

**CITY OF BELMONT, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**Prepared by**  
**FINANCE DEPARTMENT**

CITY OF BELMONT

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2004

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September 17, 2004

To the Citizens of the City of Belmont, California:

The comprehensive annual financial report of the City of Belmont for the fiscal year ended June 30, 2004, is hereby submitted pursuant to State law, which requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. 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. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Belmont's financial statements have been audited by Maze & Associates, a firm of licensed certified public accountants. The independent auditor concluded that the City of Belmont's financial statements for the year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of this report.

This is the City's second year of implementation of the provisions of Governmental Accounting Standards Board Statement 34, "Basic Financial Statements—and Management's Discussion & Analysis—for State and Local Governments" ("GASB 34"). One of the requirements of GASB 34 is that management provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is found immediately following the report of the independent auditor in the financial section.

This comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the basic financial statements and the combining financial statements and schedules, the independent auditor's report on these financial statements and schedules, and Management's Discussion and Analysis. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

## NATURAL BEAUTY OF BELMONT

The City of Belmont is known for its country charm amid lush greenery and natural beauty. In recognition of the picturesque landscape of Belmont, this comprehensive financial report includes a pictorial highlighting some of the natural scenery of the City.

## PROFILE OF THE CITY

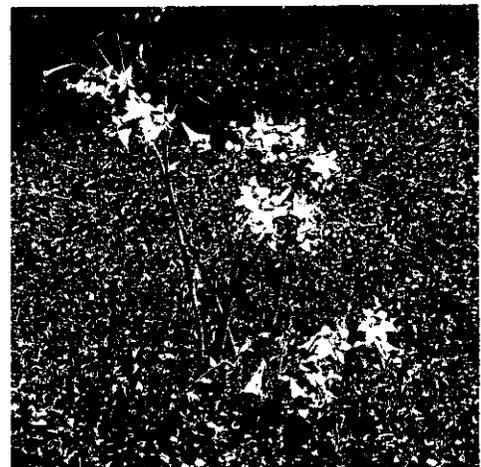
The City of Belmont, incorporated in 1926, is located on the San Francisco peninsula, midway between San Francisco and San Jose. The City of Belmont currently occupies a land area of 4.61 square miles and serves a population of 25,107. The City of Belmont operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four other members. The City Council is responsible, among 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.

This comprehensive annual financial report includes all funds of the City and its component units. The funds include information regarding the full range of services the City provides. These services include police and fire protection; sanitation services; construction and maintenance of highways, streets, and infrastructure; community development and redevelopment; parks; recreational and general government activities. The City Council is also financially accountable for the Belmont Fire Protection District, the Belmont Redevelopment Agency, and the Belmont Joint Powers Financing Authority; therefore, these component unit activities are included in the accompanying general-purpose financial statements. Furthermore, the City participates in a number of joint ventures and authorities, which exist due to joint exercise of power agreements. An equity interest is reported for the South Bayside System Authority (SBSA). The complete financial activities have not been included for this entity, nor for South County Fire Protection Authority (SCFA), as the City Council is not financially accountable for them. Other entities, which have been excluded, that do not meet the established criteria for inclusion in the reporting entity are the Belmont Elementary School District and the Mid-Peninsula Water District.

## ECONOMIC CONDITION AND OUTLOOK

Located on the San Francisco peninsula midway between San Francisco and San Jose, the City of Belmont continues to manage the effects of a regional recession and adversarial state budgetary climate. As a consequence, the City, like many other municipalities located in San Mateo and Santa Clara Counties, is expected to continue to face significant financial challenges for the foreseeable future.

Management's outlook for the future continues to be guarded as the regional economy shows some signs of improving, but not at a pace typical of recent recoveries. While many of the City's revenue sources are stable, the potential for revenue shortfalls exists based on recent trends



and projections. This is particularly true for economic driven revenues such as sales tax, transient occupancy tax, service charges, rental income and interest income. This forecast is tempered due the relatively small commercial area that limits the City's exposure to economic fluctuations to the same extent as surrounding areas.

The City has dealt with the economic downturn through a series of General Fund budget corrections in recent years. The two largest were a \$1.3 million package, approved by the City Council on February 25, 2003 and a \$1.5 million package approved on June 22, 2004. While management believes the corrective action taken will adequately address the effects of the downturn in the local economy and ongoing cost pressures, the state continues to intrude on local control and poses an equally large and fundamentally more troubling threat to local services.

Over the past 20 years, the City has lost more than \$7 million in local revenues to the state with the year ended June 30, 2004 being particularly burdensome with a combined revenue diversion of nearly \$1.7 million, including loans and program suspensions. Moreover, Governor Schwarzenegger has compounded the budget situation by reducing the Vehicle License Fee - a local revenue - by two-thirds. The Governor has promised to "backfill" this revenue reduction with other funds and has made additional promises for reform in return for two more years of takeaways from local governments totaling \$2.6 billion. This new reduction equates to \$.24 million and \$.5 million annually for the City and Redevelopment Agency, respectively. However, the City is encouraged by the actions of Governor Schwarzenegger to support Proposition 1A, entitled "Protection of Local Government Revenues" which, if passed by the voters in November 2004, will enact substantial reforms and limit the Legislature's ability to raid local government shares of the property tax, sales tax and vehicle license fee to pay for state programs. Proposition 1A includes some of the following key protections and is the most sweeping local government revenue measure proposed in recent memory:

- Prevents Legislature from reducing the combined property tax shares of cities, special districts, and the county, except to borrow the funds on a temporary basis to address a "severe state fiscal hardship"
- Requires the FY 2003 Vehicle License Fee Loan to be repaid before borrowing could occur
- Loans could only occur twice within a 10 year period
- Loans must be repaid with interest within 3 years, and prior loans must be repaid before borrowing could occur a second time within 10 years
- Limits loans to no more than 8% of the total amount of property tax allocated to cities, counties, and special districts in the previous fiscal year
- Prevents the state from borrowing or taking local sales and use taxes
- Prevents the state from extending the period during which the one-quarter cent is suspended for repayment of the fiscal recovery bonds; from failing to pay the property tax backfill during the period of suspension; and from failing to restore the full sales tax rate when the bonds are repaid
- Requires the state to backfill the reduction of Vehicle License Fees from the 2% to the .65% rate paid by the taxpayer in the form of property tax in lieu of Vehicle License Fee payments provided to each agency from the countywide Education Revenue Augmentation (ERAF) Fund allocations of property taxes
- Constitutionally guarantees Vehicle License Fee revenue to cities and counties at the rate of 0.65% of the value of a vehicle

- Requires the Legislature to either appropriate sufficient funds to reimburse local governments for their costs of complying with a mandate or suspend the operation of the mandate for that fiscal year
- Defines “mandate” to include a transfer of additional responsibility for a state program or service
- Requires 2/3 vote of the Legislature

Nonetheless, even with the proposals included in Proposition 1A, potentially the most significant impact affecting the future of the City’s General Fund is further state imposed revenue reductions. Recent calculations prepared by the *League of California Cities* for the City of Belmont and the Belmont Redevelopment Agency indicates a combined ERAF shift in excess of a million dollars annually over the next two years.

As indicated previously, the near term General Fund revenue outlook for the future of the City is difficult to predict. The City is experiencing mixed performance results with signs of significant continued weakness in technology-based sectors. For example, in the area of property taxes, assessments on business equipment and inventories are down considerably. Conversely, sales of existing homes are continuing to maintain a fairly brisk level, in part, due to historically low interest rates. Sales taxes continue to be volatile, particularly in the technology and automotive sectors. Finally, transient occupancy taxes are for the first time beginning to show some rebound as business travel increases.

Management’s near term outlook for the Belmont Redevelopment Agency is pessimistic, primarily due to the anticipated state imposition of a half million dollar per annum ERAF shift proposed for the next two years and the ongoing softness in unsecured property taxes due to reduced equipment investment and business inventories within the project area. In the far term, management’s outlook is more favorable as the Agency’s revenue streams are bolstered by ongoing construction activity, including such projects as follows: Belmont Center (900 Ralston Avenue) remodel of an existing retail center. The project included façade, parking, and landscape improvements. The project is valued at approximately \$2.2 million.



Construction activity from private development is expected to continue into subsequent fiscal years. Projects recently completed within the City of Belmont include an Assisted Living Facility (1000 Alameda de la Pulgas) seventy-eight units valued at \$8 million and thirty-two residential units with an assessed valuation of approximately \$20 million (One Davey Glen Road). Furthermore, the Belmont Redevelopment Agency is expected to benefit from several proposed projects which have received zoning approval, including: 24 residential units valued at \$4.1 million near the corner of F Street and El Camino Real; retail/office commercial building of 17,290 square feet and valued at

approximately \$5 million at 877 Ralston Avenue; and expansion of a leading technology firm’s existing manufacturing site by 31,392 square feet valued at approximately \$8 million at 1399 Shoreway Road.

In conclusion, the economy is expected to recover; regrettably, management is unable to predict the length or extent of improvement. While many of the City's revenue sources are expected to grow modestly, others are likely to see little or no growth. Other economic development activities, which are expected to provide additional improvement to the General Fund revenue picture in the future, are more fully described in the following section. However, should Proposition 1A fail to pass, future adverse State actions will invariably overshadow the City's future economic outlook.

## **MAJOR INITIATIVES**

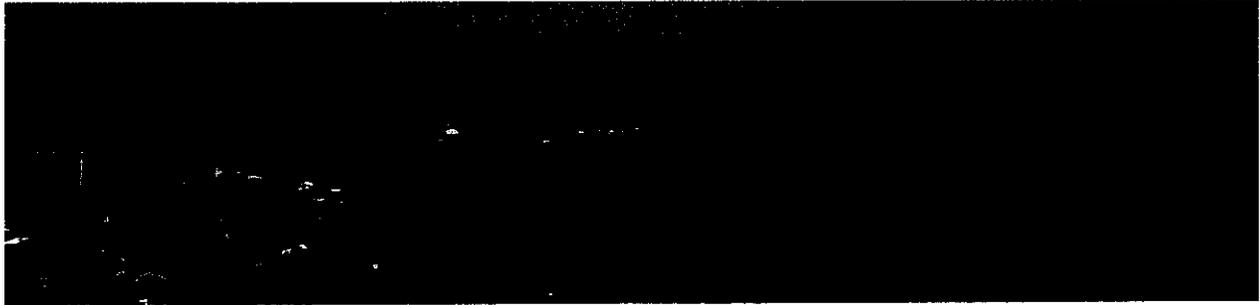
The major initiatives for the year were developed through the budget planning process. The budget planning process began last year with the City Council establishing goals and setting priorities. City Council held several sessions to establish goals. These goals were then prioritized and became the basis for allocating resources. With City Council's direction, the management team refined the goals and developed basic strategies and specific objectives for achieving each goal.

An example of this strategy is the City's Five Year Capital Improvement Program that identifies specific capital improvement and economic development projects. These projects will improve the economic base of the City and, consequently, the revenue picture for the future.

The City has several major initiatives underway. Most notably is the City of Belmont's City Hall Retrofit/Police Facility project. This \$9.9 million project began construction in November 2003 and is expected to be completed in February 2005. Additionally, the South County Fire Protection Authority (SCFA) completed construction in December 2003 of a 9,000 square foot fire station at an estimated cost of \$2.9 million. This project was funded in its entirety by the SCFA. Furthermore, construction of a \$10.9 million library and improvements to an adjacent park at 1100 Alameda de las Pulgas is underway. The project is expected to be completed by spring of 2006. Lastly, the City of Belmont contributed \$2 million towards the construction of a \$17.8 million interchange improvement project located at Ralston Avenue and State Highway 101. This project is being led by the City of Redwood City, and includes extensive reconfiguration and expansion of the roadway system to improve traffic circulation into and out of the City of Belmont's Island Parkway area and the City of Redwood City's Redwood Shores area. This project began construction in spring 2004 and is scheduled to conclude in fall 2005.

## **FINANCIAL INFORMATION**

Internal Controls. The City's management is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgments by management.



Budgetary Controls. The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the Annual Budget approved by the City Council. Activities of all funds, except agency funds, are included in the Annual Budget. The City adopts a five-year capital improvement program, but only appropriates the current year's expenditures in the Annual Budget. The level of control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. Presentations of budgetary comparison statements include a more detailed level of information for analysis purposes. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts are reported as a reservation of fund balance and are automatically re-appropriated in the following year. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Debt Administration. At June 30, 2004, the City has five debt issues outstanding. Of these, \$25,020,000 are tax increment tax allocation bonds, \$7,275,000 are sewer revenues bonds, and \$248,742 is a note payable to a private party.

The Redevelopment Agency's bonded indebtedness carries an "AAA" or equivalent rating by the various rating agencies.

Under current state statutes, a general law city's general obligation bonded debt issuance is subject to a legal limitation based on 15% of total assessed value of secured and unsecured property. As of June 30, 2004, the City had no general obligation bonded debt. The legal debt margin was \$490,306,702 with debt per capita equaling \$.00 based on a population of 25,107.

The City has a \$248,742 loan from Oracle Corporation pursuant to the terms and conditions of a development and disposition agreement. The loan was originally made primarily for construction of the Direct Access—Ralston /101 Interchange project previously discussed. The remaining balance on the loan is unrestricted and can be used for any governmental purpose. The amount is evidenced by a note payable and is repaid solely through the receipt of sale tax generated by the holder of the note. The note carries interest that is indexed to the return on L.A.I.F. state investment pool.

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 (L.A.I.F.). The average yield on investments held at L.A.I.F. was 1.53%. The City earned interest revenue of \$476,481 on all investments for the year ended June 30, 2004.

The City's investment policy is conservative. Its goal is to maximize earnings while minimizing credit and market risks.

Risk Management. Since 1996, the City has purchased primary workers' compensation insurance. All claims from that date are covered 100% by the carrier. Prior to 1996, the City maintained a self-insurance program for workers' compensation. Consequently, the City retains risk for all claims up to \$275,000 that occurred prior to 1996. Claims in excess of that amount are covered by an excess insurance policy for up to \$2,000,000 in limits. As of June 30, 2004, the workers' compensation fund shows a contingency margin above the estimated liabilities of \$177,665.

During the year, the City also retains risk for general liability claims up to \$150,000 per claim. Claims in excess of that amount are covered by insurance policies up to \$20,000,000. As of June 30, 2004, the liability fund shows a contingency margin above the estimated liabilities of \$617,629.

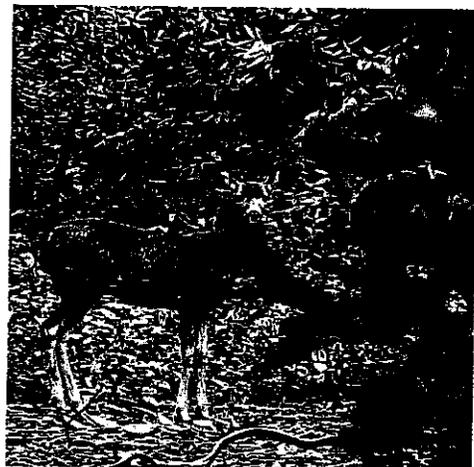
## OTHER INFORMATION

Award Recognition. The City has received from the Government Finance Officers Association of the United States and Canada (GFOA) the *Certificate of Achievement for Excellence in Financial Reporting* for the year ended June 30, 2003. As authorized by GFOA, the certificate is included in this comprehensive annual financial report. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

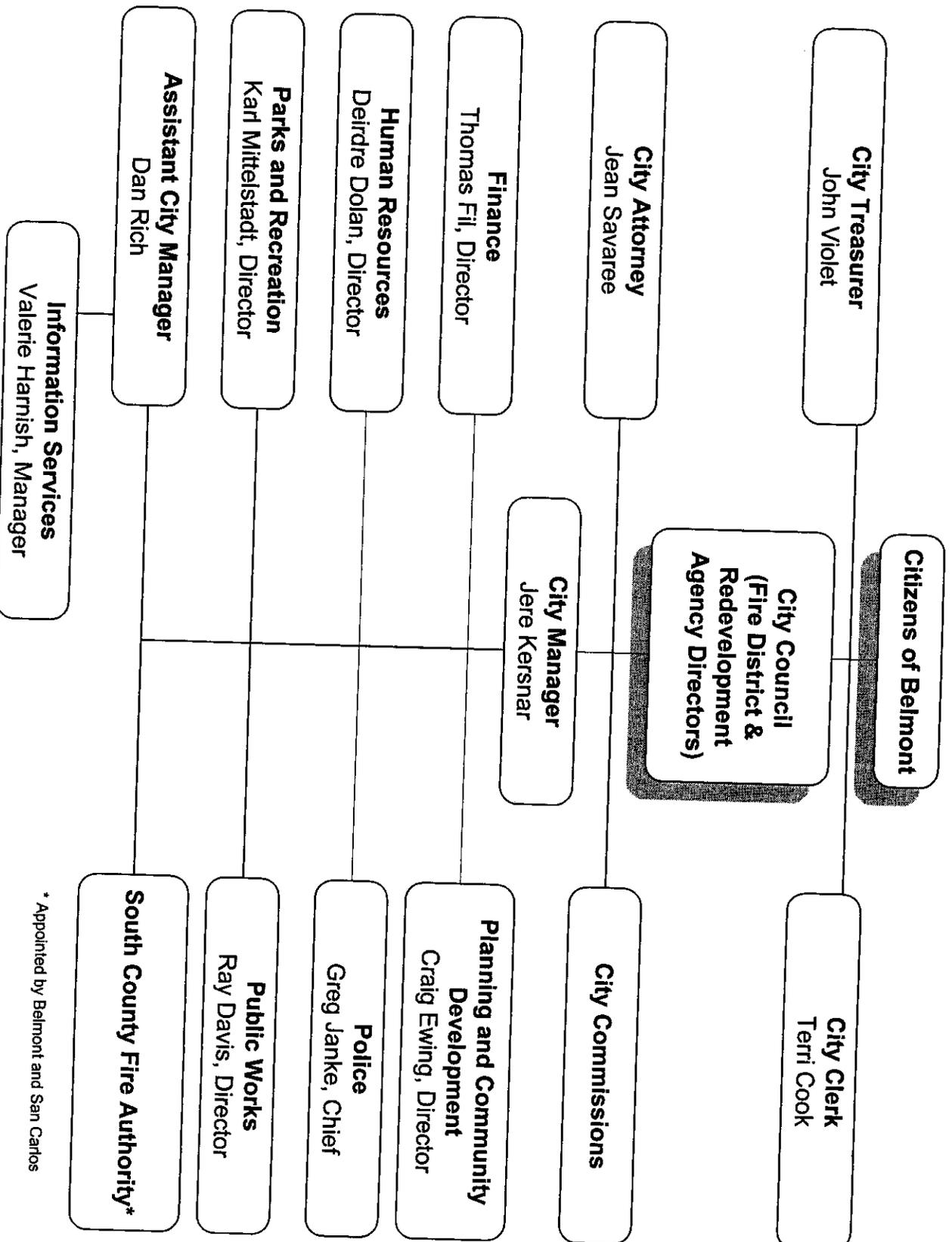
Acknowledgments. The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. Sincere appreciation is expressed to all those who assisted and contributed to its preparation.

Sincerely,

Thomas E. Fil, C.P.A., C.P.F.O.  
Finance Director



# City of Belmont



\* Appointed by Belmont and San Carlos

## List of City Officials

### Elected Officials

Mayor – Council Member	George Metropulos
Vice Mayor - Council Member	Dave Bauer
Council Member	Dave Warden
Council Member	Coralin Feierbach
Council Member	Phillip Mathewson
City Treasurer	John Violet
City Clerk	Terri Cook

### Appointed Officials

City Manager	Jere Kersnar
Assistant City Manager	Dan Rich
City Attorney	Jean Savaree
Finance Director	Thomas Fil
Human Resources Director	Deirdre Dolan
Parks & Recreation Director	Karl Mittelstadt
Community Development Director	Craig Ewing
Police Chief	Don Mattei
Public Works Director	Ray Davis

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Belmont,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**ACCOUNTANCY CORPORATION**  
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Website: [www.mazeassociates.com](http://www.mazeassociates.com)

## INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

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

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belmont as of and for the year ended June 30, 2004 as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Governmental Auditing Standards* issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with Government Auditing Standards, we have also issued reports dated August 27, 2004 our consideration with the City of Belmont's internal control structure on its compliance with laws and regulations.

In our opinion, the basic 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 of Belmont at June 30, 2004 and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted, principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Mage + Associates*

August 27, 2004

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

This is the City of Belmont's second year of implementing the provisions of Government Accounting Standards Board Statement 34, "Basic Financial Statements—and Management's Discussion & Analysis—for State and Local Governments," known as GASB 34. GASB 34 represents a profound and far-reaching change in accounting and reporting for municipalities; it is an effort to make these statements clearer and more understandable to readers.

GASB 34 requires the City to make substantial changes to its financial statement format; one of these requirements is that the City provides this discussion and analysis of its financial activities for the fiscal year. Other changes will be described in the financial statements themselves. Please read this document in conjunction with the letter of transmittal and accompanying Basic Financial Statements.

**FISCAL 2004 FINANCIAL HIGHLIGHTS**

City-wide:

- City total assets increased by \$8.8 million to \$101.8 million, of which \$81.8 million represented governmental assets and \$20.0 million represented business-type assets.
- City total liabilities decreased by \$2.9 million to \$38.5 million, of which \$31.0 million were governmental liabilities and \$7.5 million were business-type liabilities.
- The City's total net assets increased by \$11.7 million (largely due to a \$12.1 million increase in Invested in capital assets, net of related debt) to \$63.3 million. Of this amount, \$0.8 million (unrestricted governmental net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- City-wide revenues were \$45.9 million, of which \$41.4 million was generated by governmental activities and \$4.5 million was generated by business-type activities.
- City-wide expenses were \$34.1 million, of which \$29.2 million was incurred by governmental activities and \$4.9 million was incurred by business-type activities.

Fund Level:

- Governmental Fund balances increased \$5.7 million to \$36.5 million. Of this amount, \$11.6 million is unreserved fund balance and available for spending at the City's discretion.
- Governmental Fund revenues were \$31.1 million, an increase of \$2.1 million from fiscal 2003.
- Governmental Fund expenditures increased to \$35.4 million in fiscal 2004, up from \$30.7 million in the prior year.
- Enterprise Fund balances remained level at \$12.5 million compared to the prior year. Of this amount, \$9.5 million is unrestricted net assets and available for spending at the City's discretion.

- Enterprise Fund revenues were up at \$4.4 million in fiscal 2004 compared to \$3.9 million in the prior year.
- Enterprise Fund expenses were up to \$4.5 million in fiscal 2004 from \$3.8 million in fiscal 2003.

## **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The Comprehensive Annual Financial Report is in five parts:

1. Introductory section, which includes the Transmittal Letter and general information,
2. Management's Discussion and Analysis (this part),
3. The 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. Redevelopment reporting, and
6. Statistical information

### **The Basic Financial Statements**

The Basic Financial Statements consist of the City-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 City-wide Financial Statements provide a longer-term view of the City's activities as a whole, and consist of the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets 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 Assets 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.

Together, all of these statements are now called the *Basic Financial Statements*; formerly, they were called the general-purpose financial statements.

### *The City-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 redevelopment, and pass throughs and other. These services are supported by general City 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 and storm drainage. 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 City of Belmont Redevelopment Agency, the Belmont Fire Protection District, and the Belmont Joint Powers Financing Authority, because the City is financially accountable for these entities.

City-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. The concept of major funds, and the determination of which are major funds, was established by GASB 34 and replaces the concept of combining like funds and presenting them in total. Instead, 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 eight Major Governmental Funds in 2004 in addition to the General Fund, which are 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. Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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 and storm drain operations. *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, 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 and Storm Drain 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 Statements***

The City acts as an agent on behalf of others, holding amounts collected and disbursing these amounts as directed or required. The City's fiduciary activities are reported in the separate Statements of Fiduciary Net Assets 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.

## FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. This analysis focuses on the net assets and changes in net assets of the City as a whole. Tables 1 and 2 focus on the City's Governmental Statement of Net Assets and Statement of Activities. Tables 3 and 4 focus on the City's Business-type Statement of Net Assets and Statement of Activities.

### *Governmental Activities*

Table 1 Governmental Net Assets at June 30, 2004 and 2003 (in Thousands)		
	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Cash and investments	\$37,138	\$32,191
Other assets	6,339	5,556
Capital assets	38,363	34,749
<b>Total assets</b>	<b>\$81,840</b>	<b>\$72,496</b>
Long-term debt outstanding	\$25,269	\$28,079
Other liabilities	5,729	5,760
<b>Total liabilities</b>	<b>\$30,998</b>	<b>\$33,839</b>
Net assets:		
Invested in capital assets, net of debt	\$20,527	\$4,555
Restricted	29,520	22,539
Unrestricted	795	11,563
<b>Total net assets</b>	<b>\$50,842</b>	<b>\$38,657</b>

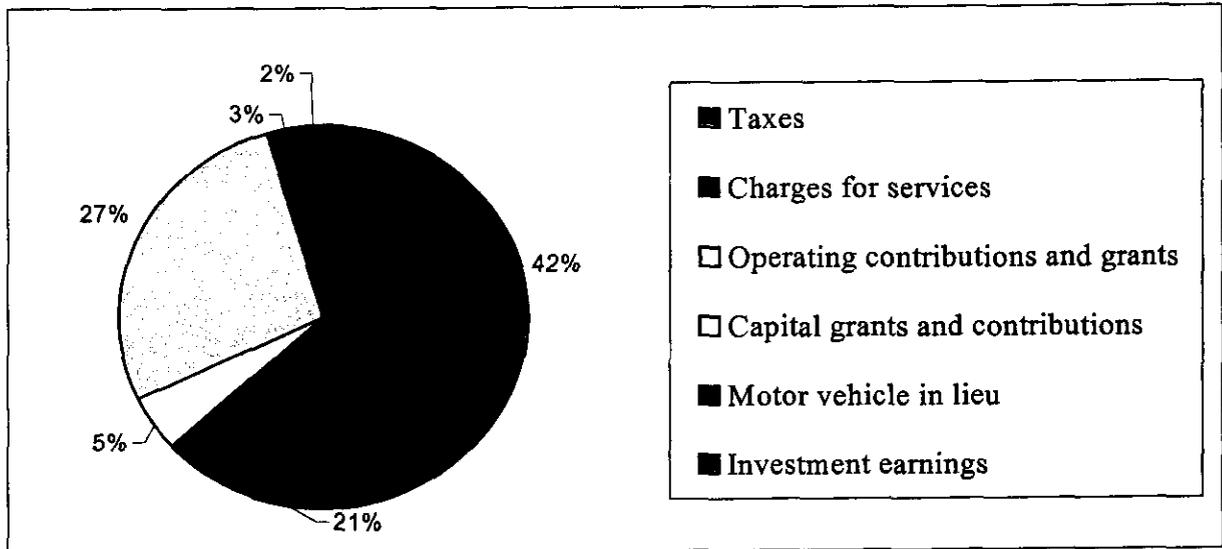
The City's governmental net assets increased by \$12.2 million to \$50.8 million in 2004 from \$38.7 million in 2003. This increase is the Change in Net Assets reflected in the Statement of Activities and is shown in Table 2. The City's net assets at June 30, 2004 comprised the following:

- Included in cash and investments is \$12.7 million invested with fiscal agents and \$24.4 million of pooled cash and investments available for operations. Substantially all of these amounts were held in short term investments in government securities, as detailed in Note 3 to the financial statements.
- \$8.5 million in cash and investments with fiscal agents pertains to the Community Facilities District No. 2000-1 (Belmont Library). These funds are restricted for the construction of a new library and adjacent park. Funds have been included within the governmental activities because the City of Belmont maintains responsibility for the facilities after construction. However, the City of Belmont is not responsible for the repayment of the debt obligation which remains with the community facilities district. Accordingly, no long term debt has been reflected in Table 1, as detailed in Note 8 to the financial statements.
- Other assets include \$1.4 million in amounts due from other governmental agencies. Also included in other assets is \$1.6 million in land held for redevelopment as described in Note 6 to the financial statements and \$1.5 million in notes receivable as discussed in Note 5.
- The major components of capital assets include \$14.0 million in streets and infrastructure, \$10.4 million in land, \$6.6 million in buildings and building improvements, and \$6.1 million in construction in progress.
- Long-term debt is primarily composed of Redevelopment Agency debt repayable from future tax increment revenues, which are levied by the County annually as part of the county-wide property collection process. Current year tax increment revenues were more than sufficient to meet current year debt service requirements. Long-term debt is discussed in detail below and in Note 8 to the financial statements.
- Net assets invested in capital assets net of related debt of \$20.5 million represents the City's investment in infrastructure and other capital assets used in Governmental activities, net of amounts borrowed to finance that investment.
- Restricted net assets of \$29.5 million may be used only to construct specified capital projects, for debt service, for redevelopment, or special revenue programs. The restrictions on these funds were placed by outsiders and cannot be changed by the City.
- Unrestricted net assets of \$0.8 million represents the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions.

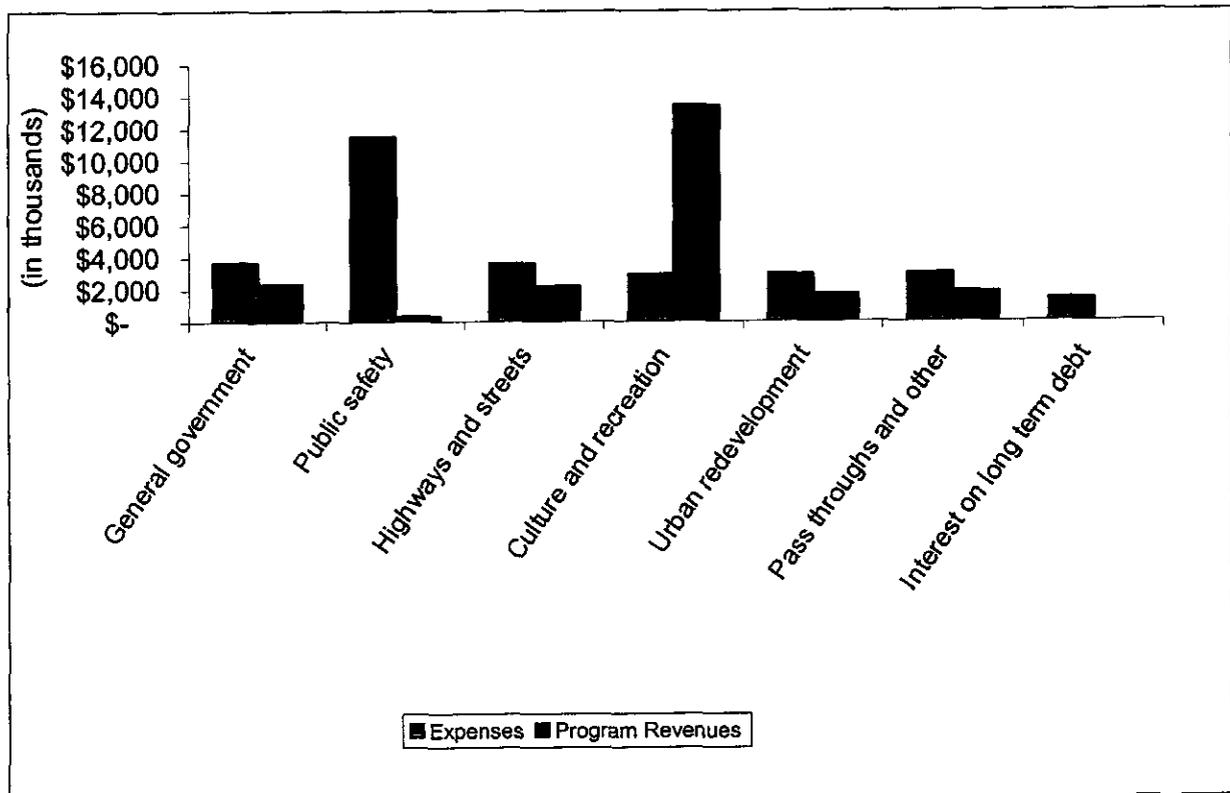
### Fiscal Year 2004 Government Activities

The City's governmental activities for fiscal 2004 are presented below.

#### Revenues by Source—Governmental Activities



#### Expenses and Program Revenues—Governmental Activities



The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Assets summarized below.

<b>Table 2</b>		
<b>Changes in Governmental Net Assets</b>		
<b>(in Thousands)</b>		
	2004	2003
<b>Revenues</b>		
Program revenues:		
Charges for services	\$8,634	\$6,706
Operating contributions and grants	1,933	1,704
Capital grants and contributions	11,377	812
Total program revenues	21,944	9,222
General revenues:		
Taxes:		
Property	13,102	12,903
Sales and Use	2,698	2,960
Other	2,871	3,389
Investment earnings	732	564
Transfers		(13)
Total general revenues and transfers	19,403	19,803
Total revenues	41,347	29,025
<b>Expenses</b>		
General government	3,685	4,296
Public safety	11,530	11,721
Highways and streets	3,629	3,552
Culture and recreation	2,938	3,448
Urban redevelopment	2,958	1,487
Pass throughs and other	3,005	2,797
Interest on long term debt	1,416	1,558
Total expenses	29,161	28,859
<b>Change in net assets</b>	<b>\$12,186</b>	<b>\$166</b>

Of the city's fiscal 2004 governmental revenue of \$41.3 million, \$19.4 million or 47% came from general revenues, of which \$13.1 million represented property taxes. General revenues are not allocable to programs and are used to pay for the net cost of governmental programs. Also included in governmental revenue are program revenues of \$21.9 million, of which \$8.6 million or 21% is from charges for services. In addition, \$11.4 million is from capital grants and contributions, of which \$9.9 million represents proceeds from the Community Facilities District No. 2000-1 (Belmont Library) bond issuance. The remainder of the city's governmental revenues is from a variety of sources as shown in the charts above.

The expenses shown above do not include capital outlays, which are now added to the City's capital assets. The composition of capital assets is shown in detail in the Capital Assets section below and in Note 7 to the financial statements.

***Business-type Activities***

The Statements of Net Assets and Statement of Activities present a summary of the City's business-type activities, which are composed of the City's enterprise funds.

<b>Table 3</b>		
<b>Business-type Net Assets at June 30, 2004 and 2003</b>		
<b>(in Thousands)</b>		
	<u>2004</u>	<u>2003</u>
Cash and investments	\$4,062	\$5,278
Other assets	5,666	5,557
Capital assets	10,278	9,666
<b>Total assets</b>	<b>\$20,006</b>	<b>\$20,501</b>
Long-term debt outstanding	\$7,275	\$7,415
Other liabilities	268	160
<b>Total liabilities</b>	<b>\$7,543</b>	<b>\$7,575</b>
Net assets:		
Invested in capital assets, net of debt	\$3,003	\$2,251
Unrestricted	9,460	10,675
<b>Total net assets</b>	<b>\$12,463</b>	<b>\$12,926</b>

The net assets of business-type activities decreased slightly to \$12.5 million in fiscal 2004, which is a decrease of \$0.5 million. Overall, activities were relatively consistent with the prior year.

<b>Table 4</b> <b>Changes in Business-type Net Assets</b> <b>(in Thousands)</b>		
	<u>2004</u>	<u>2003</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$4,438	\$3,896
Total program revenues	<u>4,438</u>	<u>3,896</u>
General Revenues:		
Investment earnings	71	168
Transfers		13
Total general revenues and transfers	<u>71</u>	<u>181</u>
Total revenues	<u>4,509</u>	<u>4,077</u>
<b>Expenses</b>		
Sewer	4,040	3,222
Storm Drain	932	941
Total expenses	<u>4,972</u>	<u>4,163</u>
<b>Change in net assets</b>	<b><u>\$(463)</u></b>	<b><u>\$(86)</u></b>

Total operating revenues of business-type activities were \$4.4 million in fiscal 2004, up from \$3.9 million in the prior year primarily due to higher sewer service charges. Operating expenses were also higher by \$0.8 million at \$5.0 million primarily due to a \$0.7 million increase in sewer services and supplies.

Net interest expense was \$0.4 million, and net transfers came to \$0.

### **The City's Fund Financial Statements**

Table 5 below summarizes Governmental balances at the fund level:

<b>Table 5</b> <b>Financial Highlights at Fund Level at June 30</b> <b>(in Thousands)</b>		
	<u>2004</u>	<u>2003</u>
Total assets	\$42,350	\$35,820
Total liabilities	\$5,857	\$4,977
Total fund balances	\$36,493	\$30,843
Total revenues	\$31,061	\$28,998
Total expenditures	\$35,407	\$30,740
Total other financing sources (uses)	\$9,997	\$(167)

At June 30, 2004, governmental fund balances increased by \$5.7 million to \$36.5 million. Revenues increased by \$2.1 million to \$31.1 million. Higher tax revenues represent \$2.4 million of this increase. Expenditures also increased by \$4.7 million to \$35.4 million. Capital outlay and debt service expenditures were higher by \$3.6 million and \$2.1 million, respectively.

Other financing sources (uses) increased to \$10.0 million in sources, which primarily consists of \$9.9 million in contributions from Community Facilities District No. 2000-1 (Belmont Library) bond proceeds and premium.

### *Analyses of Major Governmental Funds*

#### **General Fund**

General Fund revenues decreased approximately \$1.7 million to \$11.6 million this fiscal year primarily due to decreases in Intergovernmental and Charges for current services. Intergovernmental is down \$0.5 million primarily due to Motor Vehicle Taxes, which were partially withheld during FY 2004 by the State of California due to its own budget deficit issues. Charges for current services is lower by \$1.0 million mainly due to administrative support fees, which are paid to the General Fund by other City funds as reimbursement for General Fund administrative support received such as Human Resources, City Attorney, City Clerk, Finance, Risk Management, and other such services. The cost of providing these general administrative functions is allocated to the various city divisions based on usage of the services. For FY 2004, the administrative support fee was significantly lower due to a change from recording certain insurance expenses (such as retiree health benefits and liability risk premiums) in the General Fund to recording them in the appropriate internal service funds. This is discussed in further detail in the paragraph below in the General Fund expenditures section. Other revenues were relatively consistent with the prior year.

General Fund expenditures decreased \$1.9 million to \$10.8 million, primarily in Culture and Recreation and General Government. Culture and Recreation is \$1.1 million lower largely due to the implementation of performance budgeting, which included the restructuring and reorganization of many city departments. As part of the implementation, certain community facilities were moved out of the General Fund and into the Facilities Fund. In addition, certain recreation-related expenses were moved to the Recreation Fund. General Government is \$0.7 million lower primarily due to the transfer of certain insurance expenses out of the General Fund and into the appropriate internal service funds, including: retiree health benefits previously charged to the Human Resources division and are now allocated to the Benefit Stabilization Fund and liability insurance previously charged to Risk Management is now allocated to the Liability Risk Retention division.

Net transfers out of the General Fund increased \$0.4 million. Detail is provided in Note 4 to the financial statements.

At June 30, 2004, the General Fund Balance comprised \$1.6 million in unreserved, undesignated balances and \$0.4 million in reserved fund balances. Only the unreserved portion represents available liquid resources, since the reserved portion is represented by non-cash assets or by open purchase orders.

General Fund Budgetary Highlights: Differences between the original budget and the final amended budget are minor. Differences between the final budget and actual amounts are also relatively minor with a couple of exceptions in revenues:

- Taxes are \$0.8 million lower than final budget primarily due to Sales and Use Tax, which is \$0.5 million lower than budget, and Transient Occupancy Tax, which is \$0.4 million lower than budget. These variances are caused by continued softness in the local economy.
- Intergovernmental is \$0.6 million under final budget largely due to Motor Vehicle Taxes which are \$0.5 million lower than budget. As explained earlier, these taxes were partially withheld from cities during fiscal 2004 by the State of California due to its own budget crisis.

#### **Belmont Fire Protection District Fund**

This fund 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. The District provides services through participation in the South County Fire Protection Authority.

During fiscal 2004, the District made a \$0.2 million operating loan to the South County Fire Protection Authority. The loan is payable within one year and accrues interest at Local Agency Investment Fund ("LAIF") rates.

#### **Low and Moderate Income Housing Fund**

This fund is used to account for resources received through the Belmont Redevelopment Agency that are restricted for expenditure on low and moderate income housing projects and for debt service expenditures.

Cash and investments totaled \$4.1 million at June 30, 2004. \$3.7 million of this balance is reserved for low and moderate income housing.

#### **Street Improvements Measure A Grants Fund**

This fund accounts for the City's portion of the special half-cent sales tax receipts restricted for street expenditures and also accounts for other street related grants.

During fiscal 2004, \$1.8 million in capital expenditures were made related to various street improvement projects including the following significant projects: RABA Bus Route Resurfacing, Safe Routes to School, and Ralston Avenue Reconstruction.

### **Redevelopment Agency Debt Service Fund**

This fund is used to account for payment and interest on the 1999 Series A and B Tax Allocation Bonds and related costs.

Cash and investments total \$4.2 million, of which \$2.2 million is invested with a fiscal agent. Fund balance at June 30, 2004 totals \$4.2 million, all of which is reserved for debt service payments.

### **City Hall Retrofit/Police Facilities Fund**

This fund accounts for the design and construction of a police facility and seismic retrofitting of City Hall.

At June 30, 2004, cash and investments to be used for this project totaled \$3.8 million. Construction is in progress, and the project is a little over 50% into the official project timeline. It is anticipated that construction will be completed in December 2005.

### **Grade Separation Projects Fund**

This fund accounts for the construction of a street and rail grade separation project at Ralston Avenue and Harbor Boulevard.

For the past several years, the City has been working in cooperation with the City of San Carlos to construct the \$95.3 million Ralston/Harbor/Holly Grade Separation. This project separates the streets and sidewalks from the rail lines at Ralston Avenue and Harbor Boulevard in Belmont and Holly Street in San Carlos. This project was substantially completed in the fall 2000 and is awaiting final approvals from the participating agencies.

### **Redevelopment Agency Capital Projects Fund**

This fund is used to account for improvements in the downtown area. At June 30, 2004, unrestricted, unreserved fund balances amounted to \$7.4 million. The City is in the process of evaluating priorities and potential projects for this area and has gone through a significant "visioning" effort as part of this process.

### **Library Fund**

This fund accounts for the construction of a new, 20,040 square foot library and improvements to the Belameda Park area adjacent to the new library. Funding comes from proceeds derived from the issuance of \$8.65 million in bonds by the Community Facilities District No. 2000-1 (Belmont Library).

At June 30, 2004, detailed plans and specifications were being readied for permit submittal, and cash and investments to be used for this project totaled \$8.5 million.

## ***Analysis of Major Business-type Activities—Enterprise Funds***

### **Sewer Fund**

This fund accounts 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, treatment, maintenance, capital improvement, and billing and collection.

Sewer fund operating revenues were \$0.5 million higher at \$4.0 million compared to the previous year, primarily due to a rate increase in sewer service charges plus more activity in sewer connection fees. Operating expenses were \$0.8 million higher at \$3.6 million largely due to a \$0.6 million increase in sewer services and supplies. This increase is primarily due to a \$0.3 million increase in Liability insurance charges along with other small increases in multiple accounts. Liability insurance charges are higher due to a change in allocation methodology, which now allocates liability insurance to various City divisions based on actual claims experience.

Net assets totaled \$10.3 million at June 30, 2004, with \$1.3 million invested in capital assets, net of related debt, and \$9.0 million of unrestricted fund balance.

### **Storm Drainage Fund**

This fund is used 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).

Storm drainage fund operating revenues were relatively consistent with the prior year at \$0.4 million and consist of NPDES storm drain charge fees. Operating expenses were also consistent with the prior year at \$0.9 million. Net assets totaled \$2.2 million at June 30, 2004, with \$1.7 million invested in capital assets, net of related debt, and \$0.5 million of unrestricted fund balances.

## **CAPITAL ASSETS**

GASB 34 requires the City to record all of its capital assets including infrastructure, which was not recorded in prior years. Infrastructure includes roads, traffic lights, and similar assets used by the entire population. With the implementation of GASB 34, the City determined street and other infrastructure costs and accumulated depreciation amounts.

At the end of fiscal 2004, the cost of capital assets recorded on the City's financial statements was as shown in Table 6 below (further detail may be found in Note 7 to the financial statements).

**Table 6**  
**Capital Assets at Year-end**  
**(in Thousands)**

	2004	2003
<b><i>Governmental Activities</i></b>		
Land	\$10,353	\$10,353
Construction in progress	6,138	1,838
Buildings	11,776	11,760
Improvements other than buildings	275	217
Machinery and equipment	2,883	2,648
Vehicles	2,189	2,211
Streets and infrastructure	22,721	22,409
Less accumulated depreciation	<u>(17,972)</u>	<u>(16,687)</u>
<b>Totals</b>	<b><u>\$38,363</u></b>	<b><u>\$34,749</u></b>
<b><i>Business-type Activities</i></b>		
Land	\$15	\$15
Construction in progress	684	228
Improvements other than buildings	14,256	13,585
Machinery and equipment	190	190
Less accumulated depreciation	<u>(4,867)</u>	<u>(4,352)</u>
<b>Totals</b>	<b><u>\$10,278</u></b>	<b><u>\$9,666</u></b>

The principal additions for governmental activities in fiscal 2004 were related to construction in progress with \$6.1 million as of June 30, 2004, which includes \$2.8 million in various streets projects, \$2.2 million for the City Hall Retrofit/Police Facility project, and \$1.0 million for the new Belmont Library.

Additions for business-type activities were primarily related to Improvements other than buildings with \$0.7 million in additions during fiscal 2004 largely related to storm drain rehabilitation projects.

The City depreciates all of its capital assets over their estimated useful lives, as required by GASB 34. 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 7.

## **DEBT ADMINISTRATION**

Each of the City's debt issues is discussed in more detail in Note 8 to the financial statements. There were no new debt issues in fiscal 2004. A summary of activity is presented below:

<b>Table 7 Outstanding Debt (in Thousands)</b>		
	<u>2004</u>	<u>2003</u>
<b><i>Governmental Activity Debt:</i></b>		
<b><i>Long-Term Bonds Payable:</i></b>		
Public Financing Authority Revenue Bonds,		
1996 Series Housing Set-Aside, 6.5%-7.75%, due 2016	\$2,590	\$2,705
1999 Series A, 4.375%-5.7%, due 2029	13,965	14,405
1999 Series B, 3.6%-5.8%, due 2029	8,465	8,620
<b><i>Note Payable:</i></b>		
Note Payable:		
Oracle Owner Participation Agreement, LAIF rate, due 2025	249	2,350
<b>Subtotal Governmental Activity Debt</b>	<u>25,269</u>	<u>28,080</u>
<b><i>Business-type Debt – Sewer Enterprise Fund:</i></b>		
2001 Sewer Revenue Bonds, 4.375%-5.00%, due 2031	<u>7,275</u>	<u>7,415</u>
<b>Total Long-Term Obligations</b>	<u><b>\$32,544</b></u>	<u><b>\$35,495</b></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 1070 Sixth Avenue, Belmont, CA 94002. Additional information about the City's operations and activities can be obtained from the website at [www.belmont.gov](http://www.belmont.gov).

## CITY OF BELMONT

### STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

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

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service 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 assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities differs considerably from those used in the past. It 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 Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the City of Belmont Redevelopment Agency, 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 new financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*; the term General Purpose Financial Statements is no longer used.

CITY OF BELMONT  
STATEMENT OF NET ASSETS  
JUNE 30, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments (Note 3)	\$24,437,103	\$3,437,528	\$27,874,631
Cash and investments with fiscal agent (Note 3)	12,701,151	624,262	13,325,413
Receivables:			
Accounts	1,708,135	132,807	1,840,942
Interest	134,814		134,814
Due from other governmental agencies	1,351,840		1,351,840
Notes (Note 5)	1,510,154		1,510,154
Prepays and other assets	54,917		54,917
Land held for redevelopment (Note 6)	1,578,748		1,578,748
Investment in SBSA- Joint Venture (Note 12)		5,532,857	5,532,857
Capital assets, net (Note 7)			
Land and construction in progress	16,490,875	698,936	17,189,811
Depreciable assets, net	21,872,587	9,579,220	31,451,807
<b>Total Assets</b>	<b>81,840,324</b>	<b>20,005,610</b>	<b>101,845,934</b>
<b>LIABILITIES</b>			
Accounts payable, compensated absences, claims and other liabilities / contracts payable	3,167,454	267,744	3,435,198
Deposits	280,525		280,525
Deferred revenue	278,680		278,680
Advance from SMCTA (Note 14)	2,002,347		2,002,347
Long-term debt (Note 8)			
Due within one year	813,909	145,000	958,909
Due in more than one year	24,454,833	7,130,000	31,584,833
<b>Total Liabilities</b>	<b>30,997,748</b>	<b>7,542,744</b>	<b>38,540,492</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	20,527,814	3,003,156	23,530,970
Restricted for:			
Capital projects	10,396,302		10,396,302
Debt service	4,478,669		4,478,669
Redevelopment programs	14,574,203		14,574,203
Special revenue programs	71,039		71,039
<b>Total Restricted Net Assets</b>	<b>29,520,213</b>		<b>29,520,213</b>
Unrestricted	794,549	9,459,710	10,254,259
<b>Total Net Assets</b>	<b>\$50,842,576</b>	<b>\$12,462,866</b>	<b>\$63,305,442</b>

See accompanying notes to financial statements

CITY OF BELMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>							
General government	\$3,685,307	\$2,208,358		\$150,000	(\$1,326,949)		(\$1,326,949)
Public safety	11,530,226	63,758	\$286,164		(11,180,304)		(11,180,304)
Highways and streets	3,629,436	15,060	1,118,513	1,075,500	(1,420,363)		(1,420,363)
Culture and recreation	2,937,550	3,442,095	63,918	9,946,221	10,514,684		10,514,684
Urban redevelopment	2,958,072	1,470,792	37,140	205,101	(1,245,039)		(1,245,039)
Pass throughs and other	3,005,114	1,434,270	427,450		(1,143,394)		(1,143,394)
Interest on long term debt	1,415,838				(1,415,838)		(1,415,838)
<b>Total Governmental Activities</b>	<b>29,161,543</b>	<b>8,634,333</b>	<b>1,933,185</b>	<b>11,376,822</b>	<b>(7,217,203)</b>		<b>(7,217,203)</b>
<b>Business-type Activities:</b>							
Sewer	4,040,226	4,009,573				(\$30,653)	(30,653)
Storm Drainage	932,407	428,312				(504,095)	(504,095)
<b>Total Business-type Activities</b>	<b>4,972,633</b>	<b>4,437,885</b>				<b>(534,748)</b>	<b>(534,748)</b>
<b>Total</b>	<b>\$34,134,176</b>	<b>\$13,072,218</b>	<b>\$1,933,185</b>	<b>\$11,376,822</b>	<b>(7,217,203)</b>	<b>(534,748)</b>	<b>(7,751,951)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes					6,639,713		6,639,713
Incremental property tax					6,462,457		6,462,457
Sales taxes					2,697,933		2,697,933
Other taxes					1,784,984		1,784,984
Motor vehicle in lieu					1,085,614		1,085,614
Investment earnings					732,542	70,971	803,513
<b>Total general revenues and transfers</b>					<b>19,403,243</b>	<b>70,971</b>	<b>19,474,214</b>
<b>Change in Net Assets</b>					<b>12,186,040</b>	<b>(463,777)</b>	<b>11,722,263</b>
<b>Net Assets-Beginning</b>					<b>38,656,536</b>	<b>12,926,643</b>	<b>51,583,179</b>
<b>Net Assets-Ending</b>					<b>\$50,842,576</b>	<b>\$12,462,866</b>	<b>\$63,305,442</b>

See accompanying notes to financial statements

## FUND FINANCIAL STATEMENTS

GASB 34 revises the format of the Fund Financial Statements so that only individual major funds are presented, 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. No distinction is made between Fund types and the practice of combining like funds and presenting their totals in separate columns (Combined Financial Statements) has been discontinued, along with the use of the General Fixed Assets and General Long-term Debt Account Groups.

## MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2004. 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, planning, engineering, public works operations and maintenance, and legal and administrative services.

### BELMONT FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND

To account for resources received from the citizens of Belmont to finance the City's participation in the South County Fire Authority.

### LOW AND MODERATE INCOME HOUSING SPECIAL REVENUE FUND

To account for resources received through the City of Belmont Redevelopment Agency that are restricted for expenditure on low and moderate income housing programs.

### STREET IMPROVEMENTS MEASURE A GRANT SPECIAL REVENUE FUND

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

### REDEVELOPMENT AGENCY DEBT SERVICE FUND

To account for payment and interest on the 1999 Series A and B Tax Allocation Bonds and related costs.

### CITY HALL RETROFIT/POLICE FACILITIES CAPITAL PROJECTS FUND

To account for the design and construction of improvements to City Hall. These improvements include the police facility and retrofit of City Hall.

### GRADE SEPARATION CAPITAL PROJECTS FUND

To account for the construction of a street and rail grade separation projects at Ralston Avenue and Harbor Boulevard.

### RDA PROJECTS CAPITAL PROJECTS FUND

To account for improvements in the downtown area.

### LIBRARY PROJECT CAPITAL PROJECTS FUND

To account for the construction of a new library.

CITY OF BELMONT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2004

	General	Belmont Fire Protection District	Low and Moderate Income Housing	Street Improvements Measure A Grants	Redevelopment Agency Debt Service
<b>ASSETS</b>					
Cash and investments (Note 3)	\$28,307		\$4,057,525		\$2,035,869
Cash and investments with fiscal agent (Note 3)					2,173,774
Receivables:					
Accounts	462,132	\$166,251	1,000	\$1,068,507	
Interest	102,704				
Due from other governmental agencies Notes (Note 5)	1,027,792	236,375			
Due from other funds (Note 4B)	954,386		1,510,154		
Long term interfund receivables (Note 4C)	369,015				
Prepays and other assets	44,468				
Land held for redevelopment (Note 6)			1,280,000		
Total Assets	<u>\$2,988,804</u>	<u>\$402,626</u>	<u>\$6,848,679</u>	<u>\$1,068,507</u>	<u>\$4,209,643</u>
<b>LIABILITIES</b>					
Accounts payable, compensated absences, and other liabilities / contracts payable	\$368,063		\$6,318	\$113,442	\$41,851
Deposits	259,397	\$100			
Deferred revenue	278,680				
Due to other funds (Note 4B)		447,367		954,386	
Advance from SMCTA (Note 14)					
Long-term interfund payables (Note 4C)					
Total Liabilities	<u>906,140</u>	<u>447,467</u>	<u>6,318</u>	<u>1,067,828</u>	<u>41,851</u>
<b>FUND BALANCES</b>					
Fund balances					
Reserved for:					
Land held for redevelopment			1,280,000		
Debt service			310,877		4,167,792
Encumbrances	34,667			238,687	
Prepays and notes receivable	44,468		1,510,154		
Advance to other funds	369,015				
Low and moderate income housing			3,741,330		
Capital projects					
Unreserved, designated for:					
Capital projects					
Unreserved, undesignated	1,634,514	(44,841)		(238,008)	
Total Fund Balances	<u>2,082,664</u>	<u>(44,841)</u>	<u>6,842,361</u>	<u>679</u>	<u>4,167,792</u>
Total Liabilities and Fund Balances	<u>\$2,988,804</u>	<u>\$402,626</u>	<u>\$6,848,679</u>	<u>\$1,068,507</u>	<u>\$4,209,643</u>

See accompanying notes to financial statements

<u>City Hall Retrofit/ Police Facilities</u>	<u>Grade Separation Projects</u>	<u>RDA Projects</u>	<u>Library Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$3,825,306	\$2,002,347	\$7,433,094	\$8,525,030	\$4,118,434	\$21,498,535
					12,701,151
				10,245	1,708,135
			31,179		133,883
				87,673	1,351,840
					1,510,154
				497,069	1,451,455
					369,015
				2,976	47,444
		298,748			1,578,748
<u>\$3,825,306</u>	<u>\$2,002,347</u>	<u>\$7,731,842</u>	<u>\$8,556,209</u>	<u>\$4,716,397</u>	<u>\$42,350,360</u>
\$316,633			\$218,825	\$409,709	\$1,474,841
				21,028	280,525
					278,680
				49,702	1,451,455
	\$2,002,347				2,002,347
				369,015	369,015
<u>316,633</u>	<u>2,002,347</u>		<u>218,825</u>	<u>849,454</u>	<u>5,856,863</u>
		\$298,748			1,578,748
1,725,895				83,323	4,478,669
					2,082,572
					1,554,622
					369,015
					3,741,330
			8,337,384		8,337,384
1,782,778				967,481	2,750,259
		7,433,094		2,816,139	11,600,898
<u>3,508,673</u>		<u>7,731,842</u>	<u>8,337,384</u>	<u>3,866,943</u>	<u>36,493,497</u>
<u>\$3,825,306</u>	<u>\$2,002,347</u>	<u>\$7,731,842</u>	<u>\$8,556,209</u>	<u>\$4,716,397</u>	<u>\$42,350,360</u>

CITY OF BELMONT  
 Reconciliation of the  
 GOVERNMENTAL FUNDS -- BALANCE SHEET  
 with the  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2004

Total fund balances reported on the governmental funds balance sheet \$36,493,497

Amounts reported for Governmental Activities in the Statement of Net Assets 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. 38,363,462

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

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 Assets.

Cash and investments	2,938,568
Interest receivable	931
Prepays and other assets	7,473
Accounts payable, compensated absences, and other liabilities / contracts payable	(655,053)

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:

Long-term debt	(25,268,742)
Non-current portion of compensated absences	<u>(1,037,560)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$50,842,576

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, 2004

	General	Belmont Fire Protection District	Low and Moderate Income Housing	Street Improvements Measure A Grants	Redevelopment Agency Debt Service
<b>REVENUES</b>					
Taxes	\$6,456,998	\$4,472,587	\$1,292,493	\$388,212	\$5,169,969
Licenses and permits	707,756				
Fines and forfeitures	200,695				
Use of money and property	149,423	2,042	75,678	105	37,710
Intergovernmental	1,397,619	53,880		1,075,500	
Charges for current services	2,271,064				
Miscellaneous	427,450				11,287
<b>Total Revenues</b>	<b>11,611,005</b>	<b>4,528,509</b>	<b>1,368,171</b>	<b>1,463,817</b>	<b>5,218,966</b>
<b>EXPENDITURES</b>					
Current:					
General government	3,253,842				
Public safety	6,319,486	4,576,330			
Highways and streets					
Culture and recreation	1,230,277				
Urban redevelopment			735,739		
Pass throughs and other	32,451				2,634,299
Capital outlay			101,213	1,764,132	
Debt service:					
Principal			115,000		595,000
Interest and fiscal charges			200,851		1,208,337
<b>Total Expenditures</b>	<b>10,836,056</b>	<b>4,576,330</b>	<b>1,152,803</b>	<b>1,764,132</b>	<b>4,437,636</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>774,949</b>	<b>(47,821)</b>	<b>215,368</b>	<b>(300,315)</b>	<b>781,330</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Contributions (Note 8D)					
Transfers in (Note 4A)	224,488				
Transfers (out) (Note 4A)	(1,488,958)				(643,312)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,264,470)</b>				<b>(643,312)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(489,521)</b>	<b>(47,821)</b>	<b>215,368</b>	<b>(300,315)</b>	<b>138,018</b>
<b>BEGINNING FUND BALANCES</b>	<b>2,572,185</b>	<b>2,980</b>	<b>6,626,993</b>	<b>300,994</b>	<b>4,029,774</b>
<b>ENDING FUND BALANCES</b>	<b>\$2,082,664</b>	<b>(\$44,841)</b>	<b>\$6,842,361</b>	<b>\$679</b>	<b>\$4,167,792</b>

See accompanying notes to financial statements

<u>City Hall Retrofit/ Police Facilities</u>	<u>Grade Separation Projects</u>	<u>RDA Projects</u>	<u>Library Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
				\$3,195,417	\$20,975,676
				573,333	1,281,089
\$49,344	\$6,334	\$89,480	\$62,579	80,238	200,695
				184,098	546,599
				2,141,494	2,717,431
205,100				283,110	4,412,558
<u>254,444</u>	<u>6,334</u>	<u>89,480</u>	<u>62,579</u>	<u>6,457,690</u>	<u>31,060,995</u>
					3,253,842
	6,334			536,774	11,432,590
				1,221,473	1,227,807
				1,500,138	2,730,415
				1,438,074	2,173,813
3,045,087		84,553	1,671,416	337,917	3,004,667
				690,841	7,357,242
				2,100,870	2,810,870
				6,650	1,415,838
<u>3,045,087</u>	<u>6,334</u>	<u>84,553</u>	<u>1,671,416</u>	<u>7,832,737</u>	<u>35,407,084</u>
<u>(2,790,643)</u>		<u>4,927</u>	<u>(1,608,837)</u>	<u>(1,375,047)</u>	<u>(4,346,089)</u>
815,606			9,946,221		9,946,221
		(440,606)		2,122,469	3,162,563
				(538,883)	(3,111,759)
<u>815,606</u>		<u>(440,606)</u>	<u>9,946,221</u>	<u>1,583,586</u>	<u>9,997,025</u>
(1,975,037)		(435,679)	8,337,384	208,539	5,650,936
<u>5,483,710</u>		<u>8,167,521</u>		<u>3,658,404</u>	<u>30,842,561</u>
<u>\$3,508,673</u>		<u>\$7,731,842</u>	<u>\$8,337,384</u>	<u>\$3,866,943</u>	<u>\$36,493,497</u>

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, 2004

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 Assets 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 \$5,650,936

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 expenditures are therefore added back to fund balance 4,714,818

Depreciation expense is deducted from the fund balance  
 (Depreciation expense is net of internal service fund depreciation of \$426,204 which has already been allocated to serviced funds) (995,642)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities. 2,810,870

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 (60,569)

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 Assets - All Internal Service Funds 65,627

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$12,186,040

See accompanying notes to financial statements

CITY OF BELMONT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$7,319,576	\$7,260,610	\$6,456,998	(\$803,612)
Licenses and permits	690,529	690,529	707,756	17,227
Fines and forfeitures	190,000	190,000	200,695	10,695
Use of money and property	259,432	259,432	149,423	(110,009)
Intergovernmental	1,965,793	1,952,793	1,397,619	(555,174)
Charges for current services	2,271,587	2,271,587	2,271,064	(523)
Miscellaneous	312,237	312,237	427,450	115,213
Total Revenues	<u>13,009,154</u>	<u>12,937,188</u>	<u>11,611,005</u>	<u>(1,326,183)</u>
EXPENDITURES:				
Current:				
General government	3,607,892	3,479,959	3,253,842	226,117
Public safety	6,907,672	6,714,974	6,319,486	395,488
Culture and recreation	1,359,377	1,278,189	1,230,277	47,912
Miscellaneous	34,661	108,361	32,451	75,910
Total Expenditures	<u>11,909,602</u>	<u>11,581,483</u>	<u>10,836,056</u>	<u>745,427</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,099,552</u>	<u>1,355,705</u>	<u>774,949</u>	<u>(580,756)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	26,020	26,020	224,488	198,468
Transfers (out)	(1,429,908)	(1,472,782)	(1,488,958)	(16,176)
Total other financing sources (uses)	<u>(1,403,888)</u>	<u>(1,446,762)</u>	<u>(1,264,470)</u>	<u>182,292</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$304,336)</u>	<u>(\$91,057)</u>	<u>(489,521)</u>	<u>(\$398,464)</u>
Fund balance, July 1			<u>2,572,185</u>	
Fund balance, June 30			<u>\$2,082,664</u>	

See accompanying notes to financial statements

CITY OF BELMONT  
 BELMONT FIRE PROTECTION DISTRICT FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$4,618,771	\$4,618,771	\$4,472,587	(\$146,184)
Use of money and property			2,042	2,042
Intergovernmental	<u>86,763</u>	<u>86,763</u>	<u>53,880</u>	<u>(32,883)</u>
Total Revenues	<u>4,705,534</u>	<u>4,705,534</u>	<u>4,528,509</u>	<u>(177,025)</u>
EXPENDITURES:				
Current:				
Public safety	<u>4,594,733</u>	<u>4,594,733</u>	<u>4,576,330</u>	<u>18,403</u>
Total Expenditures	<u>4,594,733</u>	<u>4,594,733</u>	<u>4,576,330</u>	<u>18,403</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$110,801</u>	<u>\$110,801</u>	(47,821)	<u>(\$158,622)</u>
Fund balance, July 1			<u>2,980</u>	
Fund balance, June 30			<u>(\$44,841)</u>	

See accompanying notes to financial statements

CITY OF BELMONT  
 LOW AND MODERATE INCOME HOUSING FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$1,357,351	\$1,717,067	\$1,292,493	(\$424,574)
Use of money and property	102,996	102,996	75,678	(27,318)
Total Revenues	<u>1,460,347</u>	<u>1,820,063</u>	<u>1,368,171</u>	<u>(451,892)</u>
EXPENDITURES:				
Current:				
Urban redevelopment	903,454	980,005	735,739	244,266
Capital outlay	3,890,688	3,868,157	101,213	3,766,944
Debt service:				
Principal	115,000	115,000	115,000	
Interest and fiscal charges	200,851	200,851	200,851	
Total Expenditures	<u>5,109,993</u>	<u>5,164,013</u>	<u>1,152,803</u>	<u>4,011,210</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(\$3,649,646)</u>	<u>(\$3,343,950)</u>	215,368	<u>\$3,559,318</u>
Fund balance, July 1			<u>6,626,993</u>	
Fund balance, June 30			<u>\$6,842,361</u>	

See accompanying notes to financial statements

CITY OF BELMONT  
STREET IMPROVEMENTS MEASURE A/GRANTS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$405,091	\$405,091	\$388,212	(\$16,879)
Use of money and property	3,045	3,045	105	(2,940)
Intergovernmental	<u>332,750</u>	<u>632,750</u>	<u>1,075,500</u>	<u>442,750</u>
Total Revenues	<u>740,886</u>	<u>1,040,886</u>	<u>1,463,817</u>	<u>422,931</u>
EXPENDITURES:				
Capital outlay	<u>954,030</u>	<u>2,677,086</u>	<u>1,764,132</u>	<u>912,954</u>
Total Expenditures	<u>954,030</u>	<u>2,677,086</u>	<u>1,764,132</u>	<u>912,954</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(\$213,144)</u>	<u>(\$1,636,200)</u>	(300,315)	<u>\$1,335,885</u>
Fund balance, July 1			<u>300,994</u>	
Fund balance, June 30			<u>\$679</u>	

See accompanying notes to financial statements

## **MAJOR 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 concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal 2004. Individual non-major funds may be found in the Supplemental section.

GASB 34 does not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds that are major funds.

### **SEWER 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, treatment, maintenance, capital improvement, and billing and collection.

### **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).

CITY OF BELMONT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2004

	<u>Business-type Activities-Enterprise Funds</u>			Governmental
	<u>Sewer</u>	<u>Storm Drainage</u>	<u>Totals</u>	<u>Activities- Internal Service Funds</u>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and investments (Note 3)	\$2,908,090	\$529,438	\$3,437,528	\$2,938,568
Cash and investments with fiscal agent (Note 3)	624,262		624,262	
Accounts receivable	124,450	8,357	132,807	
Interest receivable				931
Prepays and other assets				7,473
<b>Total Current Assets</b>	<u>3,656,802</u>	<u>537,795</u>	<u>4,194,597</u>	<u>2,946,972</u>
<b>Noncurrent Assets:</b>				
Investment in SBSA- Joint Venture (Note 12)	5,532,857		5,532,857	
Capital assets, net (Note 7)				
Land and construction in progress	176,508	522,428	698,936	
Depreciable assets, net	8,443,636	1,135,584	9,579,220	1,036,241
<b>Total Noncurrent Assets</b>	<u>14,153,001</u>	<u>1,658,012</u>	<u>15,811,013</u>	<u>1,036,241</u>
<b>Total Assets</b>	<u>17,809,803</u>	<u>2,195,807</u>	<u>20,005,610</u>	<u>3,983,213</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and claims payable	148,862	12,257	161,119	655,053
Compensated absences	77,203	29,422	106,625	
<b>Total Current Liabilities</b>	<u>226,065</u>	<u>41,679</u>	<u>267,744</u>	<u>655,053</u>
<b>Noncurrent Liabilities:</b>				
Long-term debt (Note 8):				
Due within one year	145,000		145,000	
Due in more than one year	7,130,000		7,130,000	
<b>Total Noncurrent Liabilities</b>	<u>7,275,000</u>		<u>7,275,000</u>	
<b>Total Liabilities</b>	<u>7,501,065</u>	<u>41,679</u>	<u>7,542,744</u>	<u>655,053</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,345,144	1,658,012	3,003,156	1,036,241
Unrestricted	8,963,594	496,116	9,459,710	2,291,919
<b>Total Net Assets</b>	<u>\$10,308,738</u>	<u>\$2,154,128</u>	<u>\$12,462,866</u>	<u>\$3,328,160</u>

See accompanying notes to financial statements

CITY OF BELMONT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUE, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Internal Service Funds
	<u>Sewer</u>	<u>Storm Drainage</u>	<u>Totals</u>	
<b>OPERATING REVENUES</b>				
Charges for current services				
Sewer service charges	\$3,701,929		\$3,701,929	
Sewer connection fees	307,644		307,644	
NPDES storm drain charges		\$428,312	428,312	
Interdepartmental charges				
				<u>\$3,105,276</u>
Total Operating Revenues	<u>4,009,573</u>	<u>428,312</u>	<u>4,437,885</u>	<u>3,105,276</u>
<b>OPERATING EXPENSES</b>				
Personnel services	452,132	520,938	973,070	
Sewer services and supplies	1,559,643	331,679	1,891,322	
Sewer treatment	1,142,613		1,142,613	
Insurance premiums				616,899
Professional and legal				582,139
Operating costs				1,432,673
Insurance claims, net of change in claims payable				285,709
Depreciation	433,442	81,411	514,853	426,204
Total Operating Expenses	<u>3,587,830</u>	<u>934,028</u>	<u>4,521,858</u>	<u>3,343,624</u>
Operating Income (Loss)	<u>421,743</u>	<u>(505,716)</u>	<u>(83,973)</u>	<u>(238,348)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Proceeds from the sale of capital assets				14,412
Interest	68,207	2,764	70,971	340,367
Interest expense	(350,701)		(350,701)	
Equity interest in SBSA - Joint Venture	(101,695)		(101,695)	
Miscellaneous		1,621	1,621	
Total Nonoperating Revenues (Expenses)	<u>(384,189)</u>	<u>4,385</u>	<u>(379,804)</u>	<u>354,779</u>
Income (Loss) Before Transfers	<u>37,554</u>	<u>(501,331)</u>	<u>(463,777)</u>	<u>116,431</u>
Transfers in (Note 4A)		1,251,471	1,251,471	209,801
Transfers (out) (Note 4A)	(1,251,471)		(1,251,471)	(260,605)
Net transfers	<u>(1,251,471)</u>	<u>1,251,471</u>		<u>(50,804)</u>
Change in net assets	(1,213,917)	750,140	(463,777)	65,627
<b>BEGINNING NET ASSETS</b>	<u>11,522,655</u>	<u>1,403,988</u>	<u>12,926,643</u>	<u>3,262,533</u>
<b>ENDING NET ASSETS</b>	<u>\$10,308,738</u>	<u>\$2,154,128</u>	<u>\$12,462,866</u>	<u>\$3,328,160</u>

See accompanying notes to financial statements

CITY OF BELMONT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Internal Service Funds
	<u>Sewer</u>	<u>Storm Drainage</u>	<u>Totals</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$4,082,911	\$429,401	\$4,512,312	\$3,104,345
Payments to suppliers	(2,589,774)	(340,473)	(2,930,247)	(1,667,338)
Payments to employees	(447,692)	(519,220)	(966,912)	
Claims paid				(1,484,747)
	<u>1,045,445</u>	<u>(430,292)</u>	<u>615,153</u>	<u>(47,740)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund payments				79,961
Transfers in		1,251,471	1,251,471	209,801
Transfers (out)	(1,251,471)		(1,251,471)	(260,605)
	<u>(1,251,471)</u>	<u>1,251,471</u>		<u>29,157</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(739,008)	(387,873)	(1,126,881)	(321,134)
Proceeds from sale of capital assets				14,412
Principal payments on capital debt	(140,000)		(140,000)	
Interest paid	(350,701)		(350,701)	
	<u>(1,229,709)</u>	<u>(387,873)</u>	<u>(1,617,582)</u>	<u>(306,722)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest	68,207	2,764	70,971	340,367
Investment in SBSA	(284,885)		(284,885)	
	<u>(216,678)</u>	<u>2,764</u>	<u>(213,914)</u>	<u>340,367</u>
<b>Net Cash Flows</b>	<u>(1,652,413)</u>	<u>436,070</u>	<u>(1,216,343)</u>	<u>15,062</u>
Cash and investments at beginning of period	<u>5,184,765</u>	<u>93,368</u>	<u>5,278,133</u>	<u>2,923,506</u>
Cash and investments at end of period	<u>\$3,532,352</u>	<u>\$529,438</u>	<u>\$4,061,790</u>	<u>\$2,938,568</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows</b>				
from Operating Activities:				
Operating income (loss)	\$421,743	(\$505,716)	(\$83,973)	(\$238,348)
Adjustments to reconcile operating income to cash flows				
from operating activities:				
Depreciation	433,442	81,411	514,853	426,204
Change in assets and liabilities:				
Receivables, net	73,338	1,089	74,427	34,777
Accounts payable, claims payable and compensated absences	116,922	(8,697)	108,225	(270,373)
Miscellaneous expenses		1,621	1,621	
	<u>\$1,045,445</u>	<u>(\$430,292)</u>	<u>\$615,153</u>	<u>(\$47,740)</u>
Cash Flows from Operating Activities				

See accompanying notes to financial statements

## **FIDUCIARY FUNDS**

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 Entity – wide financial statements, but are presented in separate Fiduciary Fund financial statements.

CITY OF BELMONT  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2004

	Agency Funds
<b>ASSETS</b>	
Cash and investments (Note 3)	\$404,844
Total Assets	\$404,844
 <b>LIABILITIES</b>	
Deposits	\$6,254
Section 125 employee benefits payable	6,589
Due to bondholders	392,001
Total Liabilities	\$404,844

See accompanying notes to financial statements

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**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), highways and streets, sewer, storm drainage, recreation, public improvements, planning and zoning, building inspections, general administration services, and redevelopment.

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 City of Belmont Redevelopment Agency, 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 **City of Belmont Redevelopment Agency** is a separate government entity created in 1981 under the provisions of the Community Redevelopment Law (California Health and Safety Code) to assist in revitalizing of areas within the City of Belmont which are determined to be in a declining condition. The Agency is controlled by the City and has the same governing board as the City, which also performs all accounting and administrative functions for the Agency. The financial activities of the Agency have been included in these financial statements in the Redevelopment Agency and Low and Moderate Income Housing Special Revenue Funds and the Redevelopment Agency Debt Service Fund.

The **Belmont Fire Protection District** 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.

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 and Agency 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.

**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.

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

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**Government-wide Statements:** The Statement of Net Assets 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.

**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.

**C. Major Funds**

GASB Statement 34 defines major funds and requires that the City's major governmental and business-type funds be 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, planning, engineering, public works operations and maintenance, and legal and administrative services.

**Belmont Fire Protection District Special Revenue Fund-**To account for resources received from the citizens of Belmont to finance the City's participation in the South County Fire Protection Authority.

**CITY OF BELMONT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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

**Low And Moderate Income Housing Special Revenue Fund-**To account for resources received through the City of Belmont Redevelopment Agency that are restricted for expenditure on low and moderate income housing programs.

**Street Improvements Measure A Grant Special Revenue Fund-**To account for the City's portion of the special half cent sales tax receipts restricted for street expenditures and other street related programs.

**Redevelopment Agency Debt Service Fund-**To account for payment and interest on the 1999 Series A and B Tax Allocation Bonds and related costs.

**City Hall Retrofit/Police Facilities Capital Projects Fund -** To account for the design and construction of improvements to City Hall. These improvements include the police facility and retrofit of City Hall.

**Grade Separation Capital Projects Fund-** To account for the construction of a street and rail grade separation projects at Ralston Avenue and Harbor Boulevard.

**RDA Projects – Capital Projects Fund -**To account for improvements in the downtown area.

**Library Project – Capital Projects Fund -**To account for the construction of a new library.

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

**Sewer 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, treatment, maintenance, capital improvement, and billing and collection.

**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).

The City also reports the following fund types:

**Internal Services Fund-**The funds account for worker's compensation, general liability, vision, fleet and equipment management, and facilities management; all of which are provided to other departments on a cost-reimbursement basis.

#### **FIDUCIARY FUNDS**

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 statement, but are presented in separate Fiduciary Fund financial statements.

#### **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.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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

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, intergovernmental revenues, grants and interest revenue. Fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until collected.

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.

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

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

The City follows all Government Accounting Standards Board pronouncements and only those Financial Accounting Standards Board Statements issued on or before November 30, 1989 which do not conflict with Government Accounting Standards Board Statements.

**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. As of year end there were no material uncollected sewer or storm drain 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.

**CITY OF BELMONT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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

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. *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 or Proprietary funds as appropriate. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be paid out of current financial resources are recorded as fund liabilities; the long term portion is recorded in the Statement of Net Assets.

The changes of the compensated absences were as follows:

	Governmental Activities	Business Type Activities	Total
Beginning Balance	\$1,050,322	\$100,467	\$1,150,789
Additions	764,567	117,496	882,063
Payments	(699,380)	(111,338)	(810,718)
Ending Balance	<u>\$1,115,509</u>	<u>\$106,625</u>	<u>\$1,222,134</u>
Current Portion	<u>\$318,714</u>	<u>\$94,310</u>	<u>\$413,024</u>

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.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**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. Expenditures may not exceed appropriations at the fund level. Unencumbered appropriations lapse at year end. Supplemental appropriations were adopted by the Council and have been 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 are reported as reservations of fund balances since they 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 except Agency Funds and the Grade Separation and the Special Assessment District Capital Project Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds.

Expenditures exceeded budget in Supplemental Law Enforcement Services, COPSMORE 96 Special Revenue Funds, Redevelopment Agency Debt Service Fund, General Facilities, and Library Project Capital Projects Funds by \$17,267, \$26,740, \$168,744, \$336 and \$68,731 respectively. Sufficient current revenues were available to offset these expenditures.

**NOTE 3 - CASH AND INVESTMENTS**

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except cash with fiscal agent so that it can be invested at the maximum yield, consistent with the principles of safety and liquidity. Individual funds can make expenditures at any time. Investments are carried at fair value.

**A. *Categorization of Credit Risk of Securities Instruments***

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

The City categorizes its individual securities instruments in ascending order to reflect the relative risk of loss of these instruments. This risk is called Credit Risk, the lower the number, the lower the risk. The three levels of risk prescribed by generally accepted accounting principles are described below:

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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

*Category 1* - Securities instruments in this category are in the City's name and are in the possession of the Trust Department of the bank employed by the City solely for this purpose. The City is the registered owner of securities held in book entry form by the bank's Trust Department (the City's Agent).

*Category 2* - Securities instruments and book entry form securities in this category are in the bank's name as the City's agent, but are held by its Trust Department in the City's name.

*Category 3* - Investments in this category include only City-owned securities instruments or book entry form securities, which were not in the City's name or not held by the bank's Trust Department.

*Pooled Investments* - Pooled investments are not categorized because of their pooled, rather than individual, nature.

Investments are carried at fair value and were categorized as follows at June 30:

	2004			Total
	Available for Operations	Investments with Fiscal Agent	Fiduciary Funds	
<i>Category 2</i>				
U.S. Treasury Securities		\$2,614,433		\$2,614,433
<i>Non-categorized investments:</i>				
Government Securities Money Market		364,625		364,625
Local Agency Investment Fund	\$27,552,766	8,344,008		35,896,774
Total Investments	27,552,766	11,323,066		38,875,832
Bank balances before reconciling items	985,042	2,002,347	\$404,844	3,392,233
Add: deposits in transit	767			767
Deduct: outstanding checks	(665,094)			(665,094)
Cash on hand	1,150			1,150
Total Cash and Investments	<u>\$27,874,631</u>	<u>\$13,325,413</u>	<u>\$404,844</u>	<u>\$41,604,888</u>

The City does not allocate investments by fund. Each Proprietary fund's portion of Cash and Investments is in substance a demand deposit available to finance operations, is considered a cash equivalent and is used in preparing the statement of cash flows.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**B. *Cash Deposits***

The carrying amount of the City's cash deposits was \$2,727,906 at June 30, 2004. Bank balances before reconciling items were \$3,392,233 of which \$200,000 was insured (Category 1), and \$3,192,233 was collateralized by an agent of the institution holding the deposit in the City's name (Category 2). California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all municipal deposits. This collateral remains with the institution, but is considered to be held in the City's name and places the City ahead of general creditors of the institution. The City has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

**C. *Authorized Investments***

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:

- Local Agency Bonds
- US Treasury Obligations
- State of California Obligations
- CA Local Agency Obligations
- US Agencies
- Bankers Acceptances
- Commercial Paper
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Reverse Repurchase Agreements
- Medium-Term Notes
- Mutual Funds
- Money Market Funds
- Collateralized Bank Deposits
- Mortgage Pass-Through Securities
- Time Deposits
- County Pooled Investment Funds
- Local Agency Investment Fund

**D. *Investments Carrying Value***

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.

The City is a voluntary 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 fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis that is not materially different than fair value. 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, and corporations.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4 - INTERFUND TRANSACTIONS**

**A. Transfers Between Funds**

The purpose of the majority of transfers is to reimburse a 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, 2004 were as follows:

Fund Receiving Transfer	Fund Making Transfer	Amount Transferred
<b>General Fund</b>	<i>Street Maintenance State Gasoline</i>	
General Fund	Tax Special Revenue Fund	\$47,733
	Law Enforcements Block Grants	
	Special Revenue Fund	2,074
	Facilities Management	
	Internal Service Fund	60,605
	Ralston/Rte. 101 Interchange Island Park	
	Capital Project Fund	113,823
	General Debt Service	253
<b>Special Revenue Fund</b>		
<i>Co Sponsored Recreation</i>	General Fund	586,424
	Fleet and Equipment Mgmt	
	Internal Service Fund	200,000
Development Services	General Fund	700
Supplemental Law Enforcement Services	General Fund	59,805
Street Maintenance State Gasoline Tax	General Fund	529,712
RDA Special Revenue Fund	RDA Projects Fund	643,312
<b>Capital Projects Fund</b>		
City Hall Retrofit/ Police Facilities	General Facilities	
	Capital Projects Fund	375,000 a
	RDA Projects Fund	440,606 a
<b>Debt Service</b>		
General Debt Service	<i>General Fund</i>	102,516
<b>Enterprise Fund</b>		
Storm Drainage	Sewer Enterprise Fund	1,251,471 b
<b>Internal Service Fund</b>		
Facilities Mgmt	General Fund	209,801
		<u>\$4,623,835</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) The transfer was used for the City Hall project.
- (b) Transfer was used to fund Storm Drain Capital Projects and operations.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4 - INTERFUND TRANSACTIONS (Continued)**

**B. Current Interfund Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2004, interfund balances were as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
General Fund	Street Improvements Measure A/Grants	\$954,386
General Facilities Capital Projects Fund	Belmont Fire Protection District	447,367
General Facilities Capital Projects Fund	Street Maintenance State Gasoline Tax	46,644
General Facilities Capital Projects Fund	Ralston Rte/101 Interchange Island Park	3,058
		<u>\$1,451,455</u>

**C. Long Term Interfund Balances**

On May 26, 1992 the City's General Fund borrowed \$999,050 from the Belmont Fire Protection District Special Revenue Fund. Proceeds from the loan were used to finance the acquisition of the Barrett Community Center. Effective February 1999, Council approved the reassignment of this loan to the **Worker's Compensation Internal Service Fund** which paid cash to the Belmont Fire Protection District Special Revenue Fund. The loan bears interest at a rate equal to the rate earned by the District on its investments. Monthly payments amounting to \$9,420 are due and are repayable from general fund revenues. During fiscal year 2004, the interfund balance was fully repaid.

During the year ended June 30, 2003, the Co-Sponsored Recreation and Development Services Special Revenue Funds received cash flow advances from the General Fund in the amount of \$64,937 and \$175,202, respectively. These interfund advances are expected to be repaid with future revenues from each of these funds.

The City has a continuing agreement with the Redevelopment Agency under which it advances funds for administrative and project costs incurred by the Agency. The Agency is obligated to repay the **Advances from the City** plus interest earned at the same rate as the City earns on its investments in the California Local Agency Investment Fund. Repayments are to be made from property tax increment revenues. At June 30, 2004, the balance outstanding amounted to \$128,876.

**D. Internal Balances**

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 5 - NOTES RECEIVABLE**

*Summary of Notes Receivable*

Since none of the Notes below are due within the next year, the City has offset them with reservations of fund balance. These notes are summarized below:

Project	Amount
Mid-Peninsula Horizons, Inc.	\$209,562
Mercy Housing Loan	325,000
Owner Occupied Rehabilitation Assistance Program	73,479
Home Buyer Assistance Program	844,530
Peace Officer Down Payment Assistance Program	57,583
Total notes receivable	\$1,510,154

On September 30, 1992 the 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 March 1995, the Agency loaned \$325,000 to **Mercy Housing California**, a nonprofit corporation, which used the proceeds along with other funds to finance the renovation and rehabilitation of a site used for an AIDS Hospice project. The note is secured by a deed of trust, bears no interest and is due in 2028.

In January 1999, the Agency began funding loans under **the Owner Occupied Rehabilitation Assistance Program**. Proceeds of the loans are used to correct structural, health and safety deficiencies, and for cosmetic improvements for homeowners with very low, low, or moderate incomes. Loans are secured by deeds of trust and bear no interest.

In fiscal 1998-99, the 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.

In September 1999, the Agency began providing financial assistance for City Peace Officers under **Peace Officer Residential Down Payment Assistance Program**. Loans provide down payments to assist peace officers in locating their primary residence in the City. The term of loan is ten years and it is to be forgiven at a rate of 10% per year with no interest. If the value of the underlying property declines on resale within a 10-year period, then the Agency will share the loss in proportion to each party's contribution to the original purchase price. Loans are secured by a deed of trust. During the fiscal year ended June 30, 2004 the Agency forgave \$69,800 on the two loans outstanding.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6 - LAND HELD FOR REDEVELOPMENT**

Land held for redevelopment is carried in the financial statements at the lower of cost or estimated net realizable value. The Agency did not purchase or sell any land during the fiscal year ended June 30, 2004.

**NOTE 7 - 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 fair market value on the date contributed.

With the implementation of GASB Statement 34, 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.

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Alternatively, the "modified approach" may be used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

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.

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	5-25 years
Vehicles	5 years

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.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7 - CAPITAL ASSETS (Continued)**

**A. Capital Asset Additions and Retirements**

Capital assets at June 30 comprise:

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u> <u>and Transfers</u>	<u>Retirements</u> <u>and Transfers</u>	<u>Balance</u> <u>June 30, 2004</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$10,353,097			\$10,353,097
Construction in progress	<u>1,837,572</u>	<u>\$5,032,240</u>	<u>(\$732,034)</u>	<u>6,137,778</u>
Total capital assets not being depreciated	<u>12,190,669</u>	<u>5,032,240</u>	<u>(732,034)</u>	<u>16,490,875</u>
Capital assets being depreciated:				
Buildings and building improvements	11,760,528	15,636		11,776,164
Improvements other than buildings	216,858	58,200		275,058
Streets and infrastructure	22,409,589	311,614		22,721,203
Machinery and equipment	2,647,665	235,229		2,882,894
Vehicles	<u>2,210,781</u>	<u>115,068</u>	<u>(136,584)</u>	<u>2,189,265</u>
Total capital assets being depreciated	<u>39,245,421</u>	<u>735,747</u>	<u>(136,584)</u>	<u>39,844,584</u>
Less accumulated depreciation for:				
Buildings and building improvements	4,926,706	273,097		\$5,199,803
Improvements other than buildings	138,929	5,575		144,504
Streets and infrastructure	8,088,230	637,688		8,725,918
Machinery and equipment	2,058,672	262,417		2,321,089
Vehicles	<u>1,474,197</u>	<u>308,427</u>	<u>(201,941)</u>	<u>1,580,683</u>
Total accumulated depreciation	<u>16,686,734</u>	<u>1,487,204</u>	<u>(201,941)</u>	<u>17,971,997</u>
Total depreciable assets	<u>22,558,687</u>	<u>(751,457)</u>	<u>65,357</u>	<u>21,872,587</u>
Governmental activity capital assets, net	<u>\$34,749,356</u>	<u>\$4,280,783</u>	<u>(\$666,677)</u>	<u>\$38,363,462</u>

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7 - CAPITAL ASSETS (Continued)**

	Balance June 30, 2003	Additions	Transfers	Balance June 30, 2004
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$14,793			\$14,793
Construction in progress	228,490	\$468,898	(\$13,245)	684,143
Total capital assets not being depreciated	243,283	468,898	(13,245)	698,936
Capital assets being depreciated:				
Improvements other than buildings	13,585,390	671,228		14,256,618
Machinery and equipment	189,649			189,649
Total capital assets being depreciated	13,775,039	671,228		14,446,267
Less accumulated depreciation				
Improvements other than buildings	4,178,615	482,015		4,660,630
Machinery and equipment	173,579	32,838		206,417
Total accumulated depreciation	4,352,194	514,853		4,867,047
Total depreciable assets	9,422,845	156,375		9,579,220
Business-type activity capital assets, net	\$9,666,128	\$625,273	(\$13,245)	\$10,278,156

**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. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**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:

<b>Governmental Activities</b>	
General government	\$328,346
Highways and streets	474,444
Culture and recreation	163,244
Urban redevelopment	29,608
Depreciation charged to internal service funds	<u>426,204</u>
Total Governmental Activities	<u><u>\$1,421,846</u></u>
<b>Business-Type Activities</b>	
Sewer	\$433,442
Storm drainage	<u>81,411</u>
Total Business-Type Activities	<u><u>\$514,853</u></u>

**D. Construction Commitments**

Construction Commitments for governmental activities as of June 30, 2004, consisted of the following projects:

<u>Major Project</u>	<u>Authorized</u>	<u>Expended</u>	<u>Future Commitment</u>
New Library Construction	\$10,875,876	\$1,671,911	\$9,203,965
City Hall Expansion/Renovation	<u>9,985,100</u>	<u>4,087,744</u>	<u>5,897,356</u>
	<u><u>\$20,860,976</u></u>	<u><u>\$5,759,655</u></u>	<u><u>\$15,101,321</u></u>

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**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.

**A. Current Year Transactions and Balances**

	Balance June 30, 2003	Retirements	Balance June 30, 2004	Current Portion
<b>GOVERNMENTAL ACTIVITY DEBT</b>				
<b>Redevelopment Long-Term Bonds Payable:</b>				
<b>1996 Series Housing Set-Aside Bonds,</b> 6.5%-7.75%, due serially to 2016	\$2,705,000	(\$115,000)	\$2,590,000	\$125,000
<b>1999 Series A Refunding Bonds,</b> 4.375%-5.7%, due serially to 2029	14,405,000	(440,000)	13,965,000	460,000
<b>1999 Series B Subordinated Bonds,</b> 3.6%-5.8%, due serially to 2029	8,620,000	(155,000)	8,465,000	165,000
Subtotal	<u>25,730,000</u>	<u>(710,000)</u>	<u>25,020,000</u>	<u>750,000</u>
<b>Note Payable:</b>				
<b>Oracle Owner Participation Agreement</b> LAIF rate, due 2025	2,349,612	(2,100,870)	248,742	63,909
<b>Total Governmental Activity Debt</b>	<u>28,079,612</u>	<u>(2,810,870)</u>	<u>25,268,742</u>	<u>813,909</u>
<b>BUSINESS-TYPE ACTIVITY DEBT</b>				
<b>2001 Sewer Revenue Bonds</b> 4.375%-5.00%, due semiannually to 2031	7,415,000	(140,000)	7,275,000	145,000
<b>Total Long-Term Obligations</b>	<u>\$35,494,612</u>	<u>(\$2,950,870)</u>	<u>\$32,543,742</u>	<u>\$958,909</u>

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8 - LONG TERM DEBT (Continued)**

**B. Summary of Debt Issues**

On April 1, 1996 the Redevelopment Agency issued \$3,265,000 principal amount of Los Costanos Community Development Project Area **Housing Set-Aside Tax Allocation Bonds (Taxable), Series 1996**. Proceeds from the Bonds were used to increase, improve and preserve low and moderate income housing in the project area. Interest is due semiannually on February 1 and August 1 and principal is due annually on August 1 and is repayable from incremental property tax revenues required to be set aside to fund low and moderate income housing projects.

On December 1, 1999 the Redevelopment Agency approved the issuance of \$15,490,000 and \$8,725,000 principal amounts of Los Costanos Community Development Project **Senior Tax Allocation Refunding, Series 1999A and Subordinated Tax Allocation Bonds, Series 1999B**. Proceeds from the 1999A Bonds were used to repay the Note Payable to the City and advance refund the Subordinated Tax Allocation Bonds, Series 1994A and 1992A (Prior Bonds). Series 1999A proceeds along with funds remaining from the Prior Bonds were used to acquire US government securities, which were placed in irrevocable trusts to be used to repay all future debt service on the Prior Bonds. The Prior Bonds are considered defeased and have been removed, along with the trusts, from the Agency's financial statements. The balance outstanding on the Prior Bonds at June 30, 2004 was \$10,065,000.

Proceeds from the Series 1999B Bonds are to be used to finance various redevelopment projects. Interest is due semiannually on February 1 and August 1 commencing February 1, 2000 and principal is due annually on August 1 commencing August 1, 2000. Debt service on the 1999A bonds is repayable from incremental property tax revenues, net of low and moderate income housing set-asides required by State law. The 1999B Bonds are subordinated to the Agency's obligation to pay debt service on the 1999A Bonds and certain pass-through amounts owed to other government agencies.

On October 27, 1998 the Agency entered into a **Development Agreement with Oracle Corporation** to develop property owned by Oracle. The City received proceeds of \$3,000,000 from Oracle to be used for the development of roadway improvements adjacent to the property. These amounts will be repaid with future sales tax revenues in excess of \$100,000 annually from the developed area over twenty-five years.

On December 5, 2001 the Authority issued \$7,500,000 principal amount of **Sewer Revenue Bonds, Series 2001**. Proceeds will be used to rehabilitate and improve the City's sanitary sewer system. Interest is due semiannually on February 1 and August 1 and principal is due annually on August 1 and is repayable from sewer service charges net of operating and maintenance expenses.

The Agency has **Cash and Investments with Fiscal Agent** at June 30, 2004 pledged for the payment or security of Bonds. The California Government Code requires these funds to be invested in accordance with any applicable City ordinance, resolution or bond indenture, unless there are specific State statutes governing their investment. All these funds have been invested only as permitted by either the above Code or applicable trust agreement.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8 - LONG TERM DEBT (Continued)**

**C. 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
2005	\$813,909	\$1,373,629	\$145,000	\$344,467
2006	969,833	1,336,599	140,000	338,232
2007	820,000	1,297,408	150,000	331,889
2008	860,000	1,255,551	160,000	325,108
2009	900,000	1,210,703	160,000	318,108
2010-2014	5,300,000	5,252,340	895,000	1,478,427
2015-2019	5,930,000	3,558,284	1,125,000	1,253,304
2020-2024	4,900,000	2,100,973	1,405,000	952,843
2025-2029	3,970,000	765,038	1,790,000	558,750
2030-2033	805,000	23,238	1,305,000	99,875
Total	<u>\$25,268,742</u>	<u>\$18,173,763</u>	<u>\$7,275,000</u>	<u>\$6,001,003</u>

**D. 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. The proceeds are 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 Governmental Activities long-term debt of the City. As of June 30, 2004, the entire balance is outstanding.

**NOTE 9 – NET ASSETS AND FUND BALANCES**

GASB Statement 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

**A. Net Assets**

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

*Invested in Capital Assets, net of related debt* describes the portion of Net Assets 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.

**CITY OF BELMONT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9 – NET ASSETS AND FUND BALANCES (Continued)**

*Restricted* describes the portion of Net Assets 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 purposes.

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

**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. Portions of a fund's balance may be reserved or designated for future expenditure.

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity, which provided the funds. The City cannot modify or remove these restrictions or reserves.

Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Council action.

Reserves for **prepaids, long term interfund receivables, and land held for redevelopment** are the portions of fund balance set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Reserve for **encumbrances** represents the portion of fund balance set aside for open purchase orders.

Reserve for **debt service** is the portion of fund balance legally restricted for the payment of principal and interest on long term liabilities.

Reserve for **capital projects** is the portion of fund balance or retained earnings legally restricted for use on capital outlay projects.

Reserve for **low and moderate income housing** is the portion of fund balance to be used for providing low and moderate income housing.

Reserve for **advance to other funds** is the portion of fund balance is not available for current expenditure because of the long-term nature of these advances

Designated for **capital projects** is the portion of fund balance to be used for budgeted future capital outlay projects.

**C. Fund Deficits**

As of June 30, 2004 the Belmont Fire Protection District and Development Services Special Revenue Funds had fund deficits amounting to \$44,841 and \$41,829, respectively. The deficits are expected to be repaid from future revenues.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 10 - RETIREMENT BENEFITS**

**A. CALPERS Safety and Miscellaneous Employees Plans**

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2004, are summarized as follows:

	<u>Safety (Police)</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	<i>monthly for life</i>	<i>monthly for life</i>
Retirement age	50	50
Monthly benefits, as a % of annual salary	2%-2.7%	1.426%-2.418
Required employee contribution rates	9%	7%
Required employer contribution rates	6.724%	0.946%

All qualified permanent and probationary employees are eligible to participate in CALPERS. A credited service year is one year of full time employment. The City's labor contracts require it to pay the employees contributions as well as its own. These benefit provisions and all other requirements are established by state statute and City ordinance. Contributions necessary to fund CALPERS on an actuarial basis are determined by CALPERS and its Board of Administration.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the years ended June 30, 2004, 2003 and 2002 amounted to \$895,230, \$638,064, and \$627,794 respectively.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 8.25% is assumed, including inflation rate at 3.5%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 10 - RETIREMENT BENEFITS (Continued)**

CALPERS' latest available actuarial value (which differs from market value) and funding progress are set forth below at their actuarial valuation date of June 30:

*Safety Plan:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2000	\$15,322,647	\$19,585,571	(\$4,262,924)	127.8%	\$2,115,802	(201.480%)
2001	16,691,827	19,817,694	(3,125,867)	118.7%	2,160,115	(144.708%)
2002	18,305,432	18,277,042	28,390	99.8%	2,415,798	1.175%

*Miscellaneous Plan:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2000	\$15,336,585	\$19,686,037	(\$4,349,452)	128.4%	\$4,802,416	(90.568%)
2001	16,466,288	20,503,103	(4,036,815)	124.5%	5,220,409	(77.328%)
2002	18,590,899	19,701,601	(1,110,702)	106.0%	5,704,254	(19.471%)

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

The market value of the net assets held for pension benefits in the Plans changed as follows during the year ended June 30, 2002, the latest available:

	Safety	Miscellaneous
Beginning Balance 6/30/01	\$19,827,694	\$20,502,563
Contributions received	217,965	408,034
Benefits and Refunds Paid	(894,263)	(548,195)
Miscellaneous adjustments	(14,618)	(28,661)
Expected Investment Earnings Credited	1,607,849	1,684,636
Expected Actuarial Value of Assets 6/30/02	<u>\$20,744,627</u>	<u>\$22,018,377</u>
Market Value of Assets 6/30/02	<u>\$16,615,493</u>	<u>\$17,910,546</u>
Actuarial Value of Assets 6/30/02	<u>\$18,277,042</u>	<u>\$19,701,601</u>

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 10 - RETIREMENT BENEFITS (Continued)**

**B. *Postemployment Health Care Benefits***

The City pays a portion of insurance premiums to provide health care benefits for retired employees as required by bargaining unit agreements. Current City employees who retire after reaching age 50 with at least 10 to 15 years of service are eligible for benefits. The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. During the year ended June 30, 2004 the City paid \$256,419 on behalf of 57 retirees who were participating in the plan.

**C. *Deferred Compensation Plan***

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this Plan, 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 Plan.

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

**NOTE 11 - RISK MANAGEMENT**

**A. *Liability Coverage***

The City purchases commercial insurance against general liability with coverage of \$20,000,000 per occurrence above the City's \$150,000 self-insured retention, automotive liability with coverage of \$1,000,000, above the City's self-insured retention of \$150,000 and property with coverage at the replacement value of the property with a limit of \$19,961,595 above the City's deductible of \$10,000.

**B. *Workers Compensation Coverage***

Effective July 1, 1996 the City purchases commercial insurance for workers compensation coverage up to statutory limits. The City has no deductible for these losses. Prior to that date the City was self insured or had a deductible of \$275,000 on workers' compensation.

**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.

**CITY OF BELMONT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 11 – RISK MANAGEMENT (Continued)**

For the years ended June 30, 2004, 2003 and 2002 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 years claims experience as follows:

	<u>2003-2004</u>	<u>2002-2003</u>	<u>2001-2002</u>
Balance, July 1	\$610,495	\$382,489	\$519,000
Net change in liability for claims and claims paid but not reported	47,167	630,978	67,664
Claims paid	<u>(241,973)</u>	<u>(402,972)</u>	<u>(204,175)</u>
Balance, June 30	<u>\$415,689</u>	<u>\$610,495</u>	<u>\$382,489</u>

**NOTE 12 – 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 follow joint ventures:

**South Bayside System Authority (SBSA)** was formed in 1975 between the Cities of San Carlos, Belmont and Redwood City and the Menlo Park Sanitary District to operate a wastewater treatment facility commonly known as South Bayside System Authority. 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 contribution toward the cost of operating and maintaining the facility during the year ended, June 30, 2004 was \$1,038,645. Financial statements may be obtained by mailing a request to the South Bayside System Authority, 1400 Radio Road, Redwood City, CA 94065.

The City has an equity interest in the assets of SBSA, which has been recorded as Investment in SBSA in the Sewer Operations Enterprise Fund. As of June 30, 2004 the City's equity amounted to \$5,532,857.

**CITY OF BELMONT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 12 – JOINT VENTURES (Continued)**

**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 on going equity interest in the assets of the organizations:

*Family and Community Enrichment Services, Inc.*, was formed in 1988 between the Cities of Belmont and San Carlos, the Unified School Districts of Belmont and San Carlos and the Sequoia Union High School District to prevent students from dropping out of school. FACES budgets for its annual expenses and then seeks funding from grants and the public. Based on the level of service provided to each agency, the members contribute any remaining operating needs. Financial statements may be obtained by mailing a request to Family and Community Enrichment Services, Inc., 1607 Industrial Way, Belmont, CA 94002.

*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 and hazardous waste. The City's contribution to C/CAG was \$80,293 for the year ended June 30, 2004. Financial statements may be obtained by mailing a request to the City 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.

*South County Fire Protection Authority (SCFA)* was formed in 1979 between the Cities of San Carlos and Belmont on an equal basis to provide more efficient fire protection services for the two cities. Any assets used by the Fire Authority but owned by the member agencies prior to the creation of the Fire Authority remain the property of the members. Each member contributes its pro rata share of operating costs to the Fire Authority. The City contributed \$4,400,000 to the Fire Authority for the year ended June 30, 2004 for fire protection services. Financial statements may be obtained by mailing a request to South County Fire Protection Authority, Inc., 666 Elm Street, San Carlos, CA 94070.

*South Bayside Waste Management Authority (SBWMA)* is a joint powers agreement formed in 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.

*Southern San Mateo Police Authority* was established in 1999 pursuant to a joint power agreement to establish, implement, oversee and maintain a consolidated police dispatch and records system for the following municipal members: City of Belmont, City of Foster City, Town of Hillsborough, City of Redwood City, and City of San Carlos. Financial statements may be obtained by mailing a request to the City of Belmont, 1070 Sixth Avenue, Belmont, CA 94002.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 13 - COMMITMENTS AND CONTINGENT LIABILITIES**

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.

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 of 1984 including 1996 amendments 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.

The City appointed a task force to work on the conceptual design of the new library. This project is scheduled to be completed in 2006, provided funding is in place and construction begins as scheduled.

**NOTE 14 - GRADE SEPARATION PROJECT**

The Ralston, Harbor, Holly grade separation project, which was opened for thru traffic in fiscal 2000, is an overpass that separates CalTrain from surface level traffic on Ralston, Harbor, and Holly Avenues. The City has agreements with the San Mateo County Transportation Authority (SMCTA) and CalTrans under which it reimbursed a significant portion of project costs.

As part of its duties under the agreements, SMCTA reviews grade separation project costs as they are incurred to determine the eligibility of the costs for reimbursement under the various state and local grant agreements. As of the date of this report, SMCTA informed management that it had concluded its cost eligibility reviews and considered the Project closed. Amounts recorded as receivable from SMCTA were netted against Advances due back to SMTA. Cash on hand representing funds advanced by SMCTA have been reflected as Advances from SMCTA.

SMCTA has advanced funds to cover project expenditures until grant reimbursements are received. These balances are presented as Advance from SMCTA in the accompanying financial statements in the amount of \$2,002,347 at June 30, 2004.

The City combined for project management purposes with a neighboring City, which undertook a related project. Separate financial statements for this Ralston Harbor Holly Grade Separation Project are available at the City of Belmont, Finance Department at 1070 Sixth Avenue, Belmont, California, 94002.

**CITY OF BELMONT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 15 – REDEVELOPMENT PASS THROUGH AGREEMENTS & ERAF SHIFT**

The Agency has an agreement executed with San Mateo County under which it passes through a portion of the property tax increments it would otherwise have received. During fiscal 2003-2004 the Agency passed through \$1,483,624 to the County.

The Agency has a fiscal agreement executed in March 1991 with the San Mateo County Office of Education, San Mateo County Community College District, Belmont School District and Sequoia Union High School District, the taxing agencies in existence when the Los Costanos Community Development Plan was amended. Under the agreement, the Agency is obligated to pass through to these agencies a portion of the property tax increments it would otherwise have received. The Agency obligation under the agreement is subordinated to and limited to property tax increment revenues available after deducting pass-through payments to San Mateo County, debt service from certain debt, low and moderate income set-asides and administrative expenses. Tax increments passed through to these Agencies totaled \$1,362,527 in fiscal 2003-04.

During fiscal 2003-2004, the State of California directed that a portion of the incremental property taxes which had been received in prior years by redevelopment agencies be paid instead to local education agencies. During the above period, the Agency received \$279,499 less in current year tax increments as a result of the State's directive.

The State also directed that the above amounts be included in the Agency's total incremental property tax receipts for purposes of calculating the amounts to be set aside for Low and Moderate Income Housing.

**MAJOR GOVERNMENTAL FUNDS, OTHER THAN  
GENERAL FUND AND SPECIAL REVENUE FUNDS**

**Redevelopment Agency Debt Service Fund** – To account for payment and interest on the 1999 Series A and B Tax Allocation Bonds and related costs.

**City Hall Retrofit/Police Facilities Capital Projects Fund** - To account for the design and construction of improvements to City Hall. These improvements include the police facility and retrofit of City Hall.

**Redevelopment Agency Capital Projects Fund** – To account for improvements in the downtown area.

**Library Project Capital Projects Fund** – To account for the construction of a new library.

CITY OF BELMONT  
REDEVELOPMENT AGENCY DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Taxes	\$4,926,696	\$5,169,969	\$243,273
Use of money and property	31,702	37,710	6,008
Miscellaneous		11,287	11,287
Total Revenues	<u>4,958,398</u>	<u>5,218,966</u>	<u>260,568</u>
EXPENDITURES			
Current:			
Pass throughs and miscellaneous	2,461,268	2,634,299	(173,031)
Debt service:			
Principal	595,000	595,000	
Interest and fiscal charges	1,212,624	1,208,337	4,287
Total Expenditures	<u>4,268,892</u>	<u>4,437,636</u>	<u>(168,744)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>689,506</u>	<u>781,330</u>	<u>91,824</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	684,448	(643,312)	(1,327,760)
Total Other Financing Sources (Uses)	<u>684,448</u>	<u>(643,312)</u>	<u>(1,327,760)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$1,373,954</u>	138,018	<u>(\$1,235,936)</u>
BEGINNING FUND BALANCES		<u>4,029,774</u>	
ENDING FUND BALANCES		<u>\$4,167,792</u>	

CITY OF BELMONT  
CITY HALL RETROFIT/POLICE FACILITIES FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Use of money and property	\$73,515	\$49,344	(\$24,171)
Miscellaneous	205,100	205,100	
Total Revenues	<u>278,615</u>	<u>254,444</u>	<u>(24,171)</u>
EXPENDITURES			
Capital outlay:			
General government	4,771,617	3,045,087	1,726,530
Total Expenditures	<u>4,771,617</u>	<u>3,045,087</u>	<u>1,726,530</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,493,002)</u>	<u>(2,790,643)</u>	<u>1,702,359</u>
OTHER FINANCING SOURCES			
Transfers in	815,606	815,606	
Total Other Financing Sources (Uses)	<u>815,606</u>	<u>815,606</u>	
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$3,677,396)</u>	<u>(1,975,037)</u>	<u>\$1,702,359</u>
BEGINNING FUND BALANCES		<u>5,483,710</u>	
ENDING FUND BALANCES		<u>\$3,508,673</u>	

CITY OF BELMONT  
REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Use of money and property	<u>\$139,937</u>	<u>\$89,480</u>	<u>(\$50,457)</u>
Total Revenues	<u>139,937</u>	<u>89,480</u>	<u>(50,457)</u>
EXPENDITURES			
Capital outlay:			
Highways and streets	<u>4,846,124</u>	<u>84,553</u>	<u>4,761,571</u>
Total Expenditures	<u>4,846,124</u>	<u>84,553</u>	<u>4,761,571</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,706,187)</u>	<u>4,927</u>	<u>4,711,114</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(440,606)</u>	<u>(440,606)</u>	<u>                    </u>
Total Other Financing Sources (Uses)	<u>(440,606)</u>	<u>(440,606)</u>	<u>                    </u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$5,146,793)</u>	<u>(435,679)</u>	<u>\$4,711,114</u>
BEGINNING FUND BALANCES		<u>8,167,521</u>	
ENDING FUND BALANCES		<u>\$7,731,842</u>	

CITY OF BELMONT  
LIBRARY CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Use of money and property	<u>\$81</u>	<u>\$62,579</u>	<u>\$62,498</u>
Total Revenues	<u>81</u>	<u>62,579</u>	<u>62,498</u>
EXPENDITURES			
Capital outlay:			
Culture and recreation	<u>1,602,685</u>	<u>1,671,416</u>	<u>(68,731)</u>
Total Expenditures	<u>1,602,685</u>	<u>1,671,416</u>	<u>(68,731)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,602,604)</u>	<u>(1,608,837)</u>	<u>(6,233)</u>
OTHER FINANCING SOURCES			
Contributions	<u>8,650,000</u>	<u>9,946,221</u>	<u>1,296,221</u>
Total Other Financing Sources (Uses)	<u>8,650,000</u>	<u>9,946,221</u>	<u>1,296,221</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$7,047,396</u>	<u>8,337,384</u>	<u>\$1,289,988</u>
BEGINNING FUND BALANCES		<u>                    </u>	
ENDING FUND BALANCES		<u>\$8,337,384</u>	

## NON-MAJOR GOVERNMENTAL FUNDS

### **SPECIAL REVENUE FUNDS**

**Co-Sponsored Recreation Fund** – To account for certain recreation programs where the major portion of the expenditures are financed by user fees.

**Library Maintenance and Operations** - To account for the maintenance and operations of the new library.

**Development Services** - To account for resources received from current planning and building inspection fees and permits.

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

**Law Enforcement Block Grant** - To account for law enforcement resources from the U.S. Department of Justice to use for projects to reduce crime and improve public safety.

**Public Safety Grants** - To account for grants for the purchase of public safety equipment.

**Street Maintenance State Gasoline Tax Fund** – To account for gas tax resources restricted for expenditure on streets.

**Traffic Mitigation** – To account for resources received and to be expended on relieving traffic congestion.

**COPSMORE 96** - To account for grant revenues received from the U.S. Department of Justice restricted for expenditures related to public safety information technology. The City of Belmont is the lead grant agency for four other cities in San Mateo County.

**Benefit Stabilization** - To account for certain accrued employee benefits.

**Redevelopment Agency Fund** – To account for resources received through the City of Belmont Redevelopment Agency not accounted for in the Low and Moderate Income Housing Fund.

### **DEBT SERVICE FUND**

**General Debt Service Fund** – To account for payment of interest and principal on general debt service of the City and related costs, which include the Oracle Owner Participation Agreement.

### **CAPITAL PROJECTS FUNDS**

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

**Ralston/Route. 101 Interchange - Island Park Capital Projects Fund** – To account for funding and construction of improvements to the direct access to highway 101 at Ralston Avenue.

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

**Open Space** – To account for the accumulation of resources for the acquisition of open space.

**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.

CITY OF BELMONT  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2004

SPECIAL REVENUE FUNDS

	<u>Co-Sponsored Recreation</u>	<u>Library Maintenance and Operations</u>	<u>Development Services</u>	<u>Supplemental Law Enforcement Services</u>	<u>Law Enforcement Block Grants</u>
<b>ASSETS</b>					
Cash and investments	\$215,087	\$713,551	\$145,396		
Receivables:					
Accounts			1,350		
Due from other governmental agencies			37,140		
Due from other funds					
Prepays and other assets	<u>2,976</u>				
Total Assets	<u>\$218,063</u>	<u>\$713,551</u>	<u>\$183,886</u>		
<b>LIABILITIES</b>					
Accounts payable, compensated absences, and other liabilities / contracts payable	\$60,837		\$49,773		
Deposits	20,036		740		
Due to other funds					
Long-term interfund payables	<u>64,937</u>		<u>175,202</u>		
Total Liabilities	<u>145,810</u>		<u>225,715</u>		
<b>FUND EQUITY</b>					
Fund balances					
Reserved for encumbrances			82,003		
Unreserved:					
Designated for capital projects					
Undesignated	<u>72,253</u>	<u>\$713,551</u>	<u>(123,832)</u>		
Total Fund Balances (Deficits)	<u>72,253</u>	<u>713,551</u>	<u>(41,829)</u>		
Total Liabilities and Fund Balances	<u>\$218,063</u>	<u>\$713,551</u>	<u>\$183,886</u>		

SPECIAL REVENUE FUNDS

<u>Public Safety Grants</u>	<u>Street Maintenance State Gasoline Tax</u>	<u>Traffic Mitigation</u>	<u>COPSMORE 96</u>	<u>Benefit Stabilization</u>	<u>Redevelopment Agency</u>
\$57,750		\$84,114	\$33,412	\$442,477	\$134,431
	\$5,477 50,533				360
<u>\$57,750</u>	<u>\$56,010</u>	<u>\$84,114</u>	<u>\$33,412</u>	<u>\$442,477</u>	<u>\$134,791</u>
	\$9,366		\$20,550	\$250,200	\$5,915
\$252	46,644				128,876
<u>252</u>	<u>56,010</u>		<u>20,550</u>	<u>250,200</u>	<u>134,791</u>
<u>57,498</u>		<u>\$84,114</u>	<u>12,862</u>	<u>192,277</u>	
<u>57,498</u>		<u>84,114</u>	<u>12,862</u>	<u>192,277</u>	
<u>\$57,750</u>	<u>\$56,010</u>	<u>\$84,114</u>	<u>\$33,412</u>	<u>\$442,477</u>	<u>\$134,791</u>

(Continued)

CITY OF BELMONT  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2004

	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		
	General Debt Service	General Facilities Fund	Ralston/Rte.101 Interchange- Island Park	Planned Park Fund
<b>ASSETS</b>				
Cash and investments		\$220,230		\$1,815,496
Receivables:				
Accounts			\$3,058	
Due from other governmental agencies				
Due from other funds		497,069		
Prepays and other assets				
Total Assets		<u>\$717,299</u>	<u>\$3,058</u>	<u>\$1,815,496</u>
<b>LIABILITIES</b>				
Accounts payable, compensated absences, and other liabilities / contracts payable				\$8,912
Deposits			\$3,058	
Due to other funds				
Long-term interfund payables				
Total Liabilities			<u>3,058</u>	<u>8,912</u>
<b>FUND EQUITY</b>				
Fund balances				
Reserved for encumbrances				1,320
Unreserved:				
Designated for capital projects		\$717,299		
Undesignated				1,805,264
Total Fund Balances (Deficits)		<u>717,299</u>		<u>1,806,584</u>
Total Liabilities and Fund Balances		<u>\$717,299</u>	<u>\$3,058</u>	<u>\$1,815,496</u>

CAPITAL PROJECTS FUNDS

<u>Open Space</u>	<u>Special Assessment District</u>	<u>Total Nonmajor Governmental Funds</u>
\$2,152	\$254,338	\$4,118,434
		10,245
		87,673
		497,069
		2,976
<u>\$2,152</u>	<u>\$254,338</u>	<u>\$4,716,397</u>
	\$4,156	\$409,709
		21,028
		49,702
		369,015
	<u>4,156</u>	<u>849,454</u>
		83,323
<u>\$2,152</u>	<u>250,182</u>	<u>967,481</u>
<u>2,152</u>	<u>250,182</u>	<u>2,816,139</u>
<u>\$2,152</u>	<u>\$254,338</u>	<u>\$4,716,397</u>

CITY OF BELMONT  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2004

SPECIAL REVENUE FUNDS

	Co-Sponsored Recreation	Library Maintenance and Operations	Development Services	Supplemental Law Enforcement Services	Law Enforcement Block Grant
<b>REVENUES</b>					
Taxes		\$713,551			
Licenses and permits			\$573,333		
Use of money and property	\$11,666		2,808		\$16
Intergovernmental	40,352		37,140	\$100,416	
Charges for current services	820,304		865,488		
Miscellaneous	18,566		3,863		
<b>Total Revenues</b>	<b>890,888</b>	<b>713,551</b>	<b>1,482,632</b>	<b>100,416</b>	<b>16</b>
<b>EXPENDITURES</b>					
Current					
Public safety			372,055	160,221	
Highways and streets			85		
Culture and recreation	1,500,138				
Urban redevelopment			908,570		
Pass throughs and miscellaneous					
Capital outlay					
Debt service:					
Principal					
Interest and fiscal charges					
<b>Total Expenditures</b>	<b>1,500,138</b>		<b>1,280,710</b>	<b>160,221</b>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(609,250)</b>	<b>713,551</b>	<b>201,922</b>	<b>(59,805)</b>	<b>16</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	786,424		700	59,805	
Transfers (out)					(2,074)
<b>Total Other Financing Sources (Uses)</b>	<b>786,424</b>		<b>700</b>	<b>59,805</b>	<b>(2,074)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>177,174</b>	<b>713,551</b>	<b>202,622</b>		<b>(2,058)</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>(104,921)</b>		<b>(244,451)</b>		<b>2,058</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$72,253</b>	<b>\$713,551</b>	<b>(\$41,829)</b>		

SPECIAL REVENUE FUNDS

Public Safety Grants	Street Maintenance State Gasoline Tax	Traffic Mitigation	COPSMORE 96	Benefit Stabilization	Redevelopment Agency
	\$709,950				
\$570	382	\$863	\$696 6,190	\$3,303	\$15,068
6,487	15,060 14,017			440,642 85,177	
7,057	739,409	863	6,886	529,122	15,068
4,498	1,221,388				
			\$26,740	337,917	529,504
4,498	1,221,388		26,740	337,917	529,504
2,559	(481,979)	863	(19,854)	191,205	(514,436)
	529,712 (47,733)				643,312
	481,979				643,312
2,559		863	(19,854)	191,205	128,876
54,939		83,251	32,716	1,072	(128,876)
\$57,498		\$84,114	\$12,862	\$192,277	

(Continued)

CITY OF BELMONT  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2004

	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		
	General Debt Service	General Facilities Fund	Ralston/Rte.101 Interchange- Island Park	Planned Park Fund
REVENUES				
Taxes	\$76			\$1,771,840
Licenses and permits				
Use of money and property		\$10,424	\$13,820	17,989
Intergovernmental				
Charges for current services				
Miscellaneous		150,000		5,000
Total Revenues	<u>76</u>	<u>160,424</u>	<u>13,820</u>	<u>1,794,829</u>
EXPENDITURES				
Current				
Public safety				
Highways and streets				
Culture and recreation				
Urban redevelopment				
Pass throughs and miscellaneous				
Capital outlay		15,636	306,953	341,512
Debt service:				
Principal	100,870		2,000,000	
Interest and fiscal charges	1,646		5,004	
Total Expenditures	<u>102,516</u>	<u>15,636</u>	<u>2,311,957</u>	<u>341,512</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(102,440)</u>	<u>144,788</u>	<u>(2,298,137)</u>	<u>1,453,317</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	102,516			
Transfers (out)	(253)	(375,000)	(113,823)	
Total Other Financing Sources (Uses)	<u>102,263</u>	<u>(375,000)</u>	<u>(113,823)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(177)</u>	<u>(230,212)</u>	<u>(2,411,960)</u>	<u>1,453,317</u>
BEGINNING FUND BALANCES (DEFICITS)	<u>177</u>	<u>947,511</u>	<u>2,411,960</u>	<u>353,267</u>
ENDING FUND BALANCES (DEFICITS)		<u><u>\$717,299</u></u>		<u><u>\$1,806,584</u></u>

CAPITAL PROJECTS FUNDS

<u>Open Space</u>	<u>Special Assessment District</u>	<u>Total Nonmajor Governmental Funds</u>
		\$3,195,417
		573,333
\$22	\$2,611	80,238
		184,098
		2,141,494
		283,110
<u>22</u>	<u>2,611</u>	<u>6,457,690</u>
		536,774
		1,221,473
		1,500,138
		1,438,074
		337,917
		690,841
		2,100,870
		6,650
		<u>7,832,737</u>
<u>22</u>	<u>2,611</u>	<u>(1,375,047)</u>
		2,122,469
		(538,883)
		<u>1,583,586</u>
22	2,611	208,539
<u>2,130</u>	<u>247,571</u>	<u>3,658,404</u>
<u>\$2,152</u>	<u>\$250,182</u>	<u>\$3,866,943</u>

CITY OF BELMONT  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	SPECIAL REVENUE FUNDS					
	CO-SPONSORED RECREATION			LIBRARY MAINTENANCE AND OPERATIONS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes					\$713,551	\$713,551
Licenses and permits						
Use of money and property	\$17,270	\$11,666	(\$5,604)			
Intergovernmental	35,000	40,352	5,352			
Charges for current services	867,080	820,304	(46,776)			
Miscellaneous	23,000	18,566	(4,434)			
Total Revenues	<u>942,350</u>	<u>890,888</u>	<u>(51,462)</u>		<u>713,551</u>	<u>713,551</u>
EXPENDITURES						
Current						
Public safety						
Highways and streets						
Culture and recreation	1,522,522	1,500,138	22,384			
Urban redevelopment						
Pass throughs and miscellaneous						
Capital outlay:						
General government						
Culture and recreation						
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>1,522,522</u>	<u>1,500,138</u>	<u>22,384</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(580,172)</u>	<u>(609,250)</u>	<u>(29,078)</u>		<u>713,551</u>	<u>713,551</u>
OTHER FINANCING SOURCES (USES)						
Proceeds of long-term borrowings						
Proceeds from bonds						
Transfers in	586,424	786,424	200,000			
Transfers (out)						
Total Other Financing Sources (Uses)	<u>586,424</u>	<u>786,424</u>	<u>200,000</u>			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$6,252</u>	<u>177,174</u>	<u>\$170,922</u>		<u>713,551</u>	<u>\$713,551</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>(104,921)</u>				
ENDING FUND BALANCES (DEFICITS)		<u>\$72,253</u>			<u>\$713,551</u>	

**SPECIAL REVENUE FUNDS**

<b>DEVELOPMENT SERVICES</b>			<b>SUPPLEMENTAL LAW ENFORCEMENT SERVICES</b>			<b>LAW ENFORCEMENT BLOCK GRANT</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
\$578,000	\$573,333	(\$4,667)						
	2,808	2,808	\$540		(\$540)		\$16	\$16
56,194	37,140	(19,054)	100,000	\$100,416	416			
825,102	865,488	40,386						
3,500	3,863	363						
<u>1,462,796</u>	<u>1,482,632</u>	<u>19,836</u>	<u>100,540</u>	<u>100,416</u>	<u>(124)</u>		<u>16</u>	<u>16</u>
466,449	372,055	94,394	142,954	160,221	(17,267)			
	85	(85)						
939,796	908,570	31,226						
<u>1,406,245</u>	<u>1,280,710</u>	<u>125,535</u>	<u>142,954</u>	<u>160,221</u>	<u>(17,267)</u>			
56,551	201,922	145,371	(42,414)	(59,805)	(17,391)		16	16
700	700		43,629	59,805	16,176		(2,074)	(2,074)
700	700		43,629	59,805	16,176		(2,074)	(2,074)
<u>\$57,251</u>	202,622	<u>\$145,371</u>	<u>\$1,215</u>		<u>(\$1,215)</u>		(2,058)	<u>(\$2,058)</u>
	(244,451)						2,058	
	<u>(\$41,829)</u>							

(Continued)

CITY OF BELMONT  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	SPECIAL REVENUE FUNDS					
	PUBLIC SAFETY GRANTS			STREET MAINTENANCE STATE GASOLINE TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes				\$764,077	\$709,950	(\$54,127)
Licenses and permits					382	382
Use of money and property	\$819	\$570	(\$249)			
Intergovernmental				2,600	15,060	12,460
Charges for current services				5,000	14,017	9,017
Miscellaneous	<u>4,000</u>	<u>6,487</u>	<u>2,487</u>			
Total Revenues	<u>4,819</u>	<u>7,057</u>	<u>2,238</u>	<u>771,677</u>	<u>739,409</u>	<u>(32,268)</u>
EXPENDITURES						
Current						
Public safety	38,155	4,498	33,657			
Highways and streets				1,319,506	1,221,388	98,118
Culture and recreation						
Urban redevelopment						
Pass throughs and miscellaneous						
Capital outlay:						
General government						
Culture and recreation						
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>38,155</u>	<u>4,498</u>	<u>33,657</u>	<u>1,319,506</u>	<u>1,221,388</u>	<u>98,118</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(33,336)</u>	<u>2,559</u>	<u>35,895</u>	<u>(547,829)</u>	<u>(481,979)</u>	<u>65,850</u>
OTHER FINANCING SOURCES (USES)						
Proceeds of long-term borrowings						
Proceeds from bonds						
Transfers in				529,712	529,712	
Transfers (out)					(47,733)	(47,733)
Total Other Financing Sources (Uses)				<u>529,712</u>	<u>481,979</u>	<u>(47,733)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$33,336)</u>	<u>2,559</u>	<u>\$35,895</u>	<u>(\$18,117)</u>		<u>\$18,117</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>54,939</u>				
ENDING FUND BALANCES (DEFICITS)		<u>\$57,498</u>				

**SPECIAL REVENUE FUNDS**

TRAFFIC MITIGATION			COPSMORE 96			BENEFIT STABILIZATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,031	\$863	(\$168)	\$132,447	\$696 6,190	\$696 (126,257)	\$1,174	\$3,303	\$2,129
						564,917	440,642 85,177	(124,275) 85,177
<u>1,031</u>	<u>863</u>	<u>(168)</u>	<u>132,447</u>	<u>6,886</u>	<u>(125,561)</u>	<u>566,091</u>	<u>529,122</u>	<u>(36,969)</u>
						366,460	337,917	28,543
				26,740	(26,740)			
				<u>26,740</u>	<u>(26,740)</u>	<u>366,460</u>	<u>337,917</u>	<u>28,543</u>
<u>1,031</u>	<u>863</u>	<u>(168)</u>	<u>132,447</u>	<u>(19,854)</u>	<u>(152,301)</u>	<u>199,631</u>	<u>191,205</u>	<u>(8,426)</u>
<u>\$1,031</u>	<u>863</u>	<u>(\$168)</u>	<u>\$132,447</u>	<u>(19,854)</u>	<u>(\$152,301)</u>	<u>\$199,631</u>	<u>191,205</u>	<u>(\$8,426)</u>
	<u>83,251</u>			<u>32,716</u>			<u>1,072</u>	
	<u>\$84,114</u>			<u>\$12,862</u>			<u>\$192,277</u>	

(Continued)

CITY OF BELMONT  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUND		
	REDEVELOPMENT AGENCY FUND			GENERAL DEBT SERVICE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes					\$76	\$76
Licenses and permits						
Use of money and property	\$19,808	\$15,068	(\$4,740)			
Intergovernmental						
Charges for current services						
Miscellaneous						
Total Revenues	<u>19,808</u>	<u>15,068</u>	<u>(4,740)</u>		<u>76</u>	<u>76</u>
EXPENDITURES						
Current						
Public safety						
Highways and streets						
Culture and recreation						
Urban redevelopment	700,620	529,504	171,116			
Pass throughs and miscellaneous						
Capital outlay:						
General government						
Culture and recreation						
Debt service:						
Principal				\$100,870	100,870	
Interest and fiscal charges				1,646	1,646	
Total Expenditures	<u>700,620</u>	<u>529,504</u>	<u>171,116</u>	<u>102,516</u>	<u>102,516</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(680,812)</u>	<u>(514,436)</u>	<u>166,376</u>	<u>(102,516)</u>	<u>(102,440)</u>	<u>76</u>
OTHER FINANCING SOURCES (USES)						
Proceeds of long-term borrowings	684,448		(684,448)			
Proceeds from bonds						
Transfers in		643,312	643,312	102,516	102,516	
Transfers (out)					(253)	(253)
Total Other Financing Sources (Uses)	<u>684,448</u>	<u>643,312</u>	<u>(41,136)</u>	<u>102,516</u>	<u>102,263</u>	<u>(253)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$3,636</u>	<u>128,876</u>	<u>\$125,240</u>		<u>(177)</u>	<u>(\$177)</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>(128,876)</u>			<u>177</u>	
ENDING FUND BALANCES (DEFICITS)						

**CAPITAL PROJECTS FUNDS**

GENERAL FACILITIES FUND			RALSTON/ROUTE 101 INTERCHANGE-ISLAND PARK			PLANNED PARK FUND		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$1,700,000	\$1,771,840	\$71,840
\$11,564	\$10,424	(\$1,140)		\$13,820	\$13,820	44,564	17,989	(26,575)
						315,000		(315,000)
300,000	150,000	(150,000)					5,000	5,000
311,564	160,424	(151,140)		13,820	13,820	2,059,564	1,794,829	(264,735)
15,300	15,636	(336)	\$516,143	306,953	209,190	848,261	341,512	506,749
			2,000,000	2,000,000				
			5,004	5,004				
15,300	15,636	(336)	2,521,147	2,311,957	209,190	848,261	341,512	506,749
296,264	144,788	(151,476)	(2,521,147)	(2,298,137)	223,010	1,211,303	1,453,317	242,014
(375,000)	(375,000)		(26,020)	(113,823)	(87,803)			
(375,000)	(375,000)		(26,020)	(113,823)	(87,803)			
<u>(\$78,736)</u>	<u>(230,212)</u>	<u>(\$151,476)</u>	<u>(\$2,547,167)</u>	<u>(2,411,960)</u>	<u>\$135,207</u>	<u>\$1,211,303</u>	<u>1,453,317</u>	<u>\$242,014</u>
	<u>947,511</u>			<u>2,411,960</u>			<u>353,267</u>	
	<u>\$717,299</u>						<u>\$1,806,584</u>	

(Continued)

CITY OF BELMONT  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	CAPITAL PROJECTS FUNDS					
	OPEN SPACE			SPECIAL ASSESSMENT DISTRICT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses and permits						
Use of money and property	\$26	\$22	(\$4)		\$2,611	\$2,611
Intergovernmental						
Charges for current services						
Miscellaneous						
<b>Total Revenues</b>	<u>26</u>	<u>22</u>	<u>(4)</u>		<u>2,611</u>	<u>2,611</u>
EXPENDITURES						
Current						
Public safety						
Highways and streets						
Culture and recreation						
Urban redevelopment						
Pass throughs and miscellaneous						
Capital outlay:						
General government						
Culture and recreation						
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>26</u>	<u>22</u>	<u>(4)</u>		<u>2,611</u>	<u>2,611</u>
OTHER FINANCING SOURCES (USES)						
Proceeds of long-term borrowings						
Proceeds from bonds						
Transfers in						
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$26</u>	<u>22</u>	<u>(\$4)</u>		<u>2,611</u>	<u>\$2,611</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>2,130</u>			<u>247,571</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$2,152</u>			<u>\$250,182</u>	

TOTALS		
Budget	Actual	Variance Positive (Negative)
\$2,464,077	\$3,195,417	\$731,340
578,000	573,333	(4,667)
96,796	80,238	(16,558)
638,641	184,098	(454,543)
2,259,699	2,141,494	(118,205)
335,500	283,110	(52,390)
<u>6,372,713</u>	<u>6,457,690</u>	<u>84,977</u>
647,558	536,774	110,784
1,319,506	1,221,473	98,033
1,522,522	1,500,138	22,384
1,640,416	1,438,074	202,342
366,460	337,917	28,543
15,300	42,376	(27,076)
1,364,404	648,465	715,939
2,100,870	2,100,870	
6,650	6,650	
<u>8,983,686</u>	<u>7,832,737</u>	<u>1,150,949</u>
<u>(2,610,973)</u>	<u>(1,375,047)</u>	<u>1,235,926</u>
684,448		(684,448)
1,262,981	2,122,469	859,488
(401,020)	(538,883)	(137,863)
<u>1,546,409</u>	<u>1,583,586</u>	<u>37,177</u>
<u>(\$1,064,564)</u>	208,539	<u>\$1,273,103</u>
	<u>3,658,404</u>	
	<u>\$3,866,943</u>	

## 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 introduced by GASB Statement 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that 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 Assets.

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

**Workers' Compensation Fund** – To account for the City's workers' compensation insurance program.

**Liability Insurance Fund** – To account for coverage on the City's general and automobile liability up to a retention of 100,000 per claim.

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

**Fleet and Equipment Management** - To account for the interdepartmental services provided by the Automotive Services division and Information Technology division.

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

CITY OF BELMONT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2004

	<u>Workers' Compensation</u>	<u>Liability Insurance</u>	<u>Self-Funded Vision</u>	<u>Fleet and Equipment Management</u>	<u>Facilities Management</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and investments	\$504,038	\$769,183	\$37,101	\$1,574,561	\$53,685	\$2,938,568
Interest receivable				931		931
Prepays and other assets				7,473		7,473
Depreciable capital assets, net				1,036,241		1,036,241
Total Assets	<u>504,038</u>	<u>769,183</u>	<u>37,101</u>	<u>2,619,206</u>	<u>53,685</u>	<u>3,983,213</u>
<b>LIABILITIES</b>						
Accounts payable, claims payable and compensated absences	<u>326,373</u>	<u>151,554</u>	<u>36,051</u>	<u>87,390</u>	<u>53,685</u>	<u>655,053</u>
Total Liabilities	<u>326,373</u>	<u>151,554</u>	<u>36,051</u>	<u>87,390</u>	<u>53,685</u>	<u>655,053</u>
<b>NET ASSETS</b>						
Invested in capital assets				1,036,241		1,036,241
Unrestricted	<u>177,665</u>	<u>617,629</u>	<u>1,050</u>	<u>1,495,575</u>		<u>2,291,919</u>
Total Net Assets	<u><u>\$177,665</u></u>	<u><u>\$617,629</u></u>	<u><u>\$1,050</u></u>	<u><u>\$2,531,816</u></u>		<u><u>\$3,328,160</u></u>

CITY OF BELMONT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004

	Workers' Compensation	Liability Insurance	Self-Funded Vision	Fleet and Equipment Management	Facilities Management	Total
<b>OPERATING REVENUES</b>						
Interdepartmental charges for services	\$698,883	\$630,918	\$27,057	\$1,235,309	\$513,109	\$3,105,276
<b>Total Operating Revenues</b>	<b>698,883</b>	<b>630,918</b>	<b>27,057</b>	<b>1,235,309</b>	<b>513,109</b>	<b>3,105,276</b>
<b>OPERATING EXPENSES</b>						
Insurance premiums	616,899					616,899
Professional and legal	3,621	70,370	2,024	506,124		582,139
Operating costs				441,878	990,795	1,432,673
Insurance claims, net of change in claims payable		241,973	43,736			285,709
Depreciation				426,204		426,204
<b>Total Operating Expenses</b>	<b>620,520</b>	<b>312,343</b>	<b>45,760</b>	<b>1,374,206</b>	<b>990,795</b>	<b>3,343,624</b>
<b>Operating Income (Loss)</b>	<b>78,363</b>	<b>318,575</b>	<b>(18,703)</b>	<b>(138,897)</b>	<b>(477,686)</b>	<b>(238,348)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Proceeds from the sale of fixed assets				14,412		14,412
Use of money and property	5,385	19,299	291	19,054	296,338	340,367
<b>Total Nonoperating Revenues (Expenses)</b>	<b>5,385</b>	<b>19,299</b>	<b>291</b>	<b>33,466</b>	<b>296,338</b>	<b>354,779</b>
<b>Income (Loss) Before Transfers</b>	<b>83,748</b>	<b>337,874</b>	<b>(18,412)</b>	<b>(105,431)</b>	<b>(181,348)</b>	<b>116,431</b>
Transfers in					209,801	209,801
Transfers out				(200,000)	(60,605)	(260,605)
<b>Transfers, net</b>				<b>(200,000)</b>	<b>149,196</b>	<b>(50,804)</b>
<b>Change in Net Assets</b>	<b>83,748</b>	<b>337,874</b>	<b>(18,412)</b>	<b>(305,431)</b>	<b>(32,152)</b>	<b>65,627</b>
<b>BEGINNING NET ASSETS</b>	<b>93,917</b>	<b>279,755</b>	<b>19,462</b>	<b>2,837,247</b>	<b>32,152</b>	<b>3,262,533</b>
<b>ENDING NET ASSETS</b>	<b>\$177,665</b>	<b>\$617,629</b>	<b>\$1,050</b>	<b>\$2,531,816</b>		<b>\$3,328,160</b>

CITY OF BELMONT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004

	Workers' Compensation	Liability Insurance	Self-Funded Vision	Fleet and Equipment Management	Facilities Management	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from other funds	\$698,883	\$630,918	\$27,057	\$1,234,378	\$513,109	\$3,104,345
Payments to suppliers	(25,180)	(192,493)	9,793	(477,155)	(982,303)	(1,667,338)
Claims paid	(620,520)	(312,343)	(45,760)	(506,124)		(1,484,747)
<b>Cash Flows from Operating Activities</b>	<b>53,183</b>	<b>126,082</b>	<b>(8,910)</b>	<b>251,099</b>	<b>(469,194)</b>	<b>(47,740)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interfund payments	79,961					79,961
Transfers in					209,801	209,801
Transfers out				(200,000)	(60,605)	(260,605)
<b>Cash Flows from Noncapital Financing Activities</b>	<b>79,961</b>			<b>(200,000)</b>	<b>149,196</b>	<b>29,157</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets				(321,134)		(321,134)
Proceeds from sale of capital assets				14,412		14,412
<b>Cash Flows from Capital and Related Financing Activities</b>				<b>(306,722)</b>		<b>(306,722)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest	5,385	19,299	291	19,054	296,338	340,367
<b>Cash Flows from Investing Activities</b>	<b>5,385</b>	<b>19,299</b>	<b>291</b>	<b>19,054</b>	<b>296,338</b>	<b>340,367</b>
<b>Net Cash Flows</b>	<b>138,529</b>	<b>145,381</b>	<b>(8,619)</b>	<b>(236,569)</b>	<b>(23,660)</b>	<b>15,062</b>
Cash and investments at beginning of period	365,509	623,802	45,720	1,811,130	77,345	2,923,506
Cash and investments at end of period	<u>\$504,038</u>	<u>\$769,183</u>	<u>\$37,101</u>	<u>\$1,574,561</u>	<u>\$53,685</u>	<u>\$2,938,568</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>						
Operating income (loss)	\$78,363	\$318,575	(\$18,703)	(\$138,897)	(\$477,686)	(\$238,348)
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation				426,204		426,204
Change in assets and liabilities:						
Accounts receivables				(931)		(931)
Prepays and other net assets	36,307			(599)		35,708
Accounts payable, claims payable and compensated absences	(61,487)	(192,493)	9,793	(34,678)	8,492	(270,373)
<b>Cash Flows from Operating Activities</b>	<b>\$53,183</b>	<b>\$126,082</b>	<b>(\$8,910)</b>	<b>\$251,099</b>	<b>(\$469,194)</b>	<b>(\$47,740)</b>

## AGENCY FUNDS

GASB Statement 34 requires that Agency Funds be 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 under Section 125 of the Internal Revenue Code.

**Southern San Mateo Police Authority** – To account for maintenance of police communications.

**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.

CITY OF BELMONT  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2004

	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
<u>Section 125 Assessment</u>				
Assets:				
Cash and investments	\$3,966	\$2,623		\$6,589
Liabilities:				
Section 125 employee benefits payable	\$3,966	\$2,623		\$6,589
Total Liabilities	\$3,966	\$2,623		\$6,589
<u>Southern San Mateo Police Authority</u>				
Assets:				
Cash and investments	\$24,678	\$326	\$18,750	\$6,254
Total Assets	\$24,678	\$326	\$18,750	\$6,254
Liabilities:				
Deposits	\$24,678	\$326	\$18,750	\$6,254
Total Liabilities	\$24,678	\$326	\$18,750	\$6,254
<u>Library Community Facilities District</u>				
Assets:				
Cash and investments		\$401,589	\$9,588	\$392,001
Total Assets		\$401,589	\$9,588	\$392,001
Liabilities:				
Due to bondholders		\$401,589	\$9,588	\$392,001
Total Liabilities		\$401,589	\$9,588	\$392,001
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$28,644	\$404,538	\$28,338	\$404,844
Total Assets	\$28,644	\$404,538	\$28,338	\$404,844
Liabilities:				
Deposits	\$24,678	\$326	\$18,750	\$6,254
Section 125 employee benefits payable	3,966	2,623		6,589
Due to bondholders		401,589	\$9,588	392,001
Total Liabilities	\$28,644	\$404,538	\$28,338	\$404,844

**CITY OF BELMONT REDEVELOPMENT AGENCY**  
**COMPLIANCE SECTION**

**ACCOUNTANCY CORPORATION**  
1931 San Miguel Drive - Suite 100  
Walnut Creek, California 94596  
(925) 930-0902 • FAX (925) 930-0135  
E-Mail: [maze@mazeassociates.com](mailto:maze@mazeassociates.com)  
Website: [www.mazeassociates.com](http://www.mazeassociates.com)

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of the City of Belmont Redevelopment Agency  
Belmont, California

We have audited the financial statements of the City of Belmont including the Redevelopment Agency as of and for the year ended June 30, 2004, and have issued our report thereon dated August 27, 2004. We conducted our audit in accordance with generally accepted auditing standards 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.

***Compliance***

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Those provisions include provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller. 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*.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Agency Board, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Maze & Associates*

August 27, 2004

REDEVELOPMENT AGENCY OF THE CITY OF BELMONT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$134,431	\$4,057,525	\$2,035,869	\$7,433,094	\$13,660,919
Cash and investments with fiscal agent			2,173,774		2,173,774
Accounts receivables	360	1,000			1,360
Notes receivables		1,510,154			1,510,154
Land held for redevelopment		1,280,000		298,748	1,578,748
<b>Total Assets</b>	<b><u>\$134,791</u></b>	<b><u>\$6,848,679</u></b>	<b><u>\$4,209,643</u></b>	<b><u>\$7,731,842</u></b>	<b><u>\$18,924,955</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$5,915	\$6,318	\$41,851		\$54,084
Long-term advance from City	128,876				128,876
<b>Total Liabilities</b>	<b><u>134,791</u></b>	<b><u>6,318</u></b>	<b><u>41,851</u></b>		<b><u>182,960</u></b>
<b>FUND BALANCES</b>					
Fund balances					
Reserved for:					
Long term notes receivable		1,510,154			1,510,154
Land held for redevelopment		1,280,000		\$298,748	1,578,748
Low and moderate income housing		3,741,330			3,741,330
Debt service		310,877	4,167,792		4,478,669
Unreserved, undesignated				7,433,094	7,433,094
<b>Total Fund Balances</b>		<b><u>6,842,361</u></b>	<b><u>4,167,792</u></b>	<b><u>7,731,842</u></b>	<b><u>18,741,995</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$134,791</u></b>	<b><u>\$6,848,679</u></b>	<b><u>\$4,209,643</u></b>	<b><u>\$7,731,842</u></b>	<b><u>\$18,924,955</u></b>

REDEVELOPMENT AGENCY OF THE CITY OF BELMONT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2004

	General	Special Revenue	Debt Service	Capital Projects	Total
<b>REVENUES</b>					
Incremental property taxes		\$1,292,493	\$5,169,969		\$6,462,462
Use of money and property	\$15,068	75,678	37,710	\$89,480	217,936
Miscellaneous			11,287		11,287
<b>Total Revenues</b>	<b>15,068</b>	<b>1,368,171</b>	<b>5,218,966</b>	<b>89,480</b>	<b>6,691,685</b>
<b>EXPENDITURES</b>					
Current:					
Redevelopment					
Personnel services	234,123	163,720			397,843
Pass throughs and miscellaneous	295,381	572,019	2,634,299		3,501,699
Capital outlay		101,213		84,553	185,766
Debt service:					
Principal		115,000	595,000		710,000
Interest and fiscal charges		200,851	1,208,337		1,409,188
<b>Total Expenditures</b>	<b>529,504</b>	<b>1,152,803</b>	<b>4,437,636</b>	<b>84,553</b>	<b>6,204,496</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(514,436)</b>	<b>215,368</b>	<b>781,330</b>	<b>4,927</b>	<b>487,189</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to the City				(440,606)	(440,606)
Transfers in	643,312				643,312
Transfers (out)			(643,312)		(643,312)
<b>Total Other Financing Sources (Uses)</b>	<b>643,312</b>		<b>(643,312)</b>	<b>(440,606)</b>	<b>(440,606)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>128,876</b>	<b>215,368</b>	<b>138,018</b>	<b>(435,679)</b>	<b>46,583</b>
<b>BEGINNING FUND BALANCES</b>	<b>(128,876)</b>	<b>6,626,993</b>	<b>4,029,774</b>	<b>8,167,521</b>	<b>18,695,412</b>
<b>ENDING FUND BALANCES</b>		<b>\$6,842,361</b>	<b>\$4,167,792</b>	<b>\$7,731,842</b>	<b>\$18,741,995</b>

REDEVELOPMENT AGENCY OF THE CITY OF BELMONT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	<u>\$19,808</u>	<u>\$19,808</u>	<u>\$15,068</u>	<u>(\$4,740)</u>
Total Revenues	<u>19,808</u>	<u>19,808</u>	<u>15,068</u>	<u>(4,740)</u>
EXPENDITURES:				
Current:				
Redevelopment				
Personnel services	673,799	333,499	234,123	99,376
Pass throughs and miscellaneous		<u>367,121</u>	<u>295,381</u>	<u>71,740</u>
Total Expenditures	<u>673,799</u>	<u>700,620</u>	<u>529,504</u>	<u>171,116</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(653,991)</u>	<u>(680,812)</u>	<u>(514,436)</u>	<u>166,376</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from City advances	684,448	684,448		(684,448)
Transfers in			<u>643,312</u>	<u>643,312</u>
Total other financing sources (uses)	<u>684,448</u>	<u>684,448</u>	<u>643,312</u>	<u>(41,136)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$30,457</u>	<u>\$3,636</u>	128,876	<u>\$125,240</u>
Fund balance, July 1			<u>(128,876)</u>	
Fund balance, June 30			<u><u>                    </u></u>	

REDEVELOPMENT AGENCY OF THE CITY OF BELMONT  
SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$1,357,351	\$1,717,067	\$1,292,493	(\$424,574)
Use of money and property	102,996	102,996	75,678	(27,318)
Total Revenues	<u>1,460,347</u>	<u>1,820,063</u>	<u>1,368,171</u>	<u>(451,892)</u>
EXPENDITURES:				
Current:				
Redevelopment				
Personnel services		148,582	163,720	(15,138)
Pass throughs and miscellaneous	903,454	831,423	572,019	259,404
Capital outlay	3,890,688	3,868,157	101,213	3,766,944
Debt service:				
Principal	115,000	115,000	115,000	
Interest and fiscal charges	200,851	200,851	200,851	
Total Expenditures	<u>5,109,993</u>	<u>5,164,013</u>	<u>1,152,803</u>	<u>4,011,210</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(\$3,649,646)</u>	<u>(\$3,343,950)</u>	215,368	<u>\$3,559,318</u>
Fund balance, July 1			<u>6,626,993</u>	
Fund balance, June 30			<u>\$6,842,361</u>	

REDEVELOPMENT AGENCY OF THE CITY OF BELMONT  
DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$4,926,696	\$5,169,969	\$243,273
Use of money and property	31,702	37,710	6,008
Miscellaneous		11,287	11,287
	4,958,398	5,218,966	260,568
Total Revenues			
EXPENDITURES			
Current:			
Redevelopment			
Pass throughs and miscellaneous	2,461,268	2,634,299	(173,031)
Debt service:			
Principal	595,000	595,000	
Interest and fiscal charges	1,212,624	1,208,337	4,287
	4,268,892	4,437,636	(168,744)
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	689,506	781,330	91,824
OTHER FINANCING SOURCES (USES)			
Transfers (out)	684,448	(643,312)	(1,327,760)
	684,448	(643,312)	(1,327,760)
Total Other Financing Sources (Uses)			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$1,373,954	138,018	(\$1,235,936)
BEGINNING FUND BALANCES		4,029,774	
ENDING FUND BALANCES		\$4,167,792	

REDEVELOPMENT AGENCY OF THE CITY OF BELMONT  
 CAPITAL PROJECTS FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Use of money and property	<u>\$139,937</u>	<u>\$89,480</u>	<u>(\$50,457)</u>
Total Revenues	<u>139,937</u>	<u>89,480</u>	<u>(50,457)</u>
EXPENDITURES			
Capital outlay	<u>4,846,124</u>	<u>84,553</u>	<u>4,761,571</u>
Total Expenditures	<u>4,846,124</u>	<u>84,553</u>	<u>4,761,571</u>
Income Before Other Financing Sources	<u>(4,706,187)</u>	<u>4,927</u>	<u>(4,711,114)</u>
OTHER FINANCING USES			
Transfers out	<u>(440,606)</u>	<u>(440,606)</u>	<u>                    </u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(\$5,146,793)</u>	<u>(435,679)</u>	<u>\$4,711,114</u>
BEGINNING FUND BALANCES		<u>8,167,521</u>	
ENDING FUND BALANCES		<u>\$7,731,842</u>	

**SUPPLEMENTAL FINANCIAL INFORMATION  
REGARDING HOUSING SET-ASIDE AMOUNTS  
(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 2003-2004. 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.

### BELMONT REDEVELOPMENT AGENCY LOS COSTANOS COMMUNITY DEVELOPMENT PROJECT AREA HISTORICAL INCREMENTAL ASSESSED VALUATION

Fiscal Year Ending June 30	Total Assessed Valuation (1)	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	48,461,611	35.98%
1986	201,153,514	65,554,244	35.27%
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	177,655,269	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	13.12%
2003	736,172,756	600,573,486	5.81%
2004	763,224,908	627,625,638	4.50%

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.

### BELMONT REDEVELOPMENT AGENCY LOS COSTANOS COMMUNITY DEVELOPMENT PROJECT AREA HISTORICAL RECEIPT OF TAX INCREMENT REVENUES

Fiscal Year Ending June 30	Secured Tax Increments (2)	Unsecured Tax Increment (2)	Unitary Revenue (3)	Supplemental Allocations (2)	Total Tax Increment (4)	Housing Set Aside Amounts (5)	Change From Prior Year
1984					\$285,494	\$57,099	
1985					363,836	72,989	27.44%
1986	\$429,246	\$84,594		\$16,681	530,521	103,097	45.81%
1987	725,932	82,321		58,699	866,952	168,560	63.42%
1988	787,579	69,137		103,030	959,746	191,949	10.70%
1989	924,058	73,737		87,124	1,084,919	216,983	13.04%
1990	1,035,629	85,045	\$25,534	57,535	1,203,743	240,749	10.95%
1991	1,260,743	1,225,929	54,683	120,184	2,661,539	311,708	121.11%
1992	1,629,619	81,020	57,216	145,226	1,913,081	382,616	(28.12%)
1993	1,758,187	93,810	58,779	59,494	1,970,270	394,055	2.99%
1994	1,890,260	72,133	51,221	49,533	2,063,147	412,629	4.71%
1995	1,933,676	17,827	54,213	18,928	2,024,644	404,929	(1.87%)
1996	2,019,812	222,873	54,170	29,872	2,326,727	465,346	14.92%
1997	2,227,773	131,833	39,541	105,133	2,504,280	500,856	7.63%
1998	2,520,936	195,020	50,432	106,587	2,872,975	569,942	14.72%
1999	2,832,402	123,236	64,836	49,610	3,070,084	614,016	6.86%
2000	3,076,826	118,983	57,337	183,315	3,436,461	687,292	11.93%
2001	3,640,433	172,658	61,111	103,483	3,977,685	795,537	15.75%
2002	4,212,040	253,052	67,477	455,911	4,988,481	997,696	25.41%
2003	4,415,999	220,998	72,375	300,175	5,009,547	1,001,909	0.42%
2004	4,511,245	177,074	77,251	165,496	4,931,066	986,213	(1.57%)

(1) Amounts shown are net of amounts waived by the Agency under County Fiscal Agreement. The amount waived under the County Fiscal Agreement is approximately 22.82% of tax revenues allocable to assessed values in excess of the base year value and in fiscal year 2003-2004 was \$1,483,624.

(2) Breakdown of tax increment amount secured, unsecured and supplemental categories not available for fiscal years ended June 30, 1983 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.

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

Source: Belmont Redevelopment Agency and County of San Mateo Controller's Office – Deputy Controller.

**Debt Service Coverage**

Housing Set-Aside Amounts in fiscal year 2003-2004 were \$986,213. See the table above entitled "Historical Receipt of Tax Incremental Revenues." Coverage of such amounts over maximum annual debt service of \$318,026 on the Series 1996 Housing Set-Aside Bonds is 3.1 times.

**Major Property Taxpayers**

The ten largest assesses in the Project Area for fiscal 2003-2004 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 \$230,771,703 which represents approximately 42.09% percent of the Project Area's secured taxable valuation (including Unitary Assessed valuation).

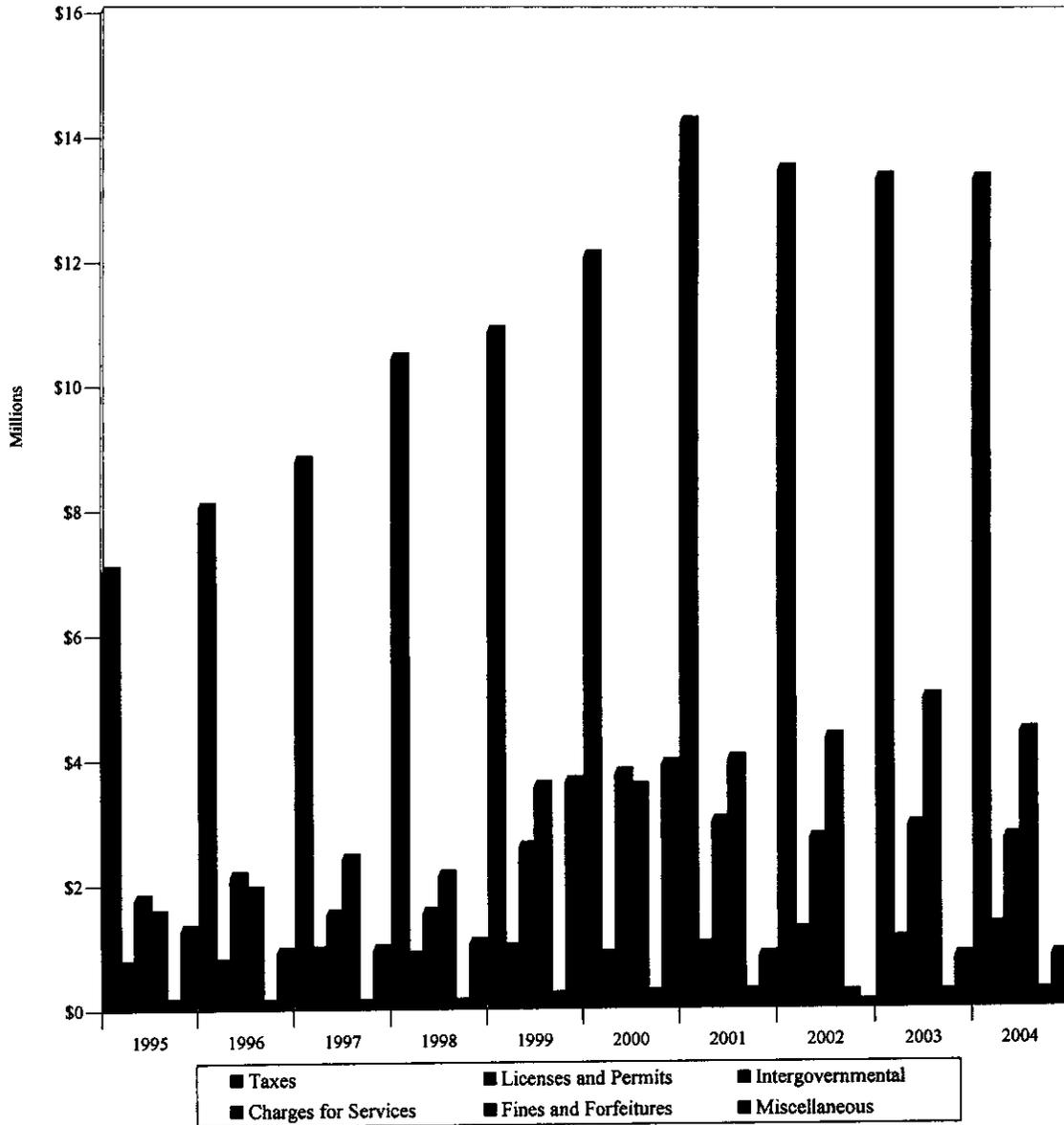
**BELMONT REDEVELOPMENT AGENCY  
LOS COSTANOS COMMUNITY DEVELOPMENT PROJECT AREA  
TEN LARGEST SECURED PROPERTY TAX ASSESSEES**

Assessee	Use	03/04 Taxable Value	Percentage of Total Secured Taxable Value of Project Area (1)
Nikon Precision Inc.	Office	\$43,751,430	7.98%
Oracle Corporation	Office	31,254,882	5.70%
Six Hundred Clipper Drive LLC	Office	32,500,000	5.93%
Innkeepers Summerfield General	Hotel	21,616,983	3.94%
Belmar Lessee	Apartments	13,330,047	2.43%
1001 E Hillsdale LIC	Office	39,795,300	7.26%
Paradigm Healthcare LP	Nursing Homes	14,086,515	2.57%
Safeway INC	Store	13,153,649	2.40%
Mc Lellan Estate Company	Apartments	10,874,281	1.98%
Lucas Donald L Sally S	Auto Dealership	10,408,616	1.90%
Total		<u>\$230,771,703</u>	<u>42.09%</u>

(1) The secured taxable value of the Project Area for fiscal year 2003/2004 is \$516,967,886 including unitary assessed value.

Source: MBIA Muniservice Company as to list of top ten assesses; County of San Mateo Controller's Office and County of San Mateo Assessment Appeals Board as to appeals to assessed values.

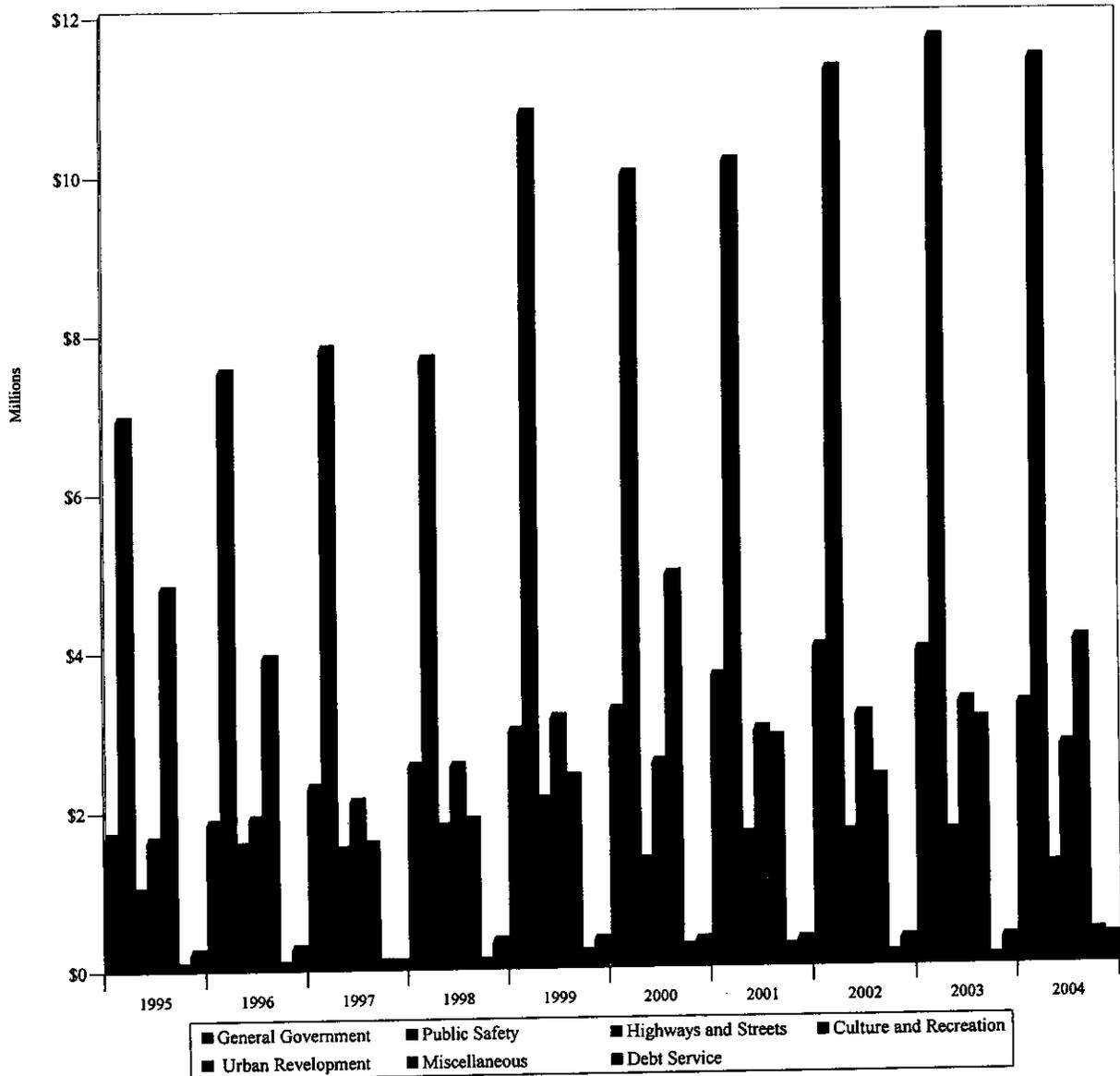
**CITY OF BELMONT  
GENERAL GOVERNMENTAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**



Fiscal Year	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines and Forfeitures	Miscellaneous	Total
1995	\$7,027,964	\$694,821	\$1,759,892	\$1,511,474	\$84,205	\$1,271,300	\$12,349,656
1996	8,036,178	721,987	2,122,198	1,891,198	67,370	909,975	13,748,906
1997	8,783,608	920,312	1,512,683	2,401,165	62,303	947,163	14,627,234
1998	10,435,265	836,530	1,539,278	2,130,041	69,899	1,044,399	16,055,412
1999	10,868,996	950,839	2,586,369	3,554,358	171,782	3,632,616	21,764,960
2000	12,076,017	833,494	3,762,046	3,525,113	205,720	3,913,976	24,316,366
2001	14,237,689	981,062	2,989,980	3,985,618	218,520	831,511	23,244,380
2002	13,472,303	1,216,664	2,712,770	4,334,488	200,885	35,471	21,972,581
2003	13,341,264	1,059,328	2,915,099	4,970,286	189,778	802,072	23,277,827
2004	13,320,240	1,281,089	2,711,097	4,412,558	200,695	818,180	22,743,859

Includes General and Special Revenue Funds only.

**CITY OF BELMONT  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS**

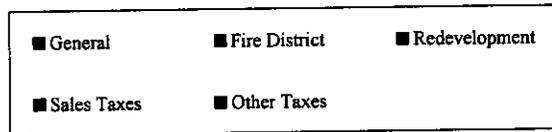
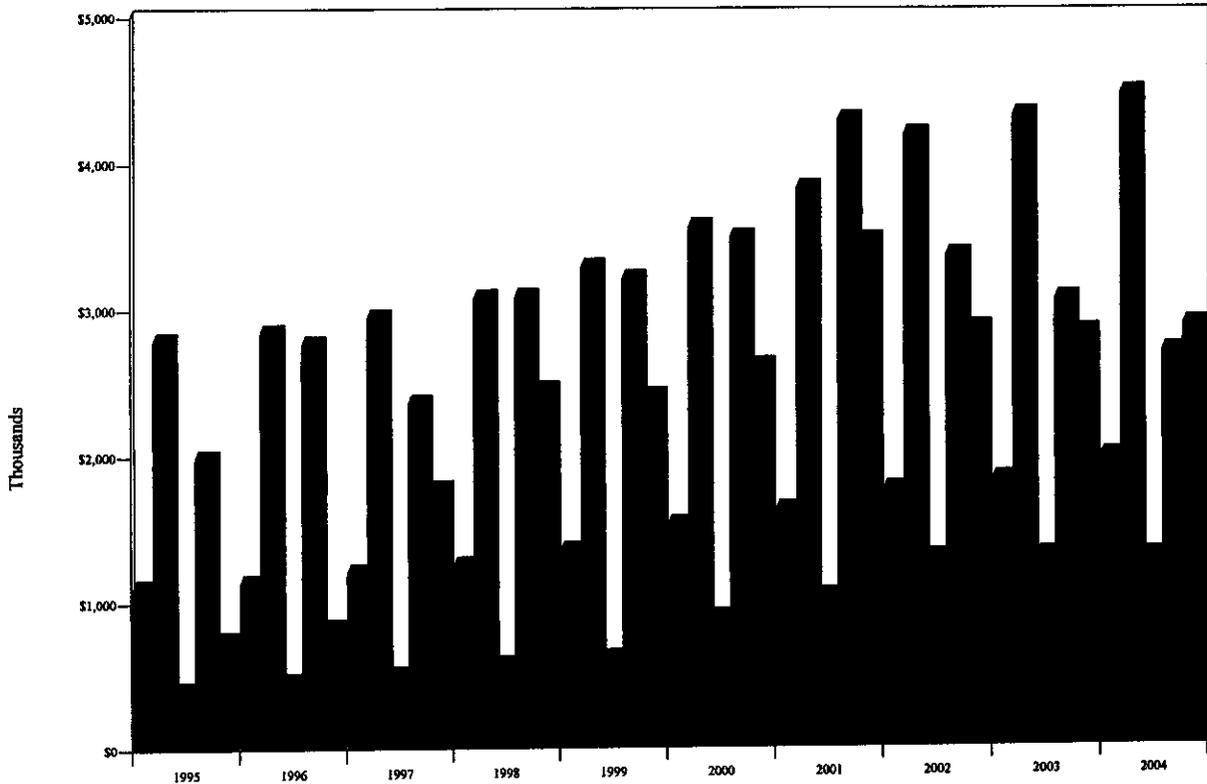


Fiscal Year	General Government	Public Safety	Highways and Streets	Culture and Recreation	Urban Redevelopment/ Capital outlay	Miscellaneous	Debt Service	Total
1995	\$1,679,167	\$6,919,496	\$992,298	\$1,634,563	\$4,784,776	\$39,802	\$211,998	\$16,262,100
1996	1,831,869	7,516,603	1,545,680	1,886,837	3,908,373	45,492	259,475	16,994,329
1997	2,281,885	7,801,829	1,489,784	2,101,664	1,559,685	78,171	72,902	15,385,920
1998	2,536,050	7,678,109	1,768,121	2,537,821	1,849,519	71,534	330,430	16,771,584
1999	2,964,215	10,771,713	2,094,863	3,129,988	2,378,995	169,773	330,103	21,839,650
2000	3,223,186	9,999,503	1,321,308	2,557,352	4,935,031	234,872	318,529	22,589,781
2001	3,641,150	10,157,683	1,635,427	2,962,215	2,846,640	222,458	317,421	21,782,994
2002	3,994,858	11,317,343	1,651,753	3,145,395	2,338,805	120,881	315,839	22,884,874
2003	3,940,996	11,697,843	1,646,399	3,294,868	3,043,191	60,199	318,658	24,002,154
2004	3,253,842	11,432,590	1,221,473	2,730,415	4,065,898	370,368	315,851	23,390,437

Includes General and Special Revenue Funds only.

Source: City Annual Financial Report

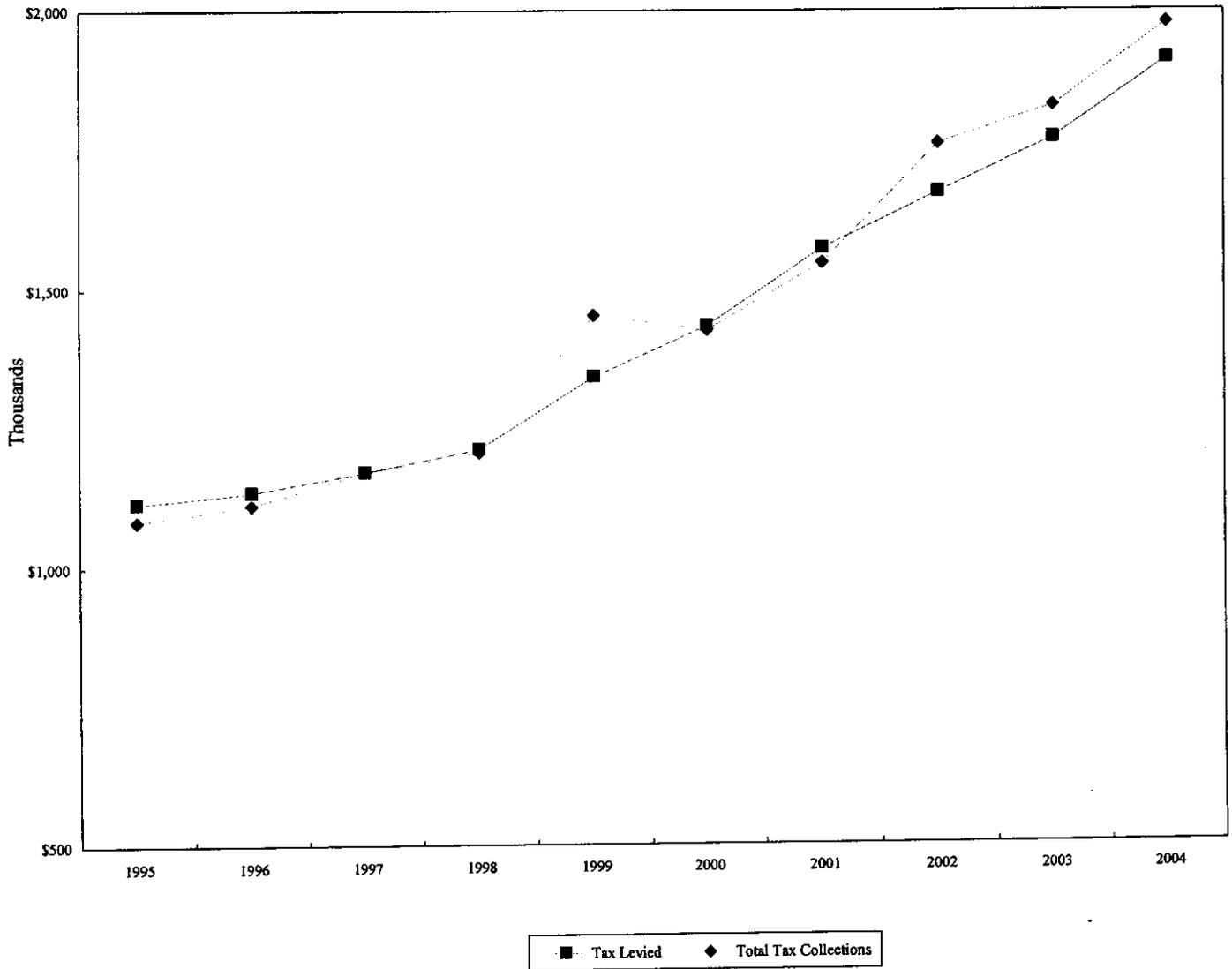
CITY OF BELMONT  
TAX REVENUES BY SOURCE  
GENERAL AND SPECIAL REVENUE FUNDS  
LAST TEN FISCAL YEARS



Fiscal Year	Property Taxes				Other Taxes	Total
	General	Fire District	Redevelopment	Sales Taxes		
1995	\$1,100,873	\$2,787,893	\$404,929 (1)	\$1,985,696	\$748,573	\$7,027,964
1996	1,131,512	2,845,101	465,345	2,766,098 (2)	828,122	8,036,178
1997	1,201,437	2,945,573	500,857	2,360,449	1,775,292 (3)	8,783,608
1998	1,250,888	3,080,201	569,942	3,086,514	2,447,720	10,435,265
1999	1,350,414	3,290,744	614,016	3,211,047	2,402,775	10,868,996
2000	1,524,274	3,562,326	890,625	3,490,405	2,608,387	12,076,017
2001	1,621,761	3,826,490	1,030,835	4,290,929	3,467,674	14,237,689
2002	1,760,335	4,191,942	1,292,855	3,365,542	2,861,629	13,472,303
2003	1,827,809	4,322,941	1,298,315	3,060,269	2,831,930	13,341,264
2004	1,977,535	4,472,587	1,292,493	2,697,933	2,879,692	13,320,240

- (1) Redevelopment tax increment revenue, other than those dedicated to low and moderate income housing, were transferred to a debt service fund to more easily demonstrate compliance with bond covenants, statutes, and regulations.
- (2) \$307,300 of accruals are included to comply with GASB Statement 22 and the implementation recommendations of the California Committee on Municipal Accounting.
- (3) Beginning 1997, Gas Tax was reclassified to the Other Taxes category.

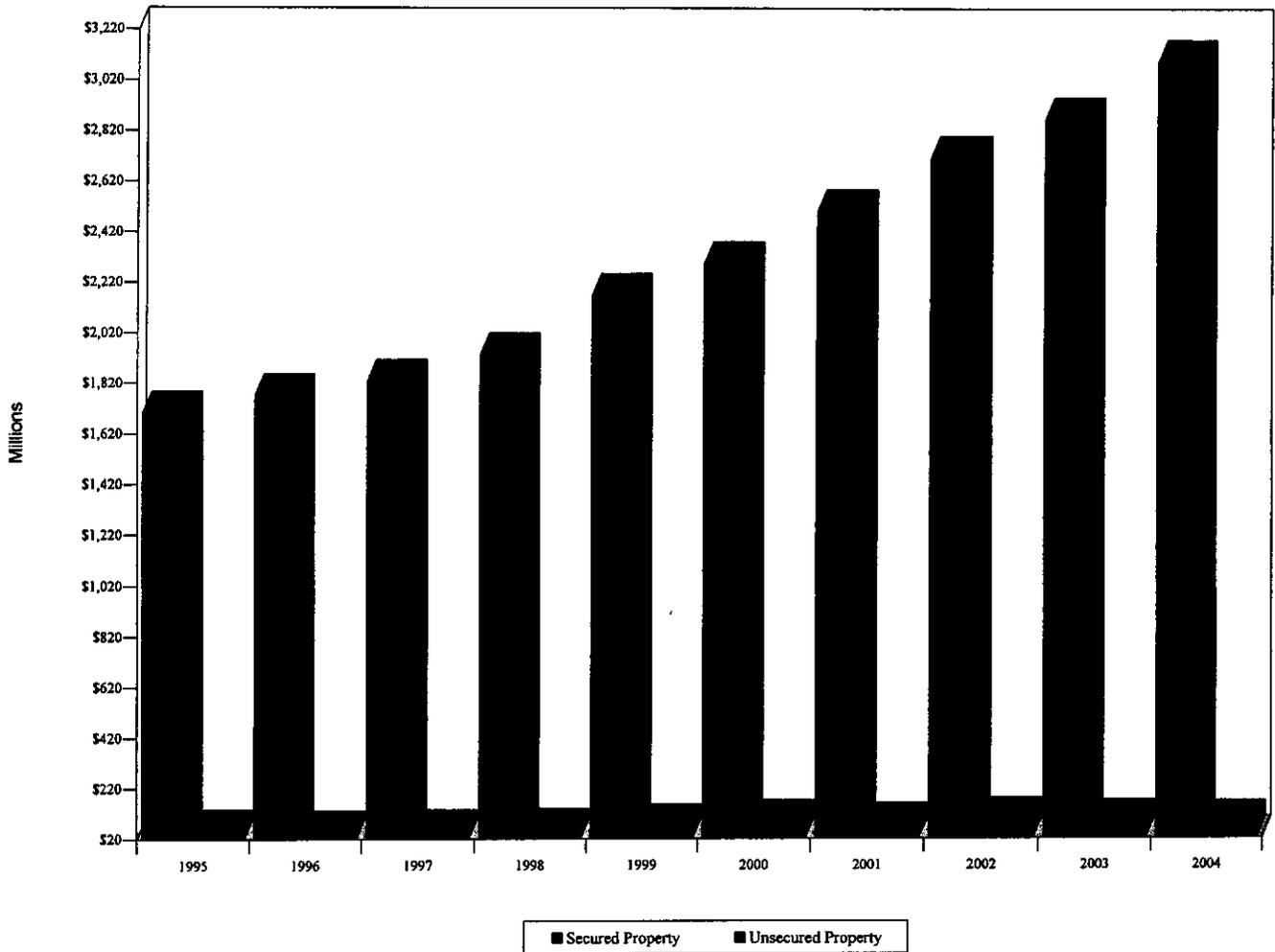
**CITY OF BELMONT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**



Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1995	\$1,115,140	\$1,076,141	96.50%	\$6,649	\$1,082,790	97.10%
1996	1,135,373	1,108,891	97.67%	2,585	1,111,476	97.90%
1997	1,171,202	1,170,860	99.97%	348	1,171,208	100.00%
1998	1,211,594	1,204,882	99.45%	268	1,205,150	99.47%
1999	1,341,158	1,452,022	108.27%	0	1,452,022	108.27%
2000	1,432,436	1,424,328	99.43%	0	1,424,328	99.43%
2001	1,572,315	1,545,715	98.31%	0	1,545,715	98.31%
2002	1,672,761 (1)	1,760,334 (2)	105.24%	0	1,760,334	105.24%
2003	1,770,161 (1)	1,827,809 (2)	103.26%	0	1,827,809	103.26%
2004	1,911,568 (1)	1,977,535 (2)	103.45%	0	1,977,535	103.45%

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

CITY OF BELMONT  
 ASSESSED VALUE OF PROPERTY  
 LAST TEN FISCAL YEARS

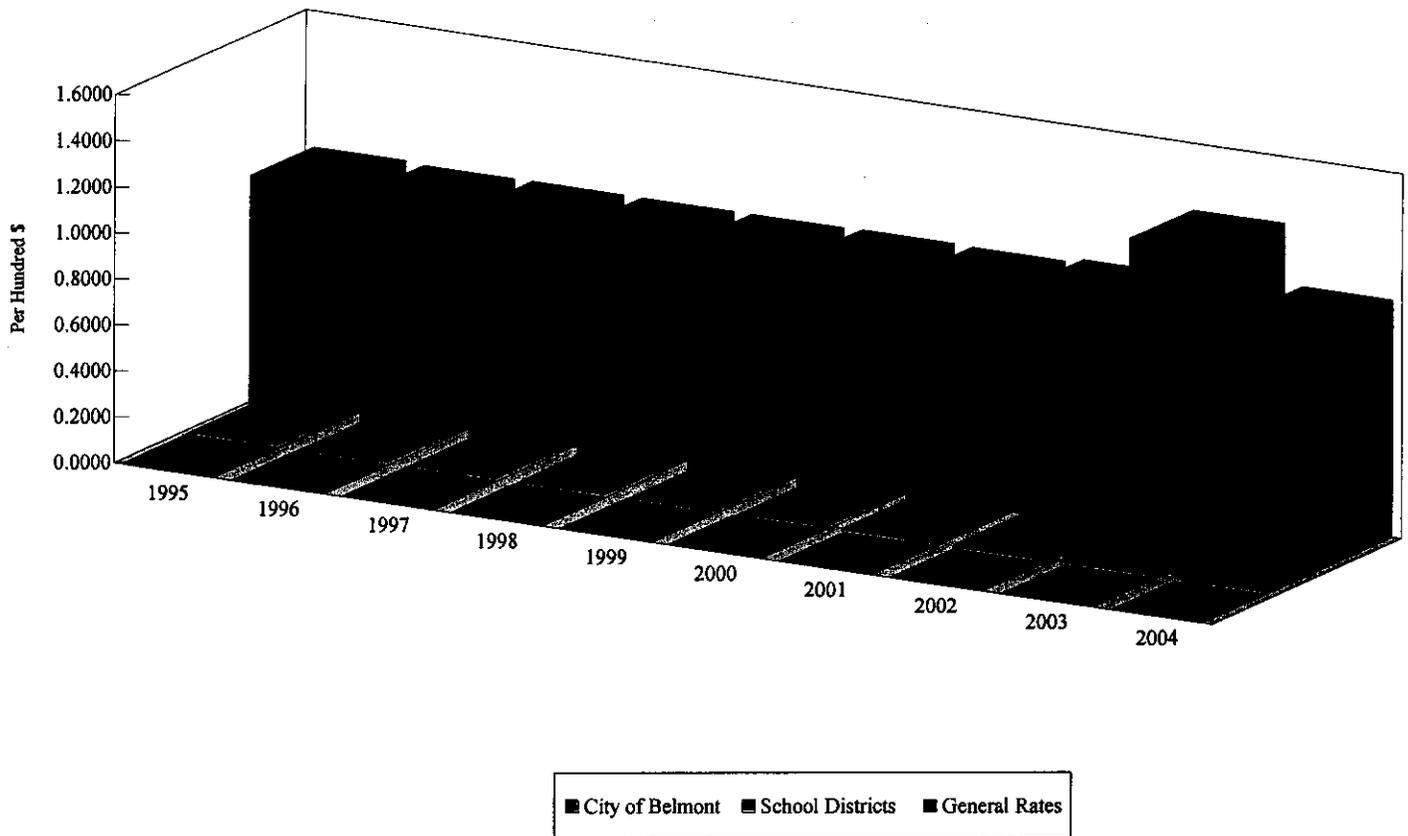


Fiscal Year Ended June 30	Secured Property (1)		Unsecured Property		Total		Assessed to Estimated Actual Value	Increased From Prior Year
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
1995	\$1,703,215.852	\$1,703,215.852	\$51,696,385	\$51,696,385	\$1,754,912,237	\$1,754,912,237	100%	2.88%
1996	1,772,483.691	1,772,483.691	47,775.810	47,775.810	1,820,259,501	1,820,259,501	100%	3.72%
1997	1,827,224.779	1,827,224.779	51,100.152	51,100.152	1,878,324,931	1,878,324,931	100%	3.19%
1998	1,933,335.022	1,933,335.022	55,751.346	55,751,346	1,989,086,368	1,989,086,368	100%	5.90%
1999	2,168,551.278	2,168,551.278	71,368.340	71,368,340	2,239,919,618	2,239,919,618	100%	12.61%
2000	2,296,128.061	2,296,128.061	86,023.139	86,023,139	2,382,151,200	2,382,151,200	100%	6.35%
2001	2,501,518.475	2,501,518,475	75,436.853	75,436,853	2,576,955,328	2,576,955,328	100%	8.18%
2002	2,714,136.262	2,714,136,262	94,770.443	94,770,443	2,808,906,705	2,808,906,705	100%	9.00%
2003	2,867,898.399	2,867,898,399	86,739.279	86,739,279	2,954,637,678	2,954,637,678	100%	14.66%
2004	3,093,884.891	3,093,884,891	82,142.052	82,142,052	3,176,026,943	3,176,026,943	100%	13.07%

SOURCES: SAN MATEO COUNTY CONTROLLER

(1) Secured Property includes State Board Roll (Unitary tax)

CITY OF BELMONT  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS



Supplemental Debt Service Tax Rates

Fiscal Year	City of Belmont	School Districts	General Rates	Total
1995	\$0.0029	\$0.0069	\$1.0000	\$1.0098
1996	0.0014	N/A	1.0000	1.0014
1997	0.0023	N/A	1.0000	1.0023
1998	0.0016	N/A	1.0000	1.0016
1999	0.0015	N/A	1.0000	1.0015
2000	0.0050	N/A	1.0000	1.0050
2001	0.0011	0.0203	1.0000	1.0011
2002	0.0000	0.0184	1.0000	1.0184
2003	0.0000	0.306	1.0000	1.3060
2004	0.0000	0.0406	1.0000	1.0406

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

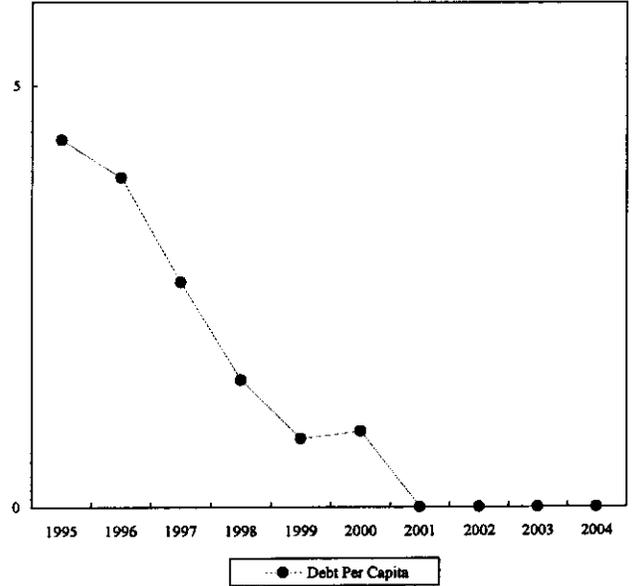
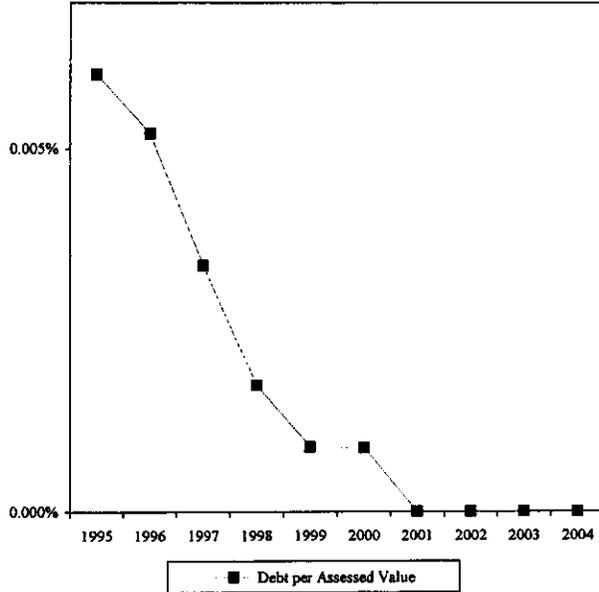
CITY OF BELMONT  
 PRINCIPAL PROPERTY TAXPAYERS  
 JUNE 30, 2004

Property Owner	Use	2003/2004 Taxable Value	% of Total Value
1001 E Hillsdale LLC	Office	\$42,214,307	1.33%
Oracle Corporation	Office	40,133,371	1.26%
Nikon Precision Inc.	Office	39,288,953	1.24%
Six Hundred Clipper Drive LLC	Office	29,300,000	0.92%
Innkeepers Summerfield General	Hotel	22,175,190	0.70%
Davis Associates	Office	21,750,528	0.68%
Safeway Inc.	Grocery Store	17,333,582	0.55%
Paradigm Health Care LP	Assisted Living	14,345,446	0.45%
Balmar Lessee	Office	13,578,917	0.43%
Sunrise Belmont Assisted Living	Assisted Living	13,572,400	0.43%
Totals		<u>\$253,692,694</u>	
Total Assessed Value		<u><u>\$3,176,026,943</u></u>	

Source: County of San Mateo Assessor's Office



CITY OF BELMONT  
 RATIO OF NET GENERAL OBLIGATION BONDED DEBT  
 TO ASSESSED VALUE AND NET GENERAL OBLIGATION  
 BONDED DEBT PER CAPITA  
 LAST TEN FISCAL YEARS

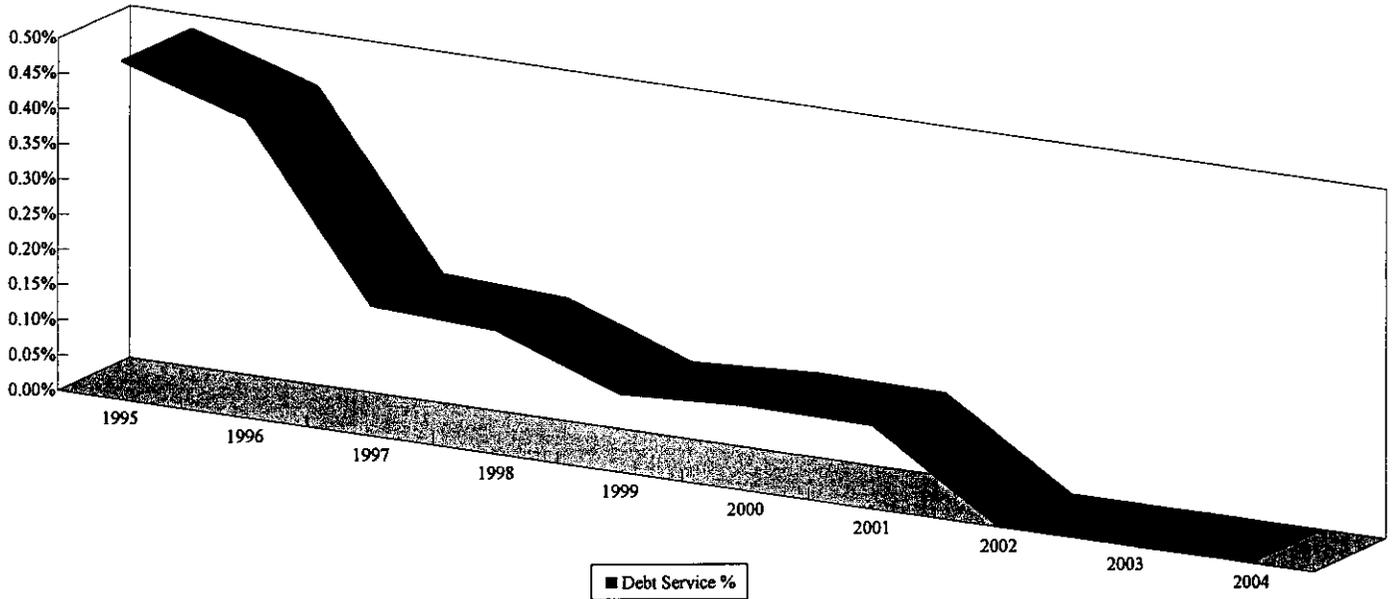


Fiscal Year	Population	Gross Assessed Value (1)	Gross Bonded Debt (2)	Debt Service Monies Available (2)	Net Bonded Debt	Bonded Debt to Assessed Valuation	Bonded Debt Per Capita
1995	25,103	\$1,820,259,501	\$170,000	\$60,468	\$109,532	0.006%	4
1996	24,950	1,878,324,931	110,000	12,218	97,782	0.005%	4
1997	25,218	1,989,086,368	90,000	22,653	67,347	0.003%	3
1998	25,919	2,239,919,618	70,000	30,823	39,177	0.002%	2
1999	26,100	2,382,151,200	50,000	28,675	21,325	0.001%	1
2000	25,153	2,576,955,328	25,000	2,308	22,692	0.001%	1
2001	25,102	2,576,955,328	0	0	0	0.000%	0
2002	24,980	2,810,114,176	0	0	0	0.000%	0
2003	25,096	2,954,637,678	0	0	0	0.000%	0
2004	25,107	3,176,026,943	0	0	0	0.000%	0

Note: Debt repaid in full in fiscal year 2000-2001.

Source: (1) San Mateo County Auditor  
 (2) City of Belmont Finance Department

CITY OF BELMONT  
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
 FOR GENERAL BONDED DEBT TO  
 TOTAL GENERAL GOVERNMENTAL FUND EXPENDITURES  
 LAST TEN FISCAL YEARS



Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Debt Service to Governmental Fund Type Expenditures
1995	\$60,000	\$18,148	\$78,148	\$16,262,100	0.48%
1996	60,000	12,300	72,300	16,994,329	0.43%
1997	20,000	8,320	28,320	15,385,920	0.18%
1998	20,000	9,438	29,438	16,771,584	0.18%
1999	20,000	4,200	24,200	21,839,650	0.11%
2000	25,000	2,308	27,308	22,589,781	0.12%
2001	25,000	875	25,875	21,782,994	0.12%
2002	0	0	0	22,884,874	0.00%
2003	0	0	0	24,002,154	0.00%
2004	0	0	0	23,390,437	0.00%

Note: Debt repaid in full in fiscal year 2000-2001.

Source: Belmont Annual Financial Report

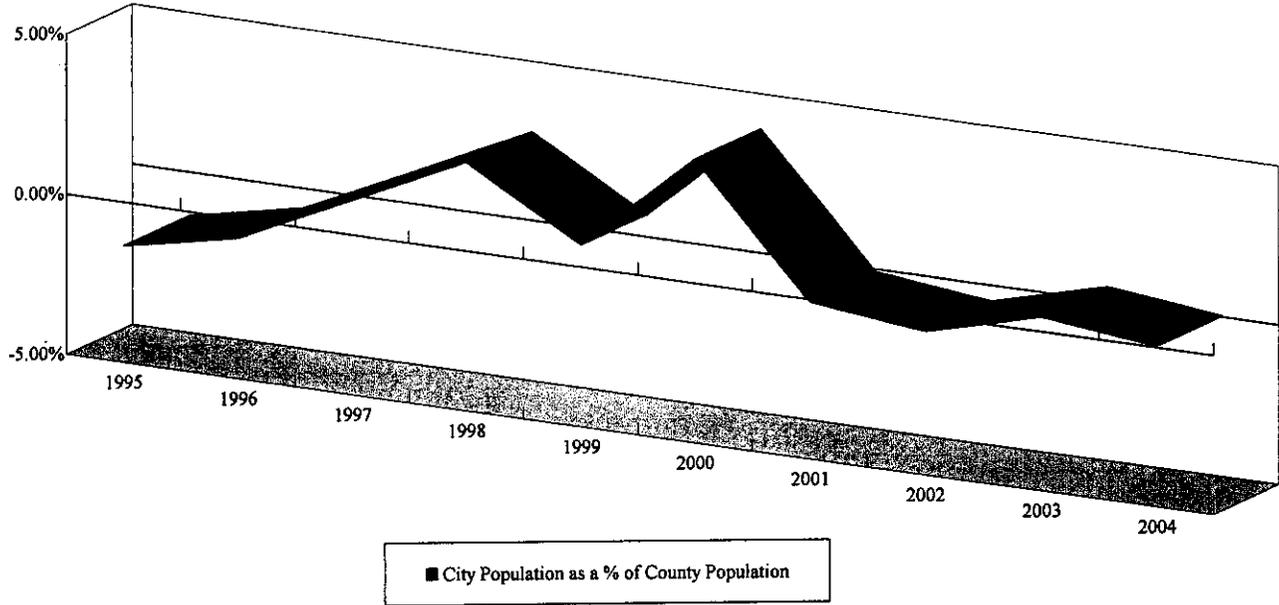
**CITY OF BELMONT**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**JUNE 30, 2004**

JURISDICTION	Net Debt Outstanding	Percentage Applicable To City of Belmont	Amount Applicable To City of Belmont
San Mateo County General Fund Obligations	\$11,926,871	2.819%	\$336,218
San Mateo County Board of Education Certificates of Participation	134,607	2.819%	3,795
San Mateo Community College District Certificates of Participation	870,648	2.819%	24,544
San Mateo Community College District	2,665,100	2.819%	75,129
Belmont School District Certificates of Participation	2,169,326	38.226%	829,247
San Mateo County Mosquito Abatement District Certificates of Participation	66,359	3.892%	2,583
Sequoia Union High School District Certificates of Participation	9,217,508	7.112%	655,549
Belmont School District	4,257,501	38.201%	1,626,408
City of Belmont Community Facilities District No. 2000-1	8,650,000	100.000%	8,650,000
San Mateo-Foster City School District	<u>19,617</u>	0.019%	<u>4</u>
<b>TOTAL NET DIRECT &amp; OVERLAPPING BONDED DEBT</b>	<b><u>\$39,977,537</u></b>		<b><u>\$12,203,476</u></b> (1)

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

SOURCE: California Municipal Statistics, Inc.

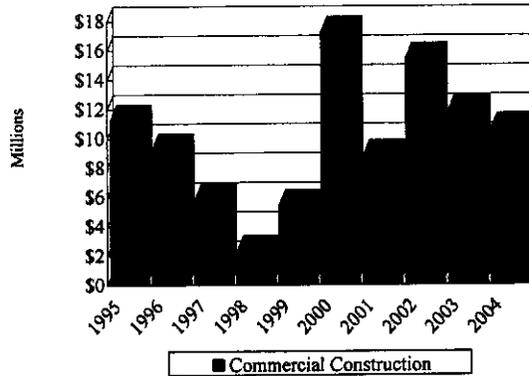
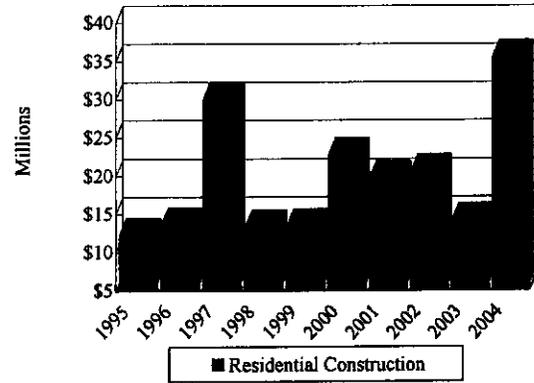
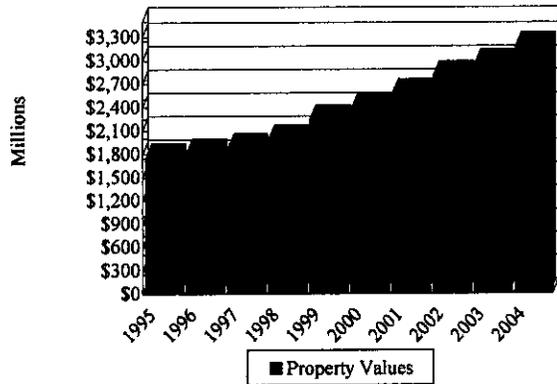
CITY OF BELMONT  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS



<u>Fiscal Year</u>	<u>City Population (1)</u>	<u>Population Percent Change</u>	<u>San Mateo County Population (1)</u>	<u>City Population % of County</u>
1995	25,103	-1.36%	697,306	3.60%
1996	24,950	-0.61%	693,056	3.60%
1997	25,218	1.07%	700,500	3.60%
1998	25,919	2.78%	715,382	3.62%
1999	26,100	0.70%	722,762	3.61%
2000	25,123	3.89%	707,163	3.55%
2001	25,102	-0.08%	709,073	3.54%
2002	24,980	-0.49%	709,939	3.52%
2003	25,096	0.46%	709,236	3.54%
2004	25,107	0.04%	712,386	3.52%

(1) Source - State of California Department of Finance

**CITY OF BELMONT**  
**PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS**  
**LAST TEN FISCAL YEARS**



Fiscal Year	Property Values (1)	Commercial Construction (2)		Residential Construction (2)	
		Number of Permits	Value	Number of Permits	Value
1995	\$1,754,912,237	68	\$11,338,413	599	\$12,278,773
1996	1,820,259,501	73	9,348,668	711	13,629,372
1997	1,878,324,931	64	5,912,868	839	30,023,862
1998	1,989,086,368	66	2,388,780	700	13,341,132
1999	2,239,919,618	59	5,499,446	674	13,438,925
2000	2,382,151,200	80	17,284,900	829	22,740,492
2001	2,576,955,328	75	8,852,932	972	19,729,234
2002	2,810,114,176	105	15,481,625	945	20,605,515
2003	2,954,637,678	136	11,959,113	1066	14,142,604
2004	3,176,026,943	113	10,688,684	1160	35,528,956

Source: (1) San Mateo County Auditor - Controller's Assessed Value Summaries  
(2) City of Belmont Community Development Department

CITY OF BELMONT  
 MISCELLANEOUS STATISTICS  
 June 30, 2004

Date of Incorporation: Belmont was incorporated as a General Law City in 1926.

Form of Government: Council/Manager

Authorized Employees as of June 30, 2004 (including Police):

Elected:	
Mayor	1
Council	4
Treasurer	1
City Clerk	1
Appointed:	
City Manager	1
Assistant City Manager	1
Department heads	6
Other full-time employees	<u>120</u>
Total	<u>135</u>

Area in square miles: 4.61

Miles of streets and alleys: 71

Number of street lights: 1,087

Miles of storm drains: 27

Police protection:

Commissioned personnel:	31
Noncommissioned personnel (full-time):	<u>12</u>
	<u>43</u>

Parks and Recreation:

Number of developed parks:	14
Acreage of developed parks:	58.5
Acreage of open space:	302

Community buildings:

- Barrett Community Center
- Twin Pines Lodge
- Twin Pines Senior and Community Center
- Belmont Sports Conference Center

Fire Protection:

Provided by South County Fire Authority through the Belmont Fire Protection District which serves the Cities of Belmont and San Carlos.

Number of fire fighters:	51
Number of fire stations (Belmont):	2

Sanitary Sewer Services:

Provided by the South Bayside System Authority which serves Belmont, San Carlos, Redwood City, and Menlo Park.

Miles of sewers (Belmont):	85
Number of service connections (Belmont):	8,601
Average daily treatment in gallons (Belmont):	1.87 million
Average daily treatment in gallons (total):	17.2 million
Maximum daily treatment capacity in gallons:	29 million

Water services:

Provided by the Mid-Peninsula Water District

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

<u>User</u>	<u>Type</u>	<u>Fiscal Year 2003/04 Revenues</u>
Belmar Lessee, Bohannon Development Co.	Commercial	\$38,889.62
McLellan Estate Co. (510 Crestview Ave)	Multifamily Residential	32,573.54
McLellan Estate Co. (707 Old County Rd.)	Multifamily Residential	30,633.92
McLellan Estate Co. (301 Old County Rd.)	Multifamily Residential	30,276.04
Normandy Square Associates, LLC	Multifamily Residential	29,469.66
College of Notre Dame	Institutional	27,020.70
Summerfield Suites	Commercial	26,953.98
Panos, Gus	Multifamily Residential	25,201.14
Carlmont Village Shopping Center	Commercial	24,115.36
Continental Belmont	Multifamily Residential	23,195.58

Source: City of Belmont  
Required per 2001 Sewer Revenue Bonds Continuing Disclosure.

**NUMBER OF SEWER SERVICE USERS**

<u>User Type</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
All Users	9,038 (1)	8,611 (2)	8,512 (3)	8,618	8,602 (3)	8,138 (3)

- (1) Increase due to a change in billing procedures to include all parcels, developed or undeveloped.
- (2) Decline due to a change from a flat rate to a metered rate system.
- (3) Decline due to adjustment of consolidated parcels.

**SEWER SERVICE REVENUES BY CLASS OF USER  
As of June 30, 2004**

<u>User Class</u>	<u>Revenue</u>	<u>Percent</u>
Single Family & Multiple Family Residential	\$3,012,335.84	81.71%
Commercial/Institutional	674,278.52	18.29%
Total Revenue	<u>\$3,686,614.36</u>	<u>100.00%</u>

CITY OF BELMONT  
SEWER SYSTEM  
SUMMARY STATEMENT OF HISTORICAL  
REVENUE AND EXPENDITURES  
LAST FIVE FISCAL YEARS

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>REVENUES</b>					
Charges for services	\$2,990,564	\$2,925,668	\$3,184,579	\$3,403,389	\$3,701,929
Connection charges	71,064	187,538	178,446	108,014	307,644
Miscellaneous charges	\$44,737	7,734	(490)		
Interest revenue	33,886	70,327	151,908	160,191	68,207
Joint venture interest	<u>(197,366)</u>	<u>(342,254)</u>	<u>(159,400)</u>		
<b>Total Revenues</b>	<u>2,942,885</u>	<u>2,849,013</u>	<u>3,355,043</u>	<u>3,671,594</u>	<u>4,077,780</u>
<b>OPERATING EXPENSES</b>					
Personnel services	633,717	752,309	834,950	614,855	452,132
Sewer treatment services	943,378	876,672	916,889	950,276	1,142,613
Supplies, materials and services	1,329,640	2,119,653	1,553,815	1,300,884	1,559,643
Interest Expense			<u>41,706</u>	<u>355,623</u>	<u>350,701</u>
<b>Total Expenses</b>	<u>2,906,735</u>	<u>3,748,634</u>	<u>3,347,360</u>	<u>3,221,638</u>	<u>3,505,089</u>
<b>Total Operating Transfers (1)</b>	<u>(204,992)</u>	<u>(105,300)</u>	<u>(1,010,125)</u>	<u>(406,438)</u>	<u>(1,251,471)</u>
<b>AMOUNTS AVAILABLE FOR DEBT SERVICE</b>	<u>(\$168,842)</u>	<u>(\$1,004,921)</u>	<u>(\$1,002,442)</u>	<u>\$43,518</u>	<u>(\$678,780)</u>
<b>DEBT SERVICE COVERAGE RATIO</b>	N/A	N/A	N/A	N/A	N/A

(1) Includes transfers for storm drain improvements that mitigate infiltration and intrusion into the sewage system.

Source: City of Belmont

**Community Facilities District No. 2000-1 of the City of Belmont  
Continuing Disclosures  
June 30, 2004**

Bond Principal Outstanding - August 30, 2003 Not Applicable

Balance Outstanding by Fund - August 30, 2003

Special Tax Fund	Not Applicable
Special Tax Fund - Reserve	Not Applicable
Special Tax Fund - Reserve Requirement	Not Applicable
Rebate Fund	Not Applicable
Surplus Fund	Not Applicable
Acquisitions & Construction Fund	Not Applicable

**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	933,587.86	639,550.00	1.46
2017	942,525.86	643,738.00	1.46
2018	951,545.28	641,775.00	1.48
2019	960,646.78	638,950.00	1.50
2020	969,831.02	640,263.00	1.51
2021	979,098.65	640,425.00	1.53
2022	988,450.35	644,438.00	1.53
2023	997,886.77	642,013.00	1.55
2024	1,007,408.60	643,438.00	1.57
2025	1,017,016.51	643,425.00	1.58
2026	1,026,711.17	641,975.00	1.60
2027	1,036,493.27	644,088.00	1.61
2028	1,046,363.49	644,475.00	1.62
2029	1,056,322.51	643,138.00	1.64
2030	1,066,371.04	645,075.00	1.65
<b>Total</b>	<b>25,537,472.29</b>	<b>17,038,705.00</b>	<b>1.50</b>

Special Tax Levy Delinquency Rate - September 1, 2003 Not Applicable

Status of Foreclosure Actions on Special Tax Levy in Excess of \$10,000 Not Applicable

**Special Tax Delinquency in Excess of 5% of Total Levy**

Owner	Land Use	Special Tax	Total Special Tax
None			

Changes to Tax Rate and Method of Apportionment None

Supplemental California Debt and Investment Advisory Commission Reporting None