

**City of Belmont, California
Measure I Fund
Financial Statements
For the Year Ended June 30, 2018**

This Page Left Intentionally Blank

CITY OF BELMONT
Measure I Fund
Financial Statements
For the Fiscal Year Ended June 30, 2018

Table of Contents

| | <u>Page</u> |
|---|-------------|
| <i>Independent Auditor's Report</i> | 1 |
| <i>Financial Statements:</i> | |
| Balance Sheet | 3 |
| Statement of Revenues, Expenditures and Changes in Fund Balance | 4 |
| Notes to the Financial Statements | 5 |
| <i>Independent Auditor's Report on Measure I Compliance</i> | 7 |
| <i>Statistical Section:</i> | |
| Revenues and Project Expenditures | 9 |

This Page Left Intentionally Blank



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council
City of Belmont, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure I Fund (Fund) of the City of Belmont, California (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

The financial statements referred to above present only the Fund and are not intended to present fairly the financial positions of the City and the results of its operations in conformity with generally accepted accounting principles.

Opinions

In our opinion, the financial statements referred to above present fairly in all material respects the financial position of the Fund at June 30, 2018 and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the Fund's financial statements. The Statistical 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.

The Statistical Section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mane & Associates

Pleasant Hill, California

October 1, 2018

CITY OF BELMONT
MEASURE I FUND

BALANCE SHEET
JUNE 30, 2018

| | |
|----------------------------------|---------------------------|
| Assets: | |
| Cash | \$1,521,026 |
| Due from the State of California | <u>358,306</u> |
| Total Assets | <u><u>\$1,879,332</u></u> |
| Fund Balance: | |
| Committed for Infrastructure | <u>\$1,879,332</u> |
| Total Fund Balance | <u><u>\$1,879,332</u></u> |

See accompanying notes to financial statements

CITY OF BELMONT
MEASURE I FUND

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

| | |
|----------------------------------|---------------------------|
| Revenues: | |
| Measure I Sales Tax | \$1,681,041 |
| Interest Earnings | <u>10,194</u> |
| Total Revenues | <u>1,691,235</u> |
| Expenditures: | |
| Measure I Projects | |
| Street Improvements | 56,440 |
| State of California District Tax | |
| Administrative Fee | <u>6,647</u> |
| Total Expenditures | <u>63,087</u> |
| Net Change in Fund Balance | 1,628,148 |
| Fund Balance - July 1, 2017 | <u>251,184</u> |
| Fund Balance - June 30, 2018 | <u><u>\$1,879,332</u></u> |

See accompanying notes to financial statements

CITY OF BELMONT, CALIFORNIA
MEASURE I FUND
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2018

NOTE 1 - BACKGROUND

The Belmont Streets and Services Measure (Measure I) was approved by the voters in November 2016, with 55 percent of the vote. The collection of the half cent general sales tax started in the first week of April 2017. The stated objective of the City Council for Measure I is to pay for the City's infrastructure for the next 30 years. The City of Belmont administers the program and distributes the funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – All transactions of the Measure I Program of the City of Belmont, California (City), are reported as a part of the General Fund in the basic financial statements of the City. The Measure I Fund is used to account for the City's share of revenues earned and expenditures incurred pursuant to the Belmont Streets and City Services Measure. The accompanying financial statements include Measure I Funds only and are not intended to fairly present the financial position, results of operations and cash flows of the City in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting - The accompanying financial statements are prepared on the modified accrual basis of accounting. Revenues are generally recorded when measurable and available, and expenditures are recorded when the related liabilities are incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a "*current financial resources*" measurement focus, wherein only current assets and current liabilities generally are included on the balance sheets. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Description of Funds - The accounts are maintained on the basis of fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts. The City uses a subfund of the General Fund to account for the proceeds of specific revenues (other than for capital projects) that are legally restricted to be expended for specified purposes.

Use of Estimates – Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

CITY OF BELMONT, CALIFORNIA
MEASURE I FUND
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2018

NOTE 3 – CASH AND INVESTMENTS

Cash and investments are maintained on a pooled basis with those of other funds of the City. Pooled cash and investments consist of, money market funds investing in such obligations and the State Treasurer's investment pool (Local Agency Investment Fund). All investments are stated at fair value. Pooled investment earnings are allocated based on the average cash and investment balances of the various funds and related entities of the City.

See the City's Comprehensive Annual Financial Report (CAFR) for disclosures related to cash and investments and the related custodial risk categorization. The CAFR may be obtained from the City of Belmont, 1 Twin Pines Lane, Belmont, CA, 94002.

INDEPENDENT AUDITOR'S REPORT ON MEASURE I COMPLIANCE

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

Report on Compliance for Measure I Fund

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the City of Belmont Measure I Fund (Fund) of the City of Belmont (City), California, as of and for the year ended June 30, 2018, and have issued our report thereon dated October 1, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of Measure I.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Fund based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and requirements specified in Section 23-114, Annual Audit, of Chapter 23 of the Belmont City Code (Ordinance No. 2016-1109). Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Fund occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Fund. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Measure I Fund

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Fund for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the Fund to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Fund and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

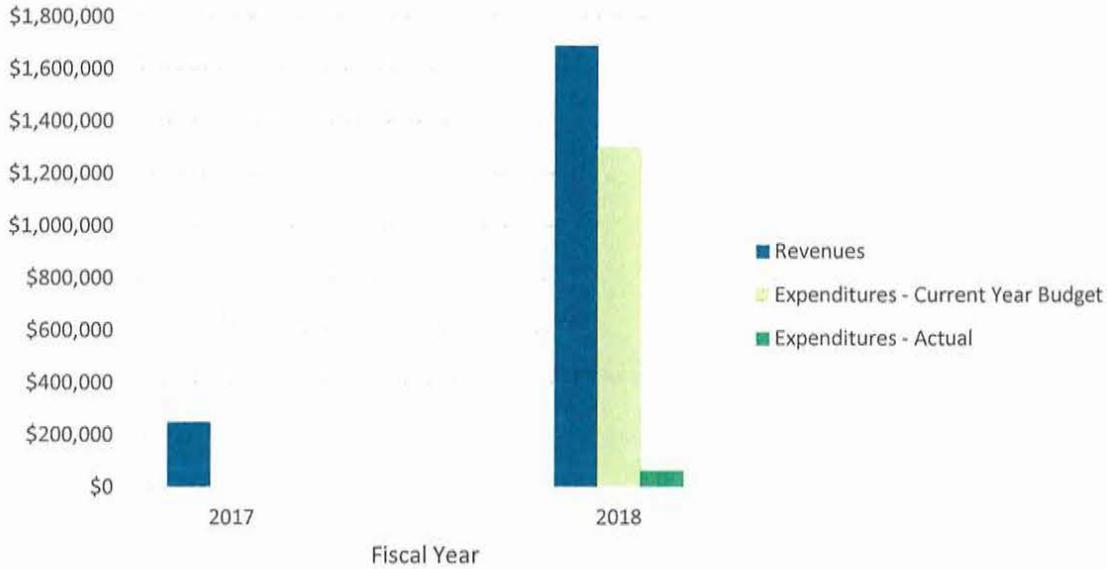
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements, specified in Section 23-114, Annual Audit, of Chapter 23 of the Belmont City Code (Ordinance No. 2016-1109). Accordingly, this report is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
October 1, 2018

**CITY OF BELMONT
MEASURE I FUND
REVENUES AND PROJECT EXPENDITURES**

Last Ten Fiscal Years*



| | Fiscal Year Ended June 30, | |
|-----------------------|----------------------------|--------------------|
| | 2017* | 2018 |
| Revenues: | | |
| Measure I Sales Tax | \$251,095 | \$1,681,041 |
| Interest Earnings | 89 | 10,194 |
| Total Revenues | \$251,184 | \$1,691,235 |

| | Fiscal Year Ended June 30, | | |
|----------------------------------|----------------------------|--------------------|-----------------|
| | 2017* | 2018 | |
| | Actual | Budget | Actual |
| Expenditures: | | | |
| Projects: | | | |
| Street Improvements | \$0 | \$1,000,000 | \$56,440 |
| Storm Drain Improvements | 0 | 300,000 | 0 |
| State of California District Tax | | | |
| Administrative Fee | 0 | 0 | 6,647 |
| Total Expenditures | \$0 | \$1,300,000 | \$63,087 |

*Measure I was effective April 1, 2017.

This Page Left Intentionally Blank