

City of Brisbane,
California



Providing Quality Services

Comprehensive Annual
Financial Report for the Fiscal Year Ended
June 30, 2011

CITY OF BRISBANE
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

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

**City of Brisbane
Comprehensive Annual Financial Report
For the Year Ended June 30, 2011**

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CITY OF BRISBANE

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Brisbane, California 94005-1310
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December 1, 2011

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, 2011.

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.

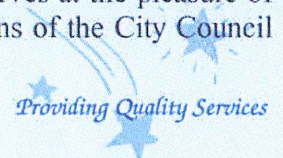
The City of Brisbane's financial statements have been audited by Maze & Associates, a firm of licensed certified public accountants. They concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Brisbane's financial statements for the fiscal year ended June 30, 2011 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. 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 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. There are a handful of businesses that make up a sizable portion of City revenues. The five largest Sales Tax producers are over 77 % of all Sales Tax collected. This percentage demonstrates the City's need to diversify. Staff is working with other businesses and the Chamber of Commerce to create economic development.

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 a hotel close to the airport has closed for remodeling.

The City has been notified that one of our largest sales tax providers is planning on moving its operations out of Brisbane in 2012. We are uncertain of the timing because the management of this business has been unwilling to talk to city management.

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 uses a two-year budget process with a capital improvement program reviewed in the off year. Given the uncertainty of the current economy, the two year budget for fiscal years 2011-2013 was presented and only the current fiscal year being adopted (FY 2011-2012). This enables the City the opportunity to respond quickly to any changes.

With the upcoming loss of the City's largest sales tax provider, the Council and staff are exploring other ways of achieving citizens' goals with decreasing revenues and decreases in staff. This includes reviewing what the city currently provides, what the city must provide and brainstorming ways to close the budget gap. Since fiscal year ending 2008, the City has lost twenty full-time employees to retirement and attrition. Within the next two years we expect to lose more. Most of these positions will not be filled in the foreseeable future.

The State of California passed legislation during the year to dissolve all redevelopment agencies (AB 1X 26). And it also passed legislation to allow cities and counties to continue if they "voluntarily" pay schools and special districts a significant amount of revenue (AB 1X 27). Both bills have been appealed to the state Supreme Court. The outcome might have a significant impact on the City.

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. The past year has proven challenging in finding long-term (up to five years) investment instruments.

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

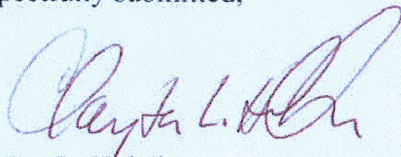
Internal accounting controls are designed by the City to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance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

Awards and Acknowledgements

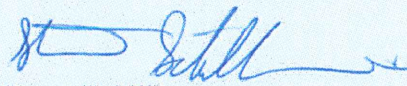
For many years, the City received the Certificate of Achievement for Excellence in Financial Reporting from GFOA. Although we have not applied for the award due to budgetary constraints we continue to maintain the same quality in this year's report. This will allow us to submit the CAFR when economic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



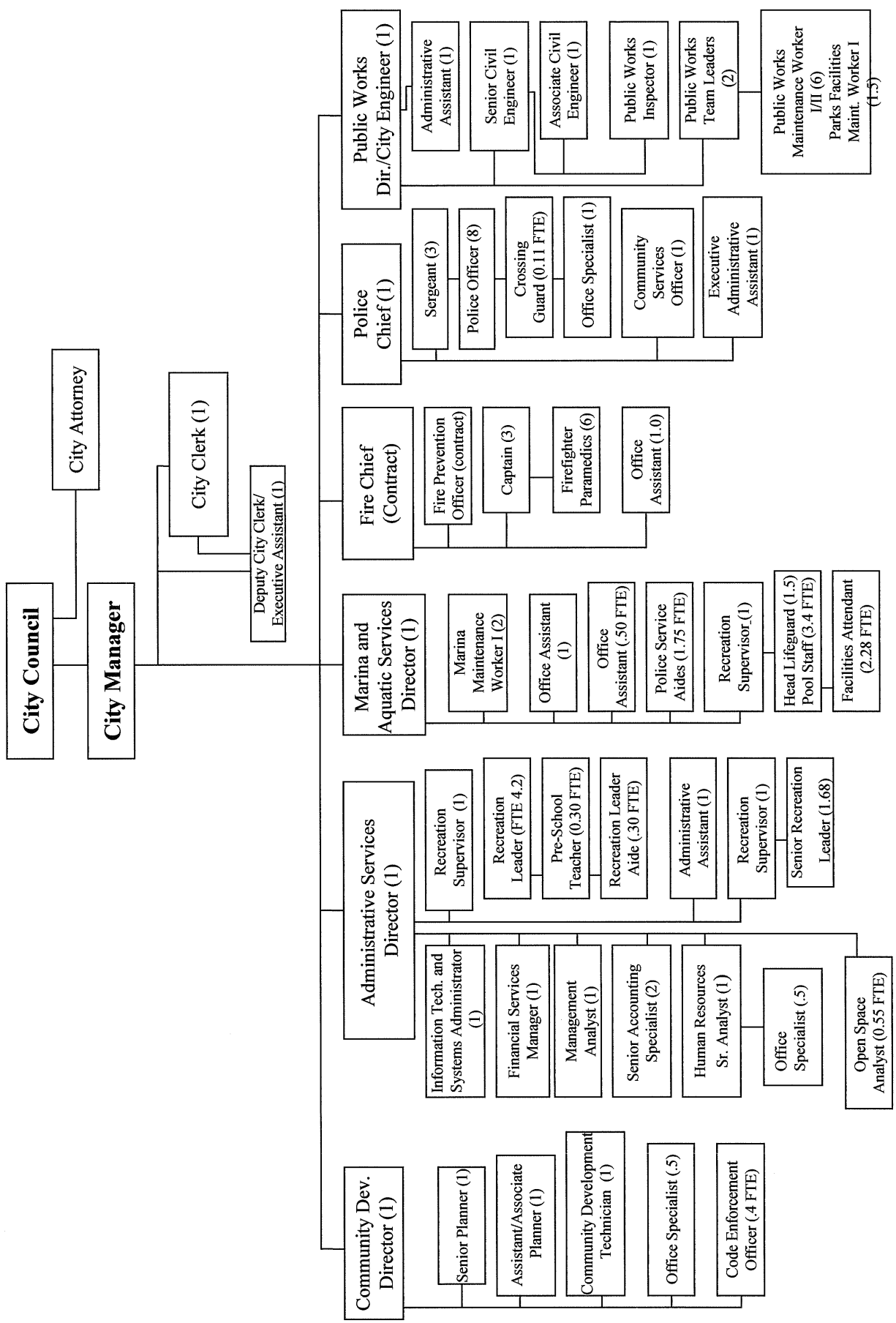
Clayton L. Holstine
City Manager



Stuart Schillinger
Administrative Services Director

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City of Brisbane



City of Brisbane
Principal Officials of the City of Brisbane, California
For the year ended June 30, 2011

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

2010-2011

CITY COUNCIL/BOARD MEMBERS

Cyril G. Bologoff, Mayor /Board Chairman
Steven W. Waldo, Council Mayor Pro Tem/Board Vice-Chairman
W. Clarke Conway, Council Member/Board Member
Cliff R. Lentz, Council Member/Board Member
A. Sepi Richardson, Council Member/Board Member

STAFF MEMBERS

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

Harold S. Toppel
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

Sheri Spediacci
City Clerk

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

To the City Council
City of Brisbane, California

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brisbane (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The financial statements as of June 30, 2010, were audited by other auditors whose opinion dated May 23, 2011, were unqualified.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brisbane at June 30, 2011 and the results of its operations and cash flows, where applicable, thereof for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

As disclosed in Note 15, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by opting into an "alternative voluntary redevelopment program" requiring specified substantial annual contributions to local schools and special districts. These conditions raise substantial doubt about the ability of the Redevelopment Agency of the City of Brisbane, a component unit of the City, to continue as a going concern. However, on August 11, 2011, the California Supreme Court issued a partial stay of ABx1 26 and a full stay of ABx1 27, but the partial stay did not include the section of ABx1 26 that suspends all new redevelopment activities. As a result, the accompanying financial statements have been prepared assuming that the Redevelopment Agency of the City of Brisbane will continue as a going concern. The activities of the Redevelopment Agency of the City of Brisbane are included in the Project Area #1 Fund, Project Area #2 Fund, and Low and Moderate Income Housing Fund of the accompanying financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2011 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As of July 1, 2010, the City adopted the provision of Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. As discussed in Note 9 to the financial statements, the provisions of this statement affect the classification of fund balances reported in the financial statements.

Management's Discussion and Analysis and the budgetary comparison for the General Fund and major special revenue funds are required by the Government Accounting Standards Board, but is not part of the basic financial statements. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

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

The statistical section listed in the Table of Contents was not audited by us, and we do not express an opinion on this information.

Marx & Associates

November 23, 2011

Management's Discussion and Analysis

As management of the City of Brisbane, we offer readers of the City of Brisbane's financial statements this narrative overview and analysis of the financial activities of the City of Brisbane for the fiscal year ended June 30, 2011. Readers should consider the information presented here in conjunction with our letter of transmittal, which can be found on pages v-vii of this report and the City's financial statements beginning on page 12. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Fiscal year 2010-11 brings the implementation of GASB Statement 54, Fund Balance Reporting and Government Fund Type Definitions. The Government Accounting Standards Board (GASB) is the regulating authority for governmental accounting to which we are held accountable. This statement is an effort to standardize the different fund balance types. Instead of Reserved and Unreserved Fund Balance, the hierarchy is now based on what constraints exist on the use of resources of the governmental funds.

The City has also engaged a new audit firm beginning fiscal year 2011. The presentation of financial statements has been slightly adjusted.

FINANCIAL HIGHLIGHTS

For fiscal year 2010-11, the City revenues have remained flat and we have continued to reduce expenses by not replacing staff positions as they become vacant. There are 20 fewer employees than we had in 2008. The City is also waiting for the outcome of the Redevelopment legal action which will determine if the Redevelopment Agencies in the state of California can continue to exist. In the meantime, staff is looking at the impacts of a worst case scenario. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Fiscal Year 2010-11 financial highlights include the following:

- The assets of the City of Brisbane exceed its liabilities by \$66,946 (net assets). Of this amount, \$33,394 is Government Activities and \$33,552 is Business-Type Activities. The increase of about \$850 stems from reclassifying an Advance in the Community Redevelopment Agency funds to more accurately reflect the bond nature of the funding between the Redevelopment Agency and the Brisbane Public Finance Authority (see Note 8).
- The Government-wide Current assets exceeded its current liabilities by \$12,519. This is a million dollar decrease from fiscal year 2010 due to lower receivables and higher payables.
- The City's Capital Assets increased slightly over the previous year. This is due to the modest increase in capital projects (construction in progress that was finished and converted to a capital asset).
- The General Fund's Revenues (excluding transfers) decreased by \$3,051 with 61% coming from Taxes and Special Assessments which is a carryover of the correction by the California Board of Equalization in prior years. Another 23% is the decrease in Licenses, permits and fees which reflects the decline in housing permits. Next year should increase with the build out of the Northeast Ridge.
- The City's General Fund Expenditures (excluding transfers) decreased by \$1,829. The City has continued looking for ways to reduce expenses. This past year we had additional retirements and resignations which were not filled. This reflects the accumulated savings in salaries and benefits over the past three years.
- The City's General Fund Fund Balance decreased by \$2,511. This includes the transfer of \$2,476 to bond payments and the park and recreation fund. The remaining \$34 is due to the Sales Tax corrections.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to 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 Assets and the Statement of Activities.

The focus of the Statement of Net Assets is designed to be similar to bottom line results for the City and its governmental activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) 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.

The City's Governmental Activities include the activities of the City of Brisbane's Redevelopment Agency, a separate legal entity.

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, Marina). Unlike governmental services, these services are supported by charges paid by users on 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.

Fund Financial Statements

The Fund Financial Statement presentation focus is on Major Funds, rather than fund types.

The Governmental Major Fund presentation (see pages 16 to 19) is 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.

Fund Financial Statements include Governmental, Enterprise, Internal Service Funds, and Fiduciary Funds.

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.

Enterprise and Internal Service Fund financial statements are prepared on the full accrual basis of accounting, and include all of their assets and liabilities, current and long-term.

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.

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

The City is the agent for certain assessment districts, holding amounts collected from property owners which await transfer to these Districts’ bond trustees. The City also acts as agent for developer agreements holding deposits for payment of vendor expenses. 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

**Government-Wide
Statement of Net Assets
As of June 30,**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current Assets	\$ 17,049	\$ 19,036	\$ 1,783	\$ 190	\$ 18,832	\$ 19,226
Capital assets	49,945	49,703	36,278	36,380	86,223	86,083
Other non-current assets	24,491	10,430	549	1,836	25,040	12,266
Total assets	<u>\$ 91,485</u>	<u>\$ 79,169</u>	<u>\$ 38,610</u>	<u>\$ 38,406</u>	<u>\$ 130,096</u>	<u>\$ 117,575</u>
Current liabilities	\$ 5,473	\$ 4,576	\$ 839	\$ 875	\$ 6,313	\$ 5,451
Non-current liabilities	52,618	41,793	4,219	4,237	56,837	46,029
Total liabilities	<u>\$ 58,091</u>	<u>\$ 46,368</u>	<u>\$ 5,058</u>	<u>\$ 5,112</u>	<u>\$ 63,150</u>	<u>\$ 51,480</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 20,782	\$ 32,383	\$ 32,504	\$ 32,386	\$ 53,286	\$ 64,769
Restricted	19,399	18,943	847	2,252	20,246	21,195
Unrestricted	(6,786)	(18,525)	201	(1,344)	(6,585)	(19,869)
Total net assets	<u>\$ 33,394</u>	<u>\$ 32,801</u>	<u>\$ 33,552</u>	<u>\$ 33,294</u>	<u>\$ 66,946</u>	<u>\$ 66,095</u>

For more detailed information see the Statement of Net Assets (page 12).

Over time, net assets may serve as a useful indicator of a government's financial position. In the case of the City of Brisbane, assets exceeded liabilities by \$66,946 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (\$53,285) 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 assets (\$20,246) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2011, the City shows a negative balance for unrestricted net assets of \$6,585. This is an improvement over the prior year due to reclassifying the Redevelopment Advance from other funds to the debt fund of the Public Finance Authority. The total net assets increased by \$851 due to the increase in non-current assets and non-current liabilities.

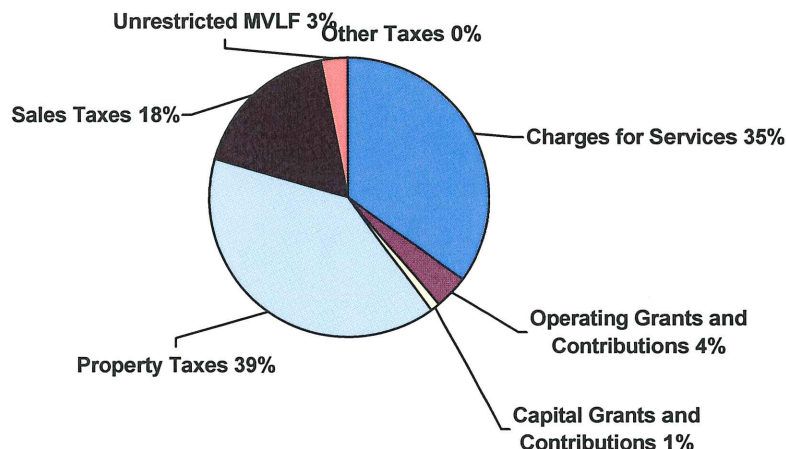
**Government-wide
Statement of Changes in Net Assets
As of June 30,**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 5,085	\$ 6,626	\$ 5,974	\$ 5,877	\$ 11,059	\$ 12,503
Operating contributions and grants	637	219	-	-	637	219
Capital contributions and grants	170	-	862	-	1,032	-
Total program revenues	<u>5,892</u>	<u>6,845</u>	<u>6,836</u>	<u>5,877</u>	<u>12,728</u>	<u>12,722</u>
General revenues:						
Property taxes	6,337	7,387	29	28	6,366	7,415
Sales taxes	2,842	5,007	-	-	2,842	5,007
Motor vehicle license fee taxes	13	9	-	-	13	9
Transient occupancy tax	1,306	1,357	-	-	1,306	1,357
Other taxes	458	-	-	-	458	-
Total taxes	<u>10,956</u>	<u>13,759</u>	<u>29</u>	<u>28</u>	<u>10,984</u>	<u>13,787</u>
Investment earnings (loss)	98	206	94	97	192	303
Other revenue		81	33	-	33	81
Total revenues	<u>\$ 16,945</u>	<u>\$ 20,891</u>	<u>\$ 6,992</u>	<u>\$ 6,002</u>	<u>\$ 23,937</u>	<u>\$ 26,893</u>
Expenses:						
General government	\$ 4,276	\$ 6,024	\$ -	\$ -	\$ 4,276	\$ 6,024
Public safety - police	3,183	3,506	-	-	3,183	3,506
Public safety - fire	2,559	2,532	-	-	2,559	2,532
Public works	3,159	4,928	-	-	3,159	4,928
Interest on long-term debt	2,431	2,519	-	-	2,431	2,519
Water	-	-	1,360	1,231	1,360	1,231
Sewer	-	-	1,340	1,450	1,340	1,450
Guadalupe Valley Municipal Improvement District	-	-	1,352	1,526	1,352	1,526
Parks and recreation	-	-	3,426	3,456	3,426	3,456
Total expenses	<u>\$ 15,607</u>	<u>\$ 19,509</u>	<u>\$ 7,479</u>	<u>\$ 7,663</u>	<u>\$ 23,087</u>	<u>\$ 27,172</u>
Increase/decrease in net assets before transfers	\$ 1,338	\$ 1,382	\$ (488)	\$ (1,661)	\$ 850	\$ (279)
Transfers	(745)	(915)	745	915	-	-
Increase/decrease in net assets	<u>593</u>	<u>467</u>	<u>257</u>	<u>(746)</u>	<u>850</u>	<u>(279)</u>
Net assets - beginning of year	32,801	32,335	33,294	34,040	66,096	66,375
Net assets - end of year	<u>\$ 33,394</u>	<u>\$ 32,801</u>	<u>\$ 33,552</u>	<u>\$ 33,294</u>	<u>\$ 66,946</u>	<u>\$ 66,096</u>

Governmental activities. Program revenues generated over half of the City's governmental revenues. The major sources of this are providing services to outside agencies, redistributing the cost of governmental services to the operating departments through a cost allocation plan, and revenue received through the Finance Department. The City received \$1.0 more in grants compared to the prior year. The City's property tax revenues decreased slightly reflecting the downturn in the housing market. The Sales Tax revenue decreased \$2.16 over the prior year as the State corrected the amount to the City by the prior year's overpayment. The City has budgeted sales tax for fiscal year 2010-2011 at \$4,271.

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 assets by \$257, a \$1.0 change over the prior year. Business-type net assets account for 50% of the City's total net assets.

- Program revenues increased by \$959. Capital Grants were attained for some Park & Recreation projects.
- Expenses decreased by 2.5% (\$184) due to the City's efforts to contain costs.

THE CITY FUNDS

Governmental Funds

At June 30, 2011, the City's Governmental Funds reported combined Fund Balances of \$29,831, an increase of \$11.5 million (62 percent) compared with last year. This can be attributed to moving the Advance from other funds to Long term debt.

The Governmental Fund revenues decrease of \$4,076 is from taxes and special assessments and licenses, permits and fee. The City sales tax was overpaid in fiscal year 2010 so fiscal year 2011 was decreased by the amount overpaid. Additionally, Licenses, permits and fees decreased due to the slowdown in the building industry.

Governmental Fund expenditures decreased \$2,744 due to a sharp decrease of capital improvements projects. The City is also experiencing a significant savings in salaries and benefits with the vacant positions.

General Fund – The General Fund ended the year with a fund balance of \$7,598. Of this amount, \$2,636 is unspendable including: Encumbrances, Advances to Other Funds, and Loans Receivables. The Unassigned portion of the Fund Balance is \$4,526. 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 2010/11. As stated before, Sales Tax decreased \$2.17 million based on the prior year error made by the state. Property Tax remained flat and the Transient Occupancy Tax showed an increase of \$.135 from the previous year because of the rate increase approved by the voters in November 2010. The City's revenues reflect the current state of the economy in the Bay Area.

Staff continued to look for ways to reduce expenditures with minimal impacts to the community. City staff again gave up their cost of living increases. As employees retired, their positions were not 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.

Community Redevelopment Agency – The Community Development Agency had an ending Fund Balance of \$3.861. This reflects the reclassifying of the Advance from the City’s Finance Authority to the Long term debt that it is. The State of California is attempting to do away with redevelopment, but has proposed an extension if the city “voluntarily” agrees to fund the schools. Both of these bills are in litigation.

Proprietary funds

At June 30, 2011, the City’s Enterprise Funds reported combined net assets of \$33,552 which is an increase of about \$257 from FY 2010/11.

Utility Fund – In FY 2010/11 the water and sewer rates remained unchanged for the third year. However, the City was notified that its water provider would be increasing its rates by 47% effective July 1, 2011. The council has approved a rate increase that reflects this rate.

Parks and Recreation Fund – In FY 2010/11 the City still saw an operating loss. Operating revenues declined slightly by \$28 and the operating expenditures increased by \$20. The General Fund decreased its subsidy to Parks and Recreation programs by \$118. 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 new programs with General Tax revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund expenditures came in under budget by \$2,800. 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 under the adopted budget estimates by \$2,387. This was mostly due to the correction in Sales Tax.

During the current fiscal year, the fund balance in the General Fund decreased to \$2,511 which is mostly the funds transferred out for debt service and Park and Recreation Fund subsidies. The City Council has an adopted policy of maintaining 50% of expenditures in the fund balance. Currently, the City meets this requirement.

CAPITAL ASSETS

The City of Brisbane's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$86,083 (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 increase in the investment in capital assets for the current fiscal year was \$140 (\$241 increase for governmental activities and \$101 decrease for business-type activities).

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

- Developer contribution of a street in the Northeast Ridge housing development (\$862)
- Purchase of a new Fire Training trailer (\$279)
- Replaced one police vehicle per the City's rotation schedule.
- Purchased another lot in Brisbane Acres for the Open Space fund

Capital Assets
As of June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Non-depreciable assets:						
Land	\$ 11,991	\$ 11,811	\$ 1,111	\$ 1,111	\$ 13,102	\$ 12,922
Construction in progress	15,122	23,771	178	797	15,300	24,568
Total non-depreciable assets	27,113	35,582	1,289	1,908	28,402	37,490
Depreciable assets:						
Land improvements	1,651	1,616	9,773	9,773	11,425	11,389
Buildings and structures	12,834	3,923	13,279	12,655	26,114	16,579
Machinery and equipment	2,662	2,530	923	943	3,585	3,472
Infrastructure	15,456	15,456	31,329	30,348	46,785	45,804
Total depreciable assets	32,604	23,525	55,305	53,719	87,909	77,244
Less accumulated depreciation	(9,772)	(9,403)	(20,315)	(19,248)	(30,087)	(28,651)
Total depreciable assets, net	22,832	14,122	34,990	34,471	57,822	48,593
Total capital assets	\$ 49,945	\$ 49,703	\$ 36,278	\$ 36,380	\$ 86,223	\$ 86,083

Additional information on the City of Brisbane's capital assets can be found in note 6 on pages 45-48 of this report.

DEBT ADMINISTRATION

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$43,351. Of this amount, \$3,630 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,

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Pension obligation bonds	\$ 3,630	\$ 3,930	\$ -	\$ -	\$ 3,630	\$ 3,930
Revenue bonds	49,020	37,910	3,775	3,880	52,795	41,790
Capital lease	-	-	91	113	91	113
Total	\$ 52,650	\$ 41,840	\$ 3,866	\$ 3,993	\$ 56,516	\$ 45,833

The total debt decreased by \$2,482 (5 percent) during the current fiscal year because of debt service payments.

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 49-57.

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 five largest Sales Tax producers are now 75.66% of all Sales Tax collected. We have been advised that one of our major sales tax providers is planning on moving its operations out of Brisbane by 2013.

In addition, the City's room tax revenues are generated by the two hotels located at Sierra Point. The City is working with the Chamber of Commerce to develop economic sustainability for our businesses.

Brisbane also 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 it is undergoing the EIR process. 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.

An additional challenge to the City is the proposed end of redevelopment agencies by the State of California. The City has used redevelopment for the building of the Brisbane Marina, the development of infrastructure for Sierra Point, the building of low-moderate income housing for seniors, and assistance to Habitat for Humanity housing for seven low-cost units. The City also owns property it was planning on using for additional low-moderate income housing.

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.

CITY OF BRISBANE

**STATEMENT OF NET ASSETS AND
STATEMENT OF ACTIVITIES**

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets 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 assets. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City and the City of Brisbane's Redevelopment Agency, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for their activities.

CITY OF BRISBANE
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments available for operations (Note 3)	\$14,986,209	\$512,389	\$15,498,598
Accounts receivable	678,780	913,365	1,592,145
Taxes receivable	1,244,449	30	1,244,479
Internal balance (Note 4)	(357,098)	357,098	
Deferred charges	134,494		134,494
Accrued interest	5,256		5,256
Other assets	357,141	118	357,259
Noncurrent assets:			
Restricted cash and investments with fiscal agents (Note 3)	3,566,852		3,566,852
Investment in Brisbane Redevelopment Agency tax allocation bonds (Note 3)	13,165,000		13,165,000
Loans receivable, net (Note 5)	3,925,831	548,698	4,474,529
Prepaid pension obligation bonds (Note 10A)	3,833,474		3,833,474
Capital assets (Note 6):			
Non-depreciable	27,113,208	1,288,734	28,401,942
Depreciable, net	22,831,819	34,989,704	57,821,523
Total Assets	91,485,415	38,610,136	130,095,551
LIABILITIES			
Current liabilities:			
Accounts payable	788,499	324,032	1,112,531
Accrued payroll	251,666	76,392	328,058
Interest payable	502,275	60,449	562,724
Deposits	731,482	200,836	932,318
Claims payable - due within one year (Note 12)	231,285		231,285
Compensated absences - due within one year (Note 1F)	139,666	40,117	179,783
Capital leases - due within one year (Note 8)		22,651	22,651
Long-term debt - due within one year (Note 8)	2,828,381	115,000	2,943,381
Noncurrent liabilities:			
Claims payable - due in more than one year (Note 12)	532,262		532,262
Compensated absences - due in more than one year (Note 1F)	418,999	120,351	539,350
OPEB obligation (Note 11)	1,936,455	370,700	2,307,155
Capital leases - due in more than one year (Note 8)		67,954	67,954
Long-term debt - due in more than one year (Note 8)	49,730,066	3,660,000	53,390,066
Total Liabilities	58,091,036	5,058,482	63,149,518
NET ASSETS (Note 9)			
Invested in capital assets, net of related debt	20,781,580	32,503,438	53,285,018
Restricted for:			
Capital projects	553,606	847,589	1,401,195
Debt service	18,236,009		18,236,009
Specific projects and programs	609,037		609,037
Total Restricted Net Assets	19,398,652	847,589	20,246,241
Unrestricted	(6,785,853)	200,627	(6,585,226)
Total Net Assets	\$33,394,379	\$33,551,654	\$66,946,033

See accompanying notes to financial statements

CITY OF BRISBANE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
General government	\$4,279,279	\$2,342,838	\$217,918	(\$1,718,523)		(\$1,718,523)
Public safety - police	3,185,074	126,508	379,628	(2,678,938)		(2,678,938)
Public safety - fire	2,560,261	137,469		(2,422,792)		(2,422,792)
Public works	3,159,693	2,477,945	38,966	(642,782)		(642,782)
Interest on long-term debt (unallocated)	2,430,616			(2,430,616)		(2,430,616)
Total Governmental Activities	15,614,923	5,084,760	636,512	(9,893,651)		(9,893,651)
Business-type Activities:						
Water	1,360,480	1,302,510			(\$57,970)	(57,970)
Sewer	1,340,397	1,162,408			(177,989)	(177,989)
Guadalupe Valley Municipal Improvement District	1,352,072	1,514,051			161,979	161,979
Parks and recreation	3,426,434	1,994,948			(1,431,486)	(1,431,486)
Total Business-type Activities	7,479,383	5,973,917			(1,505,466)	(1,505,466)
Total	\$23,094,306	\$11,058,677	\$636,512	(9,893,651)	(1,505,466)	(11,399,117)
General revenues:						
Taxes:						
Property taxes				6,336,672		6,336,672
Sales taxes				2,841,551		2,841,551
Unrestricted motor vehicle license fee taxes				13,039		13,039
Transient occupancy tax				1,306,119		1,306,119
Other taxes				458,123		458,123
Taxes and assessment					28,916	28,916
Developer contributions				170,087	862,000	1,032,087
Intergovernmental					32,683	32,683
Investment earnings				97,978	94,271	192,249
Miscellaneous				8,056		8,056
Transfers (Note 4C)				(744,821)	744,821	
Total general revenues and transfers				10,486,804	1,762,691	12,249,495
Change in Net Assets				593,153	257,225	850,378
Net Assets-Beginning				32,801,226	33,294,429	66,095,655
Net Assets-Ending				\$33,394,379	\$33,551,654	\$66,946,033

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 2011. 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.

Community Redevelopment Agency Special Revenue Fund

Redevelopment agencies are component units and as such, their general funds are treated as funds of the government itself and therefore must be reclassified as special revenue funds (GASB 2600.117). Revenues of the Agency, generally tax increment received from the County, are restricted for use to redevelopment of a specified project area for the benefit of the citizens and businesses located in that area. Expenditures related to redevelopment activities are, likewise, posted to these special revenue funds.

Redevelopment statutes require, absent a finding to defer, that 20% of all tax increment received by project areas be diverted to use for low and/or moderate income housing programs. Thus, a separate special revenue fund was established in accordance with the Health and Safety statutes to account for housing revenues and expenditures for low and/or moderate income programs.

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, 2011

	General Fund	Community Redevelopment Agency 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)	\$2,910,741	\$7,449,316	\$3,731	\$2,533,401	\$12,897,189
Restricted cash and investments (Note 3)			2,037,603	1,529,249	3,566,852
Investment in Brisbane Redevelopment Agency tax allocation bonds (Note 3)			13,165,000		13,165,000
Accounts receivable, net	579,144		9,297	87,118	675,559
Taxes receivable	1,230,552			13,897	1,244,449
Interest receivable		4,192			4,192
Due from other funds (Note 4A)	2,322,217				2,322,217
Loans receivable (Note 5)	802,955	3,122,876			3,925,831
Advances to other funds (Note 4B)	1,833,327		2,295,996	446,432	4,575,755
Other assets	6,535				6,535
Total Assets	\$9,685,471	10,576,384	\$17,511,627	\$4,610,097	\$42,383,579
LIABILITIES					
Accounts payable	\$355,201	\$3,063		\$56,520	\$414,784
Accrued payroll	219,894			26,521	246,415
Due to other funds (Note 4A)				1,369,902	1,369,902
Deposits	729,881			1,601	731,482
Deferred revenue	782,080	3,122,876			3,904,956
Advances from other funds (Note 4B)		3,589,104	\$2,295,996		5,885,100
Total Liabilities	2,087,056	6,715,043	2,295,996	1,454,544	12,552,639
FUND BALANCES (Note 9)					
Nonspendable	2,636,282				2,636,282
Restricted		12,769,082	15,215,631	4,000,397	31,985,110
Assigned	436,381			199,361	635,742
Unassigned	4,525,752	(8,907,741)		(1,044,205)	(5,426,194)
Total Fund Balances	7,598,415	3,861,341	15,215,631	3,155,553	29,830,940
Total Liabilities and Fund Balances	\$9,685,471	\$10,576,384	\$17,511,627	\$4,610,097	\$42,383,579

See accompanying notes to financial statements

CITY OF BRISBANE
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances reported on the Governmental Funds Balance Sheet \$29,830,940

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds 49,945,027

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

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

Cash and investments	2,089,020
Accounts receivable	3,221
Interest receivable	1,064
Other assets	350,606
Internal balances	(68)
Accounts payable	(373,715)
Accrued payroll	(5,251)
Accrued self-insurance	(763,547)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 3,904,956

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	3,833,474
Deferred charges	134,494
Long-term debt	(52,558,447)
Net OPEB Obligation	(1,936,455)
Compensated absences	(558,665)
Interest payable	(502,275)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$33,394,379

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, 2011

	General Fund	Community Redevelopment Special Revenue Fund	Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and special assessments	\$6,687,632	\$4,155,087		\$1,703,267	\$12,545,986
Intergovernmental	42,893				42,893
Licenses, permits and fees	398,998			308,824	707,822
Charges for services	147,491			37,392	184,883
Fines and forfeitures	94,530			532,224	626,754
Use of money and property	181,823	32,139	\$16,670		230,632
Other revenues	2,386,508			148,430	2,534,938
Total Revenues	9,939,875	4,187,226	16,670	2,730,137	16,873,908
EXPENDITURES					
Current:					
General government	3,334,704				3,334,704
Public safety - police	2,823,934			15,563	2,839,497
Public safety - fire	2,245,074			134,204	2,379,278
Public works	1,439,404	981,344			2,420,748
Library	25,420			644,719	670,139
Capital outlay	105,535			1,089,315	1,194,850
Debt service:					
Principal		315,000	825,000	1,530,000	2,670,000
Interest and fiscal charges		137,099	1,215,062	1,083,497	2,435,658
Total Expenditures	9,974,071	1,433,443	2,040,062	4,497,298	17,944,874
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(34,196)	2,753,783	(2,023,392)	(1,767,161)	(1,070,966)
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 4C)			1,725,061	1,866,328	3,591,389
Transfers (out) (Note 4C)	(2,476,863)	(2,065,877)			(4,542,740)
Total Other Financing Sources (Uses)	(2,476,863)	(2,065,877)	1,725,061	1,866,328	(951,351)
NET CHANGE IN FUND BALANCES	(2,511,059)	687,906	(298,331)	99,167	(2,022,317)
BEGINNING FUND BALANCES, as restated (Note 9D)	10,109,474	3,173,435	15,513,962	3,056,386	31,853,257
ENDING FUND BALANCES	\$7,598,415	\$3,861,341	\$15,215,631	\$3,155,553	\$29,830,940

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
 JUNE 30, 2008
 FOR THE YEAR ENDED JUNE 30, 2011

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$2,022,317)

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	795,927
Depreciation expense is deducted from the fund balance	(530,481)
Net retirement is deducted from fund balance	(23,782)

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

Repayment of debt principal are added back to fund balance	2,670,000
--	-----------

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):

Deferred revenue	70,933
Amortization of bond discount	(6,620)
Deferred charges amortization	(11,089)
Compensated absences	92,591
Unpaid interest added to long-term debt	22,751
Amortization of prepaid pension obligation	(235,679)
Net OPEB	(620,017)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

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

Change in Net Assets - All Internal Service Funds	<u>390,936</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$593,153</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 2011.

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 ASSETS
 JUNE 30, 2011

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Park and Recreation	Totals	
ASSETS				
Current Assets:				
Cash and investments (Note 2)		\$512,389	\$512,389	\$2,089,020
Accounts receivable, net	\$753,787	159,578	913,365	3,221
Taxes receivable	30		30	
Interest receivable				1,064
Other assets		118	118	350,606
Total Current Assets	753,817	672,085	1,425,902	2,443,911
Noncurrent Assets:				
Loans receivable (Note 5)		548,698	548,698	
Advances to other funds (Note 4B)		2,295,996	2,295,996	
Capital assets (Note 6):				
Non-depreciable	814,098	474,636	1,288,734	
Depreciable, net	28,253,314	6,736,390	34,989,704	
Total Noncurrent Assets	29,067,412	10,055,720	39,123,132	
Total Assets	29,821,229	10,727,805	40,549,034	2,443,911
LIABILITIES				
Current Liabilities:				
Accounts payable	284,515	39,517	324,032	373,715
Interest payable	60,449		60,449	
Accrued claims payable				231,285
Compensated absences	16,336	23,781	40,117	
Due to other funds (Note 4A)	952,247		952,247	68
Deposits	12,760	188,076	200,836	
Accrued payroll	20,796	55,596	76,392	5,251
Capital lease due within one year (Note 8)	22,651		22,651	
Bonds payable due within one year (Note 8)	115,000		115,000	
Total Current Liabilities	1,484,754	306,970	1,791,724	610,319
Noncurrent Liabilities:				
Compensated absence due in more than one year (Note 1F)	49,007	71,344	120,351	
Accrued self-insurance (Note 12)				532,262
Capital lease due in more than one year (Note 8)	67,954		67,954	
Bonds payable due in more than one year (Note 8)	3,660,000		3,660,000	
OPEB obligation (Note 11)	63,404	307,296	370,700	
Advances from other funds (Note 4B)	986,651		986,651	
Total Noncurrent Liabilities	4,827,016	378,640	5,205,656	532,262
Total Liabilities	6,311,770	685,610	6,997,380	1,142,581
NET ASSETS (Note 9)				
Invested in capital assets, net of related debt	25,292,412	7,211,026	32,503,438	
Restricted for:				
Capital projects	758,885	88,704	847,589	
Unrestricted	(2,541,838)	2,742,465	200,627	1,301,330
Total Net Assets	\$23,509,459	\$10,042,195	\$33,551,654	\$1,301,330

See accompanying notes to financial statements

CITY OF BRISBANE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011

	<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	\$3,978,969	\$1,974,339	\$5,953,308	\$1,099,053
Other revenues		20,609	20,609	25,769
Total Operating Revenues	<u>3,978,969</u>	<u>1,994,948</u>	<u>5,973,917</u>	<u>1,124,822</u>
OPERATING EXPENSES				
Cost of sales and services	1,471,326	676,212	2,147,538	78,200
General and administrative	1,736,747	2,165,084	3,901,831	738,322
Depreciation	664,371	403,081	1,067,452	
Other expenses		182,057	182,057	131,950
Total Operating Expenses	<u>3,872,444</u>	<u>3,426,434</u>	<u>7,298,878</u>	<u>948,472</u>
Operating Income (Loss)	<u>106,525</u>	<u>(1,431,486)</u>	<u>(1,324,961)</u>	<u>176,350</u>
NONOPERATING REVENUES (EXPENSES)				
Taxes and assessments	28,916		28,916	
Developer contributions	862,000		862,000	
Intergovernmental	32,683		32,683	
Investment income	(3,706)	97,977	94,271	8,056
Interest expense	(180,505)		(180,505)	
Total Nonoperating Revenues (Expenses)	<u>739,388</u>	<u>97,977</u>	<u>837,365</u>	<u>8,056</u>
Income (Loss) Before Transfers	845,913	(1,333,509)	(487,596)	184,406
Transfers in (Note 4C)		803,450	803,450	206,530
Transfers out (Note 4C)	(58,629)		(58,629)	
Net transfers	<u>(58,629)</u>	<u>803,450</u>	<u>744,821</u>	<u>206,530</u>
Change in net assets	787,284	(530,059)	257,225	390,936
BEGINNING NET ASSETS	<u>22,722,175</u>	<u>10,572,254</u>	<u>33,294,429</u>	<u>910,394</u>
ENDING NET ASSETS	<u>\$23,509,459</u>	<u>\$10,042,195</u>	<u>\$33,551,654</u>	<u>\$1,301,330</u>

See accompanying notes to financial statements

CITY OF BRISBANE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011

	<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	\$3,951,386	\$1,940,205	\$5,891,591	\$1,483,372
Cash payments to suppliers	(1,460,273)	(2,956,009)	(4,416,282)	(1,096,967)
Cash payments for general and administrative	(1,739,727)		(1,739,727)	
Cash received from (payments to) other		43,464	43,464	31,020
Cash Flows from Operating Activities	751,386	(972,340)	(220,954)	417,425
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grant	32,683		32,683	
Taxes and assessments	28,926		28,926	
Transfers in (out), net	(58,629)	803,450	744,821	206,530
Cash Flows from Noncapital Financing Activities	2,980	803,450	806,430	206,530
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant and equipment, net of transfer	(94,407)	(9,575)	(103,982)	
Principal payment of debt	(127,651)		(127,651)	
Due to other funds (payments)	(387,122)		(387,122)	
Advances from other funds (payments)	(45,264)		(45,264)	(101,862)
Interest paid	(181,318)		(181,318)	
Cash Flows from Capital and Related Financing Activities	(835,762)	(9,575)	(845,337)	(101,862)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	(3,706)	97,977	94,271	6,992
Cash Flows from Investing Activities	(3,706)	97,977	94,271	6,992
Net Cash Flows	(85,102)	(80,488)	(165,590)	529,085
Cash and investments at beginning of period	85,102	592,877	677,979	1,559,935
Cash and investments at end of period		\$512,389	\$512,389	\$2,089,020
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating income (loss)	106,525	(1,431,486)	(1,324,961)	176,350
Adjustments to reconcile operating income (Loss) to cash flows from operating activities:				
Depreciation	664,371	403,081	1,067,452	
Change in assets and liabilities:				
Accounts receivable	(27,580)	(34,134)	(61,714)	(3,221)
Loans receivable		22,855	22,855	
Other assets				43,248
Accounts payable and accrued liabilities	(20,250)	(30,372)	(50,622)	229,012
Accrued payroll	(2,014)	(71)	(2,085)	5,251
Accrued claims payable				(33,215)
Compensated absences	(969)	(2,782)	(3,751)	
Deposits	2,062	6,992	9,054	
OPEB obligation	29,241	93,577	122,818	
Cash Flows from Operating Activities	\$751,386	(\$972,340)	(\$220,954)	\$417,425
Noncash transactions - developer contributions	\$862,000			

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 2011:

Private Purpose Trust Funds

These funds are 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 ASSETS
 JUNE 30, 2011

	Private-Purpose Trusts	Agency Funds
ASSETS		
Cash and investments	\$851,967	\$1,131,253
Restricted cash and investments with fiscal agents		349,391
Accounts receivable	3	689
Interest receivable		1,945
Taxes receivable		6,211
	851,970	1,489,489
LIABILITIES		
Accounts payable	2,378	249,884
Deposits	846,799	251,579
Due to other bondholders		988,026
	849,177	1,489,489
NET ASSETS		
Held in trust for private-purpose	\$2,793	

See accompanying notes to financial statements

CITY OF BRISBANE
PRIVATE-PURPOSE TRUSTS FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Private-Purpose Trusts Funds
ADDITIONS:	
Charges for services	\$84,759
Investment income	1,222
Other revenues	200
Total additions	86,181
DEDUCTIONS:	
General government	955,763
Public works	30,525
Total deductions	986,288
Change in Net Assets	(900,107)
BEGINNING NET ASSETS	902,900
ENDING NET ASSETS	\$2,793

See accompanying notes to financial statements

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CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

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 Community Redevelopment Agency (Agency)
- Brisbane Public Financing Authority (Authority)
- Guadalupe Valley Municipal Improvement District (District)

Brisbane Community Redevelopment Agency was established in April 1976 pursuant to the State of California Health and Safety Code Section 33000, entitled “Community Redevelopment Law.” Its purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City. The members of the City Council act as the governing bodies of the Agency. Additional financial information for the Agency can be obtained from the City Brisbane at 50 Park Place, Brisbane, CA 94005.

Brisbane Public Financing Authority was formed on April 8, 1991, by and between the City and the Agency of the City. The Authority was created for the purpose of providing financing of public capital improvements for the City and the 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 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.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

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

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

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

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

Fund Financial Statements: The fund financial statements provide information about the City's funds, including 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.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

COMMUNITY REDEVELOPMENT AGENCY SPECIAL REVENUE FUND – This fund accounts for redevelopment activities. Revenues of the Agency, generally tax increment received from the County, are restricted for use to redevelopment of a specified project area for the benefit of the citizens and businesses located in that area. Expenditures related to redevelopment activities are, likewise, posted to these special revenue funds. In addition, the redevelopment statutes require, absent a finding to defer, that 20% of all tax increment received by project areas be used for low and/or moderate income housing programs.

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 Agency's debts and refinance certain redevelopment activities in the 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.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Assets and a Statement of Changes in Fiduciary Net Assets. 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. 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 assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City follows statements and interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

E. Interest Payable

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

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

F. Compensated Absences

The City's compensated absences include regular vacation, administrative leaves, and compensation hours. Employees earn varying amounts of vacation depending upon continuous tenure with the City. When an employee cannot take all of their annual vacation in a particular calendar year, such vacation shall either be taken during the following calendar year or paid for at the discretion of the City Manager. 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. Total amount of administrative leaves may not exceed one year. All compensated absences amounts vest and are payable upon the employee's separation from employment. For governmental funds, compensated absences are recorded for employees who have separated from the City but have not yet been paid at the end of the fiscal year. All other compensated absences liabilities 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 both the Government-Wide Financial Statement and the Fund Financial Statement.

All sick leave benefits lapse upon separation from employment and no liability is recorded for such amounts for any accrued hours because such amounts do not represent either a current or future liability to the City.

	Governmental Activities	Business-Type	Total
Beginning Balance	\$651,256	\$164,219	\$815,475
Additions	475,597	89,162	564,759
Payments	(568,188)	(92,913)	(661,101)
Ending Balance	<u>\$558,665</u>	<u>\$160,468</u>	<u>\$719,133</u>
Current Portion	<u>\$139,666</u>	<u>\$40,117</u>	<u>\$179,783</u>

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *Property Taxes*

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

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

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

H. *Use of Estimates*

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

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, special revenue funds, capital projects funds, and the debt service funds. 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.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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, 2011, 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 and then are rebudgeted for the coming year.

B. Expenditures over Appropriation

The major fund below incurred expenditures in excess of their budgets in the amount below. Sufficient resources were available within each department to finance these overages.

Fund	Final Appropriation	Expenditures	Expenditures over Appropriations
Community Redevelopment Special Revenue Fund	\$677,923	\$1,433,443	\$755,520

C. 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.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

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, 2011 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	\$15,498,598
Restricted cash and investments with fiscal agent	3,566,852
Investment in Brisbane Redevelopment Agency tax allocation bonds	<u>13,165,000</u>
Total City Cash and Investments	32,230,450
Cash and investments in Fiduciary Funds (separate statement)	1,983,220
Restricted cash and investments in Fiduciary Funds (separate statement)	<u>349,391</u>
Total Fiduciary Cash and Investments (separate statement):	<u>2,332,611</u>
Total Cash and Investments	<u><u>\$34,563,061</u></u>

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.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Allowed in Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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%

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

C. Authorized Investments by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>
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

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

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.

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			\$1,992,590		\$1,992,590
Federal Home Loan Bank	\$766,950		2,009,326		2,776,276
Federal Farm Credit Bank			503,685		503,685
Federal Home Loan Mortgage Corporation		\$903,945			903,945
Repurchase Agreements			714,800		714,800
Money Market Mutual Fund	1,041,001				1,041,001
Local Agency Investments Funds-City	7,001,835				7,001,835
Local Agency Investments Funds-RDA	155,659				155,659
Direct fund investment:					
Brisbane Redevelopment Agency 2001 2001 Tax Allocation Bonds				\$13,165,000	13,165,000
Total Investments	\$8,965,445	\$903,945	\$5,220,401	\$13,165,000	\$28,254,791
Cash in banks and on hand					6,308,270
Total Cash and Investments					\$34,563,061

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

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, 2011 for each investment type:

Investment Type	Aaa/ AAAm	Total
Securities of U.S. Government Treasury and Agencies		
Federal National Mortgage Association	\$1,992,590	\$1,992,590
Federal Home Loan Bank	2,776,276	2,776,276
Federal Farm Credit Bank	503,685	503,685
Federal Home Loan Mortgage Corporation	903,945	903,945
Money Market Mutual Funds	1,041,001	<u>1,041,001</u>
Total rated investments		7,217,497
Not rated:		
Repurchase Investment Agreement		714,800
Local Agency Investment Fund		7,157,494
Cash in banks and on hand		6,308,270
Direct fund investment:		
Brisbane Redevelopment Agency 2001		
2001 Tax Allocation Bonds		<u>13,165,000</u>
Total Cash and Investments		<u><u>\$34,563,061</u></u>

On August 5, 2011, Standard & Poor's Ratings Services (S&P) lowered its long-term credit rating on the United States of America from AAA to AA+. At the same time, S&P affirmed its A-1+ short-term rating on the United States of America.

On August 8, 2011, S&P lowered its issuer credit ratings and related issue ratings on ten of twelve Federal Home Loan Banks (FHLBs) and the senior debt issued by the FHLB System from AAA to AA+. S&P also lowered the ratings on the senior debt issued by the Federal Farm Credit Banks (FFCB) from AAA to AA+, and lowered the senior issue ratings on Fannie Mae (FNMA) and Freddie Mac (FHLMC) from AAA to AA+. The A subordinated debt rating and the C rating on the preferred stock of these entities remained unchanged. Finally, S&P affirmed the short-term issue ratings for these entities at A-1+. As of June 30, 2011, the City's investments in these agencies that were subject to the downgrade were as follows: FHLB \$2,776,276, FFCB \$503,685, FNMA \$1,992,590, and FHLMC \$903,945.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

F. *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.

G. *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, 2011, these investments matured in an average of 237 days.

H. *Cash, Cash Equivalents and Investments*

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

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

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

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

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, 2011 interfund balances were as follows:

At June 30, 2011, the City had the following due to/from other funds:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>			<u>Total</u>
	Non-Major Governmental Funds	Utility Enterprise Fund	Internal Service Fund	
Governmental Funds:				
General Fund	\$1,369,902	\$952,247	\$68	\$2,322,217
Total	<u>\$1,369,902</u>	<u>\$952,247</u>	<u>\$68</u>	<u>\$2,322,217</u>

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

B. Advances To/From Other Funds

At June 30, 2011, the City had the following advances to/from other funds:

<u>Advances from Other Funds</u>	<u>Advances to other funds</u>				<u>Total</u>
	General Fund	BPFA 2001 Revenue Bonds, Series A Debt Service Fund	Non-Major Governmental Funds	Parks and Recreations Enterprise Fund	
Community Redevelopment Agency	\$1,293,108	\$2,295,996			\$3,589,104
BPFA 2001 Revenue Bonds Series A				\$2,295,996	2,295,996
Utility Enterprise Fund	540,219		\$446,432		986,651
Total	<u>\$1,833,327</u>	<u>\$2,295,996</u>	<u>\$446,432</u>	<u>\$2,295,996</u>	<u>\$6,871,751</u>

Advance from General Fund to Redevelopment Area #2 - \$1,293,108 is a loan to cover the operating shortfall of RDA#2 through fiscal year 2000.

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

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

Advance from Brisbane Public Financing Authority 2001 Revenue Bonds, Series A Debt Service Fund to Community Redevelopment Agency - \$2,295,996 and the Advance from the Parks and Recreation Enterprise Fund (specifically, the Marina) to the Brisbane Public Financing Authority in the same amount are interrelated, as follows:

On March 1, 2001, the 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 Agency's obligation under the 1984 Lease/Leaseback agreement (Deferred Rent Payable). Part of the proceeds of the 1984 Tax Allocation Bonds were used to build the Marina.

The 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 Agency provided an equity contribution of \$295,996 to be placed in an Escrow Fund along with the proceeds of the 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 Recreation Enterprise Fund to the BPFA 2001 Revenue Bonds Series A Debt Service Fund which in turn advanced the amount to the Community Redevelopment Agency Special Revenue Fund. The advance is to be paid from tax increment of the Redevelopment Agency when the bonds have matured.

Advance from the BPFA to Utility Fund - \$446,432 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 Fund) make annual payments to the Authority for their respective share of the debt service

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

C. Transfers In/Out

The City had the following transfers in/out for the year ended June 30, 2011:

	<u>Transfers Out</u>			<u>Total</u>
	<u>General Fund</u>	<u>Community Redevelopment Agency Special Revenue Fund</u>	<u>Utility Enterprise Fund</u>	
<u>Transfers In</u>				
Debt Service Funds:				
Brisbane PFA 2001 Revenue Bonds Series A		\$1,725,061		\$1,725,061
Non-Major Governmental Funds	\$1,469,383	340,816	\$56,129	1,866,328
Enterprise Fund:				
Utility				
Parks and Recreation	800,950		2,500	803,450
Internal Service Fund:	206,530			206,530
Total	<u>\$2,476,863</u>	<u>\$2,065,877</u>	<u>\$58,629</u>	<u>\$4,601,369</u>

Transfers from the Community Redevelopment Agency Special Revenue fund was for debt service payments.

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

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 5 - LOANS RECEIVABLE

At June 30, 2011, the City had the following loans receivable:

	Balance July 30, 2010	Deletions	Balance June 30, 2011
Governmental Funds:			
Loan to Administrative Services Director	\$318,750		\$318,750
Loan to City Manager	289,758	(\$5,553)	284,205
2nd Loan to City Manager	200,000		200,000
Bridge Housing Corporation Loan	2,336,086		2,336,086
Loan to Peninsula Habitat for Humanity	355,290		355,290
First Time Home Buyers	431,500		431,500
Total Governmental Funds	<u>3,931,384</u>	<u>(5,553)</u>	<u>3,925,831</u>
Proprietary Funds:			
Loan to City Engineer/Director of Public Works	303,250	(22,855)	280,395
Loan to Harbor Master	268,303		268,303
Total Proprietary Funds	<u>571,553</u>	<u>(22,855)</u>	<u>548,698</u>
Total	<u><u>\$4,502,937</u></u>	<u><u>(\$28,408)</u></u>	<u><u>\$4,474,529</u></u>

- 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. As of June 30, 2011, the outstanding balance of the loan was \$318,750.
- 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. As of June 30, 2011, the outstanding balance of the loan was \$284,205.
- C.** On September 10, 2008, the city modified the loan agreement to advance 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 on a date that is eighteen months from the effective date of any termination of borrower’s employment with the City. As of June 30, 2011, the outstanding balance of the loan was \$200,000.
- D.** In 1999, the Bridge Housing Corporation entered into a loan agreement. The Agency shall loan to the Bridge Housing Corporation, 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 shall make repayments, to the extent of surplus cash. Such annual payments shall be 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. As of June 30, 2011, the outstanding amount of the loan receivable was \$2,336,086.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 5 - LOANS RECEIVABLE (Continued)

- E.* On August 15, 2005, the City made a loan to the Peninsula Habitat for Humanity, Inc. in the amount not to exceed \$355,290 to assist in the development of 5 single family townhomes and 2 single-family homes for affordable to low income homebuyers. The loan is on a drawdown basis by the borrower. The entire loan is due and payable at the end of construction in the amount of \$1, provided that all requirements were met. As of June 30, 2011, the outstanding balance of the loan was \$355,290.
- F.* The Agency 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. A loan was made to a borrower on October 28, 2006 in the amount of \$125,000. Another loan in the amount of \$185,000 was made on September 29, 2009 and a third loan in the amount of \$121,500 was made on January 8, 2010. Payment of principal and interest is paid upon sale of property. Units are sold at market value and the Agency also receives as payment a share of the appreciation based on the percentage of the Agency loan to original purchase price. The Agency has first right of refusal to purchase unit to roll over to new eligible buyer. As of June 30, 2011, the outstanding amount of the loan was \$431,500.
- 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. As of June 30, 2011, the outstanding balance of the loan was \$280,395.
- H.* On July 31, 2003, the City made a loan to the Marina Services Director 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. As of June 30, 2011, the outstanding balance of the loan was \$268,303.

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

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 6 - CAPITAL ASSETS (Continued)

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

Changes in capital assets during the year ended June 30, 2011 comprise of the following:

	Balance at June 30, 2010	Additions	Deletions	Transfers	Balance at June 30, 2011
Governmental activities					
Capital assets not being depreciated:					
Land	\$11,810,589	\$180,573			\$11,991,162
Construction in progress	23,770,996	311,195	(\$13,596)	(\$8,946,549)	15,122,046
Total capital assets not being depreciated	<u>35,581,585</u>	<u>491,768</u>	<u>(13,596)</u>	<u>(8,946,549)</u>	<u>27,113,208</u>
Capital assets being depreciated:					
Land Improvements	1,615,930				1,615,930
Building and Structures	3,923,318			8,943,355	12,866,673
Machinery and Equipment	2,529,582	304,159	(168,555)		2,665,186
Infrastructure	15,456,108				15,456,108
Total capital assets being depreciated	<u>23,524,938</u>	<u>304,159</u>	<u>(168,555)</u>	<u>8,943,355</u>	<u>32,603,897</u>
Less accumulated depreciation for:					
Capital assets being depreciated:					
Land Improvements	(161,586)	(46,887)			(208,473)
Building and Structures	(1,804,809)	(78,226)			(1,883,035)
Machinery and Equipment	(1,605,067)	(154,516)	161,563		(1,598,020)
Infrastructure	(5,831,698)	(250,852)			(6,082,550)
Total accumulated depreciation	<u>(9,403,160)</u>	<u>(530,481)</u>	<u>161,563</u>		<u>(9,772,078)</u>
Depreciable capital assets	<u>14,121,778</u>	<u>(226,322)</u>	<u>(6,992)</u>	<u>8,943,355</u>	<u>22,831,819</u>
Governmental activity capital assets, net	<u>\$49,703,363</u>	<u>\$265,446</u>	<u>(\$20,588)</u>	<u>(\$3,194)</u>	<u>\$49,945,027</u>

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 6 - CAPITAL ASSETS (Continued)

	Balance at June 30, 2010	Additions	Deletions	Transfers	Balance at June 30, 2011
Business-type activities					
Capital assets not being depreciated:					
Land	\$1,111,156				\$1,111,156
Construction in Progress	797,320	\$123,440		(\$743,182)	177,578
Total capital assets not being depreciated	1,908,476	123,440		(743,182)	1,288,734
Capital assets, being depreciated:					
Land Improvements	9,773,139				9,773,139
Building and Structures	12,655,359			623,868	13,279,227
Machinery and Equipment	942,592		(\$22,653)	3,194	923,133
Infrastructure	30,347,855	862,000		119,315	31,329,170
Total capital assets being depreciated	53,718,945	862,000	(22,653)	746,377	55,304,669
Less accumulated depreciation for:					
Land Improvements	(6,210,874)	(297,690)			(6,508,564)
Building and Structures	(2,402,433)	(195,970)			(2,598,403)
Machinery and Equipment	(324,982)	(72,603)			(397,585)
Infrastructure	(10,309,224)	(501,189)			(10,810,413)
Total accumulated depreciation	(19,247,513)	(1,067,452)			(20,314,965)
Depreciable capital assets	34,471,432	(205,452)	(22,653)	746,377	34,989,704
Business-type activity capital assets, net	<u>\$36,379,908</u>	<u>(\$82,012)</u>	<u>(\$22,653)</u>	<u>\$3,195</u>	<u>\$36,278,438</u>

A. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 6 - CAPITAL ASSETS (Continued)

B. Depreciation Allocation

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

Governmental Activities	
General Government	\$12,115
Public Safety	162,975
Public Works	<u>355,391</u>
Total Governmental Activities	<u><u>\$530,481</u></u>
 Business-Type Activities	
Water	\$188,022
Sewer	103,778
Guadalupe Valley Municipal Improvement District	372,571
Parks and Recreation	<u>403,081</u>
Total Business-Type Activities	<u><u>\$1,067,452</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 Assets 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 6/30/2009)	14 years for Miscellaneous & 12 years for Safety
Investment Rate of Return	7.75% (net of administrative expenses)
Payroll Growth	3.25%

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.

During fiscal year 2011, interest earned and amortization of the NPA were \$315,359 and \$551,038, respectively.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 7 - NET PENSION ASSET (Continued)

A summary of the changes to the NPA for the year ended June 30, 2011 is as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Governmental Activities	\$ 4,069,153	\$ 315,359	\$ (551,038)	\$ 3,833,474

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, 2011:

	Balance June 30, 2010	Retirements	Balance June 30, 2011	Current Portion	Non-Current Portion
Governmental Activities					
Redevelopment Agency Revenue Bonds:					
1998 Housing Set-Aside	\$1,305,000	(\$45,000)	\$1,260,000	\$45,000	\$1,215,000
2001 Brisbane PFA, Series A	20,590,000	(825,000)	19,765,000	865,000	18,900,000
2001 Brisbane PFA, Series B	5,675,000	(720,000)	4,955,000	760,000	4,195,000
2005 Brisbane PFA, Series A	2,185,000	(245,000)	1,940,000	250,000	1,690,000
2005 Brisbane PFA, Series B	5,970,000	(145,000)	5,825,000	150,000	5,675,000
2009 Brisbane PFA, Series A	2,185,000	(75,000)	2,110,000	75,000	2,035,000
2006 Pension Obligation	3,930,000	(300,000)	3,630,000	335,000	3,295,000
2001 Tax Allocation Bonds	13,480,000	(315,000)	13,165,000	355,000	12,810,000
Unamortized discount on bonds	(98,173)	6,620	(91,553)	(6,619)	(84,934)
Total Governmental Long-Term Debt	\$55,221,827	(\$2,663,380)	\$52,558,447	\$2,828,381	\$49,730,066
Business-type Activities					
Capital Lease	\$113,255	\$22,650	\$90,605	\$22,651	\$67,954
Revenue Bonds:					
2002 Brisbane PFA, Series A	3,880,000	105,000	3,775,000	115,000	3,660,000
Total Business-Type Long-Term Debt	\$3,993,255	\$127,650	\$3,865,605	\$137,651	\$3,727,954

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 8 - LONG-TERM DEBT (Continued)

A. 1998 Housing Set-Aside Revenue Bonds

The 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
2012	\$45,000	\$71,677	\$116,677
2013	50,000	69,180	119,180
2014	50,000	66,380	116,380
2015	55,000	63,555	118,555
2016	55,000	60,420	115,420
2017-2021	340,000	249,660	589,660
2022-2026	450,000	141,115	591,115
2027-2028	215,000	18,525	233,525
Total	\$1,260,000	\$740,512	\$2,000,512

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 8 - LONG-TERM DEBT (Continued)

B. 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 of the Agency.

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 the Agency. Annual principal and interest payments on the bonds are expected to require less than 100% of the revenues.

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

Year ending June 30:	Principal	Interest	Total
2012	\$865,000	\$1,165,480	\$2,030,480
2013	915,000	1,118,770	2,033,770
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
2017-2021	6,390,000	3,751,945	10,141,945
2022-2026	8,550,000	1,599,000	10,149,000
Total	\$19,765,000	\$10,672,314	\$30,437,314

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 8 - LONG-TERM DEBT (Continued)

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

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

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

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

Year ending June 30:	Principal	Interest	Total
2012	\$760,000	\$247,412	\$1,007,412
2013	800,000	206,842	1,006,842
2014	840,000	163,372	1,003,372
2015	900,000	116,377	1,016,377
2016	1,655,000	45,926	1,700,926
Total	\$4,955,000	\$779,929	\$5,734,929

D. 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 the City to the Authority.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 8 - LONG-TERM DEBT (Continued)

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

Year ending June 30:	Principal	Interest	Total
2012	\$250,000	\$69,822	\$319,822
2013	255,000	62,010	317,010
2014	265,000	53,722	318,722
2015	275,000	44,712	319,712
2016	285,000	35,087	320,087
2017-2018	610,000	36,800	646,800
Total	\$1,940,000	\$302,153	\$2,242,153

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

On October 3, 2005, the Authority issued \$5,970,000 principal amount 2006B 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.

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

Year ending June 30:	Principal	Interest	Total
2012	\$150,000	\$251,990	\$401,990
2013	155,000	247,115	402,115
2014	160,000	241,883	401,883
2015	165,000	236,283	401,283
2016	170,000	230,343	400,343
2017-2021	955,000	1,048,620	2,003,620
2022-2026	1,175,000	831,485	2,006,485
2027-2031	1,460,000	540,238	2,000,238
2032-2035	1,435,000	169,736	1,604,736
Total	\$5,825,000	\$3,797,693	\$9,622,693

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 8 - LONG-TERM DEBT (Continued)

F. 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
2012	\$75,000	\$110,325	\$185,325
2013	80,000	107,325	187,325
2014	85,000	104,125	189,125
2015	85,000	100,725	185,725
2016	90,000	97,325	187,325
2017-2021	525,000	421,898	946,898
2022-2026	670,000	271,579	941,579
2027-2029	500,000	60,900	560,900
Subtotal	2,110,000	1,274,202	3,384,202
Less Discount	(34,475)		(34,475)
Total	\$2,075,525	\$1,274,202	\$3,349,727

G. 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.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 8 - LONG-TERM DEBT (Continued)

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

Year ending June 30:	Principal	Interest	Total
2012	\$335,000	\$205,500	\$540,500
2013	370,000	187,075	557,075
2014	410,000	166,725	576,725
2015	455,000	144,175	599,175
2016	500,000	119,150	619,150
2017-2021	1,560,000	201,511	1,761,511
Subtotal	3,630,000	1,024,136	4,654,136
Less Discount	(57,078)		(57,078)
Total	\$3,572,922	\$1,024,136	\$4,597,058

H. 2001 Tax Allocation Bonds

On March 1, 2001 the 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 Agency's obligation under the 1984 Lease/Leaseback agreement (Deferred Rent Payable). On the same date the 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 Agency's 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%. The interest payment is due on May 1 every year starting 2001. 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 Agency.

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

Year ending June 30:	Principal	Interest	Total
2012	\$355,000	\$1,579,800	\$1,934,800
2013	395,000	1,537,200	1,932,200
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
2017-2021	3,955,000	5,709,600	9,664,600
2022-2026	6,965,000	2,695,800	9,660,800
Total	\$13,165,000	\$15,825,600	\$28,990,600

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 8 - LONG-TERM DEBT (Continued)

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
2012	\$22,651	\$4,035	\$26,686
2013	22,652	3,099	25,751
2014	22,651	2,116	24,767
2015	22,651	1,086	23,737
Total	\$90,605	\$10,336	\$100,941

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 mature annually through September 1, 2031, in amounts ranging from \$95,000 to \$290,000. The interest on the bonds is payable semiannually on each March 1 and September 1, with rates ranging from 3.25% to 5.00%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from the net revenues of the Utility Enterprise Fund of the City.

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

Year ending June 30:	Principal	Interest	Total
2012	\$115,000	\$177,548	\$292,548
2013	115,000	172,948	287,948
2014	120,000	168,248	288,248
2015	125,000	163,286	288,286
2016	125,000	158,067	283,067
2017-2021	735,000	697,025	1,432,025
2022-2026	945,000	495,700	1,440,700
2027-2031	1,205,000	229,125	1,434,125
2032	290,000	7,250	297,250
Total	\$3,775,000	\$2,269,197	\$6,044,197

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 8 - LONG-TERM DEBT (Continued)

K. 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, 2011
Northeast Ridge Development District 2001 Act Assessment District Bonds	\$ 6,975,000	\$ 4,495,000

NOTE 9 - NET ASSETS AND FUND BALANCES

A. Net Assets

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

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

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

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

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

B. Deficit Unrestricted Net Assets

At June 30, 2011, the City had a deficit unrestricted net assets of Governmental Activities in the amount of \$6,785,853. The negative unrestricted net assets was caused by the City using Agency funds to issue bonds for assets that are used in the Parks and Recreation Fund, thus decreasing total net assets.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 9 - NET ASSETS AND FUND BALANCES (Continued)

At June 30, 2011 the Brisbane Recycling Revolving Fiduciary Fund had deficit net asset in the amount of \$7,126.

C. Fund Balance

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, 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, 2011

NOTE 9 - NET ASSETS AND FUND BALANCES (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2011, are below:

Fund Balance Classifications	General Fund	Community Redevelopment 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	\$802,955				\$802,955
Advances to other funds	1,833,327				1,833,327
Total Nonspendable Fund Balances	2,636,282				2,636,282
Restricted for:					
Redevelopment projects		\$1,543,263			1,543,263
Low and moderate income housing projects		11,225,819			11,225,819
Debt service			\$15,215,631	\$3,020,378	18,236,009
Gas tax				199,160	199,160
Measure A				284,451	284,451
Grant activities				117,949	117,949
Special revenue activities				24,214	24,214
Capital Projects				354,245	354,245
Total Restricted Fund Balances		12,769,082	15,215,631	4,000,397	31,985,110
Assigned to:					
Capital projects	374,381			199,361	573,742
Fire sinking fund	62,000				62,000
Total Assigned Fund Balances	436,381			199,361	635,742
Unassigned:					
General fund	4,525,752				4,525,752
Other governmental fund deficit residuals		(8,907,741)		(1,044,205)	(9,951,946)
Total Unassigned Fund Balances	4,525,752	(8,907,741)		(1,044,205)	(5,426,194)
Total Fund Balances	\$7,598,415	\$3,861,341	\$15,215,631	\$3,155,553	\$29,830,940

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 9 - NET ASSETS AND FUND BALANCES (Continued)

D. Fund Balance Restatement

During fiscal year 2011, the City determined that the advance from the Brisbane Public Financing Authority should be reported as long-term debt, rather than fund liabilities in the Community Redevelopment Agency Special Revenue Fund. As a result, beginning fund balance has been increased, as of July 1, 2010, in the Community Redevelopment Special Revenue Fund by \$13,480,000.

E. Minimum Fund Balance Policies

The City will 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.

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

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

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

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 9 - NET ASSETS AND FUND BALANCES (Continued)

F. Deficit Fund Balances/Net Assets

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 Assets
Non-Major Governmental Funds:	
Sierra Point Landscape & Lighting Special Revenue Fund	\$324,350
NPDES	84,543
Tunnel Avenue Bridge Project Capital Project	735,567
Internal Service Fund:	
Workers' compensation	636,951
OPEB	68

NOTE 10 – RETIREMENT BENEFITS

A. CALPERS Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2011, 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	16.407%	13.906%	7.209%

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.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 10 – RETIREMENT BENEFITS (Continued)

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, 2009	\$1,237,576	100%	\$0
June 30, 2010	1,231,337	100%	0
June 30, 2011	1,124,006	100%	0

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 which amounted to \$3,833,474 at June 30, 2011.

As required by new State law, effective July 1, 2005, the City's Safety and Miscellaneous Plan was terminated, and the employees in the plan were required by CALPERS to join a new State-wide pool. One of the conditions of entry to these pools was that the City true-up any unfunded liability in the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS.

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
2007	1,648,159,522	1,422,143,105	\$226,016,417	86.3%	\$200,537,256	112.7%
2008	1,755,559,311	1,517,609,609	\$237,949,702	86.4%	210,590,567	113.0%
2009	1,802,882,330	1,520,081,328	\$282,801,002	84.3%	221,600,192	127.6%

The City's Safety Plan represents approximately 84.3%, 86.4%, and 86.3% of the State-wide pool for the years ended June 30, 2009, 2008, and 2007, respectively, based on covered payroll of \$221,600,192, \$210,590,567, and \$200,537,356 for those years.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 10 – RETIREMENT BENEFITS (Continued)

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
2007	\$1,627,025,950	\$1,362,059,317	\$264,966,633	83.7%	\$376,292,121	70.4%
2008	1,823,366,479	1,529,548,799	293,817,680	83.9%	414,589,514	70.9%
2009	2,140,438,884	1,674,260,302	466,178,582	78.2%	440,071,499	105.9%

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
2007	\$498,934,859	\$479,520,670	\$19,414,189	96.1%	\$171,052,819	11.3%
2008	532,483,463	513,147,099	19,336,364	96.4%	183,387,608	10.5%
2009	582,841,869	553,953,526	28,888,343	95.0%	184,319,666	15.7%

The City's Miscellaneous Plan for Tier 1 represents approximately 78.2%, 83.9%, and 83.7%, of the State-wide pool for the years ended June 30, 2009, 2008, and 2007, respectively, based on covered payroll of \$440,071,499, \$414,589,514, and \$376,292,121 for those years.

The City's Miscellaneous Plan for Tier 2 represents approximately 95.0%, 96.4%, and 96.1%, of the State-wide pool for the years ended June 20, 2009, 2008, and 2007, respectively, based on covered payroll of \$184,319,666, \$183,387,608, and \$171,052,819 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, 2011

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 31 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						
▪ Medical After Retirement Account (MARA)	Hired < 7/1/08:		Hired \geq 7/1/08:						
	<ul style="list-style-type: none"> • Optional Employee contribution • If opt out of Cash Stipend: <ul style="list-style-type: none"> ➢ City contributes 3% ➢ City matches up to 2% if EE contributes up to 5% ➢ Max total City contribution 5% 		<ul style="list-style-type: none"> • MARA only, no Cash Stipend • City contributes 1.5% • City matches up to 1% if EE contributes up to 2.5% • Max total City 2.5% 						
▪ 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;">108.00</td> </tr> <tr> <td style="text-align: center;">2012</td> <td style="text-align: center;">112.00</td> </tr> </tbody> </table>			<u>Year</u>	<u>Monthly Amount</u>	2011	108.00	2012	112.00
<u>Year</u>	<u>Monthly Amount</u>								
2011	108.00								
2012	112.00								
▪ 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	<u>Year</u>	<u>Payment</u>							
	2010/11	\$ 186,745							

As of June 30, 2011, approximately 98 participants were eligible to receive benefits.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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.

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. In fiscal year 2011, the City made contribution in excess of the ARC and amortized its net OPEB obligation as presented below:

	Governmental Activities
Annual required contribution (ARC)	\$945,823
Interest on net OPEB obligation	66,488
Adjustment to annual required contribution	(82,900)
Annual OPEB cost	929,411
Contributions made:	
City's portion of current year premiums paid	(186,677)
Change in net OPEB obligation (asset)	742,734
Net OPEB obligation (asset) June 30, 2010	1,564,421
Net OPEB obligation (asset) June 30, 2011	\$2,307,155

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

The Plan's annual required contributions and actual contributions for the years ended June 30, 2011 are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation (Asset)
6/30/2009	\$898,000	\$102,372	11%	\$795,682
6/30/2010	903,000	134,261	15%	1,564,421
6/30/2011	929,411	186,677	20%	2,307,155

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data as of the June 30, 2011 actuarial study is presented below:

Fiscal Year	Actuarial Value of Assets (A)	Underfunded Accrued Liability (UAAL) (B)	Actuarial Covered Payroll (C)	Unfunded AAL Over Covered Payroll (B/C)
6/30/2008	\$0	\$7,118,000	\$6,603,000	107.80%
6/30/2011	0	9,925,251	7,127,907	139.24%

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 \$10 million per year.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 12 - RISK MANAGEMENT (Continued)

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 \$500,000 and purchases excess insurance to \$100,000,000. 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.

As of June 30, 2011, the estimated claims payable for general liability and workers' compensation was \$763,547, which 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	\$796,763
Increase in estimated claims liability	55,854
Claims paid	<u>(89,070)</u>
Ending balance of claims payable	<u><u>\$763,547</u></u>
 Current Portion	 <u><u>\$231,285</u></u>

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

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. *Major Constructions*

The City has various major construction projects not completed as of June 30, 2011.

Crystal Springs Aqueduct Flow Regulators – This project will install control valves and tie into the SCADA system to allow City staff to control which turnouts are providing flow in order to maximize first use of our lower cost water purchases. The remaining commitment is \$595,300.

Bayshore Bikeway Phase II – This project will construct a four to five foot wide Class II bikeway along Bayshore Boulevard from Valley Drive to the northern city limit at Geneva Avenue. Funding for the project is from the federal Transportation Enhancement (TE) Funds. The remaining commitment is \$796,800.

As of June 30, 2011, in the opinion of City management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

D. *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, 2011 was \$40,484.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

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:

Utility Fund Statement of Net Assets

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
ASSETS				
Current assets:				
Cash and investments				
Accounts receivable, net	\$251,263	\$251,262	\$251,262	\$753,787
Taxes receivable			30	30
Total current assets	251,263	251,262	251,292	753,817
Noncurrent assets:				
Capital assets:				
Non-depreciable	193,844	61,351	558,903	814,098
Depreciable, net	8,549,049	4,401,463	15,302,802	28,253,314
Total capital assets	8,742,893	4,462,814	15,861,705	29,067,412
Total noncurrent assets	8,742,893	4,462,814	15,861,705	29,067,412
Total assets	8,994,156	4,714,076	16,112,997	29,821,229
LIABILITIES				
Current liabilities:				
Accounts payable	80,397	100,762	103,357	284,516
Interest payable	20,149	20,150	20,150	60,449
Compensated absences	7,124	8,598	614	16,336
Due to other funds	17,416	417,416	517,416	952,248
Deposits	4,253	4,253	4,253	12,759
Accrued payroll	8,859	3,923	8,013	20,795
Capital lease due within one year	11,326		11,326	22,652
Bonds payable due within one year	38,333	38,333	38,333	114,999
Total current liabilities	187,857	593,435	703,462	1,484,754
Noncurrent liabilities:				
Compensated absences	21,374	25,793	1,840	49,007
Bonds payable due in more than one year	1,220,000	1,220,000	1,220,000	3,660,000
Capital lease due in more than one year	33,977		33,977	67,954
OPEB Obligation		63,404		63,404
Advances from other funds	69,344	253,218	664,089	986,651
Total noncurrent liabilities	1,344,695	1,562,415	1,919,906	4,827,016
Total liabilities	1,532,552	2,155,850	2,623,368	6,311,770
NET ASSETS				
Invested in capital assets, net of related debt	7,484,559	3,204,481	14,603,372	25,292,412
Restricted for:				
Capital projects	610,404	30,489		640,893
Debt service				
Unrestricted	(633,359)	(676,744)	(1,113,743)	(2,423,846)
Total net assets	\$7,461,604	\$2,558,226	\$13,489,629	\$23,509,459

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 14 - SEGMENT INFORMATION (Continued)

Utility Fund Statement of Activities

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
OPERATING REVENUES:				
Charges for services	\$1,302,510	\$1,162,408	\$1,514,051	\$3,978,969
Total operating revenues	<u>1,302,510</u>	<u>1,162,408</u>	<u>1,514,051</u>	<u>3,978,969</u>
OPERATING EXPENSES:				
Costs of sales and services	445,698	509,297	516,331	1,471,326
General and administrative	60,191	667,153	1,009,403	1,736,747
Depreciation	188,022	103,778	372,571	664,371
Total operating expenses	<u>693,911</u>	<u>1,280,228</u>	<u>1,898,305</u>	<u>3,872,444</u>
OPERATING INCOME (LOSS)	<u>608,599</u>	<u>(117,820)</u>	<u>(384,254)</u>	<u>106,525</u>
NONOPERATING REVENUES (EXPENSES):				
Taxes and assessments			28,916	28,916
Capital Contribution			862,000	862,000
Intergovernmental	16,246		16,437	32,683
Investment income	(1,235)	(1,235)	(1,236)	(3,706)
Interest expense	(60,169)	(60,168)	(60,168)	(180,505)
Total nonoperating revenues (expenses)	<u>(45,158)</u>	<u>(61,403)</u>	<u>845,949</u>	<u>739,388</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>563,441</u>	<u>(179,223)</u>	<u>461,695</u>	<u>845,913</u>
Transfers in			606,399	606,399
Transfers out	(635,029)		(29,999)	(665,028)
Total transfers in and out	<u>(635,029)</u>		<u>576,400</u>	<u>(58,629)</u>
Change in net assets	<u>(71,588)</u>	<u>(179,223)</u>	<u>1,038,095</u>	<u>787,284</u>
NET ASSETS:				
Beginning of year	7,533,192	2,737,449	12,451,534	22,722,175
End of year	<u>\$7,461,604</u>	<u>\$2,558,226</u>	<u>\$13,489,629</u>	<u>\$23,509,459</u>

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 14 - SEGMENT INFORMATION (Continued)

Utility Fund Statement of Cash Flows

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$1,293,318	\$1,153,215	\$1,504,856	\$3,951,389
Cash payments to suppliers	(436,949)	(487,102)	(536,223)	(1,460,274)
Cash payments for general and administrative	(55,026)	(671,818)	(1,012,884)	(1,739,728)
Cash received from (payments to) other funds				
Net cash provided (used) by operating activities	<u>801,343</u>	<u>(5,705)</u>	<u>(44,251)</u>	<u>751,387</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Taxes received			28,927	28,927
Grants received	16,246		16,437	32,683
Transfers in				
Transfers out	(28,630)		(29,999)	(58,629)
Net cash provided (used) by noncapital financing activities	<u>(12,384)</u>		<u>15,365</u>	<u>2,981</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of property, plant and equipment		(17,202)	(77,205)	(94,407)
Capital Lease payment	(11,325)		(11,325)	(22,650)
Principal payment of debt	(35,000)	(35,000)	(35,000)	(105,000)
Due to other funds	(426,105)	46,438	(7,454)	(387,121)
Advances from other funds	(254,852)	73,145	136,443	(45,264)
Interest paid	(60,440)	(60,439)	(60,438)	(181,317)
Net cash provided (used) by capital and related financing activities	<u>(787,722)</u>	<u>6,942</u>	<u>(54,979)</u>	<u>(835,759)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	(1,237)	(1,237)	(1,237)	(3,711)
Net cash provided (used) by investing activities	<u>(1,237)</u>	<u>(1,237)</u>	<u>(1,237)</u>	<u>(3,711)</u>
Net increase (decrease) in cash and cash equivalents			<u>(85,102)</u>	<u>(85,102)</u>
CASH AND CASH EQUIVALENTS:				
Beginning of year			85,102	85,102
End of year				
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$608,599	(\$117,817)	(\$384,254)	\$106,528
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	188,022	103,778	372,571	664,371
Accounts receivable	(9,194)	(9,194)	(9,194)	(27,582)
Accounts payable and accrued liabilities	8,063	(7,732)	(20,579)	(20,248)
Compensated absences	3,763	618	(5,350)	(969)
Deposits	687	687	687	2,061
OPEB Obligation		29,241		29,241
Accrued payroll	1,403	(5,286)	1,868	(2,015)
Total adjustments	<u>192,744</u>	<u>112,112</u>	<u>340,003</u>	<u>644,859</u>
Net cash provided (used) by operating activities	<u>\$801,343</u>	<u>(\$5,705)</u>	<u>(\$44,251)</u>	<u>\$751,387</u>
Non cash capital activities - capital contributions			<u>\$862,000</u>	<u>\$862,000</u>

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 15 – SUBSEQUENT EVENT

Commitments or Subsequent Event Disclosure:

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by the City opting into an “alternative voluntary redevelopment program” requiring specified substantial annual contributions to local schools and special districts. Concurrently with these two measures, the State passed various budget and trailer bills that are related and collectively constitute the Redevelopment Restructuring Acts. If all sponsoring communities were to opt-in to the voluntary program, these contributions amount to an estimated \$1.7 billion for fiscal year 2012 and an estimated \$400 million in each succeeding year. If the City fails to make the voluntary program payment, the Agency would become subject to the dissolution provisions of ABx1 26.

On July 18, 2011, the California Redevelopment Association, the League of California Cities and others challenged the validity and constitutionality of ABx1 26 and 27 to the California Supreme Court on numerous grounds, including that the acts violate certain provisions of the California Constitution. On August 11, 2011, as modified on August 17, 2011, the California Supreme Court agreed to hear the case and issued a partial stay of ABx1 26 and a full stay of ABx1 27, but the stay did not include the section of ABx1 26 that suspends all new redevelopment activities. It is anticipated that the Court will render its decision before January 15, 2012, the date the first voluntary program payment is due.

The suspension provisions of ABx1 26 prohibit all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26. During the suspension period, an agency is required to prepare an Enforceable Obligation Payment Schedule no later than August 29, 2011, that allows it to continue to pay certain obligations. The Agency adopted its Enforceable Obligation Payment Schedule on August 22, 2011.

In addition, the suspension provisions require the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the State Controller is required to order the asset returned to the redevelopment agency. The State Controller’s Office has not yet provided any information about the timing or the process for this statewide asset transfer review.

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 15 – SUBSEQUENT EVENT (Continued)

The Agency is currently subject to the suspension provisions as described above. These facts indicate that there is more than a remote possibility the Agency may not continue as a going concern beyond October 1, 2011. The continuation of the Agency beyond October 1, 2011 will initially depend upon whether the Supreme Court rules in favor of the petitioners. There are three possible consequences to the Agency from a decision of the Supreme Court, when it is rendered:

1. If the Supreme Court determines that both ABx1 26 and ABx1 27 are valid, then the City will consider whether it will enact an ordinance to opt-in to the alternative voluntary redevelopment program. If enacted, the City would be required to make annual payments to the County Auditor-Controller and the Agency would no longer be subject to the suspension provisions. The State Department of Finance calculated the City's Voluntary Program payment for fiscal year 2012 to be \$2,195,511.
2. If the Supreme Court determines that both ABx1 26 and ABx1 27 are valid and the City decides not to participate in the alternative voluntary redevelopment program, or if the Supreme Court determines that ABx1 26 is valid, but ABx1 27 is not valid, the Agency will continue to be subject to the suspension provisions and would be dissolved in accordance with certain provisions of ABx1 26. Upon dissolution, all assets and obligations of the Agency would be transferred to a successor agency.
3. If the Supreme Court determines that both ABx1 26 and ABx1 27 are invalid, the Agency would no longer be subject to the suspension provisions and would continue in existence under California Redevelopment Law as it existed prior to the enactment of ABx1 26 and ABx1 27.

As of November 23, 2011, the Supreme Court has not ruled on the case and the Agency is subject to the suspension provisions as discussed above.

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES:				
Taxes and special assessments	\$8,359,303	\$8,359,303	\$6,687,632	(\$1,671,671)
Intergovernmental	53,011	53,011	42,893	(10,118)
Licenses, permits and fees	823,736	823,736	398,998	(424,738)
Charges for services	316,308	316,308	147,491	(168,817)
Fines and forfeitures	109,760	109,760	94,530	(15,230)
Use of money and property	146,757	146,757	181,823	35,066
Other revenues	<u>2,517,598</u>	<u>2,517,598</u>	<u>2,386,508</u>	<u>(131,090)</u>
Total Revenues	<u>12,326,473</u>	<u>12,326,473</u>	<u>9,939,875</u>	<u>(2,386,598)</u>
EXPENDITURES:				
Current:				
General government	4,156,875	4,277,581	3,334,704	942,877
Public safety - police	3,466,855	3,406,855	2,823,934	582,921
Public safety - fire	2,436,661	2,511,661	2,245,074	266,587
Public works	2,035,940	2,035,940	1,439,404	596,536
Library	27,930	27,930	25,420	2,510
Capital Outlay	<u>232,264</u>	<u>513,826</u>	<u>105,535</u>	<u>408,291</u>
Total Expenditures	<u>12,356,525</u>	<u>12,773,793</u>	<u>9,974,071</u>	<u>2,799,722</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(30,052)</u>	<u>(447,320)</u>	<u>(34,196)</u>	<u>413,124</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	75,253	75,253		(75,253)
Transfers (out)	<u>(2,096,609)</u>	<u>(2,096,609)</u>	<u>(2,476,863)</u>	<u>(380,254)</u>
Total other financing sources (uses)	<u>(2,021,356)</u>	<u>(2,021,356)</u>	<u>(2,476,863)</u>	<u>(455,507)</u>
NET CHANGE IN FUND BALANCES	<u>(\$2,051,408)</u>	<u>(\$2,468,676)</u>	<u>(2,511,059)</u>	<u>(\$42,383)</u>
BEGINNING FUND BALANCE			<u>10,109,474</u>	
ENDING FUND BALANCE			<u>\$7,598,415</u>	

CITY OF BRISBANE
COMMUNITY REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
GOVERNMENTAL REVENUES				
Taxes and special assessments	\$4,689,267	\$4,689,267	\$4,155,087	(\$534,180)
Use of money and property			32,139	32,139
Total Revenues	<u>4,689,267</u>	<u>4,689,267</u>	<u>4,187,226</u>	<u>(502,041)</u>
EXPENDITURES				
Current:				
Public works	677,923	677,923	981,344	(303,421)
Debt service:				
Principal			315,000	(315,000)
Interest and fiscal charges			137,099	(137,099)
Total Expenditures	<u>677,923</u>	<u>677,923</u>	<u>1,433,443</u>	<u>(755,520)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,011,344</u>	<u>4,011,344</u>	<u>2,753,783</u>	<u>(1,257,561)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(2,518,938)</u>	<u>(2,518,938)</u>	<u>(2,065,877)</u>	<u>453,061</u>
Total Other Financing Sources (Uses)	<u>(2,518,938)</u>	<u>(2,518,938)</u>	<u>(2,065,877)</u>	<u>453,061</u>
NET CHANGE IN FUND BALANCES	<u>\$1,492,406</u>	<u>\$1,492,406</u>	687,906	<u>(\$804,500)</u>
BEGINNING FUND BALANCE (as restated)			<u>3,173,435</u>	
ENDING FUND BALANCE			<u>\$3,861,341</u>	

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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, capital projects funds, and the debt service funds. 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, 2011, 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).

Prop 1 B Fund. To account for the monies received under the State Proposition 1B program and used for roads and transportation.

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.

General Plan Open Space Fund. To account for funds dedicated to the enhancement and preservation of open space areas with the city.

Traffic Congestion Relief Fund. Assembly Bill 2928 established the Traffic Congestion Relief fund (TCRF) in the State Treasury for allocating to cities and counties for street or road maintenance or reconstruction (or storm damage repair).

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 Fund. 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

Community Redevelopment Agency. The Agency has issued tax allocation bonds in its project areas to finance various improvements. Debt service is accomplished from the receipt of tax increment from within the project areas.

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 Lease Revenue Bonds, Series A Fund. 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.

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 Avenue 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, 2011

	SPECIAL REVENUE FUNDS			
	Gas Tax	Prop 1B	Measure A	Sierra Point Landscape & Lighting
ASSETS				
Cash and investments	\$185,156	\$4,331	\$284,285	\$24,196
Restricted cash and investments with fiscal agents				
Accounts receivable, net	107	2	166	
Taxes receivable	13,897			
Advances to other funds				
Total Assets	\$199,160	\$4,333	\$284,451	\$24,196
LIABILITIES				
Accounts payable				\$16,262
Due to other funds				328,788
Deposits				
Accrued payroll				3,496
Total Liabilities				348,546
FUND BALANCE				
Restricted	\$199,160	\$4,333	\$284,451	
Assigned				
Unassigned				(324,350)
Total Fund Balances	199,160	4,333	284,451	(324,350)
Total Liabilities and Fund Balances	\$199,160	\$4,333	\$284,451	\$24,196

SPECIAL REVENUE FUNDS

Grant	NPDES	General Plan Open Space	Traffic Congestion Relief	Fire Training	Contract Employees
\$117,885	\$4,370		\$13	\$3,113	
16,402			16	2	\$50,105
<u>\$134,287</u>	<u>\$4,370</u>		<u>\$29</u>	<u>\$3,115</u>	<u>\$50,105</u>
\$10,636	\$2,197				
	84,513				\$21,885
1,601					
4,101	2,203				11,483
<u>16,338</u>	<u>88,913</u>				<u>33,368</u>
117,949			\$29	\$3,115	16,737
	(84,543)				
<u>117,949</u>	<u>(84,543)</u>		<u>29</u>	<u>3,115</u>	<u>16,737</u>
<u>\$134,287</u>	<u>\$4,370</u>		<u>\$29</u>	<u>\$3,115</u>	<u>\$50,105</u>

(Continued)

CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	DEBT SERVICE FUNDS			
	Community Redevelopment Agency	2006 Pension Obligation Bonds	2001 Revenue Bonds, Series B	2005 Revenue Bonds, Series A
ASSETS				
Cash and investments	\$253		\$1,046,921	
Restricted cash and investments with fiscal agents	118,132	\$1	755,586	
Accounts receivable, net	528		434	
Taxes receivable				
Advances to other funds				\$446,432
Total Assets	\$118,913	\$1	\$1,802,941	\$446,432
LIABILITIES				
Accounts payable	\$2,120		\$2,543	
Due to other funds		\$1		
Deposits				
Accrued payroll				
Total Liabilities	2,120	1	2,543	
FUND BALANCE				
Restricted	116,793		1,800,398	\$446,432
Assigned				
Unassigned				
Total Fund Balances	116,793		1,800,398	446,432
Total Liabilities and Fund Balances	\$118,913	\$1	\$1,802,941	\$446,432

DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS				Total Nonmajor Governmental Funds
2005 Revenue Bonds, Series B	2009 Revenue Lease Bonds, Series A	Capital Projects	Tunnel Avenue Bridge Project	Special Beautification Project	Facilities Construction	
	\$359 655,530 866	\$308,824		\$6,518 3	\$547,177 288	\$2,533,401 1,529,249 87,118 13,897 446,432
	<u>\$656,755</u>	<u>\$308,824</u>	<u>\$18,199</u>	<u>\$6,521</u>	<u>\$547,465</u>	<u>\$4,610,097</u>
		\$21,986 181,345	\$396 753,370		\$380	\$56,520 1,369,902 1,601 \$26,521
		<u>5,238</u>				
		<u>208,569</u>	<u>753,766</u>		<u>380</u>	<u>1,454,544</u>
	\$656,755			\$6,521	347,724 199,361	4,000,397 199,361 (1,044,205)
	<u>656,755</u>	<u>100,255</u>	<u>(735,567)</u>	<u>6,521</u>	<u>547,085</u>	<u>3,155,553</u>
	<u>\$656,755</u>	<u>\$308,824</u>	<u>\$18,199</u>	<u>\$6,521</u>	<u>\$547,465</u>	<u>\$4,610,097</u>

CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	Gas Tax	Prop 1B	Measure A	Sierra Point Landscape & Lighting
GOVERNMENTAL REVENUES				
Taxes and special assessments			\$136,514	\$486,364
Intergovernmental	\$108,630			
Licenses, permits and fees				
Use of money and property	855	\$14	1,348	(1,772)
Other revenues				
Total Revenues	109,485	14	137,862	484,592
EXPENDITURES				
Current:				
General government				
Public safety - police				
Public works				456,932
Capital outlay	56,465		72,905	
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures	56,465		72,905	456,932
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	53,020	14	64,957	27,660
OTHER FINANCING SOURCES (USES)				
Transfers in				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	53,020	14	64,957	27,660
BEGINNING FUND BALANCES (DEFICITS)	146,140	4,319	219,494	(352,010)
ENDING FUND BALANCES (DEFICITS)	\$199,160	\$4,333	\$284,451	(\$324,350)

SPECIAL REVENUE FUNDS

Grant	NPDES	General Plan Open Space	Traffic Congestion Relief	Fire Training	Contract Employees
\$384,628	\$51,024				
102	(382)	(\$84) 40	\$194	\$221	\$148,390
<u>384,730</u>	<u>50,642</u>	<u>(44)</u>	<u>194</u>	<u>221</u>	<u>148,390</u>
413 134,204		15,150			
284,376	56,134		46,697	279,963	131,653
		2,746			
<u>418,993</u>	<u>56,134</u>	<u>17,896</u>	<u>46,697</u>	<u>279,963</u>	<u>131,653</u>
<u>(34,263)</u>	<u>(5,492)</u>	<u>(17,940)</u>	<u>(46,503)</u>	<u>(279,742)</u>	<u>16,737</u>
<u>37,071</u>		<u>398,131</u>			
<u>37,071</u>		<u>398,131</u>			
2,808	(5,492)	380,191	(46,503)	(279,742)	16,737
<u>115,141</u>	<u>(79,051)</u>	<u>(380,191)</u>	<u>46,532</u>	<u>282,857</u>	
<u>\$117,949</u>	<u>(\$84,543)</u>		<u>\$29</u>	<u>\$3,115</u>	<u>\$16,737</u>

(Continued)

CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	DEBT SERVICE FUNDS			
	Community Redevelopment Agency	2006 Pension Obligation Bonds	2001 Revenue Bonds, Series B	2005 Revenue Bonds, Series A
GOVERNMENTAL REVENUES				
Taxes and special assessments			\$1,029,365	
Intergovernmental				
Licenses, permits and fees				
Use of money and property	\$986	\$169	35,152	
Other revenues				
Total Revenues	<u>986</u>	<u>169</u>	<u>1,064,517</u>	
EXPENDITURES				
Current:				
General government				
Public safety - police				
Public works				
Capital outlay				
Debt service:				
Principal	45,000	300,000	720,000	\$245,000
Interest and fiscal charges	<u>75,035</u>	<u>222,750</u>	<u>329,593</u>	<u>77,172</u>
Total Expenditures	<u>120,035</u>	<u>522,750</u>	<u>1,049,593</u>	<u>322,172</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(119,049)</u>	<u>(522,581)</u>	<u>14,924</u>	<u>(322,172)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>120,036</u>	<u>522,750</u>		<u>276,908</u>
Total Other Financing Sources (Uses)	<u>120,036</u>	<u>522,750</u>		<u>276,908</u>
NET CHANGE IN FUND BALANCES	987	169	14,924	(45,264)
BEGINNING FUND BALANCES (DEFICITS)	<u>115,806</u>	<u>(169)</u>	<u>1,785,474</u>	<u>491,696</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$116,793</u>	<u></u>	<u>\$1,800,398</u>	<u>\$446,432</u>

DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS				Total Nonmajor Governmental Funds
2005 Revenue Bonds, Series B	2009 Revenue Lease Bonds, Series A	Capital Projects	Tunnel Avenue Bridge Project Capital Project	Special Beautification Project	Facilities Construction	
		\$14,781	\$24,185			\$1,703,267
		308,824				532,224
	\$1,605	(188)	(3,129)	\$28	\$2,273	308,824
						37,392
						148,430
	1,605	323,417	21,056	28	2,273	2,730,137
						15,563
						134,204
						644,719
		343,501	1,645	154	3,609	1,089,315
\$145,000	75,000					1,530,000
263,626	112,575					1,083,497
408,626	187,575	343,501	1,645	154	3,609	4,497,298
(408,626)	(185,970)	(20,084)	19,411	(126)	(1,336)	(1,767,161)
380,144	131,288					1,866,328
380,144	131,288					1,866,328
(28,482)	(54,682)	(20,084)	19,411	(126)	(1,336)	99,167
28,482	711,437	120,339	(754,978)	6,647	548,421	3,056,386
	\$656,755	\$100,255	(\$735,567)	\$6,521	\$547,085	\$3,155,553

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, 2011

SPECIAL REVENUE FUNDS						
	GAS TAX			PROP 1B		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
GOVERNMENTAL REVENUES						
Taxes and special assessments						
Intergovernmental	\$75,000	\$108,630	\$33,630			
Licenses, permits and fees						
Use of money and property		855	855		\$14	\$14
Other revenues						
Total Revenues	<u>75,000</u>	<u>109,485</u>	<u>34,485</u>		<u>14</u>	<u>14</u>
EXPENDITURES						
Current:						
General government						
Public safety - police						
Public works						
Capital outlay		56,465	(56,465)			
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures		<u>56,465</u>	<u>(56,465)</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>75,000</u>	<u>53,020</u>	<u>(21,980)</u>		<u>14</u>	<u>14</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u><u>75,000</u></u>	<u><u>53,020</u></u>	<u><u>(\$21,980)</u></u>		<u><u>14</u></u>	<u><u>\$14</u></u>
BEGINNING FUND BALANCES (DEFICITS)		<u>146,140</u>			<u>4,319</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>\$199,160</u></u>			<u><u>\$4,333</u></u>	

SPECIAL REVENUE FUNDS

MEASURE A			SIERRA POINT LANDSCAPING & LIGHTING			GRANT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$90,000	\$136,514	\$46,514	\$429,696	\$486,364	\$56,668	\$100,000	\$384,628	\$284,628
	1,348	1,348		(1,772)	(1,772)		102	102
<u>90,000</u>	<u>137,862</u>	<u>47,862</u>	<u>429,696</u>	<u>484,592</u>	<u>54,896</u>	<u>100,000</u>	<u>384,730</u>	<u>284,730</u>
							413	(413)
							134,204	(134,204)
	72,905	(72,905)	522,829	456,932	65,897	295,913	284,376	11,537
	<u>72,905</u>	<u>(72,905)</u>	<u>522,829</u>	<u>456,932</u>	<u>65,897</u>	<u>295,913</u>	<u>418,993</u>	<u>(123,080)</u>
<u>90,000</u>	<u>64,957</u>	<u>(25,043)</u>	<u>(93,133)</u>	<u>27,660</u>	<u>120,793</u>	<u>(195,913)</u>	<u>(34,263)</u>	<u>161,650</u>
							37,071	37,071
							37,071	37,071
<u>\$90,000</u>	<u>64,957</u>	<u>(\$25,043)</u>	<u>(\$93,133)</u>	<u>27,660</u>	<u>\$120,793</u>	<u>(\$195,913)</u>	<u>2,808</u>	<u>\$198,721</u>
	<u>219,494</u>			<u>(352,010)</u>			<u>115,141</u>	
	<u>\$284,451</u>			<u>(\$324,350)</u>			<u>\$117,949</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, 2011

	SPECIAL REVENUE FUNDS					
	NPDES			GENERAL PLAN OPEN SPACE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
GOVERNMENTAL REVENUES						
Taxes and special assessments	\$52,000	\$51,024	(\$976)			
Intergovernmental						
License and permits						
Use of money and property		(382)	(382)		(\$84)	(\$84)
Other revenues					40	40
Total Revenues	52,000	50,642	(1,358)		(44)	(44)
EXPENDITURES						
Current:						
General government				\$42,763	15,150	27,613
Public safety - police						
Public works	68,746	56,134	12,612			
Capital outlay						
Debt service:						
Principal						
Interest and fiscal charges					2,746	(2,746)
Total Expenditures	68,746	56,134	12,612	42,763	17,896	24,867
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,746)	(5,492)	11,254	(42,763)	(17,940)	24,823
OTHER FINANCING SOURCES (USES)						
Transfers in				60,454	398,131	337,677
Total Other Financing Sources (Uses)				60,454	398,131	337,677
NET CHANGE IN FUND BALANCES	<u>(16,746)</u>	<u>(5,492)</u>	<u>11,254</u>	<u>\$17,691</u>	<u>380,191</u>	<u>\$362,500</u>
BEGINNING FUND BALANCES		<u>(79,051)</u>			<u>(380,191)</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>(\$84,543)</u></u>				

SPECIAL REVENUE FUNDS

TRAFFIC CONGESTION RELIEF			FIRE TRAINING			CONTRACT EMPLOYEES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$194	\$194		\$221	\$221		\$148,390	\$148,390
	194	194		221	221		148,390	148,390
	46,697	(46,697)		279,963	(279,963)		131,653	(131,653)
	46,697	(46,697)		279,963	(279,963)		131,653	(131,653)
	(46,503)	(46,503)		(279,742)	(279,742)		16,737	16,737
	(46,503)	(\$46,503)		(279,742)	(\$279,742)		16,737	\$16,737
	46,532			282,857				
	\$29			\$3,115			\$16,737	

(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, 2011

	DEBT SERVICE FUNDS					
	COMMUNITY REDEVELOPMENT AGENCY			2006 PENSION OBLIGATION BONDS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
GOVERNMENTAL REVENUES						
Taxes and special assessments						
Intergovernmental						
Licenses, permits and fees						
Use of money and property		\$986	\$986		\$169	\$169
Other revenues						
Total Revenues		986	986		169	169
EXPENDITURES						
Current:						
General government						
Public safety - police						
Public works						
Capital outlay						
Debt service:						
Principal	\$45,000	45,000		\$300,000	300,000	
Interest and fiscal charges	77,915	75,035	2,880	224,500	222,750	1,750
Total Expenditures	122,915	120,035	2,880	524,500	522,750	1,750
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(122,915)	(119,049)	3,866	(524,500)	(522,581)	1,919
OTHER FINANCING SOURCES (USES)						
Transfers in	122,915	120,036	(2,879)	524,500	522,750	(1,750)
Total Other Financing Sources (Uses)	122,915	120,036	(2,879)	524,500	522,750	(1,750)
NET CHANGE IN FUND BALANCES		987	\$987		169	\$169
BEGINNING FUND BALANCES (DEFICITS)		115,806			(169)	
ENDING FUND BALANCES (DEFICITS)		\$116,793				

DEBT SERVICE FUNDS

2001 REVENUE BONDS, SERIES B			2005 REVENUE BONDS, SERIES A			2005 REVENUE BONDS, SERIES B		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,043,983	\$1,029,365	(\$14,618)						
	35,152	35,152						
<u>1,043,983</u>	<u>1,064,517</u>	<u>20,534</u>						
720,000	720,000		\$245,000	\$245,000		\$145,000	\$145,000	
323,983	329,593	(5,610)	79,823	77,172	\$2,651	259,021	263,626	(\$4,605)
<u>1,043,983</u>	<u>1,049,593</u>	<u>(5,610)</u>	<u>324,823</u>	<u>322,172</u>	<u>2,651</u>	<u>404,021</u>	<u>408,626</u>	<u>(4,605)</u>
	14,924	14,924	(324,823)	(322,172)	2,651	(404,021)	(408,626)	(4,605)
			324,823	276,908	(47,915)	404,021	380,144	(23,877)
			324,823	276,908	(47,915)	404,021	380,144	(23,877)
	14,924	\$14,924		(45,264)	(\$45,264)		(28,482)	(\$28,482)
	<u>1,785,474</u>			<u>491,696</u>			<u>28,482</u>	
	<u>\$1,800,398</u>			<u>\$446,432</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, 2011

	DEBT SERVICE FUND			CAPITAL PROJECTS FUND		
	2009 LEASE REVENUE BONDS, SERIES A			CAPITAL PROJECTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
GOVERNMENTAL REVENUES						
Taxes and special assessments						
Intergovernmental				\$14,781	\$14,781	
Licenses, permits and fees				308,824	308,824	
Use of money and property		\$1,605	\$1,605	(188)	(188)	
Other revenues						
Total Revenues		1,605	1,605	323,417	323,417	
EXPENDITURES						
Current:						
General government						
Public safety - police						
Public works						
Capital outlay				\$2,667,964	\$343,501	\$2,324,463
Debt service:						
Principal	\$75,000	\$75,000				
Interest and fiscal charges	115,075	112,575	2,500			
Total Expenditures	190,075	187,575	2,500	2,667,964	343,501	2,324,463
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(190,075)	(185,970)	4,105	(2,667,964)	(20,084)	2,647,880
OTHER FINANCING SOURCES (USES)						
Transfers in	190,075	131,288	(58,787)			
Total Other Financing Sources (Uses)	190,075	131,288	(58,787)			
NET CHANGE IN FUND BALANCES		(54,682)	(\$54,682)	(\$2,667,964)	(20,084)	\$2,647,880
BEGINNING FUND BALANCES (DEFICITS)		711,437			120,339	
ENDING FUND BALANCES (DEFICITS)		\$656,755			\$100,255	

CAPITAL PROJECTS FUND

TUNNEL AVENUE BRIDGE PROJECT CAPITAL PROJECT			SPECIAL BEAUTIFICATION PROJECT			FACILITIES CONSTRUCTION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$24,185	\$24,185						
	(3,129)	(3,129)		\$28	\$28		\$2,273	\$2,273
	21,056	21,056		28	28		2,273	2,273
(\$879,748)	1,645	(881,393)		154	(154)	\$1,000	3,609	(2,609)
(879,748)	1,645	(881,393)		154	(154)	1,000	3,609	(2,609)
879,748	19,411	(860,337)		(126)	(126)	(1,000)	(1,336)	(336)
<u>\$879,748</u>	19,411	<u>(\$860,337)</u>		(126)	<u>(\$126)</u>	<u>(\$1,000)</u>	(1,336)	<u>(\$336)</u>
	<u>(754,978)</u>			6,647			548,421	
	<u>(\$735,567)</u>			<u>\$6,521</u>			<u>\$547,085</u>	

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INTERNAL SERVICE FUNDS

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

GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

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.

Rainy Day Fund. This fund was established with sales tax correction money. According to City Council guidance, it is to be used for emergencies and one-time expenses.

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	<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	\$149,322	\$1,207,700	\$59,147	\$552,096	\$120,755
Accounts receivable				3,221	
Interest receivable	78	635	29	270	52
Other assets				350,606	
Total Assets	<u>149,400</u>	<u>1,208,335</u>	<u>59,176</u>	<u>906,193</u>	<u>120,807</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	4,888	(2,629)	7,248	350,701	13,507
Accrued payroll					5,251
Accrued claims payable				9,585	221,700
Due to other funds					
Total Current Liabilities	<u>4,888</u>	<u>(2,629)</u>	<u>7,248</u>	<u>360,286</u>	<u>240,458</u>
Noncurrent Liabilities:					
Accrued self-insurance				14,962	517,300
Total Liabilities	<u>4,888</u>	<u>(2,629)</u>	<u>7,248</u>	<u>375,248</u>	<u>757,758</u>
NET ASSETS					
Unrestricted	<u>144,512</u>	<u>1,210,964</u>	<u>51,928</u>	<u>530,945</u>	<u>(636,951)</u>
Total Net Assets (Deficits)	<u><u>\$144,512</u></u>	<u><u>\$1,210,964</u></u>	<u><u>\$51,928</u></u>	<u><u>\$530,945</u></u>	<u><u>(\$636,951)</u></u>

<u>OPEB Fund</u>	<u>Total</u>
	\$2,089,020
	3,221
	1,064
	<u>350,606</u>
	<u>2,443,911</u>
	373,715
	5,251
	231,285
<u>68</u>	<u>68</u>
<u>68</u>	<u>610,319</u>
	<u>532,262</u>
<u>68</u>	<u>1,142,581</u>
<u>(68)</u>	<u>1,301,330</u>
<u>(\$68)</u>	<u>\$1,301,330</u>

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Dental Self-Insurance	Fringe Benefits	Flexible Benefits	General Liability	Workers' Compensation
OPERATING REVENUES					
Charges for sales and services	\$83,998		\$136,399	\$462,363	\$416,293
Other revenue	21	\$1,735			24,013
Total Operating Revenues	84,019	1,735	136,399	462,363	440,306
OPERATING EXPENSES					
Cost of sales and services					3,965
General and administrative	89,592		107,606	287,186	253,938
Other expenses					19,441
Total Operating Expenses	89,592		107,606	287,186	277,344
Operating Income (Loss)	(5,573)	1,735	28,793	175,177	162,962
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	593	4,922	218	2,074	209
Total Nonoperating Revenues (Expenses)	593	4,922	218	2,074	209
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES					
	(4,980)	6,657	29,011	177,251	163,171
Transfers in					
Transfers					
Change in Net Assets	(4,980)	6,657	29,011	177,251	163,171
BEGINNING NET ASSETS	149,492	1,204,307	22,917	353,694	(800,122)
ENDING NET ASSETS (DEFICIT)	\$144,512	\$1,210,964	\$51,928	\$530,945	(\$636,951)

OPEB Fund	Total
	\$1,099,053
	25,769
	<u>1,124,822</u>
\$74,235	78,200
	738,322
<u>112,509</u>	<u>131,950</u>
<u>186,744</u>	<u>948,472</u>
<u>(186,744)</u>	<u>176,350</u>
<u>40</u>	<u>8,056</u>
<u>40</u>	<u>8,056</u>
<u>(186,704)</u>	<u>184,406</u>
<u>206,530</u>	<u>206,530</u>
<u>206,530</u>	<u>206,530</u>
19,826	390,936
<u>(19,894)</u>	<u>910,394</u>
<u>(\$68)</u>	<u>\$1,301,330</u>

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	Dental Self-Insurance	Fringe Benefits	Flexible Benefits	General Liability	Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received to/ from customers	\$83,998		\$136,399	\$846,682	\$416,293
Cash payments to suppliers	(92,027)	(\$81,019)	(106,150)	(285,401)	(352,035)
Cash received from (payments to) other	21	1,735			29,264
Cash Flows from Operating Activities	<u>(8,008)</u>	<u>(79,284)</u>	<u>30,249</u>	<u>561,281</u>	<u>93,522</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Repayment to other funds				(75,627)	
Transfers in(out), net					
Cash Flows from Noncapital Financing Activities				<u>(75,627)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	515	4,287	189	1,804	157
Cash Flows from Investing Activities	<u>515</u>	<u>4,287</u>	<u>189</u>	<u>1,804</u>	<u>157</u>
Net Cash Flows	(7,493)	(74,997)	30,438	487,458	93,679
Cash and investments at beginning of period	<u>156,815</u>	<u>1,282,697</u>	<u>28,709</u>	<u>64,638</u>	<u>27,076</u>
Cash and investments at end of period	<u><u>\$149,322</u></u>	<u><u>\$1,207,700</u></u>	<u><u>\$59,147</u></u>	<u><u>\$552,096</u></u>	<u><u>\$120,755</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	(\$5,573)	\$1,735	\$28,793	\$175,177	\$162,962
Adjustments to reconcile operating income to net cash flows from operating activities:					
Accounts receivable				(3,221)	
Other assets				36,839	
Accounts payable and accrued liabilities	(2,435)	(81,019)	1,456	350,701	(39,691)
Accrued payroll					5,251
Accrued claims payable				1,785	(35,000)
Cash Flows from Operating Activities	<u><u>(\$8,008)</u></u>	<u><u>(\$79,284)</u></u>	<u><u>\$30,249</u></u>	<u><u>\$561,281</u></u>	<u><u>\$93,522</u></u>

<u>OPEB Fund</u>	<u>Total</u>
	\$1,483,372
(\$180,335)	(1,096,967)
	<u>31,020</u>
<u>(180,335)</u>	<u>417,425</u>
(26,235)	(101,862)
<u>206,530</u>	<u>206,530</u>
<u>180,295</u>	<u>104,668</u>
<u>40</u>	<u>6,992</u>
<u>40</u>	<u>6,992</u>
	529,085
	<u>1,559,935</u>
	<u>\$2,089,020</u>
(\$186,744)	\$176,350
	(3,221)
6,409	43,248
	229,012
	5,251
	<u>(33,215)</u>
<u>(\$180,335)</u>	<u>\$417,425</u>

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FIDUCIARY FUNDS

PRIVATE PURPOSE TRUST FUNDS included the following funds:

Sister City Sub-Committee Fund
NER/Landmark Revolving Fund
Professional Organizations Fund
Brisbane Recycling Organizations Fund
Event Insurance Fund
Piano Trust Fund
HCP Endowment Fund

AGENCY FUNDS included the following funds:

SAMCAT
Tuntex/Baylands Revolving Fund
Tuntex II - Revolving Fund
Northeast Ridge-Revolving Fund
Opus Fees/Permits Fund
Opus Development Trust Fund
Hotel Reimbursement Fund
Northeast Ridge Assessment District 2001 Bonds Fund
Revolving-Summerhill Homes-Quarry Fund
Slough Estates Fund
Baylands EIR Fund
Geneva/Candlestick Revolving Fund
Margaret/Paul Fund

CITY OF BRISBANE
PRIVATE-PURPOSE TRUSTS FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	Sister City Sub- Committee	NER/ Landmark Revolving	Professional Organization	Brisbane Recycling Organizations	Event Insurance
ASSETS					
Current Assets:					
Cash and investments	\$826	\$68,334	\$138	\$6,341	\$882
Accounts receivable, net				3	
Total Assets	<u>826</u>	<u>68,334</u>	<u>138</u>	<u>6,344</u>	<u>882</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities		1,925	75		378
Deposits		60,035	63	13,470	504
Total Liabilities		<u>61,960</u>	<u>138</u>	<u>13,470</u>	<u>882</u>
NET ASSETS					
Held in trust for private-purpose	<u>826</u>	<u>6,374</u>		<u>(7,126)</u>	
Total Net Assets (Deficits)	<u><u>\$826</u></u>	<u><u>\$6,374</u></u>		<u><u>(\$7,126)</u></u>	

<u>Piano</u>	<u>HCP Endowment</u>	<u>Total Private-Purpose Trusts</u>
\$200	\$775,246	\$851,967
		3
<u>200</u>	<u>775,246</u>	<u>851,970</u>
		2,378
	<u>772,727</u>	<u>846,799</u>
	<u>772,727</u>	<u>849,177</u>
<u>200</u>	<u>2,519</u>	<u>2,793</u>
<u>\$200</u>	<u>\$2,519</u>	<u>\$2,793</u>

CITY OF BRISBANE
PRIVATE-PURPOSE TRUSTS FUNDS
COMBINING STATEMENT OF CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Sister City Sub- Committee</u>	<u>NER/ Landmark Revolving</u>	<u>Professional Organization</u>	<u>Brisbane Recycling Organizations</u>	<u>Event Insurance</u>
ADDITIONS					
Charges for Services		\$84,759			
Investment income	\$3	(1,333)		\$35	(\$2)
Other revenues					
Total additions	<u>3</u>	<u>83,426</u>		<u>35</u>	<u>(2)</u>
DEDUCTIONS					
General government		955,763			
Public works		30,525			
Total deductions		<u>986,288</u>			
Change in Net Assets	<u>3</u>	<u>(902,862)</u>		<u>35</u>	<u>(2)</u>
BEGINNING NET ASSETS	<u>823</u>	<u>909,236</u>		<u>(7,161)</u>	<u>2</u>
ENDING NET ASSETS (DEFICIT)	<u>\$826</u>	<u>\$6,374</u>		<u>(\$7,126)</u>	

<u>Piano</u>	<u>HCP Endowment</u>	<u>Total Private-Purpose Trusts</u>
		\$84,759
	\$2,519	1,222
<u>\$200</u>		<u>200</u>
<u>200</u>	<u>2,519</u>	<u>86,181</u>
		955,763
		<u>30,525</u>
		<u>986,288</u>
<u>200</u>	<u>2,519</u>	<u>(900,107)</u>
		902,900
<u>\$200</u>	<u>\$2,519</u>	<u>\$2,793</u>

CITY OF BRISBANE
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>SAMCAT</u>				
<u>Assets</u>				
Cash and investments	\$64,769		\$1,875	\$62,894
Accounts receivable	4,000		4,000	
	<u>\$68,769</u>		<u>\$5,875</u>	<u>\$62,894</u>
<u>Liabilities</u>				
Accounts payable	\$571	\$6,954		\$7,525
Deposits	68,198		\$12,829	55,369
Total Liabilities	<u>\$68,769</u>	<u>\$6,954</u>	<u>\$12,829</u>	<u>\$62,894</u>
<u>Tuntex-Baylands Revolving</u>				
<u>Assets</u>				
Cash and investments	\$68,643	\$37,083	\$3,414	\$102,312
Accounts receivable	210,486	53,141	263,627	
Total Assets	<u>\$279,129</u>	<u>\$90,224</u>	<u>\$267,041</u>	<u>\$102,312</u>
<u>Liabilities</u>				
Accounts payable	\$9,506	\$226,544	\$229,959	\$6,091
Deposits	269,623		173,402	96,221
Total Liabilities	<u>\$279,129</u>	<u>\$226,544</u>	<u>\$403,361</u>	<u>\$102,312</u>
<u>Tuntex II-Revolving</u>				
<u>Assets</u>				
Cash and investments	\$201,943	\$842	\$106	\$202,679
Interest receivable		107		107
Total Assets	<u>\$201,943</u>	<u>\$949</u>	<u>\$106</u>	<u>\$202,786</u>
<u>Liabilities</u>				
Deposits	\$201,943	\$843		\$202,786
Total Liabilities	<u>\$201,943</u>	<u>\$843</u>		<u>\$202,786</u>
<u>Northeast Ridge-Revolving</u>				
<u>Assets</u>				
Cash and investments	(\$1)	\$1		
Accounts receivable	689			\$689
Total Assets	<u>\$688</u>	<u>\$1</u>		<u>\$689</u>
<u>Liabilities</u>				
Accounts payable	\$774		\$774	
Deposits	(86)	\$775		\$689
Total Liabilities	<u>\$688</u>	<u>\$775</u>	<u>\$774</u>	<u>\$689</u>

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Opus Fees/Permits</u>				
<u>Assets</u>				
Cash and investments	\$5,949	\$23		\$5,972
Interest receivable		3		3
Total Assets	<u>\$5,949</u>	<u>\$26</u>		<u>\$5,975</u>
<u>Liabilities</u>				
Deposits	<u>\$5,949</u>	<u>\$26</u>		<u>\$5,975</u>
Total Liabilities	<u>\$5,949</u>	<u>\$26</u>		<u>\$5,975</u>
<u>Opus Development Trust</u>				
<u>Assets</u>				
Cash and investments	\$39,568	\$60	\$119	\$39,509
Total Assets	<u>\$39,568</u>	<u>\$60</u>	<u>\$119</u>	<u>\$39,509</u>
<u>Liabilities</u>				
Deposits	<u>\$39,568</u>		\$59	\$39,509
Total Liabilities	<u>\$39,568</u>		<u>\$59</u>	<u>\$39,509</u>
<u>Hotel Reimbursement</u>				
<u>Assets</u>				
Cash and investments	\$1,935	\$9		\$1,944
Interest receivables		1		1
Total Assets	<u>\$1,935</u>	<u>\$10</u>		<u>\$1,945</u>
<u>Liabilities</u>				
Deposits	<u>\$1,935</u>	<u>\$10</u>		\$1,945
Total Liabilities	<u>\$1,935</u>	<u>\$10</u>		<u>\$1,945</u>

(Continued)

CITY OF BRISBANE
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2011

<u>Northeast Ridge Assessment District 2001 Bonds</u>	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Assets</u>				
Cash and investments	\$624,720	\$625,588	\$618,903	\$631,405
Cash and investment with fiscal agents	348,779	612		349,391
Interest receivable		1,834		1,834
Taxes receivable	10,738		4,527	6,211
Total Assets	<u>\$984,237</u>	<u>\$628,034</u>	<u>\$623,430</u>	<u>\$988,841</u>
<u>Liabilities</u>				
Accounts payable	\$2,507		\$1,692	\$815
Due to bondholders	981,730	\$6,296		988,026
Total Liabilities	<u>\$984,237</u>	<u>\$6,296</u>	<u>\$1,692</u>	<u>\$988,841</u>
<u>Revolving-Summerhill Homes-Quarry</u>				
<u>Assets</u>				
Cash and investments	(\$226)	\$226		
Total Assets	<u>(\$226)</u>	<u>\$226</u>		
<u>Liabilities</u>				
Accounts payable	(\$226)	\$226		
Total Liabilities	<u>(\$226)</u>	<u>\$226</u>		
<u>Slough Estates</u>				
<u>Assets</u>				
Cash and investments	\$65,962		\$575	\$65,387
Total Assets	<u>\$65,962</u>		<u>\$575</u>	<u>\$65,387</u>
<u>Liabilities</u>				
Deposits	\$65,962		\$575	\$65,387
Total Liabilities	<u>\$65,962</u>		<u>\$575</u>	<u>\$65,387</u>
<u>Baylands EIR</u>				
<u>Assets</u>				
Cash and investments	\$19,509	\$30	\$19,539	
Total Assets	<u>\$19,509</u>	<u>\$30</u>	<u>\$19,539</u>	
<u>Liabilities</u>				
Accounts payable	\$509	\$234,944		\$235,453
Deposits	19,000		\$254,453	(235,453)
Total Liabilities	<u>\$19,509</u>	<u>\$234,944</u>	<u>\$254,453</u>	

<u>Geneva/Candlestick Revolving</u>	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Assets</u>				
Cash and investments	\$142,685		\$138,549	\$4,136
Total Assets	<u>\$142,685</u>		<u>\$138,549</u>	<u>\$4,136</u>
<u>Liabilities</u>				
Accounts payable	\$2,858		\$2,858	
Deposits	139,827		135,691	\$4,136
Total Liabilities	<u>\$142,685</u>		<u>\$138,549</u>	<u>\$4,136</u>
<u>Margaret/Paul</u>				
<u>Assets</u>				
Cash and investments		\$15,015		\$15,015
Total Assets		<u>\$15,015</u>		<u>\$15,015</u>
<u>Liabilities</u>				
Accounts payable				
Deposits		\$15,015		\$15,015
Total Liabilities		<u>\$15,015</u>		<u>\$15,015</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$1,235,456	\$678,877	\$783,080	\$1,131,253
Cash and investments with fiscal agents	348,779	612		349,391
Accounts receivable	215,175	53,141	267,627	689
Interest receivable		1,945		1,945
Taxes receivable	10,738		4,527	6,211
Total Assets	<u>\$1,810,148</u>	<u>\$734,575</u>	<u>\$1,055,234</u>	<u>\$1,489,489</u>
<u>Liabilities</u>				
Accounts payable	\$16,499	\$468,668	\$235,283	\$249,884
Deposits	811,919	16,669	577,009	251,579
Due to bondholders	981,730	6,296		988,026
Total Liabilities	<u>\$1,810,148</u>	<u>\$491,633</u>	<u>\$812,292</u>	<u>\$1,489,489</u>

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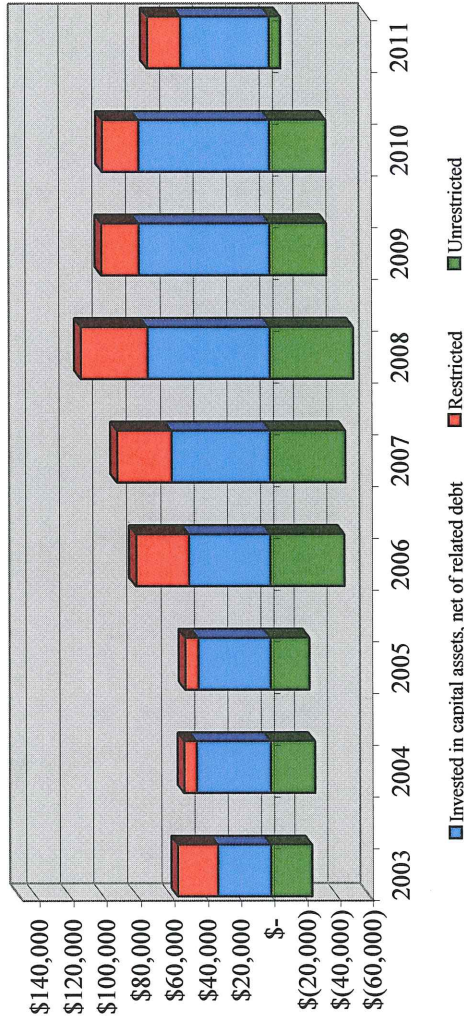
STATISTICAL INFORMATION

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	121-127
<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	129-134
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	135-140
<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	141-145
<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	146-148
<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 Nine Fiscal Years
(accrual basis of accounting)
(Dollars in thousands)



	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$19,232	\$20,459	\$21,083	\$24,940	\$34,025	\$39,936	\$45,825	\$46,213	\$20,781
Restricted	21,657	5,492	5,744	26,024	25,924	33,872	19,027	18,943	19,399
Unrestricted	(42,214)	(27,401)	(25,008)	(41,950)	(40,576)	(45,940)	(32,518)	(32,380)	(6,786)
Total governmental activities net assets	(\$1,325)	(\$1,450)	\$1,819	\$9,014	\$19,373	\$27,868	\$32,334	\$32,776	\$33,394
Business-type activities									
Invested in capital assets, net of related debt	\$12,917	\$24,391	\$22,750	\$24,134	\$25,404	\$33,696	\$32,894	\$32,500	\$32,503
Restricted	2,370	1,841	1,763	5,554	5,896	5,476	2,601	2,252	848
Unrestricted	17,659	946	1,869	(2,782)	(4,925)	(4,478)	(1,455)	(1,542)	201
Total business-type activities net assets	\$32,946	\$27,178	\$26,382	\$26,906	\$26,375	\$34,694	\$34,040	\$33,210	\$33,552
Primary government									
Invested in capital assets, net of related debt	\$32,149	\$44,851	\$43,833	\$49,073	\$59,429	\$73,632	\$78,720	\$78,713	\$53,284
Restricted	24,027	7,333	7,507	31,579	31,819	39,348	21,628	21,194	20,247
Unrestricted	(24,555)	(26,455)	(23,139)	(44,731)	(45,500)	(50,419)	(33,973)	(33,922)	(6,585)
Total primary government net assets	\$31,621	\$25,729	\$28,201	\$35,921	\$45,748	\$62,561	\$66,375	\$65,985	\$66,946

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental Activities:									
General Government	\$3,086	\$3,748	\$2,741	\$4,501	\$3,767	\$4,396	\$4,768	\$4,636	\$4,279
Public Safety - police	2,410	3,041	3,235	3,328	3,411	3,412	3,626	3,506	3,185
Public Safety - fire	1,889	1,962	2,183	2,173	2,189	2,368	2,452	2,532	2,560
Public Works	2,023	2,260	3,237	3,163	3,033	3,287	3,298	4,928	3,160
Interest on Long-Term Debt (Unallocated)	2,288	2,277	2,357	2,861	2,490	2,689	2,513	2,519	2,431
Depreciation expense (Unallocated)	545	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	12,241	13,288	13,753	16,026	14,890	16,152	16,657	18,121	15,615
Business-Type Activities:									
Utility	3,351	4,187	3,576	3,373	3,451	3,884	3,949	4,023	4,053
Parks and Recreation	2,953	2,807	2,651	2,879	3,040	3,274	3,638	3,406	3,426
Total Business-Type Activities Expenses	6,304	6,994	6,227	6,252	6,491	7,158	7,587	7,429	7,479
Total Primary Government Expenses	\$18,545	20,282	\$19,980	\$22,278	\$21,381	\$23,310	\$24,244	\$25,550	\$23,094
Program Revenues									
Governmental Activities:									
Charges for Services:									
General Government	1,637	1,211	1,295	2,473	2,627	2,338	2,849	1,189	2,343
Public Safety - police	115	164	189	259	248	231	214	396	127
Public Safety - fire	160	218	241	604	148	179	147	204	137
Public Works	1,579	1,370	1,423	2,449	2,697	2,483	2,630	3,820	2,478
Operating Grants and Contributions	822	861	1,981	220	184	313	309	219	598
Capital Grants and Contributions	403	284	644	4,413	7,199	2,808	2,561	-	39
Total Government Activities Program Revenues	4,716	4,108	5,773	10,418	13,103	8,352	8,710	5,828	5,722
Business-Type Activities:									
Charges for Services:									
Utility	2,647	2,552	2,846	3,764	3,460	4,362	4,053	3,911	3,978
Parks and Recreation	1,792	1,700	1,809	1,954	2,055	1,917	2,069	1,966	1,995
Capital Grants and Contributions	-	-	434	-	13	-	-	-	-
Total Business-Type Activities Program Revenue	4,439	4,252	5,089	5,718	5,528	6,279	6,122	5,877	5,973
Total Primary Government Program Revenues	\$9,155	\$8,360	\$10,862	\$16,136	\$18,631	\$14,631	\$14,832	\$11,705	\$11,695
Net (Expense)/Revenue									
Governmental Activities	(7,525)	(9,180)	(7,980)	(5,608)	(1,787)	(7,800)	(7,947)	(12,293)	(9,893)
Business-Type Activities	(1,865)	(2,742)	(1,138)	(534)	(963)	(879)	(1,465)	(1,552)	(1,506)
Total Primary Government Net Expense	(\$9,390)	(\$11,922)	(\$9,118)	(\$6,142)	(\$2,750)	(\$8,679)	(\$9,412)	(\$13,845)	(\$11,399)

(continued)

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes:									
Property Taxes	\$4,934	\$5,457	\$6,686	\$4,847	\$6,311	\$6,592	\$7,054	\$7,387	\$6,336
Sales Taxes	2,397	2,764	3,528	4,411	3,988	8,810	4,699	4,600	2,842
Motor Vehicle In-Lieu	228	167	86	27	23	17	13	9	13
Transient Occupancy Tax	491	713	734	1,106	1,196	1,318	1,156	1,357	1,306
Other Taxes	-	-	-	-	-	-	-	-	458
Developer Contributions	-	-	-	-	-	-	-	-	170
Interest Earnings	694	286	695	791	1,250	883	426	242	98
Miscellaneous	-	-	-	25	41	42	64	81	8
Gain (Loss) on Sale of Assets	158	-	-	(70)	-	-	-	-	-
Transfers	(811)	(332)	(479)	(745)	(663)	(789)	(999)	(915)	(745)
Total Government Activities	8,091	9,055	11,250	10,392	12,146	16,873	12,413	12,761	10,486
Business-Type Activities:									
Other Taxes	29	32	15	23	38	30	31	28	29
Interest Earnings	154	(186)	(150)	(103)	(270)	(271)	(219)	(138)	94
Miscellaneous	-	-	-	-	-	1	-	-	-
Gain (Loss) on Sale of Assets	(4)	-	-	-	-	-	-	-	-
Developer Contribution	-	-	-	70	-	-	-	-	862
Intergovernmental	-	-	-	-	-	-	-	-	33
Transfers and Other	811	332	479	745	663	789	999	915	745
Total Business-Type Activities	990	178	344	735	431	549	811	805	1,763
Total Primary Government	\$9,081	\$9,233	\$11,594	\$11,127	\$12,577	\$17,422	\$13,224	\$13,566	\$12,249
Change in Net Assets									
Governmental Activities	566	(125)	3,270	4,784	10,359	9,073	4,466	468	593
Business-Type Activities	(875)	(2,564)	(794)	201	(532)	(330)	(654)	(747)	257
Total Primary Government	(\$309)	(\$2,689)	\$2,476	\$4,985	\$9,827	\$8,743	\$3,812	(\$279)	\$850

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

	2004	2005	2006	2007	2008	2009	2010	2011
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
Assigned	-	-	-	-	-	-	-	436
Unassigned	-	-	-	-	-	-	-	4,526
Total General Fund	\$7,281	\$7,746	\$8,714	\$7,495	\$7,039	\$6,240	\$7,098	\$7,598
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
Assigned	-	-	-	-	-	-	-	199
Unassigned	-	-	-	-	-	-	-	(9,952)
Total all other governmental funds	\$5,527	\$6,626	\$13,546	\$10,894	\$7,911	\$7,971	\$8,570	\$22,232

The City of Brisbane has elected to show only eight years of data for this schedule.

Source: CAFR 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011

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,					
	2002	2003	2004	2005	2006	2007
Revenues						
Taxes and special assessments	\$9,927	\$8,769	\$9,438	\$11,513	\$11,880	\$13,072
Intergovernmental	745	1,099	1,027	778	654	6,639
Licenses, permits, and fees	128	683	588	846	812	1,160
Charges for services	317	263	284	506	315	330
Fines and forfeitures	91	92	139	148	116	113
Use of money and property	1,099	640	297	599	816	1,265
Other revenues	463	1,859	1,721	3,101	6,485	2,832
Total Revenues	12,770	13,405	13,494	17,491	21,078	25,411
Expenditures						
Current:						
General government	1,810	3,074	3,264	2,655	4,080	3,873
Public safety-police	2,489	2,553	2,722	3,076	3,269	3,330
Public safety-fire	1,595	1,896	1,849	2,191	2,224	2,219
Public works	1,720	1,936	1,605	1,693	2,689	2,931
Library	35	26	19	21	20	22
Non-departmental	919	-	-	-	-	-
Capital outlay	709	1,859	1,905	2,730	5,031	9,058
Debt service:						
Principal repayment	9,325	940	1,035	4,555	1,440	1,740
Interest and fiscal charges	2,882	2,300	2,290	2,392	2,349	2,515
Bond issuance cost	-	-	-	-	73	95
Total Expenditures	21,484	14,584	14,689	19,313	21,175	25,783
Excess (deficiency) of revenues over (under) expenditures	(8,714)	(1,179)	(1,195)	(1,822)	(97)	(372)
Other Financing Sources (Uses)						
Capital contributions	-	-	-	-	(70)	182
Proceeds from sale of property/assets	-	204	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	14,582	3,545	3,229	9,204	3,563	3,354
Transfer out	(14,838)	(4,347)	(3,185)	(9,083)	(3,867)	(5,023)
Total other financing sources (uses)	(256)	(598)	48	3,386	5,548	(1,383)
Net change in fund balances	(\$8,970)	(\$1,777)	(\$1,147)	\$1,564	\$5,451	(\$1,755)
Debt service as a percentage of noncapital expenditures	58.8%	25.5%	26.0%	41.9%	23.9%	26.0%

Fiscal Year Ended June 30,			
2008	2009	2010	2011
\$13,836	\$14,143	\$15,941	\$12,546
2,620	1,837	989	43
742	817	1,285	708
277	227	335	185
114	91	89	627
863	381	284	231
2,744	3,771	2,739	2,534
21,196	21,267	21,662	16,874
4,224	3,866	3,561	3,335
3,338	3,264	3,165	2,839
2,365	2,424	2,409	2,379
2,905	3,000	4,553	2,421
25	29	24	670
-	-	-	-
6,853	6,136	992	1,195
1,715	1,810	2,055	2,670
2,616	2,520	2,543	2,436
-	87	-	-
24,041	23,136	19,302	17,945
(2,845)	(1,869)	2,360	(1,071)
-	-	-	-
-	-	-	-
-	2,255	-	-
-	(63)	-	-
-	-	-	-
-	-	-	-
3,882	10,043	3,317	3,591
(4,476)	(11,104)	(4,221)	(4,542)
(594)	1,131	(904)	(951)
(\$3,439)	(\$738)	\$1,456	(\$2,022)
25.2%	26.0%	25.1%	30.5%

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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
2002	\$5,389	\$2,908	\$77	\$144	\$23	\$374	\$289	\$9,203
2003	4,888	2,486	84	146	45	345	294	8,289
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

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

2 One time Sales Tax correction

Source: City of Brisbane

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	
2002	\$1,062,109	\$116,144	\$8,065	\$1,170,187
2003	1,121,319	113,446	8,169	1,226,595
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

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
n/a	n/a	n/a	\$390,453	1
n/a	n/a	n/a	416,145	1
\$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

**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	
2002	1.0000	n/a	n/a	n/a	
2003	1.0000	n/a	n/a	n/a	
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

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: County of San Mateo Tax Rate Book for FY 2008-2010; CA Municipal Statistics

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

Taxpayer	2011			2001		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value ¹	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value ²
Oyster Point Properties Inc.	\$99,634	1	7.20%	\$25,736	3	12.15%
DCT Valley Dr CA LLP	67,266	2	4.86%			
IAC San Francisco LLC	55,739	3	4.03%			
LSREF Summer REO Trust	50,500	4	3.65%			
Slough Brisbane LLC	40,500	5	2.93%			
2000 Sierra Point Parkway LLC	39,000	6	2.82%			
SRI Seven Marina LLC	33,666	7	2.43%	5,179	7	2.45%
Fund VIII 1000 Marina LLC	23,400	8	1.69%			
BMR Bayshore Blvd LLC	23,232	9	1.68%	17,609	4	8.31%
William D. and C.A. Spencer Trust	20,154	10	1.46%			
Brisbane Lodging LP	18,702	11	1.35%			
Tuntex Properties Inc	17,791	12	1.29%			
CPI Sage Hotels Brisbane Owner LLC	15,300	13	1.11%			
IAC 325 Valley LLC	13,869	14	1.00%			
Barulich Properties LLC	12,524	15	0.91%			
Rolling Frito-Lay Sales	11,329	16	0.82%			
SFPP	10,871	17	0.79%			
150 Spear Street Associates	10,610	18	0.77%			
Avjog Investments LLC	8,527	19	0.62%	49,026	1	23.15%
DLC Brisbane	8,400	20	0.61%			
Sierra Hotel Management Corp						
Hitachi America LTD				31,644	2	14.94%
Opus						
Foster 7000 Marina LLC				12,342	5*	5.83%
SPK-Sierra Point LLC				11,392	6*	5.38%
Tuntex ³				4,864	8	2.30%
Embassy Investments-Brisbane LLC				3,608	9	1.70%
Grand Sierra Properties Inc				373	10	0.18%
Total	\$581,015		42.01%	\$161,774		76.39%

Source: Calmuni Statistics

Source: 2001 - Urban Futures Inc

⁽¹⁾ 2010-2011 Local Secured Assessed Valuation: 1,383,095

⁽²⁾ Based on Fiscal Year 2000-01 total assessed valuation: 211,779

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

* Foster Enterprises

*Spiekers Properties LP

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
2002	\$5,632	\$5,632	100%	n/a	\$5,632	100%
2003	5,247	5,247	100%	n/a	5,247	100%
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	7,534	7,534	100%	n/a	7,534	100%
2011	6,896	6,896	100%	n/a	6,896	100%

¹ Teeter Plan

Source: City of Brisbane

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Tax Allocation Bonds	Certificates of Participation	Other Long-Term Debt	Utility Revenue Bonds	Capital Leases			
2002	\$36,190	\$775	\$3,930	-	-	-	\$40,895	n/a	\$11,232
2003	35,570	605	3,780	-	\$4,450	-	44,405	n/a	12,199
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

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
2002	\$3,930	\$483	\$3,447	0.29%	946.74%
2003	3,780	382	3,398	0.28%	933.34%
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%

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, 2011
(amounts expressed in thousands)

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
San Mateo Community College District	\$613,779,994	0.931%	\$5,714,292
Jefferson Union High School District	119,273,166	8.876%	10,586,686
Brisbane School District	7,340,437	65.117%	4,779,872
City of Brisbane 1915 Act Bonds	9,460,000	100.000%	9,460,000
Total Gross Overlapping Tax and Assessment Debt	749,853,597		30,540,850
Direct and Overlapping General Fund Debt:			
San Mateo County General Fund Obligations	337,584,816	0.931%	3,142,915
San Mateo County Board of Education Certificates of Participation	12,420,000	0.931%	115,630
City of Brisbane Certificates of Participation	9,875,000	100.000%	9,875,000
City of Brisbane Pension Obligations	3,630,000	100.000%	3,630,000
Total Direct and Overlapping General Fund Debt	\$363,509,816		\$16,763,545
Gross Combined Total Debt	\$1,113,363,413		\$47,304,395 ¹

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

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

Source: California Municipal Statistics Inc

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

	Fiscal Year Ending				
	2002	2003	2004	2005	2006
Debt Limit	\$31,345	\$32,496	\$34,310	\$35,586	\$38,702
Total net debt applicable to limit	3,930	3,780	3,620	3,265	9,045
Legal debt margin	<u>\$27,415</u>	<u>\$28,716</u>	<u>\$30,690</u>	<u>\$32,321</u>	<u>\$29,657</u>
Total net debt applicable to the limit as a percentage of debt limit	12.54%	11.63%	10.55%	9.17%	23.37%

Legal Debt Margin Calculation for Fiscal Year 2011:

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 Agency

City of Brisbane has no general obligation bonds.

Fiscal Year Ending

2007	2008	2009	2010	2011
\$42,144	\$44,433	\$63,251	\$63,682	\$61,904
13,114	12,800	13,940	13,420	12,849
<u>\$29,030</u>	<u>\$31,633</u>	<u>\$49,311</u>	<u>\$50,262</u>	<u>\$49,055</u>
31.12%	28.81%	22.04%	21.07%	20.76%

1,650,778

-

1,650,778

61,904

13,505

656

12,849

49,055

City of Brisbane
Pledged Revenue Coverage
Last Nine 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	\$2,749	\$2,479	\$270	\$ -	\$ -	\$ -	0.000%
2004	2,577	2,538	39	-	203	203	19.06%
2005	2,828	2,498	330	85	202	287	115.05%
2006	3,789	2,286	1,504	95	199	294	511.47%
2007	3,514	2,271	1,243	95	196	291	427.31%
2008	4,393	3,143	1,250	95	193	288	434.51%
2009	4,084	3,317	767	100	189	289	265.05%
2010	3,939	3,393	546	100	186	286	191.19%
2011	4,041	3,208	832	105	182	287	290.25%

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
2002	3,641	\$36,737	\$52,361	\$379,500	5.70%
2003	3,640	36,467	52,235	369,900	5.90%
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	50,347	71,753	373,400	3.8%
2008	3,861	n/a	n/a	372,800	4.8%
2009	3,937	n/a	n/a	374,000	8.4%
2010	3,993	n/a	n/a	372,400	8.9%
2011	4,282	n/a	n/a	369,100	8.6%

Notes:

¹ Source: State of California Employment Development Department, March 2008 Benchmark. San Mateo County

² Source: California Labor Market Info for San Mateo County. Data not available for 2008 and 2009

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	2011 ¹			2002 ²		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pepsi Bottling Group	380	1	5.04%			
Sunset Scavenger Co	350	2	4.64%			
IGN Entertainment Inc	305	3	4.05%			
Vaxgen Inc	295	4	3.91%			
VWR Corporation	272	5	3.61%	350	3	n/a
Bi-Rite Foodservice Distributors	259	6	3.44%			
XOJet	250	7	3.32%			
Monster Cable Products Inc	231	8	3.06%	703	1	n/a
Expeditors Intl of WA Inc	223	9	2.96%			
Collab.net Inc	212	10	2.81%			
Fong Brothers Printing	190	11	2.52%			
Shopping.com (California) Inc	175	12	2.32%			
Bebe	140	13	1.86%	300	4	n/a
Lincoln Broadcasting Co	120	14	1.59%			
PSI Group - California	117	15	1.55%			
Intermune	106	16	1.41%			
Purcell-Murray Company Inc	105	17	1.39%			
Hitachi America LTD	99	18	1.31%	495	2	n/a
SFO Apparel	99	18	1.31%			
Aircraft Technical Publishers	97	20	1.29%	140	10	n/a
Imagine Media				210	5	n/a
Schlage Lock				200	6	n/a
Charles Schwab				180	7	n/a
Snowball Dotcom				175	8	n/a
FYI Direct				150	9	n/a
Circle International				130	11	n/a
Bay Porter Express				120	12	n/a
Dolby Systems				110	13	n/a
Proxy Message				106	14	n/a
F.W. Spencer				100	15	n/a
Total Employment (Estimated)	7,540					

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Function:					
General government	12	12	12	11	11.51
Public safety:					
Police	20.11	20.11	20.11	20.11	20.11
Fire	13.55	13.55	13.55	13.55	12.55
Public works and Municipal Utilities	17	17	18.25	18.5	21.5
Community development	5.6	5.6	4.6	4.4	5.4
Parks and recreation and Marina	27.38	27.08	25.58	24.92	24.92
Total	<u>95.64</u>	<u>95.34</u>	<u>94.09</u>	<u>92.48</u>	<u>95.99</u>

Source: City of Brisbane Base Budget

Fiscal Year				
2007	2008	2009	2010	2011
12.01	13.01	14.01	13.55	11.25
20.61	20.61	20.61	17.99	15.11
13	13	13	10	10
22.5	22.5	22.5	19.5	15.5
5.9	5.9	5.9	4.9	4.9
<u>25.13</u>	<u>25.45</u>	<u>25.45</u>	<u>24.2</u>	<u>23.7</u>
<u>99.15</u>	<u>100.47</u>	<u>101.47</u>	<u>90.14</u>	<u>80.46</u>

City of Brisbane
Operating Indicators by Function
Last Seven Fiscal Years

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

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

Fiscal Year

2008	2009	2010	2011
4:22	4:26	4:26	3:07
3:51	4:12	3:48	6:28
6:16	6:14	5:50	9:07
30	30	30	33
653	618	663	619
533	471	449	558
100	100	100	100
100	100	100	100
100	100	100	100
	302,631 ccf	276,478ccf	275,884ccf
	1	2	1
	7	1	3
100	100	100	100
100	100	100	100
100	100	100	100
	100	100	100
	100	100	100
352	334	340	356
		15	173,925ccf
			10
100	100	100	100
100	100	100	100
15,513	6,613	9,890	5,424
4	9	6	6
13	12	13	13
2	2	3	3
8	7	11	10
3	2	4	7
4	2	separated	
16	17	20	20
44	63	64	66
56	60	67	60
7	9	7	5
909	812	778	780
65	29	9/day	7/day
198		37/week	37/week
		8	7
	73	64	64

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

Function	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety:								
Police:								
Stations	1	1	1	1	1	1	1	1
Patrol units	5	5	5	5	5	5	5	5
Fire:								
Fire Stations	1	1	1	1	1	1	1	1
Fire Engines	3	3	3	3	3	3	3	3
Public Works:								
Streets (miles)	23	23	23	23	23	23	23	23
Streetlights	782	782	790	790	790	790	790	790
Sanitary Sewers (linear feet)	80,362	80,362	80,712	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	132,830
Water Storage (million gallons)	2.7	2.7	2.7	2.7	2.9	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	57.98
Parks	13	14	15	15	15	15	15	15
Swimming pools	1	1	1	1	1	1	1	1
Open Space acreage¹								
Wetlands	127.75	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