

City of Brisbane, California
Comprehensive Annual
Financial Report for the
Fiscal Year Ended June 30, 2013



Providing Quality Services

CITY OF BRISBANE
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013

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CITY OF BRISBANE

50 Park Place
Brisbane, California 94005-1310
(415) 508-2100
Fax (415) 467-4989

December 30, 2013

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Brisbane for the fiscal year ended June 30, 2013.

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 opinion that the City of Brisbane's financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component 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. Brisbane sees most of its sales tax revenue from business to business operations. There are a handful of businesses that make up a sizable portion of City revenues. The five largest Sales Tax producers are over 60 % of all Sales Tax collected. We lost our largest sales tax provider when they relocated to another part of the state.

An offset to that loss, is a new business license tax from a large recycling firm that wants to expand within the city limits.

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 because of an increase in tourism for the America's Cup races.

Located within the limits of the City of Brisbane is 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, possibly capable of providing the City with future fiscal stability.

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 has shifted our focus. The two year budget for fiscal years 2011-2013 was presented and only the current fiscal year being adopted (FY 2011-2012); the budget was updated for FY 2012-2013 and a single year budget was prepared and adopted for FY 2013-2014. During the depression, only mandatory capital projects were budgeted.

The City has worked diligently to find a way to replace a major sales tax provider. With co-operation from the large recycler, a business license tax was put to the people on the November 2011 ballot and it passed. Fiscal Year 2012-2013 was the first year that the business license tax was paid and it offset the loss of sales tax. For the near future, the city is also looking at a liquid storage business tax as a revenue source.

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. Therefore, during the year, the Housing Authority sold three contiguous parcels to the City because the land may only be held for ten years under RDA rules and the time for developing these parcels was running out. The proceeds on the sale remains in the Housing Authority.

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

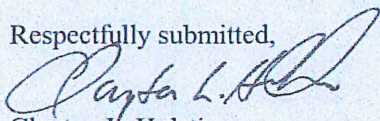
Internal accounting controls are designed by the City to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance 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

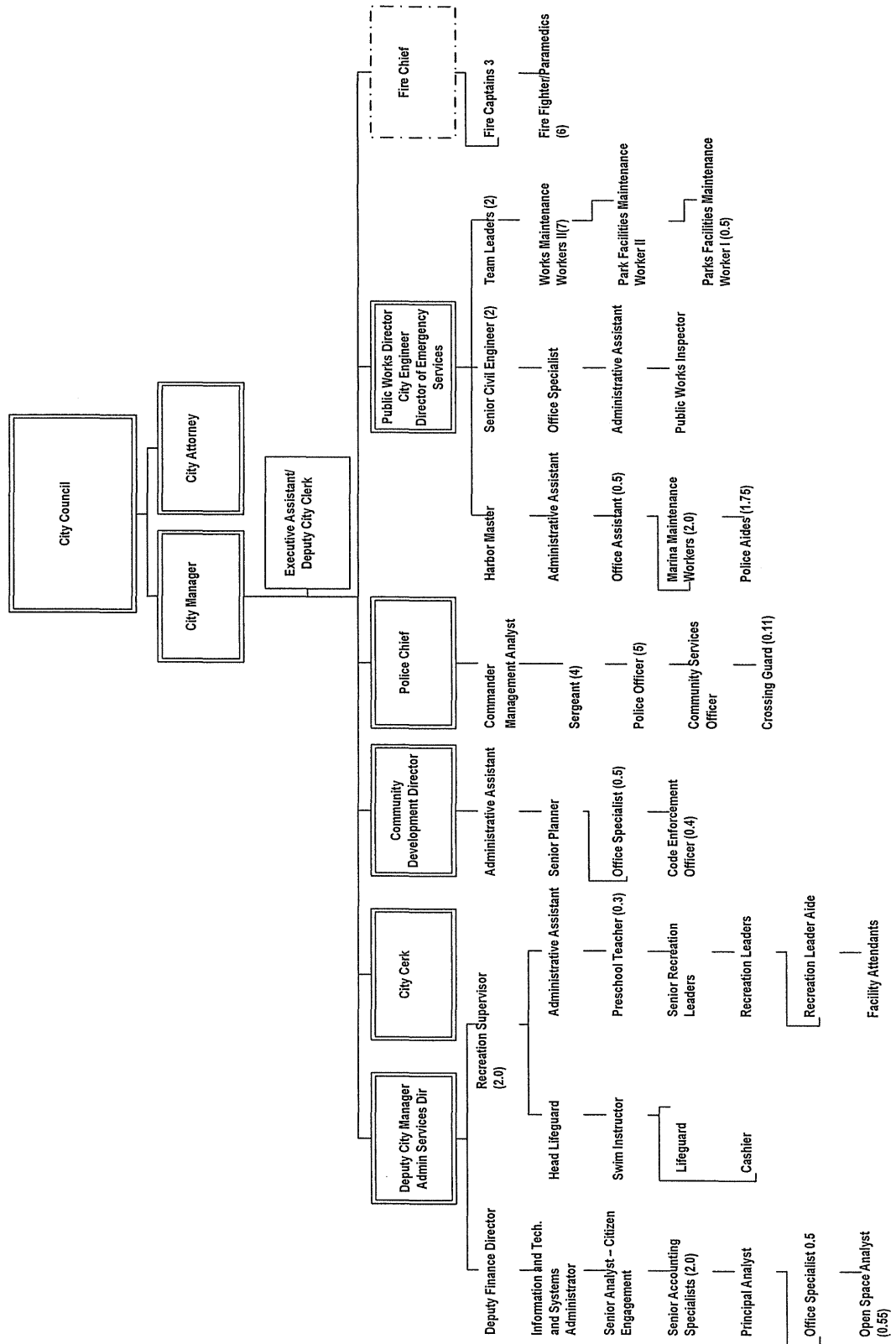
City Manager



Stuart Schillinger

Administrative Services Director

Organization Chart City of Brisbane FY 2012/13



City of Brisbane
Principal Officials of the City of Brisbane, California
For the year ended June 30, 2013

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

2012-2013

CITY COUNCIL/BOARD MEMBERS

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

STAFF MEMBERS

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

Harold S. Toppel (retired)
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 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 as of and for the year ended June 30, 2013, 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, 2013, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

State Controller 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. The City expects such amounts, if any, to be immaterial.

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2013 and required format change in certain financial statements and certain nomenclature revisions in the footnotes accompanying the financial statements:

Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. See note 1J to the financial statements for relevant disclosures.

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

Other Information

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

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 16, 2013, 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.

Mare & Associates

Pleasant Hill, California
December 16, 2013

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Management's Discussion and Analysis

As management of the City of Brisbane, we offer readers this discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. 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-v of this report.

FINANCIAL HIGHLIGHTS

For fiscal year 2012-13, the City revenues have increased by \$4.3 million (17%) mostly due to developer impact fees and increases in program revenues. The City instituted a new business license tax for recyclers that has offset the loss of a major sales tax provider.

We continue the wind down of the former Redevelopment Agencies. The cash from the Low and Moderate Income Housing Fund was returned to the underlying agencies. We have received the Finding of Completion and are working on the Long Range Property Management Plan.

Fiscal Year 2012-13 financial highlights include the following:

- The assets of the City of Brisbane exceed its liabilities by \$91.6 million (net position). Of this amount, \$56 million is Governmental Activities and \$35 million is Business-Type Activities. The increase of about \$5.5 million stems from increasing fees for service and keeping costs in check.
- The Government-wide Current assets exceeded its current liabilities by \$14 million. This is almost double from the prior year and is due to Developer Fees for the build out of the Northeast Ridge residential development and by the city keeping developer reimbursements more current.
- The City's Capital Assets decreased slightly over the previous year. This is due to depreciation.
- The General Fund's Revenues (excluding transfers) increased by \$1million overall. Taxes and special assessments decreased by \$1.2 million while licenses, permits and fees increased by \$2.2 million. This is due to losing a sales tax provider and picking up a new business license tax.
- The City's General Fund Expenditures (excluding transfers) decreased by \$18,821 as the City held expenses and postponed elective maintenance.
- The City's General Fund Fund Balance increased by \$1.5 million (revenues less expenses).

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.

The *governmental activities* in the Statement of Activities reflect the City's basic services including general government (City Council, City Manager, City Attorney, City Clerk, Human Resources, Finance, and Community Development), Police, 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 in the Statement of Activities reflect the City's enterprise activities. This includes the Utility Fund (Water, Sewer, and GVMID) and Park and Recreation Fund (Parks and Recreation, and Marina). Unlike governmental services, these services are supported by charges paid by users for the amount of service they use. However, the City does supplement the Park and Recreation programs in order to make them affordable to our citizens.

The government-wide financial statements can be found on pages 16-17 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 Governmental Major Fund statements are presented on a sources and uses of liquid resources basis. This is the manner in which the budget is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated with it.

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

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 Park and Recreation programs. *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 Parks and Recreations 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 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 33-76 of this report.

Other supplemental information. In addition to the basic financial statements and accompanying notes, the report also presents certain *required supplementary information* in this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the basic financial statements as other supplemental information. Combining and individual fund statements and schedules can be found on pages 84-96 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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	
	2013	2012	2013	2012	2013	2012
Current Assets	\$ 15,484	\$ 10,742	\$ 4,164	\$ 2,477	\$ 19,648	\$ 13,219
Capital assets	49,116	49,427	35,467	36,033	84,583	85,459
Other non-current assets	31,936	32,806	501	525	32,437	33,331
Total assets	<u>\$ 96,536</u>	<u>\$ 92,974</u>	<u>\$ 40,132</u>	<u>\$ 39,035</u>	<u>\$ 136,668</u>	<u>\$ 132,009</u>
Current liabilities	\$ 4,820	\$ 5,190	\$ 793	\$ 762	\$ 5,613	\$ 5,952
Non-current liabilities	35,319	35,870	4,151	4,157	39,470	40,026
Total liabilities	<u>\$ 40,139</u>	<u>\$ 41,060</u>	<u>\$ 4,944</u>	<u>\$ 4,919</u>	<u>\$ 45,083</u>	<u>\$ 45,979</u>
Net position:						
Net investment in capital assets,	\$ 37,751	\$ 38,064	\$ 31,832	\$ 32,305	\$ 69,583	\$ 70,369
Restricted	26,255	19,006	2,251	848	28,506	19,854
Unrestricted	(7,609)	(5,156)	1,105	964	(6,504)	(4,192)
Total net position	<u>\$ 56,397</u>	<u>\$ 51,914</u>	<u>\$ 35,188</u>	<u>\$ 34,116</u>	<u>\$ 91,585</u>	<u>\$ 86,030</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 by \$92 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position (\$69.5 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 (\$28.5 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, 2013, the City shows a negative balance for unrestricted net position of \$6.5 million. This is an increase over the prior year due to restricting more fund balance in special revenue funds. The total net position increased by \$5.6million.

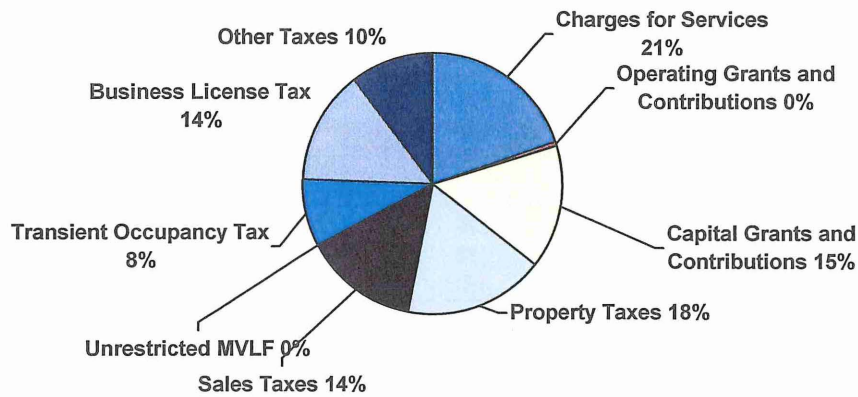
**Government-wide
Statement of Activities
As of June 30,
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 3,996	\$ 5,270	\$ 8,009	\$ 6,403	\$ 12,006	\$ 11,673
Operating contributions and grants	91	132	-	-	91	132
Capital contributions and grants	3,083	490	-	102	3,083	592
Total program revenues	<u>7,170</u>	<u>5,892</u>	<u>8,009</u>	<u>6,505</u>	<u>15,180</u>	<u>12,396</u>
General revenues:						
Property taxes	3,517	4,950	32	29	3,549	4,979
Sales taxes	2,863	4,496	-	-	2,863	4,496
Motor vehicle license fee taxes	2	2	-	-	2	2
Transient occupancy tax	1,668	1,560	-	-	1,668	1,560
Business license tax	2,898	-	-	-	2,898	-
Other taxes	2,055	494	-	185	2,055	679
Total taxes	<u>13,004</u>	<u>11,501</u>	<u>32</u>	<u>214</u>	<u>13,036</u>	<u>11,716</u>
Investment earnings (loss)	1,516	1,587	51	3	1,568	1,590
Other revenue	337	75	-	-	337	75
Total revenues	<u>\$ 22,028</u>	<u>\$ 19,055</u>	<u>\$ 8,093</u>	<u>\$ 6,722</u>	<u>\$ 30,121</u>	<u>\$ 25,777</u>
Expenses:						
General government	\$ 5,584	\$ 5,123	\$ -	\$ -	\$ 5,584	\$ 5,123
Public safety - police	3,283	2,931	-	-	3,283	2,931
Public safety - fire	3,004	2,756	-	-	3,004	2,756
Public works	2,832	1,901	-	-	2,832	1,901
Interest on long-term debt	2,009	2,879	-	-	2,009	2,879
Water	-	-	1,811	1,132	1,811	1,132
Sewer	-	-	1,119	1,340	1,119	1,340
Guadalupe Valley Municipal Improvement District	-	-	1,612	1,352	1,612	1,352
Parks and recreation	-	-	3,313	3,342	3,313	3,342
Total expenses	<u>\$ 16,711</u>	<u>\$ 15,590</u>	<u>\$ 7,855</u>	<u>\$ 7,167</u>	<u>\$ 24,566</u>	<u>\$ 22,756</u>
Increase/decrease in net assets before transfers	\$ 5,317	\$ 3,465	\$ 238	\$ (444)	\$ 5,555	\$ 3,021
Transfers	(834)	(1,008)	834	1,008	-	-
Extraordinary items	-	16,064	-	-	-	16,064
Increase/decrease in net assets	<u>4,483</u>	<u>18,520</u>	<u>1,072</u>	<u>564</u>	<u>5,555</u>	<u>19,084</u>
Net assets - beginning of year	51,914	33,394	34,116	33,552	86,030	66,946
Net assets - end of year	<u>\$ 56,397</u>	<u>\$ 51,914</u>	<u>\$ 35,188</u>	<u>\$ 34,116</u>	<u>\$ 91,585</u>	<u>\$ 86,030</u>

Governmental activities. Program revenues generated 33% 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 decreased 29% reflecting the continued downturn and reassessments in the housing market. The Sales Tax revenue decreased \$1.6 million over the prior year as one of our major sales tax providers relocated to another city. Business license taxes were removed from program revenues and they increased by \$2.1 million to reflect a new business license tax that took effect during the fiscal year.

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 increased the City's net position by \$1.1 million, a \$500,000 change over the prior year. Business-type net position account for 38% of the City's total net position.

- Program revenues increased by \$1.6 million through rate increases and connection fees.
- Expenses increased by 9.61% (\$689 thousand) partially due to increases from our sole sourced providers of water and sewer.

THE CITY FUNDS

Governmental Funds

At June 30, 2013, the City's Governmental Funds reported combined Fund Balances of \$36.9 million, an increase of \$3.7 million (11.7 percent) compared with last year. The increase in assets includes the Developer Impact Fees for the housing being constructed on the Northeast Ridge and the sale of Low and Moderate Income Housing to the City. Deferred Revenues have been reclassified to Deferred Inflow of Resources under GASB Statement No. 65.

The Governmental Fund revenue increase of \$2.2 million is from the new business license tax and the Developer Impact Fees for the Northeast Ridge housing construction.

Governmental Fund expenditures decreased \$.9 million due to a decrease in capital outlay.

General Fund – The General Fund ended the year with a fund balance of \$11 million. Of this amount, \$3.5 million is nonspendable including: Encumbrances, Advances to Other Funds, and Loans Receivables. The Unassigned portion of the Fund Balance is \$7.4 million. The General Fund's reserves still exceed the Council's policy of 50% of its expenditures in reserves.

The City's tax revenues saw a decrease from FY 201/12. As stated before, Sales Tax decreased by \$1.6 million due to a major retailer locating to another city. Property Tax decreased \$1.4 million and Other Taxes increased by \$1.6 million with the new business license tax. The City's revenues reflect the current state of the economy in the Bay Area.

Staff continued to look for ways to hold expenditures with minimal impacts to the community. City staff gave up 1% of their salaries in order to do that. As employees retired, their positions have not been filled and remaining staff has stepped up to cover the work to be done. These decreases in expenditures were offset with increases in health, workers compensation, and liability insurance as well as an increase in retirement obligations.

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. There is no longer a required 20% set-a-side for Low/Moderate Income Housing and all unencumbered cash was returned to the successor agency and back to the underlying agencies. The Housing Agency sold three parcels to the City during the year since under the redevelopment law land must be used for low moderate income housing within ten years or it must be disposed of. The Fund has no cash for development, so the parcels were sold.

Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund – This fund had a decrease in fund balance for the payment of the debt service. The debt service is financed by the payment on the Redevelopment Agency 2001 Tax Allocation Bonds.

Proprietary funds

At June 30, 2013, the City’s Enterprise Funds reported combined net position of \$35.2 million which is an increase of about \$1.1million.

Utility Fund – The water and sewer rate increase from the prior fiscal year has improved the financial picture of the utility fund. There was a significant rise in connection fees for the year with the residential building on the Northeast Ridge.

Parks and Recreation Fund – In FY 2012/13 the City still saw an operating loss. Operating revenues increased by \$233 thousand due to some rate increases and the operating expenditures decreased by \$29 thousand. The General Fund decreased its subsidy to Parks and Recreation programs by \$173 thousand. One of the endearing aspects of the City of Brisbane is the ability for its citizens to connect with other citizens in a small town atmosphere. In order to maintain this, the City aggressively supports recreation opportunities for all segments including children, teens and seniors. In order to ensure all residents have access to our programs we subsidize our programs with General Tax revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund expenditures came in under budget by \$775 thousand. The expenditure savings were the result of a Government-Wide effort to cut costs in order to ensure that the City would be able to maintain its commitment to long-term financial stability. The General Fund total revenues were over the adopted budget estimates by \$1.3million. This was mostly due to the loss of the sales tax provider and an increase in the amount from the new business license tax.

CAPITAL ASSETS

The City of Brisbane's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$84.6 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 \$875 thousand (\$310 thousand decrease for governmental activities and \$565 thousand decrease for business-type activities).

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

- Demolition of old playground structures and replacing it with new structures
- Completed the Bayshore Bus Stop project
- Purchased three parcels from Housing Agency

Capital Assets
As of June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Non-depreciable assets:						
Land	\$ 11,581	\$ 11,535	\$ 1,111	\$ 1,111	\$ 12,692	\$ 12,646
Construction in progress	88	15,402	64	64	152	15,466
Total non-depreciable assets	11,669	26,937	1,175	1,175	12,844	28,112
Depreciable assets:						
Land improvements	2,229	1,618	9,779	9,773	12,008	11,391
Buildings and structures	13,076	12,870	13,699	13,419	26,775	26,289
Machinery and equipment	2,648	2,704	895	875	3,542	3,579
Infrastructure	30,581	15,577	32,245	32,178	62,826	47,755
Total depreciable assets	48,534	32,768	56,619	56,246	105,152	89,015
Less accumulated depreciation	(11,087)	(10,278)	(22,326)	(21,389)	(33,413)	(31,667)
Total depreciable assets, net	37,447	22,490	34,292	34,858	71,739	57,347
Total capital assets	\$ 49,116	\$ 49,427	\$ 35,467	\$ 36,033	\$ 84,583	\$ 85,459

Additional information on the City of Brisbane's capital assets can be found in note 6 on pages 49-51 of this report.

DEBT ADMINISTRATION

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$37.5 million. Of this amount, \$4.5 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	
	2013	2012	2013	2012	2013	2012
Pension obligation bonds	\$ 4,536	\$ 3,295	\$ -	\$ -	\$ 4,536	\$ 3,295
Revenue bonds	29,183	31,368	3,590	3,660	32,773	35,028
Energy conservation loan	166	179	-	-	166	179
Capital lease	-	-	45	68	45	68
Total	\$ 33,885	\$ 34,842	\$ 3,635	\$ 3,728	\$ 37,521	\$ 38,570

The total debt decreased by \$1 million during the current fiscal year. The City refinanced the Utility Bonds and issued new debt for the Pension Side Fund obligation.

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 8 pages 52-58.

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. The City had its largest sales tax provider leave during the fiscal year. Our sales tax is now more diversified. The City worked with a large recycling firm to collect a special business license tax to cover the proposed expansion of its facilities. This was placed on the November 2011 ballot and passed with fiscal year 2012/13 being the first year that we collected it. That tax has replaced the lost sales tax

In addition, the City's room tax revenues are generated by the two hotels located at Sierra Point. The America's Cup being in San Francisco this past year is reflected in the room rental at the hotels. The City is working with the Chamber of Commerce to develop economic sustainability for our businesses.

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.

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CITY OF BRISBANE

**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, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments available for operations (Note 3)	\$14,336,975	\$1,558,354	\$15,895,329
Accounts receivable	1,290,962	1,192,493	2,483,455
Taxes receivable	1,152,032	573	1,152,605
Internal balance (Note 4D)	(1,412,217)	1,412,217	
Prepays	112,316		112,316
Accrued interest		147	147
Other assets	3,839		3,839
Noncurrent assets:			
Restricted cash and investments with fiscal agents (Note 3)	3,462,916		3,462,916
Investment in Brisbane Redevelopment Agency 2001 tax allocation bonds (Note 3)	12,415,000		12,415,000
Loans receivable, net (Note 5)	12,816,579	501,212	13,317,791
Prepaid pension assets (Note 7)	3,241,307		3,241,307
Capital assets (Note 6):			
Non-depreciable	11,668,968	1,174,959	12,843,927
Depreciable, net	37,447,013	34,292,383	71,739,396
Total Assets	96,535,690	40,132,338	136,668,028
LIABILITIES			
Current liabilities:			
Accounts payable	254,951	296,542	551,493
Accrued payroll	370,709	96,853	467,562
Interest payable	430,031	41,405	471,436
Deposits	738,209	176,591	914,800
Claims payable - due within one year (Note 12)	297,616		297,616
Compensated absences - due within on year	139,249	21,952	161,201
Capital leases - due within one year (Note 8)		22,651	22,651
Long-term debt - due within one year (Note 8)	2,589,302	137,000	2,726,302
Noncurrent liabilities			
Claims payable - due in more than one year (Note 12)	809,343		809,343
Compensated absences - due in more than one year	417,748	65,855	483,603
OPEB obligation (Note 11)	2,873,302	609,687	3,482,989
Capital leases - due in more than one year (Note 8)		22,651	22,651
Long-term debt - due in more than one year (Note 8)	31,218,308	3,453,000	34,671,308
Total Liabilities	40,138,768	4,944,187	45,082,955
NET POSITION (Note 9)			
Net investment in capital assets	37,751,053	31,832,040	69,583,093
Restricted for:			
Capital projects	1,999,625	2,251,094	4,250,719
Debt service	17,169,393		17,169,393
Specific projects and programs	7,086,262		7,086,262
Total Restricted Net Position	26,255,280	2,251,094	28,506,374
Unrestricted	(7,609,411)	1,105,017	(6,504,394)
Total Net Position	\$56,396,922	\$35,188,151	\$91,585,073

See accompanying notes to financial statements

CITY OF BRISBANE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
General government	\$5,583,975	\$1,665,045			(\$3,918,930)	(\$3,918,930)
Public safety - police	3,282,679	124,058	\$91,291		(3,067,330)	(3,067,330)
Public safety - fire	3,004,054	119,160			(2,884,894)	(2,884,894)
Public works	2,831,618	2,088,164		\$3,082,685	2,339,231	2,339,231
Interest on long-term debt (unallocated)	2,008,520				(2,008,520)	(2,008,520)
Total Governmental Activities	16,710,846	3,996,427	91,291	3,082,685	(9,540,443)	(9,540,443)
Business-type Activities:						
Water	1,810,780	1,802,548			(\$8,232)	(8,232)
Sewer	1,118,912	1,208,715			89,803	89,803
Guadalupe Valley Municipal Improvement District	1,611,950	2,610,283			998,333	998,333
Parks and recreation	3,313,463	2,387,791			(925,672)	(925,672)
Total Business-type Activities	7,855,105	8,009,337			154,232	154,232
Total	\$24,565,951	\$12,005,764	\$91,291	\$3,082,685	(\$9,540,443)	(\$9,386,211)
General revenues:						
Taxes:						
Property taxes					\$3,517,112	\$3,517,112
Sales taxes					2,862,855	2,862,855
Unrestricted motor vehicle license fee taxes					2,228	2,228
Transient occupancy tax					1,668,343	1,668,343
Special business license tax					2,898,317	2,898,317
Other taxes					2,055,071	2,055,071
Taxes and assessment						\$32,109
Investment earnings					1,516,128	51,489
Miscellaneous					337,260	337,260
Transfers (Note 4C)					(834,352)	834,352
Total general revenues, transfers and extraordinary item					14,022,962	917,950
Change in Net Position					4,482,519	1,072,182
Net Position-Beginning					51,914,403	34,115,969
Net Position-Ending					\$56,396,922	\$35,188,151

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 2013. Individual non-major funds may be found in the Supplemental Section.

General Fund

This fund is used to account for resources which are not required legally or by sound financial management to be 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.

Brisbane Public Financing Authority

2001 Revenue Bonds, Series A Debt Service Fund – This fund accounts for the debt service for the 2001 Revenue Bonds, Series A which were issued to refinance the 1984 Tax Allocation Bonds that were issued by the Community Redevelopment Agency Project Area #1. This fund accounts for the repayment of debt related to the construction of public facilities, a 576-slip marina and infrastructure improvements in the Project Area.

CITY OF BRISBANE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 3)	\$7,296,696	\$858,741		\$4,453,238	\$12,608,675
Restricted cash and investments (Note 3)			\$2,080,164	1,382,752	3,462,916
Investment in Brisbane Redevelopment Agency 2001 tax allocation bonds (Note 3)			12,415,000		12,415,000
Accounts receivable, net	1,252,475	166		38,012	1,290,653
Taxes receivable	1,117,860			34,172	1,152,032
Due from other funds (Note 4A)	229,769				229,769
Loans receivable (Note 5)	2,080,901	8,439,682	2,295,996		12,816,579
Advances to other funds (Note 4B)	1,390,219			343,560	1,733,779
Other assets	3,839				3,839
Total Assets	\$13,371,759	\$9,298,589	\$16,791,160	\$6,251,734	\$45,713,242
LIABILITIES					
Accounts payable	\$186,279	\$160		\$20,833	\$207,272
Accrued payroll	259,747			18,474	278,221
Due to other funds (Note 4A)			\$2,817	226,952	229,769
Deposits	736,608			1,601	738,209
Advances from other funds (Note 4B)			2,295,996	850,000	3,145,996
Total Liabilities	1,182,634	160	2,298,813	1,117,860	4,599,467
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes and fee	1,133,534				1,133,534
Unavailable revenue - loan receivable		3,122,876			3,122,876
Total Deferred Inflows of Resources	1,133,534	3,122,876			4,256,410
FUND BALANCES (Note 9)					
Nonspendable	3,474,959				3,474,959
Restricted		6,175,553	14,492,347	3,637,821	24,305,721
Assigned	192,317			1,703,081	1,895,398
Unassigned	7,388,315			(207,028)	7,181,287
Total Fund Balances (Deficit)	11,055,591	6,175,553	14,492,347	5,133,874	36,857,365
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$13,371,759	\$9,298,589	\$16,791,160	\$6,251,734	\$45,713,242

See accompanying notes to financial statements

CITY OF BRISBANE
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2013

Total fund balances reported on the Governmental Funds Balance Sheet \$36,857,365

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 49,115,981

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	1,728,300
Interest receivable	309
Accounts payable	(47,679)
Accrued payroll	(92,488)
Accrued claims payable	(1,106,959)

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. 4,256,410

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 asset	3,241,307
Deferred charges	112,316
Long-term debt	(33,807,610)
Net OPEB Obligation	(2,873,302)
Compensated absences	(556,997)
Interest payable	(430,031)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$56,396,922

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, 2013

	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	Brisbane Public Financing Authority 2011 Revenue Bonds Series A Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and special assessments	\$7,828,091			\$1,778,677	\$9,606,768
Intergovernmental	28,490			1,092,081	1,120,571
Licenses, permits and fees	3,101,223			327,967	3,429,190
Charges for services	233,024				233,024
Fines and forfeitures	57,524				57,524
Use of money and property	27,388	\$3,070	\$1,548,069	8,418	1,586,945
Other revenues	2,374,077	851,000	103,053	596,064	3,924,194
Total Revenues	13,649,817	854,070	1,651,122	3,803,207	19,958,216
EXPENDITURES					
Current:					
General government	3,332,794			664,985	3,997,779
Public safety - police	2,748,437			201,632	2,950,069
Public safety - fire	2,286,559			27,991	2,314,550
Public works	1,100,658	3,200		1,671,802	2,775,660
Library	24,990				24,990
Capital outlay	38,643			1,460,329	1,498,972
Debt service:					
Principal	12,445		915,000	1,640,017	2,567,462
Interest and fiscal charges	1,759		1,118,770	891,196	2,011,725
Total Expenditures	9,546,285	3,200	2,033,770	6,557,952	18,141,207
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,103,532	850,870	(382,648)	(2,754,745)	1,817,009
OTHER FINANCING SOURCES (USES)					
Developer contributions				1,486,395	1,486,395
Issuance of long-term debt (Note 8)				1,611,000	1,611,000
Transfers in (Note 4C)				1,808,783	1,808,783
Transfers (out) (Note 4C)	(2,575,243)			(280,866)	(2,856,109)
Total Other Financing Sources (Uses)	(2,575,243)			4,625,312	2,050,069
NET CHANGES IN FUND BALANCES	1,528,289	850,870	(382,648)	1,870,567	3,867,078
BEGINNING FUND BALANCES	9,527,302	5,324,683	14,874,995	3,263,307	32,990,287
ENDING FUND BALANCES	\$11,055,591	\$6,175,553	\$14,492,347	\$5,133,874	\$36,857,365

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, 2013

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 \$3,867,078

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	939,354
Depreciation expense is deducted from the fund balance	(840,442)
Net retirement is deducted from fund balance	(409,654)

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	(1,611,000)
Repayment of debt principal are added back to fund balance	2,567,462

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	594,598
Deferred charges amortization	(11,089)
Amortization of bond discount	(6,619)
Compensated absences	(49,677)
Accrued interest on long-term debt	20,913
Amortization of prepaid pension asset	(320,315)
Net OPEB Obligation	(401,068)

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>142,978</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$4,482,519</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 2013.

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.

Parks and Recreation 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. This fund also includes the activities of the Parks and Recreation Center which were reclassified from the general fund in fiscal year 2001-2002.

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, 2013

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Park and Recreation	Totals	
ASSETS				
Current Assets:				
Cash and investments (Note 3)	\$937,272	\$621,082	\$1,558,354	\$1,728,300
Accounts receivable, net	971,329	221,164	1,192,493	
Taxes receivable	573		573	
Interest receivable	147		147	309
	<u>1,909,321</u>	<u>842,246</u>	<u>2,751,567</u>	<u>1,728,609</u>
Total Current Assets				
Noncurrent Assets:				
Loans receivable (Note 5)		501,212	501,212	
Advances to other funds (Note 4B)		2,295,996	2,295,996	
Capital assets (Note 6):				
Non-depreciable	711,618	463,341	1,174,959	
Depreciable, net	27,783,513	6,508,870	34,292,383	
	<u>28,495,131</u>	<u>9,769,419</u>	<u>38,264,550</u>	
Total Noncurrent Assets				
Total Assets	<u>30,404,452</u>	<u>10,611,665</u>	<u>41,016,117</u>	<u>1,728,609</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	267,936	28,606	296,542	47,679
Interest payable	41,405		41,405	
Accrued claims payable				297,616
Compensated absences	10,579	11,373	21,952	
Deposits	13,519	163,072	176,591	
Accrued payroll	30,640	66,213	96,853	92,488
Capital lease due within one year (Note 8)	22,651		22,651	
Bonds payable due within one year (Note 8)	137,000		137,000	
	<u>523,730</u>	<u>269,264</u>	<u>792,994</u>	<u>437,783</u>
Total Current Liabilities				
Noncurrent Liabilities:				
Compensated absences due in more than one year (Note 1G)	31,736	34,119	65,855	
Accrued claims payable (Note 12)				809,343
Advances from other funds (Note 4B)	883,779		883,779	
Capital lease due in more than one year (Note 8)	22,651		22,651	
Bonds payable due in more than one year (Note 8)	3,453,000		3,453,000	
Net OPEB obligation (Note 11)	109,641	500,046	609,687	
	<u>4,500,807</u>	<u>534,165</u>	<u>5,034,972</u>	<u>809,343</u>
Total Noncurrent Liabilities				
Total Liabilities	<u>5,024,537</u>	<u>803,429</u>	<u>5,827,966</u>	<u>1,247,126</u>
NET POSITION (Note 9)				
Net investment in capital assets	24,859,829	6,972,211	31,832,040	
Restricted for:				
Capital projects	758,885	1,492,209	2,251,094	
Unrestricted	(238,799)	1,343,816	1,105,017	481,483
	<u>\$25,379,915</u>	<u>\$9,808,236</u>	<u>\$35,188,151</u>	<u>\$481,483</u>
Total Net Position				

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, 2013

	<u>Business-type Activities-Enterprise Funds</u>			<u>Governmental Activities- Internal Service Funds</u>
	<u>Utility</u>	<u>Park and Recreation</u>	<u>Totals</u>	
OPERATING REVENUES				
Charges for services	\$5,619,546	\$2,112,985	\$7,732,531	\$1,111,403
Other revenues	2,000	274,806	276,806	57
Total Operating Revenues	<u>5,621,546</u>	<u>2,387,791</u>	<u>8,009,337</u>	<u>1,111,460</u>
OPERATING EXPENSES				
Cost of sales and services	1,973,879	873,868	2,847,747	81,928
General and administrative	1,650,995	2,029,069	3,680,064	919,184
Depreciation	665,601	291,694	957,295	
Other expenses		118,832	118,832	168,852
Total Operating Expenses	<u>4,290,475</u>	<u>3,313,463</u>	<u>7,603,938</u>	<u>1,169,964</u>
Operating Income (Loss)	<u>1,331,071</u>	<u>(925,672)</u>	<u>405,399</u>	<u>(58,504)</u>
NONOPERATING REVENUES (EXPENSES)				
Taxes and assessments	32,109		32,109	
Investment income	52,243	(754)	51,489	(11,492)
Interest expense	(251,167)		(251,167)	
Total Nonoperating Revenues (Expenses)	<u>(166,815)</u>	<u>(754)</u>	<u>(167,569)</u>	<u>(11,492)</u>
Income (Loss) Before Transfers	<u>1,164,256</u>	<u>(926,426)</u>	<u>237,830</u>	<u>(69,996)</u>
Transfers in (Note 4C)	36,503	850,046	886,549	212,974
Transfers out (Note 4C)	(52,197)		(52,197)	
Net transfers	<u>(15,694)</u>	<u>850,046</u>	<u>834,352</u>	<u>212,974</u>
Change in net position	<u>1,148,562</u>	<u>(76,380)</u>	<u>1,072,182</u>	<u>142,978</u>
BEGINNING NET POSITION	<u>24,231,353</u>	<u>9,884,616</u>	<u>34,115,969</u>	<u>338,505</u>
ENDING NET POSITION	<u>\$25,379,915</u>	<u>\$9,808,236</u>	<u>\$35,188,151</u>	<u>\$481,483</u>

See accompanying notes to financial statements

CITY OF BRISBANE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Internal Service Funds
	<u>Utility</u>	<u>Park and Recreation</u>	<u>Totals</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$5,530,048	\$2,082,886	\$7,612,934	\$1,109,144
Cash payments to suppliers	(3,521,839)	(2,988,618)	(6,510,457)	(980,295)
Cash received from (payments to) other	2,195	298,744	300,939	1,189
Cash Flows from Operating Activities	<u>2,010,404</u>	<u>(606,988)</u>	<u>1,403,416</u>	<u>130,038</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes and assessments	32,109		32,109	
Due to other funds (payments)	(763,308)		(763,308)	
Advances from other funds (payments)	(53,493)		(53,493)	
Transfers in	36,503	850,046	886,549	
Transfers (out)	(52,197)		(52,197)	212,974
Cash Flows from Noncapital Financing Activities	<u>(800,386)</u>	<u>850,046</u>	<u>49,660</u>	<u>212,974</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant and equipment, net of transfer	(66,708)	(325,377)	(392,085)	
Principal payment of debt	(92,652)		(92,652)	
Interest paid	(268,583)	(736)	(269,319)	
Cash Flows from Capital and Related Financing Activities	<u>(427,943)</u>	<u>(326,113)</u>	<u>(754,056)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received (paid)	52,096	(754)	51,342	(11,047)
Cash Flows from Investing Activities	<u>52,096</u>	<u>(754)</u>	<u>51,342</u>	<u>(11,047)</u>
Net Cash Flows	834,171	(83,809)	750,362	331,965
Cash and investments at beginning of period	103,101	704,891	807,992	1,396,335
Cash and investments at end of period	<u>\$937,272</u>	<u>\$621,082</u>	<u>\$1,558,354</u>	<u>\$1,728,300</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating income (loss)	1,331,071	(925,672)	405,399	(58,504)
Adjustments to reconcile operating income (Loss) to cash flows from operating activities:				
Depreciation	665,601	291,694	957,295	
Change in assets and liabilities:				
Accounts receivable	(149,424)	(30,099)	(179,523)	
Taxes receivable	195		195	
Loans receivable		23,938	23,938	
Other assets	59,926		59,926	
Accounts payable and accrued liabilities	66,540	(11,444)	55,096	14,076
Accrued payroll	3,763	4,670	8,433	1,611
Accrued claims payable				172,855
Compensated absences	3,467	(11,160)	(7,693)	
Deposits	1,989	(36,418)	(34,429)	
Net OPEB obligation	27,276	87,503	114,779	
Cash Flows from Operating Activities	<u>\$2,010,404</u>	<u>(\$606,988)</u>	<u>\$1,403,416</u>	<u>\$130,038</u>

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 2013:

Private Purpose Trust Fund

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

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, 2013

	Successor Agency Private-Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments (Note 3)	\$1,462,247	\$2,653,798
Restricted cash and investments with fiscal agents (Note 3)	120,083	356,932
Accounts receivable		689
Interest receivable		426
Other receivable		158,855
Capital Assets (Note 15B):		
Non-depreciable	2,441,996	
Depreciable	<u>70,198</u>	
Total Assets	<u>4,094,524</u>	<u>3,170,700</u>
LIABILITIES		
Accounts payable	269,053	68,055
Deposits		2,086,504
Due to other bondholders		1,016,141
Interest payable	279,380	
Loans payable to City (Note 15C)	8,905,910	
Long Term Debt (Note 15C):		
Due within one year	671,649	
Due in more than one year	<u>13,864,922</u>	
Total Liabilities	<u>23,990,914</u>	<u>3,170,700</u>
NET POSITION		
Held in trust for private-purpose	<u><u>(\$19,896,390)</u></u>	

See accompanying notes to financial statements

CITY OF BRISBANE
STATEMENT OF CHANGES IN NET POSITION
SUCCESSOR AGENCY PRIVATE-PURPOSE TRUSTS FUND
FOR THE YEAR ENDED JUNE 30, 2013

ADDITIONS	
Charges for Services	\$2,833,076
Investment income	<u>(2,429)</u>
Total additions	<u>2,830,647</u>
DEDUCTIONS	
Public works	369,599
Depreciation expense	1,231
Interest and fiscal charges	<u>1,638,202</u>
Total deductions	<u>2,009,032</u>
CHANGES IN NET POSITION BEFORE EXTRAORDINARY ITEM	<u>821,615</u>
EXTRAORDINARY ITEM	
Redevelopment dissolution expense - payment to County	<u>(2,821,588)</u>
CHANGES IN NET POSITION	(1,999,973)
BEGINNING NET POSITION (NOTE 1D)	<u>(17,896,417)</u>
ENDING NET POSITION (DEFICIT)	<u><u>(\$19,896,390)</u></u>

See accompanying notes to financial statements

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CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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 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.

B. *Basis of Presentation*

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

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, and public works. This fund accounts for all financial transactions not accounted for in the other funds.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Brisbane Public Financing Authority 2001 Revenue Bonds, Series A Debt Service Fund
This fund accounts for the debt service for the 2001 Brisbane Public Financing Authority Revenue Bonds, Series A, which were issued to provide funds to acquire the Former Agency's debts and refinance certain redevelopment activities in the Former Agency's Project Area #1.

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.

Park and Recreation 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. This fund also includes the activities of the Parks and Recreation Center.

Internal Service Funds account for activities related to dental self-insurance, fringe benefits, flexible benefits, workers' compensation, general liability, 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. 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.

D. *New Fund and Re-categorized Funds*

During the fiscal year, the City established the 2013 Pension Side Fund Bonds Debt Service Fund.

The following private-purpose trust funds were re-categorized as agency funds as of July 1, 2012:

- Sister City Subcommittee
- NER/Landmark Revolving
- Professional Organization
- Brisbane Recycling Organizations
- Event Insurance
- Piano
- HCP Endowment

As a result of the re-categorization, Private-purpose Trust Funds total beginning net assets as of July 1, 2012, was increased by \$39,716.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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.

F. 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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *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	\$507,320	\$95,500	\$602,820
Additions	411,952	81,243	493,195
Payments	(362,275)	(88,935)	(451,210)
Ending Balance	\$556,997	\$87,808	\$644,805
Current Portion	\$139,249	\$21,952	\$161,201

H. *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.

I. *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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows/Inflows of Resources

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

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 Low/Mod Income Housing Asset, Fire Training, and Contract Employees Special Revenue Funds 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, 2013, 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, 2013

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
General Fund:	
Debt service - principal	\$12,445
Debt service - interest and fiscal charge	1,759
Special Revenue Funds:	
Gas Tax	92,161
Measure A	6,067
Grants	174,712
NPDES	28,042
Debt Service Funds:	
2001 Revenue Bonds, Series B	149,050

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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, 2013, 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	\$15,895,329
Restricted cash and investments with fiscal agent	3,462,916
Investment in Brisbane Redevelopment Agency 2001 tax allocation bonds	12,415,000
Total City Cash and Investments	31,773,245
Cash and investments in Fiduciary Funds (separate statement):	4,116,045
Restricted cash and investments in Fiduciary Funds (separate statement):	477,015
Total Fiduciary Cash and Investments (separate statement):	4,593,060
Total Cash and Investments	\$36,366,305

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, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

Authorized Investments

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%

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

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, 2013

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	More than 60 months	
Securities of U.S. Government Agencies					
Federal National Mortgage Association			\$485,510		\$485,510
Federal Farm Credit Bank		\$2,444,683	1,466,640		3,911,323
Federal Home Loan Bank		489,615	978,075		1,467,690
Time Certificates of Deposit:					
Ally Bank		240,000			240,000
American Express Centourion Bank	\$240,000				240,000
Discover Bank		240,000			240,000
GE Capital		242,817	487,045		729,862
Goldman Sachs		220,000			220,000
Safra National Bank of New York		235,000			235,000
Apple Bank for Savings		60,000			60,000
GE Money Bank		190,207			190,207
Enerbank USA		114,967			114,967
Repurchase Agreements		714,800			714,800
Money Market Mutual Fund	3,619,237				3,619,237
Local Agency Investments Funds-City	5,031,553				5,031,553
Direct fund investment:					
Brisbane Redevelopment Agency 2001 2001 Tax Allocation Bonds	445,000	1,675,000	695,000	\$9,600,000	12,415,000
Total Investments	\$9,335,790	\$6,867,089	\$4,112,270	\$9,600,000	\$29,915,149
Cash in banks and on hand					\$6,451,156
Total Cash and Investments					\$36,366,305

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, 2013 for each investment type:

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investment Type	Aaa/ AAAM	Total
Securities of U.S. Government Treasury and Agencies		
Federal National Mortgage Association	\$485,510	\$485,510
Federal Farm Credit Bank	3,911,323	3,911,323
Federal Home Loan Mortgage Corporation	1,467,690	1,467,690
Money Market Mutual Funds	3,619,237	3,619,237
Total rated investments		9,483,760
Not rated exempt:		
Repurchase Investment Agreement		714,800
Local Agency Investment Fund		5,031,553
Certificates of deposit		2,270,036
Cash in banks and on hand		6,451,156
Direct fund investment:		
Brisbane Redevelopment Agency 2001 2001 Tax Allocation Bonds		12,415,000
Total Cash and Investments		<u>\$36,366,305</u>

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, 2013:

Issuer	Investment Type	Reported Amount
Brisbane Public Financing Authority	2001 Revenue Bonds Series A - Tax Allocation Bonds	\$12,415,000
Federal Farm Credit Bank	U.S. Agency Notes	3,911,323
Local Agency Investments Fund	Pooled Money Investment	5,031,553
Dreyfus Institutional Reserves Treasury Fund	Money Market Mutual Fund	2,284,374

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.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

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, 2013, these investments matured in an average of 278 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.

NOTE 4 - INTERFUND TRANSACTIONS

A. Due To/From Other Funds

Due to/from other funds arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2013 interfund balances were as follows:

At June 30, 2013, the City had the following due to/from other funds:

Due from Other Funds	Due to Other Funds		Total
	Non-Major Governmental	Financing Authority 2001	
Governmental Funds:			
General Fund	\$226,952	2,817	\$229,769
Total	\$226,952	2,817	\$229,769

All other due to/from other funds represent temporary loans from the General Fund to cover cash flow shortfalls.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

B. Advances To/From Other Funds

At June 30, 2013, the City had the following advances to/from other funds:

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>			<u>Total</u>
	Utility Enterprise Fund	Brisbane Public Financing Authority 2001 Revenue Bond Series A Debt Service Fund	Non-Major Governmental Funds	
General Fund	\$540,219		\$850,000	\$1,390,219
Non-Major Governmental Funds	343,560			343,560
Parks and Recreation Enterprise Fund		\$2,295,996		2,295,996
Total	\$883,779	\$2,295,996	\$850,000	\$4,029,775

The \$2,295,996 advance from the Parks and Recreation Enterprise Fund (specifically for the Marina) to the Brisbane Public Financing Authority (BPFA) 2001 Revenue Bonds, Series A Debt Service Fund; and the City (BPFA 2001 Revenue Bonds, Series A Debt Service Fund) loan receivable from the Successor Agency for the same amount are interrelated, as follows:

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.

The former Agency and the Authority 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.

Therefore, a total of \$2,295,996 was recorded as an advance from the Parks and Recreations Enterprise 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 and has recorded the loan payable to the Low and Moderate Income Housing Asset Fund as discussed in Notes 5G and 15C.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

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 to the Authority for their respective share of the debt service. The balance of the advance as of June 30, 2013 was \$343,560.

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.

The \$850,000 of advance from the General Fund to Capital Improvement Fund was issued for the purpose of financing property purchase from the Brisbane Housing Authority.

C. Transfers In/Out

The City had the following transfers in/out for the year ended June 30, 2013:

	Transfers Out			Total
	General Fund	Non-Major Governmental Funds	Utility Enterprise Fund	
Transfers In				
Non-Major Governmental Funds	\$1,475,720	\$280,866	\$52,197	1,808,783
Enterprise Fund:				
Utility	36,503			36,503
Parks and Recreation	850,046			850,046
Internal Service Funds	212,974			212,974
Total	\$2,575,243	\$280,866	\$52,197	\$2,908,306

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, and to use excess funds in the Fringe Benefit Internal Service fund.

Transfer from the General Fund to Parks and Recreation Enterprise Fund is for the support of the programs provided to citizens.

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, 2013

NOTE 5 - LOANS RECEIVABLE

At June 30, 2013, the City had the following loans receivable:

	Balance July 30, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Funds:				
Loan to Administrative Services Director	\$318,750			\$318,750
Loan to City Manager	278,414		(\$9,371)	269,043
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	8,905,910			8,905,910
Total Governmental Funds	\$12,825,950	-	(9,371)	12,816,579
Proprietary Funds:				
Loan to City Engineer/Director of Public Works	256,847		(23,938)	232,909
Loan to Harbor Master	268,303			268,303
Total Proprietary Funds	525,150		(23,938)	501,212
Total	\$13,351,100	\$0	(\$33,309)	\$13,317,791

- 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.
- 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.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 5 - LOANS RECEIVABLE (Continued)

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. 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.

As discussed in Note 4B above, the BPFA 2001 Revenue Bonds Series A Debt Service Fund had advanced \$2,295,996 to the former Community Redevelopment Agency Special Revenue Fund. The advance was to be paid from future tax incumbent after the bonds have matured.

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. Repayment of the loans is based upon whether the Successor Agency receiving a Finding of Completion from the State and approval from the Successor Agency Oversight Board.

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, 2013

NOTE 5 - LOANS RECEIVABLE (Continued)

- H.* On July 31, 2003, the City made a loan to the Harbor Master in the amount of \$268,303 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. Borrower retired as an employee of City, effective as of December 31, 2012. Subsequently Loan Modification and Extension Agreement were executed as of January 1, 2013. Pursuant to the Agreement no payments have been required and the outstanding principal balance of the loan continues to be the sum of \$268,303 and City holds a forty-nine percent (49%) equity ownership interest in the property. The maturity date of the Loan shall be either the close of escrow for sale of the property, or December 31, 2014, whichever occurs first.

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, 2013

NOTE 6 - CAPITAL ASSETS (Continued)

Changes in capital assets during the year ended June 30, 2013 comprise of the following:

	Balance at June 30, 2012	Additions	Deletions/ Adjustments	Transfers	Balance at June 30, 2013
Governmental activities					
Capital assets not being depreciated:					
Land	\$11,535,022	\$45,890			\$11,580,912
Construction in progress	15,401,835	1,500		(\$15,315,279)	88,056
Total capital assets not being depreciated	<u>26,936,857</u>	<u>47,390</u>		<u>(15,315,279)</u>	<u>11,668,968</u>
Capital assets being depreciated:					
Land Improvements	1,617,674	54,059		557,429	2,229,162
Building and Structures	12,869,867	205,782			13,075,649
Machinery and Equipment	2,703,795	6,020	(\$62,151)		2,647,664
Infrastructure	15,576,950	246,367		14,757,850	30,581,167
Total capital assets being depreciated	<u>32,768,286</u>	<u>512,228</u>	<u>(62,151)</u>	<u>15,315,279</u>	<u>48,533,642</u>
Less accumulated depreciation for:					
Capital assets being depreciated:					
Land Improvements	(235,741)	(43,774)	7,731		(271,784)
Building and Structures	(1,952,292)	(277,810)			(2,230,102)
Machinery and Equipment	(1,756,985)	(141,109)	24,502		(1,873,592)
Infrastructure	(6,333,402)	(377,749)			(6,711,151)
Total accumulated depreciation	<u>(10,278,420)</u>	<u>(840,442)</u>	<u>32,233</u>		<u>(11,086,629)</u>
Depreciable capital assets	<u>22,489,866</u>	<u>(328,214)</u>	<u>(29,918)</u>	<u>15,315,279</u>	<u>37,447,013</u>
Governmental activity capital assets, net	<u>\$49,426,723</u>	<u>(\$280,824)</u>	<u>(\$29,918)</u>		<u>\$49,115,981</u>

	Balance at June 20, 2012	Additions	Deletions/ Adjustments	Balance at June 20, 2013
Business-type activities				
Capital assets not being depreciated:				
Land	\$1,111,156			\$1,111,156
Construction in Progress	63,803			63,803
Total capital assets not being depreciated	<u>1,174,959</u>			<u>1,174,959</u>
Capital assets, being depreciated:				
Land Improvements	9,773,139	\$6,176		9,779,315
Building and Structures	13,419,451	311,509	(\$31,507)	13,699,453
Machinery and Equipment	875,248	19,350		894,598
Infrastructure	32,178,495	66,709		32,245,204
Total capital assets being depreciated	<u>56,246,333</u>	<u>403,744</u>	<u>(31,507)</u>	<u>56,618,570</u>
Less accumulated depreciation for:				
Land Improvements	(6,780,603)	(153,952)		(6,934,555)
Building and Structures	(2,818,073)	(227,100)	19,848	(3,025,325)
Machinery and Equipment	(446,759)	(61,227)		(507,986)
Infrastructure	(11,343,305)	(515,016)		(11,858,321)
Total accumulated depreciation	<u>(21,388,740)</u>	<u>(957,295)</u>	<u>19,848</u>	<u>(22,326,187)</u>
Depreciable capital assets	<u>34,857,593</u>	<u>(553,551)</u>	<u>(11,659)</u>	<u>34,292,383</u>
Business-type activity capital assets, net	<u>\$36,032,552</u>	<u>(\$553,551)</u>	<u>(\$11,659)</u>	<u>\$35,467,342</u>

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 6 - CAPITAL ASSETS (Continued)

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.

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	\$168,578
Public Safety	143,778
Public Works	<u>528,086</u>
Total Governmental Activities	<u><u>\$840,442</u></u>
 Business-Type Activities	
Water	\$196,811
Sewer	103,485
Guadalupe Valley Municipal Improvement District	365,305
Parks and Recreation	<u>291,694</u>
Total Business-Type Activities	<u><u>\$957,295</u></u>

NOTE 7 - NET PENSION ASSET

In fiscal year 2006, the City issued Pension Obligation Bonds in the amount of \$4,745,000. The proceeds of the bonds were used to prepay the City's unfunded PERS actuarial accrued liability. This prepayment has been recorded on the Statement of Net Position as a Net Pension Asset.

In accordance with GASB Statement No. 27, the net pension asset is being amortized using the same amortization methodology utilized by PERS to calculate the Annual Required Contribution (ARC) each year.

A summary of the methodology used is as follows:

Amortization Method	Level Percent of Payroll
Average Remaining Period (as of 6/30/2011)	20 years for Miscellaneous Tier 1, 9 years for Miscellaneous Tier 2, & 20 years for Safety
Investment Rate of Return	7.50% (net of administrative expenses)
Payroll Growth	3.00%

Interest on the Net Pension Asset (NPA) is calculated as a percentage of the NPA's balance at the beginning of each year based on the investment rate of return stated above and is added to the balance of the NPA for that year.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 7 - NET PENSION ASSET (Continued)

A summary of the changes to the NPA for the year ended June 30, 2013 is as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities	\$3,561,622	\$267,123	(\$587,438)	\$3,241,307

NOTE 8 - LONG-TERM DEBT

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

The following is a summary of long-term debt transactions for the year ended June 30, 2013:

	Balance June 30, 2012	Additions	Retirements	Balance at June 30, 2013	Current Portion
Governmental Activities					
2001 PFA, Series A (Project Area 1)	\$18,900,000		(\$915,000)	\$17,985,000	\$960,000
2001 PFA, Series B (LID Refinancing)	4,195,000		(950,000)	3,245,000	840,000
2005 PFA, Series A (Lease Revenue)	563,446		(85,017)	478,429	88,351
2005 PFA, Series B (City Hall Expansion)	5,675,000		(155,000)	5,520,000	160,000
2009 PFA, Series A (City Hall Completion)	2,035,000		(80,000)	1,955,000	85,000
2006 Pension Obligation Refunding Bonds	3,295,000		(370,000)	2,925,000	410,000
2013 Pension Side Fund Bank Loan		\$1,611,000		1,611,000	40,000
Unamortized discount on bonds	(84,937)		6,619	(78,318)	(6,619)
Energy Conservation Loan	178,944		(12,445)	166,499	12,570
Total Governmental Long-Term Debt	\$34,757,453	\$1,611,000	(\$2,560,843)	\$33,807,610	\$2,589,302
	Balance	Additions	Retirements	Balance at	Current
	June 30, 2012			June 30, 2013	Portion
Business-type Activities					
Capital Lease	\$67,954		(\$22,652)	\$45,302	\$22,651
2012 Installment Sale Agreement		\$3,590,000		3,590,000	137,000
Revenue Bonds:					
2002 Brisbane PFA, Series A	3,660,000		(3,660,000)		
Total Business-Type Long-Term Debt	\$3,727,954	\$3,590,000	(\$3,682,652)	\$3,635,302	\$159,651

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

On March 1, 2001, the Authority issued \$26,300,000 principal amount 2001 Revenue Bonds, Series A to provide funds to acquire the Brisbane Community Redevelopment Project Area # 1 2001 Tax Allocation Bonds, and to refinance certain redevelopment activities with respect to the Brisbane Community Redevelopment Project Area # 1.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 8 - LONG-TERM DEBT (Continued)

The bonds mature annually through May 1, 2026, in amounts ranging from \$430,000 to \$1,915,000. The interest on the bonds is payable semiannually on each May 1 and November 1, with rates ranging from 4.00% to 6.00%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from and secured by certain tax revenues payable to by Agency to the Authority with respect to the Agency 2001 Tax Allocation Bonds.

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

June 30:	Principal	Interest	Total
2014	\$960,000	\$1,067,987	\$2,027,987
2015	1,015,000	1,013,747	2,028,747
2016	1,070,000	955,385	2,025,385
2017	1,135,000	892,790	2,027,790
2018	1,205,000	825,825	2,030,825
2019-2023	7,175,000	2,968,430	10,143,430
2024-2026	5,425,000	663,900	6,088,900
Total	\$17,985,000	\$8,388,064	\$26,373,064

B. 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:

June 30:	Principal	Interest	Total
2014	\$840,000	\$155,123	\$995,123
2015	825,000	110,171	935,171
2016	1,580,000	43,845	1,623,845
Total	\$3,245,000	\$309,139	\$3,554,139

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, 2013

NOTE 8 - LONG-TERM DEBT (Continued)

C. 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
2014	\$88,351	\$17,911	\$106,262
2015	91,685	14,907	106,592
2016	95,019	11,698	106,717
2017	100,020	8,135	108,155
2018	103,354	4,134	107,488
Total	\$478,429	\$56,785	\$535,214

D. 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.

The bonds mature annually through April 1 2024, in amounts ranging from \$145,000 to \$235,000. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 3.125% to 4.375%. 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, 2013

NOTE 8 - LONG-TERM DEBT (Continued)

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

Year ending June 30:	Principal	Interest	Total
2014	\$160,000	\$241,883	\$401,883
2015	165,000	236,283	401,283
2016	170,000	230,343	400,343
2017	175,000	224,053	399,053
2018	185,000	217,403	402,403
2019-2023	1,035,000	969,583	2,004,583
2024-2028	1,280,000	724,246	2,004,246
2029-2033	1,600,000	402,301	2,002,301
2034-2035	750,000	52,493	802,493
Total	\$5,520,000	\$3,298,588	\$8,818,588

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

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

The bonds mature annually through April 1 2024, in amounts ranging from \$70,000 to \$135,000. 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.

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

Year ending June 30:	Principal	Interest	Total
2014	\$85,000	\$104,125	\$189,125
2015	85,000	100,725	185,725
2016	90,000	97,325	187,325
2017	95,000	93,500	188,500
2018	100,000	89,343	189,343
2019-2023	575,000	369,241	944,241
2024-2028	750,000	191,793	941,793
2029	175,000	10,500	185,500
Subtotal	1,955,000	1,056,552	3,011,552
Less Discount	(27,582)		(27,582)
Total	\$1,927,418	\$1,056,552	\$2,983,970

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 8 - LONG-TERM DEBT (Continued)

F. 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
2014	\$410,000	\$166,725	\$576,725
2015	455,000	144,175	599,175
2016	500,000	119,150	619,150
2017	545,000	91,650	636,650
2018	600,000	59,631	659,631
2018-2021	415,000	50,230	465,230
Subtotal	2,925,000	631,561	3,556,561
Less Discount	(50,736)		(50,736)
Total	\$2,874,264	\$631,561	\$3,505,825

G. 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
2014	\$40,000	\$59,267	\$99,267
2015	50,000	62,028	112,028
2016	60,000	59,939	119,939
2017	70,000	57,451	127,451
2018	80,000	54,566	134,566
2019-2023	1,311,000	167,340	1,478,340
Total	\$1,611,000	\$460,591	\$2,071,591

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 8 - 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
2014	\$12,570	\$1,633	\$14,203
2015	12,696	1,507	14,203
2016	12,820	1,384	14,204
2017	12,951	1,252	14,203
2018	13,082	1,122	14,204
2019-2023	67,398	3,620	71,018
2024-2026	34,982	527	35,509
Total	\$166,499	\$11,045	\$177,544

I. 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.

The annual payment requirements on the leases were as follows:

Year ending June 30:	Lease Payments	Interest	Total
2014	\$22,651	\$1,048	\$23,699
2015	22,651	549	23,200
Total	\$45,302	\$1,597	\$46,899

J. 2002 Brisbane Public Financing Authority Revenue Bonds, Series A

On August 1, 2002, the Authority issued \$4,450,000 principal amount Revenue Bonds, 2002 Series A to finance water system improvements and related facilities and wastewater system improvements and related facilities which constitute part of the Utility Enterprise Fund of the City.

The bonds were payable from the net revenues of the Utility Enterprise Fund of the City. During the fiscal year 2013, the City repaid in full all remaining outstanding principal in the amount of \$3,660,000 by issuing an installment sale agreement as discussed below.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 8 - LONG-TERM DEBT (Continued)

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.

Year ending June 30:	Principal	Interest	Total
2014	\$137,000	\$121,844	\$258,844
2015	142,000	117,017	259,017
2016	141,000	112,121	253,121
2017	151,000	107,070	258,070
2018	155,000	101,776	256,776
2019-2023	869,000	422,717	1,291,717
2024-2028	1,024,000	258,914	1,282,914
2029-2032	971,000	69,148	1,040,148
Total	\$3,590,000	\$1,310,607	\$4,900,607

L. 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, 2013
Northeast Ridge Development District 2001 Act Assessment District Bonds	\$ 6,975,000	\$ 3,785,000

NOTE 9 - 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.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

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.

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.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2013, are below:

Fund Balance Classifications	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendables:					
Loans receivable	\$2,080,901				\$2,080,901
Prepays	3,839				3,839
Advances to other funds	1,390,219				1,390,219
Total Nonspendable Fund Balances	3,474,959				3,474,959
Restricted for:					
Low and moderate income housing projects		\$6,175,553			6,175,553
Debt service			\$14,492,347	\$2,677,046	17,169,393
Transportation and street				800,849	800,849
Grant activities				106,745	106,745
Special revenue activities				53,181	53,181
Total Restricted Fund Balances		6,175,553	14,492,347	3,637,821	24,305,721
Assigned to:					
Capital projects				1,703,081	1,703,081
Encumbrances	61,654				61,654
Fire sinking fund	130,663				130,663
Total Assigned Fund Balances	192,317			1,703,081	1,895,398
Unassigned	7,388,315			(207,028)	7,181,287
Total Fund Balances	\$11,055,591	\$6,175,553	\$14,492,347	\$5,133,874	\$36,857,365

C. Minimum Fund Balance Policies

The City is required to maintain fund or working capital balances of at least 50% of operating expenditures in the General Fund and 20% of 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.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

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.

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
Non-Major Governmental Funds:	
Sierra Point Landscape & Lighting Special Revenue Fund	\$140,192
NPDES Special Revenue Fund	66,836
General Capital Projects Fund	296,544
Internal Service Fund:	
Workers' Compensation	757,294

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 10 – RETIREMENT BENEFITS

CalPERS Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CalPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2013, are summarized as follows:

	Safety	Miscellaneous 1st Tier	Miscellaneous 2nd Tier
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	50	50
Monthly benefit factors, as a % of annual salary	2.4%-3.0%	2.0% - 2.7%	1.1%-2.4%
Required employee contribution rates	9%	8%	7%
Required employer contribution rates	20.999%	17.731%	8.311%

CalPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability.

The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CalPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CalPERS, for the last three fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$1,124,006	100%	\$0
June 30, 2012	1,270,829	100%	0
June 30, 2013	2,671,259	100%	0

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 10 – RETIREMENT BENEFITS (Continued)

CalPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Gain and losses that occur in the operation of risk pool are amortized over a rolling thirty year period.

The City prepaid its pension contributions with proceeds from the Pension Obligation Bonds (See Note 7). These prepaid contributions are reflected in the accompanying financial statements as Prepaid Pension Obligations asset.

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. CalPERS' latest actuarial value (which differs from market value) and funding progress for the State-wide pools are shown below:

State-wide pool Safety Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2009	\$1,802,882,330	\$1,520,081,328	\$282,801,002	84.3%	\$221,600,192	127.6%
2010	1,915,095,826	1,628,915,283	286,180,543	85.1%	224,562,008	127.4%
2011	2,061,923,933	1,759,286,797	302,637,136	85.3%	225,026,216	134.5%

The City's Safety Plan represents approximately 1.1%, 1.2%, and 1.3% of the State-wide pool for the years ended June 30, 2011, 2010 and 2009, respectively, based on covered payroll of \$2,474,620; \$2,696,859 and \$2,787,126 for those years.

State-wide pool Miscellaneous Plan Tier 1:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2009	\$2,140,438,884	\$1,674,260,302	\$466,178,582	78.2%	\$440,071,499	105.9%
2010	2,297,871,345	1,815,671,616	482,199,729	79.0%	434,023,381	111.1%
2011	2,486,708,579	1,981,073,089	505,635,490	79.7%	427,300,410	118.3%

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 10 – RETIREMENT BENEFITS (Continued)

The City's Miscellaneous Plan for Tier 1 represents approximately 1.0%, 1.1%, and 1.1%, of the State-wide pool for the years ended June 30, 2011, 2010, and 2009, respectively, based on covered payroll of \$4,063,502; \$4,792,080 and \$4,812,621 for those years.

State-wide pool Miscellaneous Plan Tier 2:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2009	\$582,841,869	\$553,953,526	\$28,888,343	95.0%	\$184,319,666	15.7%
2010	624,423,437	594,492,164	29,931,273	95.2%	186,777,830	16.0%
2011	682,375,804	639,237,247	43,138,557	93.7%	193,877,169	22.3%

The City's Miscellaneous Plan for Tier 2 represents approximately 0%, 0% and 0.0%, of the State-wide pool for the years ended June 30, 2011 and 2010 respectively, based on covered payroll of \$2,821; \$1,454 and \$886 for those years.

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 11 – 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 39 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-collapse: collapse;"> <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;">2011</td> <td style="text-align: center;">\$108</td> </tr> <tr> <td style="text-align: center;">2012</td> <td style="text-align: center;">112</td> </tr> <tr> <td style="text-align: center;">2013</td> <td style="text-align: center;">115</td> </tr> </tbody> </table>			<u>Year</u>	<u>Monthly Amount</u>	2011	\$108	2012	112	2013	115
<u>Year</u>	<u>Monthly Amount</u>										
2011	\$108										
2012	112										
2013	115										
▪ 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										
▪ Pay-As-You-Go Costs											

As of June 30, 2013, approximately 96 participants were eligible to receive benefits.

B. Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2011 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, and (c) 3% general inflation increases. 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.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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, 2013, the City has calculated and recorded the Net OPEB obligation, representing the difference between the ARC and contributions as presented below:

	Governmental Activities
Net OPEB Obligation June 30, 2012	<u>\$2,967,142</u>
Annual required contribution (ARC)	764,701
Interest on Net OPEB Obligation	126,104
Adjustment to annual required contribution	<u>(157,231)</u>
Annual OPEB cost	<u>733,574</u>
Contributions made:	
City's portion of current year premiums paid	<u>(217,727)</u>
Change in Net OPEB Obligation	<u>515,847</u>
Net OPEB Obligation June 30, 2013	<u><u>\$3,482,989</u></u>

The Plan's annual required contributions and actual contributions for the last three fiscal years are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$929,411	\$186,677	20%	\$2,307,155
6/30/2012	932,288	272,301	29%	2,967,142
6/30/2013	733,574	217,727	30%	3,482,989

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the most recent actuarial study is presented below:

Fiscal Year	Actuarial Value of Assets (A)	Underfunded Actuarial Accrued Liability (UAAL) (B)	Covered Payroll (C)	Funded Ratio (A/B)
6/30/2008	\$0	\$7,118,000	\$6,603,000	0.0%
6/30/2011	0	9,925,251	5,849,067	0.0%

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 12 - 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. The Bay Cities Joint Powers Insurance Authority 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 Bay Cities Joint Powers Insurance Authority 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 Bay Cities Joint Powers Insurance Authority 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.

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.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 12 - RISK MANAGEMENT (Continued)

As of June 30, 2013, 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	\$934,104
Changes to estimated claims liability	931,585
Claims paid	<u>(758,730)</u>
Ending balance of claims payable	<u>\$1,106,959</u>
Current Portion	<u>\$297,616</u>

NOTE 13 – 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, 2013 was \$40,092.

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, 2013 were as listed below:

Governmental funds:	<u>Amount</u>
General Fund	\$61,654

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 14 - SEGMENT INFORMATION

The City issued revenue bonds to finance its sewer department, which operates the government's sewage system, which pumps sewage to the City of San Francisco. The water, sewer and Guadalupe Valley Municipal Improvement District activities are accounted for in the Utility Enterprise Fund. Segment information is presented below:

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
ASSETS				
Current assets:				
Cash and investments	\$322,458	\$232,185	\$382,629	\$937,272
Accounts receivable, net	323,777	323,776	323,776	971,329
Taxes receivable			573	573
Interest receivable	51	36	60	147
	<u>646,286</u>	<u>555,997</u>	<u>707,038</u>	<u>1,909,321</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable	88,912	63,803	558,903	711,618
Depreciable, net	8,453,576	4,670,988	14,658,949	27,783,513
Total noncurrent assets	<u>8,542,488</u>	<u>4,734,791</u>	<u>15,217,852</u>	<u>28,495,131</u>
Total assets	<u>9,188,774</u>	<u>5,290,788</u>	<u>15,924,890</u>	<u>30,404,452</u>
LIABILITIES				
Current liabilities:				
Accounts payable	62,534	81,169	124,233	267,936
Interest payable	13,801	13,802	13,802	41,405
Compensated absences	7,266	1,013	2,300	10,579
Deposits	4,507	4,506	4,506	13,519
Accrued payroll	13,662	11,403	5,575	30,640
Capital lease due within one year	11,325		11,326	22,651
Bonds payable due within one year	45,666	45,667	45,667	137,000
Total current liabilities	<u>158,761</u>	<u>157,560</u>	<u>207,409</u>	<u>523,730</u>
Noncurrent liabilities:				
Compensated absences	21,794	3,041	6,901	31,736
Bonds payable due in more than one year	1,151,000	1,151,000	1,151,000	3,453,000
Capital lease due in more than one year	11,326		11,325	22,651
OPEB Obligation	36,547	36,547	36,547	109,641
Advances from other funds	294,593	294,593	294,593	883,779
Total noncurrent liabilities	<u>1,515,260</u>	<u>1,485,181</u>	<u>1,500,366</u>	<u>4,500,807</u>
Total liabilities	<u>1,674,021</u>	<u>1,642,741</u>	<u>1,707,775</u>	<u>5,024,537</u>
NET POSITION				
Net investment in capital assets	7,323,170	3,538,124	13,998,535	24,859,829
Restricted for:				
Capital projects	717,981	40,904		758,885
Unrestricted	(526,398)	69,019	218,580	(238,799)
Total net assets	<u>\$7,514,753</u>	<u>\$3,648,047</u>	<u>\$14,217,115</u>	<u>\$25,379,915</u>

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 14 - SEGMENT INFORMATION (Continued)

Utility Fund Statement of Activities

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
OPERATING REVENUES:				
Charges for services	1,801,881	1,208,049	2,609,616	5,619,546
Other revenues	667	667	666	2,000
Total operating revenues	1,802,548	1,208,716	2,610,282	5,621,546
OPERATING EXPENSES:				
Costs of sales and services	634,279	563,229	776,371	1,973,879
General and administrative	711,761	507,109	432,125	1,650,995
Depreciation	196,811	103,485	365,305	665,601
Total operating expenses	1,542,851	1,173,823	1,573,801	4,290,475
OPERATING INCOME (LOSS)	259,697	34,893	1,036,481	1,331,071
NONOPERATING REVENUES (EXPENSES):				
Taxes and assessments			32,109	32,109
Investment income	17,413	17,415	17,415	52,243
Interest expense	(90,622)	(90,623)	(69,922)	(251,167)
Total nonoperating revenues (expenses)	(73,209)	(73,208)	(20,398)	(166,815)
INCOME (LOSS) BEFORE TRANSFERS	186,488	(38,315)	1,016,083	1,164,256
Capital Contribution				
Transfers in	32,000		4,503	36,503
Transfers out	(25,462)		(26,735)	(52,197)
Total transfers in and out	6,538		(22,232)	(15,694)
Change in net assets	193,026	(38,315)	993,851	1,148,562
NET POSITIONS				
Beginning of year, as restated	7,321,727	3,686,362	13,223,264	24,231,353
End of year	<u>\$7,514,753</u>	<u>\$3,648,047</u>	<u>\$14,217,115</u>	<u>\$25,379,915</u>

Beginning of the year net positions for each segment were restated to reflect and correct the capital assets of each segment. There was no net effect on the Utility Enterprise Fund's beginning Net Position.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 14 - SEGMENT INFORMATION (Continued)

Utility Fund Statement of Cash Flows

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Utility
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$1,792,660	\$1,158,241	\$2,579,147	\$5,530,048
Cash payments to suppliers	(698,371)	(488,094)	(718,885)	(1,905,350)
Cash payments for general and administrative	(703,155)	(509,268)	(431,342)	(1,643,765)
Cash received from (payments to) other funds	36,547	(45,818)	36,547	27,276
Cash received from (payments to) other	667	667	861	2,195
Net cash provided (used) by operating activities	428,348	115,728	1,466,328	2,010,404
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Taxes received			32,109	32,109
Grants received				
Insurance				
Transfers in	32,000		4,503	36,503
Transfers out	(25,462)		(26,735)	(52,197)
Net cash provided (used) by noncapital financing activities	6,538		9,877	16,415
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of property, plant and equipment	78,759	341,296	(486,763)	(66,708)
Capital Lease payment				
Principal payment of debt	(30,884)	(30,884)	(30,884)	(92,652)
Loans receivable				
Due from other funds				
Due to other funds	(206,171)	(229,767)	(327,370)	(763,308)
Advances from other funds	(79,162)	114,520	(88,851)	(53,493)
Interest paid	(96,428)	(96,428)	(75,727)	(268,583)
Net cash provided (used) by capital and related financing activities	(333,886)	98,737	(1,009,595)	(1,244,744)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	17,362	17,379	17,355	52,096
Net cash provided (used) by investing activities	17,362	17,379	17,355	52,096
Net increase (decrease) in cash and cash equivalents	118,362	231,844	483,965	834,171
CASH AND CASH EQUIVALENTS:				
Beginning of year	204,096	341	(101,336)	103,101
End of year	\$322,458	\$232,185	\$382,629	\$937,272
FINANCIAL STATEMENT PRESENTATION:				
Cash and cash equivalents	\$322,458	\$232,185	\$382,629	\$937,272
Total cash and cash equivalents	\$322,458	\$232,185	\$382,629	\$937,272
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$259,697	\$34,893	\$1,036,481	\$1,331,071
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	196,811	103,485	365,305	665,601
Changes in current assets and liabilities:				
Accounts receivable	(49,809)	(49,808)	(49,807)	(149,424)
Taxes receivable			195	195
Other assets	40,588		19,338	59,926
Accounts payable and accrued liabilities	(64,755)	74,472	56,823	66,540
Accrued claims payable				
Compensated absences	8,242	(4,933)	158	3,467
Deposits	663	663	663	1,989
OPEB Obligation	36,547	(45,818)	36,547	27,276
Accrued payroll	364	2,774	625	3,763
Total adjustments	168,651	80,835	429,847	679,333
Net cash provided (used) by operating activities	\$428,348	\$115,728	\$1,466,328	\$2,010,404

See accompanying Notes to Basic Financial Statements.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 15 – 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, 2013 are discussed in Note 3 above.

B. Capital Assets

Capital assets recorded at June 30 comprise:

	Balance June 30, 2012	Additions	Balance June 30, 2013
Capital assets, non-depreciable:			
Land	\$2,441,996		\$2,441,996
Capital assets, being depreciated:			
Land improvements	80,051		80,051
Accumulated depreciation	(8,624)	(\$1,229)	(9,853)
Total capital assets, being depreciated	71,427	(1,229)	70,198
Total Capital assets	\$2,513,423	(\$1,229)	\$2,512,194

C. Long-Term Obligations

Description	Balance June 30, 2012	Retirements	Balance June 30, 2013	Current Portion
1998 Housing Set-Aside Revenue Bonds	\$1,215,000	(\$50,000)	\$1,165,000	\$50,000
2001 Tax Allocation Bonds	12,810,000	(395,000)	12,415,000	445,000
2005 Brisbane PFA, Series A	1,126,554	(169,983)	956,571	176,649
Loans payable to the City of Brisbane				
SERAF	1,217,528		1,217,528	
City General Fund	1,293,108		1,293,108	
Public Financing Authority	2,295,996		2,295,996	
Housing Successor	4,099,278		4,099,278	
Total	\$24,057,464	(\$614,983)	\$23,442,481	\$671,649

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

1. 1998 Housing Set-Aside Revenue Bonds

The former Agency issued \$1,660,000 principal amount 1998 Housing Set-Aside Revenue Bonds to affect a loan to Bridge Housing Corporation in connection with the construction of a 14 unit multi-family rental housing project called the Brisbane Senior Homes Apartments. The bonds mature annually through September 1, 2013, in amounts ranging from \$25,000 to \$50,000 and term bonds maturing in 2027. The interest on the bonds is payable semiannually on each March 1 and September 1, with rates from 4.25% to 5.70%. The bonds are payable solely from the 20% tax increment housing set-aside of Redevelopment Area #2. Annual principal and interest payments on the bonds are expected to require less than 50% of the set-aside revenues.

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

Year ending June 30:	Principal	Interest	Total
2014	\$50,000	\$64,968	\$114,968
2015	55,000	61,987	116,987
2016	55,000	58,853	113,853
2017	60,000	55,575	115,575
2018	65,000	52,012	117,012
2019-2023	380,000	198,930	578,930
2024-2028	500,000	74,100	574,100
Total	\$1,165,000	\$566,425	\$1,731,425

2. 2001 Tax Allocation Bonds

On March 1, 2001 the Former Agency issued \$15,000,000 of Brisbane Community Redevelopment Project Area #1 2001 Tax Allocation Bonds (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). On the same date the former Agency and the Brisbane Public Financing Authority (Authority) entered into a bond purchase contract (Contract) whereby the Authority issued the Brisbane Public Financing Authority 2001 Revenue Bonds, Series A in the amount of \$26,300,000 in part to acquire the Former Agency’s Project Area Number 1 2001 Tax Allocation Bonds.

The 2001 Tax Allocation Bonds mature annually through May 1, 2026 in amounts ranging from \$80,000 to \$1,725,000 beginning May 1, 2003. The Bonds bear interest at a rate per annum equal to 12%. Interest is payable semiannually on May 1 and November 1. The principal is payable annually. The Bonds are subject to optional and mandatory redemption prior to maturity. The Bonds are payable from and secured by certain tax revenues payable to the Former Agency.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

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

June 30:	Principal	Interest	Total
2014	\$445,000	\$1,489,800	\$1,934,800
2015	495,000	1,436,400	1,931,400
2016	555,000	1,377,000	1,932,000
2017	625,000	1,310,400	1,935,400
2018	695,000	1,235,400	1,930,400
2019-2023	4,960,000	4,704,000	9,664,000
2024-2026	4,640,000	1,155,600	5,795,600
Total	\$12,415,000	\$12,708,600	\$25,123,600

As discussed above, the Former Agency had pledged housing revenues for the repayment of the 1998 Revenue Bonds. The Former Agency had pledged non-housing tax increment revenues for the repayment of the 2001 Tax Allocation Bonds. The pledge of all future housing tax increment revenues ends upon repayment of \$1,849,205 remaining housing debt service on the Bonds above which is scheduled to occur in 2028. The pledge of all future non-housing tax increment revenues ends upon repayment of \$27,055,800 remaining non-housing debt service on the Bonds above which is scheduled to occur in 2026.

3. 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 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.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

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
2014	\$176,649	\$35,811	\$212,460
2015	183,315	29,805	213,120
2016	189,981	23,389	213,370
2017	199,980	16,265	216,245
2018	206,646	8,266	214,912
Total	\$956,571	\$113,536	\$1,070,107

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.

4. *Loans Payable to the City*

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.

As discussed in Note 4B above, the BPFA 2001 Revenue Bonds Series A Debt Service Fund had advanced \$2,295,996 to the former Community Redevelopment Agency Special Revenue Fund. The advance was to be paid from future tax incumbent after the bonds have matured.

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.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

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. Repayment of the loans is based upon whether the Successor Agency receiving a Finding of Completion from the State and approval from the Successor Agency Oversight Board.

D. 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. The City expects such amounts, if any, to be immaterial.

NOTE 16 - CONCENTRATION RISK

In prior years, the City had reported a concentration risk from one of its largest sales tax providers who has since left the City. 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, 2013, more than 15% of the city General Fund's total revenues were derived from a single company. This company has agreed to pay this business license tax for the next three years while it moves forward with its proposed facilities expansion. Should the project not get approved, the City would need to find another source of revenue.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$7,000,284	\$7,000,284	\$7,828,091	\$827,807
Intergovernmental	20,000	20,000	28,490	8,490
Licenses, permits and fees	1,864,563	2,914,563	3,101,223	186,660
Charges for services	300,746	300,746	233,024	(67,722)
Fines and forfeitures	90,231	90,231	57,524	(32,707)
Use of money and property	145,000	145,000	27,388	(117,612)
Other revenues	1,904,174	1,904,174	2,374,077	469,903
Total Revenues	11,324,998	12,374,998	13,649,817	1,274,819
EXPENDITURES:				
Current:				
General government	3,612,900	3,630,468	3,332,794	297,674
Public safety - police	2,900,572	2,900,572	2,748,437	152,135
Public safety - fire	2,387,013	2,401,013	2,286,559	114,454
Public works	1,290,930	1,290,930	1,100,658	190,272
Library	29,930	29,930	24,990	4,940
Capital outlay	68,500	68,500	38,643	29,857
Debt service:				
Principal			12,445	(12,445)
Interest and fiscal charges			1,759	(1,759)
Total Expenditures	10,289,845	10,321,413	9,546,285	775,128
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,035,153	2,053,585	4,103,532	2,049,947
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)	(2,229,946)	(2,229,946)	(2,575,243)	(345,297)
Total other financing sources (uses)	(2,229,946)	(2,229,946)	(2,575,243)	(345,297)
NET CHANGE IN FUND BALANCE	(\$1,194,793)	(\$176,361)	1,528,289	\$1,704,650
BEGINNING FUND BALANCE			9,527,302	
ENDING FUND BALANCE			\$11,055,591	

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 Low/Mod Income Housing Asset, 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, 2013, 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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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.

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

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 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.

2005 Revenue Bonds, Series B Fund. This fund accounts for the debt service for the 2005 Revenues 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.

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.

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.

Tunnel Ave Bridge Project Fund. This fund provides a tracking mechanism for a multi year bridge replacement project being funded by federal, state, local, and private funds.

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.

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

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.

CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	SPECIAL REVENUE FUNDS			
	Gas Tax	Measure A	Sierra Point Landscape & Lighting	Grants
ASSETS				
Cash and investments	\$263,654	\$503,886	\$29,589	\$98,359
Restricted cash and investments with fiscal agents				
Accounts receivable, net	54	97		20,881
Taxes receivable	17,933	15,225		
Advances to other funds				
	<u>\$281,641</u>	<u>\$519,208</u>	<u>\$29,589</u>	<u>\$119,240</u>
Total Assets				
LIABILITIES				
Accounts payable			\$4,517	\$4,781
Due to other funds			164,760	
Deposits				1,601
Accrued payroll			504	6,113
Advances from other funds				
			<u>169,781</u>	<u>12,495</u>
Total Liabilities				
FUND BALANCE				
Restricted	\$281,641	\$519,208		106,745
Assigned				
Unassigned			(140,192)	
	<u>281,641</u>	<u>519,208</u>	<u>(140,192)</u>	<u>106,745</u>
Total Fund Balances				
Total Liabilities and Fund Balances	<u>\$281,641</u>	<u>\$519,208</u>	<u>\$29,589</u>	<u>\$119,240</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
\$1,682	\$3,114	\$40,315		\$951,333	
	1	16,478	\$83,363	827,066	\$1
1,014				163	
					343,560
<u>\$2,696</u>	<u>\$3,115</u>	<u>\$56,793</u>	<u>\$83,363</u>	<u>\$1,778,562</u>	<u>\$343,561</u>
\$3,871					
61,429					
4,232		\$6,727			
<u>69,532</u>		<u>6,727</u>			
	\$3,115	50,066	\$83,363	\$1,778,562	\$343,561
<u>(66,836)</u>					
<u>(66,836)</u>	<u>3,115</u>	<u>50,066</u>	<u>83,363</u>	<u>1,778,562</u>	<u>343,561</u>
<u>\$2,696</u>	<u>\$3,115</u>	<u>\$56,793</u>	<u>\$83,363</u>	<u>\$1,778,562</u>	<u>\$343,561</u>

(Continued)

CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS
	2005 Revenue Bonds, Series B	2009 Revenue Lease Bonds, Series A	2013 Pension Side Fund Bonds	Capital Projects
ASSETS				
Cash and investments				\$562,018
Restricted cash and investments with fiscal agents	\$1	\$472,322		
Accounts receivable, net				
Taxes receivable				
Advances to other funds				
	<u>\$1</u>	<u>\$472,322</u>	<u></u>	<u>\$562,018</u>
Total Assets	<u>\$1</u>	<u>\$472,322</u>	<u></u>	<u>\$562,018</u>
LIABILITIES				
Accounts payable				\$7,664
Due to other funds		\$763		
Deposits				
Accrued payroll				898
Advances from other funds				850,000
				<u>850,000</u>
Total Liabilities		<u>763</u>		<u>858,562</u>
FUND BALANCE				
Restricted	\$1	471,559		
Assigned				(296,544)
Unassigned				
	<u>1</u>	<u>471,559</u>	<u></u>	<u>(296,544)</u>
Total Fund Balances	<u>1</u>	<u>471,559</u>	<u></u>	<u>(296,544)</u>
Total Liabilities and Fund Balances	<u>\$1</u>	<u>\$472,322</u>	<u></u>	<u>\$562,018</u>

CAPITAL PROJECTS FUNDS

<u>Tunnel Avenue Bridge Project Capital Project</u>	<u>Special Beautification Project</u>	<u>Facilities Construction</u>	<u>Total Nonmajor Governmental Funds</u>
	\$3,798	\$1,995,490	\$4,453,238
			1,382,752
	1	336	38,012
			34,172
			343,560
	<u>\$3,799</u>	<u>\$1,995,826</u>	<u>\$6,251,734</u>
			\$20,833
			226,952
			1,601
			18,474
			850,000
			<u>1,117,860</u>
	\$3,799	\$1,995,826	3,637,821
			1,703,081
			(207,028)
	<u>3,799</u>	<u>1,995,826</u>	<u>5,133,874</u>
	<u>\$3,799</u>	<u>\$1,995,826</u>	<u>\$6,251,734</u>

CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE FUNDS			
	Gas Tax	Measure A	Sierra Point Landscape & Lighting	Grants
GOVERNMENTAL REVENUES				
Taxes and special assessments		\$165,761	\$590,021	
Intergovernmental	\$105,444			\$91,291
Licenses, permits and fees				
Use of money and property	(1,622)	(3,114)	673	(221)
Other revenues				
Total Revenues	<u>103,822</u>	<u>162,647</u>	<u>590,694</u>	<u>91,070</u>
EXPENDITURES				
Current:				
General government				
Public safety - police				140,768
Public Safety - fire				
Public works			467,154	
Capital outlay	92,161	6,067		33,944
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures	<u>92,161</u>	<u>6,067</u>	<u>467,154</u>	<u>174,712</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>11,661</u>	<u>156,580</u>	<u>123,540</u>	<u>(83,642)</u>
OTHER FINANCING SOURCES (USES)				
Capital contributions				
Proceeds from bonds				
Transfers in				69,651
Transfers out				
Total Other Financing Sources (Uses)				<u>69,651</u>
NET CHANGES IN FUND BALANCES	<u>11,661</u>	<u>156,580</u>	<u>123,540</u>	<u>(13,991)</u>
BEGINNING FUND BALANCES (DEFICITS)	<u>269,980</u>	<u>362,628</u>	<u>(263,732)</u>	<u>120,736</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$281,641</u>	<u>\$519,208</u>	<u>(\$140,192)</u>	<u>\$106,745</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
\$51,093				\$971,802	
18,470					
911					
546	(\$19)	\$198,241		26,758	\$1
71,020	(19)	198,241		998,560	1
250,980		174,075			
			\$370,000	950,000	\$85,017
			187,823	246,193	20,673
250,980		174,075	557,823	1,196,193	105,690
(179,960)	(19)	24,166	(557,823)	(197,633)	(105,689)
170,939			641,186		52,197
170,939			641,186		52,197
(9,021)	(19)	24,166	83,363	(197,633)	(53,492)
(57,815)	3,134	25,900		1,976,195	397,053
(\$66,836)	\$3,115	\$50,066	\$83,363	\$1,778,562	\$343,561

(Continued)

CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	DEBT SERVICE FUNDS			
	2005 Revenue Bonds, Series B	2009 Revenue Lease Bonds, Series A	2013 Pension Side Fund Bonds	Capital Projects
GOVERNMENTAL REVENUES				
Taxes and special assessments				
Intergovernmental				\$445,002
Licenses, permits and fees				327,056
Use of money and property	\$1	(\$426)		1
Other revenues				397,823
Total Revenues	1	(426)		1,169,882
EXPENDITURES				
Current:				
General government			\$664,985	
Public safety - police			60,864	
Public Safety - fire			27,991	
Public works			779,593	
Capital outlay				1,326,275
Debt service:				
Principal	155,000	80,000		
Interest and fiscal charges	249,615	109,325	77,567	
Total Expenditures	404,615	189,325	1,611,000	1,326,275
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(404,614)	(189,751)	(1,611,000)	(156,393)
OTHER FINANCING SOURCES (USES)				
Capital contributions				
Proceeds from bonds			1,611,000	
Transfers in	404,615	189,329		
Transfers out				(280,866)
Total Other Financing Sources (Uses)	404,615	189,329	1,611,000	(280,866)
NET CHANGES IN FUND BALANCES	1	(422)		(437,259)
BEGINNING FUND BALANCES (DEFICITS)		471,981		140,715
ENDING FUND BALANCES (DEFICITS)	\$1	\$471,559		(\$296,544)

CAPITAL PROJECTS FUNDS

<u>Tunnel Avenue Bridge Project Capital Project</u>	<u>Special Beautification Project</u>	<u>Facilities Construction</u>	<u>Total Nonmajor Governmental Funds</u>
			\$1,778,677
\$431,874			1,092,081
			327,967
76	(\$22)	(\$14,214)	8,418
			596,064
<u>431,950</u>	<u>(22)</u>	<u>(14,214)</u>	<u>3,803,207</u>
			664,985
			201,632
			27,991
			1,671,802
	1,645	237	1,460,329
			1,640,017
			891,196
	<u>1,645</u>	<u>237</u>	<u>6,557,952</u>
<u>431,950</u>	<u>(1,667)</u>	<u>(14,451)</u>	<u>(2,754,745)</u>
		1,486,395	1,486,395
280,866			1,611,000
			1,808,783
			(280,866)
<u>280,866</u>		<u>1,486,395</u>	<u>4,625,312</u>
<u>712,816</u>	<u>(1,667)</u>	<u>1,471,944</u>	<u>1,870,567</u>
<u>(712,816)</u>	<u>5,466</u>	<u>523,882</u>	<u>3,263,307</u>
	<u>\$3,799</u>	<u>\$1,995,826</u>	<u>\$5,133,874</u>

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, 2013

	SPECIAL REVENUE FUNDS					
	GAS TAX			MEASURE A		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
GOVERNMENTAL REVENUES						
Taxes and special assessments				\$114,000	\$165,761	\$51,761
Intergovernmental	\$109,049	\$105,444	(\$3,605)			
Licenses, permits and fees						
Use of money and property		(1,622)	(1,622)		(3,114)	(3,114)
Other revenues						
Total Revenues	<u>109,049</u>	<u>103,822</u>	<u>(5,227)</u>	<u>114,000</u>	<u>162,647</u>	<u>48,647</u>
EXPENDITURES						
Current:						
General government						
Public safety - police						
Public works						
Capital outlay		92,161	(92,161)		6,067	(6,067)
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures		<u>92,161</u>	<u>(92,161)</u>		<u>6,067</u>	<u>(6,067)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>109,049</u>	<u>11,661</u>	<u>(97,388)</u>	<u>114,000</u>	<u>156,580</u>	<u>42,580</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from bonds						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGES IN FUND BALANCES	<u>\$109,049</u>	11,661	(97,388)	114,000	156,580	<u>\$42,580</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>269,980</u>			<u>362,628</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$281,641</u>			<u>\$519,208</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)
\$591,746	\$590,021	(\$1,725)	\$100,000	\$91,291	(\$8,709)	\$52,000	\$51,093	(\$907)
	673	673		(221)	(221)		18,470	18,470
							911	
							546	546
<u>591,746</u>	<u>590,694</u>	<u>(1,052)</u>	<u>100,000</u>	<u>91,070</u>	<u>(8,930)</u>	<u>52,000</u>	<u>71,020</u>	<u>19,020</u>
				140,768	(140,768)			
498,353	467,154	31,199		33,944	(33,944)	222,938	250,980	(28,042)
<u>498,353</u>	<u>467,154</u>	<u>31,199</u>		<u>174,712</u>	<u>(174,712)</u>	<u>222,938</u>	<u>250,980</u>	<u>(28,042)</u>
93,393	123,540	30,147	100,000	(83,642)	(183,642)	(170,938)	(179,960)	(9,022)
				69,651	69,651	170,939	170,939	
				69,651	69,651	170,939	170,939	
<u>\$93,393</u>	123,540	<u>\$30,147</u>	<u>\$100,000</u>	(13,991)	<u>(\$113,991)</u>	<u>\$1</u>	(9,021)	<u>(\$9,022)</u>
	<u>(263,732)</u>			<u>120,736</u>			<u>(57,815)</u>	
	<u>(\$140,192)</u>			<u>\$106,745</u>			<u>(\$66,836)</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, 2013

	DEBT SERVICE FUNDS					
	2006 PENSION OBLIGATION BONDS			2001 REVENUE BONDS, SERIES B		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
GOVERNMENTAL REVENUES						
Taxes and special assessments				\$1,033,021	\$971,802	(\$61,219)
Intergovernmental						
Licenses, permits and fees					26,758	26,758
Use of money and property						
Other revenues						
Total Revenues				1,033,021	998,560	(34,461)
EXPENDITURES						
Current:						
General government						
Public safety - police						
Public works						
Capital outlay						
Debt service:						
Principal	\$370,000	\$370,000		800,000	950,000	(150,000)
Interest and fiscal charges	189,575	187,823	\$1,752	247,143	246,193	950
Total Expenditures	559,575	557,823	1,752	1,047,143	1,196,193	(149,050)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(559,575)	(557,823)	1,752	(14,122)	(197,633)	(183,511)
OTHER FINANCING SOURCES (USES)						
Proceeds from bonds						
Transfers in	559,575	641,186	81,611			
Transfers out						
Total Other Financing Sources (Uses)		641,186	81,611			
NET CHANGE IN FUND BALANCES		83,363	\$83,363	(\$14,122)	(197,633)	(\$183,511)
BEGINNING FUND BALANCES (DEFICITS)					1,976,195	
ENDING FUND BALANCES (DEFICITS)		\$83,363			\$1,778,562	

DEBT SERVICE FUNDS

2005 REVENUE BONDS, SERIES A			2005 REVENUE BONDS, SERIES B			2009 LEASE REVENUE BONDS, SERIES A		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$1	\$1		\$1	\$1		(\$426)	(\$426)
	1	1		1	1		(426)	(426)
\$85,017	85,017		\$155,000	155,000		\$80,000	80,000	
20,674	20,673	\$1	249,615	249,615		109,825	109,325	500
105,691	105,690	1	404,615	404,615		189,825	189,325	500
(105,691)	(105,689)	2	(404,615)	(404,614)	1	(189,825)	(189,751)	74
107,192	52,197	(54,995)	404,615	404,615			189,329	189,329
107,192	52,197	(54,995)	404,615	404,615			189,329	189,329
\$1,501	(53,492)	(\$54,993)		1	\$1	(189,825)	(422)	\$189,403
	397,053						471,981	
	\$343,561			\$1			\$471,559	

(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, 2013

DEBT SERVICE FUND			
2013 PENSION SIDE FUND			
BONDS			
	Budget	Actual	Variance Positive (Negative)
GOVERNMENTAL REVENUES			
Taxes and special assessments			
Intergovernmental			
Licenses, permits and fees			
Use of money and property			
Other revenues			
Total Revenues			
EXPENDITURES			
Current:			
General government		\$664,985	(\$664,985)
Public safety - police		60,864	
Public works		27,991	(27,991)
Capital outlay		779,593	
Debt service:			
Principal			
Interest and fiscal charges		77,567	(77,567)
Total Expenditures		1,611,000	(770,543)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(1,611,000)	(1,611,000)
OTHER FINANCING SOURCES (USES)			
		1,611,000	1,611,000
Transfers in			
Transfers out			
Total Other Financing Sources (Uses)		1,611,000	1,611,000
NET CHANGE IN FUND BALANCES			
BEGINNING FUND BALANCES (DEFICITS)			
ENDING FUND BALANCES (DEFICITS)			

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.

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.

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.

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.

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2013

	<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	\$104,234	\$98,070	\$137,796	\$1,048,718	\$339,482
Interest receivable	<u>20</u>	<u>7</u>	<u>26</u>	<u>196</u>	<u>60</u>
Total Assets	<u>104,254</u>	<u>98,077</u>	<u>137,822</u>	<u>1,048,914</u>	<u>339,542</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	13,493		5,148		29,036
Accrued payroll		89,688			2,800
Accrued claims payable				<u>10,066</u>	<u>287,550</u>
Total Current Liabilities	<u>13,493</u>	<u>89,688</u>	<u>5,148</u>	<u>10,066</u>	<u>319,386</u>
Noncurrent Liabilities:					
Accrued self-insurance				<u>31,893</u>	<u>777,450</u>
Total Liabilities	<u>13,493</u>	<u>89,688</u>	<u>5,148</u>	<u>41,959</u>	<u>1,096,836</u>
NET POSITION					
Unrestricted	<u>90,761</u>	<u>8,389</u>	<u>132,674</u>	<u>1,006,955</u>	<u>(757,294)</u>
Total Net Position (Deficits)	<u>\$90,761</u>	<u>\$8,389</u>	<u>\$132,674</u>	<u>\$1,006,955</u>	<u>(\$757,294)</u>

<u>OPEB Fund</u>	<u>Total</u>
	\$1,728,300
	309
	<u>1,728,609</u>
\$2	47,679
	92,488
	<u>297,616</u>
<u>2</u>	<u>437,783</u>
	<u>809,343</u>
<u>2</u>	<u>1,247,126</u>
<u>(2)</u>	<u>481,483</u>
<u>(\$2)</u>	<u>\$481,483</u>

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	<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	\$73,963		\$134,084	\$477,342	\$426,014
Other revenue	46	\$11			
Total Operating Revenues	<u>74,009</u>	<u>11</u>	<u>134,084</u>	<u>477,342</u>	<u>426,014</u>
OPERATING EXPENSES					
Cost of sales and services					1,327
General and administrative	96,228		97,279	265,714	459,963
Other expenses					31,726
Total Operating Expenses	<u>96,228</u>		<u>97,279</u>	<u>265,714</u>	<u>493,016</u>
Operating Income (Loss)	<u>(22,219)</u>	<u>11</u>	<u>36,805</u>	<u>211,628</u>	<u>(67,002)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	<u>(666)</u>	<u>(857)</u>	<u>(817)</u>	<u>(6,796)</u>	<u>(2,348)</u>
Total Nonoperating Revenues (Expenses)	<u>(666)</u>	<u>(857)</u>	<u>(817)</u>	<u>(6,796)</u>	<u>(2,348)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES					
	<u>(22,885)</u>	<u>(846)</u>	<u>35,988</u>	<u>204,832</u>	<u>(69,350)</u>
Transfers in					
Transfers					
Change in Net Position	(22,885)	(846)	35,988	204,832	(69,350)
BEGINNING NET POSITION	<u>113,646</u>	<u>9,235</u>	<u>96,686</u>	<u>802,123</u>	<u>(687,944)</u>
ENDING NET ASSETS (DEFICIT)	<u>\$90,761</u>	<u>\$8,389</u>	<u>\$132,674</u>	<u>\$1,006,955</u>	<u>(\$757,294)</u>

OPEB Fund	Total
	\$1,111,403
	57
	1,111,460
\$80,601	81,928
	919,184
137,126	168,852
217,727	1,169,964
(217,727)	(58,504)
(8)	(11,492)
(8)	(11,492)
(217,735)	(69,996)
212,974	212,974
212,974	212,974
(4,761)	142,978
4,759	338,505
(\$2)	\$481,483

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Dental Self-Insurance</u>	<u>Fringe Benefits</u>	<u>Flexible Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received to/ from customers	\$73,963		\$134,084	\$475,081	\$426,014
Cash payments to suppliers	(92,682)	\$303	(98,702)	(245,859)	(325,628)
Cash received from (payments to) other	46	11			1,132
Cash Flows from Operating Activities	<u>(18,673)</u>	<u>314</u>	<u>35,382</u>	<u>229,222</u>	<u>101,518</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Repayment to other funds					
Transfers in					
Cash Flows from Noncapital Financing Activities					
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	(610)	(841)	(786)	(6,524)	(2,284)
Cash Flows from Investing Activities	<u>(610)</u>	<u>(841)</u>	<u>(786)</u>	<u>(6,524)</u>	<u>(2,284)</u>
Net Cash Flows	(19,283)	(527)	34,596	222,698	99,234
Cash and investments at beginning of period	123,517	98,597	103,200	826,020	240,248
Cash and investments at end of period	<u>\$104,234</u>	<u>\$98,070</u>	<u>\$137,796</u>	<u>\$1,048,718</u>	<u>\$339,482</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	(\$22,219)	\$11	\$36,805	\$211,628	(\$67,002)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Accounts receivable					
Other assets					
Accounts payable and accrued liabilities	3,546	(176)	(1,423)	(2,261)	14,388
Accrued payroll		479			1,132
Accrued claims payable				19,855	153,000
Cash Flows from Operating Activities	<u>(\$18,673)</u>	<u>\$314</u>	<u>\$35,382</u>	<u>\$229,222</u>	<u>\$101,518</u>

<u>OPEB Fund</u>	<u>Total</u>
\$2	\$1,109,144
(\$217,727)	(980,295)
	1,189
<u>(217,725)</u>	<u>130,038</u>
<u>212,974</u>	<u>212,974</u>
<u>212,974</u>	<u>212,974</u>
<u>(2)</u>	<u>(11,047)</u>
<u>(2)</u>	<u>(11,047)</u>
(4,753)	331,965
<u>4,753</u>	<u>1,396,335</u>
	<u>\$1,728,300</u>
(\$217,727)	(\$58,504)
2	14,076
	1,611
	<u>172,855</u>
<u>(\$217,725)</u>	<u>\$130,038</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, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<u>SAMCAT</u>				
Assets				
Cash and investments	\$44,765		\$3,881	\$40,884
	<u>\$44,765</u>		<u>\$3,881</u>	<u>\$40,884</u>
Liabilities				
Accounts payable				
Deposits	44,765		3,881	\$40,884
Total Liabilities	<u>\$44,765</u>		<u>\$3,881</u>	<u>\$40,884</u>
<u>Developer Deposits</u>				
Assets				
Cash and investments	\$1,378,439	\$567,639		\$1,946,078
Accounts receivable	460,903		\$460,214	689
Interest receivable	599		288	311
Other receivable	158,855			158,855
Total Assets	<u>\$1,998,796</u>	<u>\$567,639</u>	<u>\$460,502</u>	<u>\$2,105,933</u>
Liabilities				
Accounts payable	\$1,088,237	\$720,158	\$1,740,989	\$67,406
Deposits	910,559	1,127,968		2,038,527
Total Liabilities	<u>\$1,998,796</u>	<u>\$1,848,126</u>	<u>\$1,740,989</u>	<u>\$2,105,933</u>
<u>Other Agency Funds</u>				
Assets				
Cash and investments	\$8,391		\$649	\$7,742
Total Assets	<u>\$8,391</u>		<u>\$649</u>	<u>\$7,742</u>
Liabilities				
Accounts payable	\$1,824	\$12	\$1,187	\$649
Deposits	6,567	526		7,093
Total Liabilities	<u>\$8,391</u>	<u>\$538</u>	<u>\$1,187</u>	<u>\$7,742</u>
<u>Northeast Ridge Assessment District 2001 Bonds</u>				
Assets				
Cash and investments	\$646,198	\$623,576	\$610,680	\$659,094
Cash and investment with fiscal agent	354,555	2,377		356,932
Interest receivable	370		255	115
Taxes receivable	10,698		10,698	
Total Assets	<u>\$1,011,821</u>	<u>\$625,953</u>	<u>\$621,633</u>	<u>\$1,016,141</u>
Liabilities				
Due to bondholders	\$1,011,821	\$625,953	\$621,633	\$1,016,141
Total Liabilities	<u>\$1,011,821</u>	<u>\$625,953</u>	<u>\$621,633</u>	<u>\$1,016,141</u>

TOTAL - ALL AGENCY FUNDS

Assets

Cash and investments	\$2,077,793	\$1,191,215	\$615,210	\$2,653,798
Cash and investment with fiscal agent	354,555	2,377		356,932
Accounts receivable	460,903		460,214	689
Interest receivable	969		543	426
Taxes receivable	10,698		10,698	
Other receivable	158,855			158,855

Total Assets	<u>\$3,063,773</u>	<u>\$1,193,592</u>	<u>\$1,086,665</u>	<u>\$3,170,700</u>
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Liabilities

Accounts payable	\$1,090,061	\$720,170	\$1,742,176	\$68,055
Deposits	961,891	1,128,494	3,881	2,086,504
Due to bondholders	1,011,821	625,953	621,633	1,016,141

Total Liabilities	<u>\$3,063,773</u>	<u>\$2,474,617</u>	<u>\$2,367,690</u>	<u>\$3,170,700</u>
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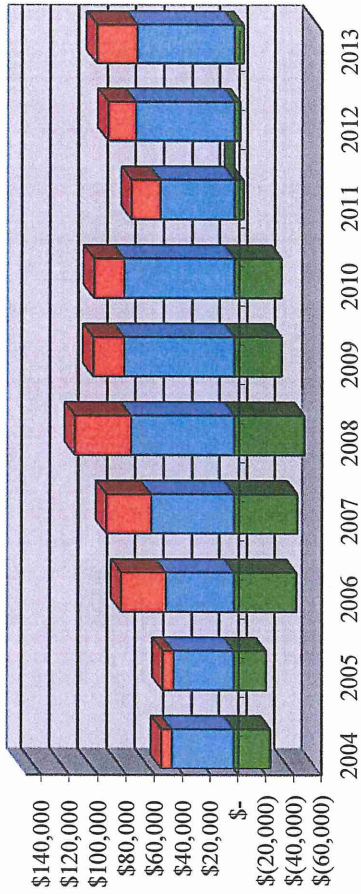
STATISTICAL INFORMATION

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
Financial Trends	111-117
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	119-124
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	125-130
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	131-135
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	136-139
<i>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.</i>	

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



■ Invested in capital assets, net of related debt ■ Restricted ■ Unrestricted

Governmental activities

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Invested in capital assets, net of related debt	\$20,459	\$21,083	\$24,940	\$34,025	\$39,936	\$45,825	\$46,213	\$20,781	\$38,064	\$37,751
Restricted	5,492	5,744	26,024	25,924	33,872	19,027	18,943	19,399	19,006	26,255
Unrestricted	(27,401)	(25,008)	(41,950)	(40,576)	(45,940)	(32,518)	(32,380)	(6,786)	(5,156)	(7,609)
Total governmental activities net assets	(\$1,450)	\$1,819	\$9,014	\$19,373	\$27,868	\$32,334	\$32,776	\$33,394	\$51,914	\$56,397

Business-type activities

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Invested in capital assets, net of related debt	\$24,391	\$22,750	\$24,134	\$25,404	\$33,696	\$32,894	\$32,500	\$32,503	32,305	31,832
Restricted	1,841	1,763	5,554	5,896	5,476	2,601	2,252	848	847	2,251
Unrestricted	946	1,869	(2,782)	(4,925)	(4,478)	(1,455)	(1,542)	201	964	1,105
Total business-type activities net assets	\$27,178	\$26,382	\$26,906	\$26,375	\$34,694	\$34,040	\$33,210	\$33,552	\$34,116	\$35,188

Primary government

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Invested in capital assets, net of related debt	\$44,851	\$43,833	\$49,073	\$59,429	\$73,632	\$78,720	\$78,713	\$53,284	70,369	69,583
Restricted	7,333	7,507	31,579	31,819	39,348	21,628	21,194	20,247	19,853	28,506
Unrestricted	(26,455)	(23,139)	(44,731)	(45,500)	(50,419)	(33,973)	(33,922)	(6,585)	(4,192)	(6,504)
Total primary government net assets	\$25,729	\$28,201	\$35,921	\$45,748	\$62,561	\$66,375	\$65,985	\$66,946	\$86,030	\$91,585

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General Government	\$3,748	\$2,741	\$4,501	\$3,767	\$4,396	\$4,768	\$4,636	\$4,279	5,123	5,584
Public Safety - police	3,041	3,235	3,328	3,411	3,412	3,626	3,506	3,185	2,931	3,282
Public Safety - fire	1,962	2,183	2,173	2,189	2,368	2,452	2,532	2,560	2,756	3,004
Public Works	2,260	3,237	3,163	3,033	3,287	3,298	4,928	3,160	1,901	2,832
Interest on Long-Term Debt (Unallocated)	2,277	2,357	2,861	2,490	2,689	2,513	2,519	2,431	2,879	2,009
Depreciation expense (Unallocated)	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	13,288	13,753	16,026	14,890	16,152	16,657	18,121	15,615	15,590	16,711
Business-Type Activities:										
Utility	4,187	3,576	3,373	3,451	3,884	3,949	4,023	4,053	3,824	4,542
Parks and Recreation	2,807	2,651	2,879	3,040	3,274	3,638	3,406	3,426	3,342	3,313
Total Business-Type Activities Expenses	6,994	6,227	6,252	6,491	7,158	7,587	7,429	7,479	7,166	7,855
Total Primary Government Expenses	20,282	\$19,980	\$22,278	\$21,381	\$23,310	\$24,244	\$25,550	\$23,094	\$22,756	\$24,566
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	1,211	1,295	2,473	2,627	2,338	2,849	1,189	2,343	2,122	1,665
Public Safety - police	164	189	259	248	231	214	396	127	107	124
Public Safety - fire	218	241	604	148	179	147	204	137	113	119
Public Works	1,370	1,423	2,449	2,697	2,483	2,630	3,820	2,478	2,928	2,088
Operating Grants and Contributions	861	1,981	220	184	313	309	219	598	132	91
Capital Grants and Contributions	284	644	4,413	7,199	2,808	2,561	-	39	490	3,083
Total Government Activities Program Revenues	4,108	5,773	10,418	13,103	8,352	8,710	5,828	5,722	5,892	7,170
Business-Type Activities:										
Charges for Services:										
Utility	2,552	2,846	3,764	3,460	4,362	4,053	3,911	3,978	4,247	5,622
Parks and Recreation	1,700	1,809	1,954	2,055	1,917	2,069	1,966	1,995	2,155	2,388
Capital Grants and Contributions	-	434	-	13	-	-	-	-	102	-
Total Business-Type Activities Program Revenue	4,252	5,089	5,718	5,528	6,279	6,122	5,877	5,973	6,504	8,010
Total Primary Government Program Revenues	\$8,360	\$10,862	\$16,136	\$18,631	\$14,631	\$14,832	\$11,705	\$11,695	\$12,396	\$15,180
Net (Expense)/Revenue										
Governmental Activities	(9,180)	(7,980)	(5,608)	(1,787)	(7,800)	(7,947)	(12,293)	(9,893)	(9,698)	(9,541)
Business-Type Activities	(2,742)	(1,138)	(534)	(963)	(879)	(1,465)	(1,552)	(1,506)	(662)	155
Total Primary Government Net Expense	(\$11,922)	(\$9,118)	(\$6,142)	(\$2,750)	(\$8,679)	(\$9,412)	(\$13,845)	(\$11,399)	(\$10,360)	(\$9,386)

(continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property Taxes	\$5,457	\$6,686	\$4,847	\$6,311	\$6,592	\$7,054	\$7,387	\$6,336	4,950	3,518
Sales Taxes	2,764	3,528	4,411	3,988	8,810	4,699	4,600	2,842	4,495	2,863
Motor Vehicle In-Lieu	167	86	27	23	17	13	9	13	2	2
Transient Occupancy Tax	713	734	1,106	1,196	1,318	1,156	1,357	1,306	1,560	1,668
Business License Tax	-	-	-	-	-	-	-	-	494	2,898
Other Taxes	-	-	-	-	-	-	-	458	170	2,055
Developer Contributions	-	-	-	-	-	-	-	-	-	-
Interest Earnings	286	695	791	1,250	883	426	242	98	1,587	1,516
Miscellaneous	-	-	25	41	42	64	81	8	75	337
Gain (Loss) on Sale of Assets	-	-	(70)	-	-	-	-	-	-	-
Transfers, net	(332)	(479)	(745)	(663)	(789)	(999)	(915)	(745)	(1,008)	(834)
Extraordinary Item	-	-	-	-	-	-	-	-	-	-
Total Government Activities	9,055	11,250	10,392	12,146	16,873	12,413	12,761	10,486	28,218	14,023
Business-Type Activities:										
Other Taxes	32	15	23	38	30	31	28	29	30	33
Interest Earnings	(186)	(150)	(103)	(270)	(271)	(219)	(138)	94	3	51
Miscellaneous	-	-	-	-	1	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	-	-	-
Developer Contribution	-	-	70	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	862	-	-
Transfers and Other	-	-	-	-	-	-	-	33	185	-
Total Business-Type Activities	332	479	745	663	789	999	915	745	1,008	834
Total Primary Government	178	344	735	431	549	811	805	1,763	1,226	918
	\$9,233	\$11,594	\$11,127	\$12,577	\$17,422	\$13,224	\$13,566	\$12,249	\$29,444	\$14,941
Change in Net Position										
Governmental Activities	(125)	3,270	4,784	10,359	9,073	4,466	468	593	18,520	4,482
Business-Type Activities	(2,564)	(794)	201	(532)	(330)	(654)	(747)	257	564	1,073
Total Primary Government	(\$2,689)	\$2,476	\$4,985	\$9,827	\$8,743	\$3,812	(\$279)	\$850	\$19,084	\$5,555

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$2,047	\$1,678	\$2,740	\$2,860	\$6,480	\$4,089	\$3,157			
Unreserved	5,234	6,068	5,974	4,635	559	2,151	3,941			
Nonspendable	-	-	-	-	-	-	-	\$2,636	\$2,630	\$3,475
Assigned	-	-	-	-	-	-	-	436	141	192
Unassigned	-	-	-	-	-	-	-	4,526	6,756	7,388
Total General Fund	\$7,281	\$7,746	\$8,714	\$7,495	\$7,039	\$6,240	\$7,098	\$7,598	\$9,527	\$11,055
All other governmental funds										
Reserved	\$25,412	\$25,782	\$31,058	\$29,889	\$34,032	\$27,985	\$28,469			
Unreserved, reported in:										
Special revenue funds	(50)	(331)	(342)	(416)	(449)	(320)	(28)			
Debt service funds	752	(446)	1,102	1,355	1,117	1,745	1,063			
Redevelopment Agency	(19,996)	(18,700)	(19,056)	(18,100)	(16,375)	(14,642)	(14,102)			
Capital Projects funds	(591)	322	784	(1,833)	(10,414)	(6,797)	(6,831)			
Restricted	-	-	-	-	-	-	-	\$31,985	\$23,827	\$24,306
Assigned	-	-	-	-	-	-	-	199	670	1,703
Unassigned	-	-	-	-	-	-	-	(9,952)	(1,034)	(207)
Total all other governmental funds	\$5,527	\$6,626	\$13,546	\$10,894	\$7,911	\$7,971	\$8,570	\$22,232	\$23,463	\$25,802

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,				
	2004	2005	2006	2007	2008
Revenues					
Taxes and special assessments	\$9,438	\$11,513	\$11,880	\$13,072	\$13,836
Intergovernmental	1,027	778	654	6,639	2,620
Licenses, permits, and fees	588	846	812	1,160	742
Charges for services	284	506	315	330	277
Fines and forfeitures	139	148	116	113	114
Use of money and property	297	599	816	1,265	863
Other revenues	1,721	3,101	6,485	2,832	2,744
Total Revenues	13,494	17,491	21,078	25,411	21,196
Expenditures					
Current:					
General government	3,264	2,655	4,080	3,873	4,224
Public safety-police	2,722	3,076	3,269	3,330	3,338
Public safety-fire	1,849	2,191	2,224	2,219	2,365
Public works	1,605	1,693	2,689	2,931	2,905
Library	19	21	20	22	25
Capital outlay	1,905	2,730	5,031	9,058	6,853
Debt service:					
Principal repayment	1,035	4,555	1,440	1,740	1,715
Interest and fiscal charges	2,290	2,392	2,349	2,515	2,616
Bond issuance cost	-	-	73	95	-
Total Expenditures	14,689	19,313	21,175	25,783	24,041
Excess (deficiency) of revenues over (under) expenditures	(1,195)	(1,822)	(97)	(372)	(2,845)
Other Financing Sources (Uses)					
Capital contributions	-	-	(70)	182	-
Proceeds from sale of property/assets	4	-	-	-	-
Proceeds from long-term debt	-	3,265	5,970	4,745	-
Discount paid on issuance of debt	-	-	(48)	(52)	-
General Fund advance	-	-	-	(4,589)	-
Deferred rent	-	-	-	-	-
Transfer in	3,229	9,204	3,563	3,354	3,882
Transfer out	(3,185)	(9,083)	(3,867)	(5,023)	(4,476)
Extraordinary item	-	-	-	-	-
Total other financing sources (uses)	48	3,386	5,548	(1,383)	(594)
Net change in fund balances	(\$1,147)	\$1,564	\$5,451	(\$1,755)	(\$3,439)
Debt service as a percentage of noncapital expenditures	26.0%	41.9%	23.9%	26.0%	25.2%

Fiscal Year Ended June 30,

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$14,143	\$15,941	\$12,546	\$12,659	\$9,607
1,837	989	43	26	1,120
817	1,285	708	1,201	3,429
227	335	185	398	233
91	89	627	797	58
381	284	231	1,741	1,587
3,771	2,739	2,534	2,469	3,924
<u>21,267</u>	<u>21,662</u>	<u>16,874</u>	<u>19,291</u>	<u>19,958</u>
3,866	3,561	3,335	3,492	3,998
3,264	3,165	2,839	2,699	2,950
2,424	2,409	2,379	2,485	2,314
3,000	4,553	2,421	1,290	2,776
29	24	670	979	25
6,136	992	1,195	2,883	1,499
1,810	2,055	2,670	2,324	2,567
2,520	2,543	2,436	2,913	2,012
87	-	-	-	-
<u>23,136</u>	<u>19,302</u>	<u>17,945</u>	<u>19,065</u>	<u>18,141</u>
<u>(1,869)</u>	<u>2,360</u>	<u>(1,071)</u>	<u>226</u>	<u>1,817</u>
-	-	-	-	1,486
-	-	-	-	-
2,255	-	-	-	1,611
(63)	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,043	3,317	3,591	3,110	1,809
(11,104)	(4,221)	(4,542)	(3,081)	(2,856)
<u>1,131</u>	<u>(904)</u>	<u>(951)</u>	<u>2,933</u>	<u>2,050</u>
<u>(\$738)</u>	<u>\$1,456</u>	<u>(\$2,022)</u>	<u>\$3,159</u>	<u>\$3,867</u>
26.0%	25.1%	30.5%	32.4%	27.5%

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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
2004	\$4,879	\$2,853	\$75	\$144	\$76	\$569	\$326	\$8,922
2005	5,828	3,619	75	183	98	550	360	10,713
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	2,729	4,637	127	216	35	1,560	607	9,911
2013	3,051	3,029	105	199	47	1,668	2,898	10,998

¹ Property Tax Includes Prior Taxes, Supplemental Taxes, Property Tax/VLF swap, ERAF and Property Tax from RDA
Gas tax shown in CAFR as intergovernment, 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

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	
2004	\$1,039,662	\$243,120	\$7,918	\$1,274,864
2005	1,091,456	235,148	10,320	1,316,284
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	1,439,649	264,206	12,483	1,691,371
2011	1,386,276	268,750	12,556	1,642,470
2012	1,365,754	220,114	10,864	1,575,005
2013	1,381,224	208,177	10,867	1,578,534

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.

Source: County Assessment Rolls

Redevelopment Agency

Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
\$370,107	\$45,905	\$32	\$415,980	1.0252
369,912	53,513	130	423,294	1.0524
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
392,050	50,996	73	442,973	1.0921

**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	
2004	1.0000	n/a	0.0187	0.0065	1.0252
2005	1.0000	0.0289	0.0170	0.0065	1.0524
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

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: CA Municipal Statistics

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

Taxpayer	2013			2005		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value ¹	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value ²
Oyster Point Properties Inc.	\$ 102,392	1	7.42%	\$ 90,574	1	8.35%
DCT Valley Dr CA LLP	61,606	2	4.47%			
IAC San Francisco LLC	57,052	3	4.14%			
2000 Sierra Point Parkway LLC	42,112	4	3.05%	31,000	5	2.86%
Slough Brisbane LLC	41,621	5	3.02%			
William D. and C.A. Spencer Trust	34,965	6	2.53%	18,298	11	1.69%
SRI Seven Marina LLC	34,598	7	2.51%			
Diamond Marina LLC	30,090	8	2.18%			
Fund VIII 1000 Marina LLC	26,400	9	1.91%			
BMR Bayshore Blvd LLC	23,875	10	1.73%			
Tuntex Properties Inc	18,283	11	1.33%			
CPI Sage Hotels Brisbane Owner LLC	15,550	12	1.13%			
Barulich Properties LLC	12,871	13	0.93%	11,226	14	1.03%
Brisbane Lodging LP	12,437	14	0.90%	23,820	9	2.20%
Rolling Frito-Lay Sales	11,524	15	0.84%			
SFPP	11,172	16	0.81%	9,870	16	0.91%
150 Spear Street Associates	10,904	17	0.79%	9,633	17	0.89%
DLC Brisbane	9,500	18	0.69%			
Sierra Hotel Management Corp	8,342	19	0.69%			
Sierra Point Investors LLC	8,495	20	0.60%	37,662	3	3.47%
Cabot Industrial Venture A & B LLC				56,773	2	5.23%
IAC 325 Valley LLC				31,090	4	2.87%
GAL-Brisbane LP				27,527	6	2.54%
Sierra Point LLC				27,093	7	2.50%
Brisbane Hotel Partners LLC				26,159	8	2.41%
Foster 5000 Marina LLC				12,469	11	1.15%
SPK-Sierra Point LLC				18,300	10	1.69%
Tuntex ³				12,033	13	1.11%
Foster 7000 Marina LLC				10,876	15	1.00%
Northhill Associates LLC				8,225	18	0.76%
AVJOG Investments LLC				7,742	19	0.71%
Brisbane Properties LLC				7,712	20	0.71%
Total	\$ 573,790		41.66%	\$ 478,083		44.06%

Source: CA Municipal Statistics

Source: 2001 - Urban Futures Inc

⁽¹⁾ 2012-2013 Local Secured Assessed Valuation: 1,379,664

⁽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
2004	\$5,044	\$5,044	100%	n/a	\$5,044	100%
2005	4,920	4,920	100%	n/a	4,920	100%
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	2,545	100%	n/a	2,545	100%
2013	2,991	2,991	100%	n/a	2,991	100%

¹Teeter Plan

Source: City of Brisbane

Current year decrease due to the dissolution of the redevelopment areas. Tax Increment from the project areas was returned to the underlying taxing entities

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	Certificates of Participation	Other Long-Term Debt	Utility Revenue Bonds	Capital Leases			
2004	34,880	420	3,620	-	4,450	-	43,370	n/a	11,817
2005	37,410	220	-	-	4,365	227	42,222	n/a	11,381
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	8,551

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 ²	Per Capita
2004	\$3,620	\$393	\$3,227	0.25%	879.19%
2005	3,265	¹ 40	3,225	0.24%	869.14%
2006	9,045	825	8,220	0.60%	2190.23%
2007	13,295	³ 738	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	0.79%	3134.03%
2011	13,505	656	12,849	0.78%	3000.81%
2012	12,695	658	12,037	0.76%	2786.92%
2013	12,489	1,383	11,106	0.70%	2571.53%

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

¹Lease Revenue Bonds

² Assessed value has been used because the actual value of taxable property is not readily available in the State of California

³ Pension Obligation Bonds

City of Brisbane
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013
(amounts expressed in thousands)

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
San Mateo Community College District	\$ 580,659,994	1.071%	\$ 6,218,869
Jefferson Union High School District	150,199,054	10.716%	16,095,331
Brisbane School District	7,525,437	68.374%	5,145,442
City of Brisbane 1915 Act Bonds	7,030,000	100.000%	7,030,000
Total Gross Overlapping Tax and Assessment Debt	745,414,485		34,489,641
Direct and Overlapping General Fund Debt:			
San Mateo County General Fund Obligations	311,729,816	1.071%	3,338,626
San Mateo County Board of Education Certificates of Participation	11,455,000	1.071%	122,683
City of Brisbane Certificates of Participation	25,460,000	100.000%	25,460,000
City of Brisbane Pension Obligations	2,925,000	100.000%	2,925,000
Total Direct and Overlapping General Fund Debt	\$ 351,569,816		\$ 31,846,309
Overlapping Tax Increment Debt (Successor Agency):			
Tax Allocation Bonds	\$ 12,415,000	100.000%	\$ 12,415,000
Revenue Bonds	2,121,571	100.000%	2,121,571
			\$ 14,536,571
Total Direct Debt			\$ 28,385,000
Total Overlapping Debt			\$ 52,483,016
Gross Combined Total Debt	\$ 1,096,984,301		\$ 80,872,521.84 ¹

¹Excludes 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				
	2004	2005	2006	2007	2008
Debt Limit	\$ 34,310	\$ 35,586	\$ 38,702	\$ 42,144	\$ 44,433
Total net debt applicable to limit	3,620	3,265	9,045	13,114	12,800
Legal debt margin	\$ 30,690	\$ 32,321	\$ 29,657	\$ 29,030	\$ 31,633
Total net debt applicable to the limit as a percentage of debt limit	10.55%	9.17%	23.37%	31.12%	28.81%

Legal Debt Margin Calculation for Fiscal Year 2013:

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				
2009	2010	2011	2012	2013
\$ 63,251	\$ 63,682	\$ 61,904	\$ 59,802	\$ 59,526
13,940	13,420	12,849	12,037	11,106
\$ 49,311	\$ 50,262	\$ 49,055	\$ 47,765	\$ 48,419
22.04%	21.07%	20.76%	20.13%	18.66%

1,587,354

-

1,587,354

59,526

12,489

1,383

11,106

48,419

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

Fiscal Year	Water Revenue Bonds			Debt Service Requirements			Coverage %
	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Total	
2003-2004	\$2,577	\$2,538	\$39	-	\$203	\$203	0.19%
2004-2005	2,828	2,498	330	85	202	287	1.15%
2005-2006	3,789	2,286	1,504	95	199	294	5.11%
2006-2007	3,514	2,271	1,243	95	196	291	4.27%
2007-2008	4,393	3,143	1,250	95	193	288	4.35%
2008-2009	4,084	3,317	767	100	189	289	2.65%
2009-2010	3,939	3,393	546	100	186	286	1.91%
2010-2011	4,041	3,208	832	105	182	287	2.90%
2011-2012	4,463	2,964	1,499	115	178	293	5.12%
2012-2013	5,706	3,625	2,081	115	251	366	5.68%

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
2004	3,670	\$39,409	\$56,550	364,500	5.00%
2005	3,710	43,755	62,680	363,800	4.30%
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	n/a	n/a	388,500	7.1%
2013	4379	n/a	n/a	400,000	5.4%

Notes:

¹

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

Source: California Labor Market Info for San Mateo County. Data not available for 2012 and 2013

²

³ Source: California Department of Finance

⁴ 2010 U.S. Census

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City of Brisbane
Principal Employers
Current Year and Ten Years Ago

Employer	2013 ¹			2004 ²		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pepsi Bottling Group	380	1	5.80%			
Sunset Scavenger Co/Recology	350	2	5.34%			
Bi-Rite Foodservice Distributors	259	3	3.95%	250	5	n/a
XOJet	250	4	3.82%			
Caltronics Business Systems	243	5	3.71%			
Monster Cable Products Inc	242	6	3.69%	700	1	n/a
Expeditors Intl of WA Inc	223	7	3.40%			
Collab.net Inc	212	8	3.24%			
Next Style LLC	160	9	2.44%			
Fong Brothers Printing	148	10	2.26%	150	7	n/a
Bebe	140	11	1.83%	150	7	
Glam Media Inc	138	12	2.14%			
Lincoln Broadcasting Co	120	13	1.79%	120	12	
PSI Group - California	117	14	1.62%	114	15	
Intermune	106	15	1.60%	180	6	n/a
Purcell-Murray Company Inc	105	16	1.51%	125	11	
Hitachi America LTD	99	17	1.51%	500	2	n/a
SFO Apparel	99	18	1.48%			
Aircraft Technical Publishers	97	19	0.00%	105	19	n/a
Dolby Laboratories	81	20	0.00%			
Walmart.com				300	3	n/a
VWR Corporation				300	3	n/a
Classroom Connect				150	7	
F.W. Spencer				150	7	n/a
Imagine Media				120	12	n/a
Wily Technology				120	12	n/a
Stentor Inc				111	16	
Exel Global Logistics				110	17	n/a
IGN Entertainment				110	17	n/a
Cutera				100	20	n/a
Total Employment (Estimated)	6,553					

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		
	2004	2005	2006
Function:			
General government	12	11	11.51
Public safety:			
Police	20.11	20.11	20.11
Fire	13.55	13.55	12.55
Public works and Municipal Utilities	18.25	18.5	21.5
Community development	4.6	4.4	5.4
Parks and recreation and Marina	25.58	24.92	24.92
Total	<u>94.09</u>	<u>92.48</u>	<u>95.99</u>

Source: City of Brisbane Base Budget

June 30						
2007	2008	2009	2010	2011	2012	2013
12.01	13.01	14.01	13.55	11.25	10.89	10.79
20.61	20.61	20.61	17.99	15.11	15.11	14.11
13	13	13	10	10	10	10
22.5	22.5	22.5	23	16	16	16.1
5.9	5.9	5.9	5.9	4.9	4.4	3.8
25.13	25.45	25.45	24.2	23.7	25.56	24.58
99.15	100.47	101.47	94.64	80.96	81.96	79.38

City of Brisbane
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2004	2005	2006	2007
Police				
Response time to :				
Extreme Emergencies	4:52	4:20	3	4:27
Emergencies	6:12	4:16	5	4:22
Non-Emergencies	12:07	6:12	15	6:46
Number of victims per 1,000 citizens or business	n/a	22	28	31
Fire				
Number of calls answered	649	620	595	586
Number of inspections	516	516	526	535
Public Works:				
Percent of tripping hazards corrected within 1 month	100	100	100	100
Percent of damaged street signs replaced within 1 month	100	100	100	100
Percent of facilities maintained relative to Maintenance Program	95	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 (city side) and repairs				
Percentage of water samples that pass health standards	100	100	100	100
Percentage of water storage tanks cleaned and inspected	n/a	100	100	100
Percentage of reported broken water meters replaced	n/a	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)	356	376	393	353
Total annual sewage flow				
Number of sewer line blocks/breaks				
Percentage of sewer blockages cleared within:				
4 hours	100	100	100	100
12 hours	100	100	100	100
Community Development:				
Total permit valuation (\$000)	8,158	27,197	9,221	10,155
Parks and Recreation:				
Community/Special Events (Concerts in the Park, Festival of Lights, etc.) number of events	n/a	8	7	6
Sports Programs (e.g. basketball, softball): number of sports				
Youth	n/a	8	8	15
Adult	n/a	2	2	2
Classes: (number of programs)				
Adult	n/a	10	11	10
Youth	n/a	2	5	5
Youth & Adult	n/a	1	1	3
Child Care programs (Average Enrollment):				
Preschool	n/a	10	9	13
Afterschool	n/a	42	40	62
Day Camps (Average Enrollment)	n/a	73	78	59
Spring				
Summer				
Winter				
Teen Programs (number of programs)	n/a	11	10	15
Aquatic programs (Enrollment/attendance):				
Summer swim lessons	n/a	475	335	852
Water aerobics	n/a	111	64	96
Senior Center (Enrollment/attendance) Programs	n/a		154	184
All programs				

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

2008	2009	Fiscal Year			
		2010	2011	2012	2013
4:22	4:26	4:26	3:07	3:31	4:12
3:51	4:12	3:48	6:28	3:37	3:57
6:16	6:14	5:50	9:07	6:10	6:25
30	30	30	33	32	33
653	618	663	619	667	670
533	471	449	558	423	429
100	100	100	100		
100	100	100	100		
100	100	100	100		
				77	141
				1	3
				5	13
				21	32
				30	49
				20	43
	302,631 ccf	276,478ccf	275,884ccf	280,650ccf	287,ccf290
	1	2	1	3	2
	7	1	3	9	2
100	100	100	100	100	100
100	100	100	100	100	100
100	100	100	100	100	100
	100	100	100	100	100
	100	100	100	58	27
352	334	340	356	326	319
		15	173,925ccf	159,052ccf	155,534ccf
			10	12	3
100	100	100	100	100	100
100	100	100	100	100	100
15,513	6,613	9,890	5,424	9,101	18,459
4	9	6	6	6	6
13	12	13	13	14	14
2	2	3	3	3	3
8	7	11	10	12	8
3	2	4	7	5	8
4	2	separated			
16	17	20	20	20	20
44	63	64	66	69	82
56	60	67	60		
				33	35
				56	45
				27	23
7	9	7	5	9	0
909	812	778	780	579	611
65	29	9/day	7/day	6/day	10/day
198		37/week	37/week	38/week	37/week
		8	7	7	6
	73	64	64	61	53

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

Function	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Public Safety:							
Police:							
Stations	1	1	1	1	1	1	1
Patrol units	5	5	5	5	5	5	5
Fire:							
Fire Stations	1	1	1	1	1	1	1
Fire Engines	3	3	3	3	3	3	3
Public Works:							
Streets (miles)	23	23	23	23	23	23	23
Streetlights	782	782	790	790	790	790	790
Sanitary Sewers (linear feet)	80,362	80,362	80,712	80,712	80,712	80,712	80,712
Water Lines (linear feet)	132,570	132,570	132,570	132,830	132,830	132,830	132,830
Water Storage (million gallons)	2.7	2.7	2.7	2.7	2.9	2.9	2.9
Parks and Recreation:							
Parks acreage	53.98	54.48	54.98	57.98	57.98	57.98	57.98
Parks	13	14	15	15	15	15	15
Swimming pools	1	1	1	1	1	1	1
Open Space acreage ¹	156.68	156.68	156.68	184.68	184.68	184.68	184.68
Wetlands	127.75	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

2011	2012	2013
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1	1	1
5	5	5
1	1	1
3	3	3
23	23	23
790	790	790
80,712	80,712	80,712
132,830	132,830	132,830
2.9	2.9	2.9
57.98	57.98	57.98
15	15	15
1	1	1
184.68	184.68	184.68
127.75	127.75	127.75

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