



CITY OF  
**BRISBANE**  
CALIFORNIA



Comprehensive Annual  
Financial Report

For Fiscal Year Ended June 30, 2018



**CITY OF BRISBANE**  
**CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

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For the Year Ended June 30, 2018  
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## CITY OF BRISBANE

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Brisbane, California 94005-1310  
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December 7, 2018

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, 2018. 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 organized and presented in three major sections:

- The **Introductory Section** includes this transmittal letter, the City's organizational chart and a list of the City's principal officials. This section is intended to familiarize the reader with the organizational structure of the City, the nature and scope of services it provides, and the specifics of its legal operating environment.
- The **Financial Section** includes the independent auditor's report, management's discussion and analysis, basic financial statements, notes to the basic financial statements, required supplementary information and supplementary information on non-major funds. The basic financial statements include the government-wide financials that present an overview of the City's entire financial operations and the fund financial statements that present the financial information for each of the City's major funds, non-major governmental and other funds.



- The **Statistics Section**, which is unaudited, includes selected financial, economic, demographic and operational 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. Traditionally, two Council members were elected in November of one odd-numbered year and three were elected in the following odd-numbered year. However, based on a recent change to State Law to hold elections on even-numbered years, the City Council agreed in June 2017 to consolidate the City's general municipal elections with the statewide election date commencing November 2020. As a result, terms will be shortened to three years for one term for those elected in November 2017 and 2019. Each year the Council selects the Mayor from its members by majority vote. The City Manager is appointed by and serves at the pleasure of the City Council. As the administrative head of the government of the City, the City Manager is responsible for implementing the policy decisions of the City Council and supervising all operations of city government. The City Attorney is appointed by the City Council.

All department heads are appointed and serve under the administrative direction of the City Manager. All other officers and employees of the City are appointed by department heads.

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 slightly over 63 % of all Sales Tax collected.

A business license tax for recycling businesses was established in November 2011. In November 2017, Measure E was passed by voters which increased the business license tax on recycling establishments. The tax increased the maximum tax to \$4,000,000 per year, with increases thereafter based on an inflationary formula.

Another business license tax was enacted November 2013, specifically for liquid storage tanks. Subsequent to June 30, 2018, the City has reached a settlement with SFPP doing business as Kinder Morgan in regards to a lawsuit brought on to challenge the methodology of this business tax. The agreement proposes to change the basis for the tax from a cubic foot of storage space to the basis of per gallon of delivered fuel. This change is expected to be presented to the voters at the November 2019 election.

In November 2017, Measure D was passed by voters which created a new business license tax for soils processing businesses. The measure authorizes a tax of a minimum of 20% of gross receipts or \$200,000. The minimum is set to increase by CPI each year.

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 development of this parcel is expected to take place over the next 30 years. In November 2018, Brisbane voters were asked to decide

on Measure JJ which would amend the City's General Plan related to the Baylands. The Amendment would allow for a range of 1,800 to 2,200 residential units and up to 7 million square feet of new commercial development. The Amendment also would require the preparation of a Specific Plan for the entire site to address several policies, including: requiring the future development be revenue positive for the City; comply with the highest remediation standard for ground level residential uses; secure an adequate water supply; and incorporate sustainability principles. Measure JJ passed but is only the first step on a long path. Next steps are for the developer to prepare and submit the Specific Plan to the City for consideration. The Specific Plan will be subject to extensive review and public hearings before the City's Planning Commission and City Council. The City will also be developing a Development Agreement between the Developer and the City to ensure all City's needs are met.

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, a facility maintenance fund, set money aside in a Trust for its Other Post-Employment Benefits, and set aside additional monies in a rate stabilization Trust for its Pension Benefits unfunded liabilities.

Health Care Properties has begun construction on a five-building biotech development on Sierra Point. Additionally, another site in the area has recently been purchased by another biotech development company. As these two sites finish construction in the next few years, it will leave only one undeveloped site on Sierra Point – a hotel site currently owned by Universal Paragon Corporation.

#### 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 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. In this past year, the Successor Agency to the City of Brisbane was granted its Last and Final ROPS going forward into the year 2029.

The City Council also updated its Fund Balance Policy for the General Fund. 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.

### Debt Administration

The City updated its debt policy this past year to further comply with California SB 1209 enacted in September 2016 which mandates tracking of borrowings and bond proceed spending in an effort to increase transparency and improve public knowledge. As a debt issuer, the City must annually report to the state on its proposed and outstanding debt, and its policy must include specific guidelines including purpose of debt, types of debt allowed, relationship of the debt to capital improvement programs or its budget, policy goals, and internal controls surrounding debt administration. The City's practice is that debt should be used as part of long-term strategy to match the expected life of capital projects with its financing or to reduce the current costs of the City allowing more flexibility in City decision making.

### 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 has implemented compensating controls where needed.

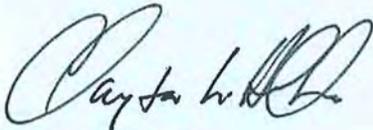
**AWARDS & ACKNOWLEDGEMENTS**

For many years, the City received the Certificate of Achievement for Excellence in Financial Reporting from GFOA. Although the City discontinued applying for the award during the recent recession years due to budgetary constraints, we continue to maintain the same quality in this year's report.

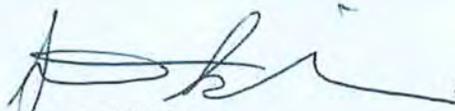
The preparation and development of this report would not have been possible without the year-round efficiency of the Department of Finance staff and their special efforts, working in conjunction with the City's independent auditors, to produce this document. We would like to take this opportunity to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

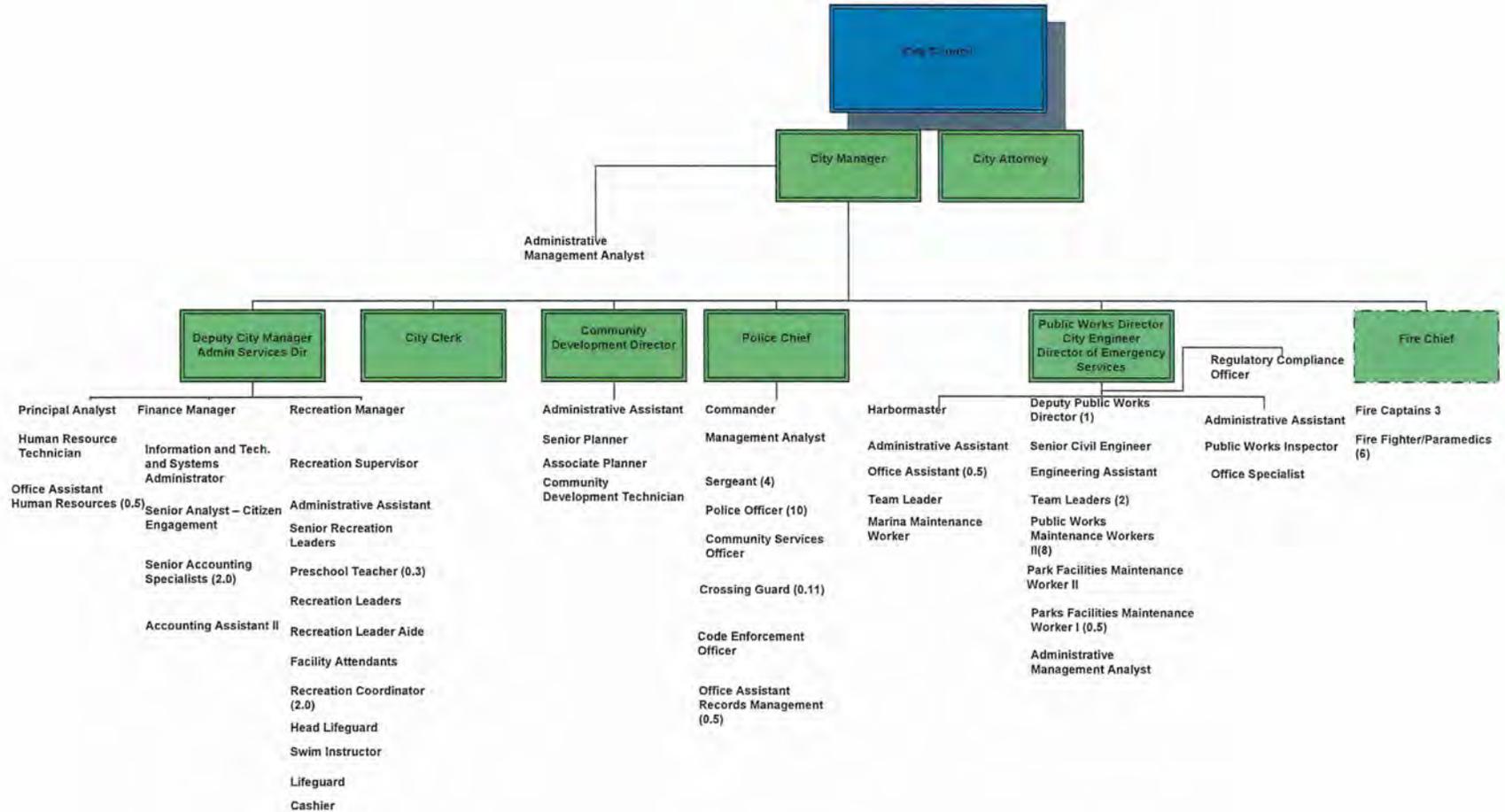


Clayton L. Holstine  
City Manager



Stuart Schillinger  
Administrative Services Director

# City of Brisbane Organizational Chart FY 2017/18



## **CITY OF BRISBANE**

**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  
For the Year Ended June 30, 2018**

### **CITY COUNCIL/BOARD MEMBERS**

W. Clarke Conway, Mayor / Board Chairman  
Madison Davis, Mayor Pro Tem / Board Vice-Chairman  
Karen Cunningham, Council Member / Board Member (from 12/2017)  
Cliff R. Lentz, Council Member / Board Member  
Terry O'Connell, Council Member / Board Member  
Lori S. Liu, Mayor / Board Chairman (to 12/2017)

### **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

Ingrid Padilla  
City Clerk

## INDEPENDENT AUDITOR'S REPORT

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

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brisbane (City), California, as of and for the year ended June 30, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which became effective during the year ended June 30, 2018 and required a prior period adjustment to the financial statements and required the restatement of net position as discussed in Note 1M.

The emphasis of this matter 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, Supplementary 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 Supplementary 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 Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California  
December 7, 2018

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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, 2018. 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 v-x of this report.

### ***FINANCIAL HIGHLIGHTS***

- The assets and deferred outflows of the City of Brisbane increased by \$5.5 million, or 4.1%, to \$139.7 million, of which \$91.6 million represents governmental assets and \$48.2 million represents business-type assets.
- As of June 30, 2018, the City's total liabilities and deferred inflows increased by \$6.6 million, or 12.7%, to \$58.6 million, of which \$43.4 million represents governmental liabilities and \$15.1 million represents business-type liabilities.
- The assets of the City exceed its liabilities by \$81.1 million (net position). Of this amount, \$305.3 thousand represents unrestricted net position which may be used to meet the government's ongoing obligations to constituents through programs, creditors or to make payments towards unfunded retirement liabilities.
- The total net position decreased by \$1.1 million.
- At the close of the current fiscal year, the City of Brisbane's governmental funds reported combined fund balances of \$19.7 million. Approximately 36% of this amount \$7 million is available for spending at the government's discretion (unassigned fund balance).
- City-wide revenue increased by \$5.1 million, or 19%, to \$32.1 million, of which \$22.2 million were generated by governmental activities and \$9.9 million were generated by business-type activities.
- City-wide expenses increased by \$3.0 million, or 11%, to \$30.1 million, of which \$23.2 million were generated by governmental activities and \$7 million were generated by business-type activities.
- The City implemented Governmental Accounting Standards Board (GASB) Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions this year. This provides additional information about the City's postemployment benefit liabilities and regulates what needs to be reported on the Statement of Net Position, the notes and Required Supplemental Information.

## 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), cost allocation of city-wide assets (vehicles and facility maintenance) and risk management (workers compensation 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 Service 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 - 91 of this report.

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

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 109 - 139 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	
	2018	2017	2018	2017	2018	2017
Current Assets	\$ 24,335	\$ 22,459	\$ 13,320	\$ 10,304	\$ 37,655	\$ 32,763
Capital assets	55,676	55,931	31,904	32,540	87,580	88,471
Other non-current assets	4,680	5,395	2,403	2,429	7,083	7,824
Total assets	<u>\$ 84,691</u>	<u>\$ 83,785</u>	<u>\$ 47,627</u>	<u>\$ 45,273</u>	<u>\$ 132,318</u>	<u>\$ 129,058</u>
Deferred Outflows	\$ 6,846	\$ 4,788	\$ 546	\$ 368	\$ 7,392	\$ 5,156
Current liabilities	\$ 4,244	\$ 4,416	\$ 1,749	\$ 1,713	\$ 5,993	\$ 6,129
Non-current liabilities	35,558	30,317	12,965	13,182	48,524	43,499
Total liabilities	<u>\$ 39,803</u>	<u>\$ 34,733</u>	<u>\$ 14,714</u>	<u>\$ 14,895</u>	<u>\$ 54,517</u>	<u>\$ 49,628</u>
Deferred Inflows	\$ 3,626	\$ 2,218	\$ 422	\$ 109	\$ 4,049	\$ 2,327
Net position:						
Net investment in capital assets,	\$ 43,424	\$ 44,304	\$ 28,342	\$ 29,708	\$ 71,766	\$ 74,012
Restricted	8,314	6,373	759	759	9,073	7,132
Unrestricted	(3,630)	945	3,936	170	305	1,115
Total net position	<u>\$ 48,108</u>	<u>\$ 51,622</u>	<u>\$ 33,037</u>	<u>\$ 30,637</u>	<u>\$ 81,144</u>	<u>\$ 82,259</u>

For more detailed information see the Statement of Net Position (page 15).

Over time, net position may serve as a useful indicator of a government's financial position. In the case of the City of Brisbane, assets exceeded liabilities by \$81.8 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position, \$87.6 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, \$9.1 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, 2018, the City is reporting a negative balance in Unrestricted net position of governmental activities as a result of the Capital Projects Fund and several Non-Major funds having a negative balance. City-wide however, there is a positive net position.

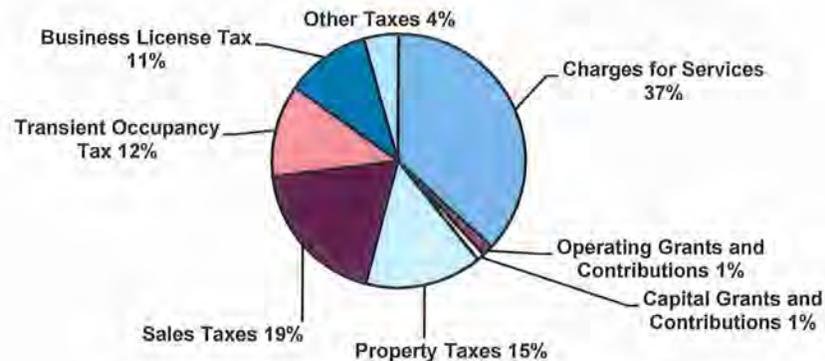
**Government-wide  
Statement of Activities  
As of June 30,  
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 9,056	\$ 7,691	\$ 10,291	\$ 7,422	\$ 19,347	\$ 15,113
Operating contributions and grants	342	209	-	-	342	209
Capital contributions and grants	238	152	-	456	238	608
Total program revenues	9,636	8,052	10,291	7,878	19,928	15,930
<b>General revenues:</b>						
Property taxes	3,662	3,342	81	30	3,743	3,372
Sales taxes	4,679	4,409			4,679	4,409
Transient occupancy tax	2,886	2,768			2,886	2,768
Other taxes	1,118	1,423			1,118	1,423
Total taxes	12,345	11,942	81	30	12,426	11,972
Investment earnings (loss)	106	100	(387)	(574)	(281)	(474)
Other revenue	23	14			23	14
Total revenues	\$ 22,110	\$ 20,108	\$ 9,985	\$ 7,334	\$ 32,095	\$ 27,442
<b>Expenses:</b>						
General government	\$ 7,446	\$ 5,718	\$ -	\$ -	\$ 7,446	\$ 5,718
Public safety - police	5,227	4,760	-	-	5,227	4,760
Public safety - fire	3,576	2,812	-	-	3,576	2,812
Public works	3,883	3,734	-	-	3,883	3,734
Parks and recreation	2,388	2,338	-	-	2,388	2,338
Interest on long-term debt	630	433	-	-	630	433
Water			1,966	1,805	1,966	1,805
Sewer			1,588	1,638	1,588	1,638
Guadalupe Valley Municipal Improvement District			1,814	1,999	1,814	1,999
Marina			1,661	1,939	1,661	1,939
Total expenses	\$ 23,151	\$ 19,795	\$ 7,029	\$ 7,381	\$ 30,180	\$ 27,176
Increase/decrease in net assets before transfers	\$ (1,040)	\$ 313	\$ 2,956	\$ (47)	\$ 1,916	\$ 266
Transfers	120	5	(120)	(5)	-	-
Special items			-	-	-	-
Increase/decrease in net assets	(921)	318	2,836	(52)	1,916	266
Net assets - beginning of year	51,622	51,304	30,200	30,689	81,822	81,993
Restatement for FY2018	(2,594)				(2,594)	
Net assets - end of year	\$ 48,107	\$ 51,622	\$ 33,036	\$ 30,637	\$ 83,738	\$ 82,259

**Governmental activities.** Program revenues generated 44% 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 10%. 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 6% over the prior year. Hotel taxes (transient occupancy) increased by 4% reflecting another year of a healthy business climate.

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

## Resources by Source - Governmental Activities



**Business-type Activities.** Business-type net position accounts for 40% of the City's total net position and showed an increase over prior year.

- Program revenues increased by 39% due to one-time charges for installation services by a multi-building development and the completion of the marina dredging project bringing in more berth rentals.
- Expenses decreased by 5% due to moving several Marina personnel positions to governmental activities and due to less costs due to the completion of the dredging project.

## 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, 2018, the City's Governmental Funds reported combined Fund Balances of \$19.7 million, an increase of \$1.7 million compared with last year.

The Governmental Fund revenue increased \$1.5 million from the prior year. Taxes and special assessments and charges for services increased while Licenses, permits and fees decreased. The number and selling price of real estate in the City continued to increase during the past year. The healthy economy for construction continues to increase sales tax collections. There was also a \$200 thousand one-time increase in Public Arts contributions from developers.

Governmental Fund expenditures increased by \$3.0 million. Governmental Funds picked up several personnel positions from the Marina enterprise fund. In the past year, there was an increase in overtime and related costs for both police and fire safety divisions due to staff back-fill for personnel on leave or called to emergency services.

**General Fund** – The General Fund ended the year with a fund balance of \$11.5 million. Of this amount, \$2.8 million is nonspendable including: Encumbrances, Advances to Other Funds, and Loans Receivables. The Unassigned portion of the Fund Balance is \$8.6 million. The General Fund's reserves still exceed the Council's policy of 50% of its expenditures in reserves.

The City's tax revenues increased \$780 thousand, or 7%, over prior year, including an increase of \$320 thousand in property taxes, an increase in \$270 thousand in sales taxes and an increase of Transient Occupancy by \$117,600, over the prior year.

General Fund expenditures increased by \$2.0 million. As previously mentioned, this increase reflects significant overtime in police and fire, and the transfer of Marina positions to public works. In addition to salary costs, related are increases in the cost of pension, health care and other benefits.

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

**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 \$5.9 million. This was an increase of \$4.1 million mainly because of one-time charges of \$1.9 million for installation services by a multi-building development and the increase in utility services.

*Marina Fund* –FY 2017/18 saw operating income of \$546 thousand. Berth rentals picked up after the completion of the marina dredging project, as well as decreases in related expenses. The advance from the General Fund of \$317 thousand for debt service also contributed to Other Revenues.

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

At mid-year, revenue estimates were increased \$594,000 as the first two quarters of taxes came in higher than projected. At mid-year, salary expenses were increased \$776,000 to reflect unexpected overtime and related costs. Originally we projected the use of \$1.5 million from reserves (fund balance) to balance the budget. The reduction to fund balance was increased to \$1.7 million at mid-year. The actual revenue came in \$2.1 million over the final budget and expenses came in \$449,000 over budget leaving a decrease to fund balance of \$558,000.

#### **CAPITAL ASSETS**

The City of Brisbane's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$87.6 million (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and structures, machinery and equipment, infrastructure (streets, lighting, traffic signals), park facilities, sewer and water infrastructure (water tanks, sewer lift stations, pipes, force mains), and the marina. The total decrease in the investment in capital assets for the current fiscal year was \$860,000. This reflects the demolition of the teen center and disposal of various public works vehicles and first year of depreciation for items transferred from construction in progress.

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

- Purchase of a Wildland urban fire vehicle
- Purchase of a Vactor Combination Truck
- Enhanced Surveillance System for City Hall, Marina and other city properties
- Implementation of Roof Mounted Photovoltaic System was initiated

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
	<b>Non-depreciable assets:</b>					
Land and Artwork	\$ 14,443	\$ 14,437	\$ 648	\$ 648	\$ 15,091	\$ 15,085
Construction in progress	505	128	-	17	145	145
Total non-depreciable assets	14,948	14,565	648	665	15,236	15,230
<b>Depreciable assets:</b>						
Land improvements	6,333	6,333	12,309	12,309	18,642	18,642
Buildings and structures	17,538	17,655	9,527	9,527	27,065	27,182
Machinery and equipment	4,008	3,687	859	822	4,867	4,509
Infrastructure	31,758	31,758	32,245	32,245	64,003	64,003
Total depreciable assets	59,637	59,434	54,940	54,903	114,577	114,336
Less accumulated depreciation	(18,908)	(18,068)	(23,685)	(23,028)	(42,593)	(41,096)
Total depreciable assets, net	40,729	41,366	31,255	31,874	71,984	73,241
<b>Total capital assets</b>	<b>\$ 55,677</b>	<b>\$ 55,931</b>	<b>\$ 31,903</b>	<b>\$ 32,540</b>	<b>\$ 87,220</b>	<b>\$ 88,471</b>

Additional information on the City of Brisbane's capital assets can be found in note 6 on pages 52 - 53 of this report.

**DEBT ADMINISTRATION**

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$21.2 million. Of this amount, \$3.5 million comprises debt backed by the full faith and credit of the government. The remaining debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
	Pension obligation bonds	\$ 1,726	\$ 2,406	\$ -	\$ -	\$ 1,726
Revenue bonds	8,032	6,718	11,266	11,890	19,298	18,608
Energy conservation loan	127	149	-	-	127	149
Capital lease	-	-	83	-	83	-
<b>Total</b>	<b>\$ 9,886</b>	<b>\$ 9,273</b>	<b>\$ 11,349</b>	<b>\$ 11,890</b>	<b>\$ 21,235</b>	<b>\$ 21,163</b>

The total debt increased by \$123 thousand during the current fiscal year. The Brisbane Public Financing Authority's 2005 Series A bonds matured and the City refinanced the Brisbane Public Financing Authority's 2009 Series A bonds to take advantage of lower interest rates. The City also entered into a \$1.7 million loan agreement with the County of San Mateo to fund a portion of the construction of its new library.

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 54 - 61.

**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 development of this parcel is expected to take place over the next 30 years. In November 2018, Brisbane voters passed a measure that would amend the City's General Plan to allow for a range of 1,800 to 2,200 residential units and up to 7 million square feet of new commercial development. Next steps include the developer to prepare and submit the Specific Plan for the site to the City for consideration. The City will also be developing a Development Agreement between the Developer and the City. 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.

There are sites within City limits that have been purchased by biotech development companies. One site at Sierra Point will contain a five-building biotech complex and construction began in FY17/18.

The City and the area has recovered from the recession and continues to see increases in revenues, including sales taxes and property taxes.

### ***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 Marina Enterprise Fund.

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, 2018

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments available for operations (Note 3)	\$18,899,553	\$8,581,428	\$27,480,981
Restricted cash and investments (Note 3)	218,554	3,963,250	4,181,804
Accounts receivable	3,583,309	1,103,727	4,687,036
Taxes receivable	1,213,242	92	1,213,334
Internal balance (Note 4D)	371,320	(371,320)	
Accrued interest	40,454	42,774	83,228
Other assets	8,566		8,566
Noncurrent assets:			
Loans receivable, net (Note 5)	4,679,800	2,403,386	7,083,186
Capital assets (Note 6):			
Non-depreciable	14,947,875	647,865	15,595,740
Depreciable, net	40,728,386	31,255,732	71,984,118
Total Assets	<u>84,691,059</u>	<u>47,626,934</u>	<u>132,317,993</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows (Note 9)	6,225,520	441,729	6,667,249
OPEB related deferred outflows (Note 10)	619,997	104,402	724,399
Total Deferred Outflows of Resources	<u>6,845,517</u>	<u>546,131</u>	<u>7,391,648</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	868,993	559,191	1,428,184
Accrued payroll	265,146	23,442	288,588
Interest payable	68,121	260,610	328,731
Deposits	1,374,965	195,013	1,569,978
Claims payable - due within one year (Note 11)	377,100		377,100
Compensated absences - due within one year (Note 1F)	230,543	20,045	250,588
Long-term debt - due within one year (Note 7)	759,243	690,819	1,450,062
Unearned revenue	300,000		300,000
Noncurrent liabilities:			
Claims payable - due in more than one year (Note 11)	1,037,143		1,037,143
Compensated absences - due in more than one year (Note 1F)	691,630	60,135	751,765
Net pension liability (Note 9)	19,711,708	1,406,598	21,118,306
Net OPEB liability (Note 10)	4,991,499	840,524	5,832,023
Long-term debt - due in more than one year (Note 7)	9,126,516	10,657,834	19,784,350
Total Liabilities	<u>39,802,607</u>	<u>14,714,211</u>	<u>54,516,818</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows (Note 9)	1,734,671	103,794	1,838,465
OPEB related deferred inflows (Note 10)	1,891,722	318,551	2,210,273
Total Deferred Inflows of Resources	<u>3,626,393</u>	<u>422,345</u>	<u>4,048,738</u>
<b>NET POSITION (Note 8)</b>			
Net investment in capital assets	43,424,111	28,341,847	71,765,958
Restricted for:			
Pension and employee benefits program	114,033		114,033
Capital projects	3,436,275	758,885	4,195,160
Debt service	1,762,535		1,762,535
Specific projects and programs	3,001,084		3,001,084
Total Restricted Net Position	<u>8,313,927</u>	<u>758,885</u>	<u>9,072,812</u>
Unrestricted	(3,630,462)	3,935,777	305,315
Total Net Position	<u>\$48,107,576</u>	<u>\$33,036,509</u>	<u>\$81,144,085</u>

See accompanying notes to financial statements

CITY OF BRISBANE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

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	\$7,446,316	\$6,516,801	\$202,855	\$88,092	(\$638,568)		(\$638,568)
Public safety - police	5,226,934	57,815	139,416		(5,029,703)		(5,029,703)
Public safety - fire	3,576,362	713,582			(2,862,780)		(2,862,780)
Public works	3,883,475	1,179,630		150,000	(2,553,845)		(2,553,845)
Parks and recreation	2,387,734	588,177			(1,799,557)		(1,799,557)
Interest on long-term debt	629,788				(629,788)		(629,788)
<b>Total Governmental Activities</b>	<b>23,150,609</b>	<b>9,056,005</b>	<b>342,271</b>	<b>238,092</b>	<b>(13,514,241)</b>		<b>(13,514,241)</b>
<b>Business-type Activities:</b>							
Water	1,966,032	2,280,981				\$314,949	314,949
Sewer	1,588,083	2,628,341				1,040,258	1,040,258
Guadalupe Valley Municipal Improvement District	1,814,367	3,175,568				1,361,201	1,361,201
Marina	1,660,522	2,206,373				545,851	545,851
<b>Total Business-type Activities</b>	<b>7,029,004</b>	<b>10,291,263</b>				<b>3,262,259</b>	<b>3,262,259</b>
<b>Total</b>	<b>\$30,179,613</b>	<b>\$19,347,268</b>	<b>\$342,271</b>	<b>\$238,092</b>	<b>(\$13,514,241)</b>	<b>\$3,262,259</b>	<b>(\$10,251,982)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes					\$3,662,117	\$80,518	\$3,742,635
Sales taxes					4,679,172		4,679,172
Transient occupancy tax					2,885,633		2,885,633
Other taxes					1,118,061		1,118,061
Miscellaneous revenues					23,175		23,175
Investment earnings					105,594	(386,722)	(281,128)
Transfers (Note 4C)					119,776	(119,776)	
<b>Total general revenues and transfers</b>					<b>12,593,528</b>	<b>(425,980)</b>	<b>12,167,548</b>
<b>Change in Net Position</b>					<b>(920,713)</b>	<b>2,836,279</b>	<b>1,915,566</b>
<b>Net Position-Beginning, as restated (Note 1L)</b>					<b>49,028,289</b>	<b>30,200,230</b>	<b>79,228,519</b>
<b>Net Position-Ending</b>					<b>\$48,107,576</b>	<b>\$33,036,509</b>	<b>\$81,144,085</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 2018. 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.

### **Capital Projects Fund**

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

CITY OF BRISBANE  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018

	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments (Note 3)	\$7,649,557	\$2,182,778		\$6,376,729	\$16,209,064
Restricted cash and investments (Note 3)	114,033			12,222	126,255
Accounts receivable, net	1,656,544		\$150,000	1,772,588	3,579,132
Interest receivable	31,123	708		1,582	33,413
Taxes receivable	1,197,480			15,762	1,213,242
Other assets	8,566				8,566
Due from other funds (Note 4A)	1,451,794				1,451,794
Loans receivable (Note 5)	1,611,858	3,067,942			4,679,800
Advances to other funds (Note 4B)	816,199				816,199
<b>Total Assets</b>	<b>\$14,537,154</b>	<b>\$5,251,428</b>	<b>\$150,000</b>	<b>\$8,178,883</b>	<b>\$28,117,465</b>
<b>LIABILITIES</b>					
Accounts payable	\$562,418		\$12,321	\$57,534	\$632,273
Accrued payroll	176,134			6,919	183,053
Due to other funds (Note 4A)			1,198,208	175,027	1,373,235
Deposits payable	1,347,951		14,395	12,619	1,374,965
Interest payable			1,647		1,647
Advances from other funds (Note 4B)			444,879		444,879
Unearned revenue				300,000	300,000
<b>Total Liabilities</b>	<b>2,086,503</b>		<b>1,671,450</b>	<b>552,099</b>	<b>4,310,052</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - taxes and fee	997,705				997,705
Unavailable revenue - loan receivable		\$3,067,942			3,067,942
<b>Total Deferred Inflows of Resources</b>	<b>997,705</b>	<b>3,067,942</b>			<b>4,065,647</b>
<b>FUND BALANCES (Note 8)</b>					
Nonspendable	2,436,623				2,436,623
Restricted	114,033	2,183,486		3,877,920	6,175,439
Assigned	273,871			3,837,384	4,111,255
Unassigned	8,628,419		(1,521,450)	(88,520)	7,018,449
<b>Total Fund Balances (Deficit)</b>	<b>11,452,946</b>	<b>2,183,486</b>	<b>(1,521,450)</b>	<b>7,626,784</b>	<b>19,741,766</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$14,537,154</b>	<b>\$5,251,428</b>	<b>\$150,000</b>	<b>\$8,178,883</b>	<b>\$28,117,465</b>

See accompanying notes to financial statements

CITY OF BRISBANE  
 Reconciliation of the  
 GOVERNMENTAL FUNDS -- BALANCE SHEET  
 with the  
 STATEMENT OF NET POSITION  
 JUNE 30, 2018

Total fund balances reported on the Governmental Funds Balance Sheet \$19,741,766

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 55,676,261

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	2,782,788
Accounts and Interest receivable	11,218
Accounts payable	(236,720)
Accrued payroll	(82,093)
Due to other funds	(78,559)
Interest payable	(250)
Long-term debt	(39,609)
Accrued claims payable	(1,414,243)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 4,065,647

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, deferred outflows and deferred inflows	(15,220,859)
Long-term debt	(9,846,150)
Net OPEB liability, deferred outflows and deferred inflows	(6,263,224)
Compensated absences	(922,173)
Interest payable	(66,224)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$48,107,576

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, 2018

	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes and special assessments	\$12,022,136			\$850,863	\$12,872,999
Intergovernmental	97,242		\$150,000	263,506	510,748
Licenses, permits and fees	3,944,317		250,769	2,463	4,197,549
Charges for services	2,751,149				2,751,149
Fines and forfeitures	50,383				50,383
Use of money and property	126,597	\$23,693	(2,536)	27,423	175,177
Other revenues	783,254			406,825	1,190,079
<b>Total Revenues</b>	<b>19,775,078</b>	<b>23,693</b>	<b>398,233</b>	<b>1,551,080</b>	<b>21,748,084</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	5,518,956			15,000	5,533,956
Public safety - police	4,627,908				4,627,908
Public safety - fire	3,036,464				3,036,464
Public works	2,150,525	19,662		1,076,018	3,246,205
Parks and recreation	2,191,606				2,191,606
Capital outlay	3,971		645,491	152,203	801,665
<b>Debt service:</b>					
Principal	13,082			1,133,498	1,146,580
Interest and fiscal charges	1,122		9,997	473,450	484,569
<b>Total Expenditures</b>	<b>17,543,634</b>	<b>19,662</b>	<b>655,488</b>	<b>2,850,169</b>	<b>21,068,953</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,231,444</b>	<b>4,031</b>	<b>(257,255)</b>	<b>(1,299,089)</b>	<b>679,131</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of long-term debt				3,330,000	3,330,000
Payment to refunded debt escrow agent				(1,737,753)	(1,737,753)
Transfers in (Note 4C)	143,631			1,969,345	2,112,976
Transfers (out) (Note 4C)	(2,578,031)			(143,631)	(2,721,662)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,434,400)</b>			<b>3,417,961</b>	<b>983,561</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(202,956)</b>	<b>4,031</b>	<b>(257,255)</b>	<b>2,118,872</b>	<b>1,662,692</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(202,956)</b>	<b>4,031</b>	<b>(257,255)</b>	<b>2,118,872</b>	<b>1,662,692</b>
<b>BEGINNING FUND BALANCES</b>	<b>11,655,902</b>	<b>2,179,455</b>	<b>(1,264,195)</b>	<b>5,507,912</b>	<b>18,079,074</b>
<b>ENDING FUND BALANCES</b>	<b>\$11,452,946</b>	<b>\$2,183,486</b>	<b>(\$1,521,450)</b>	<b>\$7,626,784</b>	<b>\$19,741,766</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, 2018

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$1,662,692

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	1,143,571
Depreciation expense is deducted from the fund balance	(1,314,306)
Retirement of capital assets	(84,357)

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 and interest are added back to fund balance	1,008,827
Proceeds from bond refunding	(3,330,000)
Payment to refunded debt escrow	1,737,753
Pension related expenses	(791,670)
OPEB related expenses	111,808

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	343,707
Amortization of bond discount	(41,500)
Accrued interest on long-term debt	34,034
Compensated absences	(56,753)

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>(1,344,519)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>(\$920,713)</u></u>
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See accompanying notes to financial statements

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## 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 enterprise funds in fiscal 2018.

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, 2018

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Marina	Totals	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and investments (Note 3)	\$7,190,794	\$1,390,634	\$8,581,428	\$2,690,489
Restricted cash and investments (Note 3)	3,963,250		3,963,250	92,299
Accounts receivable, net	1,068,512	35,215	1,103,727	4,177
Taxes receivable	92		92	
Interest receivable	25,163	17,611	42,774	7,041
<b>Total Current Assets</b>	<b>12,247,811</b>	<b>1,443,460</b>	<b>13,691,271</b>	<b>2,794,006</b>
<b>Noncurrent Assets:</b>				
Loans receivable (Note 5)		2,403,386	2,403,386	
Capital assets (Note 6):				
Non-depreciable	647,815	50	647,865	
Depreciable, net	25,185,079	6,070,653	31,255,732	
<b>Total Noncurrent Assets</b>	<b>25,832,894</b>	<b>8,474,089</b>	<b>34,306,983</b>	
<b>Total Assets</b>	<b>38,080,705</b>	<b>9,917,549</b>	<b>47,998,254</b>	<b>2,794,006</b>
<b>DEFERRED OUTFLOWS</b>				
Deferred outflows related to pensions (Note 9)	254,844	186,885	441,729	
Deferred outflows related to OPEB (Note 10)	23,739	80,663	104,402	
<b>Total Deferred Outflows</b>	<b>278,583</b>	<b>267,548</b>	<b>546,131</b>	
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	507,478	51,713	559,191	236,720
Due to other funds (Note 4A)				78,559
Accrued payroll	15,270	8,172	23,442	82,093
Interest payable	207,160	53,450	260,610	250
Accrued claims payable (Note 11)				377,100
Compensated absences (Note 1F)	16,094	3,951	20,045	
Deposits	16,944	178,069	195,013	
Bonds payable due within one year (Note 7)	320,000	370,819	690,819	
<b>Total Current Liabilities</b>	<b>1,082,946</b>	<b>666,174</b>	<b>1,749,120</b>	<b>774,722</b>
<b>Noncurrent Liabilities:</b>				
Compensated absences due in more than one year (Note 1F)	48,283	11,852	60,135	
Accrued claims payable (Note 11)				1,037,143
Advances from other funds (Note 4B)		371,320	371,320	
Workers' comp deficit assessment payable				39,609
Bonds payable due in more than one year (Note 7)	7,205,000	3,452,834	10,657,834	
Net pension liability (Note 9)	811,499	595,099	1,406,598	
Net OPEB liability (Note 10)	191,118	649,406	840,524	
<b>Total Noncurrent Liabilities</b>	<b>8,255,900</b>	<b>5,080,511</b>	<b>13,336,411</b>	<b>1,076,752</b>
<b>Total Liabilities</b>	<b>9,338,846</b>	<b>5,746,685</b>	<b>15,085,531</b>	<b>1,851,474</b>
<b>DEFERRED INFLOWS</b>				
Deferred inflows related to pensions (Note 9)	59,881	43,913	103,794	
Deferred inflows related to OPEB (Note 10)	72,432	246,119	318,551	
<b>Total Deferred Inflows</b>	<b>132,313</b>	<b>290,032</b>	<b>422,345</b>	
<b>NET POSITION (Note 8)</b>				
Net investment in capital assets	22,271,144	6,070,703	28,341,847	
Restricted for capital projects	758,885		758,885	
Unrestricted	5,858,100	(1,922,323)	3,935,777	942,532
<b>Total Net Position</b>	<b>\$28,888,129</b>	<b>\$4,148,380</b>	<b>\$33,036,509</b>	<b>\$942,532</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, 2018

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Internal Service Funds
	<u>Utility</u>	<u>Marina</u>	<u>Totals</u>	
OPERATING REVENUES				
Charges for services	\$8,084,890	\$1,889,866	\$9,974,756	\$998,580
Other revenues		316,507	316,507	14,005
Total Operating Revenues	<u>8,084,890</u>	<u>2,206,373</u>	<u>10,291,263</u>	<u>1,012,585</u>
OPERATING EXPENSES				
Cost of sales and services	2,791,815	509,493	3,301,308	21,335
General and administrative	1,973,607	1,012,662	2,986,269	2,090,521
Depreciation	603,060	138,367	741,427	
Other expenses				992,039
Total Operating Expenses	<u>5,368,482</u>	<u>1,660,522</u>	<u>7,029,004</u>	<u>3,103,895</u>
Operating Income (Loss)	<u>2,716,408</u>	<u>545,851</u>	<u>3,262,259</u>	<u>(2,091,310)</u>
NONOPERATING REVENUES (EXPENSES)				
Taxes and assessments	80,518		80,518	
Investment income	36,931	7,515	44,446	18,329
Interest expense	(305,717)	(125,451)	(431,168)	
Total Nonoperating Revenues (Expenses)	<u>(188,268)</u>	<u>(117,936)</u>	<u>(306,204)</u>	<u>18,329</u>
Income (Loss) Before Transfers	2,528,140	427,915	2,956,055	(2,072,981)
Transfers in (Note 4C)	48,000		48,000	728,462
Transfers out (Note 4C)	(150,969)	(16,807)	(167,776)	
Net transfers	<u>(102,969)</u>	<u>(16,807)</u>	<u>(119,776)</u>	<u>728,462</u>
Change in net position	2,425,171	411,108	2,836,279	(1,344,519)
BEGINNING NET POSITION, as restated (Note 1L)	<u>26,462,958</u>	<u>3,737,272</u>	<u>30,200,230</u>	<u>2,287,051</u>
ENDING NET POSITION	<u>\$28,888,129</u>	<u>\$4,148,380</u>	<u>\$33,036,509</u>	<u>\$942,532</u>

See accompanying notes to financial statements

CITY OF BRISBANE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2018

	<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	\$8,127,851	\$2,200,467	\$10,328,318	\$1,034,638
Cash payments to suppliers	(4,766,014)	(1,463,548)	(6,229,562)	(2,722,803)
Cash received from other funds				17,165
<b>Cash Flows from Operating Activities</b>	<u>3,361,837</u>	<u>736,919</u>	<u>4,098,756</u>	<u>(1,671,000)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes and assessments	80,522		80,522	
Due to other funds receipts				72,991
Advances to other funds (payments)	(80,205)		(80,205)	
Advances from other funds (receipts)		149,453	149,453	
Transfers in	48,000		48,000	728,462
Transfers (out)	(150,969)	(16,807)	(167,776)	
<b>Cash Flows from Noncapital Financing Activities</b>	<u>(102,652)</u>	<u>132,646</u>	<u>29,994</u>	<u>801,453</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of property, plant and equipment		(105,547)	(105,547)	
Principal payment of debt	(310,000)	(231,347)	(541,347)	
Interest paid	(315,766)	(114,173)	(429,939)	(128)
<b>Cash Flows from Capital and Related Financing Activities</b>	<u>(625,766)</u>	<u>(451,067)</u>	<u>(1,076,833)</u>	<u>(128)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income receipts	28,982	(7,078)	21,904	20,076
<b>Cash Flows from Investing Activities</b>	<u>28,982</u>	<u>(7,078)</u>	<u>21,904</u>	<u>20,076</u>
<b>Net Cash Flows</b>	2,662,401	411,420	3,073,821	(849,599)
Cash and investments at beginning of period	8,491,643	979,214	9,470,857	3,632,387
Cash and investments at end of period	<u>\$11,154,044</u>	<u>\$1,390,634</u>	<u>\$12,544,678</u>	<u>\$2,782,788</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>				
Operating income (loss)	\$2,716,408	\$545,851	\$3,262,259	(\$2,091,310)
Adjustments to reconcile operating income (Loss) to cash flows from operating activities:				
Depreciation	603,060	138,367	741,427	
Change in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	42,961	(5,906)	37,055	(289)
Accounts payable and accrued liabilities	(69,174)	16,048	(53,126)	6,174
Accrued payroll	1,250	(149)	1,101	21,393
Accrued claims payable				393,032
Compensated absences	12,177	(656)	11,521	
Deposits	1,422	15,337	16,759	
Net pension liability, deferred inflows and deferred outflows	58,014	42,544	100,558	
Net OPEB liability, deferred inflows and deferred outflows	(4,281)	(14,517)	(18,798)	
<b>Cash Flows from Operating Activities</b>	<u>\$3,361,837</u>	<u>\$736,919</u>	<u>\$4,098,756</u>	<u>(\$1,671,000)</u>

See accompanying notes to financial statements

## FIDUCIARY FUNDS

Fiduciary funds are presented separately from the Government-wide and Fund financial statements. The City had the following types of fiduciary funds in fiscal year 2018:

### **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, 2018

	Successor Agency Private-Purpose Trust Fund	OPEB Trust	Agency Funds
<b>ASSETS</b>			
Cash and investments (Note 3)			\$1,419,453
Restricted cash and investments with fiscal agents (Note 3)	\$1,454,421		252,647
Investments with Trustees (Note 3)			
Mutual funds		\$1,672,480	
Interest receivable			4,050
Taxes receivable			8,530
Total Assets	<u>1,454,421</u>	<u>1,672,480</u>	<u>\$1,684,680</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charges on refunding (Note 14)	<u>2,279,046</u>		
Total Deferred Inflow of Resources	<u>2,279,046</u>		
<b>LIABILITIES</b>			
Accounts payable	1,891		\$367
Deposits payable			799,126
Due to other bondholders			885,187
Interest payable	208,208		
Loans payable to City (Note 14B)	3,389,104		
Long Term Debt (Note 14B):			
Due within one year	1,280,000		
Due in more than one year	<u>10,790,000</u>		
Total Liabilities	<u>15,669,203</u>		<u>\$1,684,680</u>
<b>NET POSITION</b>			
Held in trust for private-purpose	<u>(\$11,931,605)</u>	<u>\$1,672,480</u>	

See accompanying notes to financial statements

CITY OF BRISBANE  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Successor Agency Private-Purpose Trust Fund	OPEB Trust
	<u>                    </u>	<u>                    </u>
ADDITIONS		
Charges for services	\$2,556,000	
Contributions to trust		\$400,000
Investment income	398	79,874
	<u>                    </u>	<u>                    </u>
Total additions	<u>2,556,398</u>	<u>479,874</u>
DEDUCTIONS		
Administrative charges		3,123
General government	60,055	
Interest and fiscal charges	786,983	
	<u>                    </u>	<u>                    </u>
Total deductions	<u>847,038</u>	<u>3,123</u>
CHANGES IN NET POSITION	1,709,360	476,751
BEGINNING NET POSITION	<u>(13,640,965)</u>	<u>1,195,729</u>
ENDING NET POSITION (DEFICIT)	<u><u>(\$11,931,605)</u></u>	<u><u>\$1,672,480</u></u>

See accompanying notes to financial statements

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**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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, 2018**

**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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**C. Major Funds**

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

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

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

**General Fund** - The General Fund is established to account for the revenues and expenditures to carry out basic governmental activities of the City such as general government, public safety, 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.

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

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, 2018**

**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 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, 2018**

**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	\$865,420	\$68,658	\$934,078
Additions	505,910	54,845	560,755
Payments	(449,157)	(43,323)	(492,480)
Ending Balance	\$922,173	\$80,180	\$1,002,353
Current Portion	\$230,543	\$20,045	\$250,588
Non-current Portion	\$691,630	\$60,135	\$751,765

**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, 2018**

**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. *Pensions***

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 City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**K. *Other Post-Employment Benefits Other than Pensions***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense and information about the fiduciary net position of the City Retiree Benefits Plan (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 Plan. For this purpose, the Plan recognizes benefits payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**L. 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.

**M. Net Position Restatement**

Management adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), which became effective during the year ended June 30, 2018. In June 2015, GASB issued Statement No. 75 and the intention of this Statement is to improve the usefulness of information for decisions made by the various users of the financial reports of governments whose employees – both active and inactive employees – are provided with postemployment benefits other than pensions by requiring recognition of the entire net OPEB liability and a more comprehensive measure of OPEB expense.

The implementation of the Statement required the Authority to make prior period adjustments. As a result, the beginning net position was restated and reduced by \$2,593,742 for Governmental Activities, \$436,763 for Business Activities, \$99,311 for the Utility Enterprise Fund and \$337,452 for the Marina Enterprise Fund, respectively. For further information, see Note 10.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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.
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, 2018, 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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**B. Encumbrances**

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

**C. Expenditures in Excess of Appropriations**

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

Fund	Excess Expenditures Over Appropriations
General Fund	\$449,353
Special Revenue Funds:	
Gas Tax	58,484
Measure A	59,463
Grants	34,256
Low and Moderate Income Housing Asset	4,662
Public Arts Fund	15,000
Debt Services Funds:	
2006 Pension Obligations Bonds	1,307

**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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**A. Classification**

Cash and investments as of June 30, 2018, 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	\$27,480,981
Restricted cash and investments with fiscal agent	4,181,804
Total City Cash and Investments	31,662,785
Cash and investments in Fiduciary Funds	1,419,453
Restricted cash and investments in Fiduciary Funds	3,379,548
Total Fiduciary Cash and Investments	4,799,001
Total Cash and Investments	\$36,461,786

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	None	15%

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**C. *Authorized Investments by Debt Agreements***

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

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

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

**D. *Interest Rate Risk***

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

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

Investment Type	Investment Maturities			Total
	12 months or less	13 to 48 months	49 to 60 months	
Securities of U.S. Government Agencies				
Federal National Mortgage Association	\$990,410	\$2,427,770		\$3,418,180
Federal Farm Credit Bank		2,931,290		2,931,290
Federal Home Loan Bank		979,735	\$487,810	1,467,545
Federal Home Loan Mortgage Corporation	499,250	2,908,500		3,407,750
Time Certificates of Deposit:				
Ally Bank	244,292			244,292
American Express Centurion	244,292			244,292
Capital One Bank		488,771		488,771
Discover Bank		246,301		246,301
Wells Fargo		242,390		242,390
Money Market Mutual Fund	9,047,505			9,047,505
Local Agency Investments Funds	6,553,350			6,553,350
<b>Total Investments</b>	<b>\$17,579,099</b>	<b>\$10,224,757</b>	<b>\$487,810</b>	<b>28,291,666</b>
Cash in banks and on hand				8,170,120
<b>Total Cash and Investments</b>				<b>\$36,461,786</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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, 2018 for each investment type:

Investment Type	Aaa/AAAm	Total
Securities of U.S. Government Treasury and Agencies		
Federal National Mortgage Association	\$3,418,180	\$3,418,180
Federal Farm Credit Bank	2,931,290	2,931,290
Federal Home Loan Bank	1,467,545	1,467,545
Federal Home Loan Mortgage Corporation	3,407,750	3,407,750
Money Market Mutual Funds	9,047,505	9,047,505
Total rated investments		20,272,270
Not rated or exempt:		
Local Agency Investment Fund		6,553,350
Certificates of Deposit		1,466,046
Cash in banks and on hand		8,170,120
Total Cash and Investments		<u>\$36,461,786</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, 2018:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. Agency Notes	\$3,418,180
Federal Farm Credit Bank	U.S. Agency Notes	2,931,290
Federal Home Loan Mortgage Corporation	U.S. Agency Notes	3,407,750

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**G. *Custodial Credit Risk***

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

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

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2018, these investments matured in an average of 193 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, 2018**

**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, 2018:

	<b>Level 2</b>	<b>Total</b>
<b>Investments by Fair Value Level:</b>		
U.S. Agencies	\$11,224,765	\$11,224,765
Certificates of Deposit	1,466,046	1,466,046
<b>Total Investments</b>	<b>\$12,690,811</b>	<b>12,690,811</b>
<b>Investments Measured at Amortized Cost:</b>		
Money Market Mutual Funds		3,045,062
Held by Trustee:		
Money Market Mutual Funds		6,002,443
<b>Investments Exempt from Fair Value Hierarchy:</b>		
Local Agency Investment Fund		6,553,350
<b>Cash in Bank and on hand</b>		<b>8,170,120</b>
<b>Total Cash and Investments</b>		<b>\$36,461,786</b>

The Certificate of Deposits totaling \$1.5 million and U.S. Agencies totaling \$11.2 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, 2018 interfund balances were as follows:

At June 30, 2018, the City had the following due to/from other funds:

	Due to Other Funds			Total
	Capital Projects Fund	Non-Major Governmental Funds	Internal Service Funds	
General Fund	\$1,198,208	\$175,027	\$78,559	\$1,451,794
<b>Total</b>	<b>\$1,198,208</b>	<b>\$175,027</b>	<b>\$78,559</b>	<b>\$1,451,794</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

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

At June 30, 2018, the City had the following advances to/from other funds:

<u>Advances to Other Funds</u>	<u>Advances From</u>		<u>Total</u>
	<u>Capital Projects Fund</u>	<u>Marina Enterprise Fund</u>	
General Fund	\$444,879	\$371,320	\$816,199
<b>Total</b>	<b>\$444,879</b>	<b>\$371,320</b>	<b>\$816,199</b>

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, 2018 was \$444,879.

In fiscal year 2015, the City approved an advance of \$117,929 from the General Fund to the Marina Enterprise Fund for dredging. In fiscal year 2018, the City approved an additional advance of \$253,391 from the General Fund to the Marina Enterprise Fund for ongoing maintenance costs. 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, 2018:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>	
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Utility Enterprise Fund</u>		<u>Internal Service Fund</u>
General Fund		\$1,861,594	\$48,000	\$668,174	\$2,577,768
Non-Major Governmental Funds	\$143,631				143,631
Enterprise Fund:					
Utility		107,488		43,481	150,969
Marina				16,807	16,807
<b>Total</b>	<b>\$143,631</b>	<b>\$1,969,082</b>	<b>\$48,000</b>	<b>\$728,462</b>	<b>\$2,889,175</b>

Transfers out from the General Fund, 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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**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, 2018, the City had the following loans receivable:

	Balance June 30, 2017	Deletions	Balance June 30, 2018
<b>Governmental Funds:</b>			
Loan to Administrative Services Director	\$318,750		\$318,750
Loan to City Manager	200,000		200,000
Bridge Housing Corporation Loan	2,336,086		2,336,086
First Time Home Buyers	731,856		731,856
Loans to Successor Agency	1,808,636	(\$715,528)	1,093,108
<b>Total Governmental Funds</b>	<b>5,395,328</b>	<b>(715,528)</b>	<b>4,679,800</b>
<b>Proprietary Funds:</b>			
Loan to City Engineer/Director of Public Works	132,760	(25,370)	107,390
Loan to Successor Agency	2,295,996		2,295,996
<b>Total Proprietary Funds</b>	<b>2,428,756</b>	<b>(25,370)</b>	<b>2,403,386</b>
<b>Total</b>	<b>\$7,824,084</b>	<b>(\$740,898)</b>	<b>\$7,083,186</b>

- 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 September 10, 2008, the city modified the City Manager loan agreement for an additional \$200,000. The additional amount, together with the payment of the "equity sharing amount" is due and payable upon any sale or transfer of the property without the prior written consent of the City (except for the transfer of legal title for estate planning purposes to a revocable living trust of which borrowers are the trustors and trustee), or eighteen months after the effective date of termination of City Manager's employment with the City.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

- C.** 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.
- D.** 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.
- E. *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. As of June 30, 2018, the loan has been paid off and has no remaining balance.

**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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

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

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

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

In fiscal year 2014, the City unwound the advance from the Marina Fund (formerly the Parks and Receptions Enterprise Fund) to the BPFA 2001 Revenue Bonds Series A Debt Service Fund and the loan receivable from the BPFA 2001 Revenue Bonds Series A Debt Service Fund to the former Agency. As of June 30, 2018, 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.

- F.* On October 22, 2001, the City made a loan to the City Engineer/Director of Public Works in the amount of \$320,000 for the purchase of a home. The entire principal balance together with payment of the “equity sharing amount” is due and payable immediately upon any sale or transfer of the property, except for a transfer of legal title for estate planning purposes to a revocable living trust for which borrower is trustor and trustee. The loan is secured by the Deed of Trust. On October 1, 2005, the City modified the agreement to include interest in the amount of \$45,479. As of June 30, 2018, the balance of the loan was \$107,390.

**NOTE 6 – CAPITAL ASSETS**

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

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

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

Buildings and structures	65 years
Machinery and equipment	5 - 20 years
Infrastructure	50 - 65 years
Improvements other than buildings	20 – 59 years
Water distribution and sewer collection	65 years

Changes in capital assets during the year ended June 30, 2018 comprise of the following:

	Balance at June 30, 2017	Additions	Deletions	Transfers	Balance at June 30, 2018
<b>Governmental activities</b>					
Non-depreciable capital assets:					
Land	\$14,437,157				\$14,437,157
Artwork		\$5,500			5,500
Construction in progress	128,163	414,878		(\$37,823)	505,218
Total non-depreciable capital assets	14,565,320	420,378		(37,823)	14,947,875
Capital assets being depreciated:					
Land Improvements	6,332,993				6,332,993
Building and Structures	17,654,953		(\$117,212)		17,537,741
Machinery and Equipment	3,687,497	723,193	(440,499)	37,823	4,008,014
Infrastructure	31,758,104				31,758,104
Total capital assets, depreciable	59,433,547	723,193	(557,711)	37,823	59,636,852
Less accumulated depreciation:					
Capital assets being depreciated:					
Land Improvements	(1,842,965)	(161,277)			(2,004,242)
Building and Structures	(4,842,245)	(346,548)	48,636		(5,140,157)
Machinery and Equipment	(2,615,514)	(254,528)	424,718		(2,445,324)
Infrastructure	(8,766,790)	(551,953)			(9,318,743)
Total accumulated depreciation	(18,067,514)	(1,314,306)	473,354		(18,908,466)
Depreciable capital assets	41,366,033	(591,113)	(84,357)	37,823	40,728,386
Governmental activity capital assets, net	\$55,931,353	(\$170,735)	(\$84,357)		\$55,676,261

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

	Balance at June 30, 2017	Additions	Deletions	Transfers	Balance at June 30, 2018
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$647,815				\$647,815
Construction in Progress	17,198	\$1,805		(\$18,953)	50
Total capital assets not being depreciated	665,013	1,805		(18,953)	647,865
Capital assets, being depreciated:					
Land Improvements	12,309,095				12,309,095
Building and Structures	9,526,843				9,526,843
Machinery and Equipment	821,618	105,329	(\$86,739)	18,953	859,161
Infrastructure	32,245,204				32,245,204
Total capital assets being depreciated	54,902,760	105,329	(86,739)	18,953	54,940,303
Less accumulated depreciation for:					
Land Improvements	(6,281,266)	(92,320)			(6,373,586)
Building and Structures	(2,377,873)	(162,427)			(2,540,300)
Machinery and Equipment	(525,939)	(49,940)	85,122		(490,757)
Infrastructure	(13,843,188)	(436,740)			(14,279,928)
Total accumulated depreciation	(23,028,266)	(741,427)	85,122		(23,684,571)
Depreciable capital assets	31,874,494	(636,098)	(1,617)	18,953	31,255,732
Business-type activity capital assets, net	\$32,539,507	(\$634,293)	(\$1,617)		\$31,903,597

**A. Capital Asset Contributions**

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

**B. Depreciation Allocation**

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

<b>Governmental Activities</b>	
General Government	\$310,611
Public Safety	221,083
Public Works	586,484
Parks and Recreation	196,128
<b>Total Governmental Activities</b>	<b>\$1,314,306</b>
<b>Business-Type Activities</b>	
Water	\$177,023
Sewer	87,801
Guadalupe Valley Municipal Improvement District	338,236
Marina	138,367
<b>Total Business-Type Activities</b>	<b>\$741,427</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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, 2018:

	Balance June 30, 2017	Additions	Retirements	Balance at June 30, 2018	Current Portion	Non-Current Portion
<b>Governmental Activities</b>						
2005 PFA, Series A (Lease Revenue)	\$103,354		(\$103,354)			
2009 PFA, Series A (City Hall Completion)	1,600,000		(1,600,000)			
2006 Pension Obligation Refunding Bonds	1,015,000		(600,000)	\$415,000	\$125,000	\$290,000
2013 Pension Side Fund Bank Loan	1,391,000		(80,000)	1,311,000	165,000	1,146,000
2014 Lease Revenue Refunding Bonds	5,015,000		(210,000)	4,805,000	215,000	4,590,000
2017 Lease Revenue Refunding Bonds		\$1,630,000	(132,000)	1,498,000	123,000	1,375,000
2018 San Mateo County Library Loan		1,700,000		1,700,000	113,334	1,586,666
Unamortized discount on bonds	(51,842)		41,500	(10,342)	(3,448)	(6,894)
Energy Conservation Loan	115,461		(13,082)	102,379	13,213	89,166
Energy Efficiency Loan	33,257		(8,144)	25,113	8,144	16,969
Workers' comp deficit assessment payable		39,609		39,609		39,609
<b>Total Governmental Long-Term Debt</b>	<b>\$9,221,230</b>	<b>\$3,369,609</b>	<b>(\$2,705,080)</b>	<b>\$9,885,759</b>	<b>\$759,243</b>	<b>\$9,126,516</b>

	Balance June 30, 2017	Additions	Retirements	Balance at June 30, 2018	Current Portion	Non-Current Portion
<b>Business-type Activities</b>						
2015 Utility Revenue Bonds	\$7,835,000		(\$310,000)	\$7,525,000	\$320,000	\$7,205,000
2015 Installment Sale Agreement	4,055,000		(314,000)	3,741,000	346,000	3,395,000
2017 Marina Wi-Fi Capital Lease		\$102,750	(22,032)	80,718	22,884	57,834
Premium on Capital Lease		1,935		1,935	1,935	
<b>Total Business-Type Long-Term Debt</b>	<b>\$11,890,000</b>	<b>\$104,685</b>	<b>(\$646,032)</b>	<b>\$11,348,653</b>	<b>\$690,819</b>	<b>\$10,657,834</b>

**A. 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, 2018, 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. As of June 30, 2018, the debt has been fully repaid.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**B. 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.

In the fiscal year ending June 30, 2018, the City refunded these bonds with the issuance of the 2017 Lease Revenue Refunding Bonds, as detailed in footnote 7F below.

**C. 2006 Taxable Pension Obligation Refunding Bonds**

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

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

Year ending June 30:	Principal	Interest	Total
2019	\$125,000	\$24,381	\$149,381
2020	140,000	17,037	157,037
2021	150,000	8,812	158,812
Subtotal	415,000	50,230	465,230
Less Unamortized Discount	(10,342)		(10,342)
<b>Total</b>	<b>\$404,658</b>	<b>\$50,230</b>	<b>\$454,888</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**D. 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
2019	\$165,000	\$50,586	\$215,586
2020	190,000	43,720	233,720
2021	220,000	35,860	255,860
2022	354,000	25,771	379,771
2023	382,000	11,403	393,403
2023			
<b>Total</b>	<b>\$1,311,000</b>	<b>\$167,340</b>	<b>\$1,478,340</b>

**E. 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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

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

June 30:	Principal	Interest	Total
2019	\$215,000	\$165,630	\$380,630
2020	220,000	159,180	379,180
2021	225,000	152,580	377,580
2022	235,000	143,580	378,580
2023	245,000	134,180	379,180
2024-2028	1,360,000	532,650	1,892,650
2029-2033	1,590,000	299,069	1,889,069
2034-2035	715,000	39,150	754,150
<b>Total</b>	<b>\$4,805,000</b>	<b>\$1,626,019</b>	<b>\$6,431,019</b>

**F. 2017 Lease Revenue Refunding Bonds, Series 2017**

On August 1, 2017, the City issued \$1,630,000 in Lease Revenue Refunding Bonds. The proceeds of the bonds were used to refund the 2009 Brisbane Public Financing Authority Lease Revenue Bonds. The refunding was completed to realize net present value savings related to the leases securing the prior bonds. Principal payment will be due each April 1, commencing in April 2018. Interest will be payable semiannually on April and October 1 each year. The bonds mature in 2029 and bear an annual interest percentage rate in the range from 4.5% to 6.0%.

The refunding resulted in an overall debt service savings of \$212,054, and the net present value of the debt service savings, called an economic gain, amounted to \$164,575.

On August 1, 2017, the City deposited \$1,741,405 for the 2009 Brisbane Public Financing Authority Lease Revenue Bonds in an irrevocable trust with an escrow agent to provide funds for the future debt service on the refunded bonds. As a result, the bonds are considered defeased and the liability for those bonds have been removed from the statement of net position.

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

Year ending June 30:	Principal	Interest	Total
2019	\$123,000	\$33,106	\$156,106
2020	126,000	30,388	156,388
2021	128,000	27,602	155,602
2022	130,000	24,774	154,774
2023	131,000	21,902	152,902
2024-2028	711,000	64,112	775,112
2029	149,000	3,292	152,292
<b>Total</b>	<b>\$1,498,000</b>	<b>\$205,176</b>	<b>\$1,703,176</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**G. 2018 San Mateo County Library Construction Loan**

During the fiscal year ended June 30, 2018, the City entered into a loan agreement with the County of San Mateo in the amount of \$1.7 million to ensure completion of the Library Project. The Project currently includes construction and construction management of the new library. Principal payment will be due each April and December 15, commencing in December 2018. Interest will be payable semiannually on April and December 15 each year. With an annual interest percentage rate of 1.2%. Payments begin no later than December 15, 2018 and final payment shall be made no later than April 15, 2033. As of June 30, 2018, the City has submitted a request for a drawn down on the loan, but has not yet received the proceeds.

The annual payment requirements on the loan are as follows:

June 30:	Principal	Interest	Total
2019	\$113,334	\$15,927	\$129,261
2020	113,334	\$18,848	132,182
2021	113,334	\$17,423	130,757
2022	113,334	\$16,095	129,429
2023	113,334	\$14,735	128,069
2024-2028	566,670	\$53,288	619,958
2029-2033	566,660	\$19,260	585,920
<b>Total</b>	<b>\$1,700,000</b>	<b>\$155,576</b>	<b>\$1,855,576</b>

**H. Energy Conservation Loan**

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

The annual payment requirements on the loan are as follows:

Year ending June 30:	Principal	Interest	Total
2019	\$13,213	\$991	\$14,204
2020	13,343	861	14,204
2021	13,479	725	14,204
2022	13,612	590	14,202
2023	13,751	453	14,204
2024-2026	34,981	527	35,508
<b>Total</b>	<b>\$102,379</b>	<b>\$4,147</b>	<b>\$106,526</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**I. Energy Efficiency Retrofit Loan**

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

The annual payment requirements on the loan are as follows:

Year ending June 30:	Principal	Total
2019	\$8,144	\$8,144
2020	8,144	8,144
2021	8,144	8,144
2022	681	681
<b>Total</b>	<b>\$25,113</b>	<b>\$25,113</b>

**J. 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 \$619,850 and Utility Enterprise Fund net revenue was \$1,290,898.

The annual payment requirements on the loan are as follows:

June 30:	Principal	Interest	Total
2019	\$320,000	\$295,650	\$615,650
2020	340,000	279,150	619,150
2021	360,000	261,650	621,650
2022	385,000	243,025	628,025
2023	400,000	223,400	623,400
2024-2028	2,280,000	810,800	3,090,800
2029-2033	2,450,000	378,870	2,828,870
2034-2036	990,000	55,618	1,045,618
<b>Total</b>	<b>\$7,525,000</b>	<b>\$2,548,163</b>	<b>\$10,073,163</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**K. 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, 2027.

The repayments are payable and secured by a pledge of the net revenues of the Marina Enterprise Fund as defined under the bond indenture. Total debt service paid in the current year was \$438,082 and Marina Enterprise Fund net operating income was \$822,585.

The annual payment requirements on the installment sale agreement are as follows:

June 30:	Principal	Interest	Total
2019	\$346,000	\$114,036	\$460,036
2020	379,000	102,991	481,991
2021	391,000	91,073	482,073
2022	405,000	78,764	483,764
2023	417,000	66,035	483,035
2024-2027	1,803,000	128,888	1,931,888
<b>Total</b>	<b>\$3,741,000</b>	<b>\$581,787</b>	<b>\$4,322,787</b>

**L. 2017 Marina Wi-Fi Capital Lease**

On July 5, 2017, the City entered into a lease purchase agreement with KS State Bank for Wi-Fi equipment. The cost of the lease equipment was \$102,750. The City makes monthly payments of \$2,334 over a lease period of 4 years, including interest payments at a rate of 4.3%. At the end of the term, the equipment becomes the property of the City.

The annual payment requirements on the Capital Lease are as follows:

June 30:	Principal	Interest	Total
2019	\$24,920	\$3,093	\$28,013
2020	26,021	1,992	28,013
2021	27,170	843	28,013
2022	4,643	25	4,668
<b>Total</b>	<b>\$82,754</b>	<b>\$5,953</b>	<b>\$88,707</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**M. 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, 2018
Northeast Ridge Development District 2013 Reassessment & Refunding District Bonds	<u>\$ 3,395,000</u>	<u>\$ 1,550,000</u>

**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:

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

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

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

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

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

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

**C. *PARS Trust for Pension program***

The City established an irrevocable trust with Public Agency Retirements Services (PARS) to set aside funds for pension liability.

At June 30, 2018, the balance in the trust was \$114,033. The City Council reserves the authority to review and amend this funding policy from time to time, in order to ensure the funding policy continues to best suite the circumstances of the City.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

Detailed classifications of the City's fund balances, as of June 30, 2018, are below:

Fund Balance Classifications	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Nonspendables:</b>					
Loans receivable	\$1,611,858				\$1,611,858
Other assets	8,566				8,566
Advances to other funds	816,199				816,199
<b>Total Nonspendable Fund Balances</b>	<b>2,436,623</b>				<b>2,436,623</b>
<b>Restricted for:</b>					
PARS pension trust	114,033				114,033
Low and moderate income housing projects		\$2,183,486			2,183,486
Debt service				\$1,855,490	1,855,490
Transportation and street improvements				364,448	364,448
Grant activities				39,117	39,117
Special revenue activities				1,618,865	1,618,865
<b>Total Restricted Fund Balances</b>	<b>114,033</b>	<b>2,183,486</b>		<b>3,877,920</b>	<b>6,175,439</b>
<b>Assigned to:</b>					
Capital projects				3,837,384	3,837,384
Encumbrances	60,798				60,798
Fire sinking fund	213,073				213,073
<b>Total Assigned Fund Balances</b>	<b>273,871</b>			<b>3,837,384</b>	<b>4,111,255</b>
<b>Unassigned</b>	<b>8,628,419</b>		<b>(\$1,521,450)</b>	<b>(88,520)</b>	<b>7,018,449</b>
<b>Total Fund Balances</b>	<b>\$11,452,946</b>	<b>\$2,183,486</b>	<b>(\$1,521,450)</b>	<b>\$7,626,784</b>	<b>\$19,741,766</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

***D. 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 2018, 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 2018, 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 2018, the minimum amount is approximately \$1,600,000.

For fiscal year 2018, the total amount to be set aside for emergency or disaster circumstances, recession circumstances and annual fluctuation circumstances is set at \$1,600,000. As of June 30, 2018, the actual total amount of fund balance of the General Fund was \$11,453,209 with an unassigned fund balance of \$8,628,682.

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, 2018, the Utility Enterprise Fund's required work capital balance is \$1,074,553. The fund's actual unrestricted net position at June 30, 2018 was \$5,953,130. At June 30, 2018, the Marina Enterprise Fund's required work capital balance is \$335,014. The fund's actual unrestricted net position at June 30, 2018 was (\$1,599,418.) 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 2017/2018 budget.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

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

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

***E. 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>Major Governmental Funds:</b>	
Capital Projects Fund	\$1,521,450
<b>Non-Major Governmental Funds:</b>	
2006 Pension Obligation Bonds	7,544
2009 Revenue Lease Bonds, Series A	51,752
2013 Pension Side Fund Bonds	1,010
2005 Revenue Bonds Series B	2,64
Brisbane- Guadalupe Valley Municipal Improvement District Public Financing Authority	5,110
2017 Brisbane- Guadalupe Valley Municipal Improvement District Lease Refunding	76,250
Special Beautification Project	2,605
<b>Internal Service Fund:</b>	
Dental Self-Insurance	57,167
Flexible Benefits	1,669
General Liability	430,689
Worker's Compensation	379,760

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 9 – PENSION PLANS**

**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 Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Plans 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.

***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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 9 – PENSION PLANS (Continued)**

The Plan's provisions and benefits in effect at June 30, 2017, 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	11.675%	7.653%	6.533%
	<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	17.875%	11.990%	11.990%

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 \$911,772 in fiscal year 2018.

**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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 9 – PENSION PLANS (Continued)**

For the year ended June 30, 2018, the contributions to the Plan were as follows:

	Miscellaneous
	All Plans
Contributions - employer	\$956,571
	Safety
	All Plans
Contributions - employer	\$928,535

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

As of June 30, 2018, the City reported the following balances:

	Deferred outflows of resources	Net Pension Liability	Deferred inflows of resources
Miscellaneous	\$3,384,178	\$10,728,646	(\$798,418)
Safety	3,269,335	10,298,325	(1,040,047)
PARS	13,736	91,335	-
<b>Total</b>	<b>\$6,653,513</b>	<b>\$21,026,971</b>	<b>(\$1,838,465)</b>

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, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2016 and 2017 was as follows:

	Miscellaneous
Proportion - June 30, 2016	0.26663%
Proportion - June 30, 2017	0.27216%
Change - Increase (Decrease)	0.00553%
	Safety
Proportion - June 30, 2016	0.17166%
Proportion - June 30, 2017	0.17235%
Change - Increase (Decrease)	0.00069%

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 9 – PENSION PLANS (Continued)**

For the year ended June 30, 2018, the City recognized pension expense of \$3,705,869. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Safety Plan		Miscellaneous Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$928,535		\$956,571		\$1,885,106	
Differences between actual and expected experience	117,513	(\$30,639)	13,274	(\$190,173)	130,787	(\$220,812)
Changes in assumptions	1,704,227	(130,753)	1,646,980	(125,584)	3,351,207	(256,337)
Net differences between actual and proportional contributions		(479,879)		(482,661)		(962,540)
Net differences between projected and actual earnings on plan investments	371,588		372,479		744,067	
Adjustment due to differences in proportion	147,472	(398,776)	394,874		542,346	(398,776)
<b>Total</b>	<b>\$3,269,335</b>	<b>(\$1,040,047)</b>	<b>\$3,384,178</b>	<b>(\$798,418)</b>	<b>\$6,653,513</b>	<b>(\$1,838,465)</b>

\$1,885,106 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Safety Plan		Miscellaneous Plan	
Year Ended	Annual	Year Ended	Annual
June 30	Amortization	June 30	Amortization
2019	(\$36,672)	2019	\$389,036
2020	956,367	2020	898,042
2021	598,487	2021	563,259
2022	(217,429)	2022	(221,148)
<b>Total</b>	<b>\$1,300,753</b>	<b>Total</b>	<b>\$1,629,189</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 9 – PENSION PLANS (Continued)**

*Actuarial Assumptions* – For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

	All CalPERS Plans
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table	Derived using CalPers Membership Data for all Funds (1)

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 CalPERS experience study and review of actuarial assumptions report available on CalPERS website.

All other actuarial assumptions used in the June 30, 2016 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.

*Changes of Assumptions* – In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.15% 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 9 – PENSION PLANS (Continued)**

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	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
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, 2018**

**NOTE 9 – PENSION PLANS (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>Safety - All Plans</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$16,157,563	\$15,928,386
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$10,728,646	\$10,298,325
1% Increase	8.15%	8.15%
Net Pension Liability	\$6,232,318	\$5,696,031

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

**C. *Public Agency Retirement System Retirement Enhancement Plan***

***Plans Description*** – The City established a Public Agency Retirement System Retirement Enhancement Plan (PARS), single-employer plan, effective October 2005 for an executive employee of the City. PARS is a defined benefit 401(a) tax-qualified multiple agency trust. It meets the requirements of a pension trust under California Government code. The plan provides supplemental retirement benefits in addition to PERS. Phase II Systems is the PARS Trust Administrator. PARS issues a separate comprehensive annual financial report. Copies of PARS annual financial report may be obtained from the PARS Executive Office, 3961 MacArthur Boulevard, Suite 200, Newport Beach, CA 92660.

***Benefits Provided*** – The PARS Plan provides a 1% enhancement to the current CalPERS benefit formula. Benefit service includes all full-time continuous service with the City from date of hire. The participant is eligible to receive the benefit at age 63 after 10 years of full-time continuous service and concurrent termination of employment from the City and retirement under CalPERS.

At June 30, 2018, the PAR Plan had one active employee covered by the benefit.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 9 – PENSION PLANS (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 PARS Plan are determined annually on an actuarial basis as of June 30. 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 the employee.

For the year ended June 30, 2018, the contributions to the PARS Plan were as follows:

	Miscellaneous
	PARS
Contributions - employer	\$21,158

**Discount Rate** – The discount rate used to measure the total pension liability for the PARS Plan was 6.50%. The pension trust is projected to have sufficient assets to pay benefits per the Plan’s current contribution policy.

	PARS
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.75%
Payroll Growth	2.0%
Projected Salary Increase	2.0%
Investment Rate of Return	6.50%
Mortality Rate Table	Pre-retirement: Consistent with the Non-Industrial rates used to value the Miscellaneous Public Agency CalPERS Pension Plans.
	Post-retirement: CalPERS 1997-2011 Healthy Retiree Tables (sex-distinct) with an assumed base year of 2008 and full generational projections using Scale AA.

**Discount Rate** – 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 PARS Plan are determined annually on an actuarial basis as of June 30. 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 the employee.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 9 – PENSION PLANS (Continued)**

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

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	2.66%	0.31%	0.31%
US Core Fixed Income	46.59%	2.14%	2.02%
US Equity Market	37.19%	4.59%	3.32%
Foreign Developed Equity	8.58%	5.52%	3.91%
Emerging Markets Equity	3.57%	7.82%	4.59%
US REITs	1.41%	5.04%	3.27%
Total	100%		

***Pension Liabilities, Pensions Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions*** – The City’s net pension liability is measured as the total pension liability less the pension plan’s fiduciary net position. The net pension liability of the PARS Plan is measured as of June 30, 2018, and the total pension liability for the PARS Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017.

The following table shows the net pension liabilities for the PARS Plan and the respective changes in the net pension liabilities recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2017</b>	\$522,345	\$448,416	\$73,929
<b>Changes for the year:</b>			
Service cost	17,847		17,847
Interest on the total pension liability	35,112		35,112
Effect of plan changes			10,905
Effect of economic/demographic gains or losses	10,905		
Effect of assumption changes or inputs			
Benefit payments			
Employer contributions		21,158	(21,158)
Member contributions			
Net investment income		27,708	(27,708)
Administrative expenses		(2,408)	2,408
<b>Net changes during 2017-18</b>	63,864	46,458	17,406
<b>Balance at June 30, 2018</b>	\$586,209	\$494,874	\$91,335

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 9 – PENSION PLANS (Continued)**

For the year ended June 30, 2018, the City recognized pension expense of \$31,281, for the PARS Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous PARS Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$5,948	
Net differences between projected and actual earnings on plan investments	7,788	
Total	\$13,736	\$0

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	MISCPARS Annual Amortization
2019	\$11,341
2020	4,125
2021	(2,137)
2022	407
Total	\$13,736

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the net pension liability of the PARS Plan as of the measurement date, calculate using the discount rate of 6.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

	Miscellaneous - PARS
1% Decrease	5.50%
Net Pension Liability	\$144,826
Current Discount Rate	6.50%
Net Pension Liability	\$91,335
1% Increase	7.50%
Net Pension Liability	\$42,455

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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 31 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 ≥ 65	• Up to Kaiser family • Medicare eligible rate ≥ 65	• Up to Kaiser single • Medicare eligible rate ≥ 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%; margin-left: 40px;"> <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;">h2016</td> <td style="text-align: center;">\$125</td> </tr> <tr> <td style="text-align: center;">2017</td> <td style="text-align: center;">128</td> </tr> <tr> <td style="text-align: center;">2018</td> <td style="text-align: center;">126.25</td> </tr> </tbody> </table>			<u>Year</u>	<u>Monthly Amount</u>	h2016	\$125	2017	128	2018	126.25
<u>Year</u>	<u>Monthly Amount</u>										
h2016	\$125										
2017	128										
2018	126.25										
▪ <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>	<ul style="list-style-type: none"> <li>• None</li> </ul>										

As of June 30, 2018, approximately 31 participants were eligible to receive benefits.

**B. Employees Covered by Benefit Terms**

At June 30, 2018, the benefit terms covered the following employees:

	Number of Covered Employees
Retirees and beneficiaries receiving benefits	31
Active employees	74
	105

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**C. Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

**D. Actuarial Assumptions**

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified:

Measurement Date	June 30, 2017
Funding Policy	Annual actuarial determined contributions.
Salary Increases	Aggregate salary increases, 3.00%. Individual salary increased based on CalPERS
Healthcare Cost Trend Rate	7.00% in the first year, trending down to 3.84% over 56 years
Inflation	2.75%
Actuarial Assumptions:	
Discount Rate	6.25%
Investment Rate of Return	6.25%
Mortality	Based on CalPERS tables

The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

***E. Changes in the Net OPEB Liability***

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability/(Asset) (c) = (a) - (b)</b>
<b>Balance at Fiscal Year Ending 6/30/2017: (Measurement Date 6/30/16)</b>	<b>\$8,980,463</b>	<b>\$1,022,421</b>	<b>\$7,958,042</b>
<b>Changes Recognized for the Measurement Period:</b>			
Service cost	220,254	-	220,254
Interest	548,482	-	548,482
Changes of benefit terms	269,186	-	269,186
Differences between expected and actual experience	(905,016)	-	(905,016)
Changes of assumptions	(1,676,108)	-	(1,676,108)
Contributions:			
Employer - City's contribution	-	346,909	(346,909)
Employer - Implicit subsidy	-	162,600	(162,600)
Net investment income	-	74,661	(74,661)
Benefit payments	(246,909)	(246,909)	-
Implicit rate subsidy fulfilled	(162,600)	(162,600)	-
Administrative expenses*	-	(1,353)	1,353
<b>Net Changes during Fiscal Year 2018</b>	<b>(1,952,711)</b>	<b>173,308</b>	<b>(2,126,019)</b>
<b>Balance at Fiscal Year Ending 6/30/2018:</b>	<b>\$7,027,752</b>	<b>\$1,195,729</b>	<b>\$5,832,023</b>

***F. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (7.25%), as follows:

	<b>Discount Rate</b>		
	<b>1% Decrease (5.25%)</b>	<b>Current (6.25%)</b>	<b>1% Increase (7.25%)</b>
Net OPEB Liability	\$6,681,740	\$5,832,023	\$5,119,070

***G. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00%) or one percentage point higher (8.00%) than current healthcare cost trend rates, as follows:

	<b>Trend Rate</b>		
	<b>1% Decrease 6.00% decreasing to 2.84%</b>	<b>Current 7.00% decreasing to 3.84%</b>	<b>1% Increase 8.00% decreasing to 4.84%</b>
Net OPEB Liability	\$5,026,507	\$5,832,023	\$6,809,098

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

***H. OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$593,647. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$724,368	
Differences between actual and expected experience		(\$774,985)
Net difference between projected and actual earnings on OPEB plan investments	31	
Changes of assumptions		(1,435,288)
Total	\$724,399	(\$2,210,273)

A total of \$724,368 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, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Annual Amortization
2019	(370,843)
2020	(370,843)
2021	(370,843)
2022	(370,844)
2023	(370,851)
Thereafter	(356,018)
Total	(\$2,210,242)

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**I. OPEB Trust Fund**

**(i) Plan Administration**

The City is the plan administrator. The Public Agency Retirement Services (PARS) administers the trust for the City. The City contracts with CalPERS, an agent multiple-employer plan administered by CalPERS to provide integrated medical/prescription drug coverage under the Public Employees’ Medical and Hospital Care Act (PEMHCA).

	Fiscal Year ended 6/30/18
Plan Type	Agent Multiple Employer
OPEB Trust	Yes
Special Funding Situation	No
Nonemployer Contributing Entity	No

**(ii) Contribution Information**

The City’s funding/contribution policy is to continue to pay healthcare premiums for retirees as they fall due. In addition, the City established this irrevocable trust with Public Agency Retirement Services (PARS) to set aside funds for OPEB liability. At June 30, 2018, the balance of the trust was \$1,672,480. The City reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the City.

**(iii) Investment Policy**

PARS offers different investment portfolios as part of the investment vehicle. The City’s policy regarding the allocation of the plan’s invested assets is established and may be amended by the management of the City of Brisbane. The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth in the investment guidelines. The investment objective the City has selected is the Moderate Objective, which has a dual goal to seek moderate growth of income and principal. The asset allocation ranges for this objective as of June 30, 2018, are listed below:

The following is the City adopted asset allocation policy as of June 30, 2018:

	Target Allocation	Expected Real Rate of Return
Asset Class Component:		
Domestic Equities	50.00%	5.39%
Fixed Income	50.00%	2.08%
Assumed Long Term Rate of Inflation		2.75%
Discount Rate		6.25%

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

Market conditions may cause the account's asset allocation to vary from the stated range from time to time. The investment manager (assisting the City) will rebalance the portfolio no less than quarterly and/or when the actual weighting differs substantially from the strategic range, if appropriate and consistent with the objectives.

*(iv) Investment Concentration*

As of June 30, 2018, the City's Trust did not have investments in any one organization exceeding 5% of the City's Trust investments.

*(v) Investment Rate of Return*

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 6.97%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**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 and purchases excess insurance from \$1,000,000 per year.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**B. *Workers' Compensation***

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

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

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

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

As of June 30, 2018, 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	\$1,060,820
Changes to estimated claims liability	871,432
Claims paid	<u>(518,009)</u>
Ending balance of claims payable	<u>\$1,414,243</u>
Current Portion	<u>\$377,100</u>

**NOTE 12 – COMMITMENTS AND CONTINGENT LIABILITIES**

**A. *Lawsuits***

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**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 \$148,796. 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, 2018 was \$44,061.

**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, 2018 were as listed below:

	Amount
General Fund	\$43,470
NPDES Special Revenue Fund	47,381
Facility Internal Service Fund	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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

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.

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.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

The City paid its surcharge of \$125,184 during fiscal year 2018, which is included as a component of purchased water expenses in the Utility Enterprise Fund. The surcharge for fiscal year 2019 is estimated to be \$134,880.

**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, 2018, 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, 2018**

**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	\$1,161,957	\$151,332	\$5,877,505	\$7,190,794
Restricted cash	1,321,083	1,321,083	1,321,084	3,963,250
Accounts receivable, net	354,709	359,094	354,709	1,068,512
Taxes receivable			92	92
Interest receivable	7,099	8,180	9,884	25,163
<b>Total current assets</b>	<b>2,844,848</b>	<b>1,839,689</b>	<b>7,563,274</b>	<b>12,247,811</b>
Noncurrent assets:				
Capital assets:				
Non-depreciable	88,912		558,903	647,815
Depreciable, net	8,016,459	4,246,911	12,921,709	25,185,079
<b>Total capital assets</b>	<b>8,105,371</b>	<b>4,246,911</b>	<b>13,480,612</b>	<b>25,832,894</b>
<b>Total noncurrent assets</b>	<b>8,105,371</b>	<b>4,246,911</b>	<b>13,480,612</b>	<b>25,832,894</b>
<b>Total assets</b>	<b>10,950,219</b>	<b>6,086,600</b>	<b>21,043,886</b>	<b>38,080,705</b>
<b>DEFERRED OUTFLOWS</b>				
Deferred outflows related to pension	84,948	84,948	84,948	254,844
Deferred outflows related to OPEB	7,913	7,913	7,913	23,739
<b>Total Deferred Outflows</b>	<b>92,861</b>	<b>92,861</b>	<b>92,861</b>	<b>278,583</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	116,897	202,106	188,475	507,478
Accrued payroll	3,532	5,985	5,733	15,270
Interest payable	69,053	69,053	69,054	207,160
Compensated absences	7,944	4,977	3,173	16,094
Deposits	5,648	5,648	5,648	16,944
Bonds payable due within one year	106,667	106,666	106,667	320,000
<b>Total current liabilities</b>	<b>309,761</b>	<b>394,435</b>	<b>378,750</b>	<b>1,082,946</b>
Noncurrent liabilities:				
Compensated absences	23,831	14,932	9,520	48,283
Advances from other funds				-
Bonds payable due in more than one year	2,401,667	2,401,666	2,401,667	7,205,000
Net pension liability	270,500	270,499	270,500	811,499
Net OPEB liability	63,706	63,706	63,706	191,118
<b>Total noncurrent liabilities</b>	<b>2,759,704</b>	<b>2,750,803</b>	<b>2,745,393</b>	<b>8,259,900</b>
<b>Total liabilities</b>	<b>3,069,465</b>	<b>3,145,238</b>	<b>3,124,143</b>	<b>9,338,846</b>
<b>DEFERRED INFLOWS</b>				
Deferred inflows related to pension	19,961	19,960	19,960	59,881
Deferred inflows related to OPEB	24,144	24,144	24,144	72,432
<b>Total Deferred Inflows</b>	<b>44,105</b>	<b>44,104</b>	<b>44,104</b>	<b>132,313</b>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	6,918,120	3,059,662	12,293,362	22,271,144
Restricted for:				
Capital projects	717,981		40,904	758,885
Unrestricted	293,409	(69,543)	5,634,234	5,858,100
<b>Total net position</b>	<b>7,929,510</b>	<b>\$2,990,119</b>	<b>\$17,968,500</b>	<b>\$28,888,129</b>

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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	\$2,280,981	\$2,628,341	\$3,175,568	\$8,084,890
<b>Total operating revenues</b>	<b>2,280,981</b>	<b>2,628,341</b>	<b>3,175,568</b>	<b>8,084,890</b>
<b>OPERATING EXPENSES:</b>				
Costs of sales and services	1,225,101	830,529	736,185	2,791,815
General and administrative	563,908	669,753	739,946	1,973,607
Depreciation	177,023	87,801	338,236	603,060
Other	-	-	-	-
<b>Total operating expenses</b>	<b>1,966,032</b>	<b>1,588,083</b>	<b>1,814,367</b>	<b>5,368,482</b>
<b>OPERATING INCOME (LOSS)</b>	<b>314,949</b>	<b>1,040,258</b>	<b>1,361,201</b>	<b>2,716,408</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Taxes and assessments			80,518	80,518
Investment income	12,311	12,310	12,310	36,931
Interest expense	(101,906)	(101,906)	(101,905)	(305,717)
<b>Total nonoperating revenues (expenses)</b>	<b>(89,595)</b>	<b>(89,596)</b>	<b>(9,077)</b>	<b>(188,268)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>225,354</b>	<b>950,662</b>	<b>1,352,124</b>	<b>2,528,140</b>
Transfers in	16,000	16,000	16,000	48,000
Transfers out	(73,643)	-	(77,326)	(150,969)
<b>Total transfers in and out</b>	<b>(57,643)</b>	<b>16,000</b>	<b>(61,326)</b>	<b>(102,969)</b>
<b>Change in net positions</b>	<b>167,711</b>	<b>966,662</b>	<b>1,290,798</b>	<b>2,425,171</b>
<b>NET POSITIONS:</b>				
Beginning of year, as restated	7,761,799	2,023,457	16,677,702	26,462,958
End of year	\$7,929,510	\$2,990,119	\$17,968,500	\$28,888,129

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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	\$2,296,763	\$2,639,738	\$3,191,350	\$8,127,851
Cash payments to suppliers	(1,865,107)	(1,452,367)	(1,448,540)	(4,766,014)
<b>Net cash provided (used) by operating activities</b>	<b>431,656</b>	<b>1,187,371</b>	<b>1,742,810</b>	<b>3,361,837</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Taxes and assessments			80,522	80,522
Advances from other funds	(39,124)	-	(41,081)	(80,205)
Transfers in	16,000	16,000	16,000	48,000
Transfers out	(73,643)	-	(77,326)	(150,969)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(96,767)</b>	<b>16,000</b>	<b>(21,885)</b>	<b>(102,652)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal payment of debt	(103,334)	(103,334)	(103,332)	(310,000)
Interest paid	(105,256)	(105,256)	(105,254)	(315,766)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(208,590)</b>	<b>(208,590)</b>	<b>(208,586)</b>	<b>(625,766)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income received	10,241	7,691	11,050	28,982
<b>Net cash provided (used) by investing activities</b>	<b>10,241</b>	<b>7,691</b>	<b>11,050</b>	<b>28,982</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>136,540</b>	<b>1,002,472</b>	<b>1,523,389</b>	<b>2,662,401</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	2,346,500	469,944	5,675,199	8,491,643
End of year	<u>\$2,483,040</u>	<u>\$1,472,416</u>	<u>\$7,198,588</u>	<u>\$11,154,044</u>
<b>FINANCIAL STATEMENT PRESENTATION:</b>				
Cash and cash equivalents	\$1,161,957	\$151,332	\$5,877,505	\$7,190,794
Restricted cash and cash equivalents with fiscal agents	\$1,321,083	\$1,321,083	\$1,321,084	3,963,250
<b>Total cash and cash equivalents</b>	<u>\$2,483,040</u>	<u>\$1,472,415</u>	<u>\$7,198,589</u>	<u>\$11,154,044</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$314,949	\$1,040,258	\$1,361,201	\$2,716,408
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	177,023	87,801	338,236	603,060
Changes in current assets and liabilities:				
Accounts receivable	15,782	11,397	15,782	42,961
Accounts payable and accrued liabilities	(97,631)	19,561	8,896	(69,174)
Accrued payroll	(627)	1,437	440	1,250
Compensated absences	3,775	8,532	(130)	12,177
Deposits	474	474	474	1,422
Net pension liability, deferred inflows and deferred outflows	19,338	19,338	19,338	58,014
Net OPEB liability, deferred inflows and deferred outflows	(1,427)	(1,427)	(1,427)	(4,281)
<b>Total adjustments</b>	<b>116,707</b>	<b>147,113</b>	<b>381,609</b>	<b>645,429</b>
<b>Net cash provided (used) by operating activities</b>	<u>\$431,656</u>	<u>\$1,187,371</u>	<u>\$1,742,810</u>	<u>\$3,361,837</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

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

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

Cash and investments of the Successor Agency as of June 30, 2018 are discussed in Note 3 above.

**B. Long-Term Obligations**

Description	Balance June 30, 2017	Retirements	Balance June 30, 2018	Current Portion	Non-current Portion
2005 Brisbane PFA, Series A	\$206,646	(\$206,646)			
2013 Tax Allocation Bonds	13,305,000	(1,235,000)	\$12,070,000	\$1,280,000	\$10,790,000
Total long-term debt	<u>\$13,511,646</u>	<u>(\$1,441,646)</u>	<u>\$12,070,000</u>	<u>\$1,280,000</u>	<u>\$10,790,000</u>
Loans payable to the City of Brisbane					
SERAF	\$515,528	(\$515,528)			
City General Fund	1,293,108	(200,000)	\$1,093,108		
City Marina Enterprise Fund	2,295,996		2,295,996		
Total loans payable to the City	<u>\$4,104,632</u>	<u>(\$715,528)</u>	<u>\$3,389,104</u>		

**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.

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. As of June 30, 2018, the Successor Agency paid off this debt.

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**2. 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.

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 \$14,337,061. Principal and interest paid for the current year was \$1,773,097.

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

June 30:	Principal	Interest	Total
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	1,450,000	318,884	1,768,884
2023	1,510,000	258,337	1,768,337
2024-2028	5,105,000	393,294	5,498,294
<b>Total</b>	<b>\$12,070,000</b>	<b>\$2,267,061</b>	<b>\$14,337,061</b>

**C. Commitments and Contingencies**

***State Approval of Enforceable Obligations***

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

**CITY OF BRISBANE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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, 2018, more than 10.6% of the City's General Fund's total revenues were derived from a single company.

**NOTE 16 – SUBSEQUENT EVENTS**

**A. Lawsuit Settlement with SFPP**

Subsequent to June 30, 2018, the City has reached a settlement with SFPP doing business as Kinder Morgan in regards to a lawsuit brought on to challenge the methodology of the Business License Tax in place for Liquid Storage Facilities. The agreement proposes to change the basis for the tax from a cubic foot of storage space to the basis of per gallon of delivered fuel. This change is expected to be presented to the voters at the November 2019 election.

**B. Property Purchase**

In September 2018, the City's Housing Authority (HA) purchased property located on 1 San Bruno Avenue which was used as collateral for one of the first time homebuyer loans. Thus, the related loan was paid off in the amount of \$185,000 and the HA will recognize shared appreciation of approximately \$35,000. The amount of the property purchase was approximately \$500,000.

**C. Purchase of Fire Apparatus**

The City of Brisbane, as part of the North County Fire Authority, entered into an agreement with Golden State Fire Apparatus, Inc. to purchase one fire apparatus and related equipment. In August 2018, the City paid \$602,083 to commence the specialty build of the apparatus that will be housed at Station 81 when completed in 2019.

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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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$9,852,763	\$11,177,603	\$12,022,136	\$844,533
Intergovernmental	18,000	201,500	97,242	(104,258)
Licenses, permits and fees	4,427,800	3,323,800	3,944,317	620,517
Charges for services	2,171,345	2,232,345	2,751,149	518,804
Fines and forfeitures	58,800	58,800	50,383	(8,417)
Use of money and property	110,000	110,000	126,597	16,597
Other revenues	465,938	594,938	783,254	188,316
<b>Total Revenues</b>	<b>17,104,646</b>	<b>17,698,986</b>	<b>19,775,078</b>	<b>2,076,092</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	4,707,915	5,191,615	5,518,956	(327,341)
Public safety - police	4,296,653	4,491,653	4,627,908	(136,255)
Public safety - fire	2,786,003	3,031,387	3,036,464	(5,077)
Public works	2,121,834	2,140,834	2,150,525	(9,691)
Parks and recreation	2,199,823	2,238,792	2,191,606	47,186
Capital outlay			3,971	(3,971)
<b>Debt service:</b>				
Principal			13,082	(13,082)
Interest and fiscal charges			1,122	(1,122)
<b>Total Expenditures</b>	<b>16,112,228</b>	<b>17,094,281</b>	<b>17,543,634</b>	<b>(449,353)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>992,418</b>	<b>604,705</b>	<b>2,231,444</b>	<b>1,626,739</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			143,631	143,631
Transfers (out)		(250,000)	(2,578,031)	(2,328,031)
<b>Total other financing sources (uses)</b>		<b>(250,000)</b>	<b>(2,434,400)</b>	<b>(2,184,400)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$992,418</b>	<b>\$354,705</b>	<b>(202,956)</b>	<b>(\$557,661)</b>
<b>BEGINNING FUND BALANCE</b>			<b>11,655,902</b>	
<b>ENDING FUND BALANCE</b>			<b>\$11,452,946</b>	

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, 2018

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
REVENUES:			
Use of money and property		\$23,693	\$23,693
Total Revenues		<u>23,693</u>	<u>23,693</u>
EXPENDITURES:			
Current:			
Public works	\$6,500	19,662	(13,162)
Total Expenditures	<u>6,500</u>	<u>19,662</u>	<u>(13,162)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,500)</u>	<u>4,031</u>	<u>10,531</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$6,500)</u></u>	4,031	<u><u>\$10,531</u></u>
BEGINNING FUND BALANCE		<u>2,179,455</u>	
ENDING FUND BALANCE		<u><u>\$2,183,486</u></u>	

**CITY OF BRISBANE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

**CalPERS Miscellaneous Cost-Sharing Defined Benefit Pension Plan**

As of fiscal year ending June 30, 2018

Last 10 Years\*

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS**

<u>Measurement Date</u>	<u>Miscellaneous Plan</u>			
	<u>All Plans</u> <u>6/30/2014</u>	<u>All Plans</u> <u>6/30/2015</u>	<u>All Plans</u> <u>6/30/2016</u>	<u>All Plans</u> <u>6/30/2017</u>
Plan's Proportion of the Net Pension Liability/Asset	0.08842%	0.26367%	0.26663%	0.27216%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$5,501,793	\$7,233,676	\$8,890,553	\$10,728,646
Plan's Covered Payroll	\$3,483,585	\$3,911,732	\$4,105,895	\$4,485,437
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered Payroll	157.93%	184.92%	216.53%	239.19%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	83.03%	21.65%	25.24%	27.18%

\* Fiscal year 2015 was the 1st year of implementation, additional years will be presented as they become available.

**CITY OF BRISBANE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2018**

**Cost-Sharing Defined Benefit Pension Plan  
As of fiscal year ending June 30, 2018  
Last 10 Years\*  
SCHEDULE OF CONTRIBUTIONS**

	Miscellaneous Plan			
	All Plans 2015	All Plans 2016	All Plans 2017	All Plans 2018
Actuarially determined contribution	\$608,408	\$414,697	\$867,272	\$956,571
Contributions in relation to the actuarially determined contributions	(608,408)	(414,697)	(867,272)	(956,571)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
Covered payroll	\$3,911,732	\$4,105,895	\$4,485,437	\$4,822,422
Contributions as a percentage of covered payroll	15.55%	10.10%	19.34%	19.84%
<b>Notes to Schedule</b>				
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015
Methods and assumptions used to determine contribution rates:				
Actuarial cost method		Entry age		
Amortization method		Level percentage of payroll, closed		
Remaining amortization period		30 years		
Asset valuation method		5-year smoothed market		
Inflation		2.75%		
Salary increases		3.30% to 14.20% depending on Age, Service and type of employment		
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation	7.15%, net of pension plan investment and administrative expenses, including inflation
Retirement age		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			

\* Fiscal year 2015 was the 1st year of implementation, additional years will be presented as they become available.

**CITY OF BRISBANE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

**CalPERS Safety Cost-Sharing Defined Benefit Pension Plan**

As of fiscal year ending June 30, 2018

Last 10 Years\*

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS**

<u>Measurement Date</u>	<u>Safety Plan</u>	<u>Safety Plan</u>	<u>Safety Plan</u>	<u>Safety Plan</u>
	<u>All Plans</u>	<u>All Plans</u>	<u>All Plans</u>	<u>All Plans</u>
	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Plan's Proportion of the Net Pension Liability/Asset	0.10478%	0.16040%	0.17166%	0.17235%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$6,519,984	\$6,609,094	\$9,262,442	\$10,298,325
Plan's Covered Payroll	\$2,604,534	\$2,895,118	\$2,549,311	\$3,201,004
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered Payroll	250.33%	228.28%	363.33%	321.72%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	81.42%	18.66%	25.33%	25.59%

\* Fiscal year 2015 was the 1st year of implementation, additional years will be presented as they become available.

**CITY OF BRISBANE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

Cost-Sharing Defined Benefit Pension Plan  
As of fiscal year ending June 30, 2018  
Last 10 Years\*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year ending June 30:	Safety Plan All Plans 2015	Safety Plan All Plans 2016	Safety Plan All Plans 2017	Safety Plan All Plans 2018
Actuarially determined contribution	\$544,677	\$446,822	\$824,601	\$928,535
Contributions in relation to the actuarially determined contributions	(544,677)	(446,822)	(824,601)	(928,535)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
Covered payroll	\$2,895,118	\$2,549,311	\$3,201,004	\$3,050,669
Contributions as a percentage of covered payroll	18.81%	17.53%	25.76%	30.44%
<b>Notes to Schedule</b>				
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015
Methods and assumptions used to determine contribution rates:				
Actuarial cost method		Entry age		
Amortization method		Level percentage of payroll, closed		
Remaining amortization period		30 years		
Asset valuation method		5-year smoothed market		
Inflation		2.75%		
Salary increases		3.30% to 14.20% depending on Age, Service and type of employment		
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation	7.15%, net of pension plan investment and administrative expenses, including inflation
Retirement age		55 yrs. Safety, 57 yrs. Tier 2		
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.			

\* Fiscal year 2015 was the 1st year of implementation, additional years will be presented as they become available.

**CITY OF BRISBANE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

PARS Miscellaneous Plan, A Single-Employer Defined Benefit Plan  
Last 10 Years\*

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

Measurement Date, June 30:	2015	2016	2017	2018
<b>Plan total pension liability</b>				
Service Cost	\$15,613	\$16,949	\$17,288	\$17,847
Interest	27,586	32,611	36,104	35,112
Effect of plan changes	-	-	-	-
Effect of liability gains or losses	-	4,039	-	10,905
Effect of assumption changes or inputs	-	23,212	(29,530)	-
Benefit payments	-	-	-	-
<b>Net change in total pension liability</b>	43,199	76,811	23,862	63,864
<b>Total pension liability - beginning</b>	378,473	421,672	498,483	522,345
<b>Total pension liability - ending (a)</b>	421,672	498,483	522,345	586,209
<b>Plan fiduciary net position</b>				
Administrative expenses	(\$1,799)	(\$1,878)	(\$2,104)	(\$2,408)
Member contributions	-	-	-	-
Net investment income	8,348	166	40,594	27,708
Employer contributions	20,560	21,117	21,158	21,158
<b>Net change in plan fiduciary net position</b>	27,109	19,405	59,648	46,458
<b>Plan fiduciary net position - beginning</b>	342,254	369,363	388,768	448,416
<b>Plan fiduciary net position - ending (b)</b>	369,363	388,768	448,416	494,874
<b>Plan net pension liability - ending (a)-(b)</b>	\$52,309	\$109,715	\$73,929	\$91,335
Plan fiduciary net position as a percentage of the total pension liability	87.59%	77.99%	85.85%	84.42%
Covered payroll	\$215,862	\$225,028	\$229,529	\$237,847
Net pension liability as percentage of covered-employee payroll	24.23%	48.76%	32.21%	38.40%

**Changes in assumptions.** In 2017, the accounting discount rate reduced from 7.0 percent to 6.5 percent.

\* Fiscal year 2015 was the 1st year of implementation of GASB 68, additional years will be presented as they become available.

Source: CalPERS Accounting Valuation

**CITY OF BRISBANE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

PARS Miscellaneous Plan, A Single-Employer Defined Benefit Plan  
Last 10 Years\*

**SCHEDULE OF CONTRIBUTIONS**

Fiscal Year ended June 30:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contributions	\$20,560	\$21,117	\$21,158	\$21,158
Contributions in relation to the actuarially determined contributions	<u>(20,560)</u>	<u>(21,117)</u>	<u>(21,158)</u>	<u>(21,158)</u>
Contribution deficiency (excess)				
Covered payroll	\$215,862	\$225,028	\$229,529	\$237,847
Contributions as a percentage of covered payroll	9.52%	9.38%	9.22%	8.90%
<b>Notes to Schedule</b>				
Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	2.00%
Investment rate of return	6.5%, net of pension plan investment expense, including inflation
Retirement age	100 % retirement assumed at age 65
	Pre-Retirement: Consistent with the Non-Industrial rates used to value the Miscellaneous Public Agency CalPERS Pension Plans.
	Post-Retirement: CalPERS 1997 - 2011 Healthy Retiree Tables (sex-distinct) with an assumed base year of 2008 and full generational
Mortality	

\* Fiscal year 2015 was the 1st year of implementation of GASB 68, additional years will be presented as they become available.

Source: City's general ledger and PARS Actuarial Valuation

**CITY OF BRISBANE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

**OPEB Trust Fund**  
**Schedule of Changes in the City's**  
**Net OPEB Liability and Related Ratios**  
**Last Ten Fiscal Years\***

For the Measurement Period Ended June 30	<u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$220,254
Interest	548,482
Changes of benefit terms	269,186
Differences between expected and actual experience	(905,016)
Changes of assumptions	(1,676,108)
Benefit Payments	(246,909)
Implicit rate subsidy fulfilled	(162,600)
Net change in Total OPEB Liability	<u>(1,952,711)</u>
Total OPEB Liability at beginning of year	<u>8,980,463</u>
 <b>Total OPEB Liability at end of year</b>	 <b><u><u>\$7,027,752</u></u></b>
 <b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$346,909
Implicit subsidy - employer	162,600
Contributions - member	-
Net investment income	74,661
Benefit payments	(246,909)
Implicit rate subsidy fulfilled	(162,600)
Administrative expenses	(1,353)
Net change in Plan Fiduciary Net Position	<u>173,308</u>
Plan Fiduciary Net Position at beginning of year	<u>1,022,421</u>
 <b>Plan Fiduciary Net Position at end of year</b>	 <b><u><u>\$1,195,729</u></u></b>
 <b>Authority's Net OPEB Liability (Asset) at end of year</b>	 <b><u><u>\$5,832,023</u></u></b>
 <b>Plan's Fiduciary Net Position as percentage of Total OPEB Liability</b>	 <b>17.0%</b>
 <b>Covered Payroll</b>	 <b>\$6,789,392</b>
 <b>Net OPEB Liability as percentage of covered-employee payroll</b>	 <b>85.90%</b>

*Notes:*

\* Fiscal year 2018 was the first year of implementation, additional years will be shown when available.

**CITY OF BRISBANE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2018**

**OPEB Trust Fund  
Schedule of Employer Contributions  
Last Ten Fiscal Years\***

For the Fiscal Year Ended June 30	<u>2018</u>
Actuarially determined contributions	\$798,682
Contributions in relation to the actuarially determined contribution	<u>\$509,509</u>
Contributions deficiency (excess)	<u>\$289,173</u>
 Covered Payroll	 \$6,789,392
 Contributions as a percentage of covered payroll	 7.50%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Valuation date	6/30/2017
Actuarial cost method	Entry Age normal, level percent
Amortization method	Closed period, level percent of
Remaining amortization period	20 years
	Market value as of fiscal year-
Asset valuation method	end 2017
Inflation	2.75%
Projected salary increases	2.875%
Healthcare trend rate	7.00%, trending down to
PEMHCA trend rate	3.00%
Discount rate, net of investment expenses	6.25%
Retirement rate	CalPERS Rates
Mortality rate	CalPERS Rates
Expected return on plan assets	6.97%

\* Fiscal year 2018 was the first year of implementation, additional years will be shown when available.

**CITY OF BRISBANE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2018**

**OPEB Trust Fund  
Schedule of Investment Returns  
Last Ten Fiscal Years\***

For the Fiscal Year Ended June 30	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	6.97%	6.97%

*Notes:*

\* Fiscal year 2017 was the first year of GASB 74 implementation, additional years will be shown when available.

## 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.

**2017 Brisbane-Guadalupe Valley Municipal Improvement District Lease Refunding Debt Service Fund.** This fund accounts for the debt service for the refunding of the 2009 BPFA Revenue Bonds, Series A. 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.

**2018 Library Construction Loan Debt Service Fund.** This fund accounts for the debt service for the 2018 Library Construction Loan from the County of San Mateo. The Project currently includes construction and construction management of the new library. The debt service will be met with property tax allocations.

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

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

**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.

**Park Development Capital Projects Fund.** As a condition of the Development Agreement between Opus and the City approved February 2, 2017 the City received back Parcel R on Sierra Point. Additionally, Opus provided funds which were designated for public improvements on this parcel. This fund is used to track those funds.

CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018

SPECIAL REVENUE FUNDS

	Gas Tax	Measure A	Sierra Point Landscape & Lighting	Grants
<b>ASSETS</b>				
Cash and investments	\$60,201	\$342,161	\$473,644	\$45,296
Restricted cash and investments with fiscal agents				
Accounts receivable, net	204	1,157	1,604	643
Interest receivable				
Taxes receivable		15,762		
	<u>\$60,405</u>	<u>\$359,080</u>	<u>\$475,248</u>	<u>\$45,939</u>
Total Assets	<u>\$60,405</u>	<u>\$359,080</u>	<u>\$475,248</u>	<u>\$45,939</u>
<b>LIABILITIES</b>				
Accounts payable			\$40,018	\$5,221
Accrued payroll			1,003	
Due to other funds	\$53,365			
Deposits payable				1,601
Unearned Revenue				
	<u>53,365</u>	<u></u>	<u>41,021</u>	<u>6,822</u>
Total Liabilities	<u>53,365</u>	<u></u>	<u>41,021</u>	<u>6,822</u>
<b>FUND BALANCE</b>				
Restricted		\$359,080	434,227	39,117
Assigned				
Unassigned	7,040			
	<u>7,040</u>	<u>359,080</u>	<u>434,227</u>	<u>39,117</u>
Total Fund Balances	<u>7,040</u>	<u>359,080</u>	<u>434,227</u>	<u>39,117</u>
Total Liabilities and Fund Balances	<u>\$60,405</u>	<u>\$359,080</u>	<u>\$475,248</u>	<u>\$45,939</u>

SPECIAL REVENUE FUNDS						DEBT SERVICE FUNDS
NPDES	Traffic Congestion Relief	Fire Training	Contract Employees	Public Arts	Tree Plant	2006 Pension Obligation Bonds
\$710,830	\$5,368	\$3,231	\$123,442	\$398,122	\$5,477	\$13,859 12,191
2,412		11	52,005 417	133	19	
<u>\$713,242</u>	<u>\$5,368</u>	<u>\$3,242</u>	<u>\$175,864</u>	<u>\$398,255</u>	<u>\$5,496</u>	<u>\$26,050</u>
\$8,164 3,128			\$2,788			\$33,594
<u>11,292</u>			<u>2,788</u>			<u>33,594</u>
604,569 97,381	5,368	\$3,242	173,076	\$398,255	\$5,496	(7,544)
<u>701,950</u>	<u>5,368</u>	<u>3,242</u>	<u>173,076</u>	<u>398,255</u>	<u>5,496</u>	<u>(7,544)</u>
<u>\$713,242</u>	<u>\$5,368</u>	<u>\$3,242</u>	<u>\$175,864</u>	<u>\$398,255</u>	<u>\$5,496</u>	<u>\$26,050</u>

(Continued)

CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018

DEBT SERVICE FUNDS

	<u>2001 Revenue Bonds, Series B</u>	<u>2005 Revenue Bonds, Series A</u>	<u>2009 Revenue Lease Bonds, Series A</u>	<u>2013 Pension Side Fund Bonds</u>
<b>ASSETS</b>				
Cash and investments	\$21	\$157,692		
Restricted cash and investments with fiscal agents				
Accounts receivable, net		1,929		
Interest receivable				
Taxes receivable				
Total Assets	<u>\$21</u>	<u>\$159,621</u>		
<b>LIABILITIES</b>				
Accounts payable		4,131		
Accrued payroll				
Due to other funds			3,062	\$1,010
Deposits payable				
Unearned Revenue				
Total Liabilities		<u>4,131</u>	<u>3,062</u>	<u>1,010</u>
<b>FUND BALANCE</b>				
Restricted		\$155,490		
Assigned				
Unassigned	<u>\$21</u>		<u>(3,062)</u>	<u>(1,010)</u>
Total Fund Balances	<u>21</u>	<u>155,490</u>	<u>(3,062)</u>	<u>(1,010)</u>
Total Liabilities and Fund Balances	<u>\$21</u>	<u>\$159,621</u>		

DEBT SERVICE FUNDS				CAPITAL PROJECT FUNDS		
2005 Revenue Bonds, Series B Debt Service Fund	Brisbane- Guadalupe Valley Municipal Improvement District Public Financing Authority	2017 Brisbane- Guadalupe Valley Municipal Improvement District Lease Refunding	2018 Library Construction Loan	Special Beautification Project	Facilities Construction	South Hill
	\$31		\$1,700,000		\$3,438,285	\$299,069
					11,613	1,010
	\$31		\$1,700,000		\$3,449,898	\$300,079
	\$5,141	\$76,250		\$2,605	\$11,018	
	5,141	76,250		2,605	11,018	
			1,700,000		3,438,880	\$300,079
	(5,110)	(76,250)		(2,605)		
	(5,110)	(76,250)	1,700,000	(2,605)	3,438,880	300,079
	\$31		\$1,700,000		\$3,449,898	\$300,079

(Continued)

CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018

	<u>CAPITAL PROJECT FUND</u>	
	<u>Park Development</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>		
Cash and investments	\$300,031	\$6,376,729
Restricted cash and investments with fiscal agents		12,222
Accounts receivable, net		1,772,588
Interest receivable	1,013	1,582
Taxes receivable		15,762
	<u>\$301,044</u>	<u>\$8,178,883</u>
<b>LIABILITIES</b>		
Accounts payable		\$57,534
Accrued payroll		6,919
Due to other funds		175,027
Deposits payable		12,619
Unearned Revenue	\$300,000	300,000
	<u>300,000</u>	<u>552,099</u>
<b>FUND BALANCE</b>		
Restricted		3,877,920
Assigned	1,044	3,837,384
Unassigned		(88,520)
	<u>1,044</u>	<u>7,626,784</u>
<b>Total Fund Balances</b>	<u>1,044</u>	<u>7,626,784</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$301,044</u>	<u>\$8,178,883</u>

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CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS			
	Gas Tax	Measure A	Sierra Point Landscape & Lighting	Grants
GOVERNMENTAL REVENUES				
Taxes and special assessments		\$207,806	\$587,329	
Intergovernmental	\$119,090			\$144,416
Licenses, permits and fees				
Use of money and property	(39)	1,305	1,286	426
Other revenues				
Total Revenues	119,051	209,111	588,615	144,842
EXPENDITURES				
Current:				
General government				
Public works			476,604	
Capital outlay	58,484	59,463		34,256
Debt service:				
Principal			8,144	
Interest and fiscal charges				
Total Expenditures	58,484	59,463	484,748	34,256
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	60,567	149,648	103,867	110,586
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt				
Payment to refunded debt escrow agent				
Transfers in				
Transfers out				(143,631)
Total Other Financing Sources (Uses)				(143,631)
NET CHANGES IN FUND BALANCES	60,567	149,648	103,867	(33,045)
BEGINNING FUND BALANCES (DEFICITS)	(53,527)	209,432	330,360	72,162
ENDING FUND BALANCES (DEFICITS)	\$7,040	\$359,080	\$434,227	\$39,117

SPECIAL REVENUE FUNDS

NPDES	Traffic Congestion Relief	Fire Training	Contract Employees	Public Arts	Tree Plant
\$50,360	\$5,368				
2,463 (808)		\$19	\$811 208,020	\$3,859 197,855	\$22 950
52,015	5,368	19	208,831	201,714	972
				15,000	
415,489			183,925		
415,489			183,925	15,000	
(363,474)	5,368	19	24,906	186,714	972
527,488					
527,488					
164,014	5,368	19	24,906	186,714	972
537,936		3,223	148,170	211,541	4,524
\$701,950	\$5,368	\$3,242	\$173,076	\$398,255	\$5,496

(Continued)

CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018

	DEBT SERVICE FUNDS			
	2006 Pension Obligation Bonds	2001 Revenue Bonds, Series B	2005 Revenue Bonds, Series A	2009 Revenue Lease Bonds, Series A
GOVERNMENTAL REVENUES				
Taxes and special assessments				
Intergovernmental				
Licenses, permits and fees				
Use of money and property	(\$1,696)		(\$174)	(\$313)
Other revenues				
Total Revenues	(1,696)		(174)	(313)
EXPENDITURES				
Current:				
General government				
Public works				
Capital outlay				
Debt service:				
Principal	600,000		103,354	
Interest and fiscal charges	62,188		4,134	2,601
Total Expenditures	662,188		107,488	2,601
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(663,884)		(107,662)	(2,914)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt				
Payment to refunded debt escrow agent				(186,112)
Transfers in	662,188		107,488	
Transfers out				
Total Other Financing Sources (Uses)	662,188		107,488	(186,112)
NET CHANGES IN FUND BALANCES				
	(1,696)		(174)	(189,026)
BEGINNING FUND BALANCES (DEFICITS)				
	(5,848)	\$21	155,664	185,964
ENDING FUND BALANCES (DEFICITS)				
	(\$7,544)	\$21	\$155,490	(\$3,062)



CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018

	CAPITAL PROJECT FUNDS			
	Facilities Construction	South Hill	Park Development	Total Nonmajor Governmental Funds
GOVERNMENTAL REVENUES				
Taxes and special assessments				\$850,863
Intergovernmental				263,506
Licenses, permits and fees				2,463
Use of money and property	\$21,172	\$1,841	\$1,044	27,423
Other revenues				406,825
Total Revenues	21,172	1,841	1,044	1,551,080
EXPENDITURES				
Current:				
General government				15,000
Public works				1,076,018
Capital outlay				152,203
Debt service:				
Principal				1,133,498
Interest and fiscal charges				473,450
Total Expenditures				2,850,169
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	21,172	1,841	1,044	(1,299,089)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt				3,330,000
Payment to refunded debt escrow agent				(1,737,753)
Transfers in				1,969,345
Transfers out				(143,631)
Total Other Financing Sources (Uses)				3,417,961
NET CHANGES IN FUND BALANCES	21,172	1,841	1,044	2,118,872
BEGINNING FUND BALANCES (DEFICITS)	3,417,708	298,238		5,507,912
ENDING FUND BALANCES (DEFICITS)	\$3,438,880	\$300,079	\$1,044	\$7,626,784

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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, 2018

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				\$170,000	\$207,806	\$37,806
Intergovernmental	\$98,700	\$119,090	\$20,390			
Licenses, permits and fees						
Charges for services						
Use of money and property		(39)	(39)		1,305	1,305
Other revenues						
<b>Total Revenues</b>	<u>98,700</u>	<u>119,051</u>	<u>20,351</u>	<u>170,000</u>	<u>209,111</u>	<u>39,111</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Public works						
Capital outlay		58,484	(58,484)		59,463	(59,463)
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>		<u>58,484</u>	<u>(58,484)</u>		<u>59,463</u>	<u>(59,463)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>98,700</u>	<u>60,567</u>	<u>(38,133)</u>	<u>170,000</u>	<u>149,648</u>	<u>(20,352)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Payment to refunded debt escrow agent						
Transfers in						
Transfers out						
<b>Total Other Financing Sources (Uses)</b>						
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$98,700</u>	<u>60,567</u>	<u>(\$38,133)</u>	<u>\$170,000</u>	<u>149,648</u>	<u>(\$20,352)</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>(53,527)</u>			<u>209,432</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u>\$7,040</u>			<u>\$359,080</u>	

SPECIAL REVENUE FUNDS

SIERRA POINT LANDSCAPING & LIGHTING			GRANTS			NPDES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$590,000	\$587,329	(\$2,671)	\$100,000	\$144,416	\$44,416	\$52,000 22,000	\$50,360 2,463	(\$1,640) (22,000)
	1,286	1,286		426	426		(808)	(808)
<u>590,000</u>	<u>588,615</u>	<u>(1,385)</u>	<u>100,000</u>	<u>144,842</u>	<u>44,842</u>	<u>74,000</u>	<u>52,015</u>	<u>(21,985)</u>
572,718	476,604	96,114		34,256	(34,256)	601,482	415,489	185,993
	8,144	(8,144)						
<u>572,718</u>	<u>484,748</u>	<u>87,970</u>		<u>34,256</u>	<u>(34,256)</u>	<u>601,482</u>	<u>415,489</u>	<u>185,993</u>
<u>17,282</u>	<u>103,867</u>	<u>86,585</u>	<u>100,000</u>	<u>110,586</u>	<u>10,586</u>	<u>(527,482)</u>	<u>(363,474)</u>	<u>164,008</u>
				(143,631)	(143,631)	527,488	527,488	
				(143,631)	(143,631)	527,488	527,488	
<u>\$17,282</u>	<u>103,867</u>	<u>\$86,585</u>	<u>\$100,000</u>	<u>(33,045)</u>	<u>(\$133,045)</u>	<u>\$6</u>	<u>164,014</u>	<u>\$164,008</u>
	<u>330,360</u>			<u>72,162</u>			<u>537,936</u>	
	<u>\$434,227</u>			<u>\$39,117</u>			<u>\$701,950</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, 2018

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
	PUBLIC ARTS FUND			2006 PENSION OBLIGATION BONDS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
GOVERNMENTAL REVENUES						
Taxes and special assessments						
Intergovernmental						
Licenses, permits and fees						
Charges for services						
Use of money and property		\$3,859	\$3,859		(\$1,696)	(\$1,696)
Other revenues		197,855	197,855			
Total Revenues		201,714	201,714		(1,696)	(1,696)
EXPENDITURES						
Current:						
General government		15,000	(15,000)			
Public works						
Capital outlay						
Debt service:						
Principal				\$600,000	600,000	
Interest and fiscal charges				60,881	62,188	(1,307)
Total Expenditures		15,000	(15,000)	660,881	662,188	(1,307)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		186,714	186,714	(660,881)	(663,884)	(3,003)
OTHER FINANCING SOURCES (USES)						
Payment to refunded debt escrow agent						
Transfers in				660,881	662,188	1,307
Transfers out						
Total Other Financing Sources (Uses)				660,881	662,188	1,307
NET CHANGE IN FUND BALANCES		186,714	\$186,714	(1,696)	(\$1,696)	(\$1,696)
BEGINNING FUND BALANCES (DEFICITS)		211,541		(5,848)		
ENDING FUND BALANCES (DEFICITS)		\$398,255		(\$7,544)		



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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, 2018

	Dental Self-Insurance	Fringe Benefits	Flexible Benefits	General Liability
<b>ASSETS</b>				
Current Assets:				
Cash and investments		\$225,664	\$41	
Restricted cash and investments				
Accounts receivable, net			2,977	
Interest receivable		764		
<b>Total Assets</b>		<b>226,428</b>	<b>3,018</b>	
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	\$9,965	131,723	2,936	\$32,590
Due to other funds	47,056		1,751	29,752
Accrued payroll		78,367		
Interest payable	146			104
Accrued claims payable				95,920
<b>Total Current Liabilities</b>	<b>57,167</b>	<b>210,090</b>	<b>4,687</b>	<b>158,366</b>
Noncurrent Liabilities:				
Workers' comp deficit assessment payable				
Accrued self-insurance				272,323
<b>Total Liabilities</b>	<b>57,167</b>	<b>210,090</b>	<b>4,687</b>	<b>430,689</b>
<b>NET POSITION</b>				
Unrestricted	(57,167)	16,338	(1,669)	(430,689)
<b>Total Net Position (Deficits)</b>	<b>(\$57,167)</b>	<b>\$16,338</b>	<b>(\$1,669)</b>	<b>(\$430,689)</b>

<u>Workers' Compensation</u>	<u>OPEB Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Facilities Maintenance</u>	<u>Total</u>
\$579,908	\$520,772	\$757,821	\$606,283	\$2,690,489
92,299				92,299
			1,200	4,177
<u>1,962</u>	<u>1,759</u>	<u>2,556</u>		<u>7,041</u>
<u>674,169</u>	<u>522,531</u>	<u>760,377</u>	<u>607,483</u>	<u>2,794,006</u>
4,203			55,303	236,720
				78,559
3,726				82,093
				250
<u>281,180</u>				<u>377,100</u>
<u>289,109</u>			<u>55,303</u>	<u>774,722</u>
39,609				39,609
<u>764,820</u>				<u>1,037,143</u>
<u>1,093,538</u>			<u>55,303</u>	<u>1,851,474</u>
<u>(419,369)</u>	<u>522,531</u>	<u>760,377</u>	<u>552,180</u>	<u>942,532</u>
<u>(\$419,369)</u>	<u>\$522,531</u>	<u>\$760,377</u>	<u>\$552,180</u>	<u>\$942,532</u>

CITY OF BRISBANE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2018

	Dental Self-Insurance	Fringe Benefits	Flexible Benefits	General Liability
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$88,873			\$338,852
Other revenue				
Total Operating Revenues	<u>88,873</u>			<u>338,852</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and services				
General and administrative	123,714			1,146,279
Other expenses				
Total Operating Expenses	<u>123,714</u>			<u>1,146,279</u>
Operating Income (Loss)	<u>(34,841)</u>			<u>(807,427)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	(127)	\$663	(\$1)	2,064
Total Nonoperating Revenues (Expenses)	<u>(127)</u>	<u>663</u>	<u>(1)</u>	<u>2,064</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>				
	<u>(34,968)</u>	<u>663</u>	<u>(1)</u>	<u>(805,363)</u>
Transfers in				
Transfers				
Change in Net Position	(34,968)	663	(1)	(805,363)
BEGINNING NET POSITION (DEFICIT)	<u>(22,199)</u>	<u>15,675</u>	<u>(1,668)</u>	<u>374,674</u>
ENDING NET POSITION (DEFICIT)	<u><u>(\$57,167)</u></u>	<u><u>\$16,338</u></u>	<u><u>(\$1,669)</u></u>	<u><u>(\$430,689)</u></u>

Workers' Compensation	OPEB Fund	Vehicle Replacement Fund	Facilities Maintenance	Total
\$570,855				\$998,580
14,005				14,005
584,860				1,012,585
	\$21,335			21,335
616,892			\$203,636	2,090,521
2,808	267,658	\$721,573		992,039
619,700	288,993	721,573	203,636	3,103,895
(34,840)	(288,993)	(721,573)	(203,636)	(2,091,310)
2,643	3,131	6,911	3,045	18,329
2,643	3,131	6,911	3,045	18,329
(32,197)	(285,862)	(714,662)	(200,591)	(2,072,981)
	299,616	178,846	250,000	728,462
	299,616	178,846	250,000	728,462
(32,197)	13,754	(535,816)	49,409	(1,344,519)
(387,172)	508,777	1,296,193	502,771	2,287,051
(\$419,369)	\$522,531	\$760,377	\$552,180	\$942,532

CITY OF BRISBANE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018

	Dental Self-Insurance	Fringe Benefits	Flexible Benefits	General Liability
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received to/ from customers	\$88,873	\$20,975	\$42	\$364,112
Cash payments to suppliers	(131,985)			(797,856)
Cash received from other funds				
<b>Cash Flows from Operating Activities</b>	<b>(43,112)</b>	<b>20,975</b>	<b>42</b>	<b>(433,744)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Due to other funds receipts	43,239			29,752
Transfers in				
<b>Cash Flows from Noncapital Financing Activities</b>	<b>43,239</b>			<b>29,752</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest paid	(127)		(1)	
Interest income		518		3,383
<b>Cash Flows from Investing Activities</b>	<b>(127)</b>	<b>518</b>	<b>(1)</b>	<b>3,383</b>
<b>Net Cash Flows</b>		<b>21,493</b>	<b>41</b>	<b>(400,609)</b>
Cash and investments at beginning of period		204,171		400,609
Cash and investments at end of period		<b>\$225,664</b>	<b>\$41</b>	
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>				
Operating income (loss)	(\$34,841)			(\$807,427)
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>				
Accounts receivable				
Accounts payable and accrued liabilities	(8,271)	\$2,742	\$42	25,260
Accrued payroll		18,233		
Accrued claims payable				348,423
<b>Cash Flows from Operating Activities</b>	<b>(43,112)</b>	<b>\$20,975</b>	<b>\$42</b>	<b>(433,744)</b>

Workers' Compensation	OPEB Fund	Replacement Vehicle Fund	Facilities Maintenance	Total
\$570,855		(\$16,435)	\$6,216	\$1,034,638
(578,760)	(\$288,993)	(721,573)	(203,636)	(2,722,803)
17,165				17,165
9,260	(288,993)	(738,008)	(197,420)	(1,671,000)
				72,991
	299,616	178,846	250,000	728,462
	299,616	178,846	250,000	801,453
				(128)
2,438	2,910	7,782	3,045	20,076
2,438	2,910	7,782	3,045	19,948
11,698	13,533	(551,380)	55,625	(849,599)
660,509	507,239	1,309,201	550,658	3,632,387
\$672,207	\$520,772	\$757,821	\$606,283	\$2,782,788
(\$34,840)	(\$288,993)	(\$721,573)	(\$203,636)	(\$2,091,310)
			(289)	(289)
(3,669)		(16,435)	6,505	6,174
3,160				21,393
44,609				393,032
\$9,260	(\$288,993)	(\$738,008)	(\$197,420)	(\$1,671,000)

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

**Developer Deposits**

**Other Agency Funds**

**Northeast Ridge Assessment District 2001 Bonds Fund**

**Peninsula Corridor Electrification**

CITY OF BRISBANE  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<b>Developer Deposits</b>				
Assets				
Cash and investments	\$908,282	(\$119,240)		\$789,042
Accounts receivable				
Interest receivable	-			
Total Assets	<u>\$908,282</u>	<u>(\$119,240)</u>		<u>\$789,042</u>
Liabilities				
Accounts payable		\$311,451	\$311,451	
Deposits	908,282	(119,240)		\$789,042
Total Liabilities	<u>\$908,282</u>	<u>\$192,211</u>	<u>\$311,451</u>	<u>\$789,042</u>
<b>Other Agency Funds</b>				
Assets				
Cash and investments	\$7,616	\$2,829		\$10,445
Interest receivable	6	1	\$1	6
Total Assets	<u>\$7,622</u>	<u>\$2,830</u>	<u>\$1</u>	<u>\$10,451</u>
Liabilities				
Accounts payable	\$367			\$367
Deposits	7,255	\$2,829		10,084
Total Liabilities	<u>\$7,622</u>	<u>\$2,829</u>		<u>\$10,451</u>

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<b>Northeast Ridge Assessment District 2001 Bonds</b>				
<b>Assets</b>				
Cash and investments	\$588,391	\$6,374		\$594,765
Cash and investment with fiscal agent	250,455	2,192		252,647
Interest receivable	1,784	238		2,022
Taxes receivable		8,530		8,530
<b>Total Assets</b>	<b>\$840,630</b>	<b>\$17,334</b>		<b>\$857,964</b>
<b>Liabilities</b>				
Due to bondholders	\$840,630	\$17,334		\$857,964
<b>Total Liabilities</b>	<b>\$840,630</b>	<b>\$17,334</b>		<b>\$857,964</b>
<b>Peninsula Corridor Electrification Project</b>				
<b>Assets</b>				
Cash and investments	\$25,055	\$146		\$25,201
Interest receivable	1,784	238		2,022
<b>Total Assets</b>	<b>\$26,839</b>	<b>\$384</b>		<b>\$27,223</b>
<b>Liabilities</b>				
Due to bondholders	\$26,839	\$384		\$27,223
<b>Total Liabilities</b>	<b>\$26,839</b>	<b>\$384</b>		<b>\$27,223</b>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and investments	\$1,529,344	(\$109,891)		\$1,419,453
Cash and investment with fiscal agent	250,455	2,192		252,647
Interest receivable	3,574	477	1	4,050
Taxes receivable		8,530		8,530
<b>Total Assets</b>	<b>\$1,783,373</b>	<b>(\$98,692)</b>	<b>\$1</b>	<b>\$1,684,680</b>
<b>Liabilities</b>				
Accounts payable	\$367	\$311,451	\$311,451	\$367
Deposits	915,537	(116,411)		799,126
Due to bondholders	867,469	17,718		885,187
<b>Total Liabilities</b>	<b>\$1,783,373</b>	<b>\$212,758</b>	<b>\$311,451</b>	<b>\$1,684,680</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, 2018, and have issued our report thereon dated December 7, 2018. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

***Internal Control over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control we consider to be significant deficiencies as listed on the Schedule of Significant Deficiencies included as part of our separately issued Memorandum on Internal Control dated December 7, 2018, 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

### ***City's Response to Findings***

The City's response to the findings identified in our audit is described in our separately issued Memorandum on Internal Control dated December 7, 2018, 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.

*Maze & Associates*

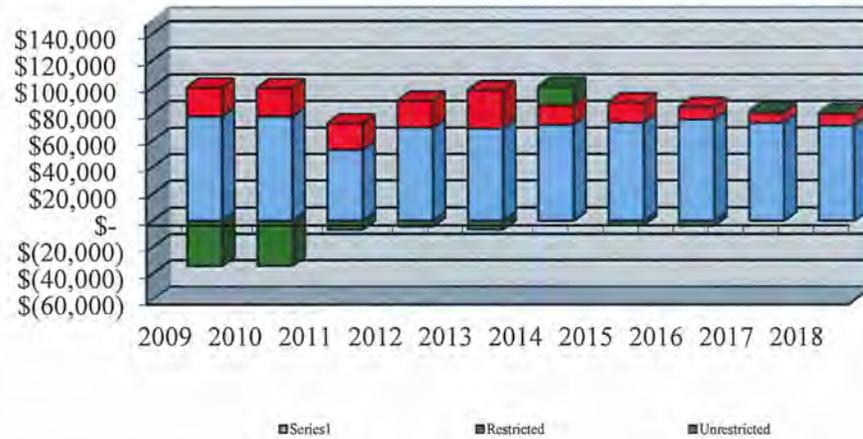
Pleasant Hill, California  
December 7, 2018

## STATISTICAL INFORMATION

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

Contents	Page
Financial Trends	144-149
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	151-156
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	157-162
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	163-167
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	168-171
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$45,825	\$46,213	\$20,781	\$38,064	\$37,751	\$46,027	\$47,358	\$47,876	\$44,304	\$43,424
Restricted	19,027	18,943	19,399	19,006	26,255	12,292	12,698	6,934	6,373	8,314
Unrestricted	(32,518)	(32,380)	(6,786)	(5,156)	(7,609)	10,882	-5,099	(3,507)	945	(3,630)
<b>Total governmental activities net position</b>	<b>\$32,334</b>	<b>\$32,776</b>	<b>\$33,394</b>	<b>\$51,914</b>	<b>\$56,397</b>	<b>\$69,201</b>	<b>\$54,957</b>	<b>\$51,303</b>	<b>\$51,622</b>	<b>\$48,108</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$32,894	\$32,500	\$32,503	\$32,305	\$31,832	\$26,368	\$26,815	\$28,599	\$29,708	\$28,342
Restricted	2,601	2,252	848	847	2,251	2,251	2,251	2,251	759	759
Unrestricted	(1,455)	(1,542)	201	964	1,105	3,037	2,092	-161	170	3,936
<b>Total business-type activities net position</b>	<b>\$34,040</b>	<b>\$33,210</b>	<b>\$33,552</b>	<b>\$34,116</b>	<b>\$35,188</b>	<b>\$31,656</b>	<b>\$31,158</b>	<b>\$30,689</b>	<b>\$30,637</b>	<b>\$33,037</b>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$78,720	\$78,713	\$53,284	\$70,369	\$69,583	\$72,395	\$74,173	\$76,475	\$74,012	\$71,766
Restricted	21,628	21,194	20,247	19,853	28,506	14,543	14,949	9,185	7,132	9,073
Unrestricted	(33,973)	(33,922)	(6,585)	(4,192)	(6,504)	13,919	-3,007	(3,668)	1,115	305
<b>Total primary government net position</b>	<b>\$66,375</b>	<b>\$65,985</b>	<b>\$66,946</b>	<b>\$86,030</b>	<b>\$91,585</b>	<b>\$100,857</b>	<b>\$86,115</b>	<b>\$81,992</b>	<b>\$82,259</b>	<b>\$81,144</b>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Expenses</b>										
Governmental Activities:										
General Government	\$4,768	\$4,636	\$4,279	\$5,123	\$5,584	\$4,485	\$4,195	\$5,357	\$5,718	\$7,446
Public Safety - police	3,626	3,506	3,185	2,931	3,282	3,314	3,918	4,189	4,758	5,225
Public Safety - fire	2,452	2,532	2,560	2,756	3,004	2,528	2,602	2,782	2,812	3,576
Public Works	3,298	4,928	3,160	1,901	2,832	3,378	3,684	3,542	3,734	3,883
Parks and Recreation	-	-	-	-	-	1,802	1,955	2,023	2,338	2,388
Interest on Long-Term Debt (Unallocated)	2,513	2,519	2,431	2,879	2,009	1,245	999	647	433	630
<b>Total Governmental Activities Expenses</b>	<u>16,657</u>	<u>18,121</u>	<u>15,615</u>	<u>15,590</u>	<u>16,711</u>	<u>16,752</u>	<u>17,353</u>	<u>18,540</u>	<u>19,793</u>	<u>23,148</u>
Business-Type Activities:										
Utility	3,949	4,023	4,053	3,824	4,542	4,344	4,656	5,654	5,442	5,368
Marina	3,638	3,406	3,426	3,342	3,313	1,438 A	1,623 A	1,808 A	1,940	1,662
<b>Total Business-Type Activities Expenses</b>	<u>7,587</u>	<u>7,429</u>	<u>7,479</u>	<u>7,166</u>	<u>7,855</u>	<u>5,782</u>	<u>6,279</u>	<u>7,462</u>	<u>7,382</u>	<u>7,030</u>
<b>Total Primary Government Expenses</b>	<u>\$24,244</u>	<u>\$25,550</u>	<u>\$23,094</u>	<u>\$22,756</u>	<u>\$24,566</u>	<u>\$22,534</u>	<u>\$23,632</u>	<u>\$26,002</u>	<u>\$27,175</u>	<u>\$30,178</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$2,849	\$1,189	\$2,343	\$2,122	\$1,665	\$3,803	\$4,635	\$5,226	\$5,319	\$6,517
Public Safety - police	214	396	127	107	124	151	54	60	52	58
Public Safety - fire	147	204	137	113	119	128	179	275	315	714
Public Works	2,630	3,820	2,478	2,928	2,088	3,252	3,115	1,120	1,408	1,179
Parks and Recreation	-	-	-	-	-	506	526	571	597	588
Operating Grants and Contributions	309	219	598	132	91	88	117	158	209	342
Capital Grants and Contributions	2,561	-	39	490	3,083	1,396	930	352	152	238
<b>Total Government Activities Program Revenues</b>	<u>8,710</u>	<u>5,828</u>	<u>5,722</u>	<u>5,892</u>	<u>7,170</u>	<u>9,324</u>	<u>9,556</u>	<u>7,762</u>	<u>8,052</u>	<u>9,636</u>
Business-Type Activities:										
Charges for Services:										
Utility	4,053	3,911	3,978	4,247	5,622	5,466	5,764	5,276	5,717	8,085
Parks and Recreation	2,069	1,966	1,995	2,155	2,388	1,614 A	1,529 A	1,652 A	1,705	2,206
Capital Grants and Contributions	-	-	-	102	-	-	-	-	456	-
<b>Total Business-Type Activities Program Revenue</b>	<u>6,122</u>	<u>5,877</u>	<u>5,973</u>	<u>6,504</u>	<u>8,010</u>	<u>7,080</u>	<u>7,293</u>	<u>6,928</u>	<u>7,878</u>	<u>10,291</u>
<b>Total Primary Government Program Revenues</b>	<u>\$14,832</u>	<u>\$11,705</u>	<u>\$11,695</u>	<u>\$12,396</u>	<u>\$15,180</u>	<u>\$16,404</u>	<u>\$16,849</u>	<u>\$14,690</u>	<u>\$15,930</u>	<u>\$19,927</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(7,947)	(12,293)	(9,893)	(9,698)	(9,541)	(7,428)	(7,797)	(10,778)	(11,741)	(13,512)
Business-Type Activities	(1,465)	(1,552)	(1,506)	(662)	155	1,298	1,014	(534)	496	3,261
<b>Total Primary Government Net Expense</b>	<u>(\$9,412)</u>	<u>(\$13,845)</u>	<u>(\$11,399)</u>	<u>(\$10,360)</u>	<u>(\$9,386)</u>	<u>(\$6,130)</u>	<u>(\$6,783)</u>	<u>(\$11,312)</u>	<u>(\$11,245)</u>	<u>(\$10,251)</u>

(continued)

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Taxes:										
Property Taxes	\$7,054	\$7,387	\$6,336	\$4,950	\$3,518	\$2,816	\$3,162	\$3,258	\$3,342	\$3,662
Sales Taxes	4,699	4,600	2,842	4,495	2,863	2,529	3,333	3,843	4,408	4,678
Motor Vehicle In-Lieu	13	9	13	2	2	-	-	-	-	-
Transient Occupancy Tax	1,156	1,357	1,306	1,560	1,668	2,038	2,447	2,786	2,768	2,886
Business License Tax	-	-	-	-	2,898	-	-	-	-	-
Other Taxes	-	-	458	494	2,055	649	909	1,056	1,423	1,118
Developer Contributions	-	-	170	-	-	-	-	-	-	-
Interest Earnings	426	242	98	1,587	1,516	947	-	182	100	106
Miscellaneous	64	81	8	75	337	335	-	48	14	23
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	-	-	-
Transfers, net	(999)	(915)	(745)	(1,008)	(834)	4,914	681	54	5	120
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>	<u>12,413</u>	<u>12,761</u>	<u>10,486</u>	<u>28,218</u>	<u>14,023</u>	<u>20,231</u>	<u>10,532</u>	<u>7,128</u>	<u>12,060</u>	<u>12,593</u>
Business-Type Activities:										
Other Taxes	31	28	29	30	33	30	30	30	30	81
Interest Earnings	(219)	(138)	94	3	51	55	51	88	-574	(387)
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Developer Contribution	-	-	862	-	-	-	-	-	-	-
Intergovernmental	-	-	33	185	-	-	-	-	-	-
Transfers and Other	999	915	745	1,008	834	-4,914	(681)	(54)	(5)	(120)
<b>Total Business-Type Activities</b>	<u>811</u>	<u>805</u>	<u>1,763</u>	<u>1,226</u>	<u>918</u>	<u>(4,829)</u>	<u>(600)</u>	<u>64</u>	<u>(549)</u>	<u>(426)</u>
<b>Total Primary Government</b>	<u>\$13,224</u>	<u>\$13,566</u>	<u>\$12,249</u>	<u>\$29,444</u>	<u>\$14,941</u>	<u>\$15,402</u>	<u>\$9,932</u>	<u>\$7,192</u>	<u>\$11,511</u>	<u>\$12,167</u>
<b>Change in Net Position</b>										
Governmental Activities	120	2,868	788	18,677	6,595	12,434	(246)	(3,650)	319	(919)
Business-Type Activities	(741)	(701)	1,101	1,381	2,216	(3,815)	(1,134)	(470)	(53)	2,835
<b>Total Primary Government</b>	<u>(\$621)</u>	<u>\$2,167</u>	<u>\$1,889</u>	<u>\$20,058</u>	<u>\$8,811</u>	<u>\$8,619</u>	<u>(\$1,380)</u>	<u>(\$4,120)</u>	<u>\$266</u>	<u>\$1,916</u>

(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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Reserved	\$4,089	\$3,157								
Unreserved	2,151	3,941								
Nonspendable	-	-	2,636	\$2,630	\$3,475	\$3,384	\$3,291	\$3,315	\$2,594	\$2,437
Restricted									\$107	114
Assigned	-	-	436	141	192	274	295	221	253	274
Unassigned	-	-	4,526	6,756	7,388	8,484	8,957	7,745	8,702	8,628
<b>Total General Fund</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>\$11,656</b>	<b>\$11,453</b>
<b>All other governmental funds</b>										
Reserved	\$27,985	\$28,469								
Unreserved, reported in:										
Special revenue funds	(320)	(28)								
Debt service funds	1,745	1,063								
Redevelopment Agency	(14,642)	(14,102)								
Capital Projects funds	(6,797)	(6,831)								
Nonspendable								154	\$80	-
Restricted	-	-	31,985	\$23,827	\$24,306	\$9,428	\$9,658	\$3,965	3,861	6,061
Assigned	-	-	199	670	1,703	2,982	3,666	3,762	3,813	3,837
Unassigned	-	-	(9,952)	(1,034)	(207)	(312)	(488)	(561)	(1,331)	(1,609)
<b>Total all other governmental funds</b>	<b>\$7,971</b>	<b>\$8,570</b>		<b>\$23,463</b>	<b>\$25,802</b>	<b>\$12,098</b>	<b>\$12,836</b>	<b>\$7,320</b>	<b>\$6,423</b>	<b>\$8,289</b>

Source: City of Brisbane Comprehensive Annual Financial Report

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

	2009	2010	2011	2012
<b>Revenues</b>				
Taxes and special assessments	\$14,143	\$15,941	\$12,546	\$12,659
Intergovernmental	1,837	989	43	26
Licenses, permits, and fees	817	1,285	708	1,201
Charges for services	227	335	185	398
Fines and forfeitures	91	89	627	797
Use of money and property	381	284	231	1,741
Other revenues	3,771	2,739	2,534	2,469
<b>Total Revenues</b>	<b>21,267</b>	<b>21,662</b>	<b>16,874</b>	<b>19,291</b>
<b>Expenditures</b>				
Current:				
General government	3,866	3,561	3,335	3,492
Public safety-police	3,264	3,165	2,839	2,699
Public safety-fire	2,424	2,409	2,379	2,485
Public works	3,000	4,553	2,421	1,290
Parks and recreation	-	-	-	-
Library	29	24	670	979
Capital outlay	6,136	992	1,195	2,883
Debt service:				
Principal repayment	1,810	2,055	2,670	2,324
Interest and fiscal charges	2,520	2,543	2,436	2,913
Bond issuance cost	87	-	-	-
<b>Total Expenditures</b>	<b>23,136</b>	<b>19,302</b>	<b>17,945</b>	<b>19,065</b>
Excess (deficiency) of revenues over (under) expenditures	(1,869)	2,360	(1,071)	226
<b>Other Financing Sources (Uses)</b>				
Premium on refunding bonds issued	-	-	-	-
Proceeds from sale of property/assets	-	-	-	-
Proceeds from long-term debt	2,255	-	-	-
Payment to refunded debt escrow agent	-	-	-	-
Discount paid on issuance of debt	(63)	-	-	-
General Fund advance	-	-	-	-
Transfer in	10,043	3,317	3,591	3,110
Transfer out	(11,104)	(4,221)	(4,542)	(3,081)
Extraordinary item	-	-	-	2,904
Special item	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,131</b>	<b>(904)</b>	<b>(951)</b>	<b>2,933</b>
<b>Net change in fund balances</b>	<b>(\$738)</b>	<b>\$1,456</b>	<b>(\$2,022)</b>	<b>\$3,159</b>
Debt service as a percentage of noncapital expenditures	26.0%	25.1%	30.5%	32.4%

(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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$9,607	\$9,501	\$11,258	\$11,400	\$12,069	\$12,873
1,120	360	665	420	651	511
3,429	4,162	3,978	3,234	4,312	4,198
233	2,579	2,090	2,158	2,507	2,751
58	60	40	51	48	50
1,587	1,026	255	269	156	175
3,924	452	1,390	735	552	1,190
<u>19,958</u>	<u>18,140</u>	<u>19,676</u>	<u>18,267</u>	<u>20,295</u>	<u>21,748</u>
3,998	3,570	3,780	4,472	4,647	5,534
2,950	3,038	3,611	4,071	4,390	4,628
2,314	2,247	2,300	2,586	2,402	3,035
2,776	2,473	2,748	2,896	2,972	3,245
-	1,630 A	1,775	1,821	2,139	2,192
25	27	28	28		
1,499	1,083	1,232	838	2,085	802
2,567	16,135	6,938	2,546	1,036	1,147
2,012	1,347	1,036	686	446	485
-	-	-	-	-	-
<u>18,141</u>	<u>31,550</u>	<u>23,448</u>	<u>19,944</u>	<u>20,117</u>	<u>21,068</u>
<u>1,817</u>	<u>(13,410)</u>	<u>(3,772)</u>	<u>(1,677)</u>	<u>178</u>	<u>680</u>
1,486	1,004	88	-	-	-
-	-	292	-	-	-
1,611	63	5,470	-	-	3,330
-	-	-	-	-	(1,738)
-	-	-	-	-	-
-	-	-	-	-	-
1,809	1,672	7,800	2,369	2,131	2,112
(2,856)	(1,946)	(8,740)	(3,371)	(2,831)	(2,722)
-	-	-	-	-	-
-	-	-	(4,099)	-	-
<u>2,050</u>	<u>793</u>	<u>4,910</u>	<u>(5,101)</u>	<u>(700)</u>	<u>982</u>
<u>\$3,867</u>	<u>(\$12,617)</u>	<u>\$1,138</u>	<u>(\$6,778)</u>	<u>(\$522)</u>	<u>\$1,662</u>
27.5%	57.4%	35.9%	16.9%	8.2%	8.1%

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

Fiscal Year	Property Tax <sup>1</sup>	Sales Tax	Gas Tax	Franchise Tax	Transfer Tax	TOT Tax	Business License Tax	Total
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
2017	3,294	4,597	97	737	48	2,768	3,135	14,676
2018	3,520	4,887	119	849	129	2,886	2,653	15,042

<sup>1</sup> Property Tax Includes Prior Taxes, Supplemental Taxes, Property Tax/VLF swap, ERAF and Property Tax from RDA

<sup>1</sup> 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

Source: City of Brisbane

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

Fiscal Year	City			Taxable Assessed Value
	Secured	Unsecured	Less: Exemptions	
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
2017	1,718,428	185,541	11,374	1,892,596
2018	1,845,340	206,181	13,112	2,038,409

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
\$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
				1.1080
				1.1282
				1.1276

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

Fiscal Year	San Mateo County as Distributor	School District			San Mateo Community College	Total Direct & Overlapping Rates
		Brisbane Elementay School District	Jefferson Union High School District			
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	
2017	1.0000	0.0235	0.0800	0.0247	1.1282	
2018	1.0000	0.0225	0.0816	0.0235	1.1276	

**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	2018			2009		
	Taxable Assessed	Rank	% of Total Taxable Assessed Value <sup>1</sup>	Taxable Assessed	Rank	% of Total Taxable Assessed Value <sup>2</sup>
	Value			Value		
Oyster Point Properties Inc.	\$ 110,815	1	6.01%	\$ 97,912	1	6.76%
DCT Valley Dr CA LLP	67,630	2	3.67%	69,007	2	4.77%
M & L Associates	61,455	3	3.33%			
IAC San Francisco LLC	51,350	4	2.78%	54,628	4	3.77%
2000 Sierra Point Parkway LLC	45,577	5	2.47%	40,270	6	2.78%
Slough Brisbane LLC	45,045	6	2.44%	39,800	7	2.75%
Summit Hospitality 114 LLC	41,584	7	2.25%			
Diamond Marina LLC	32,565	8	1.77%			
MPVCA Brisbane LLC	28,600	9	1.55%			
BMR Bayshore Blvd LLC	25,839	10	1.15%	40,659	5	2.81%
BRE SH Brisbane Owner LLC	21,221	11	1.40%			
Tuntex Properties Inc	19,787	12	1.07%	17,483	13	1.21%
Marina Boulevard Property LLC	19,012	13	1.03%			
Valley 325 LP	17,316	14	0.94%			
South Hill 99 LP	14,176	15	0.77%			
Barulich Properties LLC	13,930	16	0.76%	12,308	15	0.85%
WVP Bay Tech LLC	12,892	17	0.70%			
Western B Northwest CA LLC	12,878	18	0.70%			
Rolling Frito-Lay Sales	12,459	19	0.68%	11,917	16	0.82%
SFPP	12,091	20	0.66%	10,684	17	0.74%
Broadway 8000 Marina Fee LLC				55,974	3	3.87%
SRI Seven Marina LLC				33,085	8	2.29%
Fund VIII 1000 Marina LLC				29,500	9	2.04%
Brisbane Lodging LP				25,574	10	1.77%
C.A. (and William D.) Spencer Trust				19,806	11	1.37%
CPI Sage Hotels Brisbane Owner LLC				19,380	12	1.34%
IAC 325 Valley LLC				13,629	14	0.94%
150 Spear Street Associates				10,427	18	0.72%
DLC Brisbane				9,843	19	0.68%
AVJOG Investments LLC				8,380	20	0.58%
<b>Total</b>	<b>\$ 666,220</b>		<b>36.12%</b>	<b>\$ 620,264</b>		<b>42.84%</b>

Source:  
CA Municipal Statistics

<sup>(1)</sup> 2017-2018 Local Secured Assessed Valuation: \$ 1,844,547

<sup>(2)</sup> 2008-09 Total Net Assessed Valuation: \$ 1,447,740

**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	
	Fiscal Year	Amount	Percentage	Years <sup>1</sup>	Amount	Percentage
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%
2017	3,015	3,015	100%	n/a	3,015	100%
2018	3,340	3,340	100%	n/a	3,340	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			
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
2017	6,815	-	2,406	11,890	-	21,111	n/a	4,471
2018	6,420	-	3,466	11,266	83	21,234	n/a	4,526

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
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>2</sup>	307	10,777	0.64%	2373.37%
2016	10,139	236	9,903	0.55%	2135.94%
2017	9,124	220	8,904	0.47%	1885.72%
2018	9,729	12	9,717	0.48%	2070.92%

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> Restated

**City of Brisbane**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2018**  
(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	\$ 576,424,069	0.986%	\$ 5,683,541
Jefferson Union High School District	242,118,667	10.464%	25,335,297
Bayshore School District	12,254,821	20.772%	2,545,571
Brisbane School District	5,345,437	65.809%	3,517,779
City of Brisbane 1915 Act Bonds	1,550,000	100.000%	1,550,000
<b>Total Gross Overlapping Tax and Assessment Debt</b>			<b>38,632,188</b>
<b>Direct and Overlapping General Fund Debt:</b>			
San Mateo County General Fund Obligations	\$ 366,157,077	0.986%	\$ 3,610,309
San Mateo County Board of Education Certificates of Participation	8,745,000	0.986%	86,226
Jefferson Union High School District General Fund Obligations	971,407	10.464%	101,648
City of Brisbane General Fund Obligations	7,803,000	100.000%	7,803,000
City of Brisbane Pension Obligations Bonds	1,726,000	100.000%	1,726,000
<b>Total Direct and Overlapping General Fund Debt</b>			<b>\$ 13,327,183</b>
<b>Overlapping Tax Increment Debt (Successor Agency):</b>			
Tax Allocation Bonds	\$ 12,070,000	100.000%	\$ 12,070,000
Revenue Bonds	-	100.000%	-
			<b>\$ 12,070,000</b>
Total Direct Debt			\$ 9,529,000
Total Overlapping Debt			\$ 54,500,371
<b>Combined Total Debt</b>			<b>\$ 64,029,371 <sup>1</sup></b>

<sup>1</sup>Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue 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			
	2009	2010	2011	2012
Debt Limit	\$ 63,251	\$ 63,682	\$ 61,904	\$ 59,802
Total net debt applicable to limit	13,940	13,420	12,849	12,037
Legal debt margin	\$ 49,311	\$ 50,262	\$ 49,055	\$ 47,765
Total net debt applicable to the limit as a percentage of debt limit	22.04%	21.07%	20.76%	20.13%
Legal Debt Margin Calculation for Fiscal Year 2018:				
Assessed value <sup>1</sup>	1,686,698	1,698,175	1,650,778	1,594,725
Add back: exempt real property <sup>1</sup>	-	-	-	-
Total assessed value <sup>1</sup>	1,686,698	1,698,175	1,650,778	1,594,725
Debt limit (3.75% of total assessed value)	63,251	63,682	61,904	59,802
Debt applicable to limit:				
General bonded debt	14,825	14,270	13,505	12,695
Less: Amount set aside for repayment of general bonded debt	885	850	656	658
Total net debt applicable to limit	13,940	13,420	12,849	12,037
Legal debt margin	49,311	50,262	49,055	47,765

Note: Under state finance law, the City of Brisbane<sup>1</sup> 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					
2013	2014	2015	2016	2017	2018		
\$ 59,526	\$ 59,474	\$ 63,551	\$ 67,829	\$ 71,289	\$ 76,534		
12,017	11,350	10,777	9,903	8,904	9,717		
\$ 47,509	\$ 48,124	\$ 52,774	\$ 57,926	\$ 62,384	\$ 66,817		
20.19%	19.08%	16.96%	14.60%	12.49%	12.70%		
1,587,354	1,585,973	1,694,694	1,808,762	1,901,034	2,040,900		
-	-	-	-	-	-		
1,587,354	1,585,973	1,694,694	1,808,762	1,901,034	2,040,900		
59,526	59,474	63,551	67,829	71,289	76,534		
12,489	11,706	11,084	10,139	9,124	9,729		
472	357	307	236	220	12		
12,017	11,350	10,777	9,903	8,904	9,717		
47,509	48,124	52,774	57,926	62,384	66,817		

**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%
2016-2017		5,754	4,832	921	305	319	624	147.57%
2017-2018		8,202	4,765	3,437	310	310	620	554.48%

(A) In fiscal year 2015, the City issued 2015 Utility Revenue Bonds. Therefore, only four 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%
2016-2017		1,699	1,798	(99)	119	129	248	-39.93%
2017-2018		2,214	1,522	692	314	124	438	157.90%

(A) In fiscal year 2015, the City entered into a 2015 Installment Sale Agreement. Therefore, only four 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>
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	48,278	403,600	5.4%
2015	4,541	74,641	97,553	431,300	4.2%
2016	4,636	n/a	n/a	442,000	3.4%
2017	4,722	n/a	n/a	447,900	2.9%
2018	4,692	n/a	n/a	450,000	2.5%

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, 2016, 2017 and 2018

<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	2018 <sup>1</sup>			2009 <sup>2</sup>	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
Bi-Rite Foodservice Distributors	300	1	10.71%	259	6
Actellion Pharmaceuticals	175	2	6.25%		
RealReal Inc The	170	3	6.07%		
F.W. Spencer	144	4	5.14%		
Bright Event Rentals	140	5	5.00%		
Stella & Dot LLC	128	6	4.57%		
Caredx	124	7	4.43%		
Ultragenyx Pharmaceutical Inc	115	8	4.11%		
Golden State Lumber	100	9	3.57%		
Sheng Kee of California	90	10	3.21%		
Pepsi Bottling Group				380	1
Sunset Scavenger Co/Recology				350	2
IGN Entertainment Inc				305	3
Vaxgen Inc				295	4
VWR Corporation				272	5
Monster Cable Products Inc				248	7
Expeditors Intl of WA Inc				223	8
Collab.net Inc				212	9
Bebe				198	10
<b>Total Top 10 Employers</b>	<b>1,486</b>		<b>53.07%</b>		
<b>Total City Labor Force <sup>3</sup></b>	<b>2,800</b>				

Source:

<sup>1</sup> Avenu Insights & Analytics (City of Brisbane Business License process partner)

Results based on direct correspondence with local businesses; reflect City of Brisbane locations only

<sup>2</sup> City of Brisbane Business License data (self reporting); previous counts may be company-wide

<sup>3</sup> Total City Labor Force provided by EDD Labor Force Data

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

	June 30			
	2009	2010	2011	2012
<b>Function:</b>				
General government	14.01	13.55	11.25	10.89
Public safety:				
Police	20.61	17.99	15.11	15.11
Fire	13.00	10.00	10.00	10.00
Public works and Municipal Utilities	22.50	23.00	16.00	16.00
Community development	5.90	5.90	4.90	4.40
Parks and recreation	19.20	12.05	11.55	12.80
Marina	6.25	12.15	12.15	12.76
<b>Total</b>	<b>101.47</b>	<b>94.64</b>	<b>80.96</b>	<b>81.96</b>

Source: City of Brisbane Base Budget

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June 30					
2013	2014	2015	2016	2017	2018
10.79	11.65	12.05	12.55	12.55	12.55
14.11	15.11	17.11	18.11	19.11	19.11
10.00	10.00	10.00	10.00	10.00	10.00
16.10	14.00	15.00	17.00	17.00	19.00
3.80	3.90	5.40	5.40	5.00	5.00
12.80	18.83	18.83	19.83	19.58	19.58
11.78	5.75	7.25	7.25	7.25	5.25
<u>79.38</u>	<u>79.24</u>	<u>85.64</u>	<u>90.14</u>	<u>90.49</u>	<u>90.49</u>

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

Function	Fiscal Year			
	2009	2010	2011	2012
<b>Police</b>				
Response time to :				
Extreme Emergencies	4:26	4:26	3:07	3:31
Emergencies	4:12	3:48	6:28	3:37
Non-Emergencies	6:14	5:50	9:07	6:10
Number of victims per 1,000 citizens or business	30	30	33	32
<b>Fire</b>				
Number of calls answered	618	663	619	667
Number of inspections	471	449	558	423
<b>Public Works:</b>				
Number of Building and Park Maintenance service requests received				77
Number of Graffiti on Public Property requests for service				1
Number of Sidewalk Maintenance/Trip Hazard service requests				5
Number of Street Tree service requests				21
Number of Street-Sign/Light/Traffic Signal service requests				30
Number of Weeds, Trash and Debris on Public Property service requests				20
<b>Water</b>				
Total Water Purchased	302,631 ccf	276,478ccf	275,884ccf	280,650ccf
Number of main breaks and repairs	1	2	1	3
Number of service breaks (public side of meter) and repairs	7	1	3	9
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	100	100
Percentage of known water main valves exercised	100	100	100	58
<b>Sewer</b>				
Average Daily sewage flow (thousands of gallons)	334	340	356	326
Total annual sewage flow			173,925ccf	159,052ccf
Number of public sewer main blocks/breaks		15	10	12
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)	6,613	9,890	5,424	9,101
<b>Parks and Recreation:</b>				
Community/Special Events (Concerts in the Park, Festival of Lights, etc.) number of events	9	6	6	6
Sports Programs (e.g. basketball, softball): number of sports				
Youth	12	13	13	14
Adult	2	3	3	3
Classes: (number of programs)				
Adult	7	11	10	12
Youth	2	4	7	5
Youth & Adult	2	separated		
Child Care programs (Average Enrollment):				
Preschool	17	20	20	20
Afterschool	63	64	66	69
Day Camps (Average Enrollment)	60	67	60	
Spring				33
Summer				56
Winter				27
Teen Programs (number of programs)	9	7	5	9
Aquatic programs (Enrollment/attendance):				
Summer swim lessons	812	778	780	579
Water aerobics	29	9 / day	7 / day	6 / day
Senior Center (Enrollment/attendance)		37 / week	37 / week	38 / week
Programs		8	7	7
All programs	73	64	64	61
<b>Rentals</b>				
Community Center				
Mission Blue				
Community Park				
Fields				

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

Fiscal Year						
2013	2014	2015	2016	2017	2018	
4:12	4:53	4:33	4:31	5:02	4:36	
3:57	4:04	4:25	4:11	4:06	3:54	
6:25	4:52	6:06	5:18	6:16	6:07	
33	30	31	31	34	33	
670	706	713	751	698	694	
429	493	382	378	413	502	
141	140	166	146	168	173	
3	6	12	7	6	7	
13	10	14	14	25	29	
32	37	38	70	42	54	
49	29	82	94	97	80	
43	42	66	78	93	111	
287,290 ccf	302,776 ccf	279,815 ccf	257,414 ccf	294,756 ccf	334,217 ccf	
2	4	2	0	1	0	
2	6	2	3	3	2	
100	100	100	97	99	100	
100	0	0	100	0	0	
100	100	100	100	100	100	
100	100	100	100	100	100	
27	50	44	28	20	10	
319	303	346	379	475	426	
155,534 ccf	147,836 ccf	168,651 ccf	185,044 ccf	231,544 ccf	207,825 ccf	
3	3	3	4	3	3	
	18	25	15	4	4	
100	95	100	100	75	33	
100	95	100	100	75	33	
18,459	19,083	16,811	22,222	12,066	199,996	
6	11	17	26	27	25	
14	19	10	10	10	12	
3	3	2	2	1	1	
8	8	10	10	11	11	
8	11	4	7	7	7	
20	20	20	25	25	20	
82	101	103	101	85	90	
35	39	35	36	32	32	
45	45	50	44	46	42	
23	25	24	29	31	20	
0	0	4	3	3	5	
611	466	551	514	518	704	
10 / day	10 / day		11 / day	13 / day	12 / day	
37 / week	37 / week	55 / week	46 / week	44 / week	45 / week	
6	6	6	5	7	8	
53	66					
		15	17	21	25	
		37	26	16	14	
		146	135	113	120	
		5	8	10	10	

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

Function	Fiscal Year			
	2009	2010	2011	2012
<b>Public Safety:</b>				
Police:				
Stations	1	1	1	1
Patrol units	5	5	5	5
Fire:				
Fire Stations	1	1	1	1
Fire Engines	3	3	3	3
<b>Public Works:</b>				
Streets (miles)	23	23	23	23
Streetlights	790	790	790	790
Sanitary Sewers (linear feet)	80,712	80,712	80,712	80,712
Water Lines (linear feet)	132,830	132,830	132,830	132,830
Water Storage (million gallons)	2.9	2.9	2.9	2.9
<b>Parks and Recreation:</b>				
Parks acreage	57.98	57.98	57.98	57.98
Parks	15	15	15	15
Swimming pools	1	1	1	1
Open Space acreage <sup>1</sup>	184.68	184.68	184.68	184.68
Wetlands	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					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
5	5	5	5	5	5
1	1	1	1	1	1
3	3	3	3	3	3
23	23	23	23	23	23
790	790	791	791	791	659
80,712	80,712	80,712	80,712	80,712	82,020
132,830	132,830	132,830	132,830	132,830	132,830
2.9	2.9	2.9	2.9	2.9	2.9
57.98	57.98	57.98	57.98	57.98	57.98
15	15	15	15	15	15
1	1	1	1	1	1
184.68	184.68	184.68	184.68	184.68	184.68
127.75	127.75	127.75	127.75	127.75	127.75

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