2,000,000 per occurrence and up to \$25,000,000 in aggregate above the City's deductible of \$75,000.

B. *Workers Compensation Coverage*

Effective December 1, 2004 the City purchased insurance for workers compensation through CSAC-EIA with coverage up to statutory limits after the City's self-insured retention of zero. This policy also covers the District as of October 1, 2011. Prior to those dates, the City purchased commercial insurance for workers compensation coverage up to statutory limits that had deductible ranging from \$100,000 to \$275,000. The City had no deductible for these losses.

C. *Liability for Uninsured Claims*

The City provides for the uninsured portion of claims and judgments in the Workers' Compensation and General Liability Internal Service Funds. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed, above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

For the fiscal years ended June 30, 2018, 2017 and 2016 the amount of settlements did not exceed insurance coverage.

The City's liability for uninsured claims is limited to workers' compensation and general liability claims, as discussed above, and was estimated by management based on prior year's claims experience as follows:

| | 2018 | 2017 |
|----------------------------------|-------------|-------------|
| Balance, July 1 | \$869,519 | \$1,237,925 |
| Net change in claims liabilities | 1,541,076 | (225,161) |
| Claims paid | (482,382) | (143,245) |
| Balance, June 30 | \$1,928,213 | \$869,519 |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 12 – RISK MANAGEMENT (Continued)

D. District Coverage

The District purchases commercial insurance against general liability with coverage of \$11,000,000 per occurrence and up to \$22,000,000 in aggregate. The District also has property and auto physical damage commercial coverage.

NOTE 13 – JOINT VENTURES

The City participates in the joint ventures discussed below through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint venture is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint venture, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these joint ventures are not the City's responsibility and the City generally does not have an equity interest in the assets of each joint venture except upon dissolution of the joint venture.

A. Equity interests

The City has recorded its equity interest in the following joint venture:

Silicon Valley Clean Water Joint Powers Authority (SVCW), formerly known as the South Bayside System Authority, was formed in 1975 between the Cities of San Carlos, Belmont and Redwood City and the West Bay Sanitary District to operate a wastewater treatment facility. The cost of operating and maintaining the facility is divided in proportion to the volume of sewage entering from each member entity. The City's proportionate share of operating and maintaining the facility during the year ended, June 30, 2018 was \$3,318,408.

In addition, during fiscal year 2009, the SVCW and its members authorized the commencement of a major renovation and replacement project to its infrastructure wastewater facility. In conjunction with that project, the City is obligated to fund its share of project costs. Financial statements may be obtained by mailing a request to the Silicon Valley Clean Water, 1400 Radio Road, Redwood City, CA 94065.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 13 – JOINT VENTURES (Continued)

The City has an equity interest in the assets of SVCW, which has been recorded as Investment in SVCW in the Sewer Enterprise Funds based on the latest audited financial statements of SVCW as of June 30, 2017, plus the additional capital contribution made during the year ended June 30, 2018. The loss from investment in SVCW was \$228,686 for the year ended June 30, 2018, and the investment was comprised of the following:

| | Sewer Collections | Sewer Treatment | Total |
|---------------------------------|----------------------|---------------------|---------------------|
| Balance June 30, 2017 | \$3,586,002 | \$17,593,814 | \$21,179,816 |
| Change in investment | (228,686) | | (228,686) |
| Additional Capital Contribution | | 3,695,254 | 3,695,254 |
| Balance June 30, 2018 | <u>\$3,357,316</u> | <u>\$21,289,068</u> | <u>\$24,646,384</u> |

B. Jointly Governed Organizations

The City also participates in the following jointly governed organizations under which it is obligated to fund annual operating costs, but there is no ongoing equity interest in the assets of the organizations:

City/County Association of Governments of San Mateo County (C/CAG) was formed in 1990 between the various cities in San Mateo County to prepare, adopt, monitor and enforce state mandated plans for the management of traffic congestion, integrated solid waste, airport land use, hazardous waste and county-wide housing element. The City's contribution to C/CAG was \$87,045 for the year ended June 30, 2018. Financial statements may be obtained by mailing a request to the City of San Carlos, 666 Elm Street, San Carlos, CA 94070.

Peninsula Traffic Congestion Relief Agency was formed by the cities of San Mateo County and San Mateo County to attempt to mitigate traffic congestion. The Agency is funded through a Countywide sales tax levied for transportation systems improvements.

Belmont-San Carlos Fire Department was formed in 1979 between the City of San Carlos and Belmont Fire Protection District on an equal basis to provide more efficient fire protection services. Any assets used by the Department but owned by the member agencies prior to the creation of the Department remain the property of the members.

On September 30, 2011, the Department terminated providing services to the Members. As a result, the Department's employees were laid off, its capital assets were distributed to the Members and certain lease obligations were assumed by the Members. Subsequent to that date, the Department operates in an inactive mode, collecting Member contributions to fund legacy costs, such as pension and retiree medical obligations and claims payable, remaining after service termination. As required under the Agreement, these legacy costs are funded through contributions from Members according to the average of annual funding formulas used to determine Member contributions. The City's contribution was roughly \$1.8 million for the year ended June 30, 2018.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 13 – JOINT VENTURES (Continued)

The Department had a negative net position balance of \$25.5 million per its audited financial statements as of June 30, 2018. Belmont's share of this balance was 47.1% or approximately \$12 million. The negative position is due to unfunded liabilities of the Department.

South Bayside Waste Management Authority (SBWMA) is a joint powers agreement formed on October 13, 1999. Members of the South Bayside Waste Management Authority currently include the cities of Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, as well as the West Bay Sanitary District and the County of San Mateo. The Members are required by AB939 to reduce, recycle and reuse solid waste generated within their respective jurisdictions and to provide source reduction, recycling and composting activities. The South Bayside Waste Management Authority's purpose is to assist its members in meeting these requirements.

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES

A. *Litigation*

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

B. *Grant Programs*

The City participates in Federal, State and local grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

C. *San Mateo County Animal Shelter*

Since 1951 cities in San Mateo County have contracted with the County to manage animal control field and sheltering services. The current shelter has been determined to be inadequate to meet current animal sheltering services. In May 2014, all the municipalities signed an agreement, effective September 9, 2014, to share in the construction costs for a new animal control center by repaying the County through a 30-year, interest free lease agreement in the amount of \$20.2 million. The City's share of annual lease payment is based on a methodology of three year average of shelter use and percentage of population. The City's estimated annual lease payment is \$21,811. Payments commence after the new animal shelter facility is completed, and are due each July 1st.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 15 – SUCCESSOR AGENCY TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES

A. *Redevelopment Dissolution*

Effective January 31, 2012, all Redevelopment Agencies were dissolved. Certain assets of the former Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and all remaining former Redevelopment Agency assets and liabilities were distributed to the Successor Agency.

ABx1 26 and AB1484 directed the State Controller to review the activities of all former redevelopment agencies and successor agencies to determine whether an asset transfer between a former redevelopment agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. The Belmont Successor Agency received a Finding of Completion from the California Department of Finance (DOF) in October 1, 2014, pursuant to Health and Safety Code (HSC) Section 34179.7.

The City, acting as the Successor Agency, prepared a Long Range Property Management Plan (LRPMP) in compliance with AB 1484, which was approved by the Belmont Oversight Board on February 12, 2015, and subsequently submitted to the State DOF. Following the submission of the LRPMP to DOF, the Successor Agency identified additional information which necessitated revising the LRPMP previously submitted. On May 28, 2015, the Successor Agency Oversight Board approved a revised LRPMP, which was approved by the State DOF on September 4, 2015.

On December 19, 2018, the State DOF approved the Belmont Successor Agency's Last and Final Recognized Obligations Payment Schedule.

B. *San Mateo Countywide Consolidated Oversight Board*

On July 1, 2018, the duties of the Belmont Oversight Board transferred to a new San Mateo Countywide Consolidated Oversight Board, which will now be responsible for overseeing the winddown affairs of all Successor Agencies in San Mateo County, including the Belmont Successor Agency.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 15 – SUCCESSOR AGENCY TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)

C. Long-Term Debt

1. Current Year Transactions and Balances

The Successor Agency assumed the long-term obligations of the former Redevelopment Agency as of February 2012. The debt issues and transactions are summarized below.

| | Balance June 30, 2017 | Retirements | Balance as of June 30, 2018 | |
|---|--------------------------|--------------------|-----------------------------|------------------------|
| | | | Due Within One Year | Due Beyond One Year |
| Redevelopment Long-Term Bonds Payable: | | | | |
| 2014 Series A Refunding Bonds, | | | | |
| 2.22%-3.41%, due serially to 2030 | \$5,665,000 | \$900,000 | \$540,000 | \$4,225,000 |
| 2014 Series B Subordinated Bonds, | | | | |
| 2.33%-3.89%, due serially to 2030 | 2,475,000 | 150,000 | 155,000 | 2,170,000 |
| Total | <u>\$8,140,000</u> | <u>\$1,050,000</u> | <u>\$695,000</u> | <u>\$6,395,000</u> |

On August 19, 2014, the Successor Agency issued the \$7,375,000 Series 2014A Senior Tax Allocation Refunding Bonds to facilitate a current refunding of the outstanding 1999A Bonds; and the \$3,050,000 Series 2014AB Subordinate Tax Allocation Refunding Bonds to facilitate a current refunding of both outstanding 1999B Bonds and 1996 Housing Set-Aside Bonds. The pledge of future incremental tax revenue ends upon repayment of \$12,622,877 for Series 2014A and Series 2014B Bonds in remaining debt service which is scheduled to occur in 2030.

2. Debt Service Requirements

Annual debt service requirements are shown below:

| | For the Year Ending | |
|-------------|---------------------|--------------------|
| | June 30 | |
| | Principal | Interest |
| 2019 | \$695,000 | \$238,235 |
| 2020 | 720,000 | 213,518 |
| 2021 | 740,000 | 188,015 |
| 2022 | 775,000 | 161,545 |
| 2023 | 800,000 | 134,025 |
| 2024 - 2028 | 2,650,000 | 313,748 |
| 2029 - 2030 | 710,000 | 26,104 |
| Total | <u>\$7,090,000</u> | <u>\$1,275,190</u> |

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 15 – SUCCESSOR AGENCY TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)

D. State Approval of Enforceable Obligations

The Successor Agency previously prepared a Recognized Obligation Payment Schedule (ROPS) annually that contained all proposed expenditures for the subsequent twelve-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The State Department of Finance approved the Successor Agency's Last and Final ROPS on December 19, 2017, which details the maximum RPTTF distribution of \$8,318,869 over the next 12 years. The Successor Agency will receive semi-annual RPTTF distributions up to the maximum approved amount on the Last and Final ROPS and can submit no more than two requests to amend the approved Last and Final ROPS.

NOTE 16 – SUBSEQUENT EVENT

On November 22, 2017, the San Mateo Consolidated Fire Department (SMC) was established by the City of San Mateo, Foster City/Estero Municipal Improvement District and the Belmont Fire Protection District, each duly organized and existing in the County of San Mateo, State of California. The Department, as a joint powers authority (JPA), was created with the intent of enhancing the quality of Fire and Emergency Medical Services within their communities through the sharing of resources. JPA is in the process of finalizing the pension and health benefit contracts with CalPERS and it is anticipated that the commencement date of the San Mateo Consolidated Fire Department will be January 1, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

City of Belmont
 Cost Sharing Multiple-Employer Defined Benefit Pension Plan
 Last 10 Years*

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| Measurement Date - June 30, | Safety Rate Plan | | | |
|--|--------------------------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 | 2017 |
| Plan's proportion of the Net Pension Liability (Asset) | 0.20% | 0.20% | 0.31% | 0.31% |
| Plan's proportion share of the Net Pension Liability (Asset) | \$12,312,595 | \$13,427,040 | \$16,249,057 | \$18,263,828 |
| Plan's Covered Payroll | \$3,572,606 | \$3,842,764 | \$4,758,030 | \$4,919,474 |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | 345% | 349% | 342% | 371% |
| | Miscellaneous Rate Plan | | | |
| Measurement Date - June 30, | 2014 | 2015 | 2016 | 2017 |
| Plan's proportion of the Net Pension Liability (Asset) | 0.48% | 0.48% | 0.48% | 0.48% |
| Plan's proportion share of the Net Pension Liability (Asset) | \$16,585,515 | \$13,198,544 | \$16,585,515 | \$19,048,251 |
| Plan's Covered Payroll | \$8,929,517 | \$8,858,005 | \$9,854,986 | \$10,289,053 |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | 186% | 149% | 168% | 185% |
| | Plan Totals | | | |
| Measurement Date - June 30, | 2014 | 2015 | 2016 | 2017 |
| Plan's proportion of the Net Pension Liability (Asset) | 0.68% | 0.68% | 0.79% | 0.79% |
| Plan's proportion share of the Net Pension Liability (Asset) | \$28,898,110 | \$26,625,584 | \$32,834,572 | \$37,312,079 |
| Plan's Covered Payroll | \$12,502,123 | \$12,700,769 | \$14,613,016 | \$15,208,527 |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | 231.15% | 209.64% | 224.69% | 245.34% |
| Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability | 79.82% | 78.40% | 74.06% | 73.31% |

* Fiscal year 2015 was the first year of implementation

City of Belmont
 Cost Sharing Multiple-Employer Defined Benefit Pension Plan
 Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

| Fiscal Year Ended June 30, | Safety Rate Plan | | | |
|---|-------------------------|--------------------|--------------------|--------------------|
| | 2015 | 2016 | 2017 | 2018 |
| Actuarially determined contribution | \$1,125,011 | \$2,287,426 | \$2,058,664 | \$2,263,676 |
| Contributions in relation to the actuarially determined contributions | <u>(1,125,011)</u> | <u>(2,287,426)</u> | <u>(2,058,664)</u> | <u>(2,263,676)</u> |
| Contribution deficiency (excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Covered payroll | \$3,842,764 | \$4,758,030 | \$4,919,474 | \$5,180,593 |
| Contributions as a percentage of covered payroll | 29.28% | 48.08% | 41.85% | 43.70% |

| Fiscal Year Ended June 30, | Miscellaneous Rate Plan | | | |
|---|--------------------------------|--------------------|--------------------|--------------------|
| | 2015 | 2016 | 2017 | 2018 |
| Actuarially determined contribution | \$1,137,293 | \$1,903,476 | \$1,523,004 | \$1,663,314 |
| Contributions in relation to the actuarially determined contributions | <u>(1,137,293)</u> | <u>(1,903,476)</u> | <u>(1,523,004)</u> | <u>(1,663,314)</u> |
| Contribution deficiency (excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Covered payroll | \$8,858,005 | \$9,854,986 | \$10,289,053 | \$10,592,598 |
| Contributions as a percentage of covered payroll | 12.84% | 19.31% | 14.80% | 15.70% |

| Fiscal Year Ended June 30, | Plan Totals | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2015 | 2016 | 2017 | 2018 |
| Actuarially determined contribution | \$2,262,304 | \$4,190,902 | \$3,581,668 | \$3,926,990 |
| Contributions in relation to the actuarially determined contributions | <u>(2,262,304)</u> | <u>(4,190,902)</u> | <u>(3,581,668)</u> | <u>(3,926,990)</u> |
| Contribution deficiency (excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Covered payroll | \$12,700,769 | \$14,613,016 | \$15,208,527 | \$15,773,191 |
| Contributions as a percentage of covered payroll | 17.81% | 28.68% | 23.55% | 24.90% |

Notes To Required Supplementary Information

Benefit changes. In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

* Fiscal year 2015 was the first year of implementation.

City of Belmont
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
For the measurement year ending June 30
Last 10 Years*

| Measurement Date - June 30, | <u>2017</u> |
|---|----------------------------|
| Total OPEB Liability | |
| Service Cost | \$370,743 |
| Interest on the total OPEB Liability | 1,013,089 |
| Actual and expected experience difference | - |
| Changes in assumptions | - |
| Changes in benefit terms | - |
| Benefit Payments | (592,208) |
| Implicit rate subsidy fulfilled | (218,910) |
| Net change in total OPEB liability | <u>572,714</u> |
| Total OPEB liability - beginning | <u>14,500,658</u> |
| Total OPEB liability - ending (a) | <u><u>\$15,073,372</u></u> |
| | |
| Plan fiduciary net position | |
| Contributions - employer-City's contribution | \$920,754 |
| Contributions - employer-implicit subsidy | 218,910 |
| Net investment income | 465,943 |
| Benefit payments | (592,208) |
| Implicit rate subsidy fulfilled | (218,910) |
| Administrative expense | (2,373) |
| Net change in plan fiduciary net position | <u>792,116</u> |
| Plan fiduciary net position - beginning | <u>4,417,282</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$5,209,398</u></u> |
| | |
| Net OPEB liability - ending (a)-(b) | <u><u>\$9,863,974</u></u> |
| | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 34.56% |
| | |
| Covered-Employee Payroll | \$10,160,640 |
| | |
| Net OPEB liability as percentage of covered-employee payroll | 97.08% |

Notes to Schedule:

The City adopted GASB 75 during the fiscal year ended June 30, 2018. Historical information is required only for measurement periods for which GASB 75 is applicable. Future year's information will be displayed up to 10 years as information becomes available.

City of Belmont
 For the fiscal year ending June 30
 Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

| Fiscal Year Ending June 30, | <u>2018</u> |
|--|--------------------|
| Actuarially determined contribution | \$1,153,043 |
| Contributions in relation to the actuarially determined contributions | <u>(1,139,664)</u> |
| Contribution deficiency (excess) | <u>\$13,379</u> |
| | |
| Covered-employee payroll | \$10,160,640 |
| | |
| Contributions as a percentage of covered-employee payroll | 11% |

Notes to Schedule

Valuation date: 7/1/2017

Methods and assumptions used to determine contribution rates:

| | |
|--------------------------|--|
| Actuarial Cost Method | Entry age normal, level percent of pay |
| Amortization Method | Closed period, level percent of pay |
| Amortization Period | 20 years |
| Inflation | 2.50% |
| Assumed Payroll Growth | 3.00% |
| Healthcare trend rates | 7.00%, trending down to 3.84% |
| Rate of return on assets | 7.00% |
| Mortality rate | CalPERS Rates. See appendix. |
| Retirement Rates | CalPERS Rates. See appendix. |

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

* Fiscal year 2018 was the first year of implementation.

City of Belmont
Schedule of Changes in the Belmont Fire Protection District's
Net OPEB Liability and Related Ratios
For the measurement year ending June 30
Last 10 Years*

| Measurement Date - June 30, | <u>2017</u> |
|--|----------------------------------|
| Total OPEB Liability | |
| Service Cost | \$135,523 |
| Interest on the total OPEB Liability | 123,123 |
| Actual and expected experience difference | - |
| Changes in assumptions | - |
| Changes in benefit terms | - |
| Benefit Payments | (60,100) |
| Implicit rate subsidy fulfilled | <u>(32,332)</u> |
| Net change in total OPEB liability | 166,214 |
| Total OPEB liability - beginning | <u>1,668,817</u> |
| Total OPEB liability - ending (a) | <u><u>\$1,835,031</u></u> |
| Plan fiduciary net position | |
| Contributions - employer-District's contribution | \$338,844 |
| Contributions - employer-implicit subsidy | 32,332 |
| Net investment income | 90,364 |
| Investment Gains on Expected Return | 27,956 |
| Benefit payments | (60,100) |
| Implicit rate subsidy fulfilled | (32,332) |
| Administrative expense | <u>(608)</u> |
| Net change in plan fiduciary net position | 396,456 |
| Plan fiduciary net position - beginning | <u>1,124,652</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$1,521,108</u></u> |
| Net OPEB liability - ending (a)-(b) | <u><u>\$313,923</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 82.89% |
| Covered-employee payroll | \$207,797 |
| Net OPEB liability as percentage of covered-employee payroll | 151.07% |

Notes to Schedule:

The City adopted GASB 75 for the fiscal year ending June 30, 2018.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future year's information will be displayed up to 10 years as information becomes available.

* Fiscal year 2018 was the first year of implementation.

City of Belmont
 Belmont Fire Protection District
 For the fiscal year ending June 30
 Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

| Fiscal Year Ending | 2018 |
|--|---------------|
| Actuarially determined contribution | \$185,827 |
| Contributions in relation to the actuarially determined contributions | (371,176) |
| Contribution deficiency (excess) | (\$185,349) |
| Covered payroll | \$207,797 |
| Contributions as a percentage of covered payroll | 178.62% |

Notes to Schedule

Valuation date: 7/1/2017

Methods and assumptions used to determine contribution rates:

| | |
|--------------------------|--|
| Actuarial cost method | Entry age normal, level percent of pay |
| Amortization method | Closed period, level percent of pay |
| Amortization period | 20 years |
| Inflation | 2.50% |
| Assumed Payroll Growth | 3.00% |
| Healthcare trend rates | 7.00%, trending down to 3.84% |
| Rate of return on assets | 7.00% |
| Mortality rate | CalPERS Rates. See appendix. |
| Retirement Rates | CalPERS Rates. See appendix. |

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

* Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

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SUPPLEMENTAL INFORMATION

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CITY OF BELMONT
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

| | General | Measure I | Total General Fund |
|--|---------------------|--------------------|--------------------------|
| REVENUES | | | |
| Taxes | \$13,026,051 | \$1,681,041 | \$14,707,092 |
| Licenses and permits | 1,233,090 | | 1,233,090 |
| Fines and forfeitures | 216,183 | | 216,183 |
| Use of money and property | 940,813 | 10,194 | 951,007 |
| Intergovernmental | 3,680,882 | | 3,680,882 |
| Charges for current services | 5,045,525 | | 5,045,525 |
| Miscellaneous | 73,966 | | 73,966 |
| Total Revenues | 24,216,510 | 1,691,235 | 25,907,745 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 5,144,756 | 6,647 | 5,151,403 |
| Public safety | 12,226,020 | | 12,226,020 |
| Culture and recreation | 2,015,864 | | 2,015,864 |
| Capital outlay | | 56,440 | 56,440 |
| Total Expenditures | 19,386,640 | 63,087 | 19,449,727 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 4,829,870 | 1,628,148 | 6,458,018 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (out) | (4,632,521) | | (4,632,521) |
| Total Other Financing Sources (Uses) | (4,632,521) | | (4,632,521) |
| NET CHANGE IN FUND BALANCES | 197,349 | 1,628,148 | 1,825,497 |
| BEGINNING FUND BALANCES | 11,127,688 | 251,184 | 11,378,872 |
| ENDING FUND BALANCES | \$11,325,037 | \$1,879,332 | \$13,204,369 |

CITY OF BELMONT
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

| | General | | | Variance with Final Budget Positive (Negative) |
|--|----------------------|----------------------|---------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$13,137,817 | \$12,836,655 | \$13,026,051 | \$189,396 |
| Licenses and permits | 1,029,328 | 1,029,328 | 1,233,090 | 203,762 |
| Fines and forfeitures | 170,000 | 170,000 | 216,183 | 46,183 |
| Use of money and property | 878,487 | 878,487 | 940,813 | 62,326 |
| Intergovernmental | 3,238,571 | 3,696,571 | 3,680,882 | (15,689) |
| Charges for current services | 5,118,016 | 5,118,016 | 5,045,525 | (72,491) |
| Miscellaneous | 7,253 | 7,253 | 73,966 | 66,713 |
| Total Revenues | 23,579,472 | 23,736,310 | 24,216,510 | 480,200 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 5,401,603 | 5,555,084 | 5,144,756 | 410,328 |
| Public safety | 12,534,559 | 12,534,559 | 12,226,020 | 308,539 |
| Culture and recreation | 2,057,637 | 2,100,190 | 2,015,864 | 84,326 |
| Capital outlay | | | | |
| Total Expenditures | 19,993,799 | 20,189,833 | 19,386,640 | 803,193 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 3,585,673 | 3,546,477 | 4,829,870 | 1,283,393 |
| OTHER FINANCING SOURCES USES | | | | |
| Transfers out | (4,852,521) | (4,852,521) | (4,632,521) | 220,000 |
| NET CHANGE IN FUND BALANCE | (\$1,266,848) | (\$1,306,044) | 197,349 | \$1,503,393 |
| BEGINNING FUND BALANCE | | | 11,127,688 | |
| ENDING FUND BALANCE | | | \$11,325,037 | |

| Measure I | | | | Total General Fund | | | |
|------------------|------------------|--------------------|--|----------------------|----------------------|---------------------|--|
| Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Original | Final | | | Original | Final | | |
| \$1,540,000 | \$1,592,000 | \$1,681,041 | \$89,041 | \$14,677,817 | \$14,428,655 | \$14,707,092 | \$278,437 |
| | | | | 1,029,328 | 1,029,328 | 1,233,090 | 203,762 |
| | | | | 170,000 | 170,000 | 216,183 | 46,183 |
| 5,000 | 5,000 | 10,194 | 5,194 | 883,487 | 883,487 | 951,007 | 67,520 |
| | | | | 3,238,571 | 3,696,571 | 3,680,882 | (15,689) |
| | | | | 5,118,016 | 5,118,016 | 5,045,525 | (72,491) |
| | | | | 7,253 | 7,253 | 73,966 | 66,713 |
| <u>1,545,000</u> | <u>1,597,000</u> | <u>1,691,235</u> | <u>94,235</u> | <u>25,124,472</u> | <u>25,333,310</u> | <u>25,907,745</u> | <u>574,435</u> |
| | | 6,647 | (6,647) | 5,401,603 | 5,555,084 | 5,151,403 | 403,681 |
| | | | | 12,534,559 | 12,534,559 | 12,226,020 | 308,539 |
| 1,300,000 | 1,300,000 | 56,440 | 1,243,560 | 2,057,637 | 2,100,190 | 2,015,864 | 84,326 |
| <u>1,300,000</u> | <u>1,300,000</u> | <u>63,087</u> | <u>1,236,913</u> | <u>1,300,000</u> | <u>1,300,000</u> | <u>56,440</u> | <u>1,243,560</u> |
| | | | | 21,293,799 | 21,489,833 | 19,449,727 | 2,040,106 |
| 245,000 | 297,000 | 1,628,148 | 1,331,148 | 3,830,673 | 3,843,477 | 6,458,018 | 2,614,541 |
| | | | | (4,852,521) | (4,852,521) | (4,632,521) | 220,000 |
| <u>\$245,000</u> | <u>\$297,000</u> | 1,628,148 | <u>\$1,331,148</u> | <u>(\$1,021,848)</u> | <u>(\$1,009,044)</u> | 1,825,497 | <u>\$2,834,541</u> |
| | | 251,184 | | | | 11,378,872 | |
| | | <u>\$1,879,332</u> | | | | <u>\$13,204,369</u> | |

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Recreation – To account for certain recreation programs where a large portion of the expenditures are financed by user fees.

Library Maintenance and Operations – To account for funds restricted for the maintenance and operations of the library, which is financed by parcel tax and special tax revenue.

City Trees – To account for the removal of trees required for the development of property, which is financed by user fees.

Development Services - To account for resources received from current planning and building inspection fees and permits, and activities related to the General Plan Update which are financed by user fees.

Supplemental Law Enforcement Services – To account for resources received from the State of California to be spent on front line law enforcement needs.

Public Safety – To account for grants and donations committed to the Police Department’s activities.

Street Maintenance – To account for gas tax resources restricted for expenditure on streets.

Street Improvements – To account for the City’s portion of the special half cent sales tax receipts restricted for street expenditures and other street related grants.

Athletic Field Maintenance – To account for athletic field maintenance and operations, which are financed by player registration fees.

Low & Moderate Income Housing Asset Fund – To account for Housing functions of the former Redevelopment Agency that have been retained by the City. The revenue sources are primarily from rental activities.

Housing Inclusionary – The Housing Inclusionary Fund is used to account for residential and non-residential housing mitigation fees which lessen the burdens created by new residential and non-residential development projects on the need for extremely low, very low, low, and moderate-income housing, interest earned thereon and their expenditures, pursuant to the Mitigation Fee Act.

Road Maintenance and Rehabilitation Account Fund (RMRA) – To account for gas tax resources restricted for expenditure on basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system. Senate Bill (SB) 1, the Road Repair and Accountability Act of 2017 provides funding for local streets and roads over the next 10 years.

Senior Donations Fund – To account for donations from the community to be used for senior services and programming.

| |
|---|
| NON-MAJOR GOVERNMENTAL FUNDS (Continued) |
|---|

CAPITAL PROJECTS FUNDS

General Facilities – To account for the construction and maintenance of improvements to general-use City facilities.

Infrastructure – To account for expenditures associated with the City infrastructure, including streets, retaining walls, bridges, culverts, and waterways.

Comcast – To account for the purchase and installation of hardware within City Hall to broadcast events to Pen TV, our Public Education Government Channel.

Planned Park – To account for the acquisition and improvement of parks, playgrounds, and recreation facilities.

Special Assessment District – To account for maintenance and improvement costs within City's Special Assessment District boundaries. Resources represent funds remaining after the retirement of Special Assessment Debt.

Open Space – To account for the accumulation of resources for the acquisition, preservation, and improvements of open space.

Park Impact Fees – The Park Impact Fee Fund is to account for park impact fees, interest earned thereon and their expenditure, pursuant to the Mitigation Fee Act, needed to ensure that the City can construct park and recreation facilities and improvements needed for the population growth created by new development consistent with the policies of the City of Belmont General Plan.

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CITY OF BELMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

| | SPECIAL REVENUE FUNDS | | | |
|---|-----------------------|---|---------------|-------------------------|
| | Recreation | Library Maintenance and Operations | City Trees | Development Services |
| ASSETS | | | | |
| Cash and investments | \$224,067 | \$1,149,464 | \$431,461 | \$903,206 |
| Receivables: | | | | |
| Accounts | 49,279 | | | |
| Due from other governmental agencies | | | | |
| Notes | | | | |
| Land held for redevelopment | | | | |
| Total Assets | \$273,346 | \$1,149,464 | \$431,461 | \$903,206 |
| LIABILITIES | | | | |
| Accounts payable and other liabilities | \$89,929 | \$12,512 | \$4,045 | \$75,989 |
| Deposits | 76,272 | | | 79,236 |
| Total Liabilities | 166,201 | 12,512 | 4,045 | 155,225 |
| FUND BALANCES | | | | |
| Restricted | 107,145 | 1,136,952 | 427,416 | |
| Committed | | | | 747,981 |
| Assigned | | | | |
| Total Fund Balances | 107,145 | 1,136,952 | 427,416 | 747,981 |
| Total Liabilities and Fund Balances | \$273,346 | \$1,149,464 | \$431,461 | \$903,206 |

SPECIAL REVENUE FUNDS

| Supplemental Law Enforcement Services | Public Safety | Street Maintenance | Street Improvements | Athletic Field Maintenance | Low & Moderate Income Housing Asset |
|--|------------------|-----------------------|------------------------|-------------------------------|--|
| \$94,998 | \$36,422 | \$341,065 | \$2,214,201 | \$317,794 | \$400,464 |
| | | 15,203 | | | |
| | | 62,923 | 53,589 | | |
| | | | | | 784,513 |
| | | | | | 3,016,580 |
| <u>\$94,998</u> | <u>\$36,422</u> | <u>\$419,191</u> | <u>\$2,267,790</u> | <u>\$317,794</u> | <u>\$4,201,557</u> |
| | | \$35,286 | | \$1,035 | \$8,157 |
| | | | | | 200,240 |
| | | 35,286 | | 1,035 | 208,397 |
| \$94,998 | \$36,422 | 383,905 | \$2,267,790 | 316,759 | 3,993,160 |
| <u>94,998</u> | <u>36,422</u> | <u>383,905</u> | <u>2,267,790</u> | <u>316,759</u> | <u>3,993,160</u> |
| <u>\$94,998</u> | <u>\$36,422</u> | <u>\$419,191</u> | <u>\$2,267,790</u> | <u>\$317,794</u> | <u>\$4,201,557</u> |

(Continued)

CITY OF BELMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

| | SPECIAL REVENUE FUND | | | CAPITAL PROJECTS FUNDS | |
|---|-------------------------|---|---------------------|------------------------|--------------------|
| | Housing Inclusionary | Road Maintenance and Rehabilitation Account (SB1) | Senior Donations | General Facilities | Infrastructure |
| ASSETS | | | | | |
| Cash and investments | \$2,546,324 | \$96,535 | \$76,812 | \$1,460,300 | \$2,385,647 |
| Receivables: | | | | | |
| Accounts | | | | | |
| Due from other governmental agencies | | | | | |
| Notes | | | | | |
| Land held for redevelopment | | | | | |
| Total Assets | <u>\$2,546,324</u> | <u>\$96,535</u> | <u>\$76,812</u> | <u>\$1,460,300</u> | <u>\$2,385,647</u> |
| LIABILITIES | | | | | |
| Accounts payable and other liabilities | | | | \$6,884 | |
| Deposits | | | | | |
| Total Liabilities | | | | <u>6,884</u> | |
| FUND BALANCES | | | | | |
| Restricted | \$2,546,324 | \$96,535 | \$76,812 | | |
| Committed | | | | | |
| Assigned | | | | 1,453,416 | \$2,385,647 |
| Total Fund Balances | <u>2,546,324</u> | <u>96,535</u> | <u>76,812</u> | <u>1,453,416</u> | <u>2,385,647</u> |
| Total Liabilities and Fund Balances | <u>\$2,546,324</u> | <u>\$96,535</u> | <u>\$76,812</u> | <u>\$1,460,300</u> | <u>\$2,385,647</u> |

CAPITAL PROJECTS FUNDS

| Comcast | Planned Park | Special Assessment District | Open Space | Park Impact Fees | Total Nonmajor Governmental Funds |
|------------------|--------------------|-----------------------------------|------------------|---------------------|--|
| \$433,064 | \$1,471,037 | \$300,017 | \$277,422 | \$331,572 | \$15,491,872 |
| | 2,138 | | | | 66,620 |
| | | | | | 116,512 |
| | | | | | 784,513 |
| | | | | | 3,016,580 |
| <u>\$433,064</u> | <u>\$1,473,175</u> | <u>\$300,017</u> | <u>\$277,422</u> | <u>\$331,572</u> | <u>\$19,476,097</u> |
| | | | | | \$233,837 |
| | | | | | 355,748 |
| | | | | | 589,585 |
| \$433,064 | \$1,473,175 | \$300,017 | | \$331,572 | 13,985,624 |
| | | | \$277,422 | | 784,403 |
| | | | | | 4,116,485 |
| <u>433,064</u> | <u>1,473,175</u> | <u>300,017</u> | <u>277,422</u> | <u>331,572</u> | <u>18,886,512</u> |
| <u>\$433,064</u> | <u>\$1,473,175</u> | <u>\$300,017</u> | <u>\$277,422</u> | <u>\$331,572</u> | <u>\$19,476,097</u> |

CITY OF BELMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

| | SPECIAL REVENUE FUNDS | | | |
|--|-----------------------|---|------------------|-------------------------|
| | Recreation | Library Maintenance and Operations | City Trees | Development Services |
| REVENUES | | | | |
| Taxes | | \$298,624 | | |
| Licenses and permits | | | | \$1,084,303 |
| Use of money and property | \$788 | 12,202 | \$5,836 | 11,685 |
| Intergovernmental | 95,204 | | | 96,103 |
| Charges for current services | 2,220,198 | | 10,230 | 1,779,756 |
| Miscellaneous | 14,088 | 251,887 | | 20,067 |
| Total Revenues | 2,330,278 | 562,713 | 16,066 | 2,991,914 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | | | | |
| Highways and streets | | | | |
| Culture and recreation | 2,760,703 | 379,475 | 61,329 | |
| Urban redevelopment | | | | 3,201,208 |
| Capital outlay | | | | |
| Total Expenditures | 2,760,703 | 379,475 | 61,329 | 3,201,208 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (430,425) | 183,238 | (45,263) | (209,294) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 458,691 | | | 57,802 |
| Transfers (out) | (74,900) | | | |
| Total Other Financing Sources (Uses) | 383,791 | | | 57,802 |
| NET CHANGE IN FUND BALANCES | (46,634) | 183,238 | (45,263) | (151,492) |
| BEGINNING FUND BALANCES | 153,779 | 953,714 | 472,679 | 899,473 |
| ENDING FUND BALANCES | \$107,145 | \$1,136,952 | \$427,416 | \$747,981 |

SPECIAL REVENUE FUNDS

| Supplemental Law Enforcement Services | Public Safety | Street Maintenance | Street Improvements | Athletic Field Maintenance | Low & Moderate Income Housing Asset |
|--|------------------|-----------------------|------------------------|-------------------------------|--|
| | | \$906,032 | \$718,214 | | |
| \$502 | \$244 | | 20,424 | \$4,663 | \$129,003 |
| 151,463 | | 139,249 | 262,562 | 127,932 | |
| | | 487,055 | | | |
| | | 1,515 | 85,007 | | |
| 151,965 | 244 | 1,533,851 | 1,086,207 | 132,595 | 129,003 |
| | | | | | |
| 186,166 | 549 | | | | |
| | | 1,935,535 | | 43,916 | |
| | | | | | 157,154 |
| | | 19,475 | 598,315 | 4,568 | |
| 186,166 | 549 | 1,955,010 | 598,315 | 48,484 | 157,154 |
| | | | | | |
| (34,201) | (305) | (421,159) | 487,892 | 84,111 | (28,151) |
| | | | | | |
| 123,687 | | 805,064 | 1,225,000 | | |
| | | | | | |
| 123,687 | | 805,064 | 1,225,000 | | |
| | | | | | |
| 89,486 | (305) | 383,905 | 1,712,892 | 84,111 | (28,151) |
| | | | | | |
| 5,512 | 36,727 | | 554,898 | 232,648 | 4,021,311 |
| \$94,998 | \$36,422 | \$383,905 | \$2,267,790 | \$316,759 | \$3,993,160 |

(Continued)

CITY OF BELMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>SPECIAL REVENUE FUNDS</u> | | | <u>CAPITAL PROJECTS FUNDS</u> | |
|--|---------------------------------|--|-----------------------------|-------------------------------|---------------------------|
| | <u>Housing Inclusionary</u> | <u>Road Maintenance and Rehabilitation Account (SB1)</u> | <u>Senior Donations</u> | <u>General Facilities</u> | <u>Infrastructure</u> |
| REVENUES | | | | | |
| Taxes | | | | | |
| Licenses and permits | | | | | |
| Use of money and property | \$27,972 | \$50 | \$113 | \$13,726 | \$25,020 |
| Intergovernmental | | 103,203 | | | |
| Charges for current services | 88,824 | | | | |
| Miscellaneous | | | 1,799 | 8,645 | 1,000,000 |
| Total Revenues | <u>116,796</u> | <u>103,253</u> | <u>1,912</u> | <u>22,371</u> | <u>1,025,020</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public safety | | | | | |
| Highways and streets | | | | | |
| Culture and recreation | | | | | |
| Urban redevelopment | | | | | |
| Capital outlay | | 6,718 | | 157,842 | 11,562 |
| Total Expenditures | | <u>6,718</u> | | <u>157,842</u> | <u>11,562</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>116,796</u> | <u>96,535</u> | <u>1,912</u> | <u>(135,471)</u> | <u>1,013,458</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | | | 74,900 | 588,887 | 2,597,189 |
| Transfers (out) | | | | (1,000,000) | (1,225,000) |
| Total Other Financing Sources (Uses) | | | <u>74,900</u> | <u>(411,113)</u> | <u>1,372,189</u> |
| NET CHANGE IN FUND BALANCES | 116,796 | 96,535 | 76,812 | (546,584) | 2,385,647 |
| BEGINNING FUND BALANCES | <u>2,429,528</u> | | | <u>2,000,000</u> | |
| ENDING FUND BALANCES | <u><u>\$2,546,324</u></u> | <u><u>\$96,535</u></u> | <u><u>\$76,812</u></u> | <u><u>\$1,453,416</u></u> | <u><u>\$2,385,647</u></u> |

CAPITAL PROJECTS FUNDS

| Comcast | Planned Park | Special Assessment District | Open Space | Park Impact Fees | Total Nonmajor Governmental Funds |
|-----------|-----------------|-----------------------------------|---------------|---------------------|--|
| | | | | | \$1,922,870 |
| | | | | | 1,084,303 |
| \$5,656 | \$16,512 | \$2,000 | \$1,906 | \$4,942 | 277,588 |
| | 31,941 | | | 7,744 | 853,440 |
| | | | | | 4,753,680 |
| | | | | | 1,383,008 |
| 5,656 | 48,453 | 2,000 | 1,906 | 12,686 | 10,274,889 |
| | | | | | 186,715 |
| | | | 13,559 | | 1,935,535 |
| | 421,181 | | | | 3,258,982 |
| | | | | | 3,358,362 |
| | | | | | 1,219,661 |
| | 421,181 | | 13,559 | | 9,959,255 |
| 5,656 | (372,728) | 2,000 | (11,653) | 12,686 | 315,634 |
| | | | | | 5,931,220 |
| | | | | | (2,299,900) |
| | | | | | 3,631,320 |
| 5,656 | (372,728) | 2,000 | (11,653) | 12,686 | 3,946,954 |
| 427,408 | 1,845,903 | 298,017 | 289,075 | 318,886 | 14,939,558 |
| \$433,064 | \$1,473,175 | \$300,017 | \$277,422 | \$331,572 | \$18,886,512 |

CITY OF BELMONT
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018

| | SPECIAL REVENUE FUNDS | | | | | |
|--|-----------------------|------------------|------------------------------------|---------------------------------------|--------------------|------------------------------------|
| | RECREATION | | | LIBRARY MAINTENANCE AND OPERATIONS | | |
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | | | | \$297,190 | \$298,624 | \$1,434 |
| Licenses and permits | | | | | | |
| Use of money and property | \$42 | \$788 | \$746 | 2,111 | 12,202 | 10,091 |
| Intergovernmental | 44,000 | 95,204 | 51,204 | | | |
| Charges for current services | 2,161,985 | 2,220,198 | 58,213 | | | |
| Miscellaneous | 13,500 | 14,088 | 588 | | 251,887 | 251,887 |
| Total Revenues | <u>2,219,527</u> | <u>2,330,278</u> | <u>110,751</u> | <u>299,301</u> | <u>562,713</u> | <u>263,412</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Public safety | | | | | | |
| Highways and streets | | | | | | |
| Culture and recreation | 2,903,701 | 2,760,703 | 142,998 | 390,476 | 379,475 | 11,001 |
| Urban redevelopment | | | | | | |
| Capital outlay | | | | | | |
| Total Expenditures | <u>2,903,701</u> | <u>2,760,703</u> | <u>142,998</u> | <u>390,476</u> | <u>379,475</u> | <u>11,001</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(684,174)</u> | <u>(430,425)</u> | <u>253,749</u> | <u>(91,175)</u> | <u>183,238</u> | <u>274,413</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from sale of assets | | | | | | |
| Transfers in | 498,691 | 458,691 | (40,000) | | | |
| Transfers (out) | (74,900) | (74,900) | | | | |
| Total Other Financing Sources (Uses) | <u>423,791</u> | <u>383,791</u> | <u>(40,000)</u> | | | |
| NET CHANGE IN FUND BALANCES | <u>(\$260,383)</u> | <u>(46,634)</u> | <u>\$213,749</u> | <u>(\$91,175)</u> | <u>183,238</u> | <u>\$274,413</u> |
| BEGINNING FUND BALANCES | | <u>153,779</u> | | | <u>953,714</u> | |
| ENDING FUND BALANCES | | <u>\$107,145</u> | | | <u>\$1,136,952</u> | |

SPECIAL REVENUE FUNDS

| CITY TREES | | | DEVELOPMENT SERVICES | | | SUPPLEMENTAL LAW ENFORCEMENT SERVICES | | |
|-------------------|------------------|------------------------------|----------------------|------------------|------------------------------|---------------------------------------|-----------------|------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | | | \$1,253,730 | \$1,084,303 | (\$169,427) | | | |
| \$917 | \$5,836 | \$4,919 | 1,506 | 11,685 | 10,179 | \$68 | \$502 | \$434 |
| | | | 96,103 | 96,103 | | 135,541 | 151,463 | 15,922 |
| 30,000 | 10,230 | (19,770) | 2,088,040 | 1,779,756 | (308,284) | | | |
| | | | 11,000 | 20,067 | 9,067 | | | |
| <u>30,917</u> | <u>16,066</u> | <u>(14,851)</u> | <u>3,450,379</u> | <u>2,991,914</u> | <u>(458,465)</u> | <u>135,609</u> | <u>151,965</u> | <u>16,356</u> |
| | | | | | | 319,296 | 186,166 | 133,130 |
| 117,000 | 61,329 | 55,671 | 3,886,779 | 3,201,208 | 685,571 | | | |
| <u>117,000</u> | <u>61,329</u> | <u>55,671</u> | <u>3,886,779</u> | <u>3,201,208</u> | <u>685,571</u> | <u>319,296</u> | <u>186,166</u> | <u>133,130</u> |
| <u>(86,083)</u> | <u>(45,263)</u> | <u>40,820</u> | <u>(436,400)</u> | <u>(209,294)</u> | <u>227,106</u> | <u>(183,687)</u> | <u>(34,201)</u> | <u>149,486</u> |
| | | | 57,802 | 57,802 | | 183,687 | 123,687 | (60,000) |
| | | | 57,802 | 57,802 | | 183,687 | 123,687 | (60,000) |
| <u>(\$86,083)</u> | <u>(45,263)</u> | <u>\$40,820</u> | <u>(\$378,598)</u> | <u>(151,492)</u> | <u>\$227,106</u> | <u>89,486</u> | <u>\$89,486</u> | |
| | <u>472,679</u> | | | <u>899,473</u> | | | <u>5,512</u> | |
| | <u>\$427,416</u> | | | <u>\$747,981</u> | | | <u>\$94,998</u> | |

(Continued)

CITY OF BELMONT
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018

| | SPECIAL REVENUE FUNDS | | | | | |
|--|-----------------------|-----------------|------------------------------------|--------------------|------------------|------------------------------------|
| | PUBLIC SAFETY | | | STREET MAINTENANCE | | |
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | | | | \$894,527 | \$906,032 | \$11,505 |
| Licenses and permits | | | | | | |
| Use of money and property | \$13 | \$244 | \$231 | | | |
| Intergovernmental | | | | 143,288 | 139,249 | (4,039) |
| Charges for current services | | | | 401,303 | 487,055 | 85,752 |
| Miscellaneous | 30,175 | | (30,175) | | 1,515 | 1,515 |
| Total Revenues | <u>30,188</u> | <u>244</u> | <u>(29,944)</u> | <u>1,439,118</u> | <u>1,533,851</u> | <u>94,733</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Public safety | 30,000 | 549 | 29,451 | | | |
| Highways and streets | | | | 2,242,723 | 1,935,535 | 307,188 |
| Culture and recreation | | | | | | |
| Urban redevelopment | | | | | | |
| Capital outlay | | | | 20,000 | 19,475 | 525 |
| Total Expenditures | <u>30,000</u> | <u>549</u> | <u>29,451</u> | <u>2,262,723</u> | <u>1,955,010</u> | <u>307,713</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>188</u> | <u>(305)</u> | <u>(493)</u> | <u>(823,605)</u> | <u>(421,159)</u> | <u>402,446</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from sale of assets | | | | | | |
| Transfers in | | | | 805,064 | 805,064 | |
| Transfers (out) | | | | | | |
| Total Other Financing Sources (Uses) | | | | <u>805,064</u> | <u>805,064</u> | |
| NET CHANGE IN FUND BALANCES | <u>\$188</u> | <u>(305)</u> | <u>(\$493)</u> | <u>(\$18,541)</u> | <u>383,905</u> | <u>\$402,446</u> |
| BEGINNING FUND BALANCES | | <u>36,727</u> | | | | |
| ENDING FUND BALANCES | | <u>\$36,422</u> | | | <u>\$383,905</u> | |

SPECIAL REVENUE FUNDS

| STREET IMPROVEMENTS | | | ATHLETIC FIELD MAINTENANCE | | | LOW & MODERATE INCOME HOUSING ASSET | | |
|----------------------|--------------------|------------------------------------|----------------------------|------------------|------------------------------------|--|--------------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$687,223 | \$718,214 | \$30,991 | | | | | | |
| 1,602 | 20,424 | 18,822 | \$414 | \$4,663 | \$4,249 | \$108,608 | \$129,003 | \$20,395 |
| 111,626 | 262,562 | 150,936 | | | | | | |
| | | | 75,000 | 127,932 | 52,932 | | | |
| 90,000 | 85,007 | (4,993) | | | | | | |
| <u>890,451</u> | <u>1,086,207</u> | <u>195,756</u> | <u>75,414</u> | <u>132,595</u> | <u>57,181</u> | <u>108,608</u> | <u>129,003</u> | <u>20,395</u> |
| | | | 60,000 | 43,916 | 16,084 | | | |
| <u>3,165,899</u> | <u>598,315</u> | <u>2,567,584</u> | <u>82,000</u> | <u>4,568</u> | <u>77,432</u> | <u>663,336</u> | <u>157,154</u> | <u>506,182</u> |
| <u>3,165,899</u> | <u>598,315</u> | <u>2,567,584</u> | <u>142,000</u> | <u>48,484</u> | <u>93,516</u> | <u>663,336</u> | <u>157,154</u> | <u>506,182</u> |
| <u>(2,275,448)</u> | <u>487,892</u> | <u>2,763,340</u> | <u>(66,586)</u> | <u>84,111</u> | <u>150,697</u> | <u>(554,728)</u> | <u>(28,151)</u> | <u>526,577</u> |
| | | | | | | 2,000,000 | | (2,000,000) |
| <u>1,225,000</u> | <u>1,225,000</u> | | | | | | | |
| <u>1,225,000</u> | <u>1,225,000</u> | | | | | <u>2,000,000</u> | | <u>(2,000,000)</u> |
| <u>(\$1,050,448)</u> | <u>1,712,892</u> | <u>\$2,763,340</u> | <u>(\$66,586)</u> | <u>84,111</u> | <u>\$150,697</u> | <u>\$1,445,272</u> | <u>(28,151)</u> | <u>(\$1,473,423)</u> |
| | <u>554,898</u> | | | <u>232,648</u> | | | <u>4,021,311</u> | |
| | <u>\$2,267,790</u> | | | <u>\$316,759</u> | | | <u>\$3,993,160</u> | |

(Continued)

CITY OF BELMONT
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018

| | SPECIAL REVENUE FUNDS | | | | | |
|---|-----------------------|--------------------|------------------------------|---|-----------------|------------------------------|
| | HOUSING INCLUSIONARY | | | ROAD MAINTENANCE AND REHABILITATION ACCOUNT (SB1) | | |
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Licenses and permits | | | | | | |
| Use of money and property | \$1,244 | \$27,972 | \$26,728 | \$50 | \$50 | |
| Intergovernmental | | | | 160,511 | 103,203 | (57,308) |
| Charges for current services | | 88,824 | 88,824 | | | |
| Miscellaneous | | | | | | |
| Total Revenues | <u>1,244</u> | <u>116,796</u> | <u>115,552</u> | <u>160,561</u> | <u>103,253</u> | <u>(57,308)</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Public safety | | | | | | |
| Highways and streets | | | | | | |
| Culture and recreation | | | | | | |
| Urban redevelopment | | | | | | |
| Capital outlay | | | | 160,000 | 6,718 | 153,282 |
| Total Expenditures | | | | <u>160,000</u> | <u>6,718</u> | <u>153,282</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>1,244</u> | <u>116,796</u> | <u>115,552</u> | <u>561</u> | <u>96,535</u> | <u>95,974</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from sale of assets | | | | | | |
| Transfers in | | | | | | |
| Transfers (out) | | | | | | |
| Total Other Financing Sources (Uses) | | | | | | |
| NET CHANGE IN FUND BALANCES | <u>\$1,244</u> | 116,796 | <u>\$115,552</u> | <u>\$561</u> | 96,535 | <u>\$95,974</u> |
| BEGINNING FUND BALANCES | | <u>2,429,528</u> | | | | |
| ENDING FUND BALANCES | | <u>\$2,546,324</u> | | | <u>\$96,535</u> | |

| SPECIAL REVENUE FUNDS | | | CAPITAL PROJECT FUNDS | | | | | |
|-----------------------|-----------------|------------------------------|-----------------------|--------------------|------------------------------|--------------------|--------------------|------------------------------|
| SENIOR DONATIONS | | | GENERAL FACILITIES | | | INFRASTRUCTURE | | |
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | \$113 | \$113 | \$1,413 | \$13,726 | \$12,313 | \$2,811 | \$25,020 | \$22,209 |
| | 1,799 | 1,799 | | 8,645 | 8,645 | 1,000,000 | 1,000,000 | |
| | 1,912 | 1,912 | 1,413 | 22,371 | 20,958 | 1,002,811 | 1,025,020 | 22,209 |
| | | | 624,617 | 157,842 | 466,775 | 1,503,577 | 11,562 | 1,492,015 |
| | | | 624,617 | 157,842 | 466,775 | 1,503,577 | 11,562 | 1,492,015 |
| | 1,912 | 1,912 | (623,204) | (135,471) | 487,733 | (500,766) | 1,013,458 | 1,514,224 |
| 74,900 | 74,900 | | 588,887 | 588,887 | (1,000,000) | 1,597,189 | 2,597,189 | 1,000,000 |
| | | | | (1,000,000) | (1,000,000) | (1,225,000) | (1,225,000) | |
| 74,900 | 74,900 | | 588,887 | (411,113) | (1,000,000) | 372,189 | 1,372,189 | 1,000,000 |
| <u>\$74,900</u> | 76,812 | <u>\$1,912</u> | <u>(\$34,317)</u> | (546,584) | <u>(\$512,267)</u> | <u>(\$128,577)</u> | 2,385,647 | <u>\$2,514,224</u> |
| | | | | 2,000,000 | | | | |
| | <u>\$76,812</u> | | | <u>\$1,453,416</u> | | | <u>\$2,385,647</u> | |

(Continued)

CITY OF BELMONT
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018

| | CAPITAL PROJECT FUNDS | | | | | |
|--|-----------------------|------------------|------------------------------------|------------------|--------------------|------------------------------------|
| | COMCAST | | | PLANNED PARK | | |
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Licenses and permits | | | | | | |
| Use of money and property | | | | \$1,325 | \$16,512 | \$15,187 |
| Intergovernmental | \$840 | \$5,656 | \$4,816 | | | |
| Charges for current services | | | | 1,845,747 | 31,941 | (1,813,806) |
| Miscellaneous | | | | | | |
| Total Revenues | <u>840</u> | <u>5,656</u> | <u>4,816</u> | <u>1,847,072</u> | <u>48,453</u> | <u>(1,798,619)</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Public safety | | | | | | |
| Highways and streets | | | | | | |
| Culture and recreation | | | | | | |
| Urban redevelopment | | | | | | |
| Capital outlay | | | | 977,638 | 421,181 | 556,457 |
| Total Expenditures | | | | <u>977,638</u> | <u>421,181</u> | <u>556,457</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>840</u> | <u>5,656</u> | <u>4,816</u> | <u>869,434</u> | <u>(372,728)</u> | <u>(1,242,162)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from sale of assets | | | | | | |
| Transfers in | | | | | | |
| Transfers in | | | | | | |
| Total Other Financing Sources (Uses) | | | | | | |
| NET CHANGE IN FUND BALANCES | <u>\$840</u> | <u>5,656</u> | <u>\$4,816</u> | <u>\$869,434</u> | <u>(372,728)</u> | <u>(\$1,242,162)</u> |
| BEGINNING FUND BALANCES | | <u>427,408</u> | | | <u>1,845,903</u> | |
| ENDING FUND BALANCES | | <u>\$433,064</u> | | | <u>\$1,473,175</u> | |

CAPITAL PROJECT FUNDS

| SPECIAL ASSESSMENT DISTRICT | | | OPEN SPACE | | | PARK IMPACT FEES | | |
|-----------------------------|------------------|------------------------------|-------------------|------------------|------------------------------|------------------|------------------|------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$586 | \$2,000 | \$1,414 | | \$1,906 | \$1,906 | \$216 | \$4,942 | \$4,726 |
| | | | | | | | 7,744 | 7,744 |
| <u>586</u> | <u>2,000</u> | <u>1,414</u> | | <u>1,906</u> | <u>1,906</u> | <u>216</u> | <u>12,686</u> | <u>12,470</u> |
| | | | <u>\$37,253</u> | <u>13,559</u> | <u>23,694</u> | | | |
| | | | <u>37,253</u> | <u>13,559</u> | <u>23,694</u> | | | |
| <u>586</u> | <u>2,000</u> | <u>1,414</u> | <u>(37,253)</u> | <u>(11,653)</u> | <u>25,600</u> | <u>216</u> | <u>12,686</u> | <u>12,470</u> |
| | | | | | | | | |
| <u>\$586</u> | <u>2,000</u> | <u>\$1,414</u> | <u>(\$37,253)</u> | <u>(11,653)</u> | <u>\$25,600</u> | <u>\$216</u> | <u>12,686</u> | <u>\$12,470</u> |
| | <u>298,017</u> | | | <u>289,075</u> | | | <u>318,886</u> | |
| | <u>\$300,017</u> | | | <u>\$277,422</u> | | | <u>\$331,572</u> | |

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. For the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments, which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

Workers' Compensation – To account for the City's and District's workers' compensation insurance program.

Liability Insurance – To account for coverage on the City's and District's general and automobile liability.

Self-Funded Vision – To account for the City's vision reimbursement plan for its employees.

Benefit Prefunding – To account for certain accrued employee benefits.

Fleet and Equipment Management – To account for the interdepartmental services provided by the Fleet Management division and Information Technology division.

Facilities Management – To account for the interdepartmental services provided by the Facilities Management Division.

BFPD Benefit Prefunding – To account for certain accrued employee benefits for the Belmont Fire Protection District.

CITY OF BELMONT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

| | <u>Workers' Compensation</u> | <u>Liability Insurance</u> | <u>Self-Funded Vision</u> | <u>Benefit Prefunding</u> | <u>Fleet and Equipment Management</u> |
|----------------------------------|----------------------------------|--------------------------------|-------------------------------|-------------------------------|---|
| ASSETS | | | | | |
| Cash and investments | \$1,257,256 | \$379,408 | \$21,434 | \$1,608,656 | \$1,883,433 |
| Accounts receivable | | 1,335,149 | | | 2,492 |
| Prepays and other assets | | | | | 10,841 |
| Depreciable capital assets, net | | | | | 1,119,216 |
| | <u>1,257,256</u> | <u>1,714,557</u> | <u>21,434</u> | <u>1,608,656</u> | <u>3,015,982</u> |
| LIABILITIES | | | | | |
| Accounts payable | | 2,829 | 20,851 | 289 | 84,221 |
| Claims payable | | | | | |
| Current portion | 42,116 | 1,530,558 | | | |
| Due in more than one year | 355,539 | | | | |
| Compensated absences | | | | | |
| Current portion | | | | | 67,840 |
| Due in more than one year | | | | | 59,984 |
| | <u>397,655</u> | <u>1,533,387</u> | <u>20,851</u> | <u>289</u> | <u>212,045</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | | | | | 1,119,216 |
| Unrestricted | 859,601 | 181,170 | 583 | 1,608,367 | 1,684,721 |
| | <u>\$859,601</u> | <u>\$181,170</u> | <u>\$583</u> | <u>\$1,608,367</u> | <u>\$2,803,937</u> |

| <u>Facilities Management</u> | <u>BFPD Benefit Prefunding</u> | <u>Total</u> |
|----------------------------------|--|--------------------|
| \$648,202 | \$342,200 | \$6,140,589 |
| 9,247 | | 1,346,888 |
| | | 10,841 |
| | | <u>1,119,216</u> |
| <u>657,449</u> | <u>342,200</u> | <u>8,617,534</u> |
| 23,055 | | 131,245 |
| | | 1,572,674 |
| | | 355,539 |
| 14,000 | | 81,840 |
| <u>51,505</u> | | <u>111,489</u> |
| <u>88,560</u> | | <u>2,252,787</u> |
| | | 1,119,216 |
| <u>568,889</u> | <u>342,200</u> | <u>5,245,531</u> |
| <u>\$568,889</u> | <u>\$342,200</u> | <u>\$6,364,747</u> |

CITY OF BELMONT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

| | Workers' Compensation | Liability Insurance | Self-Funded Vision | Benefit Prefunding | Fleet and Equipment Management |
|---|--------------------------|------------------------|-----------------------|-----------------------|--------------------------------------|
| OPERATING REVENUES | | | | | |
| Interdepartmental charges for services | \$1,001,792 | \$983,976 | \$29,121 | \$1,226,698 | \$2,928,396 |
| Total Operating Revenues | 1,001,792 | 983,976 | 29,121 | 1,226,698 | 2,928,396 |
| OPERATING EXPENSES | | | | | |
| Insurance premiums | 786,915 | 241,586 | | | |
| Professional and legal | 13,656 | 476,404 | 252 | 73,706 | 668,168 |
| Operating costs | | | | | 1,896,353 |
| Other post employment benefits | | | | 880,521 | |
| Insurance claims, net of change in claims payable | 119,066 | 1,426,276 | 28,367 | | |
| Depreciation | | | | | 576,970 |
| Total Operating Expenses | 919,637 | 2,144,266 | 28,619 | 954,227 | 3,141,491 |
| Operating Income (Loss) | 82,155 | (1,160,290) | 502 | 272,471 | (213,095) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Gain on sale of capital assets | | | | | 5,760 |
| Use of money and property | 10,582 | 6,003 | 81 | 18,213 | 17,944 |
| Miscellaneous | | 1,335,457 | | | 1,804 |
| Total Nonoperating Revenues (Expenses) | 10,582 | 1,341,460 | 81 | 18,213 | 25,508 |
| Income (Loss) Before Transfers | 92,737 | 181,170 | 583 | 290,684 | (187,587) |
| Transfers in | | | | | 630,000 |
| Change in Net Position | 92,737 | 181,170 | 583 | 290,684 | 442,413 |
| BEGINNING NET POSITION | 766,864 | | | 1,317,683 | 2,361,524 |
| ENDING NET POSITION | \$859,601 | \$181,170 | \$583 | \$1,608,367 | \$2,803,937 |

| <u>Facilities Management</u> | <u>BFPD Benefit Prefunding</u> | <u>Total</u> |
|----------------------------------|--|--------------------|
| <u>\$1,094,004</u> | <u>\$508,266</u> | <u>\$7,772,253</u> |
| <u>1,094,004</u> | <u>508,266</u> | <u>7,772,253</u> |
| | | 1,028,501 |
| 261,711 | | 1,493,897 |
| 1,525,816 | 4,920 | 3,427,089 |
| | 179,325 | 1,059,846 |
| | | 1,573,709 |
| | | 576,970 |
| <u>1,787,527</u> | <u>184,245</u> | <u>9,160,012</u> |
| <u>(693,523)</u> | <u>324,021</u> | <u>(1,387,759)</u> |
| | | 5,760 |
| 414,127 | 1,194 | 468,144 |
| <u>477,084</u> | | <u>1,814,345</u> |
| <u>891,211</u> | <u>1,194</u> | <u>2,288,249</u> |
| 197,688 | 325,215 | 900,490 |
| <u>371,201</u> | | <u>1,001,201</u> |
| 568,889 | 325,215 | 1,901,691 |
| | 16,985 | 4,463,056 |
| <u>\$568,889</u> | <u>\$342,200</u> | <u>\$6,364,747</u> |

CITY OF BELMONT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Workers'</u> <u>Compensation</u> | <u>Liability</u> <u>Insurance</u> | <u>Self-Funded</u> <u>Vision</u> | <u>Benefit</u> <u>Prefunding</u> | <u>Fleet and</u> <u>Equipment</u> <u>Management</u> |
|--|--|--------------------------------------|-------------------------------------|-------------------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from other funds | \$1,001,792 | \$998,284 | \$29,121 | \$1,226,698 | \$2,930,200 |
| Payments to vendors | (800,571) | (722,784) | (252) | (73,706) | (1,404,075) |
| Payment to or on behalf of employees | | | | (880,232) | (1,363,762) |
| Claims paid | (24,660) | (461,988) | (29,516) | | |
| | <u>176,561</u> | <u>(186,488)</u> | <u>(647)</u> | <u>272,760</u> | <u>162,363</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Interfund receipts | | | | | 630,000 |
| | | | | | <u>630,000</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition of capital assets | | | | | (140,201) |
| Proceeds from sale of capital assets | | | | | 5,760 |
| | | | | | <u>(134,441)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest | 10,582 | 6,003 | 81 | 18,213 | 17,944 |
| | <u>10,582</u> | <u>6,003</u> | <u>81</u> | <u>18,213</u> | <u>17,944</u> |
| Net Cash Flows | 187,143 | (180,485) | (566) | 290,973 | 675,866 |
| Cash and investments at beginning of period | <u>1,070,113</u> | <u>559,893</u> | <u>22,000</u> | <u>1,317,683</u> | <u>1,207,567</u> |
| Cash and investments at end of period | <u>\$1,257,256</u> | <u>\$379,408</u> | <u>\$21,434</u> | <u>\$1,608,656</u> | <u>\$1,883,433</u> |
| Reconciliation of operating income (loss) to net cash flows from operating activities: | | | | | |
| Operating income (loss) | \$82,155 | (\$1,160,290) | \$502 | \$272,471 | (\$213,095) |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: | | | | | |
| Depreciation | | | | | 576,970 |
| Miscellaneous revenues | | 1,335,457 | | | 1,804 |
| Change in assets and liabilities: | | | | | |
| Accounts receivables | | (1,321,149) | | | |
| Prepays and other net assets | | | | | 3,634 |
| Accounts payable | | (4,794) | (1,149) | 289 | (212,982) |
| Due to other funds | | | | | |
| Claims payable | 94,406 | 964,288 | | | |
| Compensated absences | | | | | 6,032 |
| | <u>\$176,561</u> | <u>(\$186,488)</u> | <u>(\$647)</u> | <u>\$272,760</u> | <u>\$162,363</u> |
| Cash Flows from Operating Activities | <u>\$176,561</u> | <u>(\$186,488)</u> | <u>(\$647)</u> | <u>\$272,760</u> | <u>\$162,363</u> |

| Facilities Management | BFPD Benefit Prefunding | Total |
|--------------------------|-------------------------------|--------------------|
| \$1,567,305 | \$503,346 | \$8,256,746 |
| (1,147,793) | | (4,149,181) |
| (647,350) | (179,325) | (3,070,669) |
| | | (516,164) |
| <u>(227,838)</u> | <u>324,021</u> | <u>520,732</u> |
| | | |
| <u>371,201</u> | | <u>1,001,201</u> |
| <u>371,201</u> | | <u>1,001,201</u> |
| | | (140,201) |
| | | <u>5,760</u> |
| | | (134,441) |
| <u>414,127</u> | <u>1,194</u> | <u>468,144</u> |
| <u>414,127</u> | <u>1,194</u> | <u>468,144</u> |
| 557,490 | 325,215 | 1,855,636 |
| <u>90,712</u> | <u>16,985</u> | <u>4,284,953</u> |
| <u>\$648,202</u> | <u>\$342,200</u> | <u>\$6,140,589</u> |
| | | |
| (\$693,523) | \$324,021 | (\$1,387,759) |
| | | 576,970 |
| 477,084 | | 1,814,345 |
| (3,783) | | (1,324,932) |
| | | 3,634 |
| (24,040) | | (242,676) |
| | | 1,058,694 |
| <u>16,424</u> | | <u>22,456</u> |
| <u>(\$227,838)</u> | <u>\$324,021</u> | <u>\$520,732</u> |

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AGENCY FUNDS

Agency Funds are presented separately from the Government-wide and Fund financial statements.

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

Section 125 Benefits Plan – To account for employee tax-free contributions and reinvestments for certain employee benefits established by the City and District under Section 125 of the Internal Revenue Code.

Library Community Facilities District – To account for payment of interest and principal on debt service of the District for the construction, maintenance and operations of the Library.

Net Six Joint Powers Authority – To account for the activities of the Net Six Joint Powers Authority, which maintains a consolidated fire and emergency dispatch system for its members in San Mateo County.

CITY OF BELMONT
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Balance June 30, 2017</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2018</u> |
|--|----------------------------------|------------------|-------------------|----------------------------------|
| <u>Section 125 Benefit Plan</u> | | | | |
| Assets: | | | | |
| Cash and investments | <u>\$25,045</u> | <u>\$201</u> | | <u>\$25,246</u> |
| Total Assets | <u>\$25,045</u> | <u>\$201</u> | | <u>\$25,246</u> |
| Liabilities: | | | | |
| Section 125 employee benefits payable | <u>\$25,045</u> | <u>\$201</u> | | <u>\$25,246</u> |
| Total Liabilities | <u>\$25,045</u> | <u>\$201</u> | | <u>\$25,246</u> |
| <u>Library Community Facilities District</u> | | | | |
| Assets: | | | | |
| Cash and investments | <u>\$261,194</u> | <u>\$665,521</u> | <u>\$673,746</u> | <u>\$252,969</u> |
| Total Assets | <u>\$261,194</u> | <u>\$665,521</u> | <u>\$673,746</u> | <u>\$252,969</u> |
| Liabilities: | | | | |
| Due to bondholders | <u>\$261,194</u> | <u>\$665,521</u> | <u>\$673,746</u> | <u>\$252,969</u> |
| Total Liabilities | <u>\$261,194</u> | <u>\$665,521</u> | <u>\$673,746</u> | <u>\$252,969</u> |
| <u>Net Six</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$200,014 | \$207,626 | \$160,560 | \$247,080 |
| Accounts Receivable | <u>61,582</u> | <u>48,176</u> | <u>61,582</u> | <u>48,176</u> |
| Total Assets | <u>\$261,596</u> | <u>\$255,802</u> | <u>\$222,142</u> | <u>\$295,256</u> |
| Liabilities: | | | | |
| Due to other governments | <u>\$261,596</u> | <u>\$255,802</u> | <u>\$222,142</u> | <u>295,256</u> |
| Total Liabilities | <u>\$261,596</u> | <u>\$255,802</u> | <u>\$222,142</u> | <u>\$295,256</u> |
| <u>Total Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$486,253 | \$873,348 | \$834,306 | \$525,295 |
| Accounts Receivable | <u>61,582</u> | <u>48,176</u> | <u>61,582</u> | <u>48,176</u> |
| Total Assets | <u>\$547,835</u> | <u>\$921,524</u> | <u>\$895,888</u> | <u>\$573,471</u> |
| Liabilities: | | | | |
| Section 125 employee benefits payable | \$25,045 | \$201 | | \$25,246 |
| Due to other governments | 261,596 | 255,802 | \$222,142 | 295,256 |
| Due to bondholders | <u>261,194</u> | <u>665,521</u> | <u>673,746</u> | <u>252,969</u> |
| Total Liabilities | <u>\$547,835</u> | <u>\$921,524</u> | <u>\$895,888</u> | <u>\$573,471</u> |

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

Financial Trends

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

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed Value of Taxable Property
2. Direct and Overlapping Property Tax Rates
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage:
 - a. 2016 Sewer Revenue and Sewer Refunding Revenue Bonds – Last Ten Fiscal Years
 - b. 2009A Sewer Treatment Facility Revenue Bonds
 - c. Former Redevelopment Agency Bonds
5. Continuing Disclosure Requirements:
 - a. Sewer System Summary Statement of Historical Revenue and Expenditures
 - b. Ten Largest Users of the Sewer System
 - c. Number of Sewer Service Users
 - d. Sewer Service Revenues by Class of User
 - e. Schedule of Budgeted and Projected Sewer Treatment Facility Charges and Associated Debt Service
 - f. Community Facilities District No. 2000-1

| |
|--|
| STATISTICAL SECTION (Continued) |
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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

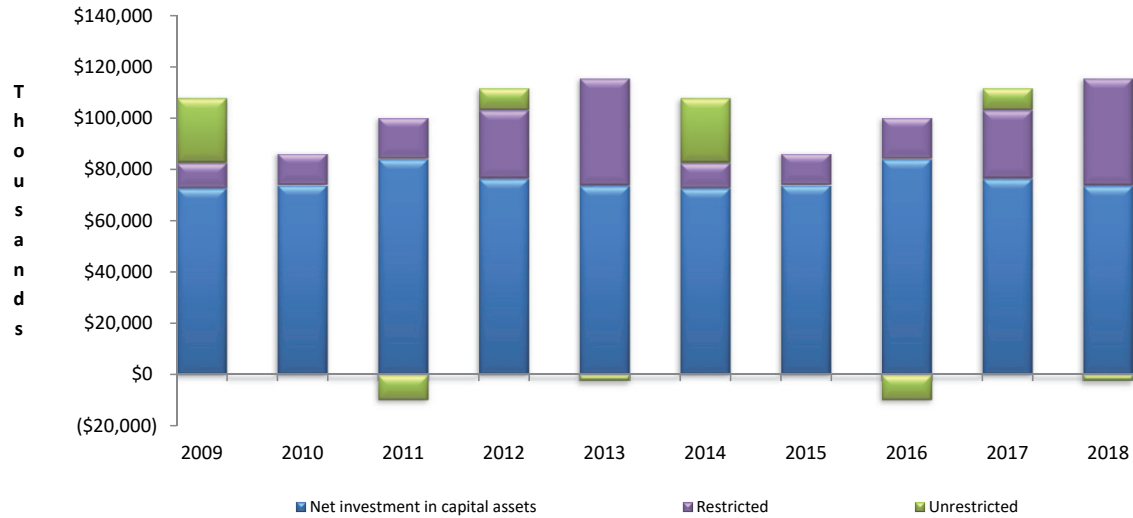
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

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

**CITY OF BELMONT
NET POSITION BY COMPONENT**

**Last Ten Fiscal Years
(accrual basis of accounting)**



| | As of June 30, | | | | |
|---------------------------------------|-----------------------|---------------------|---------------------|----------------------|----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Governmental activities | | | | | |
| Net investment in capital assets | \$40,629,743 | \$44,610,294 | \$51,099,928 | \$68,597,826 | \$67,417,898 |
| Restricted | 19,967,386 | 17,775,049 | 16,586,360 | 6,464,610 | 6,722,358 |
| Unrestricted | 5,402,096 | 5,077,501 | 6,901,035 | 10,854,350 | 11,312,129 |
| Total governmental activities | \$65,999,225 | \$67,462,844 | \$74,587,323 | \$85,916,786 | \$85,452,385 |
| Business-type activities | | | | | |
| Net investment in capital assets | \$5,232,486 | \$5,191,747 | \$6,162,922 | \$5,985,860 | \$5,418,984 |
| Restricted | | | | 3,061,696 | 3,108,105 |
| Unrestricted | 7,897,583 | 7,537,206 | 6,641,129 | 5,460,139 | 8,317,276 |
| Total business-type activities | \$13,130,069 | \$12,728,953 | \$12,804,051 | \$14,507,695 | \$16,844,365 |
| Primary government | | | | | |
| Net investment in capital assets | \$45,862,229 | \$49,802,041 | \$57,262,850 | \$74,583,686 | \$72,836,882 |
| Restricted | 19,967,386 | 17,775,049 | 16,586,360 | 9,526,306 | 9,830,463 |
| Unrestricted | 13,299,679 | 12,614,707 | 13,542,164 | 16,314,489 | 19,629,405 |
| Total primary government | \$79,129,294 | \$80,191,797 | \$87,391,374 | \$100,424,481 | \$102,296,750 |
| | As of June 30, | | | | |
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Governmental activities | | | | | |
| Net investment in capital assets | \$66,107,787 | \$65,328,759 | \$67,139,553 | \$69,831,130 | \$67,969,307 |
| Restricted | 6,664,041 | 6,904,176 | 6,904,177 | 11,714,283 | 24,061,436 |
| Unrestricted | 13,628,786 | (8,619,488) (a) | (9,680,086) | (188,113) | (12,213,657) |
| Total governmental activities | \$86,400,614 | \$63,613,447 | \$64,363,644 | \$81,357,300 | \$79,817,086 |
| Business-type activities | | | | | |
| Net investment in capital assets | \$6,447,043 | \$8,424,614 | \$16,739,430 | \$6,439,038 | \$5,536,183 |
| Restricted | 3,108,838 | 5,383,408 | 9,143,559 | 14,957,819 | 17,728,929 |
| Unrestricted | 11,627,962 | 8,634,126 | | 8,602,110 | 9,913,265 |
| Total business-type activities | \$21,183,843 | \$22,442,148 | \$25,882,989 | \$29,998,967 | \$33,178,377 |
| Primary government | | | | | |
| Net investment in capital assets | \$72,554,830 | \$73,753,373 | \$83,878,983 | \$76,270,168 | \$73,505,490 |
| Restricted | 9,772,879 | 12,287,584 | 16,047,736 | 26,672,102 | 41,790,365 |
| Unrestricted | 25,256,748 | 14,638 | (9,680,086) | 8,413,997 | (2,300,392) |
| Total primary government | \$107,584,457 | \$86,055,595 | \$90,246,633 | \$111,356,267 | \$112,995,463 |

(a) Fiscal year 2015 was the first year of implementation for GASB 68.

**CITY OF BELMONT
CHANGES IN NET POSITION**

**Last Ten Fiscal Years
(Accrual Basis of Accounting)**

| | Fiscal Year Ended June 30, | | | |
|---|----------------------------|-----------------------|-----------------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 |
| Expenses | | | | |
| Governmental Activities: | | | | |
| General government | \$5,677,578 | \$5,666,445 | \$4,662,965 | \$5,112,255 |
| Public safety | 15,261,129 | 15,247,908 | 15,258,130 | 17,461,677 |
| Highways and streets | 2,525,131 | 2,400,233 | 2,325,028 | 2,899,431 |
| Culture and recreation | 4,012,240 | 4,275,870 | 5,149,269 | 4,200,332 |
| Urban redevelopment | 7,957,410 | 7,707,191 | 10,358,587 | 5,014,387 |
| Interest on long term debt | 1,241,608 | 1,162,420 | 1,110,538 | 1,131,762 |
| Total Governmental Activities Expenses | <u>36,675,096</u> | <u>36,460,067</u> | <u>38,864,517</u> | <u>35,819,844</u> |
| Business-Type Activities: | | | | |
| Sewer Collection | 5,210,185 | 5,928,199 | 5,723,184 | 6,141,073 |
| Sewer Treatment | | | | |
| Storm drainage | 1,145,322 | 1,279,059 | 1,245,911 | 1,171,429 |
| Solid waste | 385,663 | 433,811 | 590,927 | 308,251 |
| Total Business-Type Activities Expenses | <u>6,741,170</u> | <u>7,641,069</u> | <u>7,560,022</u> | <u>7,620,753</u> |
| Total Primary Government Expenses | <u>\$43,416,266</u> | <u>\$44,101,136</u> | <u>\$46,424,539</u> | <u>\$43,440,597</u> |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| General Government | \$4,201,215 | \$4,263,241 | \$3,983,732 | \$4,538,452 |
| Public Safety | 122,956 | 136,465 | 336,174 | 988,002 |
| Highways and streets | 386,769 | 876,185 | 878,107 | 437,020 |
| Culture and recreation | 1,759,776 | 1,820,050 | 1,977,149 | 1,967,792 |
| Urban redevelopment | 1,517,498 | 1,862,964 | 2,126,626 | 2,434,761 |
| Operating Grants and Contributions | 1,421,649 | 1,509,175 | 4,668,438 | 2,422,365 |
| Capital Grants and Contributions | 634,616 | 2,024,456 | 5,522,520 | 1,853,706 |
| Total Government Activities | | | | |
| Program Revenues | <u>10,044,479</u> | <u>12,492,536</u> | <u>19,492,746</u> | <u>14,642,098</u> |
| Business-Type Activities: | | | | |
| Charges for Services: | | | | |
| Sewer Collection | 6,096,887 | 6,272,616 | 6,600,870 | 9,422,274 |
| Sewer Treatment | | | | |
| Storm drainage | 469,194 | 481,738 | 597,464 | 611,941 |
| Solid Waste | 373,815 | 373,815 | 476,073 | 710,295 |
| Operating Grants and Contributions | | | 10,750 | |
| Capital Grants and Contributions | 15,332 | 11,734 | | |
| Total Business-Type Activities | | | | |
| Program Revenue | <u>6,955,228</u> | <u>7,139,903</u> | <u>7,685,157</u> | <u>10,744,510</u> |
| Total Primary Government Program Revenues | <u>\$16,999,707</u> | <u>\$19,632,439</u> | <u>\$27,177,903</u> | <u>\$25,386,608</u> |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | (\$26,630,617) | (\$23,967,531) | (\$19,371,771) | (\$21,177,746) |
| Business-Type Activities | 214,058 | (501,166) | 125,135 | 3,123,757 |
| Total Primary Government Net Expense | <u>(\$26,416,559)</u> | <u>(\$24,468,697)</u> | <u>(\$19,246,636)</u> | <u>(\$18,053,989)</u> |

| Fiscal Year Ended June 30, | | | | | |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$5,353,940 | \$5,592,651 | \$5,244,211 | \$5,439,850 | \$5,671,719 | \$6,598,992 |
| 18,000,012 | 19,429,456 | 19,218,589 | 19,906,577 | 21,282,999 | 23,461,443 |
| 3,242,496 | 3,412,713 | 3,340,232 | 2,998,364 | 2,785,012 | 3,182,025 |
| 4,275,013 | 4,530,410 | 5,018,290 | 4,729,514 | 4,759,282 | 5,344,942 |
| 1,885,099 | 2,295,295 | 2,268,840 | 3,436,088 | 3,223,265 | 3,447,979 |
| 68,175 | 37,019 | 24,850 | 16,708 | 5,592 | 3,169 |
| <u>32,824,735</u> | <u>35,297,544</u> | <u>35,115,012</u> | <u>36,527,101</u> | <u>37,727,869</u> | <u>42,038,550</u> |
| 6,715,514 | 6,657,220 | 7,654,335 | 8,251,781 | 8,251,781 | 9,087,660 |
| | | | 403,386 | 403,386 | 517,015 |
| 1,338,902 | 1,236,911 | 1,446,650 | 1,603,968 | 1,603,968 | 1,566,875 |
| 469,298 | 459,967 | 223,392 | 283,045 | 283,045 | 338,756 |
| <u>8,523,714</u> | <u>8,354,098</u> | <u>9,324,377</u> | <u>10,542,180</u> | <u>10,542,180</u> | <u>11,510,306</u> |
| <u>\$41,348,449</u> | <u>\$43,651,642</u> | <u>\$44,439,389</u> | <u>\$47,069,281</u> | <u>\$48,270,049</u> | <u>\$53,548,856</u> |
| \$4,463,544 | \$4,601,332 | \$4,937,130 | \$5,780,785 | \$8,184,093 | \$6,868,959 |
| 1,152,475 | 1,177,218 | 1,143,332 | 998,958 | 1,113,555 | 1,425,037 |
| 382,904 | 459,815 | 473,341 | 464,902 | 498,637 | 490,979 |
| 2,087,336 | 2,130,365 | 2,729,732 | 2,629,840 | 5,997,226 | 3,250,607 |
| 2,560,400 | 3,069,625 | 3,627,765 | 3,860,509 | 4,701,066 | 3,692,543 |
| 1,636,424 | 1,817,345 | 2,042,316 | 1,861,488 | 1,767,235 | 2,175,529 |
| 874,168 | 519,254 | 411,980 | 2,746,475 | 596,190 | 1,262,562 |
| <u>13,157,251</u> | <u>13,774,954</u> | <u>15,365,596</u> | <u>18,342,957</u> | <u>22,858,002</u> | <u>19,166,216</u> |
| 10,086,878 | 11,290,621 | 11,905,392 | 9,623,230 | 10,974,015 | 10,451,746 |
| | | | 3,124,223 | 3,087,872 | 3,225,639 |
| 549,863 | 520,119 | 943,554 | 903,147 | 875,926 | 886,380 |
| 781,612 | 867,710 | 458,337 | 443,408 | 429,212 | 428,446 |
| | | | | 37,862 | 23,408 |
| <u>11,418,353</u> | <u>12,678,450</u> | <u>13,307,283</u> | <u>14,094,008</u> | <u>15,404,887</u> | <u>15,015,619</u> |
| <u>\$24,575,604</u> | <u>\$26,453,404</u> | <u>\$28,672,879</u> | <u>\$32,436,965</u> | <u>\$38,262,889</u> | <u>\$34,181,835</u> |
| (\$19,371,771) | (\$21,522,590) | (\$19,749,416) | (\$18,184,144) | (\$14,869,867) | (\$22,872,334) |
| 64,404 | 4,324,352 | 3,982,906 | 2,018,171 | 4,862,707 | 3,505,313 |
| <u>(\$19,307,367)</u> | <u>(\$17,198,238)</u> | <u>(\$15,766,510)</u> | <u>(\$16,165,973)</u> | <u>(\$10,007,160)</u> | <u>(\$19,367,021)</u> |

CITY OF BELMONT
CHANGES IN NET POSITION
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year Ended June 30, | | | |
|---|----------------------------|---------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental Activities: | | | | |
| Taxes: | | | | |
| Property taxes | \$9,387,465 | 9,456,013 | \$9,620,923 | \$10,439,407 |
| Incremental property tax | 9,027,090 | 9,010,978 | 8,601,933 | 4,681,674 |
| Sales taxes | 2,988,491 | 2,281,523 | 2,596,652 | 2,672,956 |
| Other taxes | 1,183,901 | 2,068,073 | 2,481,620 | 2,738,707 |
| Motor vehicle in lieu | 1,994,403 | 2,033,410 | 2,050,697 | 1,973,958 |
| Investment earnings | 767,134 | 575,410 | 601,845 | 589,231 |
| Miscellaneous/Gain on sale | 45,595 | 5,986 | 542,580 | 105 |
| Loss on disposal of capital assets | | | | |
| Transfers | | | | |
| Extraordinary items | | | | 9,338,566 |
| Total Government Activities | <u>25,394,079</u> | <u>25,431,393</u> | <u>26,496,250</u> | <u>32,434,604</u> |
| Business-Type Activities: | | | | |
| Investment earnings | 201,559 | 19,003 | 10,694 | 19,315 |
| Miscellaneous | | | | |
| Transfers | | | | |
| Total Business-Type Activities | <u>201,559</u> | <u>19,003</u> | <u>10,694</u> | <u>19,315</u> |
| Total Primary Government | <u>\$25,595,638</u> | <u>\$25,450,396</u> | <u>\$26,506,944</u> | <u>\$32,453,919</u> |
| Change in Net Position | | | | |
| Governmental Activities | (\$1,236,538) | \$1,463,862 | \$7,124,479 | \$11,256,858 |
| Business-Type Activities | 415,617 | (482,163) | 135,829 | 3,143,072 |
| Total Primary Government | <u>(\$820,921)</u> | <u>\$981,699</u> | <u>\$7,260,308</u> | <u>\$14,399,930</u> |

| Fiscal Year Ended June 30, | | | | | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$10,918,478 | \$11,864,792 | \$13,134,287 | \$14,132,122 | \$15,527,210 | \$16,894,686 |
| 2,792,298 | 2,831,248 | 3,085,607 | 3,613,991 | 3,882,588 | 5,134,206 |
| 3,017,599 | 3,260,000 | 3,487,040 | 3,957,259 | 3,927,717 | 4,039,400 |
| 1,941,735 | 2,168,184 | 2,474,536 | 2,436,212 | 2,619,042 | 2,786,304 |
| 531,126 | 603,489 | 590,418 | 540,269 | 588,798 | 981,525 |
| 1,847 | 1,743,106 | 3,803 | 6,263 | 3,663 | 89,454 |
| | | (39,381) | | | |
| | | | (437,270) | | |
| <u>19,203,083</u> | <u>22,470,819</u> | <u>22,736,310</u> | <u>24,248,846</u> | <u>26,549,018</u> | <u>29,925,575</u> |
| 9,971 | 15,126 | 17,275 | 77,370 | 104,041 | 489,367 |
| | | | 57,142 | 118 | 36,854 |
| 1,216 | | 45,769 | 437,270 | | |
| <u>11,187</u> | <u>15,126</u> | <u>63,044</u> | <u>571,782</u> | <u>104,159</u> | <u>526,221</u> |
| <u>\$19,214,270</u> | <u>\$22,485,945</u> | <u>\$22,799,354</u> | <u>\$24,820,628</u> | <u>\$26,653,177</u> | <u>\$30,451,796</u> |
| (\$168,688) | \$948,229 | \$2,986,894 | \$6,064,702 | \$11,679,151 | \$7,053,241 |
| 75,591 | 4,339,478 | 4,045,950 | 2,589,953 | 4,966,866 | 4,031,534 |
| <u>(\$93,097)</u> | <u>\$5,287,707</u> | <u>\$7,032,844</u> | <u>\$8,654,655</u> | <u>\$16,646,017</u> | <u>\$11,084,775</u> |

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CITY OF BELMONT
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

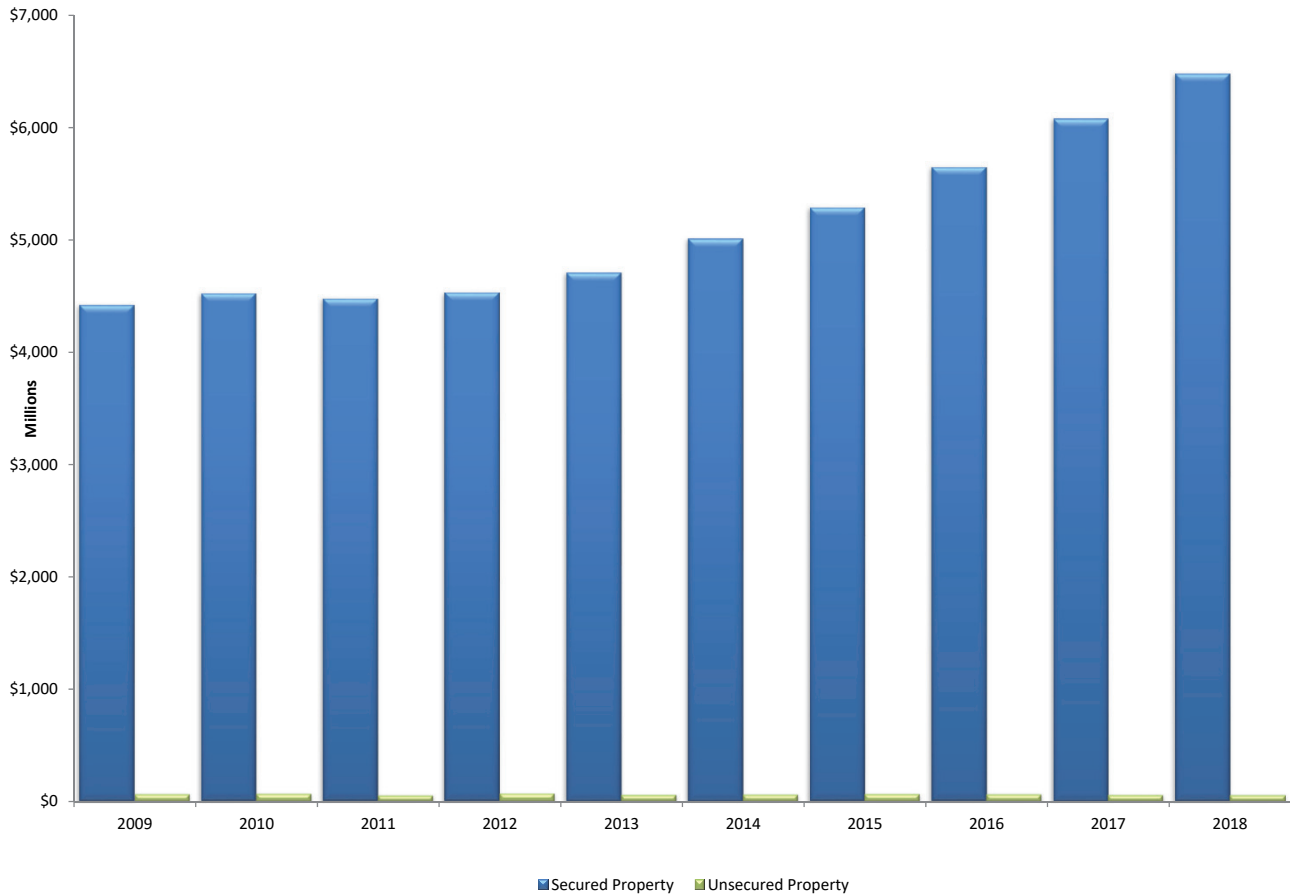
| | Fiscal Year Ended June 30, | | | |
|--|-----------------------------|-----------------------------|---------------------------|-----------------------------|
| | 2009 | 2010 | 2011 | 2012 |
| Revenues | | | | |
| Taxes | \$24,015,223 | \$23,551,448 | \$24,078,694 | \$21,103,658 |
| Licenses and permits | 1,296,955 | 1,333,536 | 1,409,968 | 1,599,765 |
| Fines and forfeitures | 218,511 | 189,187 | 397,841 | 411,116 |
| Use of money and property | 702,711 | 483,653 | 434,131 | 439,248 |
| Intergovernmental | 4,198,134 | 5,580,333 | 11,811,178 | 6,426,997 |
| Charges for current services | 5,465,178 | 6,233,038 | 6,773,004 | 6,621,335 |
| Miscellaneous | 143,292 | 149,981 | 151,098 | 685,537 |
| Total Revenues | 36,040,004 | 37,521,176 | 45,055,914 | 37,287,656 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 4,218,287 | 4,338,325 | 3,738,652 | 3,910,215 |
| Public safety | 14,739,794 | 15,016,366 | 14,973,374 | 16,284,197 |
| Highways and streets | 1,821,815 | 1,742,021 | 1,676,044 | 1,818,655 |
| Culture and recreation | 3,697,783 | 4,038,979 | 4,885,875 | 3,864,383 |
| Urban redevelopment | 7,767,199 | 7,512,659 | 10,245,438 | 4,402,467 |
| Capital outlay | 3,808,785 | 6,569,057 | 9,591,505 | 3,722,422 |
| Debt service: | | | | |
| Principal | 900,000 | 955,000 | 1,005,000 | 1,192,547 |
| Interest and fiscal charges | 1,241,608 | 1,162,420 | 1,110,538 | 1,131,762 |
| Total Expenditures | 38,195,271 | 41,334,827 | 47,226,426 | 36,326,648 |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,155,267)</u> | <u>(3,813,651)</u> | <u>(2,170,512)</u> | <u>961,008</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 1,574,020 | 1,795,891 | 4,771,786 | 1,873,574 |
| Transfers (out) | (1,671,207) | (1,649,413) | (2,445,664) | (1,926,651) |
| Contributions/extraordinary item | | | | (9,025,535) |
| Proceeds from sale of capital assets | | | 538,891 | |
| Proceeds of debt issuance | | | 532,938 | |
| Total other financing sources (uses) | <u>(97,187)</u> | <u>146,478</u> | <u>3,397,951</u> | <u>(9,078,612)</u> |
| Net Change in fund balances | <u>(\$2,252,454)</u> | <u>(\$3,667,173)</u> | <u>\$1,227,439</u> | <u>(\$8,117,604)</u> |
| Debt service as a percentage of noncapital expenditures | 6.2% | 6.0% | 5.4% | 7.0% |

Fiscal Year Ended June 30,

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$17,464,202 | \$18,781,620 | \$20,592,362 | \$22,462,269 | \$24,901,868 | \$27,919,446 |
| 1,443,249 | 1,665,790 | 1,846,367 | 2,085,424 | 2,800,954 | 2,317,393 |
| 513,511 | 298,584 | 210,470 | 234,582 | 168,763 | 216,183 |
| 394,871 | 420,581 | 585,120 | 599,818 | 759,981 | 1,228,596 |
| 4,569,617 | 4,594,173 | 5,098,802 | 5,496,855 | 4,819,712 | 4,975,667 |
| 6,780,019 | 7,466,219 | 8,517,414 | 8,574,373 | 14,587,389 | 9,890,785 |
| 788,182 | 835,735 | 868,303 | 1,387,317 | 937,673 | 2,069,817 |
| <u>31,953,651</u> | <u>34,062,702</u> | <u>37,718,838</u> | <u>40,840,638</u> | <u>48,976,340</u> | <u>48,617,887</u> |
| 4,001,340 | 3,967,090 | 4,219,915 | 4,300,780 | 4,955,053 | 5,151,403 |
| 17,261,172 | 18,527,071 | 19,146,371 | 19,872,825 | 21,056,427 | 22,788,288 |
| 2,053,990 | 1,843,701 | 2,195,722 | 1,814,166 | 1,909,799 | 1,935,535 |
| 3,949,834 | 4,162,256 | 4,817,387 | 4,525,998 | 5,038,819 | 5,274,846 |
| 1,817,983 | 1,949,465 | 2,522,957 | 3,442,355 | 3,495,988 | 3,358,362 |
| 1,245,112 | 1,425,306 | 1,736,968 | 3,390,421 | 3,828,413 | 1,382,112 |
| 213,581 | 97,907 | 451,490 | 55,316 | 57,641 | 60,064 |
| 68,175 | 37,019 | 24,850 | 16,708 | 5,592 | 3,169 |
| <u>30,611,187</u> | <u>32,009,815</u> | <u>35,115,660</u> | <u>37,418,569</u> | <u>40,347,732</u> | <u>39,953,779</u> |
| <u>1,342,464</u> | <u>2,052,887</u> | <u>2,603,178</u> | <u>3,422,069</u> | <u>8,628,608</u> | <u>8,664,108</u> |
| 1,512,645 | 1,458,800 | 2,859,034 | 1,984,813 | 1,697,887 | 5,931,220 |
| (1,774,541) | (1,783,301) | (2,954,849) | (4,869,841) | (1,834,158) | (6,932,421) |
| | 2,050,000 | | 686,750 | 8,000 | |
| <u>(261,896)</u> | <u>1,725,499</u> | <u>(95,815)</u> | <u>(2,198,278)</u> | <u>(128,271)</u> | <u>(1,001,201)</u> |
| <u>\$1,080,568</u> | <u>\$3,778,386</u> | <u>\$2,507,363</u> | <u>\$1,223,791</u> | <u>\$8,500,337</u> | <u>\$7,662,907</u> |
| 1.0% | 0.4% | 1.4% | 1.4% | 0.2% | 0.2% |

**CITY OF BELMONT
ASSESSED VALUE OF TAXABLE PROPERTY**

Last Ten Fiscal Years



| Fiscal Year Ended June 30 | Secured Property (a) | | Unsecured Property | | Total | | Assessed to Estimated Actual Value | Increased From Prior Year | Total Direct Tax Rate (c) |
|---------------------------|----------------------|------------------------|--------------------|------------------------|--------------------|----------------------------|------------------------------------|---------------------------|---------------------------|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value (b) | Estimated Actual Value (b) | | | |
| 2009 | \$4,425,618,138 | \$4,425,618,138 | \$64,553,427 | \$64,553,427 | \$4,490,171,565 | \$4,490,171,565 | 100% | 12.97% | 1% |
| 2010 | 4,528,776,250 | 4,528,776,250 | 69,208,395 | 69,208,395 | 4,597,984,645 | 4,597,984,645 | 100% | 15.68% | 1% |
| 2011 | 4,482,561,741 | 4,482,561,741 | 53,259,529 | 53,259,529 | 4,535,821,270 | 4,535,821,270 | 100% | 1.02% | 1% |
| 2012 | 4,536,659,018 | 4,536,659,018 | 72,485,607 | 72,485,607 | 4,609,144,625 | 4,609,144,625 | 100% | 0.24% | 1% |
| 2013 | 4,712,109,574 | 4,712,109,574 | 59,006,643 | 59,006,643 | 4,771,116,217 | 4,771,116,217 | 100% | 5.19% | 1% |
| 2014 | 5,013,618,086 | 5,013,618,086 | 61,287,931 | 61,287,931 | 5,074,906,017 | 5,074,906,017 | 100% | 6.37% | 1% |
| 2015 | 5,290,249,361 | 5,209,249,361 | 65,747,681 | 65,747,681 | 5,355,997,042 | 5,290,343,441 | 100% | 4.25% | 1% |
| 2016 | 5,648,901,772 | 5,648,901,772 | 63,091,530 | 63,091,530 | 5,711,993,302 | 5,711,993,302 | 100% | 7.97% | 1% |
| 2017 | 6,077,587,115 | 6,077,587,115 | 57,759,601 | 57,759,601 | 6,135,346,716 | 6,135,346,716 | 100% | 7.41% | 1% |
| 2018 | 6,477,809,867 | 6,477,809,867 | 56,079,812 | 56,079,812 | 6,533,889,679 | 6,533,889,679 | 100% | 6.50% | 1% |

SOURCES: SAN MATEO COUNTY CONTROLLER

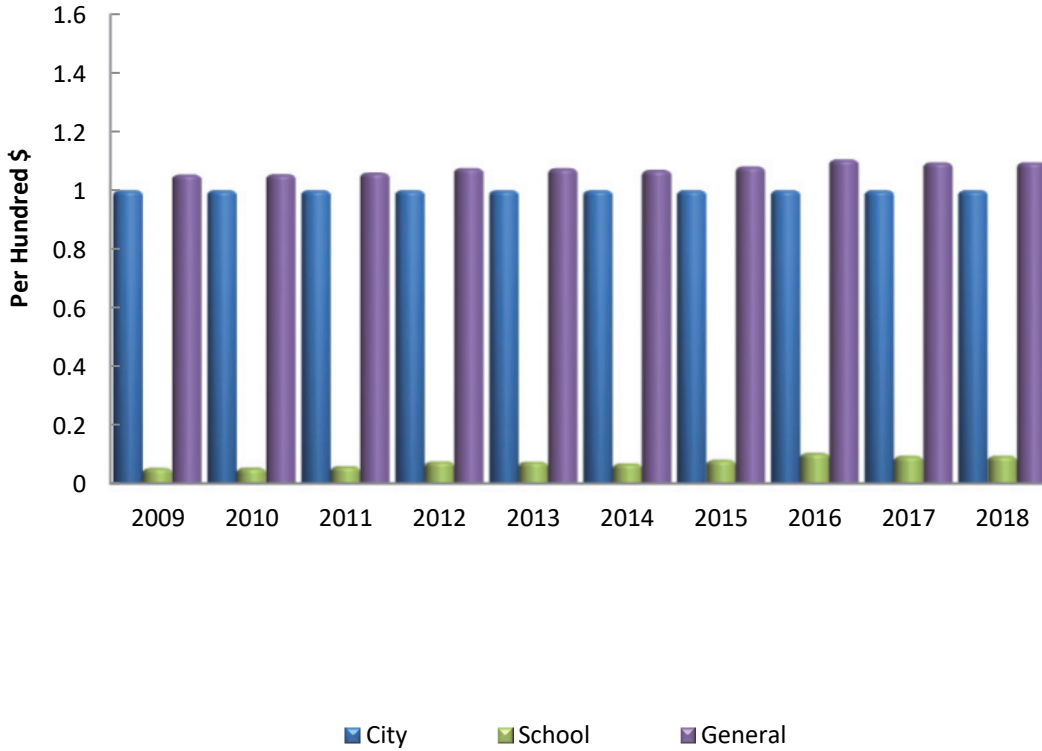
(a) Secured Property includes State Board Roll

(b) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(c) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Belmont encompasses more than 15 tax rate areas.

**CITY OF BELMONT
DIRECT AND OVERLAPPING PROPERTY TAX RATES**

Last Ten Fiscal Years



| <u>Fiscal Year</u> | <u>City of Belmont</u> | <u>School Districts</u> | <u>Total</u> |
|--------------------|------------------------|-------------------------|--------------|
| 2009 | 1.0000 | 0.0531 | 1.0531 |
| 2010 | 1.0000 | 0.0542 | 1.0542 |
| 2011 | 1.0000 | 0.0596 | 1.0596 |
| 2012 | 1.0000 | 0.0754 | 1.0754 |
| 2013 | 1.0000 | 0.0747 | 1.0747 |
| 2014 | 1.0000 | 0.0690 | 1.0690 |
| 2015 | 1.0000 | 0.0805 | 1.0805 |
| 2016 | 1.0000 | 0.1046 | 1.1046 |
| 2017 | 1.0000 | 0.0944 | 1.0944 |
| 2018 | 1.0000 | 0.0948 | 1.0948 |

Source: San Mateo County Controller - Rates are per \$100 of assessed value.

**CITY OF BELMONT
PRINCIPAL PROPERTY TAXPAYERS**

Prior Year and Ten Years Ago

| Taxpayer | 2017-18 | | | 2008-09 | | |
|-----------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Bit Holdings 600 Clipper LP | \$63,269,098 | 1 | 0.98% | | | |
| Westlake Gresham Center LLC | 61,000,000 | 2 | 0.94% | | | |
| PMI Belmont II LLC | 51,601,640 | 3 | 0.80% | | | |
| Nikon Precision Inc. | 45,684,653 | 4 | 0.71% | \$53,497,909 | 1 | 1.21% |
| Oracle Corporation | 34,118,215 | 5 | 0.53% | 40,094,011 | 3 | 0.91% |
| Prime Old County LP | 31,981,020 | 6 | 0.49% | | | |
| SSL Landlord LLC | 28,571,700 | 7 | 0.44% | | | |
| CP IV Davey Glen LLC | 25,712,609 | 8 | 0.40% | | | |
| Grand Prix Belmont LLC | 24,252,532 | 9 | 0.37% | 23,591,286 | 4 | 0.53% |
| 875 Woodside LLC | 24,123,000 | 10 | 0.37% | | | |
| Hines VAF II 600 Clipper LP | | | | 50,000,000 | 2 | 1.13% |
| ECI Two Belmont LLC | | | | 23,409,000 | 5 | 0.53% |
| Essex Carlmont Woods Apartment LP | | | | 17,801,062 | 6 | 0.40% |
| Essex Portfolio LP | | | | 14,994,000 | 7 | 0.34% |
| Paradigm Healthcare LP | | | | 14,886,314 | 8 | 0.34% |
| Belmar Lessee | | | | 14,698,249 | 9 | 0.33% |
| BRCP 600 Clipper | | | | 14,691,197 | 10 | 0.33% |
| Subtotal | <u>\$390,314,467</u> | | <u>6.03%</u> | <u>\$267,663,028</u> | | <u>6.0%</u> |

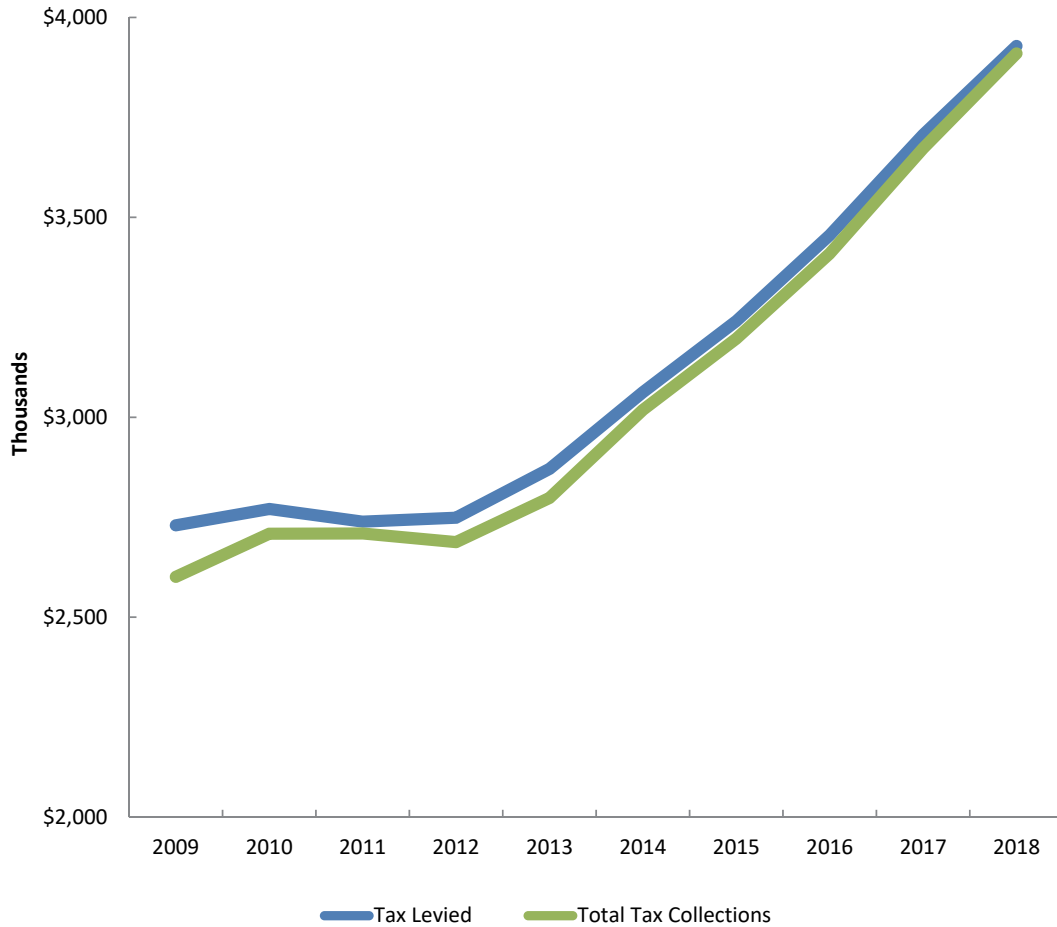
Total Net Assessed Valuation:

| | |
|---------------------|-----------------|
| Fiscal Year 2017-18 | \$6,477,809,867 |
| Fiscal Year 2008-09 | \$4,425,618,138 |

Source: County of San Mateo Assessor's Office Fiscal Year Combined Secured Tax Rolls.

**CITY OF BELMONT
PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years



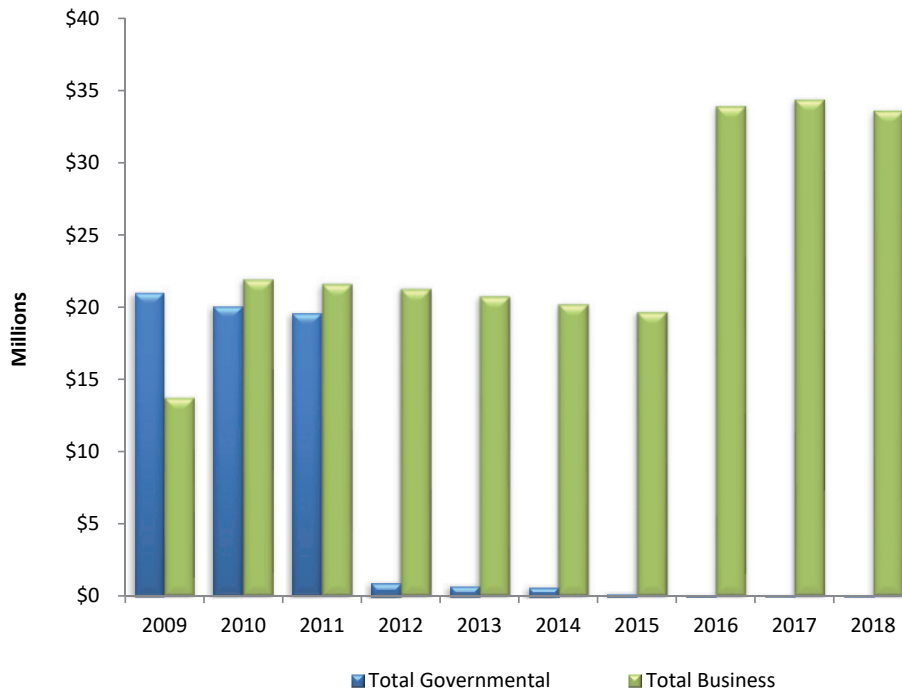
| Fiscal Year | Total Tax Levy (1) | Current Tax Collections (2) | Percent of Levy Collected | Total Tax Collections | Percent of Total Tax Collections to Tax Levy |
|-------------|--------------------|-----------------------------|---------------------------|-----------------------|--|
| 2009 | \$2,729,756 | \$2,600,906 | 95.28% | \$2,600,906 | 95.28% |
| 2010 | 2,770,546 | 2,708,778 | 97.77% | 2,708,778 | 97.77% |
| 2011 | 2,739,073 | 2,709,417 | 98.92% | 2,709,417 | 98.92% |
| 2012 | 2,748,894 | 2,687,885 | 97.78% | 2,687,885 | 97.78% |
| 2013 | 2,870,820 | 2,798,324 | 97.47% | 2,798,324 | 97.47% |
| 2014 | 3,062,643 | 3,018,311 | 98.55% | 3,018,311 | 98.55% |
| 2015 | 3,240,621 | 3,196,712 | 98.65% | 3,196,712 | 98.65% |
| 2016 | 3,455,413 | 3,409,309 | 98.67% | 3,409,309 | 98.67% |
| 2017 | 3,706,404 | 3,672,355 | 99.08% | 3,672,355 | 99.08% |
| 2018 | 3,928,687 | 3,909,998 | 99.52% | 3,909,998 | 99.52% |

Source: (1) San Mateo County Controller.
(2) City of Belmont General Ledger

Note: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California.
(a) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

**CITY OF BELMONT
RATIO OF OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years



| Governmental Activities | | | |
|--------------------------------|-----------------------|-------------------|--------------|
| Fiscal Year | Tax Allocation | Leases and | Total |
| | Bonds | Notes | |
| 2009 | \$20,905,000 | \$119,881 | \$21,024,881 |
| 2010 | 19,950,000 | 119,881 | 20,069,881 |
| 2011 | 18,945,000 | 652,819 | 19,597,819 |
| 2012 | | 966,971 | 966,971 |
| 2013 | | 753,390 | 753,390 |
| 2014 | | 655,483 | 655,483 |
| 2015 | | 203,992 | 203,992 |
| 2016 | | 147,677 | 147,677 |
| 2017 | | 91,036 | 91,036 |
| 2018 | | 30,972 | 30,972 |

| Business-Type Activities | | | | | |
|---------------------------------|----------------------|--------------|---------------------------------|---|-----------------------|
| Fiscal Year | Sewer Revenue | Total | Total Primary Government | Percentage of Assessed Valuation (a) | Per Capita (a) |
| | Bonds | | | | |
| 2009 | \$13,735,000 | \$13,735,000 | \$34,759,881 | 0.77% | \$1,324.19 |
| 2010 | 21,920,000 | 21,920,000 | 41,989,881 | 0.91% | 1,584.11 |
| 2011 | 21,595,000 | 21,595,000 | 41,192,819 | 0.91% | 1,582.45 |
| 2012 | 21,250,000 | 21,250,000 | 22,216,971 | 0.48% | 850.48 |
| 2013 | 20,740,000 | 20,740,000 | 21,493,390 | 0.45% | 816.74 |
| 2014 | 20,210,000 | 20,210,000 | 20,865,483 | 0.41% | 785.63 |
| 2015 | 19,660,000 | 19,660,000 | 19,863,992 | 0.37% | 742.63 |
| 2016 | 33,920,000 | 33,920,000 | 34,067,677 | 0.60% | 1,233.98 |
| 2017 | 34,376,186 | 34,376,186 | 34,467,222 | 0.56% | 1,260.55 |
| 2018 | 33,615,381 | 33,615,381 | 33,646,353 | 0.51% | 1,228.51 |

Note : Debt amounts include premiums, discounts, or other amortization amounts.

Sources: City of Belmont
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

(a) (Demographic Statistics) for assessed value and population data.

**CITY OF BELMONT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

June 30, 2018

2017-18 Assessed Valuation \$6,570,083,879

| | Total Debt June 30, 2018 | % Applicable (1) | City's Share of Debt June 30, 2018 |
|--|-----------------------------|------------------|--|
| DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | | |
| City of Belmont | \$0 | 100.000% | \$0 |
| Total Direct Debt | \$0 | | \$0 |
| San Mateo Community College District | \$576,424,069 | 3.175% | \$18,301,464 |
| Sequoia Union High School District | 504,560,000 | 7.41% | 37,377,805 |
| Belmont-Redwood Shores School District | 64,535,440 | 48.068% | 31,020,895 |
| Belmont-Redwood Shores School District Belmont School Facilities Improvement District | 37,868,768 | 83.911% | 31,776,062 |
| Belmont-Redwood Shores School District Redwood Shores School Facilities Improvement District | 21,265,000 | 6.695% | 1,423,692 |
| City of Belmont Community Facilities District No. 2000-1 | 5,770,000 | 100.000% | 5,770,000 |
| Total Overlapping Debt | 1,210,423,277 | | 125,669,918 |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | \$1,210,423,277 | | \$125,669,918 |
| OVERLAPPING GENERAL FUND DEBT: | | | |
| San Mateo County General Fund Obligations | \$366,157,077 | 3.175% | \$11,625,487 |
| San Mateo County Board of Education Certificates of Participation | 8,745,000 | 3.175% | 277,654 |
| TOTAL OVERLAPPING GENERAL FUND DEBT | \$374,902,077 | | \$11,903,141 |
| OVERLAPPING TAX INCREMENT DEBT (Successor Agency) | \$7,090,000 | 100.000% | \$7,090,000 |
| COMBINED TOTAL DEBT | | | \$144,663,059 (2) |

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

| RATIOS TO 2017-18 ASSESSED VALUATION: | |
|--|-------|
| Direct Debt | 0.00% |
| Combined Direct Debt | 2.20% |
| Total Net Direct and Overlapping Tax Assessment Debt | 1.91% |
| RATIOS TO REDEVELOPMENT SUCCESSOR AGENCY INCREMENTAL VALUATION (\$1,253,308,584): | |
| Total Overlapping Tax Incremental Debt | 0.57% |

**CITY OF BELMONT
COMPUTATION OF LEGAL BONDED DEBT MARGIN**

June 30, 2018

ASSESSED VALUATION:

| | |
|---|------------------------|
| Secured property assessed value, net of exempt real property | <u>\$6,570,083,879</u> |
|---|------------------------|

| | |
|---|----------------------|
| BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a) | <u>\$246,378,145</u> |
|---|----------------------|

AMOUNT OF DEBT SUBJECT TO LIMIT:

| | |
|---|------------|
| Total Bonded Debt | \$0 |
| Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit | <u>\$0</u> |

| | |
|---------------------------------|------------|
| Amount of debt subject to limit | <u>\$0</u> |
|---------------------------------|------------|

| | |
|--------------------------|----------------------|
| LEGAL BONDED DEBT MARGIN | <u>\$246,378,145</u> |
|--------------------------|----------------------|

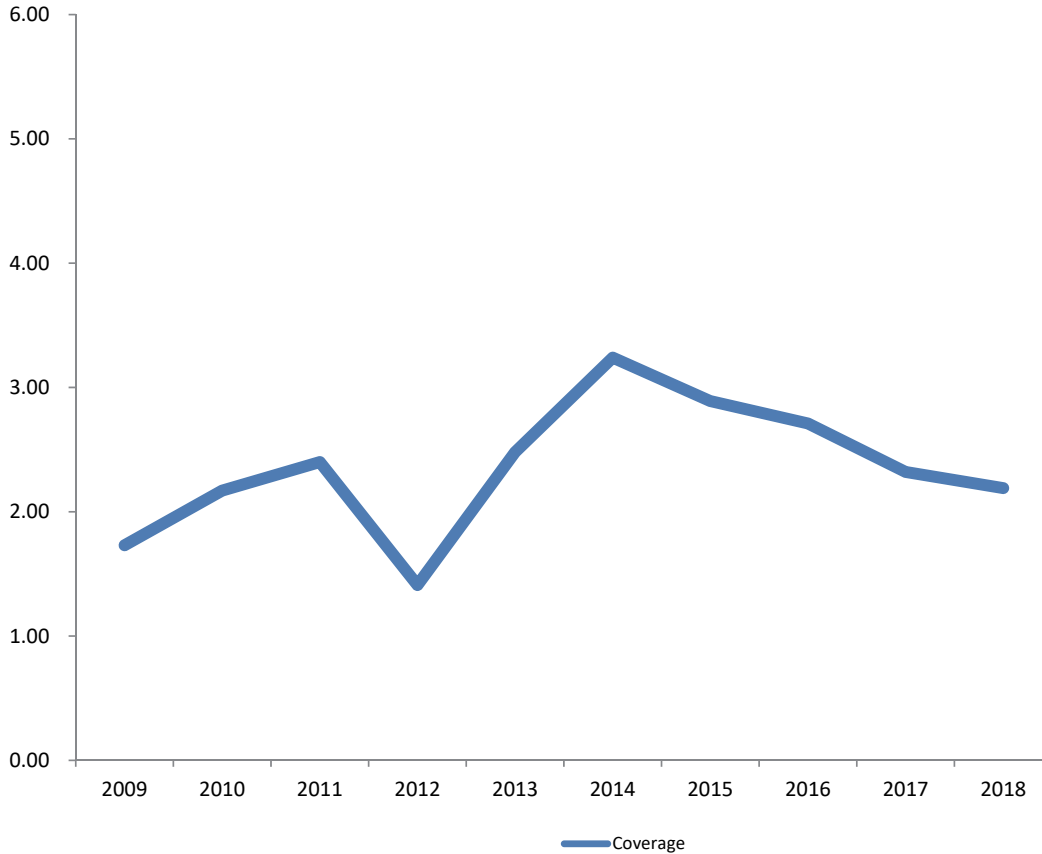
| Fiscal Year | Debt Limit | Total Net Debt Applicable to Limit | Legal Debt Margin | Total net debt applicable to the limit as a percentage of debt limit |
|----------------|---------------|--|-------------------------|---|
| 2009 | \$168,381,434 | | \$168,381,434 | |
| 2010 | 172,424,424 | | 172,424,424 | |
| 2011 | 170,093,298 | | 170,093,298 | |
| 2012 | 172,842,923 | | 172,842,923 | |
| 2013 | 178,916,858 | | 178,916,858 | |
| 2014 | 190,308,976 | | 190,308,976 | |
| 2015 | 200,849,889 | | 200,849,889 | |
| 2016 | 214,199,749 | | 214,199,749 | |
| 2017 | 230,075,502 | | 230,075,502 | |
| 2018 | 246,378,145 | | 246,378,145 | |

NOTE:

- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value. Limits presented from prior years have been adjusted for this methodology.

CITY OF BELMONT
HISTORIC OPERATING RESULTS – DEBT SERVICE AND COVERAGE RATIOS
2016 SEWER REVENUE AND SEWER REFUNDING REVENUE BONDS (2001 AND 2006 SEWER REVENUE BONDS)

Last Ten Fiscal Years



| Fiscal Year (1) | System Revenues (2) | Operating & Maintenance Expenditures (3) | Net System Revenues | Debt Service Requirements | | | Coverage |
|-----------------|---------------------|--|---------------------|---------------------------|-----------|-----------|----------|
| | | | | Principal | Interest | Total | |
| 2009 | \$6,171,148 | \$4,556,397 | \$1,614,751 | \$305,000 | \$629,009 | \$934,009 | 1.73 |
| 2010 | 6,364,629 | 4,377,200 | 1,987,429 | 315,000 | 601,354 | 916,354 | 2.17 |
| 2011 | 6,768,061 | 4,555,159 | 2,212,902 | 325,000 | 597,926 | 922,926 | 2.40 |
| 2012 | 6,316,841 | 5,011,347 | 1,305,494 | 345,000 | 583,870 | 928,870 | 1.41 |
| 2013 | 6,898,806 | 4,610,335 | 2,288,471 | 355,000 | 569,185 | 924,185 | 2.48 |
| 2014 | 7,867,359 | 4,876,816 | 2,990,543 | 370,000 | 553,972 | 923,972 | 3.24 |
| 2015 | 7,886,591 | 5,219,101 | 2,667,490 | 385,000 | 537,995 | 922,995 | 2.89 |
| 2016 | 9,101,597 | 6,013,171 | 3,088,426 | 405,000 | 736,145 | 1,141,145 | 2.71 |
| 2017 | 9,470,233 | 6,577,227 | 2,893,006 | 485,000 | 762,279 | 1,247,279 | 2.32 |
| 2018 | 10,311,885 | 7,287,562 | 3,024,323 | 505,000 | 876,271 | 1,381,271 | 2.19 |

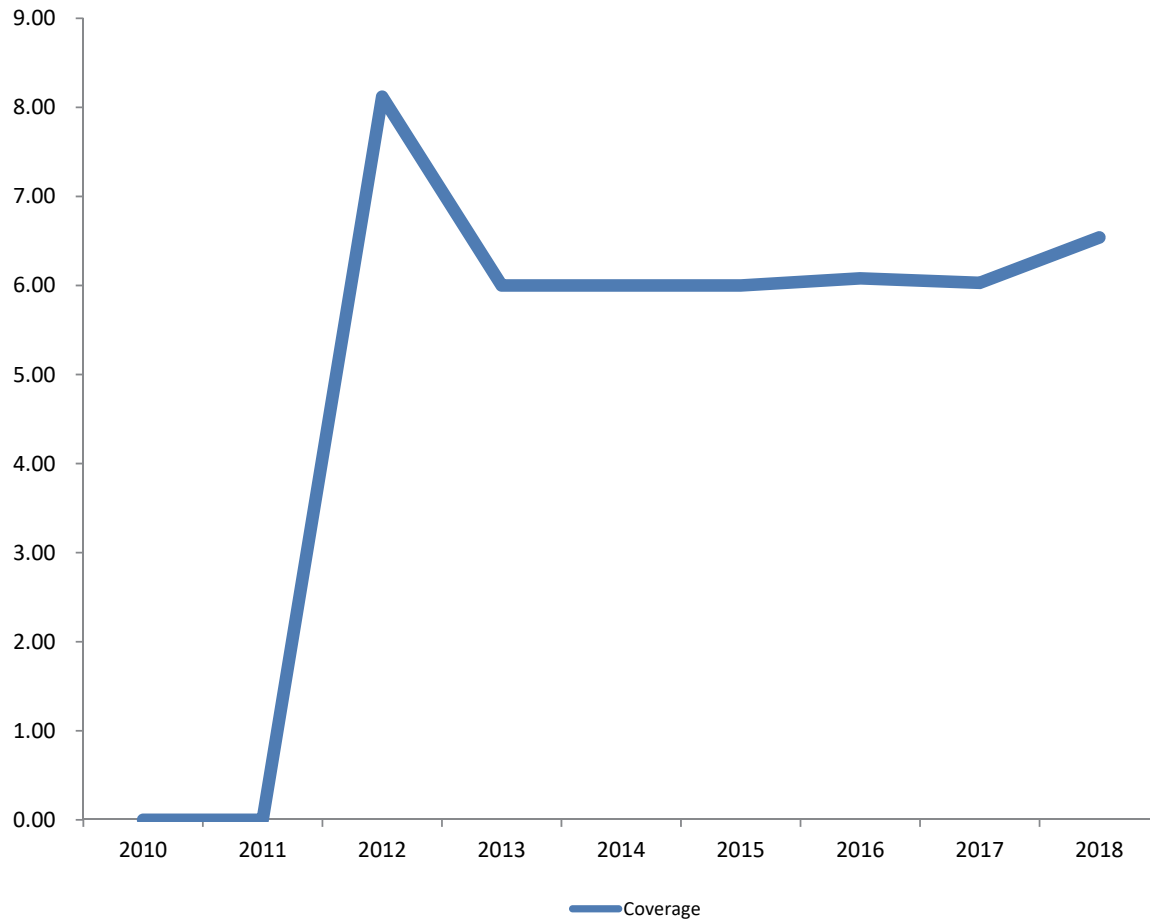
Notes:

- (1) Beginning in 2016, only sewer collection fund activities included.
- (2) Beginning in 2016, includes sewer service charges and all other income, excluding interest earned, income on joint ventures, connection fees and other income pursuant to Installment Purchase Agreement dated March 1, 2016.
- (3) Beginning in 2016, includes reasonable and necessary costs for maintaining and operating sewer system, excluding parity debt, capital improvements, depreciation and other costs pursuant to Installment Purchase Agreement dated March 1, 2016

Source: City of Belmont Annual Financial Statements

**CITY OF BELMONT
REVENUE BOND COVERAGE
2009A SEWER TREATMENT FACILITY REVENUE BONDS**

Last Nine Fiscal Years

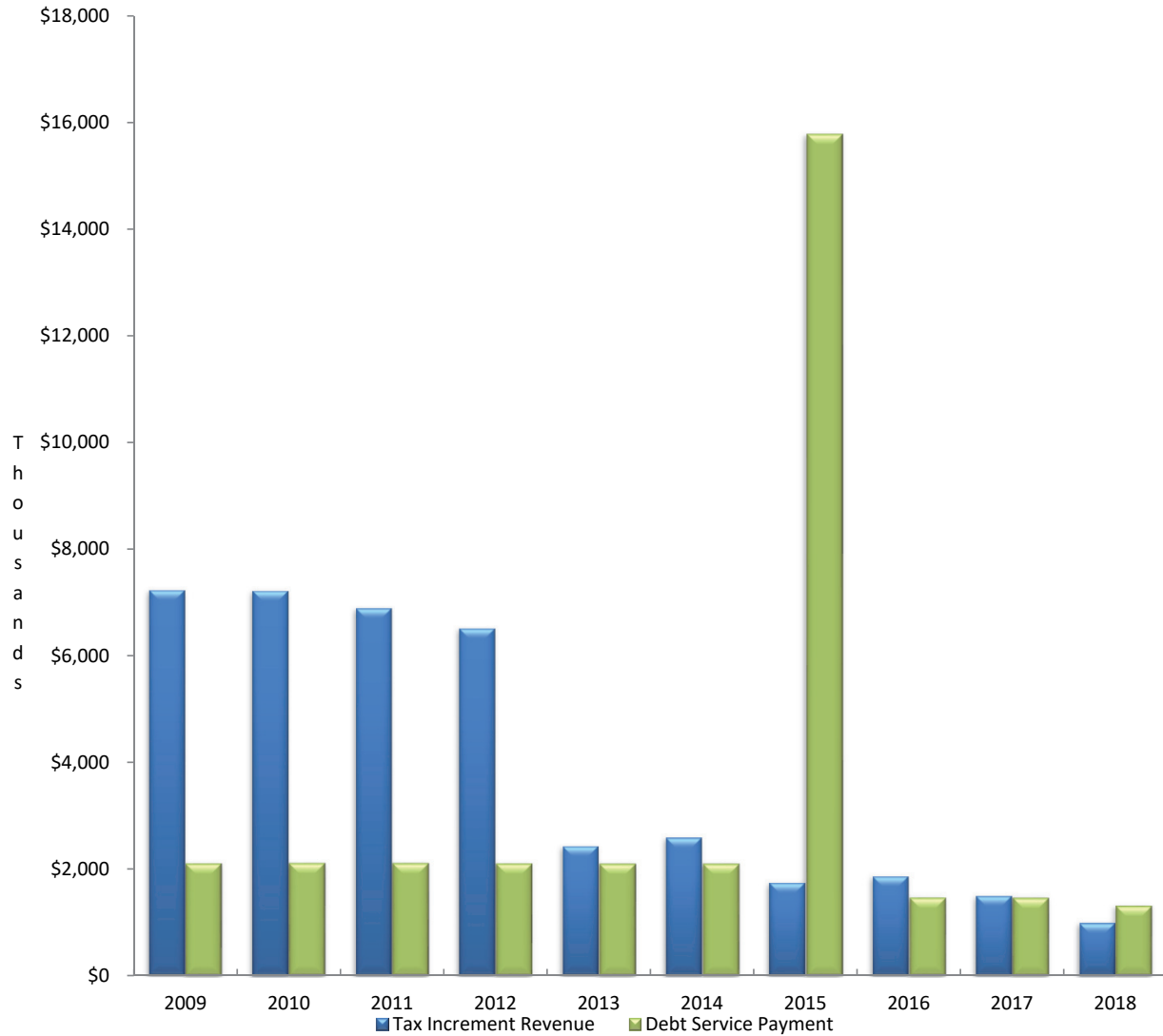


| Fiscal Year | Sewer Treatment Facility | | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------|--------------------------|----------|--|---------------------------|----------|---------|----------|
| | Gross Revenue | Expenses | | Principal | Interest | Total | |
| 2010 | \$0 | \$2,010 | (\$2,010) | \$0 | \$0 | \$0 | Nil |
| 2011 | 0 | 0 | 0 | 0 | 0 | 0 | Nil |
| 2012 | 3,061,696 | 201,006 | 2,860,690 | 0 | 352,132 | 352,132 | 8.12 |
| 2013 | 3,108,898 | 78,964 | 3,029,934 | 155,000 | 349,807 | 504,807 | 6.00 |
| 2014 | 3,111,925 | 79,127 | 3,032,798 | 160,000 | 345,082 | 505,082 | 6.00 |
| 2015 | 3,113,080 | 84,082 | 3,028,998 | 165,000 | 340,207 | 505,207 | 6.00 |
| 2016 | 3,124,790 | 83,594 | 3,041,196 | 165,000 | 335,257 | 500,257 | 6.08 |
| 2017 | 3,093,423 | 75,282 | 3,018,141 | 170,000 | 330,232 | 500,232 | 6.03 |
| 2018 | 3,288,125 | 18,489 | 3,269,636 | 175,000 | 325,057 | 500,057 | 6.54 |

Notes: Debt service on the 2009 bonds is repayable from bond proceeds until fiscal 2011-12 and has been excluded.
Source: City of Belmont Annual Financial Statements

**CITY OF BELMONT
 BONDED DEBT PLEDGED REVENUE COVERAGE
 SUCCESSOR AGENCY (INCLUDING FORMER REDEVELOPMENT AGENCY BONDS)**

Last Ten Fiscal Years



| Fiscal Year | Tax Revenue (a) | Debt Service Requirements | | | Coverage |
|-------------|-----------------|---------------------------|-------------|-------------|----------|
| | | Principal | Interest | Total | |
| 2009 | \$7,221,672 | \$900,000 | \$1,210,704 | \$2,110,704 | 3.42 |
| 2010 | 7,208,782 | 955,000 | 1,162,420 | 2,117,420 | 3.40 |
| 2011 | 6,881,547 | 1,005,000 | 1,110,538 | 2,115,538 | 3.25 |
| 2012 | 6,503,336 | 1,055,000 | 1,054,782 | 2,109,782 | 3.08 |
| 2013 | 2,430,695 | 1,110,000 | 994,608 | 2,104,608 | 1.15 |
| 2014 | 2,589,571 | 1,175,000 | 929,957 | 2,104,957 | 1.23 |
| 2015 | 1,744,119 | 15,605,000 | 165,050 | 15,770,050 | 0.11 (b) |
| 2016 | 1,865,275 | 1,125,000 | 347,079 | 1,472,079 | 1.27 |
| 2017 | 1,498,633 | 1,160,000 | 307,056 | 1,467,056 | 1.02 |
| 2018 | 992,433 | 1,050,000 | 268,552 | 1,318,552 | 0.75 |

Notes:

- (a) Tax Increment Revenues are no longer allocated to Redevelopment Agencies, effective January 31, 2012. Effective February 1, 2012, the Successor Agency had assumed all obligations of the Redevelopment Agency. Pursuant to law, the Successor Agency receives Real Property Tax Trust Funds Allocations to finance its activities including debt service on obligations of the former Redevelopment Agency.
- (b) Coverage is low due to refunding of debt in fiscal year 2015

Source: City of Belmont Annual Financial Statements

**CITY OF BELMONT
SEWER SYSTEM
SUMMARY STATEMENT OF HISTORICAL
REVENUE AND EXPENDITURES
Last Ten Fiscal Years**

| | Notes | Fiscal Year Ended June 30, | | | | |
|---|---------|----------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| | | 2009 | 2010 | 2011 | 2012 | 2013 |
| REVENUES | | | | | | |
| Charges for services | | \$6,071,012 | \$6,270,866 | \$6,430,195 | \$6,153,537 | \$6,851,049 |
| Connection charges | (1) | | | | | |
| Miscellaneous revenues (charges) | | 3,508 | (9,168) | 682 | (9,168) | 871 |
| Interest revenue | (1) | 193,335 | 17,059 | 9,641 | 17,358 | 8,605 |
| Joint venture interest | (1) | (119,074) | 74,954 | 157,550 | (59,163) | (88,572) |
| Total Revenues | | 6,148,781 | 6,353,711 | 6,598,068 | 6,102,564 | 6,771,953 |
| EXPENSES | | | | | | |
| Personnel services | | 1,095,601 | 1,050,884 | 1,119,718 | 1,208,295 | 1,105,207 |
| Supplies, materials and services | | 3,141,850 | 3,025,430 | 3,138,386 | 3,424,741 | 3,347,179 |
| Sewer treatment services | | 318,946 | 291,718 | 297,737 | 168,137 | 158,820 |
| Interest expense | (1) | 635,511 | 783,162 | 592,244 | 577,839 | 562,980 |
| Total Expenses | | 5,191,908 | 5,151,194 | 5,148,085 | 5,379,012 | 5,174,186 |
| Total Operating Transfers | (1),(2) | (1,776,533) | (1,776,528) | 1,178,759 | (1,020,405) | (704,024) |
| AMOUNTS AVAILABLE FOR DEBT SERVICE | | <u>(\$819,660)</u> | <u>(\$574,011)</u> | <u>\$2,628,742</u> | <u>(\$296,853)</u> | <u>\$893,743</u> |

| | Notes | Fiscal Year Ended June 30, | | | | |
|---|---------|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | 2014 | 2015 | 2016 | 2017 | 2018 |
| REVENUES | | | | | | |
| Charges for services | | \$8,054,697 | \$8,413,152 | \$9,092,502 | \$9,413,671 | \$10,311,885 |
| Connection charges | (1) | | | 428,116 | 1,503,782 | 60,125 |
| Miscellaneous revenues (charges) | | 500 | | 9,095 | 118 | |
| Interest revenue | (1) | 11,726 | 12,711 | 75,252 | 90,353 | 388,306 |
| Joint venture interest | (1) | (326,150) | (922,413) | (2,265,589) | (240,494) | (228,686) |
| Total Revenues | | 7,740,773 | 7,503,450 | 7,339,376 | 10,767,430 | 10,531,630 |
| EXPENSES | | | | | | |
| Personnel services | | 1,137,123 | 1,181,169 | 1,232,220 | 1,589,589 | 2,047,229 |
| Supplies, materials and services | | 3,535,644 | 4,037,932 | 4,780,951 | 4,987,638 | 5,240,333 |
| Sewer treatment services | | 204,549 | | | | |
| Interest expense | (1) | 547,501 | 530,041 | 1,059,926 | 719,883 | 771,944 |
| Total Expenses | | 5,424,817 | 5,749,142 | 7,073,097 | 7,297,110 | 8,059,506 |
| Total Operating Transfers | (1),(2) | (547,775) | (628,769) | (1,285,187) | (824,580) | (1,312,423) |
| AMOUNTS AVAILABLE FOR DEBT SERVICE | | <u>\$1,768,181</u> | <u>\$1,125,539</u> | <u>\$3,088,426</u> | <u>\$2,836,562</u> | <u>\$3,024,323</u> |

Notes:

- (1) Not included in System Revenues under the Installment Purchase Agreement, beginning March 1, 2016.
(2) Includes transfers for storm drain improvements that mitigate infiltration and intrusion into the sewage system.

Source: City of Belmont

**CITY OF BELMONT
FIVE LARGEST USERS OF THE SEWER SYSTEM**

| <u>User</u> | <u>Type</u> | <u>Fiscal Year 2017-18 Revenues*</u> |
|-----------------------------|-------------|--|
| | 040-290-310 | |
| Mc Lellan Estate Co | 040-246-300 | Multifamily Residential |
| Prime Old County LP | 040-271-380 | \$229,766 |
| Belmont Hotels LLC | 040-373-030 | Multifamily Residential |
| Carlmont Woods II LLC | 045-431-010 | 176,226 |
| David D. Bohannon Org Et Al | 040-371-090 | Commercial-Hotel |
| | | 151,730 |
| | | Multifamily Residential |
| | | 136,811 |
| | | Commercial-Hotel |
| | | 121,764 |

* Includes Base and Flow Charges

Source: City of Belmont

Required per 2016 Sewer Revenue Bonds Continuing Disclosure.

NUMBER OF SEWER SERVICE USERS

| <u>User Type</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|------------------|-------------|-------------|-------------|-------------|-------------|
| All Users | 8,415 | 8,254 (2) | 8,245 | 8,242 | 8,243 |
| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| All Users | 8,242 | 8,240 | 8,239 | 8,240 | 8,240 |

(1) Decline due to a change from a flat rate to a metered rate system.

**SEWER SERVICE REVENUES BY CLASS OF USER
June 30, 2018**

| <u>User Class</u> | <u>Revenue</u> | <u>Percent</u> |
|---|---------------------|----------------|
| Single Family & Multiple Family Residential | \$8,759,683 | 84.3% |
| Commercial/Institutional | 1,631,565 | 15.70% |
| Total Revenue | <u>\$10,391,248</u> | <u>100.00%</u> |

Source: nbsgov.com

**CITY OF BELMONT
SCHEDULE OF BUDGETED & PROJECTED
SEWER TREATMENT FACILITY CHARGES
AND ASSOCIATED DEBT SERVICE**

| Fiscal Year | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|-------------|-------------|-------------|-------------|-------------|
| Sewer Treatment Facility Charges Revenue ^(A) | \$3,108,838 | \$3,109,099 | \$3,124,223 | \$3,087,872 | \$3,135,638 |
| Debt Service Series 2009A Bonds | (505,081) | (505,206) | (500,257) | (500,232) | (500,056) |
| Surplus, after debt service | 2,603,757 | 2,603,893 | 2,623,966 | 2,587,640 | 2,635,582 |
| Debt Service Coverage Ratio | 615.513% | 615.412% | 624.524% | 617.288% | 627.057% |

| Fiscal Year | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|-------------|-------------|-------------|-------------|-------------|
| Sewer Treatment Facility Charges Revenue ^(A) | \$3,198,351 | \$3,262,318 | \$3,327,565 | \$3,394,116 | \$3,461,998 |
| Debt Service Series 2009A Bonds | (499,731) | (499,256) | (503,459) | (502,136) | (505,266) |
| Surplus, after debt service | 2,698,620 | 2,763,062 | 2,824,106 | 2,891,980 | 2,956,732 |
| Debt Service Coverage Ratio | 640.015% | 653.436% | 660.941% | 675.936% | 685.183% |

^(A) Not including amounts on deposit in the Rate Stabilization Fund.

If such amounts were added to revenues, debt service coverage would be higher than shown.

Collection of charge began in 2011-12.

Required per 2009 Sewer Treatment Facility Revenue Bonds Continuing Disclosure.

Source: nbsgov.com

**COMMUNITY FACILITIES DISTRICT NO. 2000-1 OF THE CITY OF BELMONT
CONTINUING DISCLOSURES**

June 30, 2018

Bond Principal Outstanding - August 30, 2018 \$5,460,000

Balance Outstanding by Fund - August 1, 2018 (surety bond w/
Reserve Fund \$1 Ambac no value)

Maximum Debt Service Coverage

| Year Ending August 1, | Net Taxes | Bond Debt Service | Debt Service Coverage |
|-----------------------|------------------------|------------------------|-----------------------|
| 2004 | \$855,013.15 | \$328,750.00 | 2.60 |
| 2005 | 840,459.85 | 650,000.00 | 1.29 |
| 2006 | 848,544.45 | 645,000.00 | 1.32 |
| 2007 | 856,703.50 | 642,200.00 | 1.33 |
| 2008 | 864,937.60 | 640,300.00 | 1.35 |
| 2009 | 873,247.39 | 640,400.00 | 1.36 |
| 2010 | 881,633.49 | 640,425.00 | 1.38 |
| 2011 | 890,096.52 | 639,925.00 | 1.39 |
| 2012 | 898,637.11 | 643,900.00 | 1.40 |
| 2013 | 907,255.90 | 642,088.00 | 1.41 |
| 2014 | 915,953.53 | 644,163.00 | 1.42 |
| 2015 | 924,730.64 | 644,788.00 | 1.43 |
| 2016 | 864,667.73 | 639,550.00 | 1.35 |
| 2017 | 870,121.20 | 643,738.00 | 1.35 |
| 2018 | 878,822.41 | 641,775.00 | 1.37 |
| 2019 | 887,610.64 | 638,950.00 | 1.39 |
| 2020 | 896,486.74 | 640,263.00 | 1.40 |
| 2021 | 905,451.61 | 640,425.00 | 1.41 |
| 2022 | 914,506.13 | 644,438.00 | 1.42 |
| 2023 | 923,651.19 | 642,013.00 | 1.44 |
| 2024 | 932,887.70 | 643,438.00 | 1.45 |
| 2025 | 942,216.58 | 643,425.00 | 1.46 |
| 2026 | 951,638.74 | 641,975.00 | 1.48 |
| 2027 | 961,155.13 | 644,088.00 | 1.49 |
| 2028 | 970,766.68 | 644,475.00 | 1.51 |
| 2029 | 980,474.35 | 643,138.00 | 1.52 |
| 2030 | 990,279.09 | 645,075.00 | 1.54 |
| Total | \$24,427,949.05 | \$17,038,705.00 | 1.43 |

Special Tax Levy Delinquency Rate - June 30, 2018 0.22% (a)

Status of Foreclosure Actions on Special Tax Levy in Excess of \$10,000 None

Special Tax Delinquency in Excess of 5% of Total Levy

| Owner | Land Use | Special Tax | Total Special Tax |
|-------|----------|-------------|-------------------|
| None | N/A | N/A | N/A |

Changes to Tax Rate and Method of Apportionment None

Supplemental California Debt and Investment Advisory

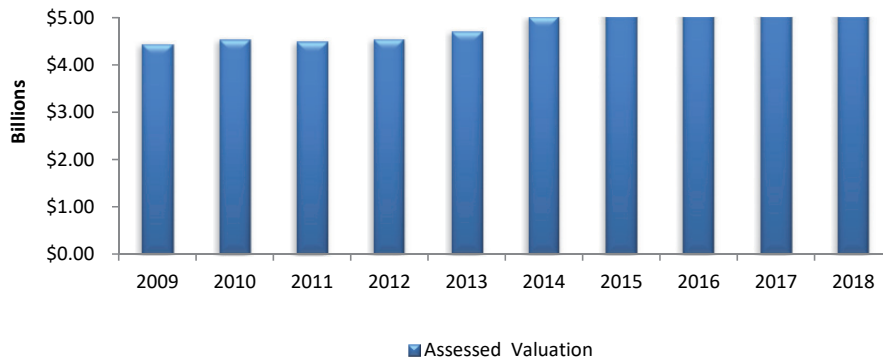
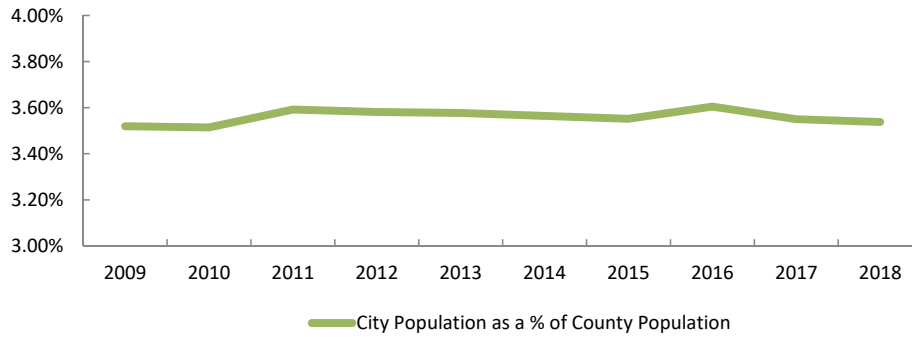
Commission Reporting None

CDIAC To be filed by October 30

(a) Provided by NBS - Delinquency Summary Report

**CITY OF BELMONT
DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Ten Fiscal Years



| Fiscal Year | City Population | Assessed Valuation | San Mateo County Population | City Population % of County |
|-------------|-----------------|--------------------|-----------------------------|-----------------------------|
| 2009 | 26,250 | \$4,425,618,138 | 745,858 | 3.52% |
| 2010 | 26,507 | 4,528,776,250 | 754,285 | 3.51% |
| 2011 | 26,031 | 4,482,561,741 | 724,702 | 3.59% |
| 2012 | 26,123 | 4,536,659,018 | 729,443 | 3.58% |
| 2013 | 26,316 | 4,712,109,574 | 735,678 | 3.58% |
| 2014 | 26,559 | 5,013,618,086 | 745,193 | 3.56% |
| 2015 | 26,748 | 5,209,249,361 | 753,123 | 3.55% |
| 2016 | 27,608 | 5,648,901,772 | 765,895 | 3.60% |
| 2017 | 27,343 | 6,077,587,115 | 770,256 | 3.55% |
| 2018 | 27,388 | 6,477,809,867 | 774,155 | 3.54% |

| | 2010-2014 (a) | 2008-2012 | 2006-2010 | 2005-2009 |
|------------------------|---------------|-----------|-----------|-----------|
| Per Capita Income: | \$56,302 | \$52,862 | \$52,376 | \$52,509 |
| Unemployment Rate: | | | | |
| Male: | 8.56% | 7.57% | 6.16% | 4.39% |
| Female: | 5.54% | 5.49% | 5.57% | 4.72% |
| Total Personal Income: | \$106,287 | \$103,083 | \$99,913 | \$98,598 |

(a) The most recent information available is from 2014.

Source: California State Department of Finance
County of San Mateo Controller's Office
www.usa.com

**CITY OF BELMONT
PRINCIPAL TAXPAYERS**

Current Year and Ten Years Ago

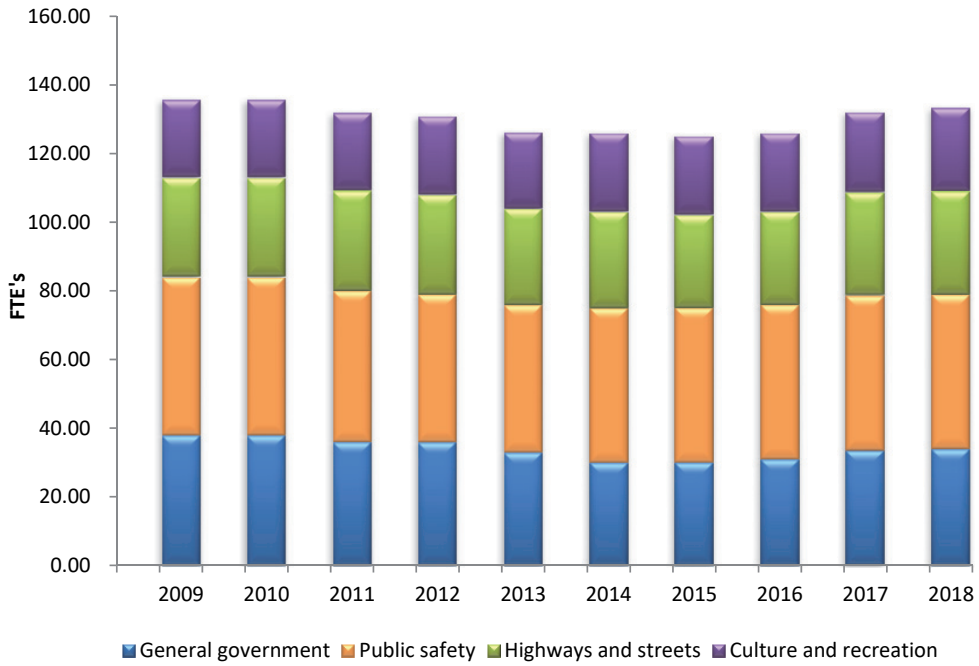
| Fiscal 2017-2018 | | Fiscal 2007-2008 | |
|---------------------------------|----------------------------|---------------------------------|----------------------------------|
| Employer | Number of Employees | Employer | Range Number of Employees |
| RING CENTRAL, INC. | 443 | SAN MATEO COUNTY HUMAN SERVICES | 500 to 999 |
| ORACLE AMERICA, INC. | 408 | YOUTH & FAMILY SERVICES | 500 to 999 |
| PLANET GRANITE LLC | 340 | COLLEGE OF NOTRE DAME | 250 to 499 |
| AUTOBAHN MOTORS | 153 | NIKON VENTURES CORP | 250 to 499 |
| ROCHE MOLECULAR SYSTEMS, INC. | 140 | SAFEWAY | 250 to 499 |
| SILVERADO SENIOR LIVING | 122 | AUTOBANH MOTORS | 100 to 249 |
| SAFEWAY STORE #1138 | 121 | BAY AREA SECURITY A | 100 to 249 |
| CARLMONT GARDENS NURSING CENTER | 101 | CARLMONT HIGH SCHOOL | 100 to 249 |
| NIKON PRECISION, INC. | 93 | CHILDREN'S PROTECTIVE SERVICES | 100 to 249 |
| VOLKSWAGON GROUP OF AMERICA | 88 | HORIZON GROUP | 100 to 249 |

Note: Excludes exempt entities, such as financial institutions, governments and non-profits.
Data not available for ranking or total employment.

Source: City of Belmont Finance, Business License (Hdl Companies)

**CITY OF BELMONT
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**

Last Ten Fiscal Years



| Function | Fiscal Year Ended June 30, | | | | | | | | | |
|------------------------|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General government | 38.00 | 38.00 | 36.00 | 36.00 | 33.00 | 30.00 | 30.00 | 31.00 | 33.50 | 34.00 |
| Public safety | 46.00 | 46.00 | 44.00 | 43.00 | 43.00 | 45.00 | 45.00 | 45.00 | 45.00 | 45.00 |
| Highways and streets | 29.00 | 29.00 | 29.00 | 29.00 | 28.00 | 28.00 | 27.00 | 27.00 | 30.00 | 30.00 |
| Culture and recreation | 22.65 | 22.65 | 22.65 | 22.85 | 22.10 | 22.85 | 22.85 | 22.85 | 23.30 | 24.30 |
| Total | 135.65 | 135.65 | 131.65 | 130.85 | 126.10 | 125.85 | 124.85 | 125.85 | 131.80 | 133.30 |

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**CITY OF BELMONT
OPERATING INDICATORS BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

| Function/Program | Fiscal Year Ended June 30 | | | |
|--|----------------------------------|-------------|-------------|-------------|
| | 2009 | 2010 | 2011 | 2012 |
| Public safety: | | | | |
| Belmont Fire Department (established October 1, 2011) (2) | | | | |
| Fire calls for service | | | | 1,734 |
| Annual Fire Inspections | | | | 192 |
| New Business License Inspections | | | | 25 |
| Plan Checks | | | | 35 |
| Police: | | | | |
| Police calls for service | 23,221 | 23,171 | 26,568 | 29,489 |
| Law violations: | | | | |
| Part I crimes | 1,741 | 1,570 | 1,215 | 529 |
| Physical arrests (adult and juvenile) | 539 | 615 | 539 | 539 |
| Traffic violations (1) | 6,128 | 3,044 | 5,420 | 4,697 |
| Parking violations | 2,238 | 1,256 | 1,908 | 2,362 |
| Public works | | | | |
| Street resurfacing (miles) | 2 | 2 | 0 | 0 |
| Culture and recreation: | | | | |
| Community Services: | | | | |
| Recreation class participants | 25,645 | 28,805 | 31,580 | 33,680 |
| Sewer | | | | |
| Sewer Connections | 8,607 | 7,648 | 7,648 | 7,648 |
| Average daily treatment (millions of gallons) - City only | 1.64 | 1.64 | 1.64 | 1.64 |
| Average daily treatment (millions of gallons) - Total SVCW | 15.75 | 15.75 | 15.75 | 15.75 |
| Treatment capacity - SVCW (millions of gallons) | 29.00 | 29.00 | 29.00 | 29.00 |
| Storm drain inlets | 1,500 | 1,500 | 1,500 | 1,500 |
| Sewer main blockages | 21 | 3 | 2 | 4 |

Source: City of Belmont

Notes:

- (1) The Red Light Camera Enforcement began operations in May 2010 and ceased June 2013.
 - (2) Fire services provided through Belmont-San Carlos Fire Department through September 30, 2011.
 - (3) Inspections in Harbor Industrial Area (HIA) began in fiscal year 2014.
 - (4) Starting in fiscal year 2013, only developed lots are reflected, stand-by parcels have been excluded.
- N/A denotes information not available.

Fiscal Year Ended June 30

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 2,948 | 2,585 | 2,678 | 2,225 | 2,459 | 2,294 |
| 302 | 838 | 125 | 850 | 451 | 647 |
| 50 | 55 | 45 | 52 | 83 | 53 |
| 27 | 122 | 133 | 92 | 131 | 183 |
| 28,887 | 30,087 | 30,426 | 29,981 | 29,039 | 26,715 |
| 555 | 495 | 340 | 493 | 474 | 498 |
| 448 | 575 | 546 | 470 | 383 | 336 |
| 4,190 | 1,360 | 1,535 | 2,177 | 2,449 | 2,373 |
| 2,332 | 2,732 | 3,351 | 3,078 | 2,461 | 2,428 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 35,145 | 39,605 | 39,715 | 40,150 | 43,580 | 44,910 |
| 7,648 | 7,653 | 7,663 | 7,671 | 7,673 | 7,678 |
| 1.64 | 1.64 | 1.80 | 1.80 | 1.80 | 1.80 |
| 15.75 | 15.75 | 15.75 | 15.75 | 15.75 | 15.75 |
| 29.00 | 29.00 | 29.00 | 29.00 | 29.00 | 29.00 |
| 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| 6 | 3 | 6 | 2 | 4 | 2 |

**CITY OF BELMONT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

| Function/Program | Fiscal Year Ended June 30 | | | |
|---|---------------------------|--------|--------|--------|
| | 2009 | 2010 | 2011 | 2012 |
| General Government: | | | | |
| Administration Buildings | 2 | 2 | 2 | 2 |
| Public safety: | | | | |
| Fire stations (1) | 2 | 2 | 2 | 2 |
| Police stations | 1 | 1 | 1 | 1 |
| Public works | | | | |
| Miles of streets | 70 | 70 | 70 | 70 |
| Street lights | 1,087 | 1,087 | 1,087 | 1,087 |
| Traffic Signals | 12 | 12 | 12 | 12 |
| Culture and recreation: | | | | |
| Community services: | | | | |
| City parks: | | | | |
| Number of developed parks | 13 | 13 | 14 | 14 |
| Acres of developed parks | 60.20 | 60.20 | 60.40 | 60.40 |
| Number of undeveloped parks | 3 | 3 | 3 | 3 |
| Acres of undeveloped parks | 26.16 | 26.16 | 26.16 | 29.16 |
| Acres of open space | 260.58 | 295.58 | 295.58 | 295.58 |
| Community Buildings | 18 | 18 | 19 | 19 |
| Library: | | | | |
| City Library (2) | 1 | 1 | 1 | 1 |
| Water (Provided by Mid-Peninsula Water District) | | | | |
| Sewer | | | | |
| Miles of sanitary sewers | 85.00 | 85.00 | 85.00 | 85.00 |
| Storm Drains (miles) | 27.00 | 27.00 | 27.00 | 27.00 |
| Number of treatment plants (3) | 1 | 1 | 1 | 1 |

Notes:

(1) Provided through the Belmont-San Carlos Fire Department through September 30, 2011.

Belmont Fire Department established October 1, 2011.

(2) The Library is property of the City of Belmont and operated by San Mateo County.

(3) Provided through the Silicon Valley Clean Water Authority

N/A denotes information not available.

Source: City of Belmont

Fiscal Year Ended June 30

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------|--------|--------|--------|--------|--------|
| 2 | 2 | 2 | 2 | 2 | 2 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 70 | 70 | 70 | 70 | 70 | 70 |
| 1,465 | 1,465 | 1,465 | 1,465 | 1,465 | 1,465 |
| 17 | 17 | 17 | 17 | 17 | 17 |
| 14 | 14 | 14 | 14 | 14 | 15 |
| 60.40 | 60.40 | 60.40 | 60.40 | 60.40 | 61.40 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 29.16 | 29.16 | 29.16 | 29.16 | 29.16 | 29.16 |
| 295.58 | 287.58 | 287.58 | 287.58 | 287.58 | 287.58 |
| 19 | 19 | 19 | 19 | 19 | 19 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 85.00 | 85.00 | 85.00 | 85.00 | 85.00 | 85.00 |
| 27.00 | 27.00 | 27.00 | 27.00 | 27.00 | 27.00 |
| 1 | 1 | 1 | 1 | 1 | 1 |

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**SUPPLEMENTAL FINANCIAL INFORMATION
REGARDING SUCCESSOR AGENCY ASSESSED VALUATIONS
(UNAUDITED)**

Assessed Valuations

The base year valuation for the Project Area was established in the fiscal year ending June 30, 1982. The following table shows historical incremental assessed valuation (including all categories of assessed value) within the Project Area as of the March 1 lien date for the fiscal years 1982-83 through 2014-2015. It should be noted that due to adjustments after the lien date, assessed value may increase or decrease during the year. Factors causing these adjustments include, but are not limited to, supplemental assessments and appeals to assessed value. These adjustments to assessed values, in turn, cause tax increment revenues to increase or decrease.

**CITY OF BELMONT SUCCESSOR AGENCY
(FORMERLY BELMONT REDEVELOPMENT AGENCY)
LOS COSTANOS COMMUNITY DEVELOPMENT PROJECT AREA
HISTORICAL INCREMENTAL ASSESSED VALUATION**

| Fiscal Year Ending June 30 | Total Assessed Valuation | Incremental Assessed Valuation (1) | Change in Incremental Assessed Valuation From Previous Year |
|-------------------------------|--------------------------------|--|---|
| 1983 | \$157,135,342 | \$21,536,072 | not available |
| 1984 | 171,237,981 | 35,638,711 | 65.48% |
| 1985 | 184,060,881 | 62,564,250 | 75.55% |
| 1986 | 201,153,514 | 65,554,244 | 4.78% |
| 1987 | 234,842,064 | 99,242,794 | 51.39% |
| 1988 | 246,823,012 | 111,223,742 | 12.07% |
| 1989 | 254,810,733 | 119,211,463 | 7.18% |
| 1990 | 275,154,532 | 139,555,262 | 17.07% |
| 1991 | 313,264,539 | 177,665,269 | 27.31% |
| 1992 | 349,801,313 | 214,202,043 | 20.56% |
| 1993 | 376,194,509 | 240,595,239 | 12.32% |
| 1994 | 389,900,944 | 254,301,674 | 5.70% |
| 1995 | 397,847,297 | 262,248,027 | 3.12% |
| 1996 | 420,827,405 | 285,228,135 | 8.76% |
| 1997 | 441,467,705 | 305,868,435 | 7.24% |
| 1998 | 483,248,340 | 347,649,070 | 13.66% |
| 1999 | 508,606,319 | 373,007,049 | 7.29% |
| 2000 | 551,190,752 | 415,591,482 | 11.42% |
| 2001 | 628,703,301 | 493,104,031 | 18.65% |
| 2002 | 703,196,659 | 567,597,389 | 15.11% |
| 2003 | 736,172,756 | 600,573,486 | 5.81% |
| 2004 | 763,224,908 | 627,625,638 | 4.50% |
| 2005 | 793,262,313 | 657,663,043 | 4.79% |
| 2006 | 828,369,282 | 692,770,012 | 5.34% |
| 2007 | 882,997,061 | 747,397,791 | 7.89% |
| 2008 | 925,665,178 | 790,065,908 | 5.71% |
| 2009 | 1,001,611,395 | 866,012,125 | 9.61% |
| 2010 | 1,021,824,923 | 886,225,653 | 2.33% |
| 2011 | 979,692,227 | 844,092,957 | -4.75% |
| 2012 | 1,006,362,049 | 870,762,779 | 3.16% |
| 2013 | 1,064,558,175 | 928,958,905 | 6.68% |
| 2014 | 1,096,475,744 | 960,876,474 | 3.44% |
| 2015 | 1,137,357,996 | 1,001,758,726 | 4.25% |
| 2016 | 1,205,793,308 | 1,070,194,038 | 6.83% |
| 2017 | 1,287,183,196 | 1,151,583,926 | 7.61% |
| 2018 | 1,384,289,254 | 1,248,689,984 | 8.43% |

Source: County of San Mateo

(1) Total assessed valuation in excess of the Agency's 1981-82 base year assessed valuation of \$135,599,270.

Historical Housing Set-Aside Amounts

The following table shows the historical allocation of tax increment revenues by the County of San Mateo derived from the project area.

CITY OF BELMONT SUCCESSOR AGENCY (FORMERLY BELMONT REDEVELOPMENT AGENCY) LOS COSTANOS COMMUNITY DEVELOPMENT PROJECT AREA HISTORICAL RECEIPT OF TAX INCREMENT AND TRUST FUND REVENUES

| Fiscal Year Ending June 30 | Secured Tax Increments (2) | Unsecured Tax Increment (2) | Unitary Revenue (3) | Supplemental Allocations (2) | Total Tax Increment (4) | Real Property Tax Trust Fund Allocations (6) | Total Tax | Housing Set Aside Amounts (5) | Change From Prior Year |
|----------------------------------|----------------------------------|-----------------------------------|------------------------|---------------------------------|----------------------------|--|-----------|-------------------------------------|------------------------------|
| 1984 | | | | | \$285,494 | | \$285,494 | \$57,099 | |
| 1985 | | | | | 363,836 | | 363,836 | 72,989 | 27.44% |
| 1986 | \$429,246 | \$84,594 | | \$16,681 | 530,521 | | 530,521 | 103,097 | 45.81% |
| 1987 | 725,932 | 82,321 | | 58,699 | 866,952 | | 866,952 | 168,560 | 63.42% |
| 1988 | 787,579 | 69,137 | | 103,030 | 959,746 | | 959,746 | 191,949 | 10.70% |
| 1989 | 924,058 | 73,737 | | 87,124 | 1,084,919 | | 1,084,919 | 216,983 | 13.04% |
| 1990 | 1,035,629 | 85,045 | \$25,534 | 57,535 | 1,203,743 | | 1,203,743 | 240,749 | 10.95% |
| 1991 | 1,260,743 | 1,225,929 | 54,683 | 120,184 | 2,661,539 | | 2,661,539 | 311,708 | 121.11% |
| 1992 | 1,629,619 | 81,020 | 57,216 | 145,226 | 1,913,081 | | 1,913,081 | 382,616 | (28.12%) |
| 1993 | 1,758,187 | 93,810 | 58,779 | 59,494 | 1,970,270 | | 1,970,270 | 394,055 | 2.99% |
| 1994 | 1,890,260 | 72,133 | 51,221 | 49,533 | 2,063,147 | | 2,063,147 | 412,629 | 4.71% |
| 1995 | 1,933,676 | 17,827 | 54,213 | 18,928 | 2,024,644 | | 2,024,644 | 404,929 | (1.87%) |
| 1996 | 2,019,812 | 222,873 | 54,170 | 29,872 | 2,326,727 | | 2,326,727 | 465,346 | 14.92% |
| 1997 | 2,227,773 | 131,833 | 39,541 | 105,133 | 2,504,280 | | 2,504,280 | 500,856 | 7.63% |
| 1998 | 2,520,936 | 195,020 | 50,432 | 106,587 | 2,872,975 | | 2,872,975 | 569,942 | 14.72% |
| 1999 | 2,832,402 | 123,236 | 64,836 | 49,610 | 3,070,084 | | 3,070,084 | 614,016 | 6.86% |
| 2000 | 3,076,826 | 118,983 | 57,337 | 183,315 | 3,436,461 | | 3,436,461 | 687,292 | 11.93% |
| 2001 | 3,640,433 | 172,658 | 61,111 | 103,483 | 3,977,685 | | 3,977,685 | 795,537 | 15.75% |
| 2002 | 4,212,040 | 253,052 | 67,477 | 455,911 | 4,988,481 | | 4,988,481 | 997,696 | 25.41% |
| 2003 | 4,415,999 | 220,998 | 72,375 | 300,175 | 5,009,547 | | 5,009,547 | 1,001,909 | 0.42% |
| 2004 | 4,511,245 | 177,074 | 77,251 | 165,496 | 4,931,066 | | 4,931,066 | 986,213 | (1.57%) |
| 2005 | 4,773,499 | 178,051 | 64,387 | 179,086 | 5,195,023 | | 5,195,023 | 1,039,005 | 5.35% |
| 2006 | 4,985,628 | 176,562 | 60,337 | 247,801 | 5,470,328 | | 5,470,328 | 1,094,066 | 5.30% |
| 2007 | 5,297,243 | 163,847 | 151,994 | 334,221 | 5,947,305 | | 5,947,305 | 1,189,461 | 8.72% |
| 2008 | 5,812,332 | 189,141 | 69,495 | 281,093 | 6,352,061 | | 6,352,061 | 1,270,412 | 6.81% |
| 2009 | 6,343,282 | 289,016 | 69,868 | 273,397 | 6,975,563 | | 6,975,563 | 1,395,113 | 9.82% |
| 2010 | 6,631,570 | 205,106 | 78,094 | 72,979 | 6,987,749 | | 6,987,749 | 1,397,550 | 0.17% |
| 2011 | 6,274,474 | 184,886 | 68,347 | 61,692 | 6,589,398 | | 6,589,398 | 1,317,880 | (5.70%) |
| 2012 | 3,205,128 | 372,746 | 39,886 | | 3,617,760 | \$1,821,662 | 5,439,422 | | (17.45%) |
| 2013 | | | | | | 2,430,695 | 2,430,695 | | (55.31%) |
| 2014 | | | | | | 2,589,571 | 2,589,571 | | 6.54% |
| 2015 | | | | | | 1,744,119 | 1,744,119 | | (32.65%) |
| 2016 | | | | | | 1,865,275 | 1,865,275 | | 6.95% |
| 2017 | | | | | | 1,498,633 | 1,498,633 | | (19.66%) |
| 2018 | | | | | | 992,433 | 992,433 | | (33.78%) |

(1) Amounts shown are net of amounts waived by the Agency under County Fiscal Agreement.

(2) Breakdown of tax increment amount secured, unsecured and supplemental categories not available for fiscal years ended June 30, 1984 through 1985.

(3) Unitary revenue reported separately starting in the fiscal year ended June 30, 1990.

(4) Total tax increment includes housing set-aside amounts. Under the RDA Dissolution Legislation, the Housing Set Aside was not required in FY 2012 and forward.

(5) This amount calculated as defined in the Fiscal Agreement.

(6) Tax Increment Revenues are no longer allocated to Redevelopment Agencies, effective January 31, 2012. Effective February 1, 2012, the Successor Agency has assumed all obligations of the Redevelopment Agency. Pursuant to law, the Successor Agency receives Real Property Tax Trust Funds Allocations to finance its activities including debt service on obligations of the former Redevelopment Agency.

Source: Belmont Successor Agency and County of San Mateo Controller's Office.

Debt Service Coverage

Housing Set-Aside Amounts in fiscal year 2017-2018 were \$0 pursuant to AB x1-26. See the table above entitled "Historical Receipt of Tax Incremental Revenues." Prior to July 1, 2011, tax increment revenues were used to fund debt service on the 1996 Housing Set-Aside Bonds. As a result of the dissolution of the Redevelopment Agency pursuant to state law, a Successor Agency assumed the debt and receives tax revenues used to pay debt service and fund other activities of the former Redevelopment Agency. Debt service repayments on these bonds are made by the Successor Agency from tax revenue.

Major Property Taxpayers

The ten largest assesses in the Project Area for fiscal 2017-2018 and the assessed valuation of their respective properties in the Project Area as reported by the County are provided in the following schedule. The total taxable value of these properties equals \$346,925,982 which represents approximately 25.63% percent of the Project Area's secured taxable valuation (including Unitary Assessed valuation).

**CITY OF BELMONT SUCCESSOR AGENCY
(FORMERLY BELMONT REDEVELOPMENT AGENCY)
LOS COSTANOS COMMUNITY DEVELOPMENT PROJECT AREA
TEN LARGEST SECURED PROPERTY TAX ASSESSES**

| Assessee | Use | 17 - 18 Taxable Value (2) | Percentage of Total Secured Taxable Value of Project Area (1) |
|---------------------------------|--------------------------|---------------------------------|---|
| 1 Bit Holdings Seventy One Inc. | Office | \$ 63,269,098 | 4.67% |
| 2 Westlake Gresham Center LLC | Office | 61,000,000 | 4.51% |
| 3 Nikon Precision Inc. | Office | 45,684,653 | 3.37% |
| 4 Oracle Corporation | Office | 34,118,215 | 2.52% |
| 5 Prime Old County LP | Residential Mulit-Family | 31,981,020 | 2.36% |
| 6 Grand Prix Belmont LLC | Hotel | 24,252,532 | 1.79% |
| 7 875 Woodside LLC | Residential Mulit-Family | 24,123,000 | 1.78% |
| 8 Belmont Hotels LLC | Hotel | 23,240,000 | 1.72% |
| 9 David D. Bohannon Org Et Al | Hotel | 19,753,556 | 1.46% |
| 10 Safeway Inc. | Supermarket | <u>19,503,908</u> | <u>1.44%</u> |
| Total | | <u>\$ 346,925,982</u> | <u>25.63%</u> |
| Secured taxable value | | <u>\$1,353,817,650</u> | |

(1) The secured taxable value of the Project Area for fiscal year 2017-2018 is \$1,353,817,650.

Source: City of Belmont and County of San Mateo Assessor's Office.

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**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***

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

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 1, 2018. Our report includes a reference to other auditors who audited the financial statements of the Silicon Valley Clean Water Joint Powers Authority as of and for the year ended June 30, 2017, related to the calculation of the Investment in Joint Venture, as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the report of the other auditors. Our report also includes an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

We have also issued a separate Memorandum on Internal Control dated October 1, 2018 which is an integral part of our audit and should be read in conjunction with this report.

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 result of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mary & Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California
October 1, 2018