



City of Brisbane, California

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2015

CITY OF BRISBANE
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

Prepared by:
City of Brisbane, Finance Department
Stuart Schillinger, Administrative Services Director

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INTRODUCTORY SECTION

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**City of Brisbane
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**

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CITY OF BRISBANE

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December 23, 2015

To the Honorable Mayor and City Council, and Citizens of the City of Brisbane:

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2015.

This report was prepared under the direction of the City's Administrative Services Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City of Brisbane's financial statements have been audited by Maze & Associates, a firm of licensed certified public accountants. They concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion that the City of Brisbane's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is located at the front of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide 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 MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Brisbane is a community of 4,282 residents (2010 census) situated in Northern San Mateo County on the west side of San Francisco Bay. Brisbane borders the cities of San Francisco, Daly City and South San Francisco. The San Bruno Mountain range surrounds Brisbane to the west and the San Francisco Bay is the easterly border of the city. Due to the natural topography, there is no standard lot size or share for much of the city and thus the housing in Brisbane is much more individualistic, free from the multiple housing tracts seen in many cities. There is intense town spirit and pride and friendliness that would be expected of a small community within sight of the San Francisco skyline. The Council and community prides itself on being environmentally-progressive and respecting and caring for all individuals in the community.



The City has operated under the Council-Manager form of municipal government since it incorporated in 1961. The City Council is comprised of five members elected at large to four-year terms. Two Council members are elected in November of one odd-numbered year and three are elected in the following odd-numbered year. The Council selects the Mayor from its members. The City Manager is appointed by and serves at the pleasure of the City Council. The City Manager is responsible for implementing the policy decisions of the City Council and supervising all operations of city government.

The City of Brisbane provides a wide range of municipal services, including police and fire protection, water and sewer utilities, street maintenance, parks and recreation, planning, building and safety, marina and other general government services.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood within the specific environment the City operates.

Local economy.

The City is part of the general San Francisco/Silicon Valley area with a largely commuter workforce. The City's primary business is light industrial. Brisbane sees most of its sales tax revenue from business to business operations. A handful of businesses that make up a sizable portion of City revenues with the five largest Sales Tax producers are over 66 % of all Sales Tax collected.

A new business license tax for a large recycling firm that wants to expand within the city limits was approved by the voters in November 2011. Another new business license tax for liquid storage tanks was enacted November 2013.

In addition, the City's room tax revenues are generated by the two hotels located at Sierra Point. The City's revenue from room tax increased this year when one of the hotels was rebranded to Doubletree.

Located within the limits of the City of Brisbane is the "Baylands" one the largest (over 500 acres) undeveloped commercial parcel of land within San Mateo County. This parcel is contiguous with the boundaries of the City/County of San Francisco and is located within seven minutes of the San Francisco International Airport. The commercial development of this parcel is expected to take place over the next 30 years. While the related economic benefits to the City from the development of this parcel cannot be estimated it is anticipated to be significant, enhancing the City's future fiscal stability.

The City has recovered from the recession as seen by the increase in revenues. This has allowed the City to create a vehicle replacement fund, set money aside in a Trust for its Other Post-

Employment Benefits, and start the process of assessing the condition of all of its buildings in anticipation of creating an internal service fund to maintain them. The City Council also felt that revenues had stabilized enough to negotiate a salary increase for the employees during the year. They also negotiated a change to health care premiums from having them linked to increasing health care costs to a flat rate instead..

Long-term financial planning.

The City has taken great strides in long-term financial planning. Staff continuously works on a five-year forecast. This provides Council and the community greater information on projects and issues that will be affecting the community in the near future.

The city has used a two-year budget process in the past with a capital improvement program reviewed in the off year. However, the uncertainty of the economy during the last few years shifted our focus. We returned to adopting annual budgets because major capital improvement projects have been on hold. We saw some movement on street and road improvements this fiscal year when we were awarded SLPP grants.

The City continues to work on the winding down of the former Redevelopment Agency. The City is the Housing Authority and although it no longer receives 20% of all tax increment, all other rules must still be adhered to. Without a revenue stream, no new housing is being planned.

The City Council also updated its General Fund, Fund Balance policy. The City Council adopted a policy that requires a certain amount of funds be available for economic uncertainty, an additional amount in cases of natural disasters, and a final amount to cover for one time revenue or expenditure issues.

Cash management policies and practices.

The City's investment management plan addresses a wide variety of investment practices, including primary investment objectives, investment authority, allowable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation, and cash flow management. Under the City's policies, investments in the City's portfolio are intended to be held until maturity, and accordingly, investment terms are selected for consistency with the City's cash flow needs. Reports are issued monthly to the City Council by the Administrative Services Department providing detailed information regarding the city's investments and compliance with City policy. Under the City's investment policies, the City's primary investment objective is to ensure the principal of its capital while striving to achieve a reasonable rate of return. For the past year, short term rates have been incredibly low so our portfolio is weighted a bit to the longer term (three-five years).

Risk management.

Risk management activities are the coordinated effort of all city management staff. The City is self-insured for Workers' Compensation and participates in Bay Cities for excess insurance above \$150,000. Additionally, the City is a member of Bay Cities Joint Powers Insurance Group which provides coverage for liability, auto and property damage. This entity operates in accordance with joint powers authority agreements between member cities to provide the various programs. Staffs of the two pools provide services to the City of risk identification, evaluation, and treatment; workers compensation and liability claims administration; safety training and special events coverage.

Internal Accounting Controls

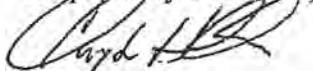
Internal accounting controls are designed by the City to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. It is the City's responsibility to evaluate the costs and benefits of the controls it implements to adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions. As the number of employees has decreased, maintaining separation of duties has become more challenging. The city is implementing compensating controls where needed.

Awards and Acknowledgements

For many years, the City received the Certificate of Achievement for Excellence in Financial Reporting from GFOA. Although we have not applied for the award due to budgetary constraints we continue to maintain the same quality in this year's report. This will allow us to submit the CAFR when economic times improve.

The preparation and development of this report would not have been possible without the year-round efficiency of the Department of Finance staff and their special efforts, working in conjunction with the City's independent auditors, to produce this document. We would like to take this opportunity to compliment all those staff members of both the City and our independent auditors who were associated with the preparation of this report. We would also like to thank the City Council for their continued support and interest in planning and conducting their financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Clayton L. Holstine

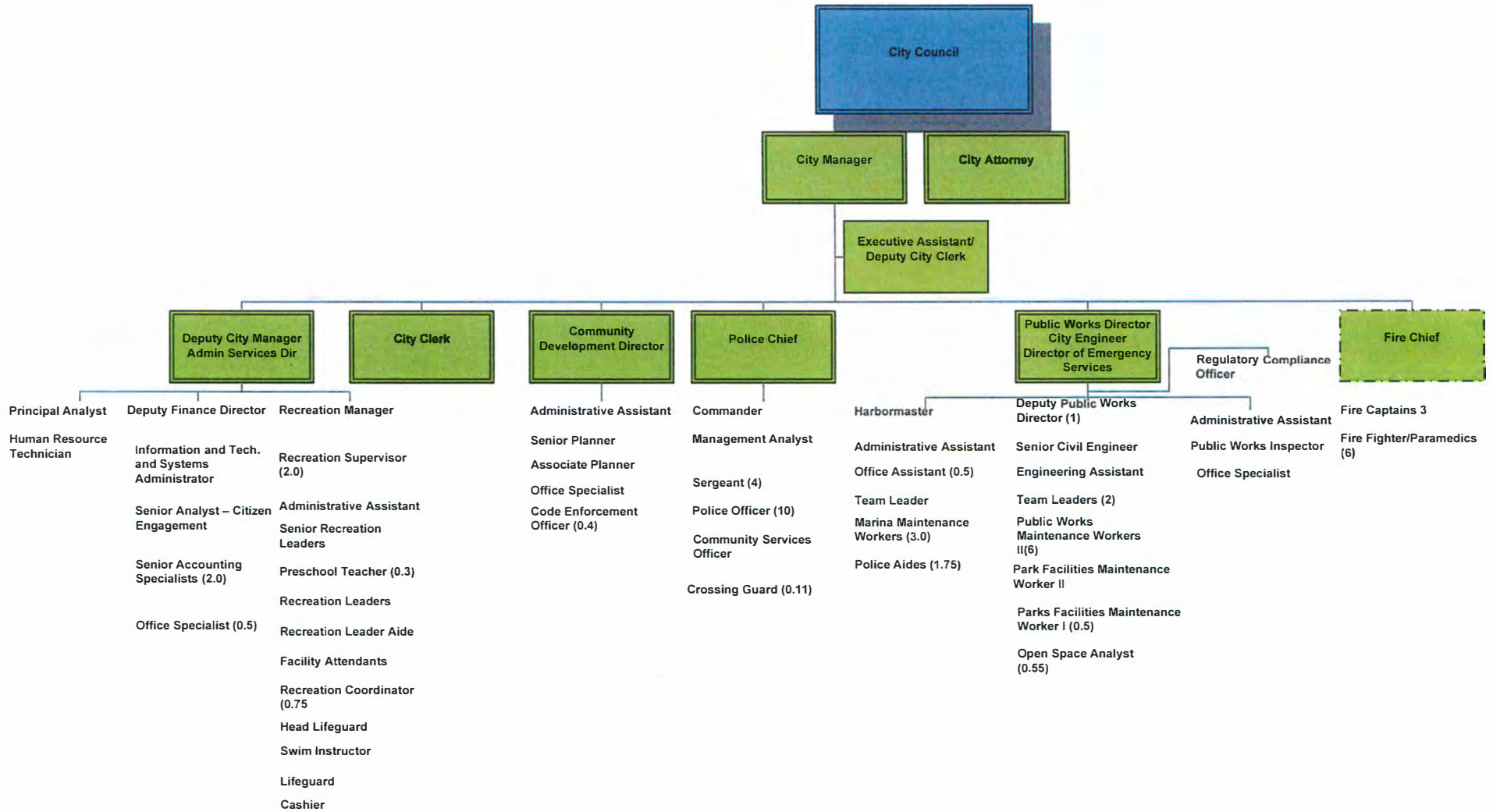
City Manager



Stuart Schillinger

Administrative Services Director

City of Brisbane Organizational Chart FY 2015/16



11/1

City of Brisbane
Principal Officials of the City of Brisbane, California
For the year ended June 30, 2015

PRINCIPAL OFFICIAL OF THE CITY OF BRISBANE, CALIFORNIA
SUCCESSOR AGENCY TO THE BRISBANE REDEVELOPMENT AGENCY
GUADALUPE VALLEY MUNICIPAL IMPROVEMENT DISTRICT
AND
BRISBANE PUBLIC FINANCING AUTHORITY

2014-2015

CITY COUNCIL/BOARD MEMBERS

Terry O'Connell, Mayor /Board Chairman
Cliff R. Lentz, Council Mayor Pro Tem/Board Vice-Chairman
W. Clarke Conway, Council Member/Board Member
Lori S. Liu, Council Member/Board Member
Raymond C. Miller, Council Member/Board Member

STAFF MEMBERS

Clayton L. Holstine
City Manager, Agency Executive Director, District Manager

David Kahn
City Attorney, Agency/District Legal Counsel

Stuart Schillinger
Administrative Services Director/Treasurer

John A. Swiecki
Planning Director

Lisa Macias
Police Chief

Randy Breault
Public Works Director/City Engineer

Sheri Spediacci
City Clerk

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brisbane, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 and required a prior period adjustment to the financial statements as discussed in Note 8E to the financial statements.

Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*

Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, 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.

Maze & Associates

Pleasant Hill, California
December 23, 2015

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Management's Discussion and Analysis

As management of the City of Brisbane, we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages iii-vi of this report.

FINANCIAL HIGHLIGHTS

- The City implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions. This provides additional information about the City's pension liabilities and regulates what needs to be reported on the Statement of Net Position, the notes and Required Supplemental Information.
- The assets and deferred outflows of the City of Brisbane exceed its liabilities and deferred inflows by \$86.1 million (net position). Of this amount, (\$3.0) million represents unrestricted net position.
- The total net position increased by \$3.1million which shows the impact of the changes to long term debt and implementation of GASB 68
- At the close of the current fiscal year, the City of Brisbane's governmental funds reported combined fund balances of \$25.4 million. Approximately 33% of this amount (\$8,468,970) is available for spending at the government's discretion (unassigned fund balance).
- The City's total outstanding long-term debt increased by \$7.5 million. The Brisbane Public Financing Authority's 2005 Series B bonds were refinanced to take advantage of lower interest rates. This increased the outstanding balance of the governmental debt but will save the City \$454,741 over the life of the bonds. The business activities refinanced and added to the 2012 Sales Agreement of the Utility Fund. This increased the outstanding bonds by \$4.8 million that will be used for capital infrastructure projects for water and sewer. These bonds will be paid for by Utility Revenue and an increase in the rate was put in place to pay for this. A third bond issue of \$4.2 million was issued for the Marina dredging project and will be repaid with Maria revenue.
- The City's Capital Assets decreased slightly (\$288,000) with the sale of a partial parcel of land to a local business.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Brisbane's basic financial statements which consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-Wide financial statements. The *government-wide financial statements* provide a corporate-like long-term view of the City's activities as a whole, and include the Statement of Net Position and the Statement of Activities. They are presented using the accrual basis of accounting.

The *statement of net position* is designed to show bottom line results for the City and its governmental activities. This statement uses full-accrual basis and combines and consolidates governmental funds' current financial resources (short-term spendable assets) with capital assets and long-term obligations.

The *statement of activities* is focused on both the gross and net cost of various activities that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government (City Council, City Manager, City Attorney, City Clerk, Human Resources, Finance, and Community Development), public safety (Police and Fire), and Public Works. These services are supported by general City revenues such as sales taxes, property taxes, hotel taxes, and by specific program revenues such as fees.

Business-type activities include the Utility Fund (Water, Sewer, and GVMID) and the Marina Fund. Unlike governmental services, these services are supported by charges paid by users for the amount of service they use.

The government-wide financial statements can be found on pages 16 to 17 of this document.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflow 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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.

The City maintains individual governmental funds. Information is presented separately in the Fund Financials by major funds. The General Fund is always considered a major fund while other major funds are determined by formula and may change from year to year. Data from the non-major governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the required supplementary information section of this report.

The basic governmental fund financial statements can be found on pages 20-23 of this report.

Proprietary funds. The City of Brisbane 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 statements. The City uses enterprise funds to account for its Water and Sewer Utility Services and for its Marina. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its employee's health and retirement benefits (health, dental, fringe & OPEB) and risk management (workers comp and liability insurance).

Proprietary funds 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 the Utility and the Marina which are both considered major funds.

Since the City's Internal Service Funds provide goods and services only to the City's Governmental and Business-type Activities, their activities are reported only in total at the Fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City funds. These revenues are eliminated in the Government-Wide Financial Statements and any related profits or losses are returned to the activities that created them, along with any residual net assets of the Internal Services Funds. Individual fund data for the internal service funds are provided in the form of combining statements in the required supplementary information section of this report.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Comparison of Budget and Actual financial information is presented for the General Fund and Major Special Revenue Funds in the Required Supplementary Information. Budget and Actual financial information for non-major funds is presented in the Supplementary Information.

Fiduciary Statements. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. While these Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements. The accounting for these funds is similar to that used for proprietary funds.

The City maintains two types of Fiduciary Funds. The Private Purpose Trust Fund is used to report resources held in trust for the Successor Agency of the Redevelopment Agency. The Agency funds report resources held by the City in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financials can be found on pages 30-31 of this report.

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 on pages 33-82 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City.

Supplementary Information. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 98-117 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

For the following tables, the information for prior fiscal year 2014 was not restated for GASB 68 and 71 because all information required to restate prior year amounts was not readily available.

The following table reflects a condensed Statement of Net position compared to the prior year.

Government-Wide Statement of Net Position As of June 30, (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current Assets	\$ 21,563	\$ 19,416	\$ 13,387	\$ 4,062	\$ 34,950	\$ 23,478
Capital assets	55,695	56,263	30,123	29,843	85,818	86,106
Other non-current assets	11,601	14,608	2,856	2,505	14,457	17,113
Total assets	<u>\$ 88,859</u>	<u>\$ 90,287</u>	<u>\$ 46,367</u>	<u>\$ 36,410</u>	<u>\$ 135,225</u>	<u>\$ 126,697</u>
Deferred Outflows	\$ 1,218		\$ 85		\$ 1,303	\$ -
Current liabilities	\$ 5,235	\$ 3,922	\$ 1,321	\$ 769	\$ 6,556	\$ 4,691
Non-current liabilities	26,283	17,165	13,729	3,984	40,011	21,150
Total liabilities	<u>\$ 31,518</u>	<u>\$ 21,088</u>	<u>\$ 15,050</u>	<u>\$ 4,753</u>	<u>\$ 46,567</u>	<u>\$ 25,840</u>
Deferred Inflows	\$ 3,603		\$ 243		\$ 3,846	\$ -
Net position:						
Net investment in capital assets,	\$ 47,357	\$ 46,027	\$ 26,815	\$ 26,368	\$ 74,172	\$ 72,395
Restricted	12,698	12,292	2,251	2,251	14,949	14,543
Unrestricted	(5,099)	10,882	2,092	3,037	(3,007)	13,919
Total net position	<u>\$ 54,956</u>	<u>\$ 69,200</u>	<u>\$ 31,158</u>	<u>\$ 31,656</u>	<u>\$ 86,114</u>	<u>\$ 100,856</u>

For more detailed information see the Statement of Net Position (page 16).

Over time, net position may serve as a useful indicator of a government's financial position. In the case of the City of Brisbane, assets exceeded liabilities \$86.1 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position (\$74.2 million) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$14.9 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2015, the City is reporting a negative balance in Unrestricted net position of governmental activities reflecting the reporting on GASB68 and OPEB.

**Government-wide
Statement of Activities**

As of June 30,

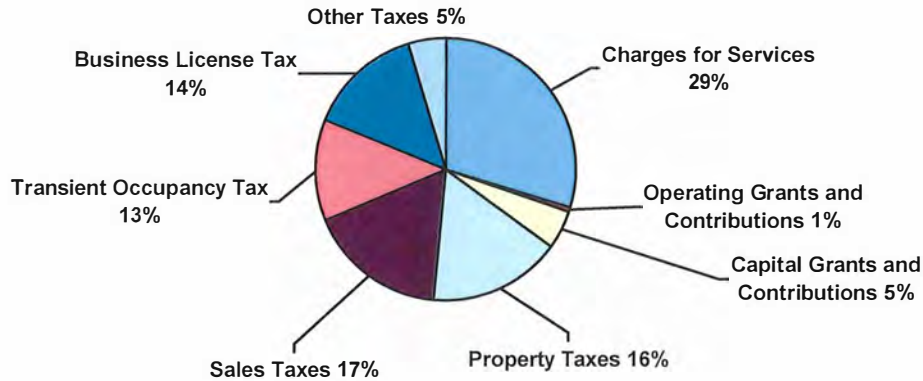
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 8,509	\$ 7,840	\$ 7,292	\$ 7,079	\$ 15,801	\$ 14,919
Operating contributions and grants	117	88	-	-	117	88
Capital contributions and grants	930	1,396	-	-	930	1,396
Total program revenues	<u>9,556</u>	<u>9,324</u>	<u>7,292</u>	<u>7,079</u>	<u>16,849</u>	<u>16,403</u>
General revenues:						
Property taxes	3,163	2,817	30	30	3,193	2,846
Sales taxes	3,333	2,529	-	-	3,333	2,529
Motor vehicle license fee taxes			-	-	-	-
Transient occupancy tax	2,447	2,038	-	-	2,447	2,038
Business license tax			-	-	-	-
Other taxes	909	648	-	-	909	648
Total taxes	<u>9,852</u>	<u>8,032</u>	<u>30</u>	<u>30</u>	<u>9,882</u>	<u>8,061</u>
Investment earnings (loss)		947	50	54	50	1,002
Other revenue		335			-	335
Total revenues	<u>\$ 19,409</u>	<u>\$ 18,638</u>	<u>\$ 7,373</u>	<u>\$ 7,163</u>	<u>\$ 26,782</u>	<u>\$ 25,801</u>
Expenses:						
General government	\$ 4,197	\$ 4,485	\$ -	\$ -	\$ 4,197	\$ 4,485
Public safety - police	3,918	3,314	-	-	3,918	3,314
Public safety - fire	2,602	2,528	-	-	2,602	2,528
Public works	3,684	3,378	-	-	3,684	3,378
Parks and recreation	1,955	1,802				1,802
Interest on long-term debt	999	1,245	-	-	999	1,245
Water			1,821	1,428	1,821	1,428
Sewer			1,246	1,316	1,246	1,316
Guadalupe Valley Municipal Improvement District			-	1,588	1,588	1,600
Marina			-	1,622	1,622	1,437
Total expenses	<u>\$ 17,355</u>	<u>\$ 16,752</u>	<u>\$ 6,278</u>	<u>\$ 5,781</u>	<u>\$ 21,677</u>	<u>\$ 22,534</u>
Increase/decrease in net assets before transfers	\$ 2,054	\$ 1,886	\$ 1,095	\$ 1,382	\$ 3,149	\$ 3,267
Transfers	680	4,913	(680)	(4,913)	-	-
Special items	-	6,003			-	6,003
Increase/decrease in net assets	<u>2,734</u>	<u>12,802</u>	<u>415</u>	<u>(3,532)</u>	<u>3,149</u>	<u>9,271</u>
Net assets - beginning of year, as adjusted	<u>52,222</u>	<u>56,397</u>	<u>30,743</u>	<u>35,188</u>	<u>82,965</u>	<u>91,585</u>
Net assets - end of year	<u>\$ 54,956</u>	<u>\$ 69,199</u>	<u>\$ 31,158</u>	<u>\$ 31,656</u>	<u>\$ 86,115</u>	<u>\$ 100,856</u>

Governmental activities. Program revenues generated 49% of the City's governmental revenues. The major sources of these revenues are providing services to outside agencies, redistributing the cost of governmental services to the operating departments through a cost allocation plan, and capital contribution and grants. The City's property tax revenues increased by 12%. The City will continue to receive property tax from the former redevelopment agency when the property tax is greater than the amount needed to pay recognized obligations and pass through payments. The Sales Tax revenue increased by 32% over the prior year. Hotel taxes (transient occupancy) increased by 20% reflecting the improving business climate.

As would be anticipated in a government, those areas which provide the least private-good oriented services have the highest net cost. Police and Fire services are provided to the whole community and City Council has made the decision that these services should be paid for by the community as a whole through its general taxes (Property, Sales, and others).

Resources by Source - Governmental Activities



Business-type Activities. Business-type activities show an increase in net position due to the issuance of bonds for capital projects. Business-type net position accounts for 36% of the City's total net position.

- Program revenues increased slightly due to a new capital projects fee in the utilities.
- Expenses increased by \$.5 million due to increases in salary and benefits and the cost of issuance for the bonds.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the City of Brisbane uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Brisbane's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary uses as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At June 30, 2015, the City's Governmental Funds reported combined Fund Balances of \$25.4 million, an increase of \$1.1 million compared with last year. An increase in truck haul fees and taxes receivable of the recycling business license tax are responsible for the change.

The Governmental Fund revenue increase \$.5 million from the prior year. Taxes and special assessments increased while Licenses, permits and fees decreased. The number and selling price of real estate in the City increased significantly during the past year.

Governmental Fund expenditures decreased by \$8.1 million. Prior year had a major bond refunding that affected the total expenses. Removing debt service from the totals, expenditures increased by \$1.4 million. This reflects the increase in personnel in police and public works.

General Fund – The General Fund ended the year with a fund balance of \$12.5 million. Of this amount, \$3.3 million is nonspendable including: Encumbrances, Advances to Other Funds, and Loans Receivables. The Unassigned portion of the Fund Balance is \$8.9 million. The General Fund's reserves still exceed the Council's policy of 50% of its expenditures in reserves.

The City's tax revenues increased \$1.7 million over FY13/14. \$802,000 was triple flip collected in FY14/15 when there was no triple flip in FY13/14. Transient Occupancy increased by \$409,000 over the prior year.

General Fund expenditures increased by \$1.1 million. The increase reflects full staffing in police and public works as well as a salary increase and increases in the cost of pension, health care and other benefits.

Low/Mod Income Housing Asset Special Revenue Fund –The City elected to become the Successor Housing Agency effective February 1, 2012. This fund represents the loans receivable for the First Time Home Buyers program, as well as a loan for the Senior Housing. At this time, income is limited for this fund. The loans from the Successor Agency may now be paid, but the amount is determined by a formula applied after all other required obligations have been paid.

Brisbane Public Financing Authority 2005 Revenue Bonds Series B Debt Service Fund – became a major fund this year because of the refinancing of the debt. The new issue is the 2014 Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority lease revenue bonds.

Proprietary funds. The City of Brisbane’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Utility Fund – The Unrestricted net position of the Utility Fund at year end was \$2.03 million. This was an increase of \$0.6 million because the issued debt for capital improvements as well as a new capital improvements fee.

Marina Fund –FY 2014/15 saw an operating loss of loss of \$210,855. Berth rental has been down during the marina dredging that occurred this year.

GENERAL FUND BUDGETARY HIGHLIGHTS

At mid-year, revenue estimates were increased \$814,000 as the first two quarters of taxes came in higher than projected. At mid-year, salary expenses were increased \$364,000 to reflect full staffing. Originally we projected the use of \$1.08 million from reserves (fund balance) to balance the budget. This was increased to \$1.9 million at mid-year. The actual revenue came in \$1.6 million over the final budget and expenses came in \$932,000 under budget leaving an increase to fund balance of \$399,969.

CAPITAL ASSETS

The City of Brisbane's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$84.2 million (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and structures, machinery and equipment, infrastructure (streets, lighting, traffic signals), park facilities, sewer and water infrastructure (water tanks, sewer lift stations, pipes, force mains), and the marina. The total decrease in the investment in capital assets for the current fiscal year was \$288,000. This reflects the sale of a portion of city-owned property to a private business.

Major capital asset events during the current fiscal year included the following:

- Resurfacing the community pool
- Purchase of a reserve fire truck
- Purchase of a boat for the marina
- Marina dredging

Capital Assets
As of June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Non-depreciable assets:						
Land	\$ 14,356	\$ 14,567	\$ 648	\$ 648	\$ 15,004	\$ 15,215
Construction in progress	150	87	1,014	64	1,164	150
Total non-depreciable assets	14,505	14,654	1,662	712	16,168	15,365
Depreciable assets:						
Land improvements	5,186	4,780	7,419	7,419	12,605	12,200
Buildings and structures	17,655	17,607	9,527	9,527	27,182	27,134
Machinery and equipment	3,212	2,963	743	636	3,955	3,598
Infrastructure	30,865	30,865	32,245	32,245	63,110	63,110
Total depreciable assets	56,918	56,215	49,934	49,827	106,852	106,043
Less accumulated depreciation	(15,728)	(14,606)	(21,473)	(20,696)	(37,202)	(35,302)
Total depreciable assets, net	41,190	41,610	28,461	29,131	69,650	70,741
Total capital assets	\$ 55,695	\$ 56,263	\$ 30,123	\$ 29,843	\$ 85,818	\$ 86,106

Additional information on the City of Brisbane's capital assets can be found in note 6 on pages 49-52 of this report.

DEBT ADMINISTRATION

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$25.3 million. Of this amount, \$3.5 million comprises debt backed by the full faith and credit of the government. The remaining debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Long-Term Debt
at June 30,
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Pension obligation bonds	\$ 3,581	\$ 4,086	\$ -	\$ -	\$ 3,581	\$ 4,086
Revenue bonds	9,083	10,025	12,484	3,453	21,567	13,478
Energy conservation loan	191	212	-	-	191	212
Capital lease	-	-	-	22	-	22
Total	\$ 12,855	\$ 14,323	\$ 12,484	\$ 3,475	\$ 25,339	\$ 17,797

The total debt increased by \$7.5 million during the current fiscal year. The City refinanced the BPFA 2005 Series B Revenue Bonds and the Utility Fund 2012 Sales Agreement. It also issued new debt for Utility Capital Improvements and Marina Dredging.

The City of Brisbane maintained an "A+" rating from Standard & Poor's.

Additional information on the City's long-term debt can be found in note 7 pages 52-59.

ECONOMIC OUTLOOK

The City is part of the general San Francisco/Silicon Valley area. There are a handful of businesses that make up a sizable portion of City revenues.

In addition, the City's room tax revenues are generated by the two hotels located at Sierra Point. One of the hotels was rebranded to Doubletree and we have experienced an increase in transient occupancy tax. The City is working with the Chamber of Commerce on economic development.

Brisbane has one of the largest (over 500 acres) undeveloped commercial parcels of land remaining in San Mateo County. This parcel is contiguous with the boundaries of the City/County of San Francisco and is located within seven minutes of the San Francisco International Airport. The property owner has submitted a Specific Plan for the site and the draft EIR is under review. The Specific Plan has a combination of retail, commercial, and open space. While the related economic benefits to the City from the development of this parcel cannot be estimated at this time, it is anticipated to be significant, possibly capable of providing the City with future revenues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The Comprehensive Annual Financial Report is intended to provide residents, 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 50 Park Place, Brisbane, California 94005.

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**STATEMENT OF NET POSITION AND
STATEMENT OF ACTIVITIES**

The Statement of Net Assets reports the excess of the City's total assets and deferred outflows of resources over the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column, and the financial position of all of the City's Business-Type Activities in a single column; these are followed by a total column which 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. The City's Business-Type Activities include all its Enterprise Fund activities, which includes the Utility Fund (Water, Sewer, and GVMID) and Park and Recreation Fund (Parks and Recreation, Marina).

The Statement of Activities reports increases and decreases in the City's net position. 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 Position is computed and reconciled with the Statement of Net Position.

CITY OF BRISBANE
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments available for operations (Note 3)	\$16,833,027	\$4,079,050	\$20,912,077
Restricted cash and investments (Note 3)		9,175,717	9,175,717
Accounts receivable	1,860,641	894,782	2,755,423
Taxes receivable	2,105,981	574	2,106,555
Internal balance (Note 4D)	763,417	(763,417)	
Accrued interest		551	551
Noncurrent assets:			
Restricted cash and investments with fiscal agents (Note 3)	1,205,291		1,205,291
Loans receivable, net (Note 5)	10,395,530	2,856,318	13,251,848
Capital assets (Note 6):			
Non-depreciable	14,505,412	1,662,172	16,167,584
Depreciable, net	41,189,572	28,460,768	69,650,340
Total Assets	88,858,871	46,366,515	135,225,386
DEFERRED OUTFLOWS			
Pension related deferred outflows (Note 9)	1,217,947	84,774	1,302,721
Total Deferred Outflows	1,217,947	84,774	1,302,721
LIABILITIES			
Current liabilities:			
Accounts payable	663,043	872,625	1,535,668
Accrued payroll	424,739	55,001	479,740
Interest payable	165,588	26,526	192,114
Deposits	978,324	178,269	1,156,593
Claims payable - due within one year (Note 11)	288,100		288,100
Compensated absences - due within one year (Note 1F)	175,627	18,592	194,219
Long-term debt - due within one year (Note 7)	2,539,364	170,000	2,709,364
Noncurrent liabilities:			
Claims payable - due in more than one year (Note 11)	819,888		819,888
Compensated absences - due in more than one year (Note 1F)	526,881	55,775	582,656
Net Pension Liability (Note 9)	11,352,052	722,034	12,074,086
OPEB obligation (Note 10)	3,333,243	636,738	3,969,981
Long-term debt - due in more than one year (Note 7)	10,250,727	12,314,000	22,564,727
Total Liabilities	31,517,576	15,049,560	46,567,136
DEFERRED INFLOWS			
Pension related deferred inflows (Note 9)	3,602,942	243,486	3,846,428
Total Deferred Inflows	3,602,942	243,486	3,846,428
NET POSITION (Note 8)			
Net investment in capital assets	47,357,825	26,814,657	74,172,482
Restricted for:			
Capital projects	3,370,928	2,251,094	5,622,022
Debt service	2,348,397		2,348,397
Specific projects and programs	6,978,599		6,978,599
Total Restricted Net Position	12,697,924	2,251,094	14,949,018
Unrestricted	(5,099,449)	2,092,492	(3,006,957)
Total Net Position	\$54,956,300	\$31,158,243	\$86,114,543

See accompanying notes to financial statements

CITY OF BRISBANE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$4,197,276	\$4,636,560			\$439,284		\$439,284
Public safety - police	3,917,827	53,555	\$117,433		(3,746,839)		(3,746,839)
Public safety - fire	2,601,729	178,178			(2,423,551)		(2,423,551)
Public works	3,683,730	3,114,661			(569,069)		(569,069)
Parks and recreation	1,955,148	525,891		\$930,194	(499,063)		(499,063)
Interest on long-term debt	998,986				(998,986)		(998,986)
Total Governmental Activities	17,354,696	8,508,845	117,433	930,194	(7,798,224)		(7,798,224)
Business-type Activities:							
Water	1,821,430	2,220,087				\$398,657	398,657
Sewer	1,246,255	1,203,947				(42,308)	(42,308)
Guadalupe Valley Municipal Improvement District	1,588,276	2,339,755				751,479	751,479
Marina	1,621,752	1,528,399				(93,353)	(93,353)
Total Business-type Activities	6,277,713	7,292,188				1,014,475	1,014,475
Total	\$23,632,409	\$15,801,033	\$117,433	\$930,194	(\$7,798,224)	\$1,014,475	(\$6,783,749)
General revenues:							
Taxes:							
Property taxes					\$3,162,798	\$29,967	\$3,192,765
Sales taxes					3,333,071		3,333,071
Transient occupancy tax					2,447,244		2,447,244
Other taxes					909,338		909,338
Investment earnings						50,451	50,451
Transfers (Note 4C)					679,909	(679,909)	
Total general revenues, transfers and special item					10,532,360	(599,491)	9,932,869
Change in Net Position					2,734,136	414,984	3,149,120
Net Position-Beginning, as adjusted (Note 8E)					52,222,164	30,743,259	82,965,423
Net Position-Ending					\$54,956,300	\$31,158,243	\$86,114,543

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City in fiscal year 2015. Individual non-major funds may be found in the Supplemental Section.

General Fund

This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for in another fund.

Low/Mod Income Housing Assets Special Revenue Fund

This fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

2005 Revenue Bonds, Series B Fund

This fund accounts for the debt service for the 2005 Revenue Bonds, Series B, which were issued to finance City Hall seismic upgrades and other improvements. This fund accounts for the debt service that will be met by lease payments of the City to the Authority.

CITY OF BRISBANE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	2005 Revenue Bonds, Series B Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 3)	\$7,449,948	\$971,927		\$5,862,913	\$14,284,788
Restricted cash and investments (Note 3)			\$3	1,205,288	1,205,291
Accounts receivable, net	1,653,943	21,069		185,296	1,860,308
Taxes receivable	2,078,277			27,704	2,105,981
Due from other funds (Note 4A)	32,016				32,016
Loans receivable (Note 5)	2,057,848	8,337,682			10,395,530
Advances to other funds (Note 4B)	1,232,707			223,198	1,455,905
Total Assets	\$14,504,739	\$9,330,678	\$3	\$7,504,399	\$31,339,819
LIABILITIES					
Accounts payable	\$513,481	\$80	\$256	\$110,573	\$624,390
Accrued payroll	328,064	50		28,141	356,255
Due to other funds (Note 4A)				32,016	32,016
Deposits	965,705			12,619	978,324
Advances from other funds (Note 4B)				692,488	692,488
Total Liabilities	1,807,250	130	256	875,837	2,683,473
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes and fee	154,764				154,764
Unavailable revenue - loan receivable		3,122,876			3,122,876
Total Deferred Inflows of Resources	154,764	3,122,876			3,277,640
FUND BALANCES (Note 8)					
Nonspendable	3,290,555				3,290,555
Restricted		6,207,672		3,450,483	9,658,155
Assigned	294,834			3,666,192	3,961,026
Unassigned	8,957,336		(253)	(488,113)	8,468,970
Total Fund Balances (Deficit)	12,542,725	6,207,672	(253)	6,628,562	25,378,706
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$14,504,739	\$9,330,678	\$3	\$7,504,399	\$31,339,819

See accompanying notes to financial statements

CITY OF BRISBANE
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances reported on the Governmental Funds Balance Sheet \$25,378,706

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and
 therefore are not reported in the Governmental Funds 55,694,984

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

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

Cash and investments	2,548,239
Interest receivable	333
Accounts payable	(38,653)
Accrued payroll	(68,484)
Accrued claims payable	(1,107,988)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently
 are taken into revenue in the Statement of Activities. 3,277,640

LONG-TERM ASSETS AND LIABILITIES

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

Net pension liability	(13,737,047)
Long-term debt	(12,790,091)
Net OPEB obligation	(3,333,243)
Compensated absences	(702,508)
Interest payable	(165,588)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$54,956,300

See accompanying notes to financial statements

CITY OF BRISBANE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	2005 Revenue Bonds, Series B Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and special assessments	\$9,459,367			\$1,799,644	\$11,259,011
Intergovernmental	203,895			460,880	664,775
Licenses, permits and fees	3,694,810			282,865	3,977,675
Charges for services	2,090,366				2,090,366
Fines and forfeitures	40,015				40,015
Use of money and property	142,803	\$27,632	\$177	83,916	254,528
Other revenues	762,190			627,651	1,389,841
Total Revenues	16,393,446	27,632	177	3,254,956	19,676,211
EXPENDITURES					
Current:					
General government	3,779,658				3,779,658
Public safety - police	3,303,413			307,647	3,611,060
Public safety - fire	2,301,590				2,301,590
Public works	1,740,790	9,445		997,277	2,747,512
Parks and recreation	1,774,710				1,774,710
Library	27,985				27,985
Capital outlay	304,680			927,145	1,231,825
Debt service:					
Principal	12,696		5,360,000	1,564,829	6,937,525
Interest and fiscal charges	1,624		241,729	792,920	1,036,273
Total Expenditures	13,247,146	9,445	5,601,729	4,589,818	23,448,138
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,146,300	18,187	(5,601,552)	(1,334,862)	(3,771,927)
OTHER FINANCING SOURCES (USES)					
Premium on refunding bonds issued				87,949	87,949
Proceeds from sale of land				293,060	293,060
Issuance of debt (Note 7)				5,470,000	5,470,000
Transfers in (Note 4C)	621,365		5,601,298	1,576,919	7,799,582
Transfers (out) (Note 4C)	(3,367,696)			(5,372,747)	(8,740,443)
Total Other Financing Sources (Uses)	(2,746,331)		5,601,298	2,055,181	4,910,148
NET CHANGES IN FUND BALANCES	399,969	18,187	(254)	720,319	1,138,221
BEGINNING FUND BALANCES	12,142,756	6,189,485	1	5,908,243	24,240,485
ENDING FUND BALANCES	\$12,542,725	\$6,207,672	(\$253)	\$6,628,562	\$25,378,706

See accompanying notes to financial statements

CITY OF BRISBANE
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the Statement of Activities
FOR THE YEAR ENDED JUNE 30, 2015

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$1,138,221

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

CAPITAL ASSETS TRANSACTIONS

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

The capital outlay and other capitalized expenditures are therefore added back to fund balance	793,611
Depreciation expense is deducted from the fund balance	(1,150,630)
Gain on sale of properties	81,725
Proceeds from sale of capital assets	(293,060)

LONG-TERM LIABILITIES

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

Issuance of debt	(5,470,000)
Repayments of debt principal are added back to fund balance	6,937,525
Pension related expenses	498,410

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):

Unavailable revenue	(452,775)
Amortization of bond discount	(6,619)
Compensated absences	(86,384)
Accrued interest on long-term debt	43,906
Net OPEB Obligation	(409)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

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

Change in Net Position - All Internal Service Funds	<u>700,615</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$2,734,136</u></u>
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See accompanying notes to financial statements

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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 2015.

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

Utility Fund is comprised of the following services:

Water

Represents expenses incurred in the purchase and distribution of water to City residents and businesses; water users support this activity through payment of water billings which are rendered based on read meters.

Sewer

Represents expenses incurred in the collection and pumping of sewage waste to the City of San Francisco Sewer Treatment Plant where it is treated and discharged to the bay; sewer users support this activity through payment of sewer service billings.

Guadalupe Valley Municipal Improvement District

Represents expenses related to providing water, sewer, and other municipal services to businesses and residents located within the district boundaries. Revenues to support this activity are derived from property taxes, water, and sewer billings and special assessments.

Marina Enterprise Fund

This fund accounts for expenses incurred in the operation and maintenance of a boat harbor and marina; berth rentals provide the source of revenue to support this activity.

Internal Service Funds

These funds are used to account for interdepartmental operations where it is the stated intent that costs of providing services to the departments of the City on a continuing basis be financed or recovered primarily by charges to the user departments.

CITY OF BRISBANE
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Marina	Totals	
ASSETS				
Current Assets:				
Cash and investments (Note 3)	\$3,559,175	\$519,875	\$4,079,050	\$2,548,239
Restricted cash and investments (Note 3)	5,005,717	4,170,000	9,175,717	
Accounts receivable, net	871,910	22,872	894,782	
Taxes receivable	574		574	
Interest receivable	457	94	551	333
Total Current Assets	9,437,833	4,712,841	14,150,674	2,548,572
Noncurrent Assets:				
Loans receivable (Note 5)		2,856,318	2,856,318	
Capital assets (Note 6):				
Non-depreciable	711,854	950,318	1,662,172	
Depreciable, net	26,451,091	2,009,677	28,460,768	
Total Noncurrent Assets	27,162,945	5,816,313	32,979,258	
Total Assets	36,600,778	10,529,154	47,129,932	2,548,572
DEFERRED OUTFLOWS				
Deferred outflows related to pensions (Note 9)	48,908	35,866	84,774	
Total Deferred Outflows	48,908	35,866	84,774	
LIABILITIES				
Current Liabilities:				
Accounts payable	101,561	771,064	872,625	38,653
Accrued payroll	32,247	22,754	55,001	68,484
Interest payable	26,526		26,526	
Accrued claims payable (Note 11)				288,100
Compensated absences (Note 1F)	12,411	6,181	18,592	
Deposits	17,933	160,336	178,269	
Bonds payable due within one year (Note 7)	170,000		170,000	
Total Current Liabilities	360,678	960,335	1,321,013	395,237
Noncurrent Liabilities:				
Compensated absences due in more than one year (Note 1F)	37,232	18,543	55,775	
Accrued claims payable (Note 11)				819,888
Advances from other funds (Note 4B)	763,417		763,417	
Bonds payable due in more than one year (Note 7)	8,140,000	4,174,000	12,314,000	
Net pension liability (Note 9)	416,558	305,476	722,034	
Net OPEB obligation (Note 10)	144,781	491,957	636,738	
Total Noncurrent Liabilities	9,501,988	4,989,976	14,491,964	819,888
Total Liabilities	9,862,666	5,950,311	15,812,977	1,215,125
DEFERRED INFLOWS				
Deferred inflows related to pensions (Note 9)	140,473	103,013	243,486	
Total Deferred Inflows	140,473	103,013	243,486	
NET POSITION (Note 8)				
Net investment in capital assets	23,858,662	2,955,995	26,814,657	
Restricted for capital projects	758,885	1,492,209	2,251,094	
Unrestricted	2,029,000	63,492	2,092,492	1,333,447
Total Net Position	\$26,646,547	\$4,511,696	\$31,158,243	\$1,333,447

See accompanying notes to financial statements

CITY OF BRISBANE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Internal Service Funds
	<u>Utility</u>	<u>Marina</u>	<u>Totals</u>	
OPERATING REVENUES				
Charges for services	\$5,256,810	\$1,510,580	\$6,767,390	\$817,537
Other revenues	506,979	17,819	524,798	2,620
Total Operating Revenues	<u>5,763,789</u>	<u>1,528,399</u>	<u>7,292,188</u>	<u>820,157</u>
OPERATING EXPENSES				
Cost of sales and services	1,871,330	453,964	2,325,294	75,950
General and administrative	1,760,294	1,034,375	2,794,669	1,021,790
Depreciation	666,028	133,413	799,441	
Other expenses	254,590		254,590	658,385
Total Operating Expenses	<u>4,552,242</u>	<u>1,621,752</u>	<u>6,173,994</u>	<u>1,756,125</u>
Operating Income (Loss)	<u>1,211,547</u>	<u>(93,353)</u>	<u>1,118,194</u>	<u>(935,968)</u>
NONOPERATING REVENUES (EXPENSES)				
Taxes and assessments	29,967		29,967	
Investment income	32,401	18,050	50,451	15,813
Interest expense	(103,719)		(103,719)	
Total Nonoperating Revenues (Expenses)	<u>(41,351)</u>	<u>18,050</u>	<u>(23,301)</u>	<u>15,813</u>
Income (Loss) Before Transfers	1,170,196	(75,303)	1,094,893	(920,155)
Transfers in (Note 4C)	132,752		132,752	2,242,135
Transfers out (Note 4C)	(677,109)	(135,552)	(812,661)	(621,365)
Net transfers	<u>(544,357)</u>	<u>(135,552)</u>	<u>(679,909)</u>	<u>1,620,770</u>
Change in net position	625,839	(210,855)	414,984	700,615
BEGINNING NET POSITION, AS ADJUSTED (Note 8E)	<u>26,020,708</u>	<u>4,722,551</u>	<u>30,743,259</u>	<u>632,832</u>
ENDING NET POSITION	<u>\$26,646,547</u>	<u>\$4,511,696</u>	<u>\$31,158,243</u>	<u>\$1,333,447</u>

See accompanying notes to financial statements

CITY OF BRISBANE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Marina	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$5,800,054	\$1,587,001	\$7,387,055	\$803,437
Cash payments to suppliers	(4,073,381)	(755,441)	(4,828,822)	(1,708,149)
Cash received from (payments to) other				(701)
Cash Flows from Operating Activities	1,726,673	831,560	2,558,233	(905,413)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes and assessments	29,980		29,980	
Advances from other funds receipts (payments)	763,417	(351,783)	411,634	
Transfers in	132,752		132,752	2,242,135
Transfers (out)	(677,109)	(135,552)	(812,661)	(621,365)
Cash Flows from Noncapital Financing Activities	249,040	(487,335)	(238,295)	1,620,770
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant and equipment, net of transfer	(236)	(1,079,405)	(1,079,641)	
Proceed from debt	8,310,000	4,174,000	12,484,000	
Principal payment of debt	(4,300,737)		(4,300,737)	
Interest paid	(117,018)		(117,018)	
Cash Flows from Capital and Related Financing Activities	3,892,009	3,094,595	6,986,604	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income receipts	32,234	18,105	50,339	15,685
Cash Flows from Investing Activities	32,234	18,105	50,339	15,685
Net Cash Flows	5,899,956	3,456,925	9,356,881	731,042
Cash and investments at beginning of period	2,664,936	1,232,950	3,897,886	1,817,197
Cash and investments at end of period	<u>\$8,564,892</u>	<u>\$4,689,875</u>	<u>\$13,254,767</u>	<u>\$2,548,239</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating income (loss)	\$1,211,547	(\$93,353)	\$1,118,194	(\$935,968)
Adjustments to reconcile operating income (Loss) to cash flows from operating activities:				
Depreciation	666,028	133,413	799,441	
Change in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	36,265	58,602	94,867	
Accounts payable and accrued liabilities	73,910	747,442	821,352	1,969
Accrued payroll	15,279	(160,434)	(145,155)	7,579
Accrued claims payable				21,007
Compensated absences	7,007	6,773	13,780	
Deposits	(267,718)	147,412	(120,306)	
Net OPEB obligation	3,248	5,560	8,808	
Net pension liability, deferred inflows and deferred outflows	(18,893)	(13,855)	(32,748)	
Cash Flows from Operating Activities	\$1,726,673	\$831,560	\$2,558,233	(\$905,413)

See accompanying notes to financial statements

FIDUCIARY FUNDS

Fiduciary funds are presented separately from the Government-wide and Fund financial statements. The City had the following types of fiduciary funds in fiscal year 2015:

Private Purpose Trust Fund

This fund is used to account for resources legally held in trust for special purposes.

OPEB Trust Fund

The fund is used to account for the activity of the Other Post Employments Benefits Trust.

Agency Funds

These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's program.

CITY OF BRISBANE
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015

	Successor Agency Private-Purpose Trust Fund	OPEB Trust	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments (Note 3)	\$1,296,246	\$496,933	\$1,500,939
Restricted cash and investments with fiscal agents (Note 3)	7,775		254,004
Accounts receivable			203,806
Interest receivable			67
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>1,304,021</u>	<u>496,933</u>	<u>1,958,816</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on refunding (Note 14)	<u>3,083,415</u>		
	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflow of Resources	<u>3,083,415</u>		
LIABILITIES			
Accounts payable	1,891		78,577
Deposits payable			1,053,780
Due to other bondholders			826,459
Interest payable	275,206		
Loans payable to City (Note 5F)	9,180,394		
Long Term Debt (Note 14B):			
Due within one year	1,319,981		
Due in more than one year	<u>14,891,626</u>		
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>25,669,098</u>		<u>1,958,816</u>
NET POSITION			
Held in trust for private-purpose	<u>(\$21,281,662)</u>	<u>\$496,933</u>	

See accompanying notes to financial statements

CITY OF BRISBANE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Successor Agency Private-Purpose Trust Fund	OPEB Trust
ADDITIONS		
Charges for services	\$1,676,239	
Contributions to trust		\$500,000
Investment income	2	
Total additions	1,676,241	500,000
DEDUCTIONS		
Administrative charges		208
General government	98,720	
Interest and fiscal charges	1,090,384	2,859
Total deductions	1,189,104	3,067
CHANGES IN NET POSITION	487,137	496,933
BEGINNING NET POSITION	(21,768,799)	
ENDING NET POSITION (DEFICIT)	(\$21,281,662)	\$496,933

See accompanying notes to financial statements

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CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City was incorporated on November 27, 1961, under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such “General Law” cities. The City uses the City Council/Manager form of government. The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. 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 accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, blended component units are in substance part of the City’s operations and are reported as an integral part of the City’s financial statements. The term City, as used in this report, refers to the City and its component units as a consolidated entity. The City’s component units, which are described below, are all blended.

- Brisbane Public Financing Authority (Authority)
- Guadalupe Valley Municipal Improvement District (District)
- Brisbane – Guadalupe Valley Municipal Improvement District Finance Authority (B/GVM District)

Brisbane Public Financing Authority was formed on April 8, 1991, by and between the City and the former Redevelopment Agency (Agency) of the City. The Authority was created for the purpose of providing financing of public capital improvements for the City and the Former Agency. The Authority has the power to issue bonds to pay the cost of any public capital improvement. The Authority has no independent staff and consequently is dependent upon the City’s officers and employees. The Governing Board of the Authority is comprised of the members of the City Council of the City and the members of the Board of the Former Agency.

Guadalupe Valley Municipal Improvement District was formed as an enterprise activity in May 1990. The purpose of the District is to provide capital and infrastructure improvements to residents of the area. The members of the City Council act as the governing body of the District.

Brisbane – Guadalupe Valley Municipal Improvement District Finance Authority was formed as a financing activity in September 2014. The purpose of the B/GVM District is to provide a financing mechanism for residents of the area. The members of the City Council act as the governing body of the B/GVM District.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Government - Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the City's funds, including blended component units and fiduciary funds. 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*

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

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General Fund - The General Fund is established to account for the revenues and expenditures to carry out basic governmental activities of the City such as general government, public safety, parks and recreation and public works. This fund accounts for all financial transactions not accounted for in the other funds.

Low/Mod Income Housing Assets Special Revenue Fund - This fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

2005 Revenue Bonds, Series B Fund. - This fund accounts for the debt service for the 2005 Revenue Bonds, Series B, which were issued to finance City Hall seismic upgrades and other improvements. This fund accounts for the debt service that will be met by lease payments of the City to the Authority.

The City reported all of its enterprise funds as major funds:

Utility Enterprise Fund – This fund accounts for revenues and expenses incurred for the water, sewer and Guadalupe Valley Municipal Improvement District.

Marina Enterprise Fund – This fund accounts for expenses incurred in the operation and maintenance of a boat harbor and marina; berth rentals provide the source of revenue to support this activity.

Internal Service Funds account for activities related to dental self-insurance, fringe benefits, flexible benefits, workers' compensation, general liability, vehicle replacement and other post-employment benefits (OPEB).

Fiduciary Funds financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent agency funds and private-purpose trust funds and are accounted for using the "*economic resources*" measurement focus. The private-purpose trust funds are used to account for resources legally held in trust for special purposes and Other Post-Employment Benefits (OPEB) for OPEB beneficiaries. The Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Both types of the funds are accounted for using accrual basis of accounting.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting*

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

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

Those revenues susceptible to accrual are property, sales, transient occupancy and franchise taxes, special assessments, licenses for services and interest revenue. Fines, permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash.

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 position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

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

E. *Interest Payable*

In the Government-Wide Financial Statements, interest payable of long-term debt is recognized as the liability is incurred.

In the fund financial statements, proprietary fund types recognize the interest payable when the liability is incurred.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. *Compensated Absences*

The City's compensated absences include regular vacation, compensatory time-off, and personal leave. Employees earn varying amounts of vacation depending upon continuous tenure with the City. Use of vacation may be deferred to the following year, but the total amount of vacation may not exceed two years annual accrual without City Manager approval. Vested compensated absence amounts are payable upon the employee's separation from employment. Compensated absences for governmental activities are recorded as current and non-current in the Government-Wide Financial Statements. For proprietary funds, current and non-current liabilities for compensated absences are recorded as expenses in the Government-Wide Financial Statement and the Fund Financial Statement.

	Governmental Activities	Business-Type	Total
Beginning Balance	\$616,124	\$60,587	\$676,711
Additions	516,024	59,763	575,787
Payments	(429,640)	(45,983)	(475,623)
Ending Balance	\$702,508	\$74,367	\$776,875
Current Portion	\$175,627	\$18,592	\$194,219
Non-current Portion	\$526,881	\$55,775	\$582,656

G. *Property Taxes*

Under California law, secured property taxes are assessed and collected by the counties up to 1% of assessed value. Under California law, secured property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas.

Lien Date	January 1
Levy Date	July 1
Due Date	November 1 and February 1
Collection Date	December 10 and April 10

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, because of the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the City and the County of San Mateo. The Teeter Plan authorizes the Auditor/Controller of the County of San Mateo to allocate 100% of the secured property taxes billed, but not yet paid.

H. *Use of Estimates*

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. *Deferred Outflows/Inflows of Resources*

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

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

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgeting Procedures*

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A City Council goal setting session is scheduled to determine the major objectives of the City's financial plan for the year. Goals are approved by the Council and incorporated into a detailed preliminary budget, which is issued for public comment. After a series of public hearings, the budget is adopted by the City Council prior to the beginning of the ensuing fiscal year (July 1).
2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, certain special revenue funds, and the debt service funds. The Fire Training, and Contract Employees Special Revenue Funds; 2013 Pension Side Fund Bonds Debt Service Fund and the capital projects funds did not have adopted budgets for the fiscal year. The legal level of budgetary control is the fund level.
4. Budgets for those governmental funds budgeted are adopted on a basis consistent with GAAP.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2015, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. These necessary supplemental appropriations were immaterial in relation to the budget as originally adopted. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered and then are rebudgeted for the coming year.

B. *Encumbrances*

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year-end are recorded. The commitments will be reappropriated and honored in the subsequent year.

C. *Expenditures in Excess of Appropriations*

The following funds incurred expenditures in excess of appropriations. The funds had sufficient fund balances or revenues to finance these expenditures.

Fund	Excess Expenditures Over Appropriations
Special Revenue Funds:	
Low and Moderate Income Housing Asset	\$3,036
Gas Tax	264,363
Grants	307,647
Debt Service Funds:	
2005 Revenue Bonds, Series B	4,793,311

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 - CASH AND INVESTMENTS

The City invests all funds, except cash with fiscal agents, in investment pools. The goal is to invest at the maximum yield, consistent with safety and liquidity, while individual funds can process payments for expenditures at any time. 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.

A. Classification

Cash and investments as of June 30, 2015, are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Cash and investments available for operations	\$20,912,077
Restricted cash and investments with fiscal agent	10,381,008
Total City Cash and Investments	31,293,085
Cash and investments in Fiduciary Funds (separate statement)	3,294,118
Restricted cash and investments in Fiduciary Funds (separate statement)	261,779
Total Fiduciary Cash and Investments (separate statement)	3,555,897
Total Cash and Investments	\$34,848,982

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

B. Authorized Investments by the City

The City’s Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings are acceptable of the issuers are acceptable to the City. The following also identifies certain provisions of the City and California Government Code that address interest rate risk, credit risk, and concentration of credit risk. This does not address the City’s investments of debt proceeds held by fiscal agents that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the Entity’s investment policy.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Allowed in Portfolio	Maximum Investment in One Issuer
California Local Agency Investment Fund	N/A	None	None	None
Negotiable Certificates of Deposit	5 years	None	25%	15%
Time Certificates of Deposit	N/A	None	25%	15%
Bankers Acceptances	180 days	None	20%	15%
Commercial Paper	270 days	A-1	15% (A)	15%
Government Agency Securities	5 years	None	None	None
Treasury Bonds, Bills, and Notes	5 years	None	None	None
Medium-Term Corporate Notes	5 years	AA	15% (A)	15%
Mutual Funds	5 years	None	15%	None

(A) The combined value of investments in Commercial Paper and Medium-Term Corporate Notes should not exceed 15% of the City's portfolio.

C. *Authorized Investments by Debt Agreements*

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinances, bond indentures or State statutes. The following identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain permitted investments of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Treasury Bonds, Bills, and Notes	5 years	None
Government Agency Securities	5 years	None
Bankers Acceptances	180 days	None
Repurchase Agreements	30 days	N/A
Money Market Mutual Funds	N/A	AAAm
Commercial Paper	180 days	A-1
Negotiable Certificates of Deposit	5 years	None
California Local Agency Investment Fund	N/A	None
Time Certificates of Deposit	N/A	None
Medium-Term Corporate Notes	5 years	AA
Mutual Funds	5 years	None

There are no restrictions on the maximum amount invested in each security type or a maximum that can be invested in any one issuer.

D. *Interest Rate Risk*

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution to the City's investments by maturity:

Investment Type	Investment Maturities			Total
	12 months or less	13 to 48 months	49 to 60 months	
Securities of U.S. Government Agencies				
Federal National Mortgage Association		\$1,000,070	\$2,003,625	\$3,003,695
Federal Farm Credit Bank		3,990,985	1,999,220	5,990,205
Federal Home Loan Bank		2,497,450	1,493,045	3,990,495
Federal Home Loan Mortgage Corporation		500,185	500,685	1,000,870
Time Certificates of Deposit:				
GE Capital		501,455		501,455
Repurchase Agreements	\$714,800			714,800
Money Market Mutual Fund	7,208,583			7,208,583
Local Agency Investments Funds	5,455,793			5,455,793
Total Investments	\$13,379,176	\$8,490,145	\$5,996,575	27,865,896
Cash in banks and on hand				6,983,086
Total Cash and Investments				\$34,848,982

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the City's investment policy, or debt agreements and the actual rating as of June 30, 2015 for each investment type:

Investment Type	Aaa/AAAm/A-1	Total
Securities of U.S. Government Treasury and Agencies		
Federal National Mortgage Association	\$3,003,695	\$3,003,695
Federal Farm Credit Bank	5,990,205	5,990,205
Federal Home Loan Bank	3,990,495	3,990,495
Federal Home Loan Mortgage Corporation	1,000,870	1,000,870
Money Market Mutual Funds	7,208,583	7,208,583
Total rated investments		21,193,848
Not rated or exempt:		
Repurchase Investment Agreement		714,800
Local Agency Investment Fund		5,455,793
Certificates of deposit		501,455
Cash in banks and on hand		6,983,086
Total Cash and Investments		\$34,848,982

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

F. Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U.S. Treasury securities, mutual funds, and external investment fund that represent 5% or more of total investments in Entity-wide, are as follows at June 30, 2015:

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	U.S. Agency Notes	\$5,990,205
Federal Home Loan Bank	U.S. Agency Notes	3,990,495
Federal National Mortgage Association	U.S. Agency Notes	3,003,695

G. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of the City's cash on deposit. All of the City's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the City's name.

H. Local Agency Investment Fund

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 City reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, 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. At June 30, 2015, these investments matured in an average of 239 days.

I. Cash, Cash Equivalents and Investments

Each proprietary fund's portion of Cash and Investments is in substance a demand deposit available to finance operations, and is considered a cash equivalent in preparing the statement of cash flows.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

Market value is used as fair value for those securities for which market quotations are readily available.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 4 - INTERFUND TRANSACTIONS

A. Due To/From Other Funds

All due to/from other funds represent temporary loans from the General Fund to cover cash flow shortfalls and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2015 interfund balances were as follows:

At June 30, 2015, the City had the following due to/from other funds:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	
	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$32,016	\$32,016
Total	<u>\$32,016</u>	<u>\$32,016</u>

B. Advances To/From Other Funds

At June 30, 2015, the City had the following advances to/from other funds:

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>		
	<u>Utility Enterprise Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$540,219	\$692,488	\$1,232,707
Non-Major Governmental Funds	223,198		223,198
Total	<u>\$763,417</u>	<u>\$692,488</u>	<u>\$1,455,905</u>

The \$343,560 of advance from the 2005 Revenue Bonds, Series A Debt Service to Utility Enterprise Fund represents the portion of the 1995 COP Bonds that were used for the construction of the water tank. The Water Enterprise and the Guadalupe Valley Improvement District (combined into the Utility Enterprise Fund) make annual payments for their respective share of the debt service. The balance of the advance as of June 30, 2015 was \$223,198.

The \$540,219 of advance from the General Fund to Utility Enterprise Fund represents a loan to cover the operating loss for the fiscal year 2004-2005.

In March 2013 the City approved an advance from the General Fund to the Capital Improvement Fund in the amount of \$850,000. It was issued for the purpose of financing a property purchase from the Brisbane Housing Authority. The term of the advance is ten years. It bears interest at 1.89% annually and payments are due each March 1 in the amount of \$94,084. The balance of the advance as of June 30, 2015 was \$692,488.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

C. Transfers In/Out

The City had the following transfers in/out for the year ended June 30, 2015:

	Transfers Out					Total
	General Fund	Non-Major Governmental Funds	Utility Enterprise Fund	Marina Enterprise Fund	Internal Service Fund	
Transfers In						
General Fund					\$621,365	\$621,365
2005 Revenue Bonds, Series B						
Debt Service Fund	\$291,303	\$5,309,995				5,601,298
Non-Major Governmental Funds	1,468,412		\$108,507			1,576,919
Enterprise Fund:						
Utility	70,000	62,752				132,752
Internal Service Funds	1,537,981		568,602	\$135,552		2,242,135
Total	\$3,367,696	\$5,372,747	\$677,109	\$135,552	\$621,365	\$10,174,469

Transfers out from the General Funds, Special Revenue funds, and Utility Enterprise Fund were for debt service payments.

Transfers in to the Internal Service fund were for reimbursement of retirement payments.

Transfers out from the Internal Service fund were for the unused portion of flexible benefits that returned to the General Fund at the end of the year.

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 BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - LOANS RECEIVABLE

At June 30, 2015, the City had the following loans receivable:

	Balance June 30, 2014	Additions/ Transfers	Deletions	Balance June 30, 2015
Governmental Funds:				
Loan to Administrative Services Director	\$318,750			\$318,750
Loan to City Manager	257,646		(\$11,656)	245,990
2nd Loan to City Manager	200,000			200,000
Bridge Housing Corporation Loan	2,336,086			2,336,086
First Time Home Buyers	786,790			786,790
Loans to Successor Agency	6,609,914		(102,000)	6,507,914
Total Governmental Funds	10,509,186		(113,656)	10,395,530
Proprietary Funds:				
Loan to City Engineer/Director of Public Works	208,539		(24,701)	183,838
Loan to Successor Agency	2,295,996	\$376,484		2,672,480
Total Proprietary Funds	2,504,535	376,484	(24,701)	2,856,318
Total	\$13,013,721	\$376,484	(\$138,357)	\$13,251,848

- A.** On April 1, 2002, the City made a loan to the Administrative Services Director in the amount of \$318,750 for the purchase of a home. The entire principal balance together with payment of the “equity sharing amount” is due and payable immediately upon any sale or transfer of the property, except for a transfer of legal title for estate planning purposes to a revocable living trust for which the borrower is trust or and trustee. The loan is secured by the deed of trust.
- B.** On July 8, 2008, the City made a loan to the City Manager in the amount of \$300,000 secured by a second deed of trust for the purchase of a home. The loan is secured by a deed of trust.
- C.** On September 10, 2008, the city modified the City Manager loan agreement for an additional \$200,000. The additional amount, together with the payment of the “equity sharing amount” is due and payable upon any sale or transfer of the property without the prior written consent of the City (except for the transfer of legal title for estate planning purposes to a revocable living trust of which borrowers are the trustors and trustee), or eighteen months after the effective date of termination of City Manager’s employment with the City.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - LOANS RECEIVABLE (Continued)

- D.** In 1999, the Bridge Housing Corporation entered into a loan agreement with the former Redevelopment Agency (now housing successor) for an amount not to exceed \$2,500,000. The obligation to repay the loan is evidenced by a promissory note. The terms of the note provide that Bridge Housing Corporation make repayments to the extent of surplus cash. Annual payments are due and payable in arrears no later than June 1 each year with respect to the previous calendar year, and shall be accompanied by the developer's report of surplus cash.
- E.** The former Agency (now housing successor) has provided various loan programs for First Time Homebuyers. In general they provide secondary financing for low and moderate buyers in the City. The loans have deferred payments in order to allow the buyers to maximize their purchasing capacity. Payment of principal and interest is due upon sale of property. Units are sold at market value and the former Agency also receives as payment a share of the appreciation based on the percentage of the former Agency loan to original purchase price. The former Agency has first right of refusal to purchase unit to roll over to new eligible buyer.
- F.** *City Loans to Successor Agency*

SERAF - During the fiscal year 2011, the former Agency approved a short term interfund payable authorizing the RDA #1 and RDA #2 to borrow \$1,217,528 from the Low and Moderate Income Housing Fund to assist in making the Agency's 2010-11 payment to the Supplemental Educational Revenue Augmentation Fund. The loan bears no interest rate and is repayable as a Recognized Obligation of the Successor Agency.

General Fund - During the fiscal year ending June 30, 2000, the former Agency approved an interfund advance authorizing the Community Redevelopment Special Revenue Fund to borrow \$1,293,108 from the Low and Moderate Income Housing Fund to cover the operating shortfall of RDA #2 through fiscal year 2000. The loan bears no interest rate and is repayable as a Recognized Obligation of the Successor Agency.

The Marina Enterprise Fund had recorded a loan receivable in the amount of \$2,295,996 from the Successor Agency Private Purpose Trust Fund. The loan will be paid from future redevelopment property tax trust fund (RPTTF) distribution revenue from the County. The loan comprise of the following:

On March 1, 2001, the former Agency issued \$15,000,000 of Brisbane Community Redevelopment Project Area #1 2001 Tax Allocation Bonds (2001 Tax Allocation Bonds) to refund the 1984 Tax Allocation Bonds and to satisfy the former Agency's obligation under the 1984 Lease/Leaseback agreement (Deferred Rent Payable). A portion of the proceeds of the 1984 Tax Allocation Bonds were used to build the Marina.

Concurrently, the former Agency and the Authority also entered into a bond purchase contract (Contract) on March 1, 2001. According to the Contract, the Authority issued Brisbane Public Financing Authority (BPFA) 2001 Revenue Bonds, Series A in the amount of \$26,300,000 to acquire the Bonds.

As part of the funding for this debt, the former Agency provided an equity contribution of \$295,996 to be placed in an Escrow Fund along with the proceeds of the former Agency Bonds. The City contributed \$2,000,000 towards the purchase of the 2001 Tax Allocation Bonds.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - LOANS RECEIVABLE (Continued)

Therefore, prior to fiscal 2015, a total of \$2,295,996 was recorded as an advance from the Marina Fund to the BPFA 2001 Revenue Bonds Series A Debt Service Fund which in turn advanced the amount to the former Agency. The advance was to be paid from future tax increment of the former Agency after the bonds have matured. With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the advance above.

In fiscal year 2014, the City unwound the advance from the Marina Fund (formerly the Parks and Recreations Enterprise Fund) to the BPFA 2001 Revenue Bonds Series A Debt Service Fund and the loan receivable from the BPFA 2001 Revenue Bonds Series A Debt Service Fund to the former Agency. At June 30, 2015, the Successor Agency recorded a loan payable in the amount of \$2,295,996 and the City Marina Enterprise Fund recorded a loan receivable in the amount of \$2,295,996.

Marina Enterprise Fund - During the fiscal year ending June 30, 2015, the Marina Enterprise Fund issued a loan payable to the Successor Agency in the amount of \$376,484 to cover the 2014/15B Recognized Obligations Payment Schedule (ROPS) obligations. The loan would then appear on the Successor Agency's 2015-16A ROPS and be repaid to the City when the 15-16 ROPS is approved by the DOF and received in fiscal year ended June 30, 2016.

Housing Successor - During the fiscal year ending June 30, 2011, the Low & Moderate Income Housing Special Revenue Fund had advanced \$4,099,278 to the former Redevelopment Project Area #1 Special Revenue Fund, which represents a portion of the 20% housing set-aside funding deferred until future projects and funding become available.

With the dissolution of the former Agency, the Successor Agency assumed the obligation to repay the above advances and has recorded a loan payable to the Low and Moderate Income Housing Asset Fund, the Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund and the General Fund as discussed in Note 15 below. The Agency received a Finding of Completion in March 2013.

- G.** On October 22, 2001, the City made a loan to the City Engineer/Director of Public Works in the amount of \$320,000 for the purchase of a home. The entire principal balance together with payment of the "equity sharing amount" is due and payable immediately upon any sale or transfer of the property, except for a transfer of legal title for estate planning purposes to a revocable living trust for which borrower is trustor and trustee. The loan is secured by the Deed of Trust. On October 1, 2005, the City modified the agreement to include interest in the amount of \$45,479.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6 - CAPITAL ASSETS

Capital assets, which include land, buildings, improvements, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Gifts or contributions of capital assets are recorded at fair market value when received. City policy has set the capitalization threshold for reporting capital assets at the following:

General Capital Assets	\$5,000
Infrastructure Capital Assets	25,000

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and structures	50 years
Land Improvements	20 – 50 years
Water distribution and sewer collection	65 years
Machinery and equipment	5 - 20 years
Infrastructure	50 - 65 years

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6 - CAPITAL ASSETS (Continued)

Changes in capital assets during the year ended June 30, 2015 comprise of the following:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Governmental activities				
Non-depreciable capital assets:				
Land	\$14,567,090		(\$211,335)	\$14,355,755
Construction in progress	86,556	\$63,101		149,657
Total non-depreciable capital assets	14,653,646	63,101	(211,335)	14,505,412
Capital assets being depreciated:				
Land Improvements	4,780,223	405,628		5,185,851
Building and Structures	17,607,241	47,712		17,654,953
Machinery and Equipment	2,962,635	277,170	(27,768)	3,212,037
Infrastructure	30,865,210			30,865,210
Total capital assets, depreciable	56,215,309	730,510	(27,768)	56,918,051
Less accumulated depreciation:				
Capital assets being depreciated:				
Land Improvements	(1,421,341)	(123,078)		(1,544,419)
Building and Structures	(3,793,561)	(349,971)		(4,143,532)
Machinery and Equipment	(2,175,300)	(170,429)	27,768	(2,317,961)
Infrastructure	(7,215,415)	(507,152)		(7,722,567)
Total accumulated depreciation	(14,605,617)	(1,150,630)	27,768	(15,728,479)
Depreciable capital assets	41,609,692	(420,120)		41,189,572
Governmental activity capital assets, net	\$56,263,338	(\$357,019)	(\$211,335)	\$55,694,984

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6 - CAPITAL ASSETS (Continued)

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Business-type activities				
Capital assets not being depreciated:				
Land	\$647,815			\$647,815
Construction in Progress	63,803	\$950,554		1,014,357
Total capital assets not being depreciated	711,618	950,554		1,662,172
Capital assets, being depreciated:				
Land Improvements	7,419,406			7,419,406
Building and Structures	9,526,843			9,526,843
Machinery and Equipment	635,785	143,853	(\$36,915)	742,723
Infrastructure	32,245,204			32,245,204
Total capital assets being depreciated	49,827,238	143,853	(36,915)	49,934,176
Less accumulated depreciation for:				
Land Improvements	(5,995,891)	(93,875)		(6,089,766)
Building and Structures	(1,948,304)	(141,874)		(2,090,178)
Machinery and Equipment	(377,558)	(47,649)	22,149	(403,058)
Infrastructure	(12,374,363)	(516,043)		(12,890,406)
Total accumulated depreciation	(20,696,116)	(799,441)	22,149	(21,473,408)
Depreciable capital assets	29,131,122	(655,588)	(14,766)	28,460,768
Business-type activity capital assets, net	\$29,842,740	\$294,966	(\$14,766)	\$30,122,940

A. 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 BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6 - CAPITAL ASSETS (Continued)

B. Depreciation Allocation

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

Governmental Activities	
General Government	\$387,771
Public Safety	171,244
Public Works	411,177
Parks and Recreation	180,438

Total Governmental Activities	\$1,150,630

 Business-Type Activities	
Water	\$214,377
Sewer	86,412
Guadalupe Valley Municipal Improvement District	365,239
Marina	133,413

Total Business-Type Activities	\$799,441

NOTE 7 - 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.

The following is a summary of long-term debt transactions for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Retirements	Balance at June 30, 2015	Current Portion	Non-Current Portion
Governmental Activities						
2001 PFA, Series B (LID Refinancing)	\$2,405,000		(\$825,000)	\$1,580,000	\$1,580,000	
2005 PFA, Series A (Lease Revenue)	390,078		(91,685)	298,393	95,019	\$203,374
2005 PFA, Series B (City Hall Expansion)	5,360,000		(5,360,000)			
2009 PFA, Series A (City Hall Completion)	1,870,000		(85,000)	1,785,000	90,000	1,695,000
2006 Pension Obligation Refunding Bonds	2,515,000		(455,000)	2,060,000	500,000	1,560,000
2013 Pension Side Fund Bank Loan	1,571,000		(50,000)	1,521,000	60,000	1,461,000
2014 Lease Revenue Refunding Bonds		\$5,470,000	(50,000)	5,420,000	200,000	5,220,000
Unamortized discount on bonds	(71,699)		6,619	(65,080)	(6,619)	(58,461)
Energy Conservation Loan	153,929		(12,696)	141,233	12,820	128,413
Energy Efficiency Loan	57,689		(8,144)	49,545	8,144	41,401
	_____	_____	_____	_____	_____	_____
Total Governmental Long-Term Debt	\$14,250,997	\$5,470,000	(\$6,930,906)	\$12,790,091	\$2,539,364	\$10,250,727
	_____	_____	_____	_____	_____	_____

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - LONG-TERM DEBT (Continued)

	Balance June 30, 2014	Additions	Retirements	Balance at June 30, 2015	Current Portion	Non-Current Portion
Business-type Activities						
Capital Lease	\$21,567		(\$21,567)			
2012 Installment Sale Agreement	3,453,000		(3,453,000)			
2015 Utility Revenue Bonds		\$8,310,000		\$8,310,000	\$170,000	\$8,140,000
2015 Installment Sale Agreement		\$4,174,000		4,174,000		4,174,000
Total Business-Type Long-Term Debt	\$3,474,567	\$12,484,000	(\$3,474,567)	\$12,484,000	\$170,000	\$12,314,000

A. 2001 Brisbane Public Financing Authority Revenue Bonds, Series B

On March 1, 2001, the Authority issued \$8,935,000 principal amount 2001 Revenue Bonds, Series B to acquire an issue of reassessment bonds issued by the City with respect to the City's Marina Boulevard and Lagoon Road Local Improvement District 79-1 (District) and to refund certain outstanding assessment bonds issued by the City with respect to the District and certain related outstanding revenue bonds issued by the Authority.

The bonds mature annually through September 2, 2015, in amounts ranging from \$70,000 to \$1,655,000. The interest on the bonds is payable semiannually on each March 2 and September 2, with rates ranging from 3.75% to 5.55%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from reassessments levied and collected in the District and amounts held in the redemption fund established under the Fiscal Agent Agreement.

The annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2016	\$1,580,000	\$43,845	\$1,623,845
Total	\$1,580,000	\$43,845	\$1,623,845

A bond call for a portion of the outstanding bonds in fiscal year 2012-2013 reset the remaining principal and interest payments.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - LONG-TERM DEBT (Continued)

B. 2005 Brisbane Public Financing Authority Revenue Bonds, Series A

On February 1, 2005, the Authority issued \$3,265,000 principal amount 2005A Revenue Bonds to refund certain outstanding certificates of participation executed and delivered to finance certain capital projects for the City.

The Bonds mature annually through April 1 2017, in amounts ranging from \$190,000 to \$310,000. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 3.00% to 3.75%. The Bonds are subject to optional and mandatory redemption prior to maturity. The Bonds are payable from lease payments from both the City's Utility Fund to the Authority and lease payments from the Successor Agency to the Authority.

The annual debt service requirements from the Utility Fund on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2016	\$95,019	\$11,698	\$106,717
2017	100,020	8,135	108,155
2018	103,354	4,134	107,488
Total	\$298,393	\$23,967	\$322,360

C. 2005 Brisbane Public Financing Authority Revenue Bonds, Series B

On October 3, 2005, the Authority issued \$5,970,000 principal amount 2005B Revenue Bonds to finance the City Hall renovation and expansion project.

In fiscal year 2015, the bonds were paid off from proceeds received from the Lease Revenue Refunding Bonds, Series 2014. The transaction resulted in an overall debt service savings of \$457,688. The net present value of the debt service savings is called an economic gain and amounted to \$333,404.

D. 2009 Brisbane Public Financing Authority Lease Revenue Bonds, Series A

On March 11, 2009, Authority issued \$2,255,000 principal amount 2009A Revenue Bonds to finance the completion of the City Hall renovation and expansion project.

The bonds mature annually through April 1 2029, in amounts ranging from \$70,000 to \$175,000. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 3.0% to 5.625%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from lease payment from the City to the Authority.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - LONG-TERM DEBT (Continued)

The annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2016	\$90,000	\$97,325	\$187,325
2017	95,000	93,500	188,500
2018	100,000	89,343	189,343
2019	105,000	84,843	189,843
2020	110,000	79,856	189,856
2021-2025	635,000	306,935	941,935
2026-2029	650,000	99,900	749,900
Subtotal	<u>1,785,000</u>	<u>851,702</u>	<u>2,636,702</u>
Less Discount	<u>(20,686)</u>		<u>(20,686)</u>
Total	<u><u>\$1,764,314</u></u>	<u><u>\$851,702</u></u>	<u><u>\$2,616,016</u></u>

E. 2006 Taxable Pension Obligation Refunding Bonds

On August 8, 2006, the City issued \$4,745,000 principal amount of 2006 Taxable Pension Obligation Refunding Bonds (2006 Pension Bonds) with interest rates of 5.0%. The proceeds were used to refund a portion of the City's obligations to PERS evidenced by the PERS contract and representing the unamortized, unfunded actuarial accrued liability with respect to the pension benefits. Interest is payable semiannually on January 1 and July 1. The principal is payable annually. The bonds are subject to optional and mandatory redemption prior to maturity. The 2006 Pension Bonds are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The City is obligated to make appropriations to pay the bonds from any source of legally available funds of the City for each fiscal year.

The annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2016	\$500,000	\$119,150	\$619,150
2017	545,000	91,650	636,650
2018	600,000	59,631	659,631
2019	125,000	24,381	149,381
2020	140,000	17,037	157,037
2021	150,000	8,812	158,812
Subtotal	<u>2,060,000</u>	<u>320,661</u>	<u>2,380,661</u>
Less Discount	<u>(44,394)</u>		<u>(44,394)</u>
Total	<u><u>\$2,015,606</u></u>	<u><u>\$320,661</u></u>	<u><u>\$2,336,267</u></u>

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - LONG-TERM DEBT (Continued)

F. 2013 Pension Side Fund Bank Loan

On June 26, 2013, the City, through the Brisbane Public Financing Authority, entered into a loan agreement with a bank in the amount of \$1,611,000. Proceeds in amount of \$1,533,433 were wire transferred to CalPERS to pay off the City's Miscellaneous Pension Side Fund. The remaining proceeds were used for issuance financing costs. Principal and interest payments are due semiannually on June 1 and December 1, with an interest rate of 3.98% per annum.

Year ending June 30:	Principal	Interest	Total
2016	\$60,000	\$59,939	\$119,939
2017	70,000	57,451	127,451
2018	80,000	54,566	134,566
2019	165,000	50,586	215,586
2020	190,000	43,720	233,720
2021-2023	956,000	73,034	1,029,034
Total	\$1,521,000	\$339,296	\$1,860,296

G. 2014 Lease Revenue Refunding Bonds, Series 2014

On December 1, 2014, the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority issued \$5,470,000 principal amount Lease Revenue Refunding Bonds, Series 2014. The Bonds being issued are to refund the outstanding Brisbane Public Financing Authority Lease Revenue Bonds, Series 2005B (City Hall Renovation and Expansion Project).

Repayments made by the City are payable from any revenues lawfully available to the City. The City intends to make all payments from proceeds of its transient occupancy tax but such tax proceeds are not pledged as security for the repayment of the Bonds.

The bonds mature annually through April 1, 2035, in amounts ranging from \$108,152 to \$378,231. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 2.00% to 4.00%. The bonds are subject to optional and mandatory redemption prior to maturity.

The annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2016	\$200,000	\$177,930	\$377,930
2017	205,000	173,930	378,930
2018	210,000	169,830	379,830
2019	215,000	165,630	380,630
2020	220,000	159,180	379,180
2021-2025	1,225,000	668,900	1,893,900
2026-2030	1,440,000	445,402	1,885,402
2031-2035	1,705,000	186,907	1,891,907
Total	\$5,420,000	\$2,147,709	\$7,567,709

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - LONG-TERM DEBT (Continued)

H. Energy Conservation Loan

On October 8, 2010 the City received a loan from the California Energy Resources Conservation and Development Commission for project costs associated with the installation of LED street lighting. Principal and interest payments are due semiannually on June 22 and December 22, with an interest rate of 1%.

The annual payment requirements on the loan were as follows:

Year ending June 30:	Principal	Interest	Total
2016	\$12,820	\$1,384	\$14,204
2017	12,951	1,252	14,203
2018	13,082	1,122	14,204
2019	13,213	991	14,204
2020	13,343	861	14,204
2021-2025	68,758	2,260	71,018
2026	7,066	35	7,101
Total	\$141,233	\$7,905	\$149,138

I. Energy Efficiency Retrofit Loan

On November 13, 2013 the City received a loan from the Pacific Gas & Electric Company (PG&E) for project costs associated with the installation of LED street lighting. This is an interest free loan, and principal payments are due monthly.

The annual payment requirements on the loan were as follows:

Year ending June 30:	Principal	Total
2016	\$8,144	\$8,144
2017	8,144	8,144
2018	8,144	8,144
2019	8,144	8,144
2020	8,144	8,144
2021-2023	8,825	8,825
Total	\$49,545	\$49,545

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - LONG-TERM DEBT (Continued)

J. Capital Lease

On August 15, 2005, the City entered into a 10 year lease agreement with Government Capital Corporation for utility metering equipment with option to purchase. The lease was in the amount of \$226,513 with interest of \$45,384, payable annually on November 15 of each year in the amount of \$22,651. In fiscal year 2015 the City paid off the remaining balance of the lease.

K. 2012 Installment Sale Agreement

On July 1, 2012, the Brisbane Public Financing Authority and the City entered into an installment sale agreement in the amount of \$3,590,000 which repaid in full the outstanding principal of the 2002 Brisbane Public Financing Authority Revenue Bonds, Series A. The interest on the agreement is payable semiannually on each March 1 and September 1, with interest rate of 2.46% per annum. Principal payments are due annually on September 1 from September 1, 2013 to September 1, 2031. In fiscal year 2015 the City paid off the installment sale agreement with the proceeds of the 2015 Utility Revenue Bonds. The refunding reduced the total debt service payments over 16 years by \$235,330 obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$184,237.

L. 2015 Utility Revenue Bonds

On June 3, 2015, the Brisbane Guadalupe Valley Municipal Improvement District Financing Authority and the City issued utility revenue bonds of \$8,310,000 which repaid in full the outstanding principal of the 2012 Brisbane Installment Sale Agreement. The interest on the 2015 bonds is payable semiannually on each March 1 and September 1, with interest rate of 3.11% per annum. Principal payments are due annually on September 1 from September 1, 2015 to September 1, 2035.

The bonds repayments are payable and secured by a pledge of the net revenues of the Utility Enterprise Fund as defined under the bond indenture. No principal or interest was paid for the current year and Utility Enterprise Fund net revenue was \$1,652,449.

Future required debt services payments are as follows:

Year ending June 30:	Principal	Interest	Total
2016	\$170,000	\$240,654	\$410,654
2017	305,000	319,100	624,100
2018	310,000	309,850	619,850
2019	320,000	295,650	615,650
2020	340,000	279,150	619,150
2021-2025	2,000,000	1,112,750	3,112,750
2026-2030	2,460,000	630,332	3,090,332
2031-2035	2,065,000	223,906	2,288,906
2036	340,000	6,375	346,375
Total	\$8,310,000	\$3,417,767	\$11,727,767

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - LONG-TERM DEBT (Continued)

M. 2015 Installment Sale Agreement

On June 5, 2015, the Brisbane Guadalupe Valley Municipal Improvement District Financing Authority and the City entered into an installment sale agreement in the amount of \$4,174,000 which paid for the dredging of the Marina. The interest on the agreement is payable semiannually on each May 1 and November 1, with interest rate of 3.12% per annum. Principal payments are due semiannually on May 1 and November 1 from November 1, 2016 to May 1, 2017.

The repayments are payable and secured by a pledge of the net revenues of the Marina Enterprise Fund as defined under the bond indenture. No principal or interest was paid for the current year and Marina Enterprise Fund net revenue was \$58,110.

Year ending June 30:	Principal	Interest	Total
2016		\$117,929	\$117,929
2017	\$119,000	129,308	248,308
2018	314,000	124,082	438,082
2019	346,000	114,036	460,036
2020	379,000	102,991	481,991
2021-2025	2,086,000	328,209	2,414,209
2026-2027	930,000	36,551	966,551
Total	\$4,174,000	\$953,106	\$5,127,106

N. Non-City Obligation

The following bond issue is not reported in the City's financial statements, because it is considered special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the County of San Mateo, the State of California or any political subdivision thereof, is pledged for payment of these bonds.

	Original Amount	Outstanding June 30, 2015
Northeast Ridge Development District 2013 Reassessment & Refunding District Bonds	<u>\$ 3,395,000</u>	<u>\$ 2,960,000</u>

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - NET POSITION AND FUND BALANCES

A. *Net Position*

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

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

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

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

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

B. *Fund Balance*

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

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

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

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - NET POSITION AND FUND BALANCES (Continued)

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

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

Detailed classifications of the City's fund balances, as of June 30, 2015, are below:

Fund Balance Classifications	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	2005 Revenue Bonds, Series B	Non-Major Governmental Funds	Total Governmental Funds
<i>Nonspendables:</i>					
Loans receivable	\$2,057,848				\$2,057,848
Advances to other funds	1,232,707				1,232,707
Total Nonspendable Fund Balances	3,290,555				3,290,555
<i>Restricted for:</i>					
Low and moderate income housing projects		\$6,207,672			6,207,672
Debt service				\$2,348,650	2,348,650
Transportation and street				675,272	675,272
Grant activities				92,475	92,475
Special revenue activities				334,086	334,086
Total Restricted Fund Balances		6,207,672		3,450,483	9,658,155
<i>Assigned to:</i>					
Capital projects				3,666,192	3,666,192
Encumbrances	123,171				123,171
Fire sinking fund	171,663				171,663
Total Assigned Fund Balances	294,834			3,666,192	3,961,026
Unassigned	8,957,336		(\$253)	(488,113)	8,468,970
Total Fund Balances	\$12,542,725	\$6,207,672	(\$253)	\$6,628,562	\$25,378,706

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - NET POSITION AND FUND BALANCES (Continued)

C. *Minimum Fund Balance Policies*

The City is required to maintain a General Fund reserve balance that responds to the following criteria:

1. Emergency or disaster circumstances, which is reviewed every three years and modified as appropriate. For fiscal year 2015, the amount, at minimum, is \$3,500,000.
2. Recession circumstances, such as revenue reductions caused by an economic downturn comparable to the Great Recession of 2008/2009. If the amount is drawn down by recessionary shortfalls in the budget, a plan will need to be established to replenish the balance as the economy recovers. For fiscal year 2015, the amount, at minimum, is \$2,500,000.
3. Annual fluctuation circumstances, estimated to compensate for unexpected fluctuations of 5% in expenditures beyond the budget and 5% in revenues below the budget. The amount will be recalculated every year as the budget changes. For fiscal year 2015, the amount is set at \$1,500,000.

The City is required to maintain fund or working capital balances of at least 20% of operating expenditures in the Utility and Parks and Recreation Funds Enterprise funds. This is considered the minimum level necessary to maintain the City's credit worthiness and to adequately provide for:

1. Economic uncertainties, local disasters, and other financial hardships, or downturns in the local or national economy.
2. Contingencies for unseen operating or capital needs.
3. Cash flow requirements.

For General Fund assets, the City is required to establish and maintain an Equipment Replacement Fund to provide for the timely replacement of vehicles and capital equipment with an individual replacement cost of \$15,000 or more. The City is also required to maintain a minimum fund balance in the Equipment Replacement Fund of at least 20% of the original purchase cost of the items accounted for in this fund. The annual contribution to this fund will generally be based on the annual use allowance, which is determined based on the estimated life of the vehicle or equipment and its cost of replacement. Interest earnings and sales of surplus equipment as well as any related damage or insurance recoveries will be credited to the Equipment Replacement fund

The Council may designate specific fund balance levels for future development of capital projects, which it has determined to be in the best long-term interests of the City.

In addition to the designations noted above, fund balance levels will be sufficient to meet funding requirements for projects approved in prior years which are carried forward into the new year; debt service reserve requirements, reserves for encumbrances; and other reserves or designations required by contractual obligations, state law, or generally accepted accounting principles.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - NET POSITION AND FUND BALANCES (Continued)

D. Deficit Fund Balances/Net Position

The following funds had deficit fund balances, which will be eliminated through the reduction in expenditures and/or the use of new funding sources:

Funds	Deficit Fund Balances/ Net Position
Major Governmental Funds:	
2005 Revenue Bonds, Series B Debt Service Fund	\$253
Non-Major Governmental Funds:	
Sierra Point Landscape & Lighting Special Revenue Fund	54,978
Capital Projects Fund	432,252
Special Beautification Projects Capital Project Fund	883
Internal Service Fund:	
Workers' Compensation	807,601

E. Prior Period Adjustments

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2015.

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

GASB Statement No. 71 – In 2014, GASB issued *Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The intention of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

The implementation of the above Statements required the City to make prior period adjustments. As a result, the beginning net positions of the Governmental Activities, Utility Enterprise Fund and Marina Enterprise Fund were reduced by \$14,235,457, \$527,016, and \$386,478 respectively. See Note 9 for additional information.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – PENSION PLAN

A. General Information about the Pension Plans

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous		
	Prior to July 1, 2008	Prior to January 1, 2013	On or after January 1, 2013
Hire date	Prior to July 1, 2008	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63+	50 - 65+	62
Monthly benefits, as a % of eligible compensation	1.4% - 2.4%	1.1%-2.4%	2.00%
Required employee contribution rates	6.9%	6.9%	0.00%
Required employer contribution rates	16.691%	8.435%	0.00%
	Safety		
	Prior to January 1, 2013	On or after January 1, 2013	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	
Benefit formula	3% @ 55	2.7% @ 57	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50 - 55	57	
Monthly benefits, as a % of eligible compensation	2.4%-3.0%	2.7%	
Required employee contribution rates	9.0%	11.5%	
Required employer contribution rates	8.435%	11.5%	

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – PENSION PLAN (Continued)

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

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous			
	Tier I	Tier II	Tier III	PARS
Contributions - employer	\$532,722	\$19,503	\$35,623	\$20,560

	Safety	
	Tier I	Tier II
Contributions - employer	\$499,785	\$44,892

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Tier I	\$5,496,001
Miscellaneous Tier II	5,678
Miscellaneous Tier III	114
Safety Tier I	6,519,818
Safety Tier II	166
PARS	52,309
Total Net Pension Liability	\$12,074,086

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – PENSION PLAN (Continued)

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous Tier I</u>	<u>Miscellaneous Tier II</u>	<u>Miscellaneous Tier III</u>	<u>Miscellaneous PARS</u>
Proportion - June 30, 2013	0.22918%	0.00024%	0.00000%	100.00000%
Proportion - June 30, 2014	0.22238%	0.00023%	0.00000%	100.00000%
Change - Increase (Decrease)	-0.00680%	-0.00001%	0.00000%	0.00000%

	<u>Safety Tier I</u>	<u>Safety Tier II</u>
Proportion - June 30, 2013	0.18045%	0.00000%
Proportion - June 30, 2014	0.17382%	0.00000%
Change - Increase (Decrease)	-0.00663%	0.00000%

For the year ended June 30, 2015, the City recognized pension expense of \$461,033. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$1,153,085	
Differences between actual and expected experience		
Changes in assumptions		
Net differences between projected and actual earnings on plan investments		(\$3,830,459)
Adjustment due to differences in proportion	149,636	(15,969)
Total	<u>\$1,302,721</u>	<u>(\$3,846,428)</u>

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – PENSION PLAN (Continued)

\$1,153,085 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	
June 30	
2016	(\$909,879)
2017	(909,879)
2018	(919,423)
2019	(957,611)

Actuarial Assumptions – For the measurement period ended June 30, 2014, the total pension liabilities were determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	All CalPERS Plans	PARS
Valuation Date	June 30, 2013	
Measurement Date	June 30, 2014	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.5%	7.0%
Inflation	2.75%	3.0%
Payroll Growth	3.0%	2.0%
Projected Salary Increase	3.3% - 14.2% (1)	2.0%
Investment Rate of Return	7.5% (2)	7.0%
Mortality Rate Table	Derived using CalPers Membership Data for all Funds (3)	
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power applies, 2.75% thereafter	3.0%

(1) Depending on age, service and type of employment

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

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

The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

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

The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – PENSION PLAN (Continued)

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

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

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

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

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

	Miscellaneous Tier I	Miscellaneous Tier II	Miscellaneous Tier III	Miscellaneous PARS	Safety Tier I	Safety Tier II
1% Decrease	6.50%	6.50%	6.50%	6.00%	6.50%	6.50%
Net Pension Liability	\$9,792,175	\$10,118	\$202	\$96,820	\$11,219,762	\$286
Current Discount Rate	7.50%	7.50%	7.50%	7.00%	7.50%	7.50%
Net Pension Liability	\$5,496,001	\$5,678	\$114	\$52,309	\$6,519,818	\$166
1% Increase	8.50%	8.50%	8.50%	8.00%	8.50%	8.50%
Net Pension Liability	\$1,930,585	\$1,994	\$40	\$13,915	\$2,647,267	\$68

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Plan Description and Funding Policy

The City administers a single-employer defined benefit post-employment healthcare plan. Employees hired prior to July 1, 2008, have the stipulated years of service, and retire directly from the City, are eligible to receive up to the Kaiser rate (family or single, depending on MOU) and the Medicare eligible rate after reaching the age of 65. This same benefit may continue to a surviving spouse depending on the retirement plan election. Currently there are 37 retirees receiving post-employment health care benefits from the City.

	Exec Mgmt, HR Admin, Conf Mgmt, Police Chief	Conf, Mid-Mgmt, Police Commanders	General, Firefighters, Police Officers								
▪ Eligibility	Hired < 7/1/08 and Retire Directly from the City										
	• 10 years of Municipal Government Service	• 15 years of Municipal Government service	• 15 years of City service								
▪ Cash Stipend	• Up to Kaiser family • Medicare eligible rate \geq 65	• Up to Kaiser family • Medicare eligible rate \geq 65	• Up to Kaiser single • Medicare eligible rate \geq 65								
▪ PEMHCA minimum	<ul style="list-style-type: none"> • Retirees not eligible for Cash Stipend • Includes hourly employees and City Council <table style="margin-left: auto; margin-right: auto; border: none;"> <thead> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Monthly Amount</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2013</td> <td style="text-align: center;">\$115</td> </tr> <tr> <td style="text-align: center;">2014</td> <td style="text-align: center;">119</td> </tr> <tr> <td style="text-align: center;">2015</td> <td style="text-align: center;">122</td> </tr> </tbody> </table>			<u>Year</u>	<u>Monthly Amount</u>	2013	\$115	2014	119	2015	122
<u>Year</u>	<u>Monthly Amount</u>										
2013	\$115										
2014	119										
2015	122										
▪ Surviving Spouse Benefit	<ul style="list-style-type: none"> • Retirement plan election • PEMHCA minimum benefit continues to surviving spouses • No Cash Stipend for surviving spouses 										
▪ Dental, Vision & Life	• None										

As of June 30, 2015, approximately 107 participants were eligible to receive benefits.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.25% investment rate of return, (b) 1% projected annual salary increase, (c) 3% general inflation increases, and (d) healthcare cost inflation between 4.7% and 6.0%. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over fixed 30 year closed amortization period.

C. Funding Progress and Funded Status

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2015, the City has calculated and recorded the Net OPEB obligation, representing the difference between the ARC and contributions as presented below:

Net OPEB Obligation June 30, 2014	<u>\$3,960,764</u>
Annual required contribution (ARC)	780,072
Interest on Net OPEB Obligation	168,333
Adjustment to annual required contribution	<u>(207,806)</u>
Annual OPEB cost	<u>740,599</u>
City's contribution to PARS Trust	(500,000)
City's portion of current year premiums paid	<u>(231,382)</u>
Change in Net OPEB Obligation	<u>9,217</u>
Net OPEB Obligation June 30, 2015	<u><u>\$3,969,981</u></u>

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The City uses the alternative measurement method which is in compliance with GASB 45. Trend data from the most recent actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Unfunded Actuarial Accrued Liability (UAAL) (B)	Covered Payroll (C)	Funded Ratio (A/B)
6/30/2011	\$0	\$9,925,251	\$5,849,067	0.0%
6/30/2013	0	8,555,966	5,624,002	0.0%
6/30/2013	496,933	8,059,033	6,274,552	6.2%

D. OPEB Trust

During fiscal 2015 (April 2015), the City joined the Public Agencies Post-Retirement Health Care Plan, a multiple employer trust administered by Public Agency Retirement Services (PARS). The irrevocable trust is administered by PARS, and managed by an appointed board not under the control of the City. The trust is not considered a component unit by the City and has been reported as a fiduciary fund in these financial statements. Separately issued financial statements for PARS may be obtained from PARS at 4350 Von Karman Ave., Suite 100, Newport Beach, CA 92660.

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters and employee health insurance claims. The City participates in the following public entity risk pools.

A. General Liability Insurance

The City is a member of Bay Cities Joint Powers Insurance Authority (BCJPIA). The BCJPIA is a public agency created in 1986 by and among various municipalities in Northern California to provide a pooled approach to liability insurance pursuant to the California Government Code. The BCJPIA is governed by a Board of Directors which is comprised of appointed officials from the member entities. The purpose of the pool is to provide certain levels of liability coverage, claims administration, and loss control support to member agencies. Annually, each member pays an actuarially determined premium based on a formula which takes into account the prior three years' loss experience, annual payroll, and population.

The City self-insures the first \$25,000 of each liability loss. The BCJPIA pools the layer from \$25,001 to \$1,000,000 and purchases excess insurance from \$1 million to \$28 million per year.

B. Workers' Compensation

On July 1, 2000, the City became a member of Workers' Compensation from Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX). The City is self-insured for the first \$150,000 of a claim. The LAWCX covers claims from \$150,001 to \$1,000,000 and purchases excess insurance from \$1,000,000 up to statutory limit. Prior to July 1, 2000 the City was a member of the San Mateo County Cities Group (Cities Group). When the City left the Cities Group it took on the responsibility for all current and future claims which would have been covered by the Cities Group.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 11 - RISK MANAGEMENT (Continued)

The LAWCX is a public agency created in 1992 by and among self-insured workers' compensation joint power authorities, individual public entities, and special districts throughout California to provide a pooled approach to excess workers' compensation insurance pursuant to the California Government Code. The LAWCX is governed by a Board of Directors which is comprised of appointed officials from its member entities. The purpose of the pool is to provide excess workers' compensation insurance to its member agencies. Annually each member pays an actuarially determined premium based on a formula approved by the Board of Directors.

C. Long-Term Disability and Other Benefit Insurance

Other coverage provided to the City's workers, such as long-term disability, and unemployment insurance are covered by purchased insurance.

As of June 30, 2015, the estimated claims payable for general liability and workers' compensation included claims incurred but not reported (IBNR). There were no reductions in insurance coverage from the prior year and no insurance settlement exceeded coverage in each of the past three years.

Beginning balance of claims payable	\$1,086,981
Changes to estimated claims liability	282,658
Claims paid	<u>(261,651)</u>
Ending balance of claims payable	<u>\$1,107,988</u>
Current Portion	<u>\$288,100</u>

NOTE 12 – COMMITMENTS AND CONTINGENT LIABILITIES

A. Lawsuits

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions, when finally adjudicated, will not have a material adverse effect on the financial condition of the City.

B. Federal and State Grant Programs

The City participates in a number of Federal, State and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government.

C. Operating Leases

The City leased three Konica copiers from Caltronics Business Systems for the operations of the City. The total amount of the lease amounted to \$159,208. The City does not intend to capitalize the copiers at the end of the lease. All payments were expenditures from the General Fund. The rental cost for the year ended June 30, 2015 was \$40,230.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 12 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

D. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2015 were as listed below:

	Amount
General Fund	\$123,171

E. Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge

The City contracts with the City and County of San Francisco for the purchase of water from the Hetch Hetchy System operated by the San Francisco Public Utilities Commission (SFPUC). The City is also a member of the Bay Area Water Supply and Conservation Agency (BAWSCA) which represents the interests of all the 24 cities and water districts, as well as two private utilities, that purchase wholesale water from the SFPUC.

In 2009 the City entered into a new 25 year agreement with the SFPUC that includes a minimum water delivery level of 0.98 MGD. One of the ways that the new agreement differs from the old is in how facilities constructed by the SFPUC that benefit the regional customers are treated from a rate and financial perspective. Under the old agreement, facilities were built, capitalized, and added to the rate base with a rate of return (interest), and then paid for over their useful lives through wholesale rates. Under the new agreement, the SFPUC issues revenue bonds and the debt service (which also includes an interest component) is paid for through rates over the life of the bonds.

During the transition from the old to the new contracts, one of the issues addressed was how to deal with the \$370 million in assets that were still being paid for by the wholesale customers under the old agreement. The assets were transferred to the new agreement, assigned a life with an agreed upon rate of return of 5.13%. Also negotiated was a provision to allow the wholesale customers to prepay any remaining existing assets' unpaid principal balance without penalty or premium. This prepayment was executed through the issuance of bonds by BAWSCA which provide a better interest rate given the favorable rate environment.

BAWSCA issued Revenue Bonds in the principal amount of \$335,780,000 in January 2013 to prepay the capital cost recovery payment obligation and fund a stabilization fund. The Bonds mature in October 2034 and are secured by surcharges to the monthly water purchase charges imposed upon the participating members. The Bonds are not a debt obligation of any member, and BAWSCA's failure to pay its Bonds would not constitute a default by any participating member.

Should any participating member fail to pay its share, BAWSCA will rely on the stabilization fund and will pursue all legal remedies to collect the shortfall from the delinquent member. In the interim, other participating members may have their portion adjusted to insure the continued payment of the debt service surcharge.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 12 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

The risk of bearing the debt service expense of a defaulting member is not significantly different than the risk each member assumes currently for fluctuations in water purchase charges. Under the Bond indenture, BAWSCA maintains a stabilization fund. If surcharge revenues collected are less than needed (due to a member's failure to pay timely), BAWSCA uses the stabilization fund to fund the debt service deficiency, and increases the surcharge in the subsequent year to make up for the prior year shortfall and reimburse the stabilization fund account. Also, given that each participating agency's governing body adopted a Resolution to participate in the Bond issue, Management believes that default is generally very unlikely.

The annual debt service surcharges are a fixed amount for each participant and are calculated by taking the subsequent fiscal year's debt service, multiplied by each participant's actual water purchase as a percent of total wholesale customer water purchases from the prior fiscal year. One-twelfth of the annual surcharge is included in the monthly bill from SFPUC. Because each participant's share of the debt service surcharge is proportional to the amount of water purchased during the prior fiscal year, the City's share of the debt service will fluctuate from year to year.

The City paid its surcharge of \$98,796 during fiscal year 2015, which is included as a component of purchased water expenses in the Utility Enterprise Fund. The surcharge for fiscal year 2016 is estimated to be \$104,796.

F. *San Mateo County Animal Shelter*

Since 1951 cities in San Mateo County have contracted with the County to manage animal control field and sheltering services. The current shelter has been determined to be inadequate to meet current animal sheltering services. In May 2014, all the municipalities signed an agreement, effective September 9, 2014, to share in the construction costs for a new animal control center by repaying the County through a 30-year, interest free lease agreement in the amount of \$20.2 million. The City's share of annual lease payment is based on a methodology of three year average of shelter use and percentage of population. The City's estimated annual lease payment is \$5,600. Payments commence after the new animal shelter facility is completed, and are due each July 1st. As of June 30, 2015, construction of the new animal shelter facility had yet to be completed.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 13 - SEGMENT INFORMATION

The City issued utility revenue bonds to finance the repayment of the 2012 Brisbane Installment Sale Agreement. The water, sewer and Guadalupe Valley Municipal Improvement District activities are accounted for in the Utility Enterprise Fund. Segment information is presented below:

Utility Fund Statement of Net Position

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
ASSETS				
Current assets:				
Cash and investments	\$461,392	\$980,656	\$2,117,127	\$3,559,175
Restricted cash	1,668,573	1,668,572	1,668,572	5,005,717
Accounts receivable, net	290,637	290,637	290,636	871,910
Taxes receivable			574	574
Interest receivable	149	105	203	457
Total current assets	2,420,751	2,939,970	4,077,112	9,437,833
Noncurrent assets:				
Capital assets:				
Non-depreciable	89,148	63,803	558,903	711,854
Depreciable, net	8,467,671	4,055,687	13,927,733	26,451,091
Total capital assets	8,556,819	4,119,490	14,486,636	27,162,945
Total noncurrent assets	8,556,819	4,119,490	14,486,636	27,162,945
Total assets	10,977,570	7,059,460	18,563,748	36,600,778
DEFERRED OUTFLOWS				
Deferred outflows related to pension	16,302	16,303	16,303	48,908
Total Deferred Outflows	16,302	16,303	16,303	48,908
LIABILITIES				
Current liabilities:				
Accounts payable	46,516	9,770	45,275	101,561
Accrued payroll	16,531	12,027	3,689	32,247
Interest payable	8,842	8,842	8,842	26,526
Compensated absences	6,354	3,487	2,570	12,411
Deposits	5,977	5,978	5,978	17,933
Bonds payable due within one year	56,666	56,667	56,667	170,000
Total current liabilities	140,886	96,771	123,021	360,678
Noncurrent liabilities:				
Compensated absences	19,059	10,462	7,711	37,232
Advances from other funds	88,479	555,303	119,635	763,417
Bonds payable due in more than one year	2,713,334	2,713,333	2,713,333	8,140,000
Net pension liability	138,852	138,853	138,853	416,558
OPEB Obligation	48,261	48,260	48,260	144,781
Total noncurrent liabilities	3,007,985	3,466,211	3,027,792	9,501,988
Total liabilities	3,148,871	3,562,982	3,150,813	9,862,666
DEFERRED INFLOWS				
Deferred inflows related to pension	46,825	46,824	46,824	140,473
Total Deferred Inflows	46,825	46,824	46,824	140,473
NET POSITION				
Invested in capital assets, net of related debt	7,455,392	3,018,062	13,385,208	23,858,662
Restricted for:				
Capital projects	717,981	40,904		758,885
Unrestricted	(375,197)	406,991	1,997,206	2,029,000
Total net position	\$7,798,176	\$3,465,957	\$15,382,414	\$26,646,547

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 13 - SEGMENT INFORMATION (Continued)

Utility Fund Statement of Activities

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
OPERATING REVENUES:				
Charges for services	\$1,677,824	\$1,293,115	\$2,285,871	\$5,256,810
Other	168,993	168,993	168,993	506,979
Total operating revenues	1,846,817	1,462,108	2,454,864	5,763,789
OPERATING EXPENSES:				
Costs of sales and services	560,876	584,740	725,714	1,871,330
General and administrative	550,544	635,795	573,955	1,760,294
Depreciation	197,304	103,485	365,239	666,028
Other	84,864	84,863	84,863	254,590
Total operating expenses	1,393,588	1,408,883	1,749,771	4,552,242
OPERATING INCOME (LOSS)	453,229	53,225	705,093	1,211,547
NONOPERATING REVENUES (EXPENSES):				
Taxes and assessments			29,967	29,967
Investment income	10,801	10,800	10,800	32,401
Interest expense	(34,573)	(34,573)	(34,573)	(103,719)
Total nonoperating revenues (expenses)	(23,772)	(23,773)	6,194	(41,351)
INCOME (LOSS) BEFORE TRANSFERS	429,457	29,452	711,287	1,170,196
Transfers in	44,250	44,251	44,251	132,752
Transfers out	(338,554)		(338,555)	(677,109)
Total transfers in and out	(294,304)	44,251	(294,304)	(544,357)
Change in net assets	135,153	73,703	416,983	625,839
NET ASSETS:				
Beginning of year, as adjusted	7,663,023	3,392,254	14,965,431	26,020,708
End of year	<u>\$7,798,176</u>	<u>\$3,465,957</u>	<u>\$15,382,414</u>	<u>\$26,646,547</u>

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 13 - SEGMENT INFORMATION (Continued)

Utility Fund Statement of Cash Flows

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$1,858,905	\$1,474,196	\$2,466,953	\$5,800,054
Cash payments to suppliers	(1,209,682)	(1,402,583)	(1,461,116)	(4,073,381)
Net cash provided (used) by operating activities	649,223	71,613	1,005,837	1,726,673
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Taxes and assessments			29,980	29,980
Advances from other funds	88,479	555,303	119,635	763,417
Transfers in	44,250	44,251	44,251	132,752
Transfers out	(338,554)	-	(338,555)	(677,109)
Net cash provided (used) by noncapital financing activities	(205,825)	599,554	(144,689)	249,040
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of property, plant and equipment	16,164	(16,400)	-	(236)
Proceeds from debt	2,770,000	2,770,000	2,770,000	8,310,000
Principal payment of debt	(1,280,331)	(1,706,303)	(1,314,103)	(4,300,737)
Interest paid	(39,006)	(39,006)	(39,006)	(117,018)
Net cash provided (used) by capital and related financing activities	1,466,827	1,008,291	1,416,891	3,892,009
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	10,743	10,761	10,730	32,234
Net cash provided (used) by investing activities	10,743	10,761	10,730	32,234
Net increase (decrease) in cash and cash equivalents	1,920,968	1,690,219	2,288,769	5,899,956
CASH AND CASH EQUIVALENTS:				
Beginning of year	208,997	959,009	1,496,930	2,664,936
End of year	<u>\$2,129,965</u>	<u>\$2,649,228</u>	<u>\$3,785,699</u>	<u>\$8,564,892</u>
FINANCIAL STATEMENT PRESENTATION:				
Cash and cash equivalents	\$461,392	\$980,656	\$2,117,127	\$3,559,175
Restricted cash and cash equivalents with fiscal agents	\$1,668,573	\$1,668,572	\$1,668,572	5,005,717
Total cash and cash equivalents	<u>\$2,129,965</u>	<u>\$2,649,228</u>	<u>\$3,785,699</u>	<u>\$8,564,892</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$453,229	\$53,225	\$705,093	\$1,211,547
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	197,304	103,485	365,239	666,028
Changes in current assets and liabilities:				
Accounts receivable	12,088	12,088	12,089	36,265
Accounts payable and accrued liabilities	32,209	971	40,730	73,910
Accrued payroll	9,391	7,113	(1,225)	15,279
Compensated absences	192	6,118	697	7,007
Deposits	(49,977)	(106,171)	(111,570)	(267,718)
OPEB Obligation	1,084	1,082	1,082	3,248
Net pension liability, deferred inflows and deferred outflows	(6,297)	(6,298)	(6,298)	(18,893)
Total adjustments	195,994	18,388	300,744	515,126
Net cash provided (used) by operating activities	<u>\$649,223</u>	<u>\$71,613</u>	<u>\$1,005,837</u>	<u>\$1,726,673</u>

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

**NOTE 14 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES**

A. Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

Cash and investments of the Successor Agency as of June 30, 2015 are discussed in Note 3 above.

B. Long-Term Obligations

Description	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Current Portion	Non-current Portion
2005 Brisbane PFA, Series A	\$779,922		(\$183,315)	\$596,607	\$189,981	\$406,626
2013 Tax Allocation Bonds	16,705,000		(1,090,000)	15,615,000	1,130,000	14,485,000
Total long-term debt	<u>\$17,484,922</u>		<u>(\$1,273,315)</u>	<u>\$16,211,607</u>	<u>\$1,319,981</u>	<u>\$14,891,626</u>
Loans payable to the City of Brisbane						
ROPS 14/15B Shortfall		\$376,484		\$376,484		
SERAF	\$1,217,528		(\$102,000)	1,115,528		
City General Fund	1,293,108			1,293,108		
City Marina Enterprise Fund	2,295,996			2,295,996		
Housing Successor	4,099,278			4,099,278		
Total loans payable to the City	<u>\$8,905,910</u>	<u>\$376,484</u>	<u>(\$102,000)</u>	<u>\$9,180,394</u>		

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 14 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

1. 2005 Brisbane Public Financing Authority Revenue Bonds, Series A

On February 1, 2005, the Authority issued \$3,265,000 principal amount of 2005A Revenue Bonds to advance refund the 1995 certificates of participation.

The 2005A bonds mature annually through April 1 2017, in amounts ranging from \$190,000 to \$310,000. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 3.00% to 3.75%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds secured by the lease agreement between the former Agency and the City whereby tax increment was pledged for 66.66% of the debt service.

Accordingly, 66.66% of the annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal (66.66%)	Interest (66.66%)	Total
2016	\$189,981	\$23,389	\$213,370
2017	199,980	16,265	216,245
2018	206,646	8,266	214,912
Total	\$596,607	\$47,920	\$644,527

With the dissolution of the former Redevelopment Agency, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

2. Loans Payable to the City

Please see Note 5F.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

**NOTE 14 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

3. 2013 Tax Allocation Bonds

On December 27, 2013 the Successor Agency issued \$17,470,000 principal amount of 2013 Tax Allocation Bonds to refund the 1998 Housing Set Aside Revenue Bonds and the 2001 Tax Allocation Bonds. Net proceeds of \$19,380,905 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the 1998 Housing Set Aside Revenue Bonds and the 2001 Tax Allocation Bonds are considered defeased and the liability for those bonds has been removed from the Successor Agency’s Statement of Net Position. The reacquisition price was less than the net carrying value of the refunded bonds by \$3,485,599. This amount is being amortized over the life of the new debt. The advanced refunding resulted in an economic gain of \$1,685,508.

The 2013 Tax Allocation Bonds mature annually through May 2028, in amounts ranging from \$90,000 to \$1,710,000. Principal and interest on the bonds are payable semiannually on each February 1 and August 1, and the Bonds bear interest 4.14% per annum. The Bonds are payable from and secured by tax revenue distributed from the county’s Redevelopment Property Tax Trust Fund. Total principal and interest remaining to be paid on the bonds is \$19,642,494. Principal and interest paid for the current year was \$833,308.

The annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2016	\$1,130,000	\$634,766	\$1,764,766
2017	1,180,000	587,570	1,767,570
2018	1,235,000	538,097	1,773,097
2019	1,280,000	486,450	1,766,450
2020	1,335,000	432,941	1,767,941
2021-2025	7,565,000	1,278,746	8,843,746
2026-2028	1,890,000	68,924	1,958,924
Total	\$15,615,000	\$4,027,494	\$19,642,494

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

**NOTE 14 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

C. Commitments and Contingencies

State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

State Asset Transfer Review

The activities of the former Redevelopment Agency and the Successor Agency are subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time. In addition, the State Controller's Office will be conducting a review of the propriety of asset transfers between the former Redevelopment Agency or the Successor Agency and any public agency that occurred on or after January 1, 2011 and the amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time. In July 2014, the State Controller Office issued the Asset Transfer Review Report. The report required the City to return \$137,099 of disallowed transfers. The payment was made in fiscal year 2015.

NOTE 15 - CONCENTRATION RISK

In November 2011, the City placed a special business license tax on the ballot for recycling firms handling more than 100,000 tons of material. For the year ended June 30, 2015, more than 12.4% of the city General Fund's total revenues were derived from a single company.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BRISBANE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes and special assessments	\$7,821,433	\$8,635,433	\$9,459,367	\$823,934
Intergovernmental	17,000	17,000	203,895	186,895
Licenses, permits and fees	3,693,900	3,693,900	3,694,810	910
Charges for services	785,400	785,400	2,090,366	1,304,966
Fines and forfeitures	84,200	84,200	40,015	(44,185)
Use of money and property	115,000	115,000	142,803	27,803
Other revenues	1,455,539	1,455,539	762,190	(693,349)
Total Revenues	<u>13,972,472</u>	<u>14,786,472</u>	<u>16,393,446</u>	<u>1,606,974</u>
EXPENDITURES:				
Current:				
General government	3,801,307	4,026,507	3,779,658	246,849
Public safety - police	3,480,610	3,613,002	3,303,413	309,589
Public safety - fire	2,522,846	2,522,846	2,301,590	221,256
Public works	1,854,501	1,806,515	1,740,790	65,725
Parks and recreation	1,812,813	1,651,313	1,774,710	(123,397)
Library	29,800	33,000	27,985	5,015
Capital outlay	312,100	525,465	304,680	220,785
Debt service:				
Principal			12,696	(12,696)
Interest and fiscal charges			1,624	(1,624)
Total Expenditures	<u>13,813,977</u>	<u>14,178,648</u>	<u>13,247,146</u>	<u>931,502</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>158,495</u>	<u>607,824</u>	<u>3,146,300</u>	<u>2,538,476</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	724,077	724,077	621,365	(102,712)
Transfers (out)	(1,963,826)	(3,252,508)	(3,367,696)	(115,188)
Total other financing sources (uses)	<u>(1,239,749)</u>	<u>(2,528,431)</u>	<u>(2,746,331)</u>	<u>(217,900)</u>
NET CHANGE IN FUND BALANCE	<u>(\$1,081,254)</u>	<u>(\$1,920,607)</u>	<u>399,969</u>	<u>\$2,320,576</u>
BEGINNING FUND BALANCE			<u>12,142,756</u>	
ENDING FUND BALANCE			<u>\$12,542,725</u>	

CITY OF BRISBANE
 LOW AND MODERATE INCOME HOUSING ASSET
 SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Actual</u>	
REVENUES:			
Use of money and property		\$27,632	\$27,632
Total Revenues		<u>27,632</u>	<u>27,632</u>
EXPENDITURES:			
Current:			
Public works	\$6,409	9,445	(3,036)
Total Expenditures	<u>6,409</u>	<u>9,445</u>	<u>(3,036)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,409)</u>	<u>18,187</u>	<u>24,596</u>
NET CHANGE IN FUND BALANCE	<u>(\$6,409)</u>	<u>18,187</u>	<u>\$24,596</u>
BEGINNING FUND BALANCE		<u>6,189,485</u>	
ENDING FUND BALANCE		<u><u>\$6,207,672</u></u>	

CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

Cost-Sharing Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Miscellaneous Plan			
	Tier 1	Tier 2	Tier 3	PARS
	6/30/2014	6/30/2014	6/30/2014	6/30/2015
Plan's Proportion of the Net Pension Liability/Asset	0.08833%	0.00009%	0.00000%	100.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$5,496,001	\$5,678	\$114	\$52,309
Plan's Covered-Employee Payroll	\$3,279,250	\$191,399	\$93,044	\$215,862
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered-Employee Payroll	167.60%	2.97%	0.12%	24.23%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	83.03%	83.03%	82.96%	87.59%

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

**Cost-Sharing Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS**

	Miscellaneous Plan			
	Tier 1 6/30/2015	Tier 2 6/30/2015	Tier 3 6/30/2015	PARS 6/30/2015
Actuarially determined contribution	\$553,282	\$19,503	\$35,623	\$20,560
Contributions in relation to the actuarially determined contributions	(532,722)	(19,503)	(35,623)	(20,560)
Contribution deficiency (excess)	<u>\$20,560</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered-employee payroll	\$3,279,250	\$191,399	\$93,044	\$215,862
Contributions as a percentage of covered-employee payroll	16.25%	10.19%	38.29%	9.52%
Notes to Schedule				
Valuation date:		6/30/2013		6/30/2013
Methods and assumptions used to determine contribution rates:				
Actuarial cost method		Entry age		
Amortization method		Level percentage of payroll, closed		
Remaining amortization period		30 years		12 years
Asset valuation method		5-year smoothed market		
Inflation		2.75%		3.00%
Salary increases	3.30% to 14.20% depending on Age, Service and type of employment			2.00%
Investment rate of return		including inflation		7.00%
Retirement age		55 yrs. Misc., 60 years Tier 2, 62 yrs. Tier 3		63 years

The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.

Mortality

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

Cost-Sharing Defined Pension Plan

As of fiscal year ending June 30, 2015

Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Safety Plan	
	Tier 1	Tier 2
	6/30/2014	6/30/2014
Plan's Proportion of the Net Pension Liability/Asset	0.10478%	0.000000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$6,519,818	\$166
Plan's Covered-Employee Payroll	\$2,319,671	\$53,073
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered-Employee Payroll	281.07%	0.31%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	81.42%	81.43%

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

Cost-Sharing Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

	Safety Plan	
	Tier 1	Tier 2
	6/30/2015	6/30/2015
Actuarially determined contribution	\$499,785	\$44,892
Contributions in relation to the actuarially determined contributions	(499,785)	(44,892)
Contribution deficiency (excess)	\$0	\$0
Covered-employee payroll	\$2,319,671	\$53,073
Contributions as a percentage of covered-employee payroll	21.55%	84.59%
Notes to Schedule		
Valuation date:	6/30/2013	6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service and type of employment
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Safety, 57 yrs. Tier 2
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

City Schedule of OPEB Funding Progress

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$733,574	\$217,727	30%	\$3,482,989
6/30/2014	737,636	259,861	35%	3,960,764
6/30/2015	740,599	231,382	31%	3,969,981

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements

1. A City Council goal setting session is scheduled to determine the major objectives of the City's financial plan for the year. Goals are approved by the Council and incorporated into a detailed preliminary budget, which is issued for public comment. After a series of public hearings, the budget is adopted by the City Council prior to the beginning of the ensuing fiscal year (July 1).
2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, and the debt service funds. The Prop 1B, Traffic Congestion Relief, Fire Training, and Contract Employees Special Revenue Funds and the capital projects funds did not have adopted budgets for the fiscal year. The Trust and Agency funds are not budgeted. The legal level of budgetary control is the fund level.
4. Budgets for those governmental funds budgeted are adopted on a basis consistent with GAAP.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2015, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. These necessary supplemental appropriations were immaterial in relation to the budget as originally adopted. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered are re-budgeted for the coming year.

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SUPPLEMENTARY INFORMATION

CITY OF BRISBANE
2005 REVENUE BONDS, SERIES B
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Actual</u>	
REVENUES:			
Use of money and property		\$177	\$177
Total Revenues		177	177
EXPENDITURES:			
Current:			
Debt Service:			
Principal	\$325,000	5,360,000	(5,035,000)
Interest and fiscal charges	483,418	241,729	241,689
Total Expenditures	808,418	5,601,729	(4,793,311)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(808,418)</u>	<u>(5,601,552)</u>	<u>(4,793,134)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (Note 4C)	807,024	5,601,298	4,794,274
Total Other Financing Sources (Uses)	807,024	5,601,298	4,794,274
NET CHANGE IN FUND BALANCE	<u>(1,394)</u>	(254)	<u>1,140</u>
BEGINNING FUND BALANCE		1	
ENDING FUND BALANCE		<u>(\$253)</u>	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Gas Tax Fund. Portions of the tax rate per gallon levied by the State of California on all gasoline purchases are allocated to cities throughout the State on a population basis. These funds are restricted for expenditures by the State of California for street-related purposes only (reference California Streets and Highways Code Sections 2105, 2106, 2107 and 2107.5).

Measure A Fund. The County of San Mateo voters approved a half cent sales tax measure in 1988 which is designated for transportation related facilities and roads. The sales tax revenues received pursuant to Measure A are distributed to cities based on population (50%) and road miles (50%).

Sierra Point Landscape and Lighting Fund. To account for special assessment revenues and costs of providing landscaping and lighting services within the boundaries of the Sierra Point Landscape and Lighting District.

Grants. To account for activities of various grants including Local Law Enforcement Block Grant, Community Oriented Policing Grant, the COPS Technology Grant, and Supplemental Law Enforcement Services Fund (SLESF) Grant.

National Pollution Discharge Elimination System Fund (NPDES). Federal statute mandates a program aimed at the elimination of pollutants from drainage systems. Commonly known as NPDES, a special revenue fund is required by law to account for tax assessments collected and expenditures incurred in administering this program.

Fire Training Fund. This fund was created from the return and refund of one of the Universal Trainers for the Fire Department. This fund will accumulate funds dedicated to Fire Training and equipment.

Contract Employees. This fund was created to track the salary and benefits of city employees who have been contracted to other agencies and the reimbursements from the hiring agency.

DEBT SERVICE FUNDS

Brisbane Public Financing Authority:

2006 Pension Obligation Bonds Fund. In August 2006, taxable pension obligation bonds were issued to refund a portion of the City's obligation to PERS for the unamortized, unfunded actuarial liability with respect to pension benefits.

2001 Revenue Bonds, Series B Fund. This fund accounts for the debt service for the 2001 Revenue Bonds, Series B which were issued to acquire the City's Marina Boulevard and Lagoon Road Local Improvement District 79-1 and to refund certain outstanding revenue bonds issued by the Authority.

2005 Revenue Bonds, Series A Fund. This fund accounts for the City's portion of debt service for the 2005 Revenues Bonds, Series A which were issued to refund the 1995 Certificates of Participation Bonds and to finance certain capital projects for the City. Debt service for a portion of these bonds is met from transfers from the Community Redevelopment Agency Project Area 2 and the Utility Fund where portions of the 1995 COP bonds proceeds were expended to finance capital improvements.

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

2009 Revenue Lease Bonds, Series A. This fund accounts for the debt service for the 2009 Revenue Bonds, Series A which were issued in March 2009 to finance the completion of the City Hall upgrades and improvements. The debt service will be met by lease payments from the City to the Authority.

2013 Pension Side Fund Bonds Debt Service Fund. This fund accounts for the debt service of the 2013 Pension Side Fund Bonds issued June 2013. These bonds were issued to pay the unfunded liability to CalPERS for the City's Miscellaneous Pension side fund.

Brisbane – Guadalupe Valley Municipal Improvement Financing Authority:

2014 Brisbane-Guadalupe Valley Municipal Improvement District Public Financing Authority Debt Service Fund. This fund accounts for the debt service for the refunding of the 2005 BPFPA Revenue Bonds, Series B. Those bonds were issued to finance City Hall seismic upgrades and other improvements. The debt service will be met with lease payments from the City to the Authority.

CAPITAL PROJECTS FUNDS

Capital Projects Fund. This fund was established to track all non-major construction and capital projects. Project budgets carryover year to year until completed.

Special Beautification Project Fund. This fund was established in the mid-1980s as a condition of a lawsuit settlement. The funds are for improvements to City public spaces such as relocating the Community Garden.

Facilities Construction Fund. As a condition of the final map approval for the Northeast Ridge development, the developer was required to improve a number of facilities including municipal buildings, local streets, downtown parking, future trails, fire buffers and construct a community swimming pool. Funds deposited for these projects have been placed in a capital projects fund and as separate projects move ahead with construction, applicable amounts of this fund are moved to a construction fund to further account for the cost of a particular project.

South Hill Capital Projects Fund. This fund was established in fiscal 2015 due to the sale of a portion of the former Southern Pacific rail spur to Sheng Kee Bakery. The funds are directed to be used for capital project.

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CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

SPECIAL REVENUE FUNDS

	Gas Tax	Measure A	Sierra Point Landscape & Lighting	Grants
ASSETS				
Cash and investments	\$115,832	\$531,603		\$100,138
Restricted cash and investments with fiscal agents				
Accounts receivable, net	49	84		9,172
Taxes receivable	10,487	17,217		
Advances to other funds (Note 4B)				
Total Assets	<u>\$126,368</u>	<u>\$548,904</u>		<u>\$109,310</u>
LIABILITIES				
Accounts payable			\$21,851	\$18
Due to other funds			31,133	
Deposits				1,601
Accrued payroll			1,994	15,216
Advances from other funds (Note 4B)				
Total Liabilities			<u>54,978</u>	<u>16,835</u>
FUND BALANCE				
Restricted	\$126,368	\$548,904		92,475
Assigned				
Unassigned			(54,978)	
Total Fund Balances	<u>126,368</u>	<u>548,904</u>	<u>(54,978)</u>	<u>92,475</u>
Total Liabilities and Fund Balances	<u>\$126,368</u>	<u>\$548,904</u>		<u>\$109,310</u>

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
NPDES	Fire Training	Contract Employees	2006 Pension Obligation Bonds	2001 Revenue Bonds, Series B	2005 Revenue Bonds, Series A
\$217,276	\$3,180	\$63,652		\$919,777	
30		69,284	\$59,575	898,744	\$1,915
				113	
					223,198
<u>\$217,306</u>	<u>\$3,180</u>	<u>\$132,936</u>	<u>\$59,575</u>	<u>\$1,818,634</u>	<u>\$225,113</u>
\$8,933			\$513	\$872	
3,940		\$6,463			
<u>12,873</u>		<u>6,463</u>	<u>513</u>	<u>872</u>	
204,433	\$3,180	126,473	59,062	\$1,817,762	\$225,113
<u>204,433</u>	<u>3,180</u>	<u>126,473</u>	<u>59,062</u>	<u>1,817,762</u>	<u>225,113</u>
<u>\$217,306</u>	<u>\$3,180</u>	<u>\$132,936</u>	<u>\$59,575</u>	<u>\$1,818,634</u>	<u>\$225,113</u>

(Continued)

CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	DEBT SERVICE FUNDS			CAPITAL PROJECT FUND
	2009 Revenue Lease Bonds, Series A	2013 Pension Side Fund Bonds	Brisbane- Guadalupe Valley Municipal Improvement District Public Financing Authority	Capital Projects Fund
ASSETS				
Cash and investments				\$234,749
Restricted cash and investments with fiscal agents	\$234,939		\$12,030	
Accounts receivable, net				104,145
Taxes receivable				
Advances to other funds				
Total Assets	<u>\$234,939</u>		<u>\$12,030</u>	<u>\$338,894</u>
LIABILITIES				
Accounts payable	\$256			\$78,130
Due to other funds				
Deposits				
Accrued payroll				528
Advances from other funds (Note 4B)				692,488
Total Liabilities	<u>256</u>			<u>771,146</u>
FUND BALANCE				
Restricted	234,683		\$12,030	
Assigned				
Unassigned				(432,252)
Total Fund Balances	<u>234,683</u>		<u>12,030</u>	<u>(432,252)</u>
Total Liabilities and Fund Balances	<u>\$234,939</u>		<u>\$12,030</u>	<u>\$338,894</u>

CAPITAL PROJECT FUNDS

<u>Special Beautification Project</u>	<u>Facilities Construction</u>	<u>South Hill</u>	<u>Total Nonmajor Governmental Funds</u>
	\$3,382,365	\$294,341	\$5,862,913
	464	40	1,205,288
			185,296
			27,704
			223,198
	<u>\$3,382,829</u>	<u>\$294,381</u>	<u>\$7,504,399</u>
			\$110,573
\$883			32,016
	\$11,018		12,619
			28,141
			692,488
<u>883</u>	<u>11,018</u>		<u>875,837</u>
			3,450,483
	3,371,811	\$294,381	3,666,192
<u>(883)</u>			<u>(488,113)</u>
<u>(883)</u>	<u>3,371,811</u>	<u>294,381</u>	<u>6,628,562</u>
	<u>\$3,382,829</u>	<u>\$294,381</u>	<u>\$7,504,399</u>

CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS			
	Gas Tax	Measure A	Sierra Point Landscape & Lighting	Grants
GOVERNMENTAL REVENUES				
Taxes and special assessments		\$181,864	\$589,553	
Intergovernmental	\$118,340	147,000		\$117,433
Licenses, permits and fees				
Use of money and property	2,746	4,781	(804)	210
Other revenues				
Total Revenues	<u>121,086</u>	<u>333,645</u>	<u>588,749</u>	<u>117,643</u>
EXPENDITURES				
Current:				
Public safety - police				307,647
Public works			546,921	
Capital outlay	264,363	107,700		
Debt service:				
Principal			8,144	
Interest and fiscal charges				
Total Expenditures	<u>264,363</u>	<u>107,700</u>	<u>555,065</u>	<u>307,647</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(143,277)</u>	<u>225,945</u>	<u>33,684</u>	<u>(190,004)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of land				
Premium on refunding bonds issued				
Refunding bonds issued				
Transfers in				171,282
Transfers out				
Total Other Financing Sources (Uses)				<u>171,282</u>
NET CHANGES IN FUND BALANCES	<u>(143,277)</u>	<u>225,945</u>	<u>33,684</u>	<u>(18,722)</u>
BEGINNING FUND BALANCES (DEFICITS)	<u>269,645</u>	<u>322,959</u>	<u>(88,662)</u>	<u>111,197</u>
ENDING FUND BALANCES (DEFICITS)	<u><u>\$126,368</u></u>	<u><u>\$548,904</u></u>	<u><u>(\$54,978)</u></u>	<u><u>\$92,475</u></u>

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
NPDES	Fire Training	Contract Employees	2006 Pension Obligation Bonds	2001 Revenue Bonds, Series B	2005 Revenue Bonds, Series A
\$49,901				\$978,326	
24,639					
831					
1,439	\$27			41,685	\$14
		\$255,094			
76,810	27	255,094		1,020,011	14
201,242		247,202			
			\$455,000	825,000	91,685
			148,376	147,084	14,907
201,242		247,202	603,376	972,084	106,592
(124,432)	27	7,892	(603,376)	47,927	(106,578)
340,364			590,349		108,507
					(62,752)
340,364			590,349		45,755
215,932	27	7,892	(13,027)	47,927	(60,823)
(11,499)	3,153	118,581	72,089	1,769,835	285,936
\$204,433	\$3,180	\$126,473	\$59,062	\$1,817,762	\$225,113

(Continued)

CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUND
	2009 Revenue Lease Bonds, Series A	2013 Pension Side Fund Bonds	Brisbane- Guadalupe Valley Municipal Improvement District Public Financing Authority	Capital Projects Fund
GOVERNMENTAL REVENUES				
Taxes and special assessments				
Intergovernmental				\$53,468
Licenses, permits and fees				282,034
Use of money and property	\$499		\$3	3,165
Other revenues				11,001
Total Revenues	499		3	349,668
EXPENDITURES				
Current:				
Public safety - police				
Public works				
Capital outlay				555,082
Debt service:				
Principal	85,000	\$50,000	50,000	
Interest and fiscal charges	111,370	62,073	294,520	14,590
Total Expenditures	196,370	112,073	344,520	569,672
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(195,871)	(112,073)	(344,517)	(220,004)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of land				
Premium on refunding bonds issued			87,949	
Refunding bonds issued			5,470,000	
Transfers in	145,751	112,073	108,593	
Transfers out			(5,309,995)	
Total Other Financing Sources (Uses)	145,751	112,073	356,547	
NET CHANGES IN FUND BALANCES	(50,120)		12,030	(220,004)
BEGINNING FUND BALANCES (DEFICITS)	284,803			(212,248)
ENDING FUND BALANCES (DEFICITS)	\$234,683		\$12,030	(\$432,252)

CAPITAL PROJECT FUNDS

Special Beautification Project	Facilities Construction	South Hill	Total Nonmajor Governmental Funds
			\$1,799,644
			460,880
			282,865
	\$28,830	\$1,321	83,916
	361,556		627,651
	390,386	1,321	3,254,956
			307,647
\$1,912			997,277
			927,145
			1,564,829
			792,920
1,912			4,589,818
(1,912)	390,386	1,321	(1,334,862)
		293,060	293,060
			87,949
			5,470,000
			1,576,919
			(5,372,747)
		293,060	2,055,181
(1,912)	390,386	294,381	720,319
1,029	2,981,425		5,908,243
(\$883)	\$3,371,811	\$294,381	\$6,628,562

CITY OF BRISBANE
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS					
	GAS TAX			MEASURE A		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
GOVERNMENTAL REVENUES						
Taxes and special assessments				\$300,000	\$181,864	(\$118,136)
Intergovernmental	\$236,600	\$118,340	(\$118,260)		147,000	147,000
Licenses, permits and fees						
Use of money and property		2,746	2,746		4,781	4,781
Other revenues						
Total Revenues	<u>236,600</u>	<u>121,086</u>	<u>(115,514)</u>	<u>300,000</u>	<u>333,645</u>	<u>33,645</u>
EXPENDITURES						
Current:						
General government						
Public safety - police						
Public works						
Capital outlay		264,363	(264,363)	370,000	107,700	262,300
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures		<u>264,363</u>	<u>(264,363)</u>	<u>370,000</u>	<u>107,700</u>	<u>262,300</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>236,600</u>	<u>(143,277)</u>	<u>(379,877)</u>	<u>(70,000)</u>	<u>225,945</u>	<u>295,945</u>
OTHER FINANCING SOURCES (USES)						
Other financing sources						
Refunding bonds issued						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGES IN FUND BALANCES	<u>\$236,600</u>	<u>(143,277)</u>	<u>(\$379,877)</u>	<u>(\$70,000)</u>	<u>225,945</u>	<u>\$295,945</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>269,645</u>			<u>322,959</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$126,368</u>			<u>\$548,904</u>	

SPECIAL REVENUE FUNDS

SIERRA POINT LANDSCAPING & LIGHTING			GRANTS			NPDES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,180,776	\$589,553	(\$591,223)				\$104,000	\$49,901	(\$54,099)
			\$200,000	\$117,433	(\$82,567)		24,639	24,639
	(804)	(804)		210	210		831	
							1,439	1,439
<u>1,180,776</u>	<u>588,749</u>	<u>(592,027)</u>	<u>200,000</u>	<u>117,643</u>	<u>(82,357)</u>	<u>104,000</u>	<u>76,810</u>	<u>(27,190)</u>
				307,647	(307,647)			
1,047,249	546,921	500,328				702,390	201,242	501,148
	8,144	(8,144)						
<u>1,047,249</u>	<u>555,065</u>	<u>492,184</u>		<u>307,647</u>	<u>(307,647)</u>	<u>702,390</u>	<u>201,242</u>	<u>501,148</u>
<u>133,527</u>	<u>33,684</u>	<u>(99,843)</u>	<u>200,000</u>	<u>(190,004)</u>	<u>(390,004)</u>	<u>(598,390)</u>	<u>(124,432)</u>	<u>473,958</u>
				171,282	171,282	554,189	340,364	(213,825)
				<u>171,282</u>	<u>171,282</u>	<u>554,189</u>	<u>340,364</u>	<u>(213,825)</u>
<u>\$133,527</u>	<u>33,684</u>	<u>(\$99,843)</u>	<u>\$200,000</u>	<u>(18,722)</u>	<u>(\$218,722)</u>	<u>(\$44,201)</u>	<u>215,932</u>	<u>\$46,308</u>
	<u>(88,662)</u>			<u>111,197</u>			<u>(11,499)</u>	
	<u>(\$54,978)</u>			<u>\$92,475</u>			<u>\$204,433</u>	

(Continued)

CITY OF BRISBANE
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

DEBT SERVICE FUNDS

	2006 PENSION OBLIGATION BONDS			2001 REVENUE BONDS, SERIES B		
	Budget	Actual	Variance	Budget	Actual	Variance
			Positive (Negative)			Positive (Negative)
GOVERNMENTAL REVENUES						
Taxes and special assessments				\$2,066,042	\$978,326	(\$1,087,716)
Intergovernmental						
Licenses, permits and fees					41,685	41,685
Use of money and property						
Other revenues						
Total Revenues				2,066,042	1,020,011	(1,046,031)
EXPENDITURES						
Current:						
General government						
Public safety - police						
Public works						
Capital outlay						
Debt service:						
Principal	\$865,000	\$455,000	\$410,000	1,665,000	825,000	840,000
Interest and fiscal charges	314,650	148,376	\$166,274	354,144	147,084	207,060
Total Expenditures	1,179,650	603,376	576,274	2,019,144	972,084	1,047,060
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,179,650)	(603,376)	576,274	46,898	47,927	1,029
OTHER FINANCING SOURCES (USES)						
Other financing sources						
Refunding bonds issued						
Transfers in	1,276,609	590,349	(686,260)			
Transfers out						
Total Other Financing Sources (Uses)	1,276,609	590,349	(686,260)			
NET CHANGE IN FUND BALANCES	\$96,959	(13,027)	(\$109,986)	\$46,898	47,927	\$1,029
BEGINNING FUND BALANCES (DEFICITS)		72,089			1,769,835	
ENDING FUND BALANCES (DEFICITS)		\$59,062			\$1,817,762	

DEBT SERVICE FUNDS

2005 REVENUE BONDS, SERIES A			2009 LEASE REVENUE BONDS, SERIES A		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$14	\$14		\$499	\$499
	14	14		499	499
\$180,036	91,685	88,351	\$170,000	85,000	85,000
32,819	14,907	17,912	209,550	111,370	98,180
212,855	106,592	106,263	379,550	196,370	183,180
(212,855)	(106,578)	106,277	(379,550)	(195,871)	183,679
215,758	108,507 (62,752)	(107,251)	187,925	145,751	(42,174)
215,758	45,755	(107,251)	187,925	145,751	(42,174)
<u>\$2,903</u>	(60,823)	<u>(\$974)</u>	<u>(\$191,625)</u>	(50,120)	<u>\$141,505</u>
	<u>285,936</u>			<u>284,803</u>	
	<u>\$225,113</u>			<u>\$234,683</u>	

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INTERNAL SERVICE FUNDS

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

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 Position.

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

Dental Self-Insurance Fund. The City self-insures its employee dental coverage; revenues are received from charges to operating departments based upon an agreed upon contribution per worker and reimbursements to employees for dental expenses are paid from this fund.

Fringe Benefits Fund. To account for the costs of unexpected benefit costs and other negotiated labor agreement provisions.

Flexible Benefits Fund. This fund receives revenue from employee cafeteria plans to pay for medical and child care reimbursements as outlined in the 125 plan. At the end of each plan year the remaining funds become the property of the City.

General Liability Fund. The City self-insures a portion of each liability loss. Revenues are received from charges to operating departments based on payroll.

Workers' Compensation Fund. The City self-insures for a portion of Workers' Compensation. Revenues are received from charges to operating departments based on payroll.

OPEB Fund. This fund was established to track retiree stipends and other post-employment benefits, however the OPEB liability is recorded only at the entity-wide level.

Vehicle Replacement Fund. This fund was established in April 2015 with the purpose of setting aside the replacement value of City-owned vehicles.

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Dental Self-Insurance</u>	<u>Fringe Benefits</u>	<u>Flexible Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
ASSETS					
Current Assets:					
Cash and investments	\$68,908	\$78,726	\$1,505	\$437,584	\$305,537
Interest receivable	8	2	3	54	39
Total Assets	<u>68,916</u>	<u>78,728</u>	<u>1,508</u>	<u>437,638</u>	<u>305,576</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	16,419				22,234
Accrued payroll		64,541			3,943
Accrued claims payable				5,480	282,620
Total Current Liabilities	<u>16,419</u>	<u>64,541</u>		<u>5,480</u>	<u>308,797</u>
Noncurrent Liabilities:					
Accrued self-insurance				15,508	804,380
Total Liabilities	<u>16,419</u>	<u>64,541</u>		<u>20,988</u>	<u>1,113,177</u>
NET POSITION					
Unrestricted	<u>52,497</u>	<u>14,187</u>	<u>1,508</u>	<u>416,650</u>	<u>(807,601)</u>
Total Net Position (Deficits)	<u>\$52,497</u>	<u>\$14,187</u>	<u>\$1,508</u>	<u>\$416,650</u>	<u>(\$807,601)</u>

<u>OPEB Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Total</u>
\$159,195	\$1,496,784	\$2,548,239
22	205	333
<u>159,217</u>	<u>1,496,989</u>	<u>2,548,572</u>
		38,653
		68,484
		<u>288,100</u>
		<u>395,237</u>
		819,888
		<u>1,215,125</u>
<u>159,217</u>	<u>1,496,989</u>	<u>1,333,447</u>
<u>\$159,217</u>	<u>\$1,496,989</u>	<u>\$1,333,447</u>

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Dental Self-Insurance</u>	<u>Fringe Benefits</u>	<u>Flexible Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
OPERATING REVENUES					
Charges for sales and services	\$79,350		\$85,929	\$255,726	\$396,532
Other revenue		\$2,564			56
Total Operating Revenues	<u>79,350</u>	<u>2,564</u>	<u>85,929</u>	<u>255,726</u>	<u>396,588</u>
OPERATING EXPENSES					
Cost of sales and services					2,076
General and administrative	100,074		87,496	253,703	580,517
Other expenses					878
Total Operating Expenses	<u>100,074</u>		<u>87,496</u>	<u>253,703</u>	<u>583,471</u>
Operating Income (Loss)	<u>(20,724)</u>	<u>2,564</u>	<u>(1,567)</u>	<u>2,023</u>	<u>(186,883)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	584	212	242	6,132	2,883
Total Nonoperating Revenues (Expenses)	<u>584</u>	<u>212</u>	<u>242</u>	<u>6,132</u>	<u>2,883</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES					
	<u>(20,140)</u>	<u>2,776</u>	<u>(1,325)</u>	<u>8,155</u>	<u>(184,000)</u>
Transfers in					
Transfers out			(21,365)	(600,000)	
Transfers			<u>(21,365)</u>	<u>(600,000)</u>	
Change in Net Position	(20,140)	2,776	(22,690)	(591,845)	(184,000)
BEGINNING NET POSITION (DEFICIT)	<u>72,637</u>	<u>11,411</u>	<u>24,198</u>	<u>1,008,495</u>	<u>(623,601)</u>
ENDING NET POSITION (DEFICIT)	<u>\$52,497</u>	<u>\$14,187</u>	<u>\$1,508</u>	<u>\$416,650</u>	<u>(\$807,601)</u>

OPEB Fund	Vehicle Replacement Fund	Total
		\$817,537
		2,620
		820,157
\$73,874		75,950
		1,021,790
657,507		658,385
731,381		1,756,125
(731,381)		(935,968)
1,606	\$4,154	15,813
1,606	4,154	15,813
(729,775)	4,154	(920,155)
749,300	1,492,835	2,242,135
		(621,365)
749,300	1,492,835	1,620,770
19,525	1,496,989	700,615
139,692		632,832
\$159,217	\$1,496,989	\$1,333,447

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Dental Self-Insurance	Fringe Benefits	Flexible Benefits	General Liability	Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received to/ from customers	\$79,350	\$10,900	\$85,929	\$230,726	\$396,532
Cash payments to suppliers	(83,655)		(94,934)	(253,696)	(544,483)
Cash received from (payments to) other		2,564			(3,265)
Cash Flows from Operating Activities	(4,305)	13,464	(9,005)	(22,970)	(151,216)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in					
Transfers out			(21,365)	(600,000)	
Cash Flows from Noncapital Financing Activities			(21,365)	(600,000)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	585	211	257	6,197	2,890
Cash Flows from Investing Activities	585	211	257	6,197	2,890
Net Cash Flows	(3,720)	13,675	(30,113)	(616,773)	(148,326)
Cash and investments at beginning of period	72,628	65,051	31,618	1,054,357	453,863
Cash and investments at end of period	<u>\$68,908</u>	<u>\$78,726</u>	<u>\$1,505</u>	<u>\$437,584</u>	<u>\$305,537</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	(\$20,724)	\$2,564	(\$1,567)	\$2,023	(\$186,883)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Accounts payable and accrued liabilities	16,419		(7,438)	(25,000)	17,988
Accrued payroll		10,900			(3,321)
Accrued claims payable				7	21,000
Cash Flows from Operating Activities	(4,305)	\$13,464	(9,005)	(22,970)	(151,216)

OPEB Fund	Replacement Vehicle Fund	Total
		\$803,437
(\$731,381)		(1,708,149)
		(701)
<u>(731,381)</u>		<u>(905,413)</u>
749,300	\$1,492,835	2,242,135
		(621,365)
<u>749,300</u>	<u>1,492,835</u>	<u>1,620,770</u>
1,596	3,949	15,685
<u>1,596</u>	<u>3,949</u>	<u>15,685</u>
19,515	1,496,784	731,042
<u>139,680</u>		<u>1,817,197</u>
<u>\$159,195</u>	<u>\$1,496,784</u>	<u>\$2,548,239</u>
(\$731,381)		(\$935,968)
		1,969
		7,579
		<u>21,007</u>
<u>(\$731,381)</u>		<u>(\$905,413)</u>

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FIDUCIARY FUNDS

AGENCY FUNDS included the following funds:

SAMCAT

Developer Deposits

Other Agency Funds

Northeast Ridge Assessment District 2001 Bonds Fund

CITY OF BRISBANE
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<u>SAMCAT</u>				
Assets				
Cash and investments	\$18,245		\$6,422	\$11,823
	<u>\$18,245</u>		<u>\$6,422</u>	<u>\$11,823</u>
Liabilities				
Deposits	\$18,245		\$6,422	\$11,823
Total Liabilities	<u>\$18,245</u>		<u>\$6,422</u>	<u>\$11,823</u>
<u>Developer Deposits</u>				
Assets				
Cash and investments	\$1,682,201		\$761,748	\$920,453
Accounts receivable	300,273		108,262	192,011
Interest receivable	61		30	31
Total Assets	<u>\$1,982,535</u>		<u>\$870,040</u>	<u>\$1,112,495</u>
Liabilities				
Accounts payable	\$37,888	\$1,032,468	\$992,146	\$78,210
Deposits	1,944,647		910,362	1,034,285
Total Liabilities	<u>\$1,982,535</u>	<u>\$1,032,468</u>	<u>\$1,902,508</u>	<u>\$1,112,495</u>
<u>Other Agency Funds</u>				
Assets				
Cash and investments	\$7,460	\$578		\$8,038
Interest receivable	1			1
Total Assets	<u>\$7,461</u>	<u>\$578</u>		<u>\$8,039</u>
Liabilities				
Accounts payable	\$367			\$367
Deposits	7,094	\$578		7,672
Total Liabilities	<u>\$7,461</u>	<u>\$578</u>		<u>\$8,039</u>

Northeast Ridge Assessment District 2001 Bonds	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Assets				
Cash and investments	\$564,550		\$3,925	\$560,625
Cash and investment with fiscal agent	253,988	\$16		254,004
Interest receivable	35			35
Taxes receivable	9,665	2,130		11,795
Total Assets	\$828,238	\$2,146	\$3,925	\$826,459
Liabilities				
Due to bondholders	\$828,238	\$2,146	\$3,925	\$826,459
Total Liabilities	\$828,238	\$2,146	\$3,925	\$826,459
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$2,272,456	\$578	\$772,095	\$1,500,939
Cash and investment with fiscal agent	253,988	16		254,004
Accounts receivable	300,273		108,262	192,011
Interest receivable	97		30	67
Taxes receivable	9,665	2,130		11,795
Total Assets	\$2,836,479	\$2,724	\$880,387	\$1,958,816
Liabilities				
Accounts payable	\$38,255	\$1,032,468	\$992,146	\$78,577
Deposits	1,969,986	578	916,784	1,053,780
Due to bondholders	828,238	2,146	3,925	826,459
Total Liabilities	\$2,836,479	\$1,035,192	\$1,912,855	\$1,958,816

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

To the Honorable Members of the City Council
City of BrisbaneCity of Brisbane, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the City of BrisbaneCity of Brisbane, California, as of and for the year ended June 30, 2015June 30, 2015, and have issued our report thereon dated December 23, 2015. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control we consider to be significant deficiencies as listed on the Schedule of Significant Deficiencies included as part of our separately issued Memorandum on Internal Control dated December 23, 2015, which is an integral part of our audit and should be read in conjunction with this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are listed as findings FS2015 – 03, FS2015 – 04 and FS2015 – 05 in our separately issued Memorandum on Internal Control dated December 23, 2015 which is an integral part of our audit and should be read in conjunction with this report.

City's Response to Findings

The City's response to the findings identified in our audit is described in our separately issued Memorandum on Internal Control dated December 23, 2015, which is an integral part of our audits and should be read in conjunction with this report. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Mare & Associates

Pleasant Hill, California
December 23, 2015

STATISTICAL INFORMATION

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

Contents	Page
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Financial Trends	127-133
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	134-140
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These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity	141-147
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

Demographic and Economic Information	148-149
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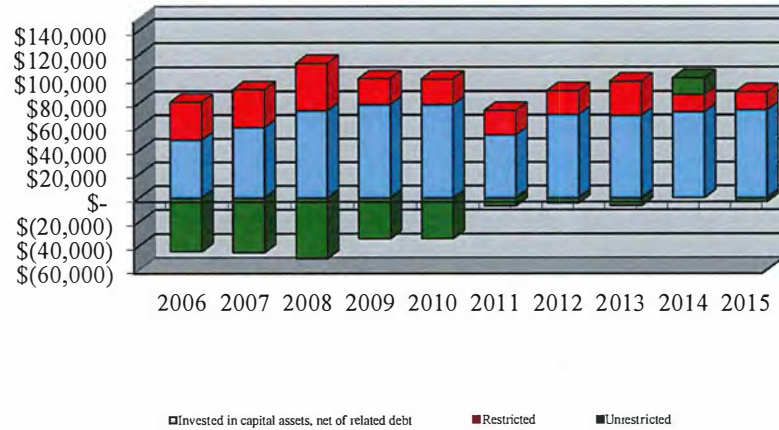
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	150-155
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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CITY OF BRISBANE
 Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (Dollars in thousands)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt	\$24,940	\$34,025	\$39,936	\$45,825	\$46,213	\$20,781	\$38,064	\$37,751	\$46,027	\$47,358
Restricted	26,024	25,924	33,872	19,027	18,943	19,399	19,006	26,255	12,292	12,698
Unrestricted	(41,950)	(40,576)	(45,940)	(32,518)	(32,380)	(6,786)	(5,156)	(7,609)	10,882	(5,099)
Total governmental activities net position	\$9,014	\$19,373	\$27,868	\$32,334	\$32,776	\$33,394	\$51,914	\$56,397	\$69,201	\$54,957
Business-type activities										
Invested in capital assets, net of related debt	\$24,134	\$25,404	\$33,696	\$32,894	\$32,500	\$32,503	\$32,305	\$31,832	\$26,368	\$26,815
Restricted	5,554	5,896	5,476	2,601	2,252	848	847	2,251	2,251	2,251
Unrestricted	(2,782)	(4,925)	(4,478)	(1,455)	(1,542)	201	964	1,105	3,037	2,092
Total business-type activities net position	\$26,906	\$26,375	\$34,694	\$34,040	\$33,210	\$33,552	\$34,116	\$35,188	\$31,656	\$31,158
Primary government										
Invested in capital assets, net of related debt	\$49,073	\$59,429	\$73,632	\$78,720	\$78,713	\$53,284	\$70,369	\$69,583	\$72,395	\$74,173
Restricted	31,579	31,819	39,348	21,628	21,194	20,247	19,853	28,506	14,543	14,949
Unrestricted	(44,731)	(45,500)	(50,419)	(33,973)	(33,922)	(6,585)	(4,192)	(6,504)	13,919	(3,007)
Total primary government net position	\$35,921	\$45,748	\$62,561	\$66,375	\$65,985	\$66,946	\$86,030	\$91,585	\$100,857	\$86,115

CITY OF BRISBANE
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Dollars in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	\$4,501	\$3,767	\$4,396	\$4,768	\$4,636	\$4,279	5,123	5,584	4,485	4,195
Public Safety - police	3,328	3,411	3,412	3,626	3,506	3,185	2,931	3,282	3,314	3,918
Public Safety - fire	2,173	2,189	2,368	2,452	2,532	2,560	2,756	3,004	2,528	2,602
Public Works	3,163	3,033	3,287	3,298	4,928	3,160	1,901	2,832	3,378	3,684
Parks and Recreation									1,802	1,955
Interest on Long-Term Debt (Unallocated)	2,861	2,490	2,689	2,513	2,519	2,431	2,879	2,009	1,245	999
Depreciation expense (Unallocated)	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	16,026	14,890	16,152	16,657	18,121	15,615	15,590	16,711	16,752	17,353
Business-Type Activities:										
Utility	3,373	3,451	3,884	3,949	4,023	4,053	3,824	4,542	4,344	4,656
Marina	2,879	3,040	3,274	3,638	3,406	3,426	3,342	3,313	1,438 A	1,623
Total Business-Type Activities Expenses	6,252	6,491	7,158	7,587	7,429	7,479	7,166	7,855	5,782	6,279
Total Primary Government Expenses	\$22,278	\$21,381	\$23,310	\$24,244	\$25,550	\$23,094	\$22,756	\$24,566	\$22,534	\$23,632
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	2,473	2,627	2,338	2,849	1,189	2,343	2,122	1,665	3,803	4,635
Public Safety - police	259	248	231	214	396	127	107	124	151	54
Public Safety - fire	604	148	179	147	204	137	113	119	128	179
Public Works	2,449	2,697	2,483	2,630	3,820	2,478	2,928	2,088	3,252	3,115
Parks and Recreation									506	526
Operating Grants and Contributions	220	184	313	309	219	598	132	91	88	117
Capital Grants and Contributions	4,413	7,199	2,808	2,561	-	39	490	3,083	1,396	930
Total Government Activities Program Revenues	10,418	13,103	8,352	8,710	5,828	5,722	5,892	7,170	9,324	9,556
Business-Type Activities:										
Charges for Services:										
Utility	3,764	3,460	4,362	4,053	3,911	3,978	4,247	5,622	5,466	5,764
Parks and Recreation	1,954	2,055	1,917	2,069	1,966	1,995	2,155	2,388	1,614	1,529 A
Capital Grants and Contributions	-	13	-	-	-	-	102			
Total Business-Type Activities Program Revenue	5,718	5,528	6,279	6,122	5,877	5,973	6,504	8,010	7,080	7,293
Total Primary Government Program Revenues	\$16,136	\$18,631	\$14,631	\$14,832	\$11,705	\$11,695	\$12,396	\$15,180	\$16,404	\$16,849
Net (Expense)/Revenue										
Governmental Activities	(5,608)	(1,787)	(7,800)	(7,947)	(12,293)	(9,893)	(9,698)	(9,541)	(7,428)	(7,797)
Business-Type Activities	(534)	(963)	(879)	(1,465)	(1,552)	(1,506)	(662)	155	1,298	1,014
Total Primary Government Net Expense	(\$6,142)	(\$2,750)	(\$8,679)	(\$9,412)	(\$13,845)	(\$11,399)	(\$10,360)	(\$9,386)	(\$6,130)	(\$6,783)

(continued)

CITY OF BRISBANE
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Dollars in thousands)
(continued)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property Taxes	\$4,847	\$6,311	\$6,592	\$7,054	\$7,387	\$6,336	4,950	3,518	2,816	3,162
Sales Taxes	4,411	3,988	8,810	4,699	4,600	2,842	4,495	2,863	2,529	3,333
Motor Vehicle In-Lieu	27	23	17	13	9	13	2	2		
Transient Occupancy Tax	1,106	1,196	1,318	1,156	1,357	1,306	1,560	1,668	2,038	2,447
Business License Tax								2,898		
Other Taxes	-	-	-	-	-	458	494	2,055	649	909
Developer Contributions	-	-	-	-	-	170				
Interest Earnings	791	1,250	883	426	242	98	1,587	1,516	947	
Miscellaneous	25	41	42	64	81	8	75	337	335	
Gain (Loss) on Sale of Assets	(70)	-	-	-	-	-	-	-	-	-
Transfers, net	(745)	(663)	(789)	(999)	(915)	(745)	(1,008)	(834)	4,914	681
Extraordinary Item							16,063			
Contribution from Successor Agency									2,512	
Special Item: Gain on Early Retirement of Debt									3,491	
Total Government Activities	10,392	12,146	16,873	12,413	12,761	10,486	28,218	14,023	20,231	10,532
Business-Type Activities:										
Other Taxes	23	38	30	31	28	29	30	33	30	30
Interest Earnings	(103)	(270)	(271)	(219)	(138)	94	3	51	55	51
Miscellaneous	-	-	1	-	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	-	-	-
Developer Contribution	70	-	-	-	-	862	-	-	-	-
Intergovernmental	-	-	-	-	-	33	185	-	-	-
Transfers and Other	745	663	789	999	915	745	1,008	834	(4,914)	(681)
Total Business-Type Activities	735	431	549	811	805	1,763	1,226	918	(4,829)	(600)
Total Primary Government	\$11,127	\$12,577	\$17,422	\$13,224	\$13,566	\$12,249	\$29,444	\$14,941	\$15,402	\$9,932
Change in Net Position										
Governmental Activities	4,784	10,359	9,073	4,466	468	593	18,520	4,482	12,803	2,735
Business-Type Activities	201	(532)	(330)	(654)	(747)	257	564	1,073	(3,531)	414
Total Primary Government	\$4,985	\$9,827	\$8,743	\$3,812	(\$279)	\$850	\$19,084	\$5,555	\$9,272	\$3,149

(A) In fiscal year 2014, the City reorganized its funds and the former Parks and Recreation Fund was renamed the Marina Fund. The Parks and Recreation fund was then combined with the General Fund.

CITY OF BRISBANE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$2,740	\$2,860	\$6,480	\$4,089	\$3,157					
Unreserved	5,974	4,635	559	2,151	3,941					
Nonspendable	-	-	-	-	-	\$2,636	\$2,630	\$3,475	\$3,384	\$3,291
Assigned	-	-	-	-	-	436	141	192	274	295
Unassigned	-	-	-	-	-	4,526	6,756	7,388	8,484	8,957
Total General Fund	\$8,714	\$7,495	\$7,039	\$6,240	\$7,098	\$7,598	\$9,527	\$11,055	\$12,142	\$12,543
All other governmental funds										
Reserved	\$31,058	\$29,889	\$34,032	\$27,985	\$28,469					
Unreserved, reported in:										
Special revenue funds	(342)	(416)	(449)	(320)	(28)					
Debt service funds	1,102	1,355	1,117	1,745	1,063					
Redevelopment Agency	(19,056)	(18,100)	(16,375)	(14,642)	(14,102)					
Capital Projects funds	784	(1,833)	(10,414)	(6,797)	(6,831)					
Restricted	-	-	-	-	-	\$31,985	\$23,827	\$24,306	\$9,428	\$9,658
Assigned	-	-	-	-	-	199	670	1,703	2,982	3,666
Unassigned	-	-	-	-	-	(9,952)	(1,034)	(207)	(312)	(488)
Total all other governmental funds	\$13,546	\$10,894	\$7,911	\$7,971	\$8,570	\$22,232	\$23,463	\$25,802	\$12,098	\$12,836

Source: City of Brisbane Comprehensive Annual Financial Report

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CITY OF BRISBANE
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In thousands)

	Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
Revenues					
Taxes and special assessments	\$11,880	\$13,072	\$13,836	\$14,143	\$15,941
Intergovernmental	654	6,639	2,620	1,837	989
Licenses, permits, and fees	812	1,160	742	817	1,285
Charges for services	315	330	277	227	335
Fines and forfeitures	116	113	114	91	89
Use of money and property	816	1,265	863	381	284
Other revenues	6,485	2,832	2,744	3,771	2,739
Total Revenues	21,078	25,411	21,196	21,267	21,662
Expenditures					
Current:					
General government	4,080	3,873	4,224	3,866	3,561
Public safety-police	3,269	3,330	3,338	3,264	3,165
Public safety-fire	2,224	2,219	2,365	2,424	2,409
Public works	2,689	2,931	2,905	3,000	4,553
Parks and recreation					
Library	20	22	25	29	24
Capital outlay	5,031	9,058	6,853	6,136	992
Debt service:					
Principal repayment	1,440	1,740	1,715	1,810	2,055
Interest and fiscal charges	2,349	2,515	2,616	2,520	2,543
Bond issuance cost	73	95	-	87	-
Total Expenditures	21,175	25,783	24,041	23,136	19,302
Excess (deficiency) of revenues over (under) expenditures	(97)	(372)	(2,845)	(1,869)	2,360
Other Financing Sources (Uses)					
Premium on refunding bonds issued	(70)	182	-	-	-
Proceeds from sale of property/assets	-	-	-	-	-
Proceeds from long-term debt	5,970	4,745	-	2,255	-
Discount paid on issuance of debt	(48)	(52)	-	(63)	-
General Fund advance	-	(4,589)	-	-	-
Deferred rent	-	-	-	-	-
Transfer in	3,563	3,354	3,882	10,043	3,317
Transfer out	(3,867)	(5,023)	(4,476)	(11,104)	(4,221)
Extraordinary item					
Total other financing sources (uses)	5,548	(1,383)	(594)	1,131	(904)
Net change in fund balances	\$5,451	(\$1,755)	(\$3,439)	(\$738)	\$1,456
Debt service as a percentage of noncapital expenditures	23.9%	26.0%	25.2%	26.0%	25.1%

(A) In fiscal year 2014, the City reorganized its funds and the former Parks and Recreation Fund was renamed the Marina Fund. The Parks and Recreation fund was then combined with the General Fund.

Fiscal Year Ended June 30,				
2011	2012	2013	2014	2015
\$12,546	\$12,659	\$9,607	\$9,501	\$11,258
43	26	1,120	360	665
708	1,201	3,429	4,162	3,978
185	398	233	2,579	2,090
627	797	58	60	40
231	1,741	1,587	1,026	255
2,534	2,469	3,924	452	1,390
<u>16,874</u>	<u>19,291</u>	<u>19,958</u>	<u>18,140</u>	<u>19,676</u>
3,335	3,492	3,998	3,570	3,780
2,839	2,699	2,950	3,038	3,611
2,379	2,485	2,314	2,247	2,300
2,421	1,290	2,776	2,473	2,748
670	979	25	1,630 A	1,775
1,195	2,883	1,499	27	28
2,670	2,324	2,567	1,083	1,232
2,436	2,913	2,012	16,135	6,938
-	-	-	1,347	1,036
<u>17,945</u>	<u>19,065</u>	<u>18,141</u>	<u>31,550</u>	<u>23,448</u>
<u>(1,071)</u>	<u>226</u>	<u>1,817</u>	<u>(13,410)</u>	<u>(3,772)</u>
-	-	1,486	1,004	88
-	-	-	-	292
-	-	1,611	63	5,470
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,591	3,110	1,809	1,672	7,800
(4,542)	(3,081)	(2,856)	(1,946)	(8,740)
<u>2,904</u>	<u>2,933</u>	<u>2,050</u>	<u>793</u>	<u>4,910</u>
<u>(951)</u>	<u>2,933</u>	<u>2,050</u>	<u>793</u>	<u>4,910</u>
<u>(\$2,022)</u>	<u>\$3,159</u>	<u>\$3,867</u>	<u>(\$12,617)</u>	<u>\$1,138</u>
30.5%	32.4%	27.5%	57.4%	35.9%

City of Brisbane
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax ¹	Sales Tax	Gas Tax	Franchise Tax	Transfer Tax	TOT Tax	Business License Tax	Total
2006	4,678	4,533	75	192	170	914	386	10,949
2007	6,249	4,121	75	197	61	999	387	12,090
2008	6,529	8,957 ²	74	221	45	1,097	367	17,292
2009	7,019	4,813	69	214	18	942	450	13,524
2010	7,371	5,833	71	202	23	969	465	14,934
2011	6,450	2,978	109	213	32	1,306	734	11,821
2012	3,749	4,637	127	216	35	1,560	607	10,931
2013	3,051	3,029	105	199	47	1,668	2,898	10,998
2014	2,725	2,701	144	334	76	2,038	2,792	10,810
2015	3,163	3,333	118	531	68	2,447	2,746	12,406

¹ Property Tax Includes Prior Taxes, Supplemental Taxes, Property Tax/VLF swap, ERAF and Property Tax from RDA
Gas tax shown in CAFR as intergovernmental, and Business License Tax as Licenses and Permits.
Sales tax includes Measure A sales tax, Public Safety Sales Tax, General Sales Taxes and Sales Tax/Property Tax Swap

² One time Sales Tax correction

Source: City of Brisbane

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City of Brisbane
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	City			Taxable Assessed Value
	Secured	Unsecured	Less: Exemptions	
2006	1,167,557	222,177	10,470	1,379,265
2007	1,323,842	227,161	10,492	1,540,511
2008	1,364,983	233,517	10,447	1,588,053
2009	1,453,275	239,986	13,192	1,680,069
2010	1,436,460	261,715	12,483	1,685,692
2011	1,384,590	266,187	12,556	1,638,221
2012	1,374,563	220,162	10,864	1,583,861
2013	1,381,723	205,631	10,867	1,576,487
2014	1,408,674	184,241	12,208	1,580,706
2015	1,516,681	180,385	10,908	1,686,157

Note: The General Property Tax Rate is established at \$1.00 per \$100.00 of assessed value per Article XIII of the California Constitution. The allocation of the property taxes to various taxing agencies including cities, counties, school districts and other special districts is based on the formula determined by the California State Legislature.

California property tax assessments are "acquisition" based, rather than cyclical based. In California, the property tax system is acquisition based, meaning that all real property is assessed upon acquisition or when newly constructed, and assessed at a ratio of 100% of fair market value as of the event date. After the acquisition or new construction basis is determined, year to year increases in assessed value are limited to no more than 2%. In the event of an economic downturn, real property is assessed at the lower of its acquisition basis, increased by the maximum of 2% per year or the fair market value as of January 1, which is lower.

(A) As of fiscal year 2013, Redevelopment Agencies were dissolved due to AB x1 26.

Source: County Assessment Rolls

Redevelopment Agency (A)

Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
336,318	67,098	129	403,287	1.0485
389,391	83,421	138	472,674	1.0612
377,630	81,589	119	459,100	1.0756
418,379	81,359	136	499,602	1.0719
431,382	110,057	65	541,374	1.0783
397,968	111,647	147	509,468	1.0870
378,850	63,986	79	442,756	1.0893
				1.0921
				1.1048
				1.0991

City of Brisbane
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	San Mateo County as Distributor	School District			Total Direct & Overlapping Rates
		Brisbane Elementary School District	Jefferson Union High School District	San Mateo Junior College	
2006	1.0000	0.0267	0.0153	0.0065	1.0485
2007	1.0000	0.0254	0.0174	0.0184	1.0612
2008	1.0000	0.0224	0.0361	0.0171	1.0756
2009	1.0000	0.0221	0.0333	0.0165	1.0719
2010	1.0000	0.0241	0.0360	0.0182	1.0783
2011	1.0000	0.0261	0.0416	0.0193	1.0870
2012	1.0000	0.0272	0.0422	0.0199	1.0893
2013	1.0000	0.0297	0.0430	0.0194	1.0921
2014	1.0000	0.0280	0.0574	0.0194	1.1048
2015	1.0000	0.0271	0.0530	0.019	1.0991

Notes:

Under constitutional Amendment (Proposition 13) passed by voters in the State of California in June 1978, the tax rate (excluding bonded debt) is frozen at 1% of the full market value of the property. This tax is collected by the County Tax Collector and distributed on a formula determined by the State Legislature. Local agencies levy only the tax rate for general obligation bonds, or in excess of 1% if two-thirds of the voters in the area authorize such a rate increase. All tax levies include Homeowner's Property Tax Relief and Business Inventory Property Tax Relief.

Source: California Municipal Statistics

City of Brisbane
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts expressed in thousands)

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value ¹	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value ²
Oyster Point Properties Inc.	104,914	1	6.92%	\$ 92,386	1	8.51%
DCT Valley Dr CA LLP	60,318	2	3.98%			
IAC San Francisco LLC	58,458	3	3.86%	31,712	5	2.92%
2000 Sierra Point Parkway LLC	43,150	4	2.85%	31,620	6	2.91%
Slough Brisbane LLC	42,646	5	2.81%			
William D. and C.A. Spencer Trust	40,630	6	2.68%	18,664	9	1.72%
Diamond Marina LLC	30,831	7	2.03%			
Fund VIII 1000 Marina LLC	27,400	8	1.81%			
Summit Hospitality 114 LLC	27,302	9	1.80%			
Marina Boulevard Property LLC	25,515	10	1.68%			
BMR Bayshore Blvd LLC	24,463	11	1.61%	37,000	3	3.41%
BRE SH Brisbane Owner LLC	20,091	12	1.33%			
SFPP	19,883	13	1.31%	10,067	16	0.93%
Tuntex Properties Inc	18,733	14	1.24%			
Barulich Properties LLC	13,188	15	0.87%	11,451	13	1.06%
WVP Bay Tech LLC	12,205	16	0.81%			
Rolling Frito-Lay Sales	11,895	17	0.79%	10,175	15	0.94%
AVJOG Investments LLC	9,939	18	0.66%			
Sierra Hotel Management Corp	8,718	19	0.58%			
Sierra Point Investors LLC	8,704	20	0.57%	32,827	4	3.03%
Caltia Ventures LLC				58,313	2	5.37%
Sierra Point LLC				27,635	7	2.55%
Brisbane Lodging LP				19,199	8	1.77%
Brisbane Hotel Partners LLC				17,811	10	1.64%
Tuntex ³				16,475	11	1.52%
SPK-Sierra Point LLC				13,900	12	1.28%
Foster 7000 Marina LLC				11,094	14	1.02%
150 Spear Street Associates				9,826	17	0.91%
Deerfield 325 Valley LLC				8,814	18	0.81%
Foster 5000 Marina LLC				8,530	19	0.79%
Northhill Associates LLC				8,389	20	0.77%
Total	\$ 608,984		40.19%	\$ 475,888		43.86%

Source: CA Municipal Statistics

⁽¹⁾ 2014-2015 Local Secured Assessed Valuation: 1,515,089

⁽²⁾ Based on Fiscal Year 2004-05 total gross assessed valuation: 1,085,124

⁽³⁾ Tuntex sold properties to Oyster Point and Sierra Hotel Management

City of Brisbane
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy ¹		Collections in Subsequent Years ¹	Total Collections to Date	
		Amount	Percentage		Amount	Percentage
2006	5,253	5,253	100%	n/a	5,253	100%
2007	6,382	6,382	100%	n/a	6,382	100%
2008	6,671	6,671	100%	n/a	6,671	100%
2009	7,188	7,188	100%	n/a	7,188	100%
2010	7,751	7,751	100%	n/a	7,751	100%
2011	6,896	6,896	100%	n/a	6,896	100%
2012	2,545 ²	2,545	100%	n/a	2,545	100%
2013	2,991	2,991	100%	n/a	2,991	100%
2014	2,673	2,673	100%	n/a	2,673	100%
2015	2,838	2,838	100%	n/a	2,838	100%

¹Teeter Plan

² Decrease due to the dissolution of the redevelopment areas. Tax Increment from the project areas was returned to the underlying taxing entities

Source: City of Brisbane

City of Brisbane
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Tax Allocation Bonds	Other Long-Term Debt	Utility Revenue Bonds	Capital Leases			
2006	42,160	-	-	4,270	204	46,634	n/a	12,426
2007	40,700	-	4,465	4,175	181	49,521	n/a	13,118
2008	39,115	-	4,335	4,080	158	47,688	n/a	12,351
2009	39,715	-	4,180	3,980	136	48,011	n/a	12,195
2010	37,910	-	3,930	3,880	113	45,833	n/a	11,478
2011	35,855	13,165	3,630	3,775	90	56,515	n/a	13,198
2012	31,368	-	3,295	3,660	68	38,391	n/a	8,889
2013	29,272	-	4,536	3,590	45	37,443	n/a	8,635
2014	10,237	-	4,086	3,474	22	17,818	n/a	4,064
2015	9,274	-	3,581	12,484	-	25,339	n/a	5,580

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Personal Income is for San Mateo County because City information is not available. As such, calculating a percentage would not be valuable for Brisbane trend data.

City of Brisbane
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Gross Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percent of Assessed Value ¹	Per Capita
2006	9,045	825	8,220	0.60%	2190.23%
2007	13,295	² 738	12,557	0.82%	3326.33%
2008	12,950	723	12,227	0.77%	3166.80%
2009	14,825	885	13,940	0.83%	3540.64%
2010	14,270	850	13,420	0.80%	3360.86%
2011	13,505	656	12,849	0.78%	3000.81%
2012	12,695	658	12,037	0.76%	2786.92%
2013	12,489	472	12,017	0.76%	2771.37%
2014	11,706	357	11,350	0.72%	2588.85%
2015	7,480	307	7,173	0.43%	1579.71%

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California

² Pension Obligation Bonds

City of Brisbane
Direct and Overlapping Governmental Activities Debt
As of June 30, 2015
(amounts expressed in thousands)

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
San Mateo Community College District	\$ 664,859,994	1.022%	\$ 6,794,869
Jefferson Union High School District	151,171,645	10.335%	15,623,590
Bayshore School District	3,000,000	22.884%	686,520
Brisbane School District	6,660,437	66.695%	4,442,178
City of Brisbane 1915 Act Bonds	4,540,000	100.000%	4,540,000
Total Gross Overlapping Tax and Assessment Debt			32,087,157
Direct and Overlapping General Fund Debt:			
San Mateo County General Fund Obligations	460,064,816	1.022%	4,701,862
San Mateo County Board of Education Certificates of Participation	10,430,000	1.022%	106,595
City of Brisbane General Fund Obligations	7,205,000	100.000%	7,205,000
City of Brisbane Pension Obligations Bonds	3,581,000	100.000%	3,581,000
Total Direct and Overlapping General Fund Debt			\$ 15,594,457
Overlapping Tax Increment Debt (Successor Agency):			
Tax Allocation Bonds	\$ 15,615,000	100.000%	\$ 15,615,000
Revenue Bonds	596,607	100.000%	596,607
			\$ 16,211,607
Total Direct Debt			\$ 10,786,000
Total Overlapping Debt			\$ 53,062,221
Combined Total Debt			\$ 63,893,221.13 ¹

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Brisbane. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics Inc

City of Brisbane
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year Ending			
	2006	2007	2008	2009
Debt Limit	\$ 38,702	\$ 42,144	\$ 44,433	\$ 63,251
Total net debt applicable to limit	9,045	13,114	12,800	13,940
Legal debt margin	\$ 29,657	\$ 29,030	\$ 31,633	\$ 49,311
Total net debt applicable to the limit as a percentage of debt limit	23.37%	31.12%	28.81%	22.04%

Legal Debt Margin Calculation for Fiscal Year 2015:

Assessed value¹

Add back: exempt real property¹

Total assessed value¹

Debt limit (3.75% of total assessed value)

Debt applicable to limit:

General bonded debt

Less: Amount set aside for repayment of
general bonded debt

Total net debt applicable to limit

Legal debt margin

Note: Under state finance law, the City of Brisbane' outstanding debt should not exceed 3.75 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

¹Source: California Municipal Statistics Inc
Assessed Value excludes incremental assessed valuation applicable to the Brisbane Community Redevelopment

City of Brisbane has no general obligation bonds.

Fiscal Year Ending					
2010	2011	2012	2013	2014	2015
\$ 63,682	\$ 61,904	\$ 59,802	\$ 59,526	\$ 59,474	\$ 63,551
13,420	12,849	12,037	12,017	11,350	7,173
<u>\$ 50,262</u>	<u>\$ 49,055</u>	<u>\$ 47,765</u>	<u>\$ 47,509</u>	<u>\$ 48,124</u>	<u>\$ 56,378</u>
21.07%	20.76%	20.13%	20.19%	19.08%	11.29%

1,585,973	1,694,694
-	-
1,585,973	1,694,694
59,474	63,551
11,706	7,480
357	307
11,350	7,173
48,124	56,378

City of Brisbane
Pledged Revenue Coverage
Last Fiscal Year
(amounts expressed in thousands)

		Utility Revenue Bonds			Debt Service Requirements			
Fiscal Year		Gross Revenues	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Total	Coverage %
2014-2015	A	\$ 5,539	\$ 3,886	\$ 1,653		\$ 241	\$ 241	686.88%

(A) In fiscal year 2015, the City issued 2015 Utility Revenue Bonds. Therefore, only one year of information is presented.

City of Brisbane
Pledged Revenue Coverage
Last Fiscal Year
(amounts expressed in thousands)

		Installment Sale Agreement			Debt Service Requirements			
Fiscal Year		Gross Revenues	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Total	Coverage %
2014-2015	A	\$ 1,546	\$ 1,488	\$ 58		\$ 118	\$ 118	49.15%

(A) In fiscal year 2015, the City entered into a 2015 Installment Sale Agreement. Therefore, only one year of information is presented.

City of Brisbane
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in millions)	Per Capita Personal Income	Labor Force	Unemployment Rate
2006	3,753	46,882	66,839	367,700	3.7%
2007	3,775	50,610	72,941	370,100	3.8%
2008	3,861	49,417	70,211	373,000	4.8%
2009	3,937	46,681	65,414	374,100	8.4%
2010	3,993	47,947	66,629	374,900	8.8%
2011	4,282	50,597	69,577	383,300	7.9%
2012	4,319	58,666	79,420	388,500	7.1%
2013	4,336	59,710	79,893	397,500	5.4%
2014	4,384	n/a	n/a	403,600	5.4%
2015	4,541	n/a	n/a	431,300	4.2%

Notes:

¹ Source: State of California Employment Development Department, San Mateo County

Source: California Labor Market Info for San Mateo

² County. Data not available for 2012, 2013 and 2014

³ Source: California Department of Finance

⁴ 2010 U.S. Census

**City of Brisbane
Principal Employers
Current Year and Ten Years Ago**

Employer	2015 ¹			2006 ²		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pepsi Bottling Group	380	1	5.30%			
Sunset Scavenger Co/Recology	350	2	4.88%			
F.W. Spencer	325	3	4.54%	150	6	n/a
Bi-Rite Foodservice Distributors	259	4	3.61%	250	4	n/a
XOJet	250	5	3.49%			
Caltronics Business Systems	243	6	3.39%			
Monster Cable Products Inc	242	7	3.38%	700	1	n/a
Expeditors Intl of WA Inc	223	8	3.11%			
Bebe	161	9	2.25%	150	6	
Fong Brothers Printing	148	10	2.07%	300	3	n/a
Lincoln Broadcasting Co	120	11	1.67%	120		
PSI Group - California	117	12	1.63%	114		
Mode Media Corporation	109	13	1.52%			
Intermune	106	14	1.48%	180		n/a
Purcell-Murray Company Inc	105	15	1.47%	125		
Hitachi America LTD	99	16	1.38%	500	2	n/a
SFO Apparel	99	16	1.38%			
Aircraft Technical Publishers	97	18	1.35%	150	6	n/a
Sheng Kee of California Inc	89	19	1.24%			
Pacific Bell SBC Comm Tax Dept	84	20	1.17%			
VWR Corporation				300	3	n/a
Walmart.com				220	4	n/a
Phillips Medical Systems				160	5	
Flax Art Materials				150	6	
Total Employment (Estimated)	7,166					

Source:

¹ City of Brisbane Business License data (self reporting)

² Brisbane Chamber of Commerce (self reporting)

City of Brisbane
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	June 30			
	2006	2007	2008	2009
Function:				
General government	11.51	12.01	13.01	14.01
Public safety:				
Police	20.11	20.61	20.61	20.61
Fire	12.55	13	13	13
Public works and Municipal Utilities	21.5	22.5	22.5	22.5
Community development	5.4	5.9	5.9	5.9
Parks and recreation	18.67	18.88	19.2	19.2
Marina	6.25	6.25	6.25	6.25
Total	<u>95.99</u>	<u>99.15</u>	<u>100.47</u>	<u>101.47</u>

Source: City of Brisbane Base Budget

June 30					
2010	2011	2012	2013	2014	2015
13.55	11.25	10.89	10.79	11.65	12.05
17.99	15.11	15.11	14.11	15.11	17.11
10	10	10	10	10	10
23	16	16	16.1	14	15
5.9	4.9	4.4	3.8	3.9	5.4
12.05	11.55	12.8	12.8	18.83	18.83
12.15	12.15	12.76	11.78	5.75	7.25
94.64	80.96	81.96	79.38	79.24	85.64

City of Brisbane
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year		
	2006	2007	2008
Police			
Response time to :			
Extreme Emergencies	3	4:27	4:22
Emergencies	5	4:22	3:51
Non-Emergencies	15	6:46	6:16
Number of victims per 1,000 citizens or business	28	31	30
Fire			
Number of calls answered	595	586	653
Number of inspections	526	535	533
Public Works:			
Percent of tripping hazards corrected within 1 month	100	100	100
Percent of damaged street signs replaced within 1 month	100	100	100
Percent of facilities maintained relative to Maintenance Program	100	100	100
Number of Building and Park Maintenance service requests received			
Number of Graffiti on Public Property requests for service			
Number of Sidewalk Maintenance/Trip Hazard service requests			
Number of Street Tree service requests			
Number of Street-Sign/Light/Traffic Signal service requests			
Number of Weeds, Trash and Debris on Public Property service requests			
Water			
Total Water Purchased			
Number of main breaks and repairs			
Number of service breaks (public side of meter) and repairs			
Percentage of water samples that pass health standards	100	100	100
Percentage of water storage tanks cleaned and inspected	100	100	100
Percentage of reported broken water meters replaced	100	100	100
Percentage of backup emergency generators inspected and tested at critical water facilities			
Percentage of known water main valves exercised			
Sewer			
Average Daily sewage flow (thousands of gallons)	393	353	352
Total annual sewage flow			
Number of public sewer main blocks/breaks			
Number of private lateral blocks/braks that City responds to			
Percentage of sewer blockages cleared within:			
4 hours	100	100	100
12 hours	100	100	100
Community Development:			
Total permit valuation (\$000)	9,221	10,155	15,513
Parks and Recreation:			
Community/Special Events (Concerts in the Park, Festival of Lights, etc.)			
number of events	7	6	4
Sports Programs (e.g. basketball, softball): number of sports			
Youth	8	15	13
Adult	2	2	2
Classes: (number of programs)			
Adult	11	10	8
Youth	5	5	3
Youth & Adult	1	3	4
Child Care programs (Average Enrollment):			
Preschool	9	13	16
Afterschool	40	62	44
Day Camps (Average Enrollment)	78	59	56
Spring			
Summer			
Winter			
Teen Programs (number of programs)	10	15	7
Aquatic programs (Enrollment/attendance):			
Summer swim lessons	335	852	909
Water aerobics	64	96	65
Senior Center (Enrollment/attendance)	154	184	198
Programs			
All programs			
Rentals			
Community Center			
Mission Blue			
Community Park			
Fields			

Notes: Indicators are not available for the general government function.

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
4:26	4:26	3:07	3:31	4:12	4:53	4:33
4:12	3:48	6:28	3:37	3:57	4:04	4:25
6:14	5:50	9:07	6:10	6:25	4:52	6:06
30	30	33	32	33	30	31
618	663	619	667	670	706	713
471	449	558	423	429	493	382
100	100	100				
100	100	100				
100	100	100				
			77	141	140	166
			1	3	6	12
			5	13	10	14
			21	32	37	38
			30	49	29	82
			20	43	42	66
302,631 ccf	276,478ccf	275,884ccf	280,650ccf	287,290 ccf	302,776 ccf	279,815 ccf
1	2	1	3	2	4	2
7	1	3	9	2	6	2
100	100	100	100	100	100	100
100	100	100	100	100	0	0
100	100	100	100	100	100	100
100	100	100	100	100	100	100
100	100	100	58	27	50	44
334	340	356	326	319	303	346
	15	173,925ccf	159,052ccf	155,534ccf	147,836 ccf	168,651 ccf
		10	12	3	3	3
					18	25
100	100	100	100	100	95	100
100	100	100	100	100	95	100
6,613	9,890	5,424	9,101	18,459	19,083	16,811
9	6	6	6	6	11	17
12	13	13	14	14	19	10
2	3	3	3	3	3	2
7	11	10	12	8	8	10
2	4	7	5	8	11	4
2	separated					
17	20	20	20	20	20	20
63	64	66	69	82	101	103
60	67	60				
			33	35	39	35
			56	45	45	50
			27	23	25	24
9	7	5	9	0	0	4
812	778	780	579	611	466	551
29	9/day	7/day	6/day	10/day	10/day	
	37/week	37/week	38/week	37/week	37/week	55/ week
	8	7	7	6	6	6
73	64	64	61	53	66	
						15
						37
						146
						5

City of Brisbane
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year					
	2006	2007	2008	2009	2010	2011
Public Safety:						
Police:						
Stations	1	1	1	1	1	1
Patrol units	5	5	5	5	5	5
Fire:						
Fire Stations	1	1	1	1	1	1
Fire Engines	3	3	3	3	3	3
Public Works:						
Streets (miles)	23	23	23	23	23	23
Streetlights	790	790	790	790	790	790
Sanitary Sewers (linear feet)	80,712	80,712	80,712	80,712	80,712	80,712
Water Lines (linear feet)	132,570	132,830	132,830	132,830	132,830	132,830
Water Storage (million gallons)	2.7	2.7	2.9	2.9	2.9	2.9
Parks and Recreation:						
Parks acreage	54.98	57.98	57.98	57.98	57.98	57.98
Parks	15	15	15	15	15	15
Swimming pools	1	1	1	1	1	1
Open Space acreage ¹	156.68	184.68	184.68	184.68	184.68	184.68
Wetlands	127.75	127.75	127.75	127.75	127.75	127.75

Note: No capital asset indicators are available for the general government or community development functions.

¹ Source: 2001 Brisbane Open Space Plan

2012	2013	2014	2015
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1	1	1	1
5	5	5	5
1	1	1	1
3	3	3	3
23	23	23	23
790	790	790	791
80,712	80,712	80,712	80,712
132,830	132,830	132,830	132,830
2.9	2.9	2.9	2.9
57.98	57.98	57.98	57.98
15	15	15	15
1	1	1	1
184.68	184.68	184.68	184.68
127.75	127.75	127.75	127.75

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