

# City of Brisbane California

## Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2016



*Providing Quality Service*

**CITY OF BRISBANE**  
**CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

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**City of Brisbane  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016**

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## CITY OF BRISBANE

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March 28, 2017

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, 2016. This report is published to fulfill the California state law requirement for an annual report prepared strictly in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

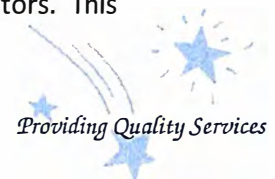
This report was prepared under the direction of the City's Administrative Services Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate 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.

Maze & Associates, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatements. They issued an unqualified ("clean") opinion on the City's financial statements.

The CAFR is presented in three major sections that provide introductory, financial as of June 30, 2016, and statistical information about the City. The introductory section includes this transmittal letter, the City's organizational chart and a list of the City's principal officials. The financial section includes the independent auditor's report, basic financial statements, notes to the basic financial statements, required supplementary information and supplementary information on nonmajor funds. The statistics section, which is unaudited, includes selected financial and demographic information.

The notes to the financial statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure. The notes include the summary of significant accounting policies for the City and other necessary disclosures of important matters relating to the financial position of the City. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the Management's Discussion and Analysis (MD&A) section found immediately following the report of the independent auditors. This



letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A.

### **PROFILE OF THE CITY**

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

The City has operated under the Council-Manager form of municipal government since it incorporated in 1961. The City Council is comprised of five members elected at large to four-year terms. Two Council members are elected in November of one odd-numbered year and three are elected in the following odd-numbered year. Based on a recent change to State Law to hold elections on even-numbered years, the City Council is considering to move its election to June 2018 and June 2020, then to November 2022 and November 2024, to go into effect April 2017. As a result, terms would temporarily be extended to four and one-half years for one term. The Council selects the Mayor from its members. The City Manager is appointed by and serves at the pleasure of the City Council. The City Manager is responsible for implementing the policy decisions of the City Council and supervising all operations of city government.

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

### **FACTORS AFFECTING FINANCIAL CONDITION**

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

#### **Local Economy**

The City is part of the general San Francisco/Silicon Valley area with a largely commuter workforce. The City's primary business is light industrial. Brisbane sees most of its sales tax

revenue from business to business operations. A handful of businesses that make up a sizable portion of City revenues with the five largest Sales Tax producers are over 66 % of all Sales Tax collected.

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

In addition, the City's room tax revenues are generated by the two hotels located at Sierra Point.

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

The City has recovered from the recession as seen by the increase in revenues. This has allowed the City to create a vehicle replacement fund, set money aside in a Trust for its Other Post-Employment Benefits, and this year create a facility maintenance fund to set aside funds as the City assesses the condition of all of its buildings.

#### Long-term Financial Planning

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

The City has used a two-year budget process in the past with a capital improvement program reviewed in the off year. However, the uncertainty of the economy during recent few years shifted our focus. We returned to adopting annual budgets because major capital improvement projects have been on hold. Because revenues have become more consistent, the City has returned to a two-year budget process commencing with fiscal years 2016-2017.

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



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

### Cash Management Policies and Practices

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

### Risk Management

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

### Internal Accounting Controls

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

maintaining separation of duties has become more challenging. The City is implementing compensating controls where needed.

### **AWARDS & 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.

The preparation and development of this report would not have been possible without the year-round efficiency of the Department of Finance staff and their special efforts, working in conjunction with the City's independent auditors, to produce this document. We would like to take this opportunity to compliment all those staff members of both the City and our independent auditors who were associated with the preparation of this report.

We would also like to thank the City Council for their continued support and interest in planning and conducting their financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

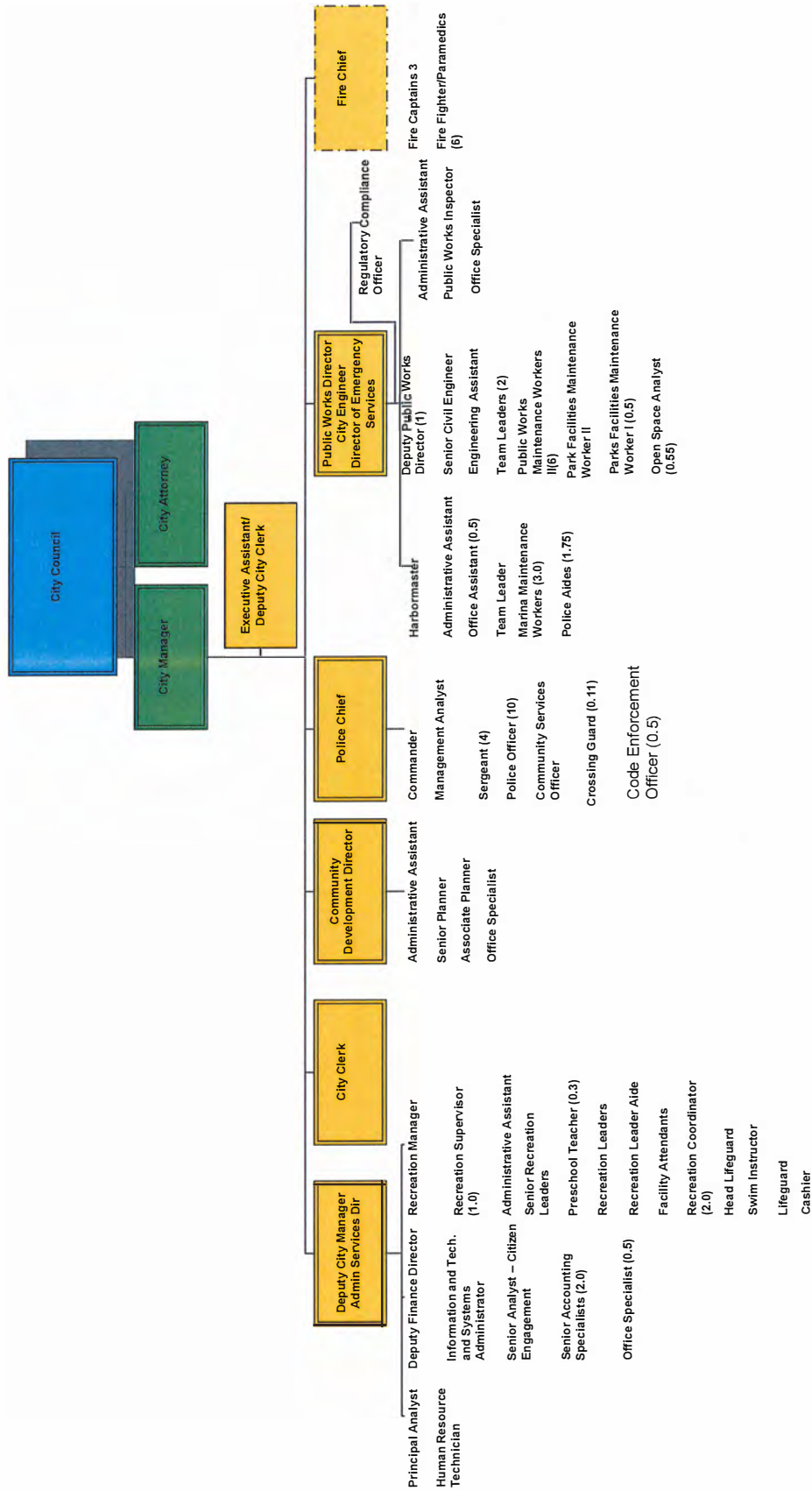


Clayton L. Holstine  
City Manager



Stuart Schillinger  
Administrative Services Director

# City of Brisbane Organizational Chart FY 2015/16



**City of Brisbane**  
**Principal Officials of the City of Brisbane, California**  
**For the year ended June 30, 2016**

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

**2015-2016**

**CITY COUNCIL/BOARD MEMBERS**

Cliff R. Lentz, Mayor /Board Chairman  
Lori S. Liu, Mayor Pro Tem/Board Vice-Chairman  
W. Clarke Conway, Council Member/Board Member  
Madison Davis, Council Member/Board Member (from 12/2015)  
Raymond C. Miller, Council Member/Board Member (through 12/2015)  
Terry O'Connell, Council Member /Board Member

**STAFF MEMBERS**

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

Michael Roush  
City Attorney, Agency/District Legal Counsel

Stuart Schillinger  
Administrative Services Director/Treasurer

John A. Swiecki  
Planning Director

Lisa Macias  
Police Chief

Randy Breault  
Public Works Director/City Engineer

Sheri Spediacci  
City Clerk

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## INDEPENDENT AUDITOR'S REPORT

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

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brisbane, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 72 – *Fair Value Measurement and Application*, which became effective during the year ended June 30, 2016 as discussed in Note 1J & 3 to the financial statements.

Management early-implemented the provisions of the Governmental Accounting Standards Board Statement No. 82 – *Pension Issues – An Amendment of GASB statements No. 67, No. 68 and No. 73* during the year ended June 30, 2016. The pronouncement is effective in fiscal year 2017, but management early-implemented the provisions of the statement in fiscal year 2016. The pronouncement did not have a material effect on the financial statements, and only affected the Pension-Related Required Supplementary Information.

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

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California  
March 28, 2017



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## *Management's Discussion and Analysis*

As management of the City of Brisbane, we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages iii-vii of this report.

### **FINANCIAL HIGHLIGHTS**

- This is the second year since the City implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions. This provides additional information about the City's pension liabilities and regulates what needs to be reported on the Statement of Net Position, the notes and Required Supplemental Information.
- The assets of the City of Brisbane exceed its liabilities by \$82.0 million (net position). Of this amount, (\$3.7) million represents unrestricted net position, a negative balance from the second year of implementing GASB 68.
- The total net position decreased by \$4.1 million reflecting a decrease in loans receivable, other assets and long-term debt.
- At the close of the current fiscal year, the City of Brisbane's governmental funds reported combined fund balances of \$18.6 million. Approximately 39% of this amount (\$7.2 million) is available for spending at the government's discretion (unassigned fund balance).
- The City's total outstanding long-term debt decreased by \$2.7 million. The Brisbane Public Financing Authority's 2001 Series B bonds matured and the City did not incur any new debt.

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

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

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

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

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

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

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

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

**Fund Financial Statements.** A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Brisbane, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflow of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

**Proprietary Funds.** The City of Brisbane maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide statements. The City uses enterprise funds to account for its Water and Sewer Utility Services and for its Marina. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its employee's health and retirement benefits (health, dental, fringe & OPEB), shared costs (vehicle replacement and facilities maintenance) and risk management (workers comp and liability insurance).

Proprietary funds statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility and the Marina Funds which are both considered major funds.

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

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

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

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

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

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-81 of this report.

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

**Supplementary Information.** The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 98-121 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Government-Wide Statement of Net Position As of June 30, (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current Assets	\$ 21,344	\$ 21,563	\$ 11,851	\$ 13,387	\$ 33,195	\$ 34,950
Capital assets	55,124	55,695	31,738	30,123	86,862	85,818
Other non-current assets	6,283	11,601	2,455	2,856	8,738	14,457
Total assets	<u>\$ 82,751</u>	<u>\$ 88,859</u>	<u>\$ 46,044</u>	<u>\$ 46,367</u>	<u>\$ 128,795</u>	<u>\$ 135,225</u>
Deferred Outflows	\$ 1,342	\$ 1,218	\$ 130	\$ 85	\$ 1,472	\$ 1,303
Current liabilities	\$ 3,446	\$ 5,235	\$ 1,826	\$ 1,321	\$ 5,272	\$ 6,556
Non-current liabilities	26,891	26,283	13,559	13,729	40,450	40,011
Total liabilities	<u>\$ 30,337</u>	<u>\$ 31,518</u>	<u>\$ 15,385</u>	<u>\$ 15,050</u>	<u>\$ 45,722</u>	<u>\$ 46,567</u>
Deferred Inflows	\$ 2,451	\$ 3,603	\$ 100	\$ 243	\$ 2,552	\$ 3,846
Net position:						
Net investment in capital assets,	\$ 47,877	\$ 47,358	\$ 28,599	\$ 26,815	\$ 76,476	\$ 74,172
Restricted	6,934	12,698	2,251	2,251	9,185	14,949
Unrestricted	(3,507)	(5,099)	(161)	2,092	(3,668)	(3,007)
Total net position	<u>\$ 51,304</u>	<u>\$ 54,956</u>	<u>\$ 30,689</u>	<u>\$ 31,158</u>	<u>\$ 81,993</u>	<u>\$ 86,115</u>

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

Over time, net position may serve as a useful indicator of a government's financial position. In the case of the City of Brisbane, assets exceeded liabilities \$82.0 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position (\$76.5 million) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$9.2 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

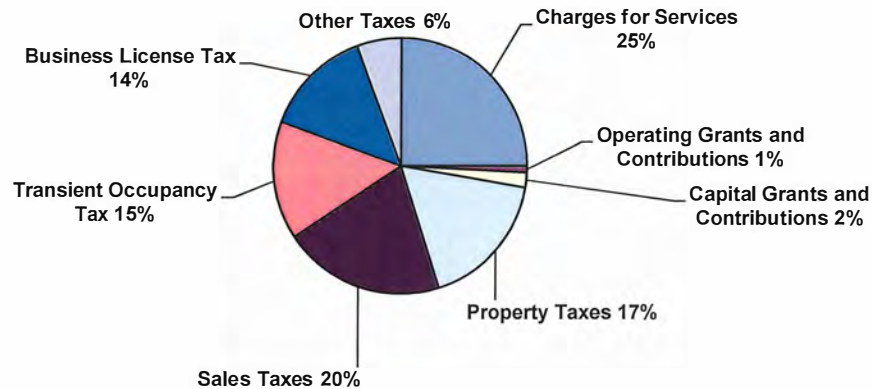
As of June 30, 2016, the City is reporting a negative balance in Unrestricted net position of governmental activities reflecting the reporting on GASB68 and OPEB.

<b>Statement of Activities</b>						
<b>As of June 30,</b>						
(in thousands)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 7,253	\$ 8,509	\$ 6,928	\$ 7,292	\$ 14,181	\$ 15,801
Operating contributions and grants	158	117	-	-	158	117
Capital contributions and grants	352	930	-	-	352	930
Total program revenues	<u>7,762</u>	<u>9,556</u>	<u>6,928</u>	<u>7,292</u>	<u>14,690</u>	<u>16,849</u>
<b>General revenues:</b>						
Property taxes	3,258	3,163	30	30	3,288	3,193
Sales taxes	3,843	3,333	-	-	3,843	3,333
Motor vehicle license fee taxes	-	-	-	-	-	-
Transient occupancy tax	2,786	2,447	-	-	2,786	2,447
Business license tax	-	-	-	-	-	-
Other taxes	1,056	909	-	-	1,056	909
Total taxes	<u>10,943</u>	<u>9,852</u>	<u>30</u>	<u>30</u>	<u>10,973</u>	<u>9,882</u>
Investment earnings (loss)	182	-	88	50	270	50
Other revenue	48	-	-	-	48	-
Total revenues	<u>\$ 18,935</u>	<u>\$ 19,409</u>	<u>\$ 7,046</u>	<u>\$ 7,373</u>	<u>\$ 25,981</u>	<u>\$ 26,782</u>
<b>Expenses:</b>						
General government	\$ 5,357	\$ 4,197	\$ -	\$ -	\$ 5,357	\$ 4,197
Public safety - police	4,191	3,918	-	-	4,191	3,918
Public safety - fire	2,782	2,602	-	-	2,782	2,602
Public works	3,542	3,684	-	-	3,542	3,684
Parks and recreation	2,023	1,955	-	-	2,023	1,955
Interest on long-term debt	647	999	-	-	647	999
Water	-	-	1,733	1,821	1,733	1,821
Sewer	-	-	2,033	1,246	2,033	1,246
Guadalupe Valley Municipal Improvement District	-	-	1,889	1,588	1,889	1,588
Marina	-	-	1,807	1,622	1,807	1,622
Total expenses	<u>\$ 18,541</u>	<u>\$ 17,355</u>	<u>\$ 7,461</u>	<u>\$ 6,278</u>	<u>\$ 26,003</u>	<u>\$ 23,632</u>
Increase/decrease in net assets before transfers	\$ 393	\$ 2,054	\$ (416)	\$ 1,095	\$ (22)	\$ 3,149
Transfers	54	680	(54)	(680)	-	-
Special items	(4,099)	-	-	-	(4,099)	-
Increase/decrease in net assets	<u>(3,652)</u>	<u>2,734</u>	<u>(469)</u>	<u>415</u>	<u>(4,121)</u>	<u>3,149</u>
Net assets - beginning of year	54,956	52,222	31,158	30,743	86,115	82,965
Net assets - end of year	<u>\$ 51,304</u>	<u>\$ 54,956</u>	<u>\$ 30,689</u>	<u>\$ 31,158</u>	<u>\$ 81,993</u>	<u>\$ 86,115</u>

**Governmental Activities.** Program revenues generated 41% of the City's governmental revenues. The major sources of these revenues are providing services to outside agencies, redistributing the cost of governmental services to the operating departments through a cost allocation plan, and capital contribution and grants. The City's property tax revenues increased by 3%. The City will continue to receive property tax from the former redevelopment agency when the property tax is greater than the amount needed to pay recognized obligations and pass through payments. The Sales Tax revenue increased by 15% over the prior year. Hotel taxes (transient occupancy) increased by 14% as the business climate continues to improve.

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 declined in net position due to the reduction in restricted cash & investments. Business-type net position accounts for 37% of the City's total net position.

- Program revenues decreased slightly due to reduction in Marina fee caused by dredging and decrease in GVMID water sales.
- Expenses increased by \$1.2 million due to increases in salary and benefits, cost of water purchase and the payments for the bonds.

### FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

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

At June 30, 2016, the City's Governmental Funds reported combined Fund Balances of \$18.6 million, a decrease of \$6.8 million compared with last year. Expenses decreased by \$3.5 million primarily due to a reduction in debt service payments, but Other Financing Uses increased by \$5.9 million due to the prior year including issuance of debt. Also, the City wrote off \$4.1 million in loans receivable from the Successor Housing Agency per direction from the CA Department of Finance.

The Governmental Fund revenue decreased \$1.4 million from the prior year. Taxes and special assessments and charges for service increased slightly, whereas intergovernmental charges, licenses, permits and fees decreased. Also other revenues decreased due to timing of collections.

Governmental Fund expenditures decreased by \$3.5 million primarily due to the decrease in debt service payments and capital outlay.

**General Fund** – The General Fund ended the year with a fund balance of \$11.3 million. Of this amount, \$3.3 million is nonspendable including: Encumbrances, Advances to Other Funds, and Loans Receivables. The Unassigned portion of the Fund Balance is \$7.7 million. The General Fund’s reserves met the Council’s policy in relation to its expenditures.

The City’s tax revenues increased \$1.1 million over FY14/15, primarily due to an increase in general sales tax of \$797,000. Transient Occupancy continued to increase over the prior year by \$339,000.

General Fund expenditures increased by \$1.6 million. The increase reflects increases in salary and in the cost of pension, health care and other benefits.

**Low/Mod Income Housing Asset Special Revenue Fund** –The City elected to become the Successor Housing Agency effective February 1, 2012. This fund represents the loans receivable for the First Time Home Buyers program, as well as a loan for the Senior Housing. At this time, income is limited for this fund. The loans from the Successor Agency may now be paid, but the amount is determined by a formula applied after all other required obligations have been paid. As previously mentioned, \$4.1 million in loans receivable from the Successor Housing Agency were written off per direction from the CA Department of Finance

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

**Utility Fund** – The Unrestricted net position of the Utility Fund at year end was \$1.7 million. This was a decrease of \$0.4 million primarily because a \$500,000 of bond premium was recognized as revenue in the prior year and an increase in cost of sales of \$638,000 in current year.

**Marina Fund** –FY 2015/16 saw an operating loss of \$140,000. Berth rental has been down during the marina dredging that occurred this year.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

At mid-year, revenue estimates were decreased \$584,000 primarily due to the Recycling Business License Tax increase not taking into effect this past year. At mid-year, expenditures were projected to be \$68,000 lower than projected due to several staff openings that were not filled. Originally we projected the use of \$1.4 million from reserves (fund balance) to balance the budget. This was increased to \$2.9 million at mid-year. The actual revenue came in \$1.2 million over the final budget and expenses came in \$459,000 under budget leaving an increase to fund balance of \$1.6 million net of transfers.

#### **CAPITAL ASSETS**

The City of Brisbane's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$86.9 million (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and structures, machinery and equipment, infrastructure (streets, lighting, traffic signals), park facilities, sewer and water infrastructure (water tanks, sewer lift stations, pipes, force mains), and the marina. The total increase in capital assets (governmental and business-type) for the current fiscal year was \$1.04 million. This reflects the increase to the marina dredging costs.



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

- Skateboard Park
- Bayshore Boulevard South Sanitary Sewer Force Main Project
- Continued Marina Dredging

**Capital Assets**  
**As of June 30,**  
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Non-depreciable assets:</b>						
Land	\$ 14,437	\$ 14,356	\$ 648	\$ 648	\$ 15,085	\$ 15,004
Construction in progress	97	150	3,354	1,014	3,451	1,164
Total non-depreciable assets	14,534	14,505	4,002	1,662	18,536	16,168
<b>Depreciable assets:</b>						
Land improvements	5,679	5,186	7,419	7,419	13,098	12,605
Buildings and structures	17,655	17,655	9,527	9,527	27,182	27,182
Machinery and equipment	3,253	3,212	822	743	4,075	3,955
Infrastructure	30,865	30,865	32,245	32,245	63,110	63,110
Total depreciable assets	57,452	56,918	50,013	49,934	107,465	106,852
Less accumulated depreciation	(16,862)	(15,728)	(22,277)	(21,473)	(39,140)	(37,202)
Total depreciable assets, net	40,590	41,190	27,736	28,461	68,326	69,650
<b>Total capital assets</b>	<b>\$ 55,124</b>	<b>\$ 55,695</b>	<b>\$ 31,738</b>	<b>\$ 30,123</b>	<b>\$ 86,862</b>	<b>\$ 85,818</b>

Additional information on the City of Brisbane's capital assets can be found in note 6 on pages 50-52 of this report.

**DEBT ADMINISTRATION**

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$22.6 million. Of this amount, \$3 million comprises debt backed by the full faith and credit of the government. The remaining debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Pension obligation bonds	\$ 3,021	\$ 3,581	\$ -	\$ -	\$ 3,021	\$ 3,581
Revenue bonds, net	7,060	9,018	12,314	12,484	19,374	21,502
Energy conservation loan	170	191	-	-	170	191
Capital lease	-	-	-	-	-	-
<b>Total</b>	<b>\$ 10,251</b>	<b>\$ 12,790</b>	<b>\$ 12,314</b>	<b>\$ 12,484</b>	<b>\$ 22,565</b>	<b>\$ 25,274</b>

The total debt decreased by \$2.7 million during the current fiscal year. The BPFA 2001 Series B Bonds matured and no additional was issued.

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

Additional information on the City's long-term debt can be found in note 7 pages 52-58.

### ***ECONOMIC OUTLOOK***

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

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 on economic development.

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

### ***CONTACTING THE CITY'S FINANCIAL MANAGEMENT***

The Comprehensive Annual Financial Report is intended to provide residents, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the Finance Department, at 50 Park Place, Brisbane, California 94005.

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

The Statement of Net Assets reports the excess of the City's total assets and deferred outflows of resources over the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column, and the financial position of all of the City's Business-Type Activities in a single column; these are followed by a total column which presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. The City's Business-Type Activities include all its Enterprise Fund activities, which includes the Utility Fund (Water, Sewer, and GVMID) and Park and Recreation Fund (Parks and Recreation, Marina).

The Statement of Activities reports increases and decreases in the City's net position. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

CITY OF BRISBANE  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments available for operations (Note 3)	\$14,916,228	\$6,682,682	\$21,598,910
Restricted cash and investments (Note 3)	291,903	5,001,122	5,293,025
Accounts receivable	1,695,302	967,834	2,663,136
Taxes receivable	3,007,858	623	3,008,481
Internal balance (Note 4D)	812,422	(812,422)	
Accrued interest	218	11,158	11,376
Other assets	620,197		620,197
Noncurrent assets:			
Loans receivable, net (Note 5)	6,282,861	2,454,908	8,737,769
Capital assets (Note 6):			
Non-depreciable	14,534,192	4,002,169	18,536,361
Depreciable, net	40,589,781	27,735,767	68,325,548
<b>Total Assets</b>	<b>82,750,962</b>	<b>46,043,841</b>	<b>128,794,803</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows (Note 9)	1,341,646	130,405	1,472,051
<b>Total Deferred Outflows of Resources</b>	<b>1,341,646</b>	<b>130,405</b>	<b>1,472,051</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	509,487	1,058,010	1,567,497
Accrued payroll	173,778	18,012	191,790
Interest payable	119,985	129,088	249,073
Deposits	1,151,940	175,862	1,327,802
Claims payable - due within one year (Note 11)	272,050		272,050
Compensated absences - due within one year (Note 1F)	189,110	21,270	210,380
Long-term debt - due within one year (Note 7)	1,029,496	424,000	1,453,496
Noncurrent liabilities:			
Claims payable - due in more than one year (Note 11)	792,081		792,081
Compensated absences - due in more than one year (Note 1F)	567,331	63,811	631,142
Net Pension Liability (Note 9)	12,984,243	968,242	13,952,485
OPEB obligation (Note 10)	3,326,309	636,738	3,963,047
Long-term debt - due in more than one year (Note 7)	9,221,231	11,890,000	21,111,231
<b>Total Liabilities</b>	<b>30,337,041</b>	<b>15,385,033</b>	<b>45,722,074</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows (Note 9)	2,451,452	100,077	2,551,529
<b>Total Deferred Inflows of Resources</b>	<b>2,451,452</b>	<b>100,077</b>	<b>2,551,529</b>
<b>NET POSITION (Note 8)</b>			
Net investment in capital assets	47,877,025	28,599,058	76,476,083
Restricted for:			
Capital projects	3,410,918	2,251,094	5,662,012
Debt service	346,219		346,219
Specific projects and programs	3,177,251		3,177,251
<b>Total Restricted Net Position</b>	<b>6,934,388</b>	<b>2,251,094</b>	<b>9,185,482</b>
Unrestricted	(3,507,298)	(161,016)	(3,668,314)
<b>Total Net Position</b>	<b>\$51,304,115</b>	<b>\$30,689,136</b>	<b>\$81,993,251</b>

See accompanying notes to financial statements

CITY OF BRISBANE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>							
General government	\$5,356,769	\$5,226,386	\$27,567	\$1,572	(\$101,244)		(\$101,244)
Public safety - police	4,191,497	59,553	127,085		(4,004,859)		(4,004,859)
Public safety - fire	2,782,183	274,914			(2,507,269)		(2,507,269)
Public works	3,541,519	1,121,086	3,000	290,047	(2,127,386)		(2,127,386)
Parks and recreation	2,022,734	570,837		60,000	(1,391,897)		(1,391,897)
Interest on long-term debt	646,711				(646,711)		(646,711)
<b>Total Governmental Activities</b>	<b>18,541,413</b>	<b>7,252,776</b>	<b>157,652</b>	<b>351,619</b>	<b>(10,779,366)</b>		<b>(10,779,366)</b>
<b>Business-type Activities:</b>							
Water	1,733,001	1,858,747				\$125,746	125,746
Sewer	2,032,907	1,133,118				(899,789)	(899,789)
Guadalupe Valley Municipal Improvement District	1,888,507	2,283,648				395,141	395,141
Marina	1,806,925	1,652,311				(154,614)	(154,614)
<b>Total Business-type Activities</b>	<b>7,461,340</b>	<b>6,927,824</b>				<b>(533,516)</b>	<b>(533,516)</b>
<b>Total</b>	<b>\$26,002,753</b>	<b>\$14,180,600</b>	<b>\$157,652</b>	<b>\$351,619</b>	<b>(\$10,779,366)</b>	<b>(\$533,516)</b>	<b>(\$11,312,882)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes					\$3,257,903	\$29,909	\$3,287,812
Sales taxes					3,843,273		3,843,273
Transient occupancy tax					2,785,953		2,785,953
Other taxes					1,056,135		1,056,135
Miscellaneous revenues					47,906		47,906
Investment earnings					181,646	88,143	269,789
Transfers (Note 4C)					53,643	(53,643)	
<b>Special Item:</b>							
Special item (Note 16)					(4,099,278)		(4,099,278)
<b>Total general revenues, transfers and special item</b>					<b>7,127,181</b>	<b>64,409</b>	<b>7,191,590</b>
<b>Change in Net Position</b>					<b>(3,652,185)</b>	<b>(469,107)</b>	<b>(4,121,292)</b>
<b>Net Position-Beginning</b>					<b>54,956,300</b>	<b>31,158,243</b>	<b>86,114,543</b>
<b>Net Position-Ending</b>					<b>\$51,304,115</b>	<b>\$30,689,136</b>	<b>\$81,993,251</b>

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 2016. Individual non-major funds may be found in the Supplemental Section.

### **General Fund**

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

### **Low/Mod Income Housing Assets Special Revenue Fund**

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



CITY OF BRISBANE  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016

	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments (Note 3)	\$5,610,825	\$981,830	\$5,542,562	\$12,135,217
Restricted cash and investments (Note 3)			235,854	235,854
Accounts receivable, net	1,659,701	23,510	8,968	1,692,179
Interest receivable			218	218
Taxes receivable	2,991,463		16,395	3,007,858
Other assets	950			950
Due from other funds (Note 4A)	55,332			55,332
Loans receivable (Note 5)	2,044,457	4,238,404		6,282,861
Advances to other funds (Note 4B)	1,269,640		154,274	1,423,914
	<u>13,632,368</u>	<u>5,243,744</u>	<u>5,958,271</u>	<u>24,834,383</u>
Total Assets				
<b>LIABILITIES</b>				
Accounts payable	\$333,152		\$58,550	\$391,702
Accrued payroll	100,577	\$25	8,244	108,846
Due to other funds (Note 4A)			53,624	53,624
Deposits payable	1,124,926		27,014	1,151,940
Interest payable			420	420
Advances from other funds (Note 4B)			611,492	611,492
	<u>1,558,655</u>	<u>25</u>	<u>759,344</u>	<u>2,318,024</u>
Total Liabilities				
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - taxes and fee	792,526			792,526
Unavailable revenue - loan receivable		3,122,876		3,122,876
	<u>792,526</u>	<u>3,122,876</u>		<u>3,915,402</u>
Total Deferred Inflows of Resources				
<b>FUND BALANCES (Note 8)</b>				
Nonspendable	3,315,047		154,274	3,469,321
Restricted		2,120,843	1,844,573	3,965,416
Assigned	221,002		3,761,409	3,982,411
Unassigned	7,745,138		(561,329)	7,183,809
	<u>11,281,187</u>	<u>2,120,843</u>	<u>5,198,927</u>	<u>18,600,957</u>
Total Fund Balances (Deficit)				
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$13,632,368</u>	<u>\$5,243,744</u>	<u>\$5,958,271</u>	<u>\$24,834,383</u>

See accompanying notes to financial statements

CITY OF BRISBANE  
Reconciliation of the  
GOVERNMENTAL FUNDS -- BALANCE SHEET  
with the  
STATEMENT OF NET POSITION  
JUNE 30, 2016

Total fund balances reported on the Governmental Funds Balance Sheet \$18,600,957

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds 55,123,973

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

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

Cash and investments	2,837,060
Interest receivable	3,123
Other assets	619,247
Accounts payable	(117,785)
Accrued payroll	(64,932)
Due to other funds	(1,708)
Interest payable	(2)
Accrued claims payable	(1,064,131)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 3,915,402

LONG-TERM ASSETS AND LIABILITIES

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

Net pension liability	(14,094,049)
Long-term debt	(10,250,727)
Net OPEB obligation	(3,326,309)
Compensated absences	(756,441)
Interest payable	(119,563)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$51,304,115

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, 2016

	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes and special assessments	\$10,580,205		\$820,218	\$11,400,423
Intergovernmental	124,102		296,242	420,344
Licenses, permits and fees	2,941,923		292,345	3,234,268
Charges for services	2,017,861		139,765	2,157,626
Fines and forfeitures	50,964			50,964
Use of money and property	162,741	\$23,194	82,975	268,910
Other revenues	479,910		254,985	734,895
<b>Total Revenues</b>	<b>16,357,706</b>	<b>23,194</b>	<b>1,886,530</b>	<b>18,267,430</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	4,471,456		73	4,471,529
Public safety - police	3,690,072		380,969	4,071,041
Public safety - fire	2,585,772			2,585,772
Public works	1,939,628	10,745	946,029	2,896,402
Parks and recreation	1,821,221			1,821,221
Library	28,068			28,068
Capital outlay	181,397		656,499	837,896
<b>Debt service:</b>				
Principal	12,820		2,533,163	2,545,983
Interest and fiscal charges	119,313		566,804	686,117
<b>Total Expenditures</b>	<b>14,849,747</b>	<b>10,745</b>	<b>5,083,537</b>	<b>19,944,029</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,507,959</b>	<b>12,449</b>	<b>(3,197,007)</b>	<b>(1,676,599)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (Note 4C)	178,649		2,190,630	2,369,279
Transfers (out) (Note 4C)	(2,948,146)		(423,005)	(3,371,151)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,769,497)</b>		<b>1,767,625</b>	<b>(1,001,872)</b>
<b>NET CHANGES IN FUND BALANCES BEFORE SPECIAL ITEM</b>	<b>(1,261,538)</b>	<b>12,449</b>	<b>(1,429,382)</b>	<b>(2,678,471)</b>
<b>SPECIAL ITEM</b>				
Write off of loan receivable from Successor Agency (Note 16)		(4,099,278)		(4,099,278)
<b>NET CHANGES IN FUND BALANCES</b>	<b>(1,261,538)</b>	<b>(4,086,829)</b>	<b>(1,429,382)</b>	<b>(6,777,749)</b>
<b>BEGINNING FUND BALANCES</b>	<b>12,542,725</b>	<b>6,207,672</b>	<b>6,628,309</b>	<b>25,378,706</b>
<b>ENDING FUND BALANCES</b>	<b>\$11,281,187</b>	<b>\$2,120,843</b>	<b>\$5,198,927</b>	<b>\$18,600,957</b>

See accompanying notes to financial statements

CITY OF BRISBANE  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
 with the Statement of Activities  
 FOR THE YEAR ENDED JUNE 30, 2016

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$6,777,749)

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	587,144
Depreciation expense is deducted from the fund balance	(1,158,155)

LONG-TERM LIABILITIES

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

Repayments of debt principal are added back to fund balance	2,545,983
Pension related expenses	(357,002)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Unavailable revenue	637,762
Amortization of bond discount	(6,619)
Compensated absences	(53,933)
Accrued interest on long-term debt	46,025
Net OPEB Obligation	6,934

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

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

Change in Net Position - All Internal Service Funds	<u>877,425</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>(\$3,652,185)</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 2016.

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

**Utility Fund** is comprised of the following services:

### Water

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

### Sewer

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

### Guadalupe Valley Municipal Improvement District

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

### **Marina Enterprise Fund**

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

### **Internal Service Funds**

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

CITY OF BRISBANE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2016

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Marina	Totals	
<b>ASSETS</b>				
Current Assets:				
Cash and investments (Note 3)	\$3,427,447	\$3,255,235	\$6,682,682	\$2,781,011
Restricted cash and investments (Note 3)	5,001,122		5,001,122	56,049
Accounts receivable, net	934,884	32,950	967,834	
Taxes receivable	623		623	
Interest receivable	6,623	4,535	11,158	3,123
Other assets				619,247
<b>Total Current Assets</b>	<b>9,370,699</b>	<b>3,292,720</b>	<b>12,663,419</b>	<b>3,459,430</b>
Noncurrent Assets:				
Loans receivable (Note 5)		2,454,908	2,454,908	
Capital assets (Note 6):				
Non-depreciable	1,181,319	2,820,850	4,002,169	
Depreciable, net	25,864,181	1,871,586	27,735,767	
<b>Total Noncurrent Assets</b>	<b>27,045,500</b>	<b>7,147,344</b>	<b>34,192,844</b>	
<b>Total Assets</b>	<b>36,416,199</b>	<b>10,440,064</b>	<b>46,856,263</b>	<b>3,459,430</b>
<b>DEFERRED OUTFLOWS</b>				
Deferred outflows related to pensions (Note 9)	75,234	55,171	130,405	
<b>Total Deferred Outflows</b>	<b>75,234</b>	<b>55,171</b>	<b>130,405</b>	
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	386,927	671,083	1,058,010	117,785
Due to other funds				1,708
Accrued payroll	10,356	7,656	18,012	64,932
Interest payable	107,383	21,705	129,088	2
Accrued claims payable (Note 11)				272,050
Compensated absences (Note 1F)	14,626	6,644	21,270	
Deposits	15,494	160,368	175,862	
Bonds payable due within one year (Note 7)	305,000	119,000	424,000	
<b>Total Current Liabilities</b>	<b>839,786</b>	<b>986,456</b>	<b>1,826,242</b>	<b>456,477</b>
Noncurrent Liabilities:				
Compensated absences due in more than one year (Note 1F)	43,878	19,933	63,811	
Accrued claims payable (Note 11)				792,081
Advances from other funds (Note 4B)	694,493	117,929	812,422	
Bonds payable due in more than one year (Note 7)	7,835,000	4,055,000	11,890,000	
Net pension liability (Note 9)	558,601	409,641	968,242	
Net OPEB obligation (Note 10)	144,781	491,957	636,738	
<b>Total Noncurrent Liabilities</b>	<b>9,276,753</b>	<b>5,094,460</b>	<b>14,371,213</b>	<b>792,081</b>
<b>Total Liabilities</b>	<b>10,116,539</b>	<b>6,080,916</b>	<b>16,197,455</b>	<b>1,248,558</b>
<b>DEFERRED INFLOWS</b>				
Deferred inflows related to pensions (Note 9)	57,737	42,340	100,077	
<b>Total Deferred Inflows</b>	<b>57,737</b>	<b>42,340</b>	<b>100,077</b>	
<b>NET POSITION (Note 8)</b>				
Net investment in capital assets	23,906,622	4,692,436	28,599,058	
Restricted for capital projects	758,885	1,492,209	2,251,094	
Unrestricted	1,651,650	(1,812,666)	(161,016)	2,210,872
<b>Total Net Position</b>	<b>\$26,317,157</b>	<b>\$4,371,979</b>	<b>\$30,689,136</b>	<b>\$2,210,872</b>

See accompanying notes to financial statements

CITY OF BRISBANE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Marina	Totals	
OPERATING REVENUES				
Charges for services	\$5,275,513	\$1,560,556	\$6,836,069	\$950,767
Other revenues		91,755	91,755	279,028
Total Operating Revenues	<u>5,275,513</u>	<u>1,652,311</u>	<u>6,927,824</u>	<u>1,229,795</u>
OPERATING EXPENSES				
Cost of sales and services	2,509,444	508,439	3,017,883	89,673
General and administrative	1,748,440	1,138,691	2,887,131	1,041,822
Depreciation	665,806	138,090	803,896	
Other expenses	410,654		410,654	306,061
Total Operating Expenses	<u>5,334,344</u>	<u>1,785,220</u>	<u>7,119,564</u>	<u>1,437,556</u>
Operating Income (Loss)	<u>(58,831)</u>	<u>(132,909)</u>	<u>(191,740)</u>	<u>(207,761)</u>
NONOPERATING REVENUES (EXPENSES)				
Taxes and assessments	29,909		29,909	
Investment income	47,338	40,805	88,143	29,671
Interest expense	(320,071)	(21,705)	(341,776)	
Total Nonoperating Revenues (Expenses)	<u>(242,824)</u>	<u>19,100</u>	<u>(223,724)</u>	<u>29,671</u>
Income (Loss) Before Transfers	(301,655)	(113,809)	(415,464)	(178,090)
Transfers in (Note 4C)	138,925		138,925	1,055,515
Transfers out (Note 4C)	(166,660)	(25,908)	(192,568)	
Net transfers	<u>(27,735)</u>	<u>(25,908)</u>	<u>(53,643)</u>	<u>1,055,515</u>
Change in net position	(329,390)	(139,717)	(469,107)	877,425
BEGINNING NET POSITION	<u>26,646,547</u>	<u>4,511,696</u>	<u>31,158,243</u>	<u>1,333,447</u>
ENDING NET POSITION	<u>\$26,317,157</u>	<u>\$4,371,979</u>	<u>\$30,689,136</u>	<u>\$2,210,872</u>

See accompanying notes to financial statements



CITY OF BRISBANE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Internal Service Funds
	<u>Utility</u>	<u>Marina</u>	<u>Totals</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$5,212,539	\$1,642,233	\$6,854,772	\$1,035,271
Cash payments to suppliers	(4,365,660)	(1,736,137)	(6,101,797)	(2,105,641)
Cash received from other funds				275,085
	<u>846,879</u>	<u>(93,904)</u>	<u>752,975</u>	<u>(795,285)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes and assessments	29,860		29,860	
Due to other funds receipts				1,708
Advances from other funds (payments)	(68,924)		(68,924)	
Advances from other funds receipts		519,339	519,339	
Transfers in	138,925		138,925	1,055,515
Transfers (out)	(166,660)	(25,908)	(192,568)	
	<u>(66,799)</u>	<u>493,431</u>	<u>426,632</u>	<u>1,057,223</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of property, plant and equipment	(548,361)	(1,870,531)	(2,418,892)	
Principal payment of debt	(170,000)		(170,000)	
Interest paid	(239,214)		(239,214)	(27)
	<u>(957,575)</u>	<u>(1,870,531)</u>	<u>(2,828,106)</u>	<u>(27)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income receipts	41,172	36,364	77,536	26,910
	<u>41,172</u>	<u>36,364</u>	<u>77,536</u>	<u>26,910</u>
	<u>41,172</u>	<u>36,364</u>	<u>77,536</u>	<u>26,910</u>
	<u>(136,323)</u>	<u>(1,434,640)</u>	<u>(1,570,963)</u>	<u>288,821</u>
Cash and investments at beginning of period	8,564,892	4,689,875	13,254,767	2,548,239
Cash and investments at end of period	<u>\$8,428,569</u>	<u>\$3,255,235</u>	<u>\$11,683,804</u>	<u>\$2,837,060</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>				
Operating income (loss)	(\$58,831)	(\$132,909)	(\$191,740)	(\$207,761)
Adjustments to reconcile operating income (Loss) to cash flows from operating activities:				
Depreciation	665,806	138,090	803,896	
Change in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	(62,974)	(10,078)	(73,052)	
Other assets				(619,247)
Accounts payable and accrued liabilities	354,680	648,329	1,003,009	79,132
Accrued payroll	(7,577)	(152,680)	(160,257)	(3,552)
Accrued claims payable				(43,857)
Compensated absences	8,861	1,853	10,714	
Deposits	(86,067)	(610,696)	(696,763)	
Net pension liability, deferred inflows and deferred outflows	32,981	24,187	57,168	
	<u>\$846,879</u>	<u>(\$93,904)</u>	<u>\$752,975</u>	<u>(\$795,285)</u>

See accompanying notes to financial statements

<b>FIDUCIARY FUNDS</b>
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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 2016:

**Private Purpose Trust Fund**

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

**OPEB Trust Fund**

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

**Agency Funds**

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

CITY OF BRISBANE  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Successor Agency Private-Purpose Trust Fund	OPEB Trust	Agency Funds
<b>ASSETS</b>			
Cash and investments (Note 3)	\$311,534	\$997,236	\$1,227,723
Restricted cash and investments with fiscal agents (Note 3)	1,397,426		250,053
Accounts receivable			9,967
Interest receivable			655
	<u>1,708,960</u>	<u>997,236</u>	<u>1,488,398</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charges on refunding (Note 14)	<u>2,815,292</u>		
	<u>2,815,292</u>		
<b>LIABILITIES</b>			
Accounts payable	26,203		5,567
Deposits payable			640,485
Due to other bondholders			842,346
Interest payable	253,932		
Loans payable to City (Note 5F)	4,704,632		
Long Term Debt (Note 14B):			
Due within one year	1,379,980		
Due in more than one year	<u>13,511,646</u>		
	<u>19,876,393</u>		<u>1,488,398</u>
<b>NET POSITION</b>			
Held in trust for private-purpose	<u>(\$15,352,141)</u>	<u>\$997,236</u>	

See accompanying notes to financial statements

CITY OF BRISBANE  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Successor Agency Private-Purpose Trust Fund	OPEB Trust
<b>ADDITIONS</b>		
Charges for services	\$2,786,910	
Contributions to trust		\$500,000
Investment income	2	2,645
<b>Total additions</b>	<b>2,786,912</b>	<b>502,645</b>
<b>DEDUCTIONS</b>		
Administrative charges		2,342
General government	51,664	
Interest and fiscal charges	905,005	
<b>Total deductions</b>	<b>956,669</b>	<b>2,342</b>
<b>SPECIAL ITEM</b>		
Special item (Note 16)	4,099,278	
<b>Total special items</b>	<b>4,099,278</b>	
<b>CHANGES IN NET POSITION</b>	<b>5,929,521</b>	<b>500,303</b>
<b>BEGINNING NET POSITION</b>	<b>(21,281,662)</b>	<b>496,933</b>
<b>ENDING NET POSITION (DEFICIT)</b>	<b>(\$15,352,141)</b>	<b>\$997,236</b>

See accompanying notes to financial statements

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**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

**A. Reporting Entity**

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

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

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

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

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**B. Basis of Presentation**

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

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

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

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

**Fund Financial Statements:** The fund financial statements provide information about the City's funds, including blended component units and fiduciary funds. Separate statements for each fund category — governmental, proprietary and fiduciary — are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**C. Major Funds**

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

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

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

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

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

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

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

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

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

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



**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**D. Basis of Accounting**

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

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

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

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

**E. Interest Payable**

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

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**F. *Compensated Absences***

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

	Governmental Activities	Business-Type	Total
Beginning Balance	\$702,508	\$74,367	\$776,875
Additions	536,625	54,679	591,304
Payments	(482,692)	(43,965)	(526,657)
Ending Balance	\$756,441	\$85,081	\$841,522
Current Portion	\$189,110	\$21,270	\$210,380
Non-current Portion	\$567,331	\$63,811	\$631,142

**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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**I. *Deferred Outflows/Inflows of Resources***

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

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

**J. *Fair Value Measurements***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**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 Administrative Services Director 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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, certain special revenue funds, and the debt service funds. The Fire Training and Contract Employees Special Revenue Funds are special revenue funds with single focus purpose that when needed are approved by City Council or part of an existing contract and therefore did not have adopted budgets for the fiscal year. The capital projects funds did not have adopted budgets for the fiscal year, but all capital projects are approved by City Council prior to commitment. 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 fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2016, 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 Administrative Services Director must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered and then are rebudgeted for the coming year.

**B. *Encumbrances***

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

**C. Expenditures in Excess of Appropriations**

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

Fund	Excess Expenditures Over Appropriations
Special Revenue Funds:	
Low and Moderate Income Housing Asset	\$4,336
Grants	303,834
Debt Service Funds:	
2006 Pension Obligation Bonds	887
2009 Lease Revenue Bonds, Series A	887

**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, 2016, 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	\$21,598,910
Restricted cash and investments with fiscal agent	5,293,025
Total City Cash and Investments	26,891,935
Cash and investments in Fiduciary Funds	2,536,493
Restricted cash and investments in Fiduciary Funds	1,647,479
Total Fiduciary Cash and Investments	4,183,972
Total Cash and Investments	\$31,075,907

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

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

**B. Authorized Investments by the City**

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Allowed in Portfolio	Maximum Investment in One Issuer
California Local Agency Investment Fund	N/A	None	15%	\$65 million
Negotiable Certificates of Deposit	5 years	None	25%	15%
Time Certificates of Deposit	N/A	None	25%	15%
Bankers Acceptances	180 days	None	20%	15%
Commercial Paper	270 days	A-1	15% (A)	15%
Government Agency Securities	5 years	None	None	None
Treasury Bonds, Bills, and Notes	5 years	None	None	None
Medium-Term Corporate Notes	5 years	AA	15% (A)	15%
Mutual Funds	5 years	None	15%	None

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

**C. Authorized Investments by Debt Agreements**

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

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

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

**D. Interest Rate Risk**

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

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

Investment Type	Investment Maturities			Total
	12 months or less	13 to 48 months	49 to 60 months	
Securities of U.S. Government Agencies				
Federal National Mortgage Association		\$2,004,040		\$2,004,040
Federal Farm Credit Bank		4,000,995	\$503,640	4,504,635
Federal Home Loan Bank		500,010		500,010
Federal Home Loan Mortgage Corporation		2,502,805		2,502,805
Time Certificates of Deposit:				
Ally Bank		249,766		249,766
American Express Centurion		249,766		249,766
Capital One Bank			263,744	263,744
Discover Bank			263,746	263,746
GE Capital		507,095		507,095
Money Market Mutual Fund	\$10,638,810			10,638,810
Local Agency Investments Funds	5,475,908			5,475,908
Total Investments	<u>\$16,114,718</u>	<u>\$10,014,477</u>	<u>\$1,031,130</u>	27,160,325
Cash in banks and on hand				<u>3,915,582</u>
Total Cash and Investments				<u>\$31,075,907</u>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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, 2016 for each investment type:

Investment Type	Aaa/AAAm/A-1	Total
Securities of U.S. Government Treasury and Agencies		
Federal National Mortgage Association	\$2,004,040	\$2,004,040
Federal Farm Credit Bank	4,504,635	4,504,635
Federal Home Loan Bank	500,010	500,010
Federal Home Loan Mortgage Corporation	2,502,805	2,502,805
Money Market Mutual Funds	10,638,810	10,638,810
Total rated investments		20,150,300
Not rated or exempt:		
Local Agency Investment Fund		5,475,908
Certificates of Deposit		1,534,117
Cash in banks and on hand		3,915,582
Total Cash and Investments		<u>\$31,075,907</u>

**F. Concentration of Credit Risk**

Investments in the securities of any individual issuer, other than U.S. Treasury securities, mutual funds, and external investment fund that represent 5% or more of total investments in Entity-wide, are as follows at June 30, 2016:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. Agency Notes	\$2,004,040
Federal Farm Credit Bank	U.S. Agency Notes	4,504,635
Federal Home Loan Mortgage Corporation	U.S. Agency Notes	2,502,805

**G. Custodial Credit Risk**

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



**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**H. *Local Agency Investment Fund***

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2016, these investments matured in an average of 167 days.

**I. *Cash, Cash Equivalents and Investments***

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

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

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

**J. *Fair Value Hierarchy***

The City adopted GASB Statement No. 72, *Fair Value Measurement and Applications*, which required governmental entities to measure investments at fair value in fiscal year 2015-16. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value of asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2016:

	<u>Level 2</u>	<u>Total</u>
<b>Investments by Fair Value Level:</b>		
U.S. Agencies	\$9,511,490	\$9,511,490
Certificates of Deposit	1,534,117	1,534,117
LAIF	5,475,908	5,475,908
<b>Total Investments</b>	<u>\$ 16,521,515</u>	16,521,515
<b>Investments Measured at Amortized Cost:</b>		
Money Market Mutual Funds		4,663,910
Held by Trustee:		
Money Market Mutual Funds		5,974,900
<b>Cash in Bank and on hand</b>		<u>3,915,582</u>
<b>Total Cash and Investments</b>		<u>\$ 31,075,907</u>

The Local Agency Investment Fund classified in Level 2 is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool. The Certificate of Deposits totaling \$1.5 million and U.S. Agencies totaling \$9.5 million classified in Level 2 of the fair value hierarchy, are valued using quoted prices for a non-active market portfolio at fiscal year-end. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

**NOTE 4 - INTERFUND TRANSACTIONS**

**A. Due To/From Other Funds**

All due to/from other funds represent temporary loans from the General Fund to cover cash flow shortfalls and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2016 interfund balances were as follows:

At June 30, 2016, the City had the following due to/from other funds:

	Due to Other Funds		
	<u>Non-Major Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
<u>Due from Other Funds</u>			
General Fund	\$53,624	\$1,708	\$55,332
Total	<u>\$53,624</u>	<u>\$1,708</u>	<u>\$55,332</u>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**B. Advances To/From Other Funds**

At June 30, 2016, the City had the following advances to/from other funds:

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>			<u>Total</u>
	Utility Enterprise Fund	Marina Enterprise Fund	Non-Major Governmental Funds	
General Fund	\$540,219	\$117,929	\$611,492	\$1,269,640
Non-Major Governmental Funds	154,274			154,274
<b>Total</b>	<u>\$694,493</u>	<u>\$117,929</u>	<u>\$611,492</u>	<u>\$1,423,914</u>

The \$343,560 of advance from the 2005 Revenue Bonds, Series A Debt Service to Utility Enterprise Fund represents the portion of the 1995 COP Bonds that were used for the construction of the water tank. The Water Enterprise and the Guadalupe Valley Improvement District (combined into the Utility Enterprise Fund) make annual payments for their respective share of the debt service. The balance of the advance as of June 30, 2016 was \$154,274.

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

In March 2013 the City approved an advance from the General Fund to the Capital Improvement Fund in the amount of \$850,000. It was issued for the purpose of financing a property purchase from the Brisbane Housing Authority. The term of the advance is ten years. It bears interest at 1.89% annually and payments are due each March 1 in the amount of \$94,084. The balance of the advance as of June 30, 2016 was \$611,492.

In fiscal year 2015, the City approved an advance of \$117,929 from the General Fund to the Marina Enterprise Fund for dredging. Interest does not accrue on the advance.

**C. Transfers In/Out**

The City had the following transfers in/out for the year ended June 30, 2016:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	General Fund	Non-Major Governmental Funds	Utility Enterprise Fund	Internal Service Fund	
General Fund		\$1,918,836	\$70,000	\$959,310	\$2,948,146
Non-Major Governmental Funds	\$178,649	165,000	68,925	10,431	423,005
Enterprise Fund:					
Utility		106,794		59,866	166,660
Marina				25,908	25,908
<b>Total</b>	<u>\$178,649</u>	<u>\$2,190,630</u>	<u>\$138,925</u>	<u>\$1,055,515</u>	<u>\$3,563,719</u>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

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

Transfers in to the Internal Service funds were for reimbursement of retirement payments and to initiate the Facilities Maintenance Fund.

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

**D. Internal Balances**

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

**NOTE 5 - LOANS RECEIVABLE**

At June 30, 2016, the City had the following loans receivable:

	Balance June 30, 2015	Deletions	Balance June 30, 2016
<b>Governmental Funds:</b>			
Loan to Administrative Services Director	\$318,750		\$318,750
Loan to City Manager	245,990	(\$13,391)	232,599
2nd Loan to City Manager	200,000		200,000
Bridge Housing Corporation Loan	2,336,086		2,336,086
First Time Home Buyers	786,790		786,790
Loans to Successor Agency	6,507,914	(4,099,278)	2,408,636
<b>Total Governmental Funds</b>	<u>10,395,530</u>	<u>(4,112,669)</u>	<u>6,282,861</u>
<b>Proprietary Funds:</b>			
Loan to City Engineer/Director of Public Works	183,838	(24,926)	158,912
Loan to Successor Agency	2,672,480	(376,484)	2,295,996
<b>Total Proprietary Funds</b>	<u>2,856,318</u>	<u>(401,410)</u>	<u>2,454,908</u>
<b>Total</b>	<u>\$13,251,848</u>	<u>(\$4,514,079)</u>	<u>\$8,737,769</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.
- 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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 5 - LOANS RECEIVABLE (Continued)**

- C.** On September 10, 2008, the city modified the City Manager loan agreement for an additional \$200,000. The additional amount, together with the payment of the “equity sharing amount” is due and payable upon any sale or transfer of the property without the prior written consent of the City (except for the transfer of legal title for estate planning purposes to a revocable living trust of which borrowers are the trustors and trustee), or eighteen months after the effective date of termination of City Manager’s employment with the City.
- D.** In 1999, the Bridge Housing Corporation entered into a loan agreement with the former Redevelopment Agency (now housing successor) for an amount not to exceed \$2,500,000. The obligation to repay the loan is evidenced by a promissory note. The terms of the note provide that Bridge Housing Corporation make repayments to the extent of surplus cash. Annual payments are due and payable in arrears no later than June 1 each year with respect to the previous calendar year, and shall be accompanied by the developer’s report of surplus cash.
- E.** The former Agency (now housing successor) has provided various loan programs for First Time Homebuyers. In general they provide secondary financing for low and moderate buyers in the City. The loans have deferred payments in order to allow the buyers to maximize their purchasing capacity. Payment of principal and interest is due upon sale of property. Units are sold at market value and the former Agency also receives as payment a share of the appreciation based on the percentage of the former Agency loan to original purchase price. The former Agency has first right of refusal to purchase unit to roll over to new eligible buyer.
- F.** *City Loans to Successor Agency*

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

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

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

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

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 5 - LOANS RECEIVABLE (Continued)**

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

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

In fiscal year 2014, the City unwound the advance from the Marina Fund (formerly the Parks and Recreations Enterprise Fund) to the BPPFA 2001 Revenue Bonds Series A Debt Service Fund and the loan receivable from the BPPFA 2001 Revenue Bonds Series A Debt Service Fund to the former Agency. At June 30, 2016, the Successor Agency recorded a loan payable in the amount of \$2,295,996 and the City Marina Enterprise Fund recorded a loan receivable in the amount of \$2,295,996.

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

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

With the dissolution of the former Agency, the Successor Agency assumed the obligation to repay the above advances and has recorded a loan payable to the Low and Moderate Income Housing Asset Fund, the Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund and the General Fund as discussed in Note 14 below. The Agency received a Finding of Completion in March 2013.

On April 11, 2016, the City received a letter from the California Department of Finance stating the entire \$4,099,278 is not an enforceable obligation. As a result, the City wrote off the loan receivable in fiscal year 2016. See Note 16 for further disclosure.

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 6 – CAPITAL ASSETS**

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

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

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

Buildings and structures	65 years
Improvements other than buildings	20 – 59 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, 2016 comprise of the following:

	Balance at June 30, 2015	Additions	Transfers	Adjustments/ Deletions	Balance at June 30, 2016
<b>Governmental activities</b>					
Non-depreciable capital assets:					
Land	\$14,355,755	\$81,402			\$14,437,157
Construction in progress	149,657	371,965	(\$424,587)		97,035
<b>Total non-depreciable capital assets</b>	<b>14,505,412</b>	<b>453,367</b>	<b>(424,587)</b>		<b>14,534,192</b>
Capital assets being depreciated:					
Land Improvements	5,185,851	48,024	424,587	\$20,283	5,678,745
Building and Structures	17,654,953				17,654,953
Machinery and Equipment	3,212,037	85,753		(44,480)	3,253,310
Infrastructure	30,865,210				30,865,210
<b>Total capital assets, depreciable</b>	<b>56,918,051</b>	<b>133,777</b>	<b>424,587</b>	<b>(24,197)</b>	<b>57,452,218</b>
Less accumulated depreciation:					
Capital assets being depreciated:					
Land Improvements	(1,544,419)	(124,758)		(19,438)	(1,688,615)
Building and Structures	(4,143,532)	(349,534)			(4,493,066)
Machinery and Equipment	(2,317,961)	(176,711)		43,635	(2,451,037)
Infrastructure	(7,722,567)	(507,152)			(8,229,719)
<b>Total accumulated depreciation</b>	<b>(15,728,479)</b>	<b>(1,158,155)</b>		<b>24,197</b>	<b>(16,862,437)</b>
<b>Depreciable capital assets</b>	<b>41,189,572</b>	<b>(1,024,378)</b>	<b>424,587</b>		<b>40,589,781</b>
<b>Governmental activity capital assets, net</b>	<b>\$55,694,984</b>	<b>(\$571,011)</b>			<b>\$55,123,973</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 6 - CAPITAL ASSETS (Continued)**

	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$647,815			\$647,815
Construction in Progress	1,014,357	\$2,339,997		3,354,354
Total capital assets not being depreciated	1,662,172	2,339,997		4,002,169
Capital assets, being depreciated:				
Land Improvements	7,419,406			7,419,406
Building and Structures	9,526,843			9,526,843
Machinery and Equipment	742,723	78,895		821,618
Infrastructure	32,245,204			32,245,204
Total capital assets being depreciated	49,934,176	78,895		50,013,071
Less accumulated depreciation for:				
Land Improvements	(6,089,766)	(102,836)		(6,192,602)
Building and Structures	(2,090,178)	(125,268)		(2,215,446)
Machinery and Equipment	(403,058)	(59,750)		(462,808)
Infrastructure	(12,890,406)	(516,042)		(13,406,448)
Total accumulated depreciation	(21,473,408)	(803,896)		(22,277,304)
Depreciable capital assets	28,460,768	(725,001)		27,735,767
Business-type activity capital assets, net	\$30,122,940	\$1,614,996		\$31,737,936

**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, 2016**

**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:

<b>Governmental Activities</b>	
General Government	\$382,372
Public Safety	184,818
Public Works	389,452
Parks and Recreation	<u>201,513</u>
<b>Total Governmental Activities</b>	<b><u>\$1,158,155</u></b>
<b>Business-Type Activities</b>	
Water	\$197,225
Sewer	103,356
Guadalupe Valley Municipal Improvement District	365,225
Marina	<u>138,090</u>
<b>Total Business-Type Activities</b>	<b><u>\$803,896</u></b>

**NOTE 7 - LONG-TERM DEBT**

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

The following is a summary of long-term debt transactions for the year ended June 30, 2016:

	Balance June 30, 2015	Retirements	Balance at June 30, 2016	Current Portion	Non-Current Portion
<b>Governmental Activities</b>					
2001 PFA, Series B (LID Refinancing)	\$1,580,000	(\$1,580,000)			
2005 PFA, Series A (Lease Revenue)	298,393	(95,019)	\$203,374	\$100,020	\$103,354
2009 PFA, Series A (City Hall Completion)	1,785,000	(90,000)	1,695,000	95,000	1,600,000
2006 Pension Obligation Refunding Bonds	2,060,000	(500,000)	1,560,000	545,000	1,015,000
2013 Pension Side Fund Bank Loan	1,521,000	(60,000)	1,461,000	70,000	1,391,000
2014 Lease Revenue Refunding Bonds	5,420,000	(200,000)	5,220,000	205,000	5,015,000
Unamortized discount on bonds	(65,080)	6,619	(58,461)	(6,619)	(51,842)
Energy Conservation Loan	141,233	(12,820)	128,413	12,951	115,462
Energy Efficiency Loan	49,545	(8,144)	41,401	8,144	33,257
<b>Total Governmental Long-Term Debt</b>	<b><u>\$12,790,091</u></b>	<b><u>(\$2,539,364)</u></b>	<b><u>\$10,250,727</u></b>	<b><u>\$1,029,496</u></b>	<b><u>\$9,221,231</u></b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 7 - LONG-TERM DEBT (Continued)**

	Balance June 30, 2015	Retirements	Balance at June 30, 2016	Current Portion	Non-Current Portion
<b>Business-type Activities</b>					
2015 Utility Revenue Bonds	\$8,310,000	(\$170,000)	\$8,140,000	\$305,000	\$7,835,000
2015 Installment Sale Agreement	4,174,000		4,174,000	119,000	4,055,000
<b>Total Business-Type Long-Term Debt</b>	<u>\$12,484,000</u>	<u>(\$170,000)</u>	<u>\$12,314,000</u>	<u>\$424,000</u>	<u>\$11,890,000</u>

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

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

The bonds mature annually through September 2, 2015, in amounts ranging from \$70,000 to \$1,655,000. The interest on the bonds is payable semiannually on each March 2 and September 2, with rates ranging from 3.75% to 5.55%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from reassessments levied and collected in the District and amounts held in the redemption fund established under the Fiscal Agent Agreement. The bonds were paid off in fiscal year 2016.

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

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

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

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

Year ending June 30:	Principal	Interest	Total
2017	\$100,020	\$8,135	\$108,155
2018	103,354	4,134	107,488
<b>Total</b>	<u>\$203,374</u>	<u>\$12,269</u>	<u>\$215,643</u>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 7 - LONG-TERM DEBT (Continued)**

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

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

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

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

Year ending June 30:	Principal	Interest	Total
2017	\$95,000	\$93,500	\$188,500
2018	100,000	89,343	189,343
2019	105,000	84,843	189,843
2020	110,000	79,856	189,856
2021	115,000	74,356	189,356
2022-2026	670,000	271,579	941,579
2027-2029	500,000	60,900	560,900
Subtotal	1,695,000	754,377	2,449,377
Less Unamortized Discount	(17,238)		(17,238)
<b>Total</b>	<b>\$1,677,762</b>	<b>\$754,377</b>	<b>\$2,432,139</b>

**D. 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, 2016**

**NOTE 7 - LONG-TERM DEBT (Continued)**

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

Year ending June 30:	Principal	Interest	Total
2017	\$545,000	\$91,650	\$636,650
2018	600,000	59,631	659,631
2019	125,000	24,381	149,381
2020	140,000	17,037	157,037
2021	150,000	8,812	158,812
Subtotal	<u>1,560,000</u>	<u>201,511</u>	<u>1,761,511</u>
Less Unamortized Discount	<u>(41,223)</u>		<u>(41,223)</u>
<b>Total</b>	<u><u>\$1,518,777</u></u>	<u><u>\$201,511</u></u>	<u><u>\$1,720,288</u></u>

**E. 2013 Pension Side Fund Bank Loan**

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

Year ending June 30:	Principal	Interest	Total
2017	\$70,000	\$57,451	\$127,451
2018	80,000	54,566	134,566
2019	165,000	50,586	215,586
2020	190,000	43,720	233,720
2021	220,000	35,860	255,860
2022-2023	<u>736,000</u>	<u>37,174</u>	<u>773,174</u>
<b>Total</b>	<u><u>\$1,461,000</u></u>	<u><u>\$279,357</u></u>	<u><u>\$1,740,357</u></u>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 7 - LONG-TERM DEBT (Continued)**

**F. 2014 Lease Revenue Refunding Bonds, Series 2014**

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

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

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

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

Year ending June 30:	Principal	Interest	Total
2017	\$205,000	\$173,930	\$378,930
2018	210,000	169,830	379,830
2019	215,000	165,630	380,630
2020	220,000	159,180	379,180
2021	225,000	152,580	377,580
2022-2026	1,270,000	622,550	1,892,550
2027-2031	1,490,000	399,741	1,889,741
2032-2035	1,385,000	126,338	1,511,338
<b>Total</b>	<b>\$5,220,000</b>	<b>\$1,969,779</b>	<b>\$7,189,779</b>

**G. Energy Conservation Loan**

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

The annual payment requirements on the loan were as follows:

Year ending June 30:	Principal	Interest	Total
2017	\$12,951	\$1,252	\$14,203
2018	13,082	1,122	14,204
2019	13,213	991	14,204
2020	13,343	861	14,204
2021	13,479	725	14,204
2022-2026	62,345	1,570	63,915
<b>Total</b>	<b>\$128,413</b>	<b>\$6,521</b>	<b>\$134,934</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 7 - LONG-TERM DEBT (Continued)**

**H. Energy Efficiency Retrofit Loan**

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

The annual payment requirements on the loan were as follows:

Year ending June 30:	Principal	Interest	Total
2017	\$12,951	\$1,252	\$14,203
2018	13,082	1,122	14,204
2019	13,213	991	14,204
2020	13,343	861	14,204
2021	13,479	725	14,204
2022-2026	62,345	1,570	63,915
<b>Total</b>	<b>\$128,413</b>	<b>\$6,521</b>	<b>\$134,934</b>

**I. 2015 Utility Revenue Bonds**

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

The bonds repayments are payable and secured by a pledge of the net revenues of the Utility Enterprise Fund as defined under the bond indenture. Total debt service paid in the current year was \$410,654 and Utility Enterprise Fund net revenue was \$5,275,513.

Future required debt services payments are as follows:

Year ending June 30:	Principal	Interest	Total
2017	\$305,000	\$319,100	\$624,100
2018	310,000	309,850	619,850
2019	320,000	295,650	615,650
2020	340,000	279,150	619,150
2021	360,000	261,650	621,650
2022-2026	2,095,000	1,010,375	3,105,375
2027-2031	2,545,000	547,107	3,092,107
2032-2036	1,865,000	154,231	2,019,231
<b>Total</b>	<b>\$8,140,000</b>	<b>\$3,177,113</b>	<b>\$11,317,113</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 7 - LONG-TERM DEBT (Continued)**

**J. 2015 Installment Sale Agreement**

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

The repayments are payable and secured by a pledge of the net revenues of the Marina Enterprise Fund as defined under the bond indenture. No principal was paid for the current year, \$117,929 was paid in interest for the current year and Marina Enterprise Fund net revenue was \$1,652,311.

2015 Installment Sale Agreement

Year ending June 30:	Principal	Interest	Total
2017	\$119,000	\$129,308	\$248,308
2018	314,000	124,082	438,082
2019	346,000	114,036	460,036
2020	379,000	102,991	481,991
2021	391,000	91,073	482,073
2022-2026	2,153,000	262,611	2,415,611
2027	472,000	11,076	483,076
<b>Total</b>	<b>\$4,174,000</b>	<b>\$835,177</b>	<b>\$5,009,177</b>

**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, 2016
Northeast Ridge Development District 2013 Reassessment & Refunding District Bonds	\$ 3,395,000	\$ 2,505,000

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 8 - NET POSITION AND FUND BALANCES**

**A. *Net Position***

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

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

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

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

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

**B. *Fund Balance***

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

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

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

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



**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 8 - NET POSITION AND FUND BALANCES (Continued)**

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

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

Detailed classifications of the City's fund balances, as of June 30, 2016, are below:

Fund Balance Classifications	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
<i>Nonspendables:</i>				
Loans receivable	\$2,044,457			\$2,044,457
Other assets	950			950
Advances to other funds	1,269,640		\$154,274	1,423,914
<b>Total Nonspendable Fund Balances</b>	<b>3,315,047</b>		<b>154,274</b>	<b>3,469,321</b>
<i>Restricted for:</i>				
Low and moderate income housing projects		\$2,120,843		2,120,843
Debt service			191,945	191,945
Transportation and street			807,702	807,702
Grant activities			79,012	79,012
Special revenue activities			765,914	765,914
<b>Total Restricted Fund Balances</b>		<b>2,120,843</b>	<b>1,844,573</b>	<b>3,965,416</b>
<i>Assigned to:</i>				
Capital projects			3,761,409	3,761,409
Encumbrances	49,339			49,339
Fire sinking fund	171,663			171,663
<b>Total Assigned Fund Balances</b>	<b>221,002</b>		<b>3,761,409</b>	<b>3,982,411</b>
<b>Unassigned</b>	<b>7,745,138</b>		<b>(561,329)</b>	<b>7,183,809</b>
<b>Total Fund Balances</b>	<b>\$11,281,187</b>	<b>\$2,120,843</b>	<b>\$5,198,927</b>	<b>\$18,600,957</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 8 - NET POSITION AND FUND BALANCES (Continued)**

**C. *Minimum Fund Balance Policies***

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

1. Emergency or disaster circumstances, which is reviewed every three years and modified as appropriate. For fiscal year 2016, the amount, at minimum, is \$3,500,000.
2. Recession circumstances, such as revenue reductions caused by an economic downturn comparable to the Great Recession of 2008/2009. If the amount is drawn down by recessionary shortfalls in the budget, a plan will need to be established to replenish the balance as the economy recovers. For fiscal year 2016, the amount, at minimum, is \$2,500,000.
3. Annual fluctuation circumstances, estimated to compensate for unexpected fluctuations of 5% in expenditures beyond the budget and 5% in revenues below the budget. The amount will be recalculated every year as the budget changes. For fiscal year 2016, the minimum amount is approximately \$1,600,000.

For fiscal year 2016, the total amount to be set aside for emergency or disaster circumstances, recession circumstances and annual fluctuation circumstances is set at \$7,600,000. As of June 30, 2016, the actual total amount of fund balance of the General Fund was \$11,281,187 with an unassigned fund balance of \$7,745,138.

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

At June 30, 2016, the Utility Enterprise Fund's required work capital balance is \$1,066,869. The fund's actual unassigned net position at June 30, 2016 was \$1,651,650. At June 30, 2016, the Marina Enterprise Fund's required work capital balance is \$357,044. The fund's actual unassigned net position at June 30, 2016 was (\$1,812,666.) The City Council recognizes the Marina working capital balance is not in compliance with its fund balance requirement due to the Marina Dredging Project as it was built into the 2015/2016 budget.

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 8 - NET POSITION AND FUND BALANCES (Continued)**

The Council may designate specific fund balance levels for future development of capital projects, which it has determined to be in the best long-term interests of the City. In addition to the designations noted above, fund balance levels will be sufficient to meet funding requirements for projects approved in prior years which are carried forward into the new year; debt service reserve requirements, reserves for encumbrances; and other reserves or designations required by contractual obligations, state law, or generally accepted accounting principles.

**D. Deficit Fund Balances/Net Position**

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

Funds	Deficit Fund Balances/ Net Position
<b>Non-Major Governmental Funds:</b>	
Capital Projects Fund	\$558,714
Special Beautification Projects Capital Project Fund	2,615
<b>Internal Service Fund:</b>	
Flexible Benefits	1,674
Workers' Compensation	583,248

**NOTE 9 – PENSION PLAN**

**A. General Information about the Pension Plan**

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

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Rate Plans. The City's Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors six rate plans (three miscellaneous and three safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 9 – PENSION PLAN (Continued)**

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

The Plan’s provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<b>Miscellaneous</b>		
	Prior to July 1, 2008	Prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-67+	50 - 67+	52 - 67+
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.092%-2.418%	1.0%-2.5%
Required employee contribution rates	8.0%	7.0%	6.25%
Required employer contribution rates	10.298%	6.709%	6.18%
	<b>Safety</b>		
	Prior to January 1, 2013	On or after January 1, 2013 (Fire)	On or after January 1, 2013 (Police)
Hire date			
Benefit formula	3% @ 55	2.7% @ 57	2.7% @ 57
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 - 55+	50 - 57+	50 - 57+
Monthly benefits, as a % of eligible compensation	2.4%-3.0%	2.0%-2.7%	2.0%-2.7%
Required employee contribution rates	9.0%	11.5%	11.5%
Required employer contribution rates	15.627%	10.939%	0.0%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability and side fund was \$635,814 in fiscal year 2016.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 9 – PENSION PLAN (Continued)**

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

For the year ended June 30, 2016, the contributions to the Plan were as follows:

	Miscellaneous	
	All plans	PARS
Contributions - employer	\$414,697	\$21,117
	Safety	
	All Plans	
Contributions - employer	\$446,822	

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

As of June 30, 2016, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$7,233,676
Safety	6,609,094
PARS	109,715
Total Net Pension Liability	\$13,952,485

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 9 – PENSION PLAN (Continued)**

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

	<u>Miscellaneous Tier I</u>	<u>Miscellaneous PARS</u>
Proportion - June 30, 2014	0.22261%	100.00000%
Proportion - June 30, 2015	0.26367%	100.00000%
Change - Increase (Decrease)	0.04106%	0.00000%

	<u>Safety Tier I</u>
Proportion - June 30, 2014	0.17382%
Proportion - June 30, 2015	0.16040%
Change - Increase (Decrease)	-0.01342%

For the year ended June 30, 2016, the City recognized pension expense of \$468,081. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$861,519	
Differences between actual and expected experience	40,419	\$71,665
Changes in assumptions	15,475	686,538
Net differences between actual and proportional contributions		554,746
Net differences between projected and actual earnings on plan investments	30,834	345,981
Adjustment due to differences in proportion	523,804	892,599
Total	<u>\$1,472,051</u>	<u>\$2,551,529</u>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 9 – PENSION PLAN (Continued)**

\$861,519 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	
June 30	
2017	(\$485,249)
2018	(\$485,249)
2019	(\$485,249)
2020	(\$485,250)

**Actuarial Assumptions** – For the measurement period ended June 30, 2015, the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liability was based on the following actuarial methods and assumptions:

	All CalPERS Plans	PARS
Valuation Date	June 30, 2014	June 30, 2015
Measurement Date	June 30, 2015	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.65%	7.0%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	2.0%
Projected Salary Increase	Varies by Entry Age and Service	2.0%
Investment Rate of Return	7.5% (1)	7.0%
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds (2)	

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

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

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

For more details on this table, please refer to the CalPERS 2010 experience study report available on CalPERS website.

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

**Change of Assumptions** – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 9 – PENSION PLAN (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51%	5.25%	5.71%
Private Equity	19%	0.99%	2.43%
Global Fixed Income	6%	0.45%	3.36%
Liquidity	10%	6.83%	6.95%
Real Assets	10%	4.50%	5.13%
Inflation Sensitive Assets	2%	4.50%	5.09%
Absolute Return Strategy (ARS)	2%	-0.55%	-1.05%
Total	<u>100%</u>		

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

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



**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 9 – PENSION PLAN (Continued)**

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

	<u>Miscellaneous - All Plans</u>	<u>Miscellaneous PARS</u>	<u>Safety - All Plans</u>
1% Decrease	6.65%	6.00%	6.65%
Net Pension Liability	\$11,783,315	\$162,122	\$11,464,834
Current Discount Rate	7.65%	7.00%	7.65%
Net Pension Liability	\$7,233,676	\$109,715	\$6,609,094
1% Increase	8.65%	8.00%	8.65%
Net Pension Liability	\$3,477,421	\$64,838	\$2,627,477

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**A. Plan Description and Funding Policy**

The City administers a single-employer defined benefit post-employment healthcare plan. Employees hired prior to July 1, 2008, have the stipulated years of service, and retire directly from the City, are eligible to receive up to the Kaiser rate (family or single, depending on MOU) and the Medicare eligible rate after reaching the age of 65. This same benefit may continue to a surviving spouse depending on the retirement plan election. Currently there are 41 retirees receiving post-employment health care benefits from the City.

	<b>Exec Mgmt, HR Admin, Conf Mgmt, Police Chief</b>	<b>Conf, Mid-Mgmt, Police Commanders</b>	<b>General, Firefighters, Police Officers</b>								
▪ <b>Eligibility</b>	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								
▪ <b>Cash Stipend</b>	• 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								
▪ <b>PEMHCA minimum</b>	<ul style="list-style-type: none"> <li>• Retirees not eligible for Cash Stipend</li> <li>• Includes hourly employees and City Council</li> </ul> <table style="width: 100%; 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;">2013</td> <td style="text-align: center;">\$115</td> </tr> <tr> <td style="text-align: center;">2014</td> <td style="text-align: center;">119</td> </tr> <tr> <td style="text-align: center;">2015</td> <td style="text-align: center;">122</td> </tr> </tbody> </table>			<u>Year</u>	<u>Monthly Amount</u>	2013	\$115	2014	119	2015	122
<u>Year</u>	<u>Monthly Amount</u>										
2013	\$115										
2014	119										
2015	122										
▪ <b>Surviving Spouse Benefit</b>	<ul style="list-style-type: none"> <li>• Retirement plan election</li> <li>• PEMHCA minimum benefit continues to surviving spouses</li> <li>• No Cash Stipend for surviving spouses</li> </ul>										
▪ <b>Dental, Vision &amp; Life</b>	• None										

As of June 30, 2016, approximately 103 participants were eligible to receive benefits.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**B. Funding Policy and Actuarial Assumptions**

The annual required contribution (ARC) was determined as part of a June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.25% investment rate of return, (b) 1% projected annual salary increase, (c) 3% general inflation increases, and (d) healthcare cost inflation between 4.7% and 5.5%. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over fixed 30 year closed amortization period.

**C. Funding Progress and Funded Status**

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2016, the City has calculated and recorded the Net OPEB obligation, representing the difference between the ARC and contributions as presented below:

Net OPEB Obligation June 30, 2015	\$3,969,981
Annual required contribution (ARC)	780,072
Interest on Net OPEB Obligation	168,333
Adjustment to annual required contribution	(207,806)
Annual OPEB cost	740,599
City's contribution to PARS Trust	500,000
City's portion of current year premiums paid	247,533
Change in Net OPEB Obligation	(6,934)
Net OPEB Obligation June 30, 2016	\$3,963,047

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Unfunded Actuarial Accrued Liability (UAAL) (B)	Covered Payroll (C)	Funded Ratio (A/B)
6/30/2011	\$0	\$9,925,251	\$5,849,067	0.0%
6/30/2013	0	8,555,966	5,624,002	0.0%
6/30/2015	496,933	8,059,033	6,274,552	6.2%

**D. OPEB Trust**

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

**NOTE 11 - RISK MANAGEMENT**

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

**A. General Liability Insurance**

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

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

**B. Workers' Compensation**

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

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

**C. Long-Term Disability and Other Benefit Insurance**

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

As of June 30, 2016, the estimated claims payable for general liability and workers' compensation included claims incurred but not reported (IBNR). There were no reductions in insurance coverage from the prior year and no insurance settlement exceeded coverage in each of the past three years.

Beginning balance of claims payable	\$1,107,988
Changes to estimated claims liability	(344,226)
Claims paid	300,369
Ending balance of claims payable	\$1,064,131
Current Portion	\$272,050

**NOTE 12 – COMMITMENTS AND CONTINGENT LIABILITIES**

**A. Lawsuits**

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

**B. Federal and State Grant Programs**

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

**C. Operating Leases**

The City leased three Konica copiers from Caltronics Business Systems for the operations of the City. The total amount of the lease amounted to \$159,208. The City does not intend to capitalize the copiers at the end of the lease. All payments were expenditures from the General Fund. The rental cost for the year ended June 30, 2016 was \$48,483.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 12 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

**D. Encumbrances**

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2016 were as listed below:

	Amount
General Fund	\$49,339
NPDES	50,001
Capital Projects	15,800

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

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

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

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

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

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 12 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

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

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

The City paid its surcharge of \$104,796 during fiscal year 2016, which is included as a component of purchased water expenses in the Utility Enterprise Fund. The surcharge for fiscal year 2017 is estimated to be \$130.812.

**F. *San Mateo County Animal Shelter***

Since 1951 cities in San Mateo County have contracted with the County to manage animal control field and sheltering services. The current shelter has been determined to be inadequate to meet current animal sheltering services. In May 2014, all the municipalities signed an agreement, effective September 9, 2014, to share in the construction costs for a new animal control center by repaying the County through a 30-year, interest free lease agreement in the amount of \$20.2 million. The City's share of annual lease payment is based on a methodology of three year average of shelter use and percentage of population. The City's estimated annual lease payment is \$5,600. Payments commence after the new animal shelter facility is completed, and are due each July 1<sup>st</sup>. As of June 30, 2016, construction of the new animal shelter facility had yet to be completed.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 13 - SEGMENT INFORMATION**

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

**Utility Fund Statement of Net Position**

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$243,784	\$672,946	\$2,510,717	\$3,427,447
Restricted cash	1,667,041	1,667,041	1,667,040	5,001,122
Accounts receivable, net	311,628	311,628	311,628	934,884
Taxes receivable			623	623
Interest receivable	2,334	1,422	2,867	6,623
<b>Total current assets</b>	<u>2,224,787</u>	<u>2,653,037</u>	<u>4,492,875</u>	<u>9,370,699</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable	558,613	63,803	558,903	1,181,319
Depreciable, net	8,295,347	3,727,383	13,841,451	25,864,181
<b>Total capital assets</b>	<u>8,853,960</u>	<u>3,791,186</u>	<u>14,400,354</u>	<u>27,045,500</u>
<b>Total noncurrent assets</b>	<u>8,853,960</u>	<u>3,791,186</u>	<u>14,400,354</u>	<u>27,045,500</u>
<b>Total assets</b>	<u>11,078,747</u>	<u>6,444,223</u>	<u>18,893,229</u>	<u>36,416,199</u>
<b>DEFERRED OUTFLOWS</b>				
Deferred outflows related to pension	25,078	25,078	25,078	75,234
<b>Total Deferred Outflows</b>	<u>25,078</u>	<u>25,078</u>	<u>25,078</u>	<u>75,234</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	103,875	256,303	26,749	386,927
Accrued payroll	2,647	5,230	2,479	10,356
Interest payable	35,794	35,794	35,795	107,383
Compensated absences	7,433	4,053	3,140	14,626
Deposits	5,165	5,165	5,164	15,494
Bonds payable due within one year	101,666	101,667	101,667	305,000
<b>Total current liabilities</b>	<u>256,580</u>	<u>408,212</u>	<u>174,994</u>	<u>839,786</u>
Noncurrent liabilities:				
Compensated absences	22,299	12,158	9,421	43,878
Advances from other funds	54,858	555,303	84,332	694,493
Bonds payable due in more than one year	2,611,667	2,611,667	2,611,666	7,835,000
Net pension liability	186,201	186,200	186,200	558,601
OPEB Obligation	48,260	48,260	48,261	144,781
<b>Total noncurrent liabilities</b>	<u>2,923,285</u>	<u>3,413,588</u>	<u>2,939,880</u>	<u>9,276,753</u>
<b>Total liabilities</b>	<u>3,179,865</u>	<u>3,821,800</u>	<u>3,114,874</u>	<u>10,116,539</u>
<b>DEFERRED INFLOWS</b>				
Deferred inflows related to pension	19,246	19,246	19,245	57,737
<b>Total Deferred Inflows</b>	<u>19,246</u>	<u>19,246</u>	<u>19,245</u>	<u>57,737</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	7,807,668	2,744,893	13,354,061	23,906,622
Restricted for:				
Capital projects	717,981	40,904		758,885
Unrestricted	(620,935)	(157,542)	2,430,127	1,651,650
<b>Total net position</b>	<u>\$7,904,714</u>	<u>\$2,628,255</u>	<u>\$15,784,188</u>	<u>\$26,317,157</u>



**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 13 - SEGMENT INFORMATION (Continued)**

**Utility Fund Statement of Activities**

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
<b>OPERATING REVENUES:</b>				
Charges for services	\$1,858,747	\$1,133,118	\$2,283,648	\$5,275,513
Other				
<b>Total operating revenues</b>	1,858,747	1,133,118	2,283,648	5,275,513
<b>OPERATING EXPENSES:</b>				
Costs of sales and services	788,669	1,033,937	686,838	2,509,444
General and administrative	503,532	652,039	592,869	1,748,440
Depreciation	197,225	103,356	365,225	665,806
Other	136,884	136,885	136,885	410,654
<b>Total operating expenses</b>	1,626,310	1,926,217	1,781,817	5,334,344
<b>OPERATING INCOME (LOSS)</b>	232,437	(793,099)	501,831	(58,831)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Taxes and assessments			29,909	29,909
Investment income	15,780	15,779	15,779	47,338
Interest expense	(106,691)	(106,690)	(106,690)	(320,071)
<b>Total nonoperating revenues (expenses)</b>	(90,911)	(90,911)	(61,002)	(242,824)
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	141,526	(884,010)	440,829	(301,655)
Transfers in	46,309	46,308	46,308	138,925
Transfers out	(81,297)		(85,363)	(166,660)
<b>Total transfers in and out</b>	(34,988)	46,308	(39,055)	(27,735)
<b>Change in net positions</b>	106,538	(837,702)	401,774	(329,390)
<b>NET POSITIONS:</b>				
Beginning of year	7,798,176	3,465,957	15,382,414	26,646,547
End of year	\$7,904,714	\$2,628,255	\$15,784,188	\$26,317,157

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

**NOTE 13 - SEGMENT INFORMATION (Continued)**

**Utility Fund Statement of Cash Flows**

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$1,837,756	\$1,112,127	\$2,262,656	\$5,212,539
Cash payments to suppliers	(1,371,110)	(1,570,682)	(1,423,868)	(4,365,660)
<b>Net cash provided (used) by operating activities</b>	<b>466,646</b>	<b>(458,555)</b>	<b>838,788</b>	<b>846,879</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Taxes and assessments			29,860	29,860
Advances from other funds	(33,621)	-	(35,303)	(68,924)
Transfers in	46,309	46,308	46,308	138,925
Transfers out	(81,297)	-	(85,363)	(166,660)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(68,609)</b>	<b>46,308</b>	<b>(44,498)</b>	<b>(66,799)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of property, plant and equipment	(494,366)	224,948	(278,943)	(548,361)
Principal payment of debt	(56,667)	(56,666)	(56,667)	(170,000)
Interest paid	(79,739)	(79,738)	(79,737)	(239,214)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(630,772)</b>	<b>88,544</b>	<b>(415,347)</b>	<b>(957,575)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income received	13,595	14,462	13,115	41,172
<b>Net cash provided (used) by investing activities</b>	<b>13,595</b>	<b>14,462</b>	<b>13,115</b>	<b>41,172</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(219,140)</b>	<b>(309,241)</b>	<b>392,058</b>	<b>(136,323)</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	2,129,965	2,649,228	3,785,699	8,564,892
End of year	\$1,910,825	\$2,339,987	\$4,177,757	\$8,428,569
<b>FINANCIAL STATEMENT PRESENTATION:</b>				
Cash and cash equivalents	\$243,784	\$672,946	\$2,510,717	\$3,427,447
Restricted cash and cash equivalents with fiscal agents	1,667,041	1,667,041	1,667,040	5,001,122
<b>Total cash and cash equivalents</b>	<b>\$1,910,825</b>	<b>\$2,339,987</b>	<b>\$4,177,757</b>	<b>\$8,428,569</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$232,437	(\$793,099)	\$501,831	(\$58,831)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	197,225	103,356	365,225	665,806
Changes in current assets and liabilities:				
Accounts receivable	(20,991)	(20,991)	(20,992)	(62,974)
Accounts payable and accrued liabilities	87,344	244,276	23,060	354,680
Accrued payroll	(3,330)	(748)	(3,499)	(7,577)
Compensated absences	4,319	2,262	2,280	8,861
Deposits	(41,351)	(4,605)	(40,111)	(86,067)
Net pension liability, deferred inflows and deferred outflows	10,993	10,994	10,994	32,981
Total adjustments	234,209	334,544	336,957	905,710
<b>Net cash provided (used) by operating activities</b>	<b>\$466,646</b>	<b>(\$458,555)</b>	<b>\$838,788</b>	<b>\$846,879</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

<b>NOTE 14 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES</b>
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**A. Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund**

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

Cash and investments of the Successor Agency as of June 30, 2016 are discussed in Note 3 above.

**B. Long-Term Obligations**

Description	Balance June 30, 2015	Retirements	Balance June 30, 2016	Current Portion	Non-current Portion
2005 Brisbane PFA, Series A	\$596,607	(\$189,981)	\$406,626	\$199,980	\$206,646
2013 Tax Allocation Bonds	15,615,000	(1,130,000)	14,485,000	1,180,000	13,305,000
<b>Total long-term debt</b>	<b>\$16,211,607</b>	<b>(\$1,319,981)</b>	<b>\$14,891,626</b>	<b>\$1,379,980</b>	<b>\$13,511,646</b>
Loans payable to the City of Brisbane					
ROPS 14/15B Shortfall	\$376,484	(\$376,484)			
SERAF	1,115,528		\$1,115,528		
City General Fund	1,293,108		1,293,108		
City Marina Enterprise Fund	2,295,996		2,295,996		
Housing Successor	4,099,278	(4,099,278)			
<b>Total loans payable to the City</b>	<b>\$9,180,394</b>	<b>(\$4,475,762)</b>	<b>\$4,704,632</b>		

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

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

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

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

Year ending June 30:	Principal (66.66%)	Interest (66.66%)	Total
2017	\$199,980	\$16,265	\$216,245
2018	206,646	8,266	214,912
<b>Total</b>	<b>\$406,626</b>	<b>\$24,531</b>	<b>\$431,157</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

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

**2. Loans Payable to the City**

Please see Note 5F and Note 16.

**3. 2013 Tax Allocation Bonds**

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

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

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

Year ending June 30:	Principal	Interest	Total
2017	\$1,180,000	\$587,570	\$1,767,570
2018	1,235,000	538,097	1,773,097
2019	1,280,000	486,450	1,766,450
2020	1,335,000	432,941	1,767,941
2021	1,390,000	377,155	1,767,155
2022-2026	7,885,000	962,138	8,847,138
2027-2028	180,000	8,377	188,377
<b>Total</b>	<b>\$14,485,000</b>	<b>\$3,392,728</b>	<b>\$17,877,728</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

*D. Commitments and Contingencies*

*State Approval of Enforceable Obligations*

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

*State Asset Transfer Review*

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

**NOTE 15 - CONCENTRATION RISK**

In November 2011, the City placed a special business license tax on the ballot for recycling firms handling more than 100,000 tons of material. For the year ended June 30, 2016, more than 11.5% of the City's General Fund's total revenues were derived from a single company.

**NOTE 16 – SPECIAL ITEM**

The Successor Agency requested, as part of its 2016-17 ROPS, a payment for the Deferred Set-aside owed to the Low and Moderate Income Housing Fund for Project Area #1 due to the Housing Authority with a total outstanding obligation of \$4,099,278. Deferred payments by the former City of Brisbane Redevelopment Agency (RDA) were required to adopt a statement of existing obligations and include in a resolution and passed prior to September 1, 1986. The former RDA adopted a statement in July 1987, after the 1986 cutoff date. On April 11, 2016, the City received a letter from the California Department of Finance stating that this is therefore not an enforceable obligation. As a result, the loans receivable in the amount of \$4,099,278 was written off in fiscal year 2016 as a special item.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

<b>NOTE 17 – SUBSEQUENT EVENTS</b>
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**A. *CalPERS Discount Rate Change***

In December 2016, CalPERS' Board of Directors voted to lower the discount rate from 7.5% to 7.0% over the next three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates beginning in fiscal year 2019 and result in increases to the normal costs and unfunded actuarial liabilities.

**B. *Public Agencies Post-Employment Benefits Trust***

On November 3, 2016, the City resolved to adopt the Public Agencies Post-Employment Benefits Trust for the purpose of pre-funding both pension obligations and/or OPEB obligations as specified in the City's plans, policies and/or applicable collective bargaining agreements. The City desires to set aside funds for the purpose of pre-funding its CalPERS pension obligation that will be held in trust for the exclusive purpose of making future contributions of the City's required pension contributions and any employer contributions in excess of the such required contributions at the discretion of the City.

**C. *Loan Payoff***

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. In December 2016, the City Manager repaid the remaining outstanding balance, \$230,481, of the \$300,000 total loan receivable owed to the City.

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**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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$9,117,416	\$8,774,966	\$10,580,205	\$1,805,239
Intergovernmental	71,500	35,500	124,102	88,602
Licenses, permits and fees	3,995,800	3,640,800	2,941,923	(698,877)
Charges for services	1,834,703	1,790,703	2,017,861	227,158
Fines and forfeitures	84,200	84,200	50,964	(33,236)
Use of money and property	90,000	90,000	162,741	72,741
Other revenues	510,000	703,400	479,910	(23,490)
	15,703,619	15,119,569	16,357,706	1,238,137
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	4,580,714	4,519,424	4,471,456	47,968
Public safety - police	3,810,972	3,717,464	3,690,072	27,392
Public safety - fire	2,619,132	2,679,132	2,585,772	93,360
Public works	2,111,991	2,198,182	1,939,628	258,554
Parks and recreation	1,959,970	1,953,894	1,821,221	132,673
Library	32,000	32,000	28,068	3,932
Capital outlay	125,900	208,900	181,397	27,503
<b>Debt service:</b>				
Principal			12,820	(12,820)
Interest and fiscal charges			119,313	(119,313)
	15,240,679	15,308,996	14,849,747	459,249
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	462,940	(189,427)	1,507,959	1,697,386
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	94,084	94,084	178,649	84,565
Transfers (out)	(1,957,412)	(2,757,412)	(2,948,146)	(190,734)
Total other financing sources (uses)	(1,863,328)	(2,663,328)	(2,769,497)	(106,169)
<b>NET CHANGE IN FUND BALANCE</b>	(\$1,400,388)	(\$2,852,755)	(1,261,538)	\$1,591,217
<b>BEGINNING FUND BALANCE</b>			12,542,725	
<b>ENDING FUND BALANCE</b>			\$11,281,187	

CITY OF BRISBANE  
LOW AND MODERATE INCOME HOUSING ASSET  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Actual	
REVENUES:			
Use of money and property		\$23,194	\$23,194
Total Revenues		23,194	23,194
EXPENDITURES:			
Current:			
Public works	\$6,409	10,745	(4,336)
Total Expenditures	6,409	10,745	(4,336)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,409)	12,449	18,858
SPECIAL ITEM			
Special item		(4,099,278)	(4,099,278)
Total Special Items		(4,099,278)	(4,099,278)
NET CHANGE IN FUND BALANCE	(\$6,409)	(4,086,829)	(\$4,080,420)
BEGINNING FUND BALANCE		6,207,672	
ENDING FUND BALANCE		\$2,120,843	

**CITY OF BRISBANE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2016**

**Cost-Sharing Defined Pension Plan**  
As of fiscal year ending June 30, 2016  
Last 10 Years\*

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

<b>Measurement Date</b>	<b>Miscellaneous Plan</b>			
	<b>All Plans 6/30/2014</b>	<b>PARS 6/30/2014</b>	<b>All Plans 6/30/2015</b>	<b>PARS 6/30/2015</b>
Plan's Proportion of the Net Pension Liability/Asset	0.08842%	100.00000%	0.26367%	100.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$5,501,793	\$52,309	\$7,233,676	\$109,714
Plan's Covered Payroll	\$3,563,693	\$215,862	\$4,326,306	\$225,028
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered Payroll	154.38%	24.23%	167.20%	48.76%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	83.03%	87.59%	21.65%	22.01%

\* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

**CITY OF BRISBANE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2016**

**Cost-Sharing Defined Pension Plan  
As of fiscal year ending June 30, 2016  
Last 10 Years\*  
SCHEDULE OF CONTRIBUTIONS**

	Miscellaneous Plan			
	All Plans 2015	PARS 2015	All Plans 2016	PARS 2016
Actuarially determined contribution	\$608,408	\$20,560	\$414,697	\$21,117
Contributions in relation to the actuarially determined contributions	(608,408)	(20,560)	(414,697)	(21,117)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$3,563,693	\$215,862	\$4,326,306	\$225,028
Contributions as a percentage of covered payroll	17.07%	9.52%	9.59%	9.38%
<b>Notes to Schedule</b>				
Valuation date:	6/30/2012	6/30/2012	6/30/2013	6/30/2013
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry age		Entry age	
Amortization method	Level percentage of payroll, closed		Level percentage of payroll, closed	
Remaining amortization period	30 years	12 years	30 years	20 years
Asset valuation method	5-year smoothed market		5-year smoothed market	
Inflation	2.75%	3.00%	2.75%	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service and type of employment		Varies on Age, Service and Type of Employment	
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation		7.65%, net of pension plan investment and administrative expenses, including inflation	
Retirement age	55 yrs. Misc., 60 years Tier 2, 62 yrs. Tier 3		55 yrs. Misc., 60 years Tier 2, 62 yrs. Tier 3	
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.		The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2010 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale AA.	

\* Fiscal year 2016 was the 1st year of implementation, therefore only two years are shown.

**CITY OF BRISBANE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2016**

**Cost-Sharing Defined Pension Plan**  
As of fiscal year ending June 30, 2016  
Last 10 Years\*

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

<b>Measurement Dates</b>	<b>Safety Plan All Plans 6/30/2014</b>	<b>Safety Plan All Plans 6/30/2015</b>
Plan's Proportion of the Net Pension Liability/Asset	0.10478%	0.16040%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$6,519,984	\$6,609,094
Plan's Covered Payroll	\$2,372,744	\$2,549,311
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered Payroll	274.79%	259.25%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	81.42%	18.66%

\* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

**CITY OF BRISBANE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2016**

**Cost-Sharing Defined Pension Plan**  
As of fiscal year ending June 30, 2016  
Last 10 Years\*  
**SCHEDULE OF CONTRIBUTIONS**

	<u>Safety Plan</u> <u>All plans</u> <u>2015</u>	<u>Safety Plan</u> <u>All Plans</u> <u>2016</u>
Actuarially determined contribution	\$544,677	\$446,822
Contributions in relation to the actuarially determined contributions	(544,677)	(446,822)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$2,372,744	\$2,549,311
Contributions as a percentage of covered payroll	22.96%	17.53%
<b>Notes to Schedule</b>		
Valuation date:	6/30/2012	6/30/2013
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Inflation	2.75%	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service and type of employment	Varies by Age, Service and Type of Employment
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Safety, 57 yrs. Tier 2 The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.	55 yrs. Safety; 57 yrs. Tier 2 The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2010 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale AA.
Mortality		

\* Fiscal year 2016 was the 1st year of implementation, therefore only two years are shown.

**CITY OF BRISBANE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2016**

City Schedule of OPEB Funding Progress

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$737,636	\$259,861	35%	\$3,960,764
6/30/2015	740,599	231,382	31%	3,969,981
6/30/2016	740,599	747,533	101%	3,963,047

## 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, certain special revenue funds, and the debt service funds. The Fire Training and Contract Employees Special Revenue Funds are special revenue funds with single focus purpose that when needed are approved by City Council or part of an existing contract and therefore did not have adopted budgets for the fiscal year. The capital projects funds did not have adopted budgets for the fiscal year, but all capital projects are approved by City Council prior to commitment. 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 fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2015, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. These necessary supplemental appropriations were immaterial in relation to the budget as originally adopted. The Administrative Services Director must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered are re-budgeted for the coming year.



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**SUPPLEMENTARY INFORMATION**

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## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

**Public Arts.** This fund was established to receive deposits from developers as part of the "Art in Public Places Program." Commercial projects with development costs in excess of \$1,000,000 are required to contribute 1% of the cost to the Brisbane Public Art Fund. Public Projects with development costs in excess of \$1,000,000 are required to contribute 0.5% of the cost to the Brisbane Public Art Fund. Projects in excess of \$5,000,000 can choose to pay into the Brisbane Public Art Fund or pay for public art directly.

**Tree Plant.** This fund receives deposits from PG&E to replace the cost of any trees that must be removed for electrical repairs or maintenance. The City will use these funds to plant trees elsewhere within city limits.

<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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**DEBT SERVICE FUNDS****Brisbane Public Financing Authority:**

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

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

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

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

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

**Brisbane – Guadalupe Valley Municipal Improvement Financing Authority:**

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

<b>NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)</b>
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**CAPITAL PROJECTS FUNDS**

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

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

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

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

CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016

SPECIAL REVENUE FUNDS

	Gas Tax	Measure A	Sierra Point Landscape & Lighting	Grants
<b>ASSETS</b>				
Cash and investments	\$159,370	\$631,889	\$149,973	\$84,718
Restricted cash and investments with fiscal agents				
Accounts receivable, net	313	965	200	89
Interest receivable				
Taxes receivable		15,165		
Advances to other funds				
	<u>\$159,683</u>	<u>\$648,019</u>	<u>\$150,173</u>	<u>\$84,807</u>
Total Assets				
<b>LIABILITIES</b>				
Accounts payable			\$8,181	\$350
Accrued payroll			1,095	3,844
Due to other funds				
Deposits payable				1,601
Interest payable				
Advances from other funds				
			<u>9,276</u>	<u>5,795</u>
Total Liabilities				
<b>FUND BALANCE</b>				
Nonspendable				
Restricted	\$159,683	\$648,019	140,897	79,012
Assigned				
Unassigned				
	<u>159,683</u>	<u>648,019</u>	<u>140,897</u>	<u>79,012</u>
Total Fund Balances				
Total Liabilities and Fund Balances	<u>\$159,683</u>	<u>\$648,019</u>	<u>\$150,173</u>	<u>\$84,807</u>

SPECIAL REVENUE FUNDS					DEBT SERVICE FUND
NPDES	Fire Training	Contract Employees	Public Arts	Tree Plant	2006 Pension Obligation Bonds
\$406,916	\$3,215	\$104,583	\$163,257	\$3,000	\$45,825
513	4		218		
1,230					
<u>\$408,659</u>	<u>\$3,219</u>	<u>\$104,583</u>	<u>\$163,475</u>	<u>\$3,000</u>	<u>\$45,825</u>
\$4,613					
1,520		\$1,785			\$45,824
<u>6,133</u>		<u>1,785</u>			<u>45,824</u>
352,525	\$3,219	102,798	\$163,475	\$3,000	1
50,001					
<u>402,526</u>	<u>3,219</u>	<u>102,798</u>	<u>163,475</u>	<u>3,000</u>	<u>1</u>
<u>\$408,659</u>	<u>\$3,219</u>	<u>\$104,583</u>	<u>\$163,475</u>	<u>\$3,000</u>	<u>\$45,825</u>

(Continued)



CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016

DEBT SERVICE FUNDS

	2001 Revenue Bonds, Series B	2005 Revenue Bonds, Series A	2009 Revenue Lease Bonds, Series A	2013 Pension Side Fund Bonds
<b>ASSETS</b>				
Cash and investments	\$5,195			
Restricted cash and investments with fiscal agents		\$4	\$190,012	
Accounts receivable, net		1,915		
Interest receivable				
Taxes receivable				
Advances to other funds		154,274		
	<u>\$5,195</u>	<u>\$156,193</u>	<u>\$190,012</u>	<u></u>
<b>Total Assets</b>	<b><u>\$5,195</u></b>	<b><u>\$156,193</u></b>	<b><u>\$190,012</u></b>	<b><u></u></b>
<b>LIABILITIES</b>				
Accounts payable				
Accrued payroll				
Due to other funds	\$5,188			
Deposits payable				
Interest payable	7			
Advances from other funds (Note 4B)				
	<u>5,195</u>			
<b>Total Liabilities</b>	<b><u>5,195</u></b>			
<b>FUND BALANCE</b>				
Nonspendable		\$154,274		
Restricted		1,919	\$190,012	
Assigned				
Unassigned				
		<u>156,193</u>	<u>190,012</u>	
<b>Total Fund Balances</b>		<b><u>156,193</u></b>	<b><u>190,012</u></b>	
<b>Total Liabilities and Fund Balances</b>	<b><u>\$5,195</u></b>	<b><u>\$156,193</u></b>	<b><u>\$190,012</u></b>	

DEBT SERVICE FUND		CAPITAL PROJECT FUNDS				
2005 Revenue Bonds, Series B Debt Service Fund	Brisbane-Guadalupe Valley Municipal Improvement District Public Financing Authority	Capital Projects Fund	Special Beautification Project	Facilities Construction	South Hill	Total Nonmajor Governmental Funds
	\$13	\$112,989		\$3,419,980	\$297,477	\$5,542,562
				4,571	398	235,854
						8,968
						218
						16,395
						154,274
	\$13	\$112,989		\$3,424,551	\$297,875	\$5,958,271
		\$45,406				\$58,550
			\$2,612			8,244
		14,395		\$11,018		53,624
		410	3			27,014
		611,492				420
						611,492
		671,703	2,615	11,018		759,344
	\$13			3,413,533	\$297,875	154,274
		(558,714)	(2,615)			1,844,573
						3,761,409
						(561,329)
	13	(558,714)	(2,615)	3,413,533	297,875	5,198,927
	\$13	\$112,989		\$3,424,551	\$297,875	\$5,958,271

CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	Gas Tax	Measure A	Sierra Point Landscape & Lighting	Grants
GOVERNMENTAL REVENUES				
Taxes and special assessments		\$180,994	\$588,311	
Intergovernmental	\$105,631			\$129,300
Licenses, permits and fees				
Charges for services				
Use of money and property	2,684	8,121	428	
Other revenues				
Total Revenues	108,315	189,115	588,739	129,300
EXPENDITURES				
Current:				
General government				
Public safety - police				380,969
Public works			381,189	
Capital outlay				22,865
Debt service:				
Principal			8,144	
Interest and fiscal charges				
Total Expenditures			389,333	403,834
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	108,315	189,115	199,406	(274,534)
OTHER FINANCING SOURCES (USES)				
Transfers in				261,071
Transfers out	(75,000)	(90,000)	(3,531)	
Total Other Financing Sources (Uses)	(75,000)	(90,000)	(3,531)	261,071
NET CHANGES IN FUND BALANCES	33,315	99,115	195,875	(13,463)
BEGINNING FUND BALANCES (DEFICITS)	126,368	548,904	(54,978)	92,475
ENDING FUND BALANCES (DEFICITS)	\$159,683	\$648,019	\$140,897	\$79,012

SPECIAL REVENUE FUNDS					DEBT SERVICE FUND
NPDES	Fire Training	Contract Employees	Public Arts	Tree Plant	2006 Pension Obligation Bonds
\$50,913					
23,111					
2,298					
5,725	\$39	\$278	\$139,765		\$2
		199,741	1,144	\$3,000	
			22,566		
82,047	39	200,019	163,475	3,000	2
339,153		223,694			
					500,000
					121,287
339,153		223,694			621,287
(257,106)	39	(23,675)	163,475	3,000	(621,285)
462,099					562,224
(6,900)					
455,199					562,224
198,093	39	(23,675)	163,475	3,000	(59,061)
204,433	3,180	126,473			59,062
\$402,526	\$3,219	\$102,798	\$163,475	\$3,000	\$1

(Continued)

CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016

	DEBT SERVICE FUNDS			
	2001 Revenue Bonds, Series B	2005 Revenue Bonds, Series A	2009 Revenue Lease Bonds, Series A	2013 Pension Side Fund Bonds
<b>GOVERNMENTAL REVENUES</b>				
Taxes and special assessments				
Intergovernmental				
Licenses, permits and fees				
Charges for services				
Use of money and property	\$20,357	\$1	\$22	
Other revenues				
Total Revenues	20,357	1	22	
<b>EXPENDITURES</b>				
Current:				
General government		73		
Public safety - police				
Public works				
Capital outlay				
Debt service:				
Principal	1,580,000	95,019	90,000	\$60,000
Interest and fiscal charges	79,470	11,698	100,412	59,939
Total Expenditures	1,659,470	106,790	190,412	119,939
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,639,113)	(106,789)	(190,390)	(119,939)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		106,794	145,719	119,939
Transfers out	(178,649)	(68,925)		
Total Other Financing Sources (Uses)	(178,649)	37,869	145,719	119,939
<b>NET CHANGES IN FUND BALANCES</b>	(1,817,762)	(68,920)	(44,671)	
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	1,817,762	225,113	234,683	
<b>ENDING FUND BALANCES (DEFICITS)</b>	\$156,193	\$190,012	\$190,012	

DEBT SERVICE FUND		CAPITAL PROJECT FUNDS				Total Nonmajor Governmental Funds
2005 Revenue Bonds, Series B Debt Service Fund	Brisbane-Guadalupe Valley Municipal Improvement District Public Financing Authority	Capital Projects Fund	Special Beautification Project	Facilities Construction	South Hill	
						\$820,218
		\$38,200				296,242
		290,047				292,345
						139,765
\$253	\$16		\$261	\$40,150	\$3,494	82,975
		28,106		1,572		254,985
253	16	356,353	261	41,722	3,494	1,886,530
						73
						380,969
			1,993			946,029
		633,634				656,499
	200,000					2,533,163
	179,817	14,181				566,804
	379,817	647,815	1,993			5,083,537
253	(379,801)	(291,462)	(1,732)	41,722	3,494	(3,197,007)
	367,784	165,000				2,190,630
						(423,005)
	367,784	165,000				1,767,625
253	(12,017)	(126,462)	(1,732)	41,722	3,494	(1,429,382)
(253)	12,030	(432,252)	(883)	3,371,811	294,381	6,628,309
	\$13	(\$558,714)	(\$2,615)	\$3,413,533	\$297,875	\$5,198,927

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, 2016

SPECIAL REVENUE FUNDS

	GAS TAX			MEASURE A		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>GOVERNMENTAL REVENUES</b>						
Taxes and special assessments				\$150,000	\$180,994	\$30,994
Intergovernmental	\$100,000	\$105,631	\$5,631			
Licenses, permits and fees						
Charges for services						
Use of money and property		2,684	2,684		8,121	8,121
Other revenues						
<b>Total Revenues</b>	<b>100,000</b>	<b>108,315</b>	<b>8,315</b>	<b>150,000</b>	<b>189,115</b>	<b>39,115</b>
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety - police						
Public works						
Capital outlay						
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>						
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>100,000</b>	<b>108,315</b>	<b>8,315</b>	<b>150,000</b>	<b>189,115</b>	<b>39,115</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers out		(75,000)	(75,000)		(90,000)	(90,000)
<b>Total Other Financing Sources (Uses)</b>		<b>(75,000)</b>	<b>(75,000)</b>		<b>(90,000)</b>	<b>(90,000)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$100,000</b>	<b>33,315</b>	<b>(\$66,685)</b>	<b>\$150,000</b>	<b>99,115</b>	<b>(\$50,885)</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<b>126,368</b>			<b>548,904</b>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<b>\$159,683</b>			<b>\$648,019</b>	

SPECIAL REVENUE FUNDS

SIERRA POINT LANDSCAPING & LIGHTING			GRANTS			NPDES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$590,000	\$588,311	(\$1,689)				\$52,000	\$50,913	(\$1,087)
			\$100,000	\$129,300	\$29,300	22,000	23,111	1,111
							2,298	
	428	428					5,725	5,725
<u>590,000</u>	<u>588,739</u>	<u>(1,261)</u>	<u>100,000</u>	<u>129,300</u>	<u>29,300</u>	<u>74,000</u>	<u>82,047</u>	<u>8,047</u>
			100,000	380,969	(280,969)			
546,923	381,189	165,734		22,865	(22,865)	536,100	339,153	196,947
	8,144	(8,144)						
<u>546,923</u>	<u>389,333</u>	<u>157,590</u>	<u>100,000</u>	<u>403,834</u>	<u>(303,834)</u>	<u>536,100</u>	<u>339,153</u>	<u>196,947</u>
43,077	199,406	156,329		(274,534)	(274,534)	(462,100)	(257,106)	204,994
	(3,531)	(3,531)		261,071	261,071	462,099	462,099	(6,900)
	(3,531)	(3,531)		261,071	261,071	462,099	455,199	(6,900)
<u>\$43,077</u>	<u>195,875</u>	<u>\$152,798</u>		<u>(13,463)</u>	<u>(\$13,463)</u>	<u>(\$1)</u>	<u>198,093</u>	<u>\$198,094</u>
	<u>(54,978)</u>			<u>92,475</u>			<u>204,433</u>	
	<u>\$140,897</u>			<u>\$79,012</u>			<u>\$402,526</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, 2016

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
	PUBLIC ARTS FUND			2006 PENSION OBLIGATION BONDS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>GOVERNMENTAL REVENUES</b>						
Taxes and special assessments						
Intergovernmental						
Licenses, permits and fees						
Charges for services		\$139,765	\$139,765			
Use of money and property		1,144	1,144		\$2	\$2
Other revenues		22,566	22,566			
<b>Total Revenues</b>		<b>163,475</b>	<b>163,475</b>		<b>2</b>	<b>2</b>
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety - police						
Public works						
Capital outlay						
Debt service:						
Principal				\$500,000	500,000	
Interest and fiscal charges				120,400	121,287	(887)
<b>Total Expenditures</b>				<b>620,400</b>	<b>621,287</b>	<b>(887)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		<b>163,475</b>	<b>163,475</b>	<b>(620,400)</b>	<b>(621,285)</b>	<b>(885)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in				620,400	562,224	(58,176)
Transfers out						
<b>Total Other Financing Sources (Uses)</b>				<b>620,400</b>	<b>562,224</b>	<b>(58,176)</b>
<b>NET CHANGE IN FUND BALANCES</b>		<b>163,475</b>	<b>\$163,475</b>		<b>(59,061)</b>	<b>(\$59,061)</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>					<b>59,062</b>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<b>\$163,475</b>			<b>\$1</b>	

DEBT SERVICE FUNDS

2001 REVENUE BONDS, SERIES B			2005 REVENUE BONDS, SERIES A			2009 LEASE REVENUE BONDS, SERIES A		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$20,357	\$20,357		\$1	\$1		\$22	\$22
	20,357	20,357		1	1		22	22
					73			
\$1,580,000	1,580,000		\$95,019	95,019		\$90,000	90,000	
84,145	79,470	4,675	11,698	11,698		99,525	100,412	(887)
1,664,145	1,659,470	4,675	106,717	106,790		189,525	190,412	(887)
(1,664,145)	(1,639,113)	25,032	(106,717)	(106,789)	(72)	(189,525)	(190,390)	(865)
	(178,649)	(178,649)	106,717	106,794	77	189,525	145,719	(43,806)
	(178,649)	(178,649)	106,717	(68,925)	(68,925)			
	(178,649)	(178,649)	106,717	37,869	(68,848)	189,525	145,719	(43,806)
(\$1,664,145)	(1,817,762)	(\$332,266)		(68,920)	(\$68,920)		(44,671)	(\$44,671)
	1,817,762			225,113			234,683	
				\$156,193			\$190,012	

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## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

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

**Facilities Maintenance.** This fund was established to account for the expenditures for the maintenance and repairs of various city-owned facilities. Revenues in FY16 were received as part of a fiscal surplus. Future years will establish budgeted transfers to this fund in anticipation of planned maintenance and repairs.

CITY OF BRISBANE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Dental Self-Insurance</u>	<u>Fringe Benefits</u>	<u>Flexible Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$25,721	\$79,754		\$112,656	\$150,670
Restricted cash and investments					56,049
Interest receivable	34	107	\$36	151	201
Other assets				321,004	286,364
	<u>25,755</u>	<u>79,861</u>	<u>36</u>	<u>433,811</u>	<u>493,284</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable and accrued liabilities	3,140			2,827	30,532
Due to other funds			1,708		
Accrued payroll		64,932			
Interest payable			2		
Accrued claims payable				4,505	267,545
	<u>3,140</u>	<u>64,932</u>	<u>1,710</u>	<u>7,332</u>	<u>298,077</u>
Noncurrent Liabilities:					
Accrued self-insurance				13,626	778,455
	<u>3,140</u>	<u>64,932</u>	<u>1,710</u>	<u>20,958</u>	<u>1,076,532</u>
<b>NET POSITION</b>					
Unrestricted	<u>22,615</u>	<u>14,929</u>	<u>(1,674)</u>	<u>412,853</u>	<u>(583,248)</u>
Total Net Position (Deficits)	<u>\$22,615</u>	<u>\$14,929</u>	<u>(\$1,674)</u>	<u>\$412,853</u>	<u>(\$583,248)</u>

<u>OPEB Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Facilities Maintenance</u>	<u>Total</u>
\$489,193	\$1,623,017	\$300,000	\$2,781,011
654	1,940		56,049
11,879			3,123
			619,247
<u>501,726</u>	<u>1,624,957</u>	<u>300,000</u>	<u>3,459,430</u>
	81,286		117,785
			1,708
			64,932
			2
			272,050
	<u>81,286</u>		<u>456,477</u>
			792,081
	<u>81,286</u>		<u>1,248,558</u>
<u>501,726</u>	<u>1,543,671</u>	<u>300,000</u>	<u>2,210,872</u>
<u>\$501,726</u>	<u>\$1,543,671</u>	<u>\$300,000</u>	<u>\$2,210,872</u>

CITY OF BRISBANE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Dental Self-Insurance</u>	<u>Fringe Benefits</u>	<u>Flexible Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
OPERATING REVENUES					
Charges for sales and services	\$82,555		\$75,180	\$296,194	\$496,838
Other revenue					279,028
Total Operating Revenues	<u>82,555</u>		<u>75,180</u>	<u>296,194</u>	<u>775,866</u>
OPERATING EXPENSES					
Cost of sales and services					573
General and administrative	112,768		78,366	302,486	548,202
Other expenses					5,600
Total Operating Expenses	<u>112,768</u>		<u>78,366</u>	<u>302,486</u>	<u>554,375</u>
Operating Income (Loss)	<u>(30,213)</u>		<u>(3,186)</u>	<u>(6,292)</u>	<u>221,491</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	331	\$742	4	2,495	2,862
Total Nonoperating Revenues (Expenses)	<u>331</u>	<u>742</u>	<u>4</u>	<u>2,495</u>	<u>2,862</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES					
	<u>(29,882)</u>	<u>742</u>	<u>(3,182)</u>	<u>(3,797)</u>	<u>224,353</u>
Transfers in					
Transfers					
Change in Net Position	(29,882)	742	(3,182)	(3,797)	224,353
BEGINNING NET POSITION (DEFICIT)	<u>52,497</u>	<u>14,187</u>	<u>1,508</u>	<u>416,650</u>	<u>(807,601)</u>
ENDING NET POSITION (DEFICIT)	<u>\$22,615</u>	<u>\$14,929</u>	<u>(\$1,674)</u>	<u>\$412,853</u>	<u>(\$583,248)</u>

OPEB Fund	Vehicle Replacement Fund	Facilities Maintenance	Total
			\$950,767
			279,028
			1,229,795
\$89,100			89,673
			1,041,822
158,433	\$142,028		306,061
247,533	142,028		1,437,556
(247,533)	(142,028)		(207,761)
6,025	\$17,212		29,671
6,025	17,212		29,671
(241,508)	(124,816)		(178,090)
584,017	171,498	\$300,000	1,055,515
584,017	171,498	300,000	1,055,515
342,509	46,682	300,000	877,425
159,217	1,496,989		1,333,447
<u>\$501,726</u>	<u>\$1,543,671</u>	<u>\$300,000</u>	<u>\$2,210,872</u>



CITY OF BRISBANE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016

	Dental Self-Insurance	Fringe Benefits	Flexible Benefits	General Liability	Workers' Compensation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received to/ from customers	\$82,555	\$391	\$75,180	\$299,021	\$496,838
Cash payments to suppliers	(126,047)		(78,366)	(626,347)	(873,441)
Cash received from other funds					275,085
<b>Cash Flows from Operating Activities</b>	<u>(43,492)</u>	<u>391</u>	<u>(3,186)</u>	<u>(327,326)</u>	<u>(101,518)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Due to other funds receipts			1,708		
Transfers in					
<b>Cash Flows from Noncapital Financing Activities</b>			<u>1,708</u>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest paid			(27)		
Interest income	305	637		2,398	2,700
<b>Cash Flows from Investing Activities</b>	<u>305</u>	<u>637</u>	<u>(27)</u>	<u>2,398</u>	<u>2,700</u>
<b>Net Cash Flows</b>	<u>(43,187)</u>	<u>1,028</u>	<u>(1,505)</u>	<u>(324,928)</u>	<u>(98,818)</u>
Cash and investments at beginning of period	<u>68,908</u>	<u>78,726</u>	<u>1,505</u>	<u>437,584</u>	<u>305,537</u>
Cash and investments at end of period	<u>\$25,721</u>	<u>\$79,754</u>		<u>\$112,656</u>	<u>\$206,719</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>					
Operating income (loss)	(\$30,213)		(\$3,186)	(\$6,292)	\$221,491
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>					
Other assets				(321,004)	(286,364)
Accounts payable and accrued liabilities	(13,279)			2,827	8,298
Accrued payroll		\$391			(3,943)
Accrued claims payable				(2,857)	(41,000)
<b>Cash Flows from Operating Activities</b>	<u>(\$43,492)</u>	<u>\$391</u>	<u>(\$3,186)</u>	<u>(\$327,326)</u>	<u>(\$101,518)</u>

OPEB Fund	Replacement Vehicle Fund	Facilities Maintenance	Total
	\$81,286		\$1,035,271
(\$259,412)	(142,028)		(2,105,641)
			275,085
<u>(259,412)</u>	<u>(60,742)</u>		<u>(795,285)</u>
			1,708
584,017	171,498	300,000	1,055,515
<u>584,017</u>	<u>171,498</u>	<u>300,000</u>	<u>1,057,223</u>
			(27)
5,393	15,477		26,910
<u>5,393</u>	<u>15,477</u>		<u>26,883</u>
329,998	126,233	300,000	288,821
<u>159,195</u>	<u>1,496,784</u>		<u>2,548,239</u>
<u>\$489,193</u>	<u>\$1,623,017</u>	<u>\$300,000</u>	<u>\$2,837,060</u>
(\$247,533)	(\$142,028)		(\$207,761)
(11,879)			(619,247)
	81,286		79,132
			(3,552)
			(43,857)
<u>(\$259,412)</u>	<u>(\$60,742)</u>		<u>(\$795,285)</u>

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<b>FIDUCIARY FUNDS</b>
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**AGENCY FUNDS** included the following funds:

**SAMCAT**

**Developer Deposits**

**Other Agency Funds**

**Northeast Ridge Assessment District 2001 Bonds Fund**

CITY OF BRISBANE  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>SAMCAT</u>				
Assets				
Cash and investments	\$11,823		\$7,325	\$4,498
	<u>\$11,823</u>		<u>\$7,325</u>	<u>\$4,498</u>
Liabilities				
Deposits	\$11,823		\$7,325	\$4,498
Total Liabilities	<u>\$11,823</u>		<u>\$7,325</u>	<u>\$4,498</u>
<u>Developer Deposits</u>				
Assets				
Cash and investments	\$920,453		\$287,046	\$633,407
Accounts receivable	192,011		192,011	
Interest receivable	31	\$279		310
Total Assets	<u>\$1,112,495</u>	<u>\$279</u>	<u>\$479,057</u>	<u>\$633,717</u>
Liabilities				
Accounts payable	\$78,210	\$909,099	\$982,109	\$5,200
Deposits	1,034,285		405,768	628,517
Total Liabilities	<u>\$1,112,495</u>	<u>\$909,099</u>	<u>\$1,387,877</u>	<u>\$633,717</u>
<u>Other Agency Funds</u>				
Assets				
Cash and investments	\$8,038		\$211	\$7,827
Interest receivable	1	\$9		10
Total Assets	<u>\$8,039</u>	<u>\$9</u>	<u>\$211</u>	<u>\$7,837</u>
Liabilities				
Accounts payable	\$367			\$367
Deposits	7,672	\$9	211	7,470
Total Liabilities	<u>\$8,039</u>	<u>\$9</u>	<u>\$211</u>	<u>\$7,837</u>

Northeast Ridge Assessment District 2001 Bonds	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b>Assets</b>				
Cash and investments	\$560,625	\$21,366		\$581,991
Cash and investment with fiscal agent	254,004		\$3,951	250,053
Interest receivable	35	300		335
Taxes receivable	11,795	(1,828)		9,967
<b>Total Assets</b>	<b>\$826,459</b>	<b>\$19,838</b>	<b>\$3,951</b>	<b>\$842,346</b>
<b>Liabilities</b>				
Due to bondholders	\$826,459	\$19,838	\$3,951	\$842,346
<b>Total Liabilities</b>	<b>\$826,459</b>	<b>\$19,838</b>	<b>\$3,951</b>	<b>\$842,346</b>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and investments	\$1,500,939	\$21,366	\$294,582	\$1,227,723
Cash and investment with fiscal agent	254,004		3,951	250,053
Accounts receivable	192,011		192,011	
Interest receivable	67	588		655
Taxes receivable	11,795	(1,828)		9,967
<b>Total Assets</b>	<b>\$1,958,816</b>	<b>\$20,126</b>	<b>\$490,544</b>	<b>\$1,488,398</b>
<b>Liabilities</b>				
Accounts payable	\$78,577	\$909,099	\$982,109	\$5,567
Deposits	1,053,780	9	413,304	640,485
Due to bondholders	826,459	19,838	3,951	842,346
<b>Total Liabilities</b>	<b>\$1,958,816</b>	<b>\$928,946</b>	<b>\$1,399,364</b>	<b>\$1,488,398</b>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the City of Brisbane, California, as of and for the year ended June 30, 2016, and have issued our report thereon dated March 28, 2017. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

***Internal Control over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control we consider to be significant deficiencies as listed on the Schedule of Significant Deficiencies included as part of our separately issued Memorandum on Internal Control dated March 28, 2017, which is an integral part of our audit and should be read in conjunction with this report.



### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are listed as findings FS2016-03, FS2016-04 and FS2016-05 in our separately issued Memorandum on Internal Control dated March 28, 2017 which is an integral part of our audit and should be read in conjunction with this report.

### *City's Response to Findings*

The City's response to the findings identified in our audit is described in our separately issued Memorandum on Internal Control dated March 28, 2017, which is an integral part of our audits and should be read in conjunction with this report. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### *Purpose of this Report*

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

*Mare & Associates*

Pleasant Hill, California  
March 28, 2017

## STATISTICAL INFORMATION

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

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

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

Debt Capacity	141-146
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*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.*

Demographic and Economic Information	147-148
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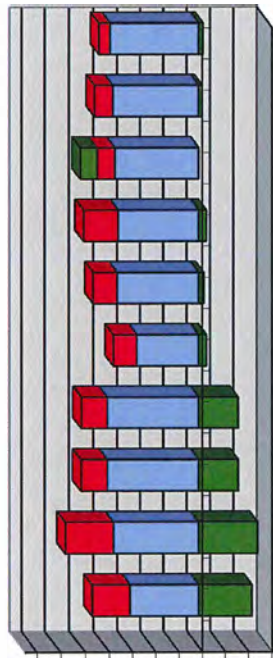
*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

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

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



2007 2008 2009 2010 2011 2012 2013 2014 2015 2016

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

\$140,000  
 \$120,000  
 \$100,000  
 \$80,000  
 \$60,000  
 \$40,000  
 \$20,000  
 \$-  
 \$(20,000)  
 \$(40,000)  
 \$(60,000)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$34,025	\$39,936	\$45,825	\$46,213	\$20,781	\$38,064	\$37,751	\$46,027	\$47,358	\$47,876
Restricted	25,924	33,872	19,027	18,943	19,399	19,006	26,255	12,292	12,698	6,934
Unrestricted	(40,576)	(45,940)	(32,518)	(32,380)	(6,786)	(5,156)	(7,609)	10,882	(5,099)	(3,507)
Total governmental activities net position	\$19,373	\$27,868	\$32,334	\$32,776	\$33,394	\$51,914	\$56,397	\$69,201	\$54,957	\$51,303
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$25,404	\$33,696	\$32,894	\$32,500	\$32,503	\$32,305	\$31,832	\$26,368	\$26,815	\$28,599
Restricted	5,896	5,476	2,601	2,252	848	847	2,251	2,251	2,251	2,251
Unrestricted	(4,925)	(4,478)	(1,455)	(1,542)	201	964	1,105	3,037	2,092	(161)
Total business-type activities net position	\$26,375	\$34,694	\$34,040	\$33,210	\$33,552	\$34,116	\$35,188	\$31,656	\$31,158	\$30,689
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$59,429	\$73,632	\$78,720	\$78,713	\$53,284	\$70,369	\$69,583	\$72,395	\$74,173	\$76,475
Restricted	31,819	39,348	21,628	21,194	20,247	19,853	28,506	14,543	14,949	9,185
Unrestricted	(45,500)	(50,419)	(33,973)	(33,922)	(6,585)	(4,192)	(6,504)	13,919	(3,007)	(3,668)
Total primary government net position	\$45,748	\$62,561	\$66,375	\$65,985	\$66,946	\$86,030	\$91,585	\$100,857	\$86,115	\$81,992

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental Activities:										
General Government	\$3,767	\$4,396	\$4,768	\$4,636	\$4,279	\$5,123	\$5,384	\$4,485	\$4,195	\$5,357
Public Safety - police	3,411	3,412	3,626	3,506	3,185	2,931	3,282	3,314	3,918	4,189
Public Safety - fire	2,189	2,368	2,452	2,532	2,560	2,756	3,004	2,528	2,602	2,782
Public Works	3,033	3,287	3,298	4,928	3,160	1,901	2,832	3,378	3,684	3,542
Parks and Recreation								1,802	1,955	2,023
Interest on Long-Term Debt (Unallocated)	2,490	2,689	2,513	2,519	2,431	2,879	2,009	1,245	999	647
Total Governmental Activities Expenses	14,890	16,152	16,657	18,121	15,615	15,590	16,711	16,752	17,353	18,540
Business-Type Activities:										
Utility	3,451	3,884	3,949	4,023	4,053	3,824	4,542	4,344	4,656	5,654
Marina	3,040	3,274	3,638	3,406	3,426	3,342	3,313	1,438 A	1,623	1,808
Total Business-Type Activities Expenses	6,491	7,158	7,587	7,429	7,479	7,166	7,855	5,782	6,279	7,462
Total Primary Government Expenses	\$21,381	\$23,310	\$24,244	\$25,550	\$23,094	\$22,756	\$24,566	\$22,534	\$23,632	\$26,002
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$2,627	\$2,338	\$2,849	\$1,189	\$2,343	\$2,122	\$1,665	\$3,803	\$4,635	\$5,226
Public Safety - police	248	231	214	396	127	107	124	151	54	60
Public Safety - fire	148	179	147	204	137	113	119	128	179	275
Public Works	2,697	2,483	2,630	3,820	2,478	2,928	2,088	3,252	3,115	1,120
Parks and Recreation								506	526	571
Operating Grants and Contributions	184	313	309	219	598	132	91	88	117	158
Capital Grants and Contributions	7,199	2,808	2,561	-	39	490	3,083	1,396	930	352
Total Governmental Activities Program Revenues	13,103	8,352	8,710	5,828	5,722	5,892	7,170	9,324	9,556	7,762
Business-Type Activities:										
Charges for Services:										
Utility	3,460	4,362	4,053	3,911	3,978	4,247	5,622	5,466	5,764	5,276
Parks and Recreation	2,055	1,917	2,069	1,966	1,995	2,155	2,388	1,614 A	1,529	1,652
Capital Grants and Contributions	13	-	-	-	-	102	-	-	-	-
Total Business-Type Activities Program Revenue	5,528	6,279	6,122	5,877	5,973	6,504	8,010	7,080	7,293	6,928
Total Primary Government Program Revenues	\$18,631	\$14,631	\$14,832	\$11,705	\$11,695	\$12,396	\$15,180	\$16,404	\$16,849	\$14,690
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(\$1,787)	(\$7,800)	(\$7,947)	(\$12,293)	(\$9,893)	(\$9,698)	(\$9,541)	(\$7,428)	(\$7,797)	(\$10,778)
Business-Type Activities	(963)	(879)	(1,465)	(1,552)	(1,506)	(662)	155	1,298	1,014	(534)
Total Primary Government Net Expense	(\$2,750)	(\$8,679)	(\$9,412)	(\$13,845)	(\$11,399)	(\$10,360)	(\$9,386)	(\$6,130)	(\$6,783)	(\$11,312)

(continued)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Taxes:										
Property Taxes	\$6,311	\$6,592	\$7,054	\$7,387	\$6,336	\$4,950	\$3,518	\$2,816	\$3,162	\$3,258
Sales Taxes	3,988	8,810	4,699	4,600	2,842	4,495	2,863	2,529	3,333	3,843
Motor Vehicle In-Lieu	23	17	13	9	13	2	2	-	-	-
Transient Occupancy Tax	1,196	1,318	1,156	1,357	1,306	1,560	1,668	2,038	2,447	2,786
Business License Tax	-	-	-	-	-	-	2,898	-	-	-
Other Taxes	-	-	-	-	458	494	2,055	649	909	1,056
Developer Contributions	-	-	-	-	170	-	-	-	-	-
Interest Earnings	1,250	883	426	242	98	1,587	1,516	947	-	182
Miscellaneous	41	42	64	81	8	75	337	335	-	48
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	-	-	-
Transfers, net	(663)	(789)	(999)	(915)	(745)	(1,008)	(834)	4,914	681	54
Extraordinary Item	-	-	-	-	-	16,063	-	-	-	-
Contribution from Successor Agency	-	-	-	-	-	-	-	2,512	-	-
Special Item: Gain on Early Retirement of Debt	-	-	-	-	-	-	-	3,491	-	-
Special Item: Successor Agency Loan Write-off	-	-	-	-	-	-	-	-	-	(4,099)
<b>Total Government Activities</b>	<b>12,146</b>	<b>16,873</b>	<b>12,413</b>	<b>12,761</b>	<b>10,486</b>	<b>28,218</b>	<b>14,023</b>	<b>20,231</b>	<b>10,532</b>	<b>7,128</b>
Business-Type Activities:										
Other Taxes	38	30	31	28	29	30	33	30	30	30
Interest Earnings	(270)	(271)	(219)	(138)	94	3	51	55	51	88
Miscellaneous	-	1	-	-	-	-	-	-	-	-
Developer Contribution	-	-	-	-	862	-	-	-	-	-
Intergovernmental	-	-	-	-	33	185	-	-	-	-
Transfers and Other	663	789	999	915	745	1,008	834	(4,914)	(681)	(54)
Total Business-Type Activities	431	549	811	805	1,763	1,226	918	(4,829)	(600)	64
<b>Total Primary Government</b>	<b>\$12,577</b>	<b>\$17,422</b>	<b>\$13,224</b>	<b>\$13,566</b>	<b>\$12,249</b>	<b>\$29,444</b>	<b>\$14,941</b>	<b>\$15,402</b>	<b>\$9,932</b>	<b>\$7,192</b>
<b>Change in Net Position</b>										
Governmental Activities	\$10,359	\$9,073	\$4,466	\$468	\$593	\$18,520	\$4,482	\$12,803	\$2,735	(\$3,650)
Business-Type Activities	(532)	(330)	(654)	(747)	257	564	1,073	(3,531)	414	(470)
<b>Total Primary Government</b>	<b>\$9,827</b>	<b>\$8,743</b>	<b>\$3,812</b>	<b>(\$279)</b>	<b>\$850</b>	<b>\$19,084</b>	<b>\$5,555</b>	<b>\$9,272</b>	<b>\$3,149</b>	<b>(\$4,120)</b>

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund</b>											
Reserved	\$2,740	\$2,860	\$6,480	\$4,089	\$3,157						
Unreserved	5,974	4,635	559	2,151	3,941						
Nonspendable	-	-	-	-	-	\$2,636	\$2,630	\$3,475	\$3,384	\$3,291	\$3,315
Assigned	-	-	-	-	-	436	141	192	274	295	221
Unassigned	-	-	-	-	-	4,526	6,756	7,388	8,484	8,957	7,745
<b>Total General Fund</b>	<b>\$8,714</b>	<b>\$7,495</b>	<b>\$7,039</b>	<b>\$6,240</b>	<b>\$7,098</b>	<b>\$7,598</b>	<b>\$9,527</b>	<b>\$11,055</b>	<b>\$12,142</b>	<b>\$12,543</b>	<b>\$11,281</b>
<b>All other governmental funds</b>											
Reserved	\$31,058	\$29,889	\$34,032	\$27,985	\$28,469						
Unreserved, reported in:											
Special revenue funds	(342)	(416)	(449)	(320)	(28)						
Debt service funds	1,102	1,355	1,117	1,745	1,063						
Redevelopment Agency	(19,056)	(18,100)	(16,375)	(14,642)	(14,102)						
Capital Projects funds	784	(1,833)	(10,414)	(6,797)	(6,831)						
Nonspendable	-	-	-	-	-	\$31,985	\$23,827	\$24,306	\$9,428	\$9,658	\$154
Restricted	-	-	-	-	-	199	670	1,703	2,982	3,666	3,965
Assigned	-	-	-	-	-	(9,952)	(1,034)	(207)	(312)	(488)	(561)
Unassigned	-	-	-	-	-						
<b>Total all other governmental funds</b>	<b>\$13,546</b>	<b>\$10,894</b>	<b>\$7,911</b>	<b>\$7,971</b>	<b>\$8,570</b>	<b>\$22,232</b>	<b>\$23,463</b>	<b>\$25,802</b>	<b>\$12,098</b>	<b>\$12,836</b>	<b>\$7,320</b>

Source: City of Brisbane Comprehensive Annual Financial Report

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

	Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
<b>Revenues</b>					
Taxes and special assessments	\$13,072	\$13,836	\$14,143	\$15,941	\$12,546
Intergovernmental	6,639	2,620	1,837	989	43
Licenses, permits, and fees	1,160	742	817	1,285	708
Charges for services	330	277	227	335	185
Fines and forfeitures	113	114	91	89	627
Use of money and property	1,265	863	381	284	231
Other revenues	2,832	2,744	3,771	2,739	2,534
<b>Total Revenues</b>	<b>25,411</b>	<b>21,196</b>	<b>21,267</b>	<b>21,662</b>	<b>16,874</b>
<b>Expenditures</b>					
Current:					
General government	3,873	4,224	3,866	3,561	3,335
Public safety-police	3,330	3,338	3,264	3,165	2,839
Public safety-fire	2,219	2,365	2,424	2,409	2,379
Public works	2,931	2,905	3,000	4,553	2,421
Parks and recreation					
Library	22	25	29	24	670
Capital outlay	9,058	6,853	6,136	992	1,195
Debt service:					
Principal repayment	1,740	1,715	1,810	2,055	2,670
Interest and fiscal charges	2,515	2,616	2,520	2,543	2,436
Bond issuance cost	95	-	87	-	-
<b>Total Expenditures</b>	<b>25,783</b>	<b>24,041</b>	<b>23,136</b>	<b>19,302</b>	<b>17,945</b>
Excess (deficiency) of revenues over (under) expenditures	(372)	(2,845)	(1,869)	2,360	(1,071)
<b>Other Financing Sources (Uses)</b>					
Premium on refunding bonds issued	182	-	-	-	-
Proceeds from sale of property/assets	-	-	-	-	-
Proceeds from long-term debt	4,745	-	2,255	-	-
Discount paid on issuance of debt	(52)	-	(63)	-	-
General Fund advance	(4,589)	-	-	-	-
Transfer in	3,354	3,882	10,043	3,317	3,591
Transfer out	(5,023)	(4,476)	(11,104)	(4,221)	(4,542)
Extraordinary item	-	-	-	-	-
Special item	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,383)</b>	<b>(594)</b>	<b>1,131</b>	<b>(904)</b>	<b>(951)</b>
<b>Net change in fund balances</b>	<b>(\$1,755)</b>	<b>(\$3,439)</b>	<b>(\$738)</b>	<b>\$1,456</b>	<b>(\$2,022)</b>
Debt service as a percentage of noncapital expenditures	26.0%	25.2%	26.0%	25.1%	30.5%

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

**Fiscal Year Ended June 30,**

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$12,659	\$9,607	\$9,501	\$11,258	11,400
26	1,120	360	665	420
1,201	3,429	4,162	3,978	3,234
398	233	2,579	2,090	2,158
797	58	60	40	51
1,741	1,587	1,026	255	269
2,469	3,924	452	1,390	735
<u>19,291</u>	<u>19,958</u>	<u>18,140</u>	<u>19,676</u>	<u>18,267</u>
3,492	3,998	3,570	3,780	4,472
2,699	2,950	3,038	3,611	4,071
2,485	2,314	2,247	2,300	2,586
1,290	2,776	2,473	2,748	2,896
979	25	1,630 A	1,775	1,821
2,883	27	27	28	28
2,883	1,499	1,083	1,232	838
2,324	2,567	16,135	6,938	2,546
2,913	2,012	1,347	1,036	686
-	-	-	-	-
<u>19,065</u>	<u>18,141</u>	<u>31,550</u>	<u>23,448</u>	<u>19,944</u>
<u>226</u>	<u>1,817</u>	<u>(13,410)</u>	<u>(3,772)</u>	<u>(1,677)</u>
-	1,486	1,004	88	-
-	-	-	292	-
-	1,611	63	5,470	-
-	-	-	-	-
-	-	-	-	-
3,110	1,809	1,672	7,800	2,369
(3,081)	(2,856)	(1,946)	(8,740)	(3,371)
2,904	-	-	-	-
-	-	-	-	(4,099)
<u>2,933</u>	<u>2,050</u>	<u>793</u>	<u>4,910</u>	<u>(5,101)</u>
<u>\$3,159</u>	<u>\$3,867</u>	<u>(\$12,617)</u>	<u>\$1,138</u>	<u>(\$6,778)</u>
32.4%	27.5%	57.4%	35.9%	16.9%

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

Fiscal Year	Property Tax <sup>1</sup>	Sales Tax	Gas Tax	Franchise Tax	Transfer Tax	TOT Tax	Business License Tax	Total
2007	\$ 6,249	\$ 4,121	\$ 75	\$ 197	\$ 61	\$ 999	\$ 387	\$ 12,090
2008	6,529	8,957 <sup>2</sup>	74	221	45	1,097	367	17,292
2009	7,019	4,813	69	214	18	942	450	13,524
2010	7,371	5,833	71	202	23	969	465	14,934
2011	6,450	2,978	109	213	32	1,306	734	11,821
2012	3,749	4,637	127	216	35	1,560	607	10,931
2013	3,051	3,029	105	199	47	1,668	2,898	10,998
2014	2,725	2,701	144	334	76	2,038	2,792	10,810
2015	3,163	3,333	118	531	68	2,447	2,746	12,406
2016	3,183	3,843	108	708	75	2,786	2,580	13,283

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

<sup>2</sup> One time Sales Tax correction

Source: City of Brisbane

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

Fiscal Year	City			Taxable Assessed Value
	Secured	Unsecured	Less: Exemptions	
2007	\$ 1,323,842	\$ 227,161	\$ 10,492	\$ 1,540,511
2008	1,364,983	233,517	10,447	1,588,053
2009	1,453,275	239,986	13,192	1,680,069
2010	1,436,460	261,715	12,483	1,685,692
2011	1,384,590	266,187	12,556	1,638,221
2012	1,374,563	220,162	10,864	1,583,861
2013	1,381,723	205,631	10,867	1,576,487
2014	1,408,674	184,241	12,208	1,580,706
2015	1,516,681	180,385	10,908	1,686,157
2016	1,624,974	187,517	12,258	1,800,233

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

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Redevelopment Agency

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Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
\$ 389,391	\$ 83,421	\$ 138	\$ 472,674	1.0612
377,630	81,589	119	459,100	1.0756
418,379	81,359	136	499,602	1.0719
431,382	110,057	65	541,374	1.0783
397,968	111,647	147	509,468	1.0870
378,850	63,986	79	442,756	1.0893
				1.0921
				1.1048
				1.0991
				1.0830

**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	
2007	1.0000	0.0254	0.0174	0.0184	1.0612
2008	1.0000	0.0224	0.0361	0.0171	1.0756
2009	1.0000	0.0221	0.0333	0.0165	1.0719
2010	1.0000	0.0241	0.0360	0.0182	1.0783
2011	1.0000	0.0261	0.0416	0.0193	1.0870
2012	1.0000	0.0272	0.0422	0.0199	1.0893
2013	1.0000	0.0297	0.0430	0.0194	1.0921
2014	1.0000	0.0280	0.0574	0.0194	1.1048
2015	1.0000	0.0271	0.0530	0.0190	1.0991
2016	1.0000	0.0247	0.0583	0.0250	1.1080

**Notes:**

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

Source: California Municipal Statistics

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

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value <sup>1</sup>	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value <sup>2</sup>
Oyster Point Properties Inc.	\$ 107,010	1	6.59%	\$ 105,107	1	7.75%
DCT Valley Dr CA LLP	68,619	2	4.23%	67,654	2	4.99%
IAC San Francisco LLC	59,626	3	3.67%	53,558	5	3.95%
2000 Sierra Point Parkway LLC	44,012	4	2.71%	39,480	7	2.91%
Slough Brisbane LLC	43,498	5	2.68%	20,787	10	1.53%
William D. and C.A. Spencer Trust	41,442	6	2.55%	19,418	11	1.43%
Summit Hospitality 114 LLC	38,590	7	2.38%			
Diamond Marina LLC	31,447	8	1.94%			
Fund VIII 1000 Marina LLC	30,000	9	1.85%			
BMR Bayshore Blvd LLC	24,952	10	1.54%	39,862	6	2.94%
BRE SH Brisbane Owner LLC	20,492	11	1.26%			
Tuntex Properties Inc	19,108	12	1.18%			
Marina Boulevard Property LLC	18,360	13	1.13%			
Barulich Properties LLC	13,451	14	0.83%	12,066	16	0.89%
WVP Bay Tech LLC	12,449	15	0.77%			
Rolling Frito-Lay Sales	12,093	16	0.75%	15,684	13	1.16%
SFPP	11,676	17	0.72%	10,474	17	0.77%
150 Spear Street Associates	11,396	18	0.70%			0.00%
IIT So San Francisco DC LP	10,681	19	0.66%			
AVJOG Investments LLC	10,464	20	0.64%			
Broadway 8000 Marina Fee LLC				54,876	3	4.05%
SRI Seven Marina LLC				32,436	8	2.39%
Brisbane Lodging LP				25,113	9	1.85%
CPI Sage Hotels Brisbane Owner LLC				19,000	12	1.40%
1000 Marina LLC				15,606	14	1.15%
IAC 325 Valley LLC				13,362	15	0.99%
Sierra Hotel Management Corp				10,069	18	0.74%
Northhill Associates LLC				8,728	19	0.64%
Brookfield Northeast Ridge II LLC				8,632	20	0.64%
<b>Total</b>	<b>\$ 629,366</b>		<b>38.77%</b>	<b>\$ 571,912</b>		<b>42.19%</b>

Source:

2016 CA Municipal Statistics  
2007 County Assessor's Roll

\$ 1,623,225

<sup>(1)</sup> 2015-2016 Local Secured Assessed Valuation:

\$ 1,355,549

<sup>(2)</sup> Based on Fiscal Year 2006-07 total gross assessed valuation:



**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 <sup>1</sup>		Collections in Subsequent Years <sup>1</sup>	Total Collections to Date	
		Amount	Percentage		Amount	Percentage
2007	\$ 6,382	\$ 6,382	100%	n/a	\$ 6,382	100%
2008	6,671	6,671	100%	n/a	6,671	100%
2009	7,188	7,188	100%	n/a	7,188	100%
2010	7,751	7,751	100%	n/a	7,751	100%
2011	6,896	6,896	100%	n/a	6,896	100%
2012	2,545 <sup>2</sup>	2,545	100%	n/a	2,545	100%
2013	2,991	2,991	100%	n/a	2,991	100%
2014	2,673	2,673	100%	n/a	2,673	100%
2015	2,838	2,838	100%	n/a	2,838	100%
2016	3,010	3,010	100%	n/a	3,010	100%

<sup>1</sup>Teeter Plan

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

Source: City of Brisbane

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

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Tax Allocation Bonds	Other Long-Term Debt	Utility Revenue Bonds	Capital Leases			
2007	\$ 40,700	\$ -	\$ 4,465	\$ 4,175	\$ 181	\$ 49,521	n/a	\$ 13,118
2008	39,115	-	4,335	4,080	158	47,688	n/a	12,351
2009	39,715	-	4,180	3,980	136	48,011	n/a	12,195
2010	37,910	-	3,930	3,880	113	45,833	n/a	11,478
2011	35,855	13,165	3,630	3,775	90	56,515	n/a	13,198
2012	31,368	-	3,295	3,660	68	38,391	n/a	8,889
2013	29,272	-	4,536	3,590	45	37,443	n/a	8,635
2014	10,237	-	4,086	3,474	22	17,818	n/a	4,064
2015	9,274	-	3,581	12,484	-	25,339	n/a	5,580
2016	7,230	-	3,021	12,314	-	22,565	n/a	4,867

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)

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Fiscal Year	Gross Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percent of Assessed Value <sup>1</sup>	Per Capita
2007	\$ 13,295 <sup>2</sup>	\$ 738	\$ 12,557	0.82%	3326.33%
2008	12,950	723	12,227	0.77%	3166.80%
2009	14,825	885	13,940	0.83%	3540.64%
2010	14,270	850	13,420	0.80%	3360.86%
2011	13,505	656	12,849	0.78%	3000.81%
2012	12,695	658	12,037	0.76%	2786.92%
2013	12,489	472	12,017	0.76%	2771.37%
2014	11,706	357	11,350	0.72%	2588.85%
2015	11,084 <sup>3</sup>	307	10,777	0.64%	2373.37%
2016	10,139	236	9,903	0.55%	2135.94%

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

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

<sup>2</sup> Pension Obligation Bonds

<sup>3</sup> Restated

**City of Brisbane**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2016**  
(amounts expressed in thousands)

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Overlapping Tax and Assessment Debt:</b>			
San Mateo Community College District	\$ 644,384,027	1.014%	\$ 6,534,054
Jefferson Union High School District	183,678,786	10.407%	19,115,451
Bayshore School District	5,790,000	22.506%	1,303,097
Brisbane School District	6,255,437	67.052%	4,194,396
City of Brisbane 1915 Act Bonds	2,505,000	100.000%	2,505,000
<b>Total Gross Overlapping Tax and Assessment Debt</b>			<b>33,651,998</b>
<b>Direct and Overlapping General Fund Debt:</b>			
San Mateo County General Fund Obligations	\$ 432,359,816	1.014%	\$ 4,384,129
San Mateo County Board of Education Certificates of Participation	9,890,000	1.014%	100,285
Jefferson Union High School District General Fund Obligations	1,580,000	10.407%	164,431
City of Brisbane General Fund Obligations	6,915,000	100.000%	6,915,000
City of Brisbane Pension Obligations Bonds	3,021,000	100.000%	3,021,000
<b>Total Direct and Overlapping General Fund Debt</b>			<b>\$ 14,584,844</b>
<b>Overlapping Tax Increment Debt (Successor Agency):</b>			
Tax Allocation Bonds	\$ 14,485,000	100.000%	\$ 14,485,000
Revenue Bonds	406,626	100.000%	406,626
			<b>\$ 14,891,626</b>
Total Direct Debt			\$ 9,936,000
Total Overlapping Debt			\$ 53,192,469
<b>Combined Total Debt</b>			<b>\$ 63,128,468.04</b> <sup>1</sup>

<sup>1</sup> 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			
	2007	2008	2009	2010
Debt Limit	\$ 42,144	\$ 44,433	\$ 63,251	\$ 63,682
Total net debt applicable to limit	13,114	12,800	13,940	13,420
Legal debt margin	\$ 29,030	\$ 31,633	\$ 49,311	\$ 50,262
Total net debt applicable to the limit as a percentage of debt limit	31.12%	28.81%	22.04%	21.07%

Legal Debt Margin Calculation for Fiscal Year 2016:

Assessed value<sup>1</sup>

Add back: exempt real property<sup>1</sup>

Total assessed value<sup>1</sup>

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.

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

City of Brisbane has no general obligation bonds.

Fiscal Year Ending					
2011	2012	2013	2014	2015	2016
\$ 61,904	\$ 59,802	\$ 59,526	\$ 59,474	\$ 63,551	\$ 67,829
12,849	12,037	12,017	11,350	10,777	9,903
<u>\$ 49,055</u>	<u>\$ 47,765</u>	<u>\$ 47,509</u>	<u>\$ 48,124</u>	<u>\$ 52,774</u>	<u>\$ 57,926</u>
20.76%	20.13%	20.19%	19.08%	16.96%	14.60%

1,694,694	1,808,762
-	-
1,694,694	1,808,762
63,551	67,829
11,084	10,139
307	236
10,777	9,903
52,774	57,926

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

Utility Revenue Bonds								
Fiscal Year		Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Requirements			Coverage %
					Principal	Interest	Total	
2014-2015	A	\$ 5,539	\$ 3,886	\$ 1,653	\$ -	\$ -	\$ -	
2015-2016		5,353	4,590	763	170	241	411	185.75%

(A) In fiscal year 2015, the City issued 2015 Utility Revenue Bonds. Therefore, only two years of information is presented. Fiscal Year 2014-2015 was corrected to reflect there were no payments due in the year of issuance.

Installment Sales Agreement								
Fiscal Year		Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Requirements			Coverage %
					Principal	Interest	Total	
2014-2015	A	\$ 1,546	\$ 1,488	\$ 58	\$ -	\$ -	\$ -	
2015-2016		1,693	1,647	46	-	118	118	38.99%

(A) In fiscal year 2015, the City entered into a 2015 Installment Sale Agreement. Therefore, only two years of information is presented. Fiscal Year 2014-2015 was corrected to reflect there were no payments due in the first year. Principal payments commence in the third year.

**City of Brisbane**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population <sup>3</sup>	Personal Income (in millions) <sup>2</sup>	Per Capita Personal Income <sup>2</sup>	Labor Force <sup>1</sup>	Unemployment Rate <sup>1</sup>
2007	3,775	\$ 50,610	\$ 72,941	370,100	3.8%
2008	3,861	49,417	70,211	373,000	4.8%
2009	3,937	46,681	65,414	374,100	8.4%
2010	3,993	47,947	66,629	374,900	8.8%
2011	4,282 <sup>4</sup>	50,597	69,577	383,300	7.9%
2012	4,319	58,666	79,420	388,500	7.1%
2013	4,336	59,710	79,893	397,500	5.4%
2014	4,384	n/a	n/a	403,600	5.4%
2015	4,541	n/a	n/a	431,300	4.2%
2016	4,636	n/a	n/a	442,000	3.4%

Notes:

<sup>1</sup> Source: State of California Employment Development Department, San Mateo County

<sup>2</sup> Source: California Labor Market Info for San Mateo County. Data not available for 2014, 2015 and 2016

<sup>3</sup> Source: California Department of Finance

<sup>4</sup> 2010 U.S. Census



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

Employer	2016 <sup>1</sup>			2007 <sup>2</sup>		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Bebe	386	1	4.49%	177	11	2.67%
Monster Cable Products Inc	330	2	3.83%	557	1	8.41%
Expeditors Intl of WA Inc	311	3	3.61%	223	7	3.37%
Bi-Rite Foodservice Distributors	300	4	3.49%	264	6	3.99%
Ultragenyx Pharmaceutical Inc	300	4	3.49%			
Cutera Inc	232	6	2.70%			
Ebay Inc	230	7	2.67%			
F.W. Spencer	200	8	2.32%			
Novitex Enterprise Solutions	174	9	2.02%			
RealReal Inc The	170	10	1.98%			
Fong Brothers Printing	150	11	1.74%	190	10	2.87%
Greenleaf	150	11	1.74%			
Leemah Electronics Inc	150	11	1.74%			
Vox Network Solutions Inc	150	11	1.74%			
Mode Media Corporation	148	15	1.72%			
SFO Apparel	140	16	1.63%			
Stella & Dot LLC	128	17	1.49%			
Caredx	106	18	1.23%			
Lincoln Broadcasting Co	100	19	1.16%	120	13	1.81%
Norman Wright Mech Equipment	90	20	1.05%			
Bayporter Express Inc	85	21	0.99%			
Frito Lay	85	21	0.99%			
Hitachi America LTD	82	23	0.95%	107	14	1.62%
Aircraft Technical Publishers	76	24	0.88%			
Dolby Laboratories	76	24	0.88%			
Sunset Scavenger Co/Recology				350	2	5.29%
Sheng Kee of California Inc	61	n/a	0.71%	306	3	4.62%
Vaxgen Inc				295	4	4.45%
VWR Corporation				285	5	4.30%
IGN Entertainment Inc				215	8	3.25%
Intermune				195	9	2.94%
Shopping.com (California) Inc				175	12	2.64%
Total Employment (Est.)	8,605			6,622		

Source:

<sup>1</sup> Muniservices, LLC (City of Brisbane Business License process partner)

<sup>2</sup> City of Brisbane Business License data (self reporting)

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

	June 30			
	2007	2008	2009	2010
<b>Function:</b>				
General government	12.01	13.01	14.01	13.55
Public safety:				
Police	20.61	20.61	20.61	17.99
Fire	13.00	13.00	13.00	10.00
Public works and Municipal Utilities	22.50	22.50	22.50	23.00
Community development	5.90	5.90	5.90	5.90
Parks and recreation	18.88	19.20	19.20	12.05
Marina	6.25	6.25	6.25	12.15
<b>Total</b>	<u>99.15</u>	<u>100.47</u>	<u>101.47</u>	<u>94.64</u>

Source: City of Brisbane Base Budget

June 30					
2011	2012	2013	2014	2015	2016
11.25	10.89	10.79	11.65	12.05	12.55
15.11	15.11	14.11	15.11	17.11	18.11
10.00	10.00	10.00	10.00	10.00	10.00
16.00	16.00	16.10	14.00	15.00	17.00
4.90	4.40	3.80	3.90	5.40	5.40
11.55	12.80	12.80	18.83	18.83	19.83
12.15	12.76	11.78	5.75	7.25	7.25
80.96	81.96	79.38	79.24	85.64	90.14

**City of Brisbane**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year			
	2007	2008	2009	2010
<b>Police</b>				
Response time to :				
Extreme Emergencies	4:27	4:22	4:26	4:26
Emergencies	4:22	3:51	4:12	3:48
Non-Emergencies	6:46	6:16	6:14	5:50
<b>Fire</b>				
Number of calls answered	586	653	618	663
Number of inspections	535	533	471	449
<b>Public Works:</b>				
Percent of tripping hazards corrected within 1 month	100	100	100	100
Percent of damaged street signs replaced within 1 month	100	100	100	100
Percent of facilities maintained relative to Maintenance Program	100	100	100	100
Number of Building and Park Maintenance service requests received				
Number of Graffiti on Public Property requests for service				
Number of Sidewalk Maintenance/Trip Hazard service requests				
Number of Street Tree service requests				
Number of Street-Sign/Light/Traffic Signal service requests				
Number of Weeds, Trash and Debris on Public Property service requests				
<b>Water</b>				
Total Water Purchased			302,631 ccf	276,478ccf
Number of main breaks and repairs			1	2
Number of service breaks (public side of meter) and repairs			7	1
Percentage of water samples that pass health standards	100	100	100	100
Percentage of water storage tanks cleaned and inspected	100	100	100	100
Percentage of reported broken water meters replaced	100	100	100	100
Percentage of backup emergency generators inspected and tested at critical water facilities			100	100
Percentage of known water main valves exercised			100	100
<b>Sewer</b>				
Average Daily sewage flow (thousands of gallons)	353	352	334	340
Total annual sewage flow				
Number of public sewer main blocks/breaks				15
Number of private lateral blocks/breaks that City responds to				
Percentage of public sewer blockages cleared within:				
4 hours	100	100	100	100
12 hours	100	100	100	100
<b>Community Development:</b>				
Total permit valuation (\$000)	10,155	15,513	6,613	9,890
<b>Parks and Recreation:</b>				
Community/Special Events (Concerts in the Park, Festival of Lights, etc) number of events	6	4	9	6
Sports Programs (e.g. basketball, softball): number of sports				
Youth	15	13	12	13
Adult	2	2	2	3
Classes: (number of programs)				
Adult	10	8	7	11
Youth	5	3	2	4
Youth & Adult	3	4	2	separated
Child Care programs (Average Enrollment):				
Preschool	13	16	17	20
Afterschool	62	44	63	64
Day Camps (Average Enrollment)	59	56	60	67
Spring				
Summer				
Winter				
Teen Programs (number of programs)	15	7	9	7
Aquatic programs (Enrollment/attendance):				
Summer swim lessons	852	909	812	778
Water aerobics	96	65	29	9/day
Senior Center (Enrollment/attendance)	184	198		37/week
Programs				8
All programs			73	64
<b>Rentals</b>				
Community Center				
Mission Blue				
Community Park				
Fields				

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

Fiscal Year					
2011	2012	2013	2014	2015	2016
3:07	3:31	4:12	4:53	4:33	4:31
6:28	3:37	3:57	4:04	4:25	4:11
9:07	6:10	6:25	4:52	6:06	5:18
619	667	670	706	713	751
558	423	429	493	382	378
100					
100					
100					
	77	141	140	166	146
	1	3	6	12	7
	5	13	10	14	14
	21	32	37	38	70
	30	49	29	82	94
	20	43	42	66	78
275,884ccf	280,650ccf	287,290 ccf	302,776 ccf	279,815 ccf	257,414 ccf
1	3	2	4	2	0
3	9	2	6	2	3
100	100	100	100	100	97
100	100	100	0	0	100
100	100	100	100	100	100
100	100	100	100	100	100
100	58	27	50	44	28
356	326	319	303	346	379
173,925ccf	159,052ccf	155,534ccf	147,836 ccf	168,651 ccf	185,044 ccf
10	12	3	3	3	4
			18	25	15
100	100	100	95	100	100
100	100	100	95	100	100
5,424	9,101	18,459	19,083	16,811	22,222
6	6	6	11	17	26
13	14	14	19	10	10
3	3	3	3	2	2
10	12	8	8	10	10
7	5	8	11	4	7
20	20	20	20	20	25
66	69	82	101	103	101
60					
	33	35	39	35	36
	56	45	45	50	44
	27	23	25	24	29
5	9	0	0	4	3
780	579	611	466	551	514
7/day	6/day	10/day	10/day		11/day
37/week	38/week	37/week	37/week	55/ week	46/ week
7	7	6	6	6	5
64	61	53	66		
				15	17
				37	26
				146	135
				5	8

# City of Brisbane

## Capital Asset Statistics by Function

### Last Ten Fiscal Years

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

<sup>1</sup> Source: 2001 Brisbane Open Space Plan

Fiscal Year				
2012	2013	2014	2015	2016
1	1	1	1	1
5	5	5	5	5
1	1	1	1	1
3	3	3	3	3
23	23	23	23	23
790	790	790	791	791
80,712	80,712	80,712	80,712	80,712
132,830	132,830	132,830	132,830	132,830
2.9	2.9	2.9	2.9	2.9
57.98	57.98	57.98	57.98	57.98
15	15	15	15	15
1	1	1	1	1
184.68	184.68	184.68	184.68	184.68
127.75	127.75	127.75	127.75	127.75



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