

City of Brisbane, California

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2014

Providing Quality Services

CITY OF BRISBANE
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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

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**City of Brisbane
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014**

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CITY OF BRISBANE

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December 18, 2014

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

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014.

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

The City of Brisbane's financial statements have been audited by Maze & Associates, a firm of licensed certified public accountants. They concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion that the City of Brisbane's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is located at the front of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

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



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

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

Factors Affecting Financial Condition

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

Local economy.

The City is part of the general San Francisco/Silicon Valley area with a largely commuter workforce. The City's primary business is light industrial. Brisbane sees most of its sales tax revenue from business to business operations. A handful of businesses that make up a sizable portion of City revenues with the five largest Sales Tax producers are over 77 % of all Sales Tax collected.

A new business license tax for a large recycling firm that wants to expand within the city limits was approved by the voters in November 2011. Another new business license tax for liquid storage tanks was enacted November 2013. This tax will take effect in the coming fiscal year and will provide the City with an additional revenue stream.

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

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

The City has recovered from the recession as seen by the increase in revenues. This will allow the City to begin need capital improvements that have been postponed for the past five years. The City Council also felt that revenues had stabilized and negotiated a salary increase for the employees during the year. They also negotiated a change to health care premiums.

Long-term financial planning.

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

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

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

Cash management policies and practices.

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

Risk management.

Risk management activities are the coordinated effort of all city management staff. The City is self insured for Workers' Compensation and participates in Bay Cities for excess insurance above \$150,000. Additionally, the City is a member of Bay Cities Joint Powers Insurance Group which provides coverage for liability, auto and property damage. This entity operates in accordance with joint powers authority agreements between member cities to provide the various

programs. Staffs of the two pools provide services to the City of risk identification, evaluation, and treatment; workers compensation and liability claims administration; safety training and special events coverage.

Internal Accounting Controls

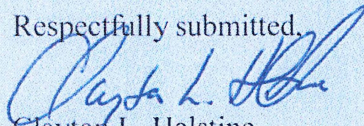
Internal accounting controls are designed by the City to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance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

Awards and Acknowledgements

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

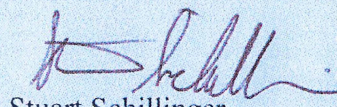
The preparation and development of this report would not have been possible without the year-round efficiency of the Department of Finance staff and their special efforts, working in conjunction with the City's independent auditors, to produce this document. We would like to take this opportunity to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

Respectfully submitted,



Clayton L. Holstine

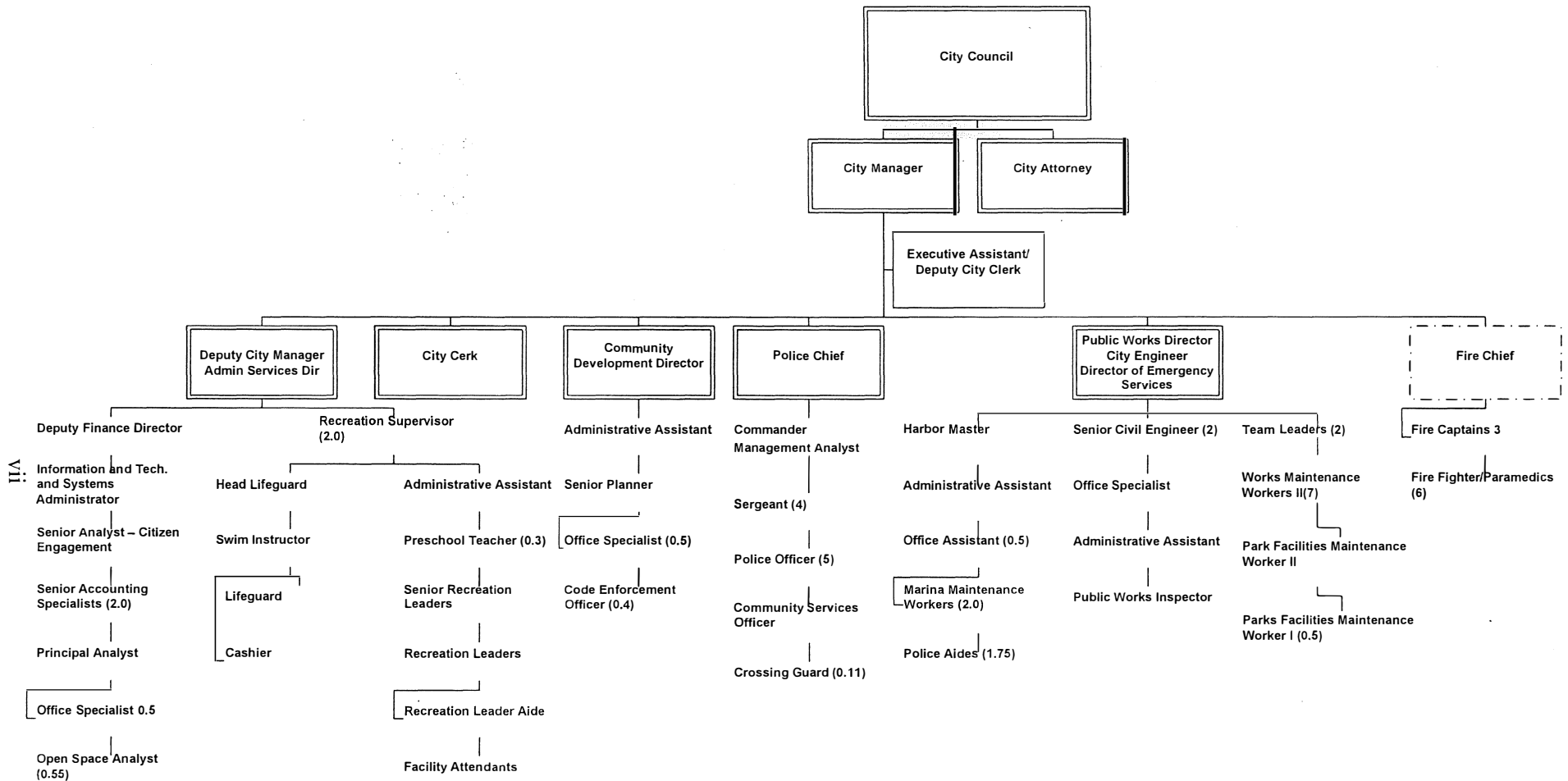
City Manager



Stuart Schillinger

Administrative Services Director

Organization Chart City of Brisbane FY 2013/14



City of Brisbane
Principal Officials of the City of Brisbane, California
For the year ended June 30, 2014

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

2013-2014

CITY COUNCIL/BOARD MEMBERS

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

STAFF MEMBERS

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

David Kahn
City Attorney, Agency/District Legal Counsel

Stuart Schillinger
Administrative Services Director/Treasurer

John A. Swiecki
Planning Director

Lisa Macias
Police Chief

Randy Breault
Public Works Director/City Engineer

Sheri Spediacci
City Clerk

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brisbane, California, as of and for the year ended June 30, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2014.

Statement 65 – *Items Previously Reported as Assets and Liabilities*. See Note 1J to the financial statements for relevant disclosures.

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014, 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.

Waze & Associates

Pleasant Hill, California
December 18, 2014

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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, 2014. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages iii-vi of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Brisbane exceed its liabilities by \$100.9 million (net position). Of this amount, \$13.9 million represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net position increased by \$9.3 million because of lower expenses and the transfer of public purpose assets from the Successor Agency to the City.
- At the close of the current fiscal year, the City of Brisbane's governmental funds reported combined fund balances of \$24 million. Approximately 34% of this amount (\$8,171,597) is available for spending at the government's discretion (unassigned fund balance).
- The City's total outstanding long-term debt decreased by \$19.7 million of which \$17.9 was the refinancing of the Brisbane Public Financing Authority 2001 Series A bonds that were financed by the 2001 Tax Allocation Bonds of the former Redevelopment Agency.
- The City's Capital Assets increased with the transfer of the public purpose assets of the former Redevelopment Agency to the City when the Long-Range Property Management Plan was completed and accepted.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-82 of this report.

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 92-111 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	
	2014	2013	2014	2013	2014	2013
Current Assets	\$ 19,416	\$ 15,484	\$ 4,062	\$ 4,164	\$ 23,478	\$ 19,648
Capital assets	56,263	49,116	29,843	35,467	86,106	84,583
Other non-current assets	14,608	31,936	2,505	501	17,113	32,437
Total assets	<u>\$ 90,287</u>	<u>\$ 96,536</u>	<u>\$ 36,410</u>	<u>\$ 40,132</u>	<u>\$ 126,697</u>	<u>\$ 136,668</u>
Current liabilities	\$ 3,922	\$ 4,820	\$ 769	\$ 793	\$ 4,691	\$ 5,613
Non-current liabilities	17,165	35,319	3,984	4,151	21,150	39,470
Total liabilities	<u>\$ 21,088</u>	<u>\$ 40,139</u>	<u>\$ 4,753</u>	<u>\$ 4,944</u>	<u>\$ 25,840</u>	<u>\$ 45,083</u>
Net position:						
Net investment in capital assets,	\$ 46,027	\$ 37,751	\$ 26,368	\$ 31,832	\$ 72,395	\$ 69,583
Restricted	12,292	26,255	2,251	2,251	14,543	28,506
Unrestricted	10,882	(7,609)	3,037	1,105	13,919	(6,504)
Total net position	<u>\$ 69,200</u>	<u>\$ 56,397</u>	<u>\$ 31,657</u>	<u>\$ 35,188</u>	<u>\$ 100,857</u>	<u>\$ 91,585</u>

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

Over time, net position may serve as a useful indicator of a government's financial position. In the case of the City of Brisbane, assets exceeded liabilities by a little less than \$101 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position (\$72.4 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 net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$14.5 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2014, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. This is an improvement over the prior fiscal year.

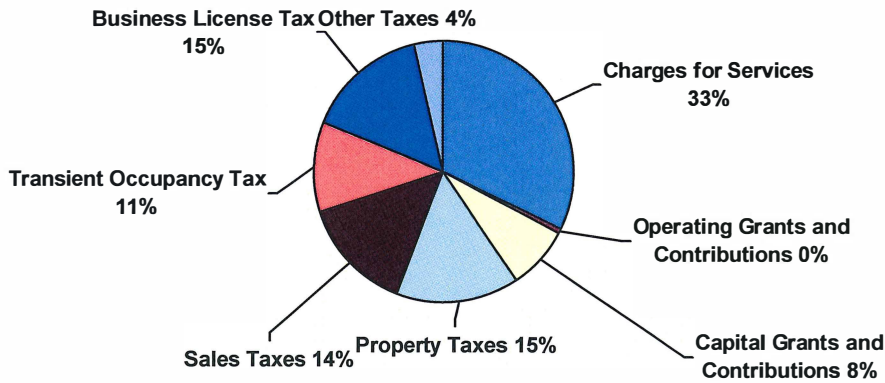
**Government-wide
Statement of Activities
As of June 30,
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 7,840	\$ 3,996	\$ 7,079	\$ 8,009	\$ 14,919	\$ 12,006
Operating contributions and grants	88	91	-	-	88	91
Capital contributions and grants	1,396	3,083	-	-	1,396	3,083
Total program revenues	9,324	7,170	7,079	8,009	16,403	15,180
General revenues:						
Property taxes	2,817	3,517	30	32	2,847	3,549
Sales taxes	2,529	2,863	-	-	2,529	2,863
Motor vehicle license fee taxes		2	-	-	-	2
Transient occupancy tax	2,038	1,668	-	-	2,038	1,668
Business license tax	-	2,898	-	-	-	2,898
Other taxes	648	2,055	-	-	648	2,055
Total taxes	8,032	13,004	30	32	8,062	13,036
Investment earnings (loss)	947	1,516	54	51	1,002	1,568
Other revenue	335	337	-	-	335	337
Total revenues	\$ 18,638	\$ 22,028	\$ 7,163	\$ 8,093	\$ 25,802	\$ 30,121
Expenses:						
General government	\$ 4,485	\$ 5,584	\$ -	\$ -	\$ 4,485	\$ 5,584
Public safety - police	3,314	3,283	-	-	3,314	3,283
Public safety - fire	2,528	3,004	-	-	2,528	3,004
Public works	3,378	2,832	-	-	3,378	2,832
Parks and recreation	1,802					
Interest on long-term debt	1,245	2,009	-	-	1,245	2,009
Water	-	-	1,428	1,811	1,428	1,811
Sewer	-	-	1,316	1,119	1,316	1,119
Guadalupe Valley Municipal Improvement District	-	-	1,600	1,612	1,600	1,612
Marina	-	-	1,437	3,313	1,437	3,313
Total expenses	\$ 16,752	\$ 16,711	\$ 5,781	\$ 7,855	\$ 20,732	\$ 24,566
Increase/decrease in net assets before transfers	\$ 1,886	\$ 5,317	\$ 1,382	\$ 238	\$ 3,268	\$ 5,555
Contribution from Successor Agency	2,512	-	-	-	2,512	-
Special item: Gain on early retirement of debt	3,491	-	-	-	3,491	-
Transfers	4,913	(834)	(4,913)	834	-	-
Increase/decrease in net assets	12,802	4,482	(3,531)	1,072	9,271	5,555
Net assets - beginning of year	56,397	51,914	35,188	34,116	91,585	86,030
Net assets - end of year	\$ 69,199	\$ 56,397	\$ 31,657	\$ 35,188	\$ 100,856	\$ 91,585

Governmental activities. Program revenues generated 50% of the City's governmental revenues. The major sources of these revenues are providing services to outside agencies, redistributing the cost of governmental services to the operating departments through a cost allocation plan, and capital contribution and grants. The City's property tax revenues decreased 20%. The City received additional property tax in fiscal year 12/13 from the dissolution of the redevelopment agency that included a true-up amount from the beginning of the dissolution. 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 decreased 12% over the prior year as the City continues to work on economic development. Business license taxes decreased by 4% as businesses moved into and out of the City.

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

Resources by Source - Governmental Activities



Business-type Activities. Business-type activities show a decrease in net position which represents the transfer of the Park and Recreation programs from business-type activities to governmental activities. Excluding the transfer, business-type activities had a net increase of \$1.4 million. Business-type net position accounts for 33% of the City's total net position.

- Program revenues were flat compared to the prior year.
- Expenses decreased due to the exclusion of Parks and Recreation expenses.

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, 2014, the City's Governmental Funds reported combined Fund Balances of \$24.2 million, a decrease of \$12.6 million compared with last year. This decrease represents the Brisbane Public Financing Authority bonds that were refinanced by the Successor Agency. Excluding that fund, the fund balance increased by \$1.9 million which reflects the transfer of the Park & Recreation programs to the General Fund.

The Governmental Fund revenue decreased \$1.8 million from the prior year. The prior year had a one time other revenue of \$850,000 and the BPFA 2001 Series A bonds had revenue of \$1.6 million. Revenues stayed flat when that is taken into consideration.

Governmental Fund expenditures increased by \$13.4 million. \$12.9 million was the expense of refunding the BPFA 2001 Series A bonds. Taking the refunding into account, the expenses increased by \$409 thousand from the addition of the Park & Recreation programs.

General Fund – The General Fund ended the year with a fund balance of \$12 million. Of this amount, \$3.3 million is nonspendable including: Encumbrances, Advances to Other Funds, and Loans Receivables. The Unassigned portion of the Fund Balance is \$8.5 million. The General Fund's reserves still exceed the Council's policy of 50% of its expenditures in reserves.

The City's tax revenues saw a slight decrease from FY 2012/13. The City has replaced most of the sales tax that was lost when a major retailer moved out of the city. Charges for services reflects the addition of the Park & Recreation fees.

General Fund expenditures increased by \$2.3 million. \$1.6 of that is due to the expenditures added for the Park & Recreation programs. The increase also reflects a salary increase as well as an increase in the cost of pension, health care and other benefits.

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

Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund – This fund was closed during the fiscal year due to the refinancing of the Successor Agency 2001 Tax Allocation Bonds that were owned by the Brisbane Public Financing Authority.

Capital Projects Fund – has been added as a major fund. The business license tax that was approved by the voters is adding funding for the five year capital improvement plan. These projects will be tracked here.

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

Utility Fund – The Unrestricted net position of the Utility Fund at year end was \$1.4 million. This was an increase of \$1.7 million because the City's plan to increase reserves in case of a more severe drought.

Marina Fund – FY 2013/14 saw an operating loss of loss of \$4.7 million. This was caused by the decision to move the Park and Recreation programs, along with the assets and liabilities, to the general fund, leaving the Marina as a stand - alone fund. The income before the transfer was \$214,140, an improvement over the prior year's decrease.

GENERAL FUND BUDGETARY HIGHLIGHTS

At mid-year, revenue estimates were decreased \$681,000 as the first two quarters of taxes came in higher than projected. At mid-year, salary expenses were decreased \$103,000 to reflect positions that were yet to be filled. Originally we projected the use of \$847,000 from reserves (fund balance) to balance the budget. This was decreased to \$63,000 at mid-year. The actual revenue came in \$3 million over the final budget and expenses came in \$788,000 over budget leaving an increase to fund balance of \$1.1 million.

CAPITAL ASSETS

The City of Brisbane's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$86.1 million (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and structures, machinery and equipment, infrastructure (streets, lighting, traffic signals), park facilities, sewer and water infrastructure (water tanks, sewer lift stations, pipes, force mains), and the marina. The total increase in the investment in capital assets for the current fiscal year was \$1.5 million. This includes the transfer of the Park & Recreation capital assets from the Business-type activities to the Governmental activities (\$4.9 million), the transfer of the public purpose assets from the Successor Agency to the Governmental Activities (\$2.5 million) and depreciation (\$1.1 million governmental, \$789 thousand business-type).

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

- Transfer of Park & Recreation assets from Business-type to Governmental
- Transfer of Successor Agency public purpose assets to the City
- Fire Station repairs

Capital Assets As of June 30, (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Non-depreciable assets:						
Land	\$ 14,567	\$ 11,581	\$ 648	\$ 1,111	\$ 15,215	\$ 12,692
Construction in progress	87	88	64	64	150	152
Total non-depreciable assets	14,654	11,669	712	1,175	15,365	12,844
Depreciable assets:						
Land improvements	4,780	2,229	7,419	9,779	12,200	12,008
Buildings and structures	17,607	13,076	9,527	13,699	27,134	26,775
Machinery and equipment	2,963	2,648	636	895	3,598	3,542
Infrastructure	30,865	30,581	32,245	32,245	63,110	62,826
Total depreciable assets	56,215	48,534	49,827	56,619	106,043	105,152
Less accumulated depreciation	(14,606)	(11,087)	(20,696)	(22,326)	(35,302)	(33,413)
Total depreciable assets, net	41,610	37,447	29,131	34,292	70,741	71,739
Total capital assets	\$ 56,263	\$ 49,116	\$ 29,843	\$ 35,467	\$ 86,106	\$ 84,583

Additional information on the City of Brisbane's capital assets can be found in note 6 on pages 51-54 of this report.

DEBT ADMINISTRATION

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$17.8 million. Of this amount, \$4 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	
	2014	2013	2014	2013	2014	2013
Pension obligation bonds	\$ 4,086	\$ 4,536	\$ -	\$ -	\$ 4,086	\$ 4,536
Revenue bonds	10,025	29,183	3,453	3,590	13,478	32,773
Energy conservation loan	212	166			212	166
Capital lease	-	-	22	45	22	45
Total	\$ 14,323	\$ 33,885	\$ 3,475	\$ 3,635	\$ 17,797	\$ 37,521

The total debt decreased by \$19.7 million during the current fiscal year. The Successor Agency refinanced the 2001 Series A Tax Allocation Bonds that were owned by the Brisbane Public Finance Authority. This removed the debt from the City's books and lowered the total repayment for the Successor Agency.

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

Additional information on the City's long-term debt can be found in note 8 pages 55-62.

ECONOMIC OUTLOOK

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

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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CITY OF BRISBANE

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

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

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

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

CITY OF BRISBANE
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments available for operations (Note 3)	\$16,395,896	\$3,897,886	\$20,293,782
Accounts receivable	951,157	989,649	1,940,806
Taxes receivable	1,321,357	587	1,321,944
Internal balance (Note 4D)	826,170	(826,170)	
Accrued interest		439	439
Other assets	2,712		2,712
Noncurrent assets:			
Restricted cash and investments with fiscal agents (Note 3)	1,219,680		1,219,680
Loans receivable, net (Note 5)	10,509,186	2,504,535	13,013,721
Prepaid pension asset (Note 7)	2,879,345		2,879,345
Capital assets (Note 6):			
Non-depreciable	14,653,646	711,618	15,365,264
Depreciable, net	41,609,692	29,131,122	70,740,814
Total Assets	90,368,841	36,409,666	126,778,507
LIABILITIES			
Current liabilities:			
Accounts payable	510,363	298,575	808,938
Accrued payroll	375,841	51,273	427,114
Interest payable	209,494	39,825	249,319
Deposits	786,340	200,156	986,496
Claims payable - due within one year (Note 12)	281,572		281,572
Compensated absences - due within on year (Note 1F)	154,031	15,147	169,178
Long-term debt - due within one year (Note 8)	1,685,906	163,567	1,849,473
Noncurrent liabilities:			
Claims payable - due in more than one year (Note 12)	805,409		805,409
Compensated absences - due in more than one year (Note 1F)	462,093	45,440	507,533
OPEB obligation (Note 11)	3,332,834	627,930	3,960,764
Long-term debt - due in more than one year (Note 8)	12,565,091	3,311,000	15,876,091
Total Liabilities	21,168,974	4,752,913	25,921,887
NET POSITION (Note 9)			
Net investment in capital assets	46,026,642	26,368,173	72,394,815
Restricted for:			
Capital projects	2,982,454	2,251,094	5,233,548
Debt service	2,412,664		2,412,664
Specific projects and programs	6,896,439		6,896,439
Total Restricted Net Position	12,291,557	2,251,094	14,542,651
Unrestricted	10,881,668	3,037,486	13,919,154
Total Net Position	\$69,199,867	\$31,656,753	\$100,856,620

See accompanying notes to financial statements

CITY OF BRISBANE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
General government	\$4,484,974	\$3,803,499			(\$681,475)	(\$681,475)
Public safety - police	3,314,109	150,752	\$87,839		(3,075,518)	(3,075,518)
Public safety - fire	2,528,063	127,489			(2,400,574)	(2,400,574)
Public works	3,378,015	3,251,892		\$1,396,251	1,270,128	1,270,128
Parks and recreation	1,801,978	506,441			(1,295,537)	(1,295,537)
Interest on long-term debt	1,245,180				(1,245,180)	(1,245,180)
Total Governmental Activities	16,752,319	7,840,073	87,839	1,396,251	(7,428,156)	(7,428,156)
Business-type Activities:						
Water	1,428,250	1,746,178			\$317,928	317,928
Sewer	1,315,804	1,230,368			(85,436)	(85,436)
Guadalupe Valley Municipal Improvement District	1,600,167	2,489,821			889,654	889,654
Marina	1,437,114	1,612,742			175,628	175,628
Total Business-type Activities	5,781,335	7,079,109			1,297,774	1,297,774
Total	\$22,533,654	\$14,919,182	\$87,839	\$1,396,251	(\$7,428,156)	\$1,297,774
General revenues:						
Taxes:						
Property taxes					\$2,816,752	\$2,846,269
Sales taxes					2,529,222	2,529,222
Transient occupancy tax					2,037,809	2,037,809
Other taxes					648,855	648,855
Investment earnings					947,280	1,001,737
Miscellaneous					334,814	334,814
Contribution from Successor Agency (Note 15B)					2,512,194	2,512,194
Special item: Gain on early retirement of debt (Note 8A)					3,491,029	3,491,029
Transfers (Note 4C)					4,913,146	(4,913,146)
Total general revenues, transfers and special item					20,231,101	15,401,929
Change in Net Position					12,802,945	9,271,547
Net Position-Beginning					56,396,922	91,585,073
Net Position-Ending					\$69,199,867	\$100,856,620

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

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

The funds described below were determined to be Major Funds by the City in fiscal year 2013. Individual non-major funds may be found in the Supplemental Section.

General Fund

This fund is 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.

Brisbane Public Financing Authority

2001 Revenue Bonds, Series A Debt Service Fund – This fund accounts for the debt service for the 2001 Revenue Bonds, Series A which were issued to refinance the 1984 Tax Allocation Bonds that were issued by the Community Redevelopment Agency Project Area #1. This fund accounts for the repayment of debt related to the construction of public facilities, a 576-slip marina and infrastructure improvements in the Project Area. This fund was closed as of June 30, 2014.

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, 2014

	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments (Note 3)	\$8,366,645	\$860,444		\$606,387	\$4,745,223	\$14,578,699
Restricted cash and investments (Note 3)					1,219,680	1,219,680
Accounts receivable, net	916,429	12,329			22,194	950,952
Taxes receivable	1,307,169				14,188	1,321,357
Due from other funds (Note 4A)	80,028					80,028
Loans receivable (Note 5)	2,069,504	8,439,682				10,509,186
Advances to other funds (Note 4B)	1,312,200				285,951	1,598,151
Other assets	2,712					2,712
Total Assets	\$14,054,687	\$9,312,455		\$606,387	\$6,287,236	\$30,260,765
LIABILITIES						
Accounts payable	\$274,312	\$80		\$45,030	\$17,158	\$336,580
Accrued payroll	289,429	14		1,624	23,869	314,936
Due to other funds (Note 4A)					80,028	80,028
Deposits	740,651				45,689	786,340
Advances from other funds (Note 4B)				771,981		771,981
Total Liabilities	1,304,392	94		818,635	166,744	2,289,865
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - taxes and fee	607,539					607,539
Unavailable revenue - loan receivable		3,122,876				3,122,876
Total Deferred Inflows of Resources	607,539	3,122,876				3,730,415
FUND BALANCES (Note 9)						
Nonspendable	3,384,416					3,384,416
Restricted		6,189,485			3,238,199	9,427,684
Assigned	274,334				2,982,454	3,256,788
Unassigned	8,484,006			(212,248)	(100,161)	8,171,597
Total Fund Balances (Deficit)	12,142,756	6,189,485		(212,248)	6,120,492	24,240,485
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$14,054,687	\$9,312,455		\$606,387	\$6,287,236	\$30,260,765

See accompanying notes to financial statements

CITY OF BRISBANE
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balances reported on the Governmental Funds Balance Sheet	\$24,240,485
<p>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:</p>	
<p>CAPITAL ASSETS</p>	
<p>Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds</p>	56,263,338
<p>ALLOCATION OF INTERNAL SERVICE FUND NET POSITION</p>	
<p>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.</p>	
Cash and investments	1,817,197
Interest receivable	205
Accounts payable	(36,684)
Accrued payroll	(60,905)
Accrued claims payable	(1,086,981)
<p>ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES</p>	
<p>Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.</p>	3,730,415
<p>LONG-TERM ASSETS AND LIABILITIES</p>	
<p>The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:</p>	
Prepaid pension asset	2,879,345
Long-term debt	(14,250,997)
Net OPEB Obligation	(3,332,834)
Compensated absences	(616,124)
Interest payable	(209,494)
Accrual of payment owed to Private Purpose Trust due to State Controller's Asset Transfer Review	(137,099)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$69,199,867

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, 2014

	General Fund	Low/Mod Income Housing Asset Special Revenue Fund	Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Taxes and special assessments	\$7,702,686				\$1,798,024	\$9,500,710
Intergovernmental	79,784			\$46,740	233,120	359,644
Licenses, permits and fees	3,817,286			343,855	465	4,161,606
Charges for services	2,579,462					2,579,462
Fines and forfeitures	60,738					60,738
Use of money and property	169,330	\$21,555	\$752,436	18	83,288	1,026,627
Other revenues	205,351			1,339	244,844	451,534
Developer contributions					1,004,322	1,004,322
Total Revenues	14,614,637	21,555	752,436	391,952	3,364,063	19,144,643
EXPENDITURES						
Current:						
General government	3,567,201				2,441	3,569,642
Public safety - police	2,955,946				81,801	3,037,747
Public safety - fire	2,247,447					2,247,447
Public works	1,473,738	7,623			991,399	2,472,760
Parks and recreation	1,629,502					1,629,502
Library	27,174					27,174
Capital outlay	213,550			291,591	578,339	1,083,480
Debt service:						
Principal	12,570		14,499,401		1,623,351	16,135,322
Interest and fiscal charges	1,634		534,000	16,065	795,083	1,346,782
Total Expenditures	12,128,762	7,623	15,033,401	307,656	4,072,414	31,549,856
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,485,875	13,932	(14,280,965)	84,296	(708,351)	(12,405,213)
OTHER FINANCING SOURCES (USES)						
Issuance of debt					63,119	63,119
Transfers in (Note 4C)	336,240				1,335,306	1,671,546
Transfers (out) (Note 4C)	(1,734,950)		(211,382)			(1,946,332)
Total Other Financing Sources (Uses)	(1,398,710)		(211,382)		1,398,425	(211,667)
NET CHANGES IN FUND BALANCES	1,087,165	13,932	(14,492,347)	84,296	690,074	(12,616,880)
BEGINNING FUND BALANCES	11,055,591	6,175,553	14,492,347	(296,544)	5,430,418	36,857,365
ENDING FUND BALANCES	\$12,142,756	\$6,189,485		(\$212,248)	\$6,120,492	\$24,240,485

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, 2014

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 (\$12,616,880)

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	834,271
Capital assets transferred from enterprise fund to general governmental activities	4,913,347
Special item: Capital assets contributed from Successor Agency	2,512,194
Depreciation expense is deducted from the fund balance	(1,110,020)
Net retirement is deducted from fund balance	(2,435)

LONG-TERM LIABILITIES

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

Issuance of debt	(63,119)
Repayments of debt principal are added back to fund balance	16,135,322
Gain on early retirement of debt	3,491,029

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	(525,995)
Deferred charges amortization	(112,316)
Amortization of bond discount	(6,619)
Compensated absences	(59,127)
Accrued interest on long-term debt	220,537
Amortization of prepaid pension asset	(361,962)
Net OPEB Obligation	(459,532)
Expenses related to payment to Private Purpose Trust due to State Controller's Asset Transfer Review	(137,099)

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>151,349</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$12,802,945</u></u>
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See accompanying notes to financial statements

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MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal 2014.

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, 2014

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Marina	Totals	
ASSETS				
Current Assets:				
Cash and investments (Note 3)	\$2,664,936	\$1,232,950	\$3,897,886	\$1,817,197
Accounts receivable, net	908,175	81,474	989,649	
Taxes receivable	587		587	
Interest receivable	290	149	439	205
Total Current Assets	3,573,988	1,314,573	4,888,561	1,817,402
Noncurrent Assets:				
Loans receivable (Note 5)		2,504,535	2,504,535	
Capital assets (Note 6):				
Non-depreciable	711,618		711,618	
Depreciable, net	27,117,119	2,014,003	29,131,122	
Total Noncurrent Assets	27,828,737	4,518,538	32,347,275	
Total Assets	31,402,725	5,833,111	37,235,836	1,817,402
LIABILITIES				
Current Liabilities:				
Accounts payable	285,651	12,924	298,575	36,684
Accrued payroll	27,651	23,622	51,273	60,905
Interest payable	39,825		39,825	
Accrued claims payable (Note 12)				281,572
Compensated absences (Note 1G)	10,659	4,488	15,147	
Deposits	16,968	183,188	200,156	
Capital lease due within one year (Note 8)	21,567		21,567	
Bonds payable due within one year (Note 8)	142,000		142,000	
Total Current Liabilities	544,321	224,222	768,543	379,161
Noncurrent Liabilities:				
Compensated absences due in more than one year (Note 1G)	31,977	13,463	45,440	
Accrued claims payable (Note 12)				805,409
Advances from other funds (Note 4B)	826,170		826,170	
Bonds payable due in more than one year (Note 8)	3,311,000		3,311,000	
Net OPEB obligation (Note 11)	141,533	486,397	627,930	
Total Noncurrent Liabilities	4,310,680	499,860	4,810,540	805,409
Total Liabilities	4,855,001	724,082	5,579,083	1,184,570
NET POSITION (Note 9)				
Net investment in capital assets	24,354,170	2,014,003	26,368,173	
Restricted for:				
Capital projects	758,885	1,492,209	2,251,094	
Unrestricted	1,434,669	1,602,817	3,037,486	632,832
Total Net Position	\$26,547,724	\$5,109,029	\$31,656,753	\$632,832

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, 2014

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Internal Service Funds
	<u>Utility</u>	<u>Marina</u>	<u>Totals</u>	
OPERATING REVENUES				
Charges for services	\$5,466,367	\$1,507,555	\$6,973,922	\$831,501
Other revenues		105,187	105,187	2,242
Total Operating Revenues	5,466,367	1,612,742	7,079,109	833,743
OPERATING EXPENSES				
Cost of sales and services	1,944,932	545,777	2,490,709	88,590
General and administrative	1,612,631	767,744	2,380,375	716,266
Depreciation	666,394	123,593	789,987	
Other expenses				172,370
Total Operating Expenses	4,223,957	1,437,114	5,661,071	977,226
Operating Income (Loss)	1,242,410	175,628	1,418,038	(143,483)
NONOPERATING REVENUES (EXPENSES)				
Taxes and assessments	29,517		29,517	
Investment income	15,945	38,512	54,457	20,247
Interest expense	(120,264)		(120,264)	
Total Nonoperating Revenues (Expenses)	(74,802)	38,512	(36,290)	20,247
Income (Loss) Before Transfers	1,167,608	214,140	1,381,748	(123,236)
Transfers in (Note 4C)	49,078		49,078	399,443
Transfers out (Note 4C)	(48,877)	(4,913,347)	(4,962,224)	(124,858)
Net transfers	201	(4,913,347)	(4,913,146)	274,585
Change in net position	1,167,809	(4,699,207)	(3,531,398)	151,349
BEGINNING NET POSITION	25,379,915	9,808,236	35,188,151	481,483
ENDING NET POSITION	\$26,547,724	\$5,109,029	\$31,656,753	\$632,832

See accompanying notes to financial statements

CITY OF BRISBANE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Internal Service Funds
	<u>Utility</u>	<u>Marina</u>	<u>Totals</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$5,529,521	\$1,647,245	\$7,176,766	\$856,499
Cash payments to suppliers	(3,507,175)	(1,392,868)	(4,900,043)	(1,069,244)
Cash received from (payments to) other	(14)	105,187	105,173	6,706
Cash Flows from Operating Activities	<u>2,022,332</u>	<u>359,564</u>	<u>2,381,896</u>	<u>(206,039)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes and assessments	29,517		29,517	
Due from other funds receipts (payments)				
Advances from other funds receipts (payments)	(57,609)	292,673	235,064	
Transfers in	49,078		49,078	(124,858)
Transfers (out)	(48,877)		(48,877)	399,443
Cash Flows from Noncapital Financing Activities	<u>(27,891)</u>	<u>292,673</u>	<u>264,782</u>	<u>274,585</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant and equipment, net of transfer		(78,732)	(78,732)	
Principal payment of debt	(160,735)		(160,735)	
Interest paid	(121,844)		(121,844)	
Cash Flows from Capital and Related Financing Activities	<u>(282,579)</u>	<u>(78,732)</u>	<u>(361,311)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income receipts	15,802	38,363	54,165	20,351
Cash Flows from Investing Activities	<u>15,802</u>	<u>38,363</u>	<u>54,165</u>	<u>20,351</u>
Net Cash Flows	1,727,664	611,868	2,339,532	88,897
Cash and investments at beginning of period	937,272	621,082	1,558,354	1,728,300
Cash and investments at end of period	<u>\$2,664,936</u>	<u>\$1,232,950</u>	<u>\$3,897,886</u>	<u>\$1,817,197</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating income (loss)	\$1,242,410	\$175,628	\$1,418,038	(\$143,483)
Adjustments to reconcile operating income (Loss) to cash flows from operating activities:				
Depreciation	666,394	123,593	789,987	
Change in assets and liabilities:				
Accounts receivable	63,154	139,690	202,844	
Taxes receivable	(14)		(14)	
Accounts payable and accrued liabilities	17,715	(15,682)	2,033	(10,995)
Accrued payroll	(2,989)	(42,591)	(45,580)	(31,583)
Accrued claims payable				(19,978)
Compensated absences	321	(27,541)	(27,220)	
Deposits	3,449	20,116	23,565	
Net OPEB obligation	31,892	(13,649)	18,243	
Cash Flows from Operating Activities	<u>\$2,022,332</u>	<u>\$359,564</u>	<u>\$2,381,896</u>	<u>(\$206,039)</u>
Non cash transactions:				
Transfer of capital assets, net		(\$4,913,347)		
Transfer of loan receivable		<u>\$2,295,996</u>		
Total non-cash activities		<u>(\$2,617,351)</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 2014:

Private Purpose Trust Fund

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

Agency Funds

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

CITY OF BRISBANE
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2014

	Successor Agency Private-Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments (Note 3)	\$1,459,447	\$2,272,456
Restricted cash and investments with fiscal agents (Note 3)	7,773	253,988
Accounts receivable		309,938
Interest receivable		97
	<u> </u>	<u> </u>
Total Assets	<u>1,467,220</u>	<u>2,836,479</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred charges on refunding (Note 15)	<u>3,485,599</u>	
	<u> </u>	<u> </u>
Total Deferred Inflow of Resources	<u>3,485,599</u>	
LIABILITIES		
Accounts payable	33,670	38,255
Deposits payable		1,969,986
Due to other bondholders		828,238
Interest payable	297,115	
Loans payable to City (Note 5F)	8,905,910	
Long Term Debt (Note 15C):		
Due within one year	1,273,315	
Due in more than one year	<u>16,211,607</u>	
	<u> </u>	<u> </u>
Total Liabilities	<u>26,721,617</u>	<u>2,836,479</u>
NET POSITION		
Held in trust for private-purpose	<u><u>(\$21,768,798)</u></u>	

See accompanying notes to financial statements

CITY OF BRISBANE
STATEMENT OF CHANGES IN NET POSITION
SUCCESSOR AGENCY PRIVATE-PURPOSE TRUSTS FUND
FOR THE YEAR ENDED JUNE 30, 2014

ADDITIONS	
Charges for Services	\$2,364,546
Investment income	144
	<u>144</u>
Total additions	<u>2,364,690</u>
DEDUCTIONS	
General government	255,484
Interest and fiscal charges	1,469,420
	<u>1,469,420</u>
Total deductions	<u>1,724,904</u>
CHANGES IN NET POSITION BEFORE SPECIAL ITEM	
	<u>639,786</u>
SPECIAL ITEM	
Capital assets contributed to City (Note 15B)	(2,512,194)
	<u>(2,512,194)</u>
CHANGES IN NET POSITION	(1,872,408)
BEGINNING NET POSITION	<u>(19,896,390)</u>
ENDING NET POSITION (DEFICIT)	<u>(\$21,768,798)</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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

B. Basis of Presentation

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

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

C. Major Funds

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

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

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

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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, and other post-employment benefits (OPEB).

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting*

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

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

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

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

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

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

E. *Interest Payable*

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

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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	\$556,997	\$87,808	\$644,805
Additions	475,990	54,901	530,891
Payments	(416,863)	(82,122)	(498,985)
Ending Balance	\$616,124	\$60,587	\$676,711
Current Portion	\$154,031	\$15,147	\$169,178
Non-current Portion	\$462,093	\$45,440	\$507,533

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, 2014

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

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

J. *New GASB Pronouncements*

GASB issued Statement No. 65 Items Previously Reported as Assets and Liabilities, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. This Statement is effective for fiscal periods beginning after December 15, 2012. The City implemented this statement in fiscal year 2014. As a result, at June 30, 2014, the Successor Agency Private-Purpose Trust Fund recorded a deferred outflow of resources in the amount of \$3,485,599.

K. *Fund Reorganization*

In fiscal year 2014 the City moved the park and recreation activities out of the Marina Fund (formerly called Parks and Recreation Enterprise Fund) into the General Fund.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgeting Procedures*

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

1. A City Council goal setting session is scheduled to determine the major objectives of the City's financial plan for the year. Goals are approved by the Council and incorporated into a detailed preliminary budget, which is issued for public comment. After a series of public hearings, the budget is adopted by the City Council prior to the beginning of the ensuing fiscal year (July 1).
2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, certain special revenue funds, and the debt service funds. The Fire Training, and Contract Employees Special Revenue Funds; 2013 Pension Side Fund Bonds Debt Service Fund and the capital projects funds did not have adopted budgets for the fiscal year. The legal level of budgetary control is the fund level.
4. Budgets for those governmental funds budgeted are adopted on a basis consistent with GAAP.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2014, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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

B. *Encumbrances*

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

C. *Expenditures in Excess of Appropriations*

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

Fund	Excess Expenditures Over Appropriations
General Fund:	\$788,462
Special Revenue Funds:	
Low and Moderate Income Housing Asset	1,214
Sierra Point Landscape & Lighting	111,590
Debt Service Funds:	
2005 Revenue Bonds, Series A	239
2005 Revenue Bonds, Series B	171

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS

The City invests all funds, except cash with fiscal agents, in investment pools. The goal is to invest at the maximum yield, consistent with safety and liquidity, while individual funds can process payments for expenditures at any time. The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

A. Classification

Cash and investments as of June 30, 2014, are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Cash and investments available for operations	\$20,293,782
Restricted cash and investments with fiscal agent	1,219,680
Total City Cash and Investments	21,513,462
Cash and investments in Fiduciary Funds (separate statement):	3,731,903
Restricted cash and investments in Fiduciary Funds (separate statement):	261,761
Total Fiduciary Cash and Investments (separate statement):	3,993,664
Total Cash and Investments	\$25,507,126

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

B. Authorized Investments by the City

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

Authorized Investments

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

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

C. *Authorized Investments by Debt Agreements*

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

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

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, 2014

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		\$494,790		\$494,790
Federal Farm Credit Bank		3,981,300	\$501,230	4,482,530
Federal Home Loan Bank		1,986,370	499,135	2,485,505
Federal Home Loan Mortgage Corporation			2,508,065	2,508,065
Time Certificates of Deposit:				
GE Capital		500,820		500,820
Apple Bank for Savings	\$60,000			60,000
GE Money Bank	65,000			65,000
Repurchase Agreements	714,800			714,800
Money Market Mutual Fund	3,451,793			3,451,793
Local Agency Investments Funds-City	4,043,856			4,043,856
Total Investments	<u>\$8,335,449</u>	<u>\$6,963,280</u>	<u>\$3,508,430</u>	18,807,159
Cash in banks and on hand				<u>6,699,967</u>
Total Cash and Investments				<u>\$25,507,126</u>

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, 2014 for each investment type:

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investment Type	Aaa/ AAAM	Total
Securities of U.S. Government Treasury and Agencies		
Federal National Mortgage Association	\$494,790	\$494,790
Federal Farm Credit Bank	4,482,530	4,482,530
Federal Home Loan Bank	2,485,505	2,485,505
Federal Home Loan Mortgage Corporation	2,508,065	2,508,065
Money Market Mutual Funds	3,451,793	<u>3,451,793</u>
Total rated investments		13,422,683
Not rated or exempt:		
Repurchase Investment Agreement		714,800
Local Agency Investment Fund		4,043,856
Certificates of deposit		625,820
Cash in banks and on hand		<u>6,699,967</u>
Total Cash and Investments		<u><u>\$25,507,126</u></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, 2014:

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	U.S. Agency Notes	\$4,482,530
Federal Home Loan Bank	U.S. Agency Notes	2,485,505
Federal Home Loan Mortgage Corporation	U.S. Agency Notes	2,508,065

G. Custodial Credit Risk

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

H. Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2014, these investments matured in an average of 232 days.

I. Cash, Cash Equivalents and Investments

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

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

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

NOTE 4 - INTERFUND TRANSACTIONS

A. Due To/From Other Funds

Due to/from other funds arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2014 interfund balances were as follows:

At June 30, 2014, the City had the following due to/from other funds:

	Due to Other Funds Non-Major Governmental	Total
<u>Due from Other Funds</u>		
General Fund	\$80,028	\$80,028
Total	<u>\$80,028</u>	<u>\$80,028</u>

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

B. Advances To/From Other Funds

At June 30, 2014, the City had the following advances to/from other funds:

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>		<u>Total</u>
	Utility Enterprise Fund	Non-Major Governmental Funds	
General Fund	\$540,219	\$771,981	\$1,312,200
Non-Major Governmental Funds	285,951		285,951
Total	<u>\$826,170</u>	<u>\$771,981</u>	<u>\$1,598,151</u>

The \$343,560 of advance from the 2005 Revenue Bonds, Series A Debt Service to Utility Enterprise Fund represents the portion of the 1995 COP Bonds that were used for the construction of the water tank. The Water Enterprise and the Guadalupe Valley Improvement District (combined into the Utility Enterprise Fund) make annual payments to the Authority for their respective share of the debt service. The balance of the advance as of June 30, 2014 was \$285,951.

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

In March 2013 the City approved an advance from the General Fund to the Capital Improvement Fund in the amount of \$850,000. It was issued for the purpose of financing a property purchase from the Brisbane Housing Authority. The term of the advance is ten years. It bears interest at 1.89% annually and payments are due each March 1 in the amount of \$94,084. The balance of the advance as of June 30, 2014 was \$771,981.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

C. Transfers In/Out

The City had the following transfers in/out for the year ended June 30, 2014:

	Transfers Out					Total
	General Fund	Non-Major Governmental Funds	Utility Enterprise Fund	Marina Enterprise Fund	Internal Service Fund	
Transfers In						
General Fund		\$211,382			\$124,858	\$336,240
Non-Major Governmental Funds	\$1,286,429		\$48,877			1,335,306
Enterprise Fund:						
Utility	49,078					49,078
Internal Service Funds	399,443					399,443
Governmental Activities				\$4,913,347		4,913,347
Total	<u>\$1,734,950</u>	<u>\$211,382</u>	<u>\$48,877</u>	<u>\$4,913,347</u>	<u>\$124,858</u>	<u>\$7,033,414</u>

(A) In addition, in fiscal year 2014, the City transferred parks and recreation capital assets in the net amount of \$4,913,146 from the Marina Enterprise Fund to the general governmental activities, and

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

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

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

D. Internal Balances

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 5 - LOANS RECEIVABLE

At June 30, 2014, the City had the following loans receivable:

	Balance July 30, 2013	Additions/ Transfers	Deletions	Balance June 30, 2014
Governmental Funds:				
Loan to Administrative Services Director	\$318,750			\$318,750
Loan to City Manager	269,043		(\$11,397)	257,646
2nd Loan to City Manager	200,000			200,000
Bridge Housing Corporation Loan	2,336,086			2,336,086
First Time Home Buyers	786,790			786,790
Loans to Successor Agency	8,905,910	(\$2,295,996)		6,609,914
Total Governmental Funds	\$12,816,579	(2,295,996)	(11,397)	\$10,509,186
Proprietary Funds:				
Loan to City Engineer/Director of Public Works	232,909		(24,370)	208,539
Loan to Harbor Master	268,303		(268,303)	
Loan to Successor Agency		2,295,996		2,295,996
Total Proprietary Funds	501,212	2,295,996	(292,673)	2,504,535
Total	\$13,317,791	-	(\$304,070)	\$13,013,721

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 5 - LOANS RECEIVABLE (Continued)

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

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

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

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

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

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

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 5 - LOANS RECEIVABLE (Continued)

Therefore, prior to fiscal 2014, a total of \$2,295,996 was recorded as an advance from the Marina Fund to the BPFA 2001 Revenue Bonds Series A Debt Service Fund which in turn advanced the amount to the former Agency. The advance was to be paid from future tax increment of the former Agency after the bonds have matured. With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the advance above.

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

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

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

- G.** On October 22, 2001, the City made a loan to the City Engineer/Director of Public Works in the amount of \$320,000 for the purchase of a home. The entire principal balance together with payment of the “equity sharing amount” is due and payable immediately upon any sale or transfer of the property, except for a transfer of legal title for estate planning purposes to a revocable living trust for which borrower is trustor and trustee. The loan is secured by the Deed of Trust. On October 1, 2005, the City modified the agreement to include interest in the amount of \$45,479.
- H.** On July 31, 2003, the City made a loan to the Harbor Master in the amount of \$268,303 for the purchase of a home. The entire principal balance together with payment of the “equity sharing amount” is due and payable immediately upon any sale or transfer of the property, except for a transfer of legal title for estate planning purposes to a revocable living trust for which borrower is trustor and trustee. The loan is secured by the Deed of Trust. Borrower retired as an employee of City, effective as of December 31, 2012. Subsequently Loan Modification and Extension Agreement were executed as of January 1, 2013. This loan was fully paid off during the fiscal year 2014.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 6 - CAPITAL ASSETS

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

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

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

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 6 - CAPITAL ASSETS (Continued)

Changes in capital assets during the year ended June 30, 2014 comprise of the following:

	Balance at June 30, 2013	Additions	Deletions/ Adjustments	Transfers	Contribution from Successor Agency	Balance at June 30, 2014
Governmental activities						
Non-depreciable capital assets:						
Land	\$11,580,912	\$80,841		\$463,341	\$2,441,996	\$14,567,090
Construction in progress	88,056			(1,500)		86,556
Total non-depreciable capital assets	11,668,968	80,841		461,841	2,441,996	14,653,646
Capital assets being depreciated:						
Land Improvements	2,229,162	111,101		2,359,909	80,051	4,780,223
Building and Structures	13,075,649	278,750		4,252,842		17,607,241
Machinery and Equipment	2,647,664	79,536	(\$23,378)	258,813		2,962,635
Infrastructure	30,581,167	284,043				30,865,210
Total capital assets, depreciable	48,533,642	753,430	(23,378)	6,871,564	80,051	56,215,309
Less accumulated depreciation:						
Capital assets being depreciated:						
Land Improvements	(271,784)	(111,652)		(1,028,052)	(9,853)	(1,421,341)
Building and Structures	(2,230,102)	(344,783)		(1,218,676)		(3,793,561)
Machinery and Equipment	(1,873,592)	(149,321)	20,943	(173,330)		(2,175,300)
Infrastructure	(6,711,151)	(504,264)				(7,215,415)
Total accumulated depreciation	(11,086,629)	(1,110,020)	20,943	(2,420,058)	(9,853)	(14,605,617)
Depreciable capital assets	37,447,013	(356,590)	(2,435)	4,451,506	70,198	41,609,692
Governmental activity capital assets, net	\$49,115,981	(\$275,749)	(\$2,435)	\$4,913,347	\$2,512,194	\$56,263,338

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 6 - CAPITAL ASSETS (Continued)

	Balance at June 20, 2013	Additions	Transfers	Balance at June 20, 2014
Business-type activities				
Capital assets not being depreciated:				
Land	\$1,111,156		(\$463,341)	\$647,815
Construction in Progress	63,803			63,803
Total capital assets not being depreciated	<u>1,174,959</u>		<u>(463,341)</u>	<u>711,618</u>
Capital assets, being depreciated:				
Land Improvements	9,779,315		(2,359,909)	7,419,406
Building and Structures	13,699,453	\$78,732	(4,251,342)	9,526,843
Machinery and Equipment	894,598		(258,813)	635,785
Infrastructure	32,245,204			32,245,204
Total capital assets being depreciated	<u>56,618,570</u>	<u>78,732</u>	<u>(6,870,064)</u>	<u>49,827,238</u>
Less accumulated depreciation for:				
Land Improvements	(6,934,555)	(89,388)	1,028,052	(5,995,891)
Building and Structures	(3,025,325)	(141,655)	1,218,676	(1,948,304)
Machinery and Equipment	(507,986)	(42,902)	173,330	(377,558)
Infrastructure	(11,858,321)	(516,042)		(12,374,363)
Total accumulated depreciation	<u>(22,326,187)</u>	<u>(789,987)</u>	<u>2,420,058</u>	<u>(20,696,116)</u>
Depreciable capital assets	<u>34,292,383</u>	<u>(711,255)</u>	<u>(4,450,006)</u>	<u>29,131,122</u>
Business-type activity capital assets, net	<u>\$35,467,342</u>	<u>(\$711,255)</u>	<u>(\$4,913,347)</u>	<u>\$29,842,740</u>

A. Capital Asset Contributions

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 6 - CAPITAL ASSETS (Continued)

B. Depreciation Allocation

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

Governmental Activities	
General Government	\$388,503
Public Safety	144,676
Public Works	404,365
Parks and Recreation	<u>172,476</u>
Total Governmental Activities	<u><u>\$1,110,020</u></u>
 Business-Type Activities	
Water	\$197,604
Sewer	103,485
Guadalupe Valley Municipal Improvement District	365,305
Marina	<u>123,593</u>
Total Business-Type Activities	<u><u>\$789,987</u></u>

NOTE 7 - NET PENSION ASSET

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

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

A summary of the methodology used is as follows:

Amortization Method	Level Percent of Payroll
Average Remaining Period (as of 6/30/2012)	5 years for Miscellaneous Tier 1
	7 years for Miscellaneous Tier 2
	5 years for Safety
Investment Rate of Return	7.50% (net of administrative expenses)
Payroll Growth	3.00%

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 7 - NET PENSION ASSET (Continued)

A summary of the changes to the NPA for the year ended June 30, 2014 is as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Activities	\$3,241,307	\$243,099	(\$605,061)	\$2,879,345

NOTE 8 - LONG-TERM DEBT

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

The following is a summary of long-term debt transactions for the year ended June 30, 2014:

	Balance June 30, 2013	Additions	Retirements	Balance at June 30, 2014	Current Portion	Non-Current Portion
Governmental Activities						
2001 PFA, Series A (Project Area 1)	\$17,985,000		(\$17,985,000)			
2001 PFA, Series B (LID Refinancing)	3,245,000		(840,000)	2,405,000	\$825,000	\$1,580,000
2005 PFA, Series A (Lease Revenue)	478,429		(88,351)	390,078	91,685	298,393
2005 PFA, Series B (City Hall Expansion)	5,520,000		(160,000)	5,360,000	165,000	5,195,000
2009 PFA, Series A (City Hall Completion)	1,955,000		(85,000)	1,870,000	85,000	1,785,000
2006 Pension Obligation Refunding Bonds	2,925,000		(410,000)	2,515,000	455,000	2,060,000
2013 Pension Side Fund Bank Loan	1,611,000		(40,000)	1,571,000	50,000	1,521,000
Unamortized discount on bonds	(78,318)		6,619	(71,699)	(6,619)	(65,080)
Energy Efficiency Loan		\$63,119	(5,430)	57,689	8,144	49,545
Energy Conservation Loan	166,499		(12,570)	153,929	12,696	141,233
Total Governmental Long-Term Debt	\$33,807,610	\$63,119	(\$19,619,732)	\$14,250,997	\$1,685,906	\$12,565,091
Business-type Activities						
Capital Lease	\$45,302		(\$23,735)	\$21,567	\$21,567	
2012 Installment Sale Agreement	3,590,000		(137,000)	3,453,000	142,000	\$3,311,000
Total Business-Type Long-Term Debt	\$3,635,302		(\$160,735)	\$3,474,567	\$163,567	\$3,311,000

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

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 8 - LONG-TERM DEBT (Continued)

In fiscal year 2014, the bonds were paid off from proceeds received from the refunding of the 2001 Tax Allocation Bonds by the Successor Agency. The transaction resulted in a gain of \$3,491,029 for the City in fiscal year 2014.

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

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

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

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

Year ending June 30:	Principal	Interest	Total
2015	\$825,000	\$110,171	\$935,171
2016	1,580,000	43,845	1,623,845
Total	\$2,405,000	\$154,016	\$2,559,016

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 8 - LONG-TERM DEBT (Continued)

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

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

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

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

Year ending June 30:	Principal	Interest	Total
2015	\$91,685	\$14,907	\$106,592
2016	95,019	11,698	106,717
2017	100,020	8,135	108,155
2018	103,354	4,134	107,488
Total	\$390,078	\$38,874	\$428,952

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

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

The bonds mature annually through April 1 2035, in amounts ranging from \$145,000 to \$385,000. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 3.125% to 4.375%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from lease payment from the City to the Authority.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 8 - LONG-TERM DEBT (Continued)

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

Year ending June 30:	Principal	Interest	Total
2015	\$165,000	\$236,283	\$401,283
2016	170,000	230,343	400,343
2017	175,000	224,053	399,053
2018	185,000	217,403	402,403
2019	190,000	210,188	400,188
2020-2024	1,080,000	926,361	2,006,361
2025-2029	1,335,000	665,895	2,000,895
2030-2034	1,675,000	328,373	2,003,373
2035	385,000	17,806	402,806
Total	\$5,360,000	\$3,056,705	\$8,416,705

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

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

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

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

Year ending June 30:	Principal	Interest	Total
2015	\$85,000	\$100,725	\$185,725
2016	90,000	97,325	187,325
2017	95,000	93,500	188,500
2018	100,000	89,343	189,343
2019	105,000	84,843	189,843
2020-2024	605,000	339,391	944,391
2025-2029	790,000	147,300	937,300
Subtotal	1,870,000	952,427	2,822,427
Less Discount	(24,134)		(24,134)
Total	\$1,845,866	\$952,427	\$2,798,293

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 8 - LONG-TERM DEBT (Continued)

F. 2006 Taxable Pension Obligation Refunding Bonds

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

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

Year ending June 30:	Principal	Interest	Total
2015	\$455,000	\$144,175	\$599,175
2016	500,000	119,150	619,150
2017	545,000	91,650	636,650
2018	600,000	59,631	659,631
2019	125,000	24,381	149,381
2020-2021	290,000	25,849	315,849
Subtotal	2,515,000	464,836	2,979,836
Less Discount	(47,565)		(47,565)
Total	\$2,467,435	\$464,836	\$2,932,271

G. 2013 Pension Side Fund Bank Loan

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

Year ending June 30:	Principal	Interest	Total
2015	\$50,000	\$62,028	\$112,028
2016	60,000	59,939	119,939
2017	70,000	57,451	127,451
2018	80,000	54,566	134,566
2019	165,000	50,586	215,586
2020-2023	1,146,000	116,754	1,262,754
Total	\$1,571,000	\$401,324	\$1,972,324

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 8 - LONG-TERM DEBT (Continued)

H. Energy Conservation Loan

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

The annual payment requirements on the loan were as follows:

Year ending June 30:	Principal	Interest	Total
2015	\$12,696	\$1,507	\$14,203
2016	12,820	1,384	14,204
2017	12,951	1,252	14,203
2018	13,082	1,122	14,204
2019	13,213	991	14,204
2020-2024	68,073	2,945	71,018
2025-2026	21,094	211	21,305
Total	\$153,929	\$9,412	\$163,341

I. Energy Efficiency Retrofit Loan

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

The annual payment requirements on the loan were as follows:

Year ending June 30:	Principal	Total
2015	\$8,144	\$8,144
2016	8,144	8,144
2017	8,144	8,144
2018	8,144	8,144
2019	8,144	8,144
2020-2023	16,969	16,969
Total	\$57,689	\$57,689

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 8 - LONG-TERM DEBT (Continued)

J. Capital Lease

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

The annual payment requirements on the leases were as follows:

Year ending June 30:	Lease Payments	Interest	Total
2015	\$21,567	\$1,084	\$22,651
Total	\$21,567	\$1,084	\$22,651

K. 2012 Installment Sale Agreement

On July 1, 2012, the Brisbane Public Financing Authority and the City entered into an installment sale agreement in the amount of \$3,590,000 which repaid in full the outstanding principal of the 2002 Brisbane Public Financing Authority Revenue Bonds, Series A. The interest on the agreement is payable semiannually on each March 1 and September 1, with interest rate of 2.46% per annum. Principal payments are due annually on September 1 from September 1, 2013 to September 1, 2031.

2012 Installment Sale Agreement

Year ending June 30:	Principal	Interest	Total
2015	\$142,000	\$117,017	\$259,017
2016	141,000	112,121	253,121
2017	151,000	107,070	258,070
2018	155,000	101,776	256,776
2019	159,000	96,304	255,304
2020-2024	899,000	392,171	1,291,171
2025-2029	1,062,000	222,825	1,284,825
2030-2032	744,000	39,479	783,479
Total	\$3,453,000	\$1,188,763	\$4,641,763

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 8 - LONG-TERM DEBT (Continued)

L. Non-City Obligation

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

	Original Amount	Outstanding June 30, 2014
Northeast Ridge Development District 2013 Reassessment & Refunding District Bonds	<u>\$ 3,395,000</u>	<u>\$ 3,395,000</u>

NOTE 9 - NET POSITION AND FUND BALANCES

A. Net Position

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

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

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.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

B. Fund Balance

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

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

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

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

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

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2014, 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
Nonspendables:					
Loans receivable	\$2,069,504				\$2,069,504
Prepays	2,712				2,712
Advances to other funds	1,312,200				1,312,200
Total Nonspendable Fund Balances	3,384,416				3,384,416
Restricted for:					
Low and moderate income housing projects		\$6,189,485			6,189,485
Debt service				\$2,412,664	2,412,664
Transportation and street				592,604	592,604
Grant activities				111,197	111,197
Special revenue activities				121,734	121,734
Total Restricted Fund Balances		6,189,485		3,238,199	9,427,684
Assigned to:					
Capital projects				2,982,454	2,982,454
Encumbrances	123,171				123,171
Fire sinking fund	151,163				151,163
Total Assigned Fund Balances	274,334			2,982,454	3,256,788
Unassigned	8,484,006		(\$212,248)	(100,161)	8,171,597
Total Fund Balances	\$12,142,756	\$6,189,485	(\$212,248)	\$6,120,492	\$24,240,485

C. Minimum Fund Balance Policies

The City is required to maintain fund or working capital balances of at least 50% of operating expenditures in the General Fund and 20% of Utility and Parks and Recreation Funds Enterprise funds. This is considered the minimum level necessary to maintain the City's credit worthiness and to adequately provide for:

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

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

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

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

D. Deficit Fund Balances/Net Position

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

Funds	Deficit Fund Balances/ Net Position
Non-Major Governmental Funds:	
Sierra Point Landscape & Lighting Special Revenue Fund	\$88,662
NPDES Special Revenue Fund	11,499
Capital Projects Fund	212,247
Internal Service Fund:	
Workers' Compensation	623,601

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 10 – RETIREMENT BENEFITS

CalPERS Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CalPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City’s employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS; the City must contribute these amounts. The Plans’ provisions and benefits in effect at June 30, 2014, are summarized as follows:

	Safety	Miscellaneous 1st Tier	Miscellaneous 2nd Tier
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	50
Monthly benefit factors, as a % of annual salary	2.4%-3.0%	2.0% - 2.7%	1.1%-2.4%
Required employee contribution rates	9%	8%	7%
Required employer contribution rates	21.669%	18.770%	8.486%

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

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
June 30, 2012	\$1,542,681	100%	\$3,561,622
June 30, 2013	2,991,674	100%	3,241,307
June 30, 2014	1,380,377	100%	2,879,345

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 10 – RETIREMENT BENEFITS (Continued)

CalPERS uses the market related value method of valuing the Plan’s assets. An investment rate of return of 7.50% is assumed, including inflation at 2.75%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Gain and losses that occur in the operation of risk pool are amortized over a rolling thirty year period.

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

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

State-wide pool Safety Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2010	\$1,915,095,826	\$1,628,915,283	\$286,180,543	85.1%	\$224,562,008	127.4%
2011	2,061,923,933	1,759,286,797	302,637,136	85.3%	225,026,216	134.5%
2012	2,183,549,942	1,896,139,291	287,410,651	86.8%	232,078,083	123.8%

The City’s Safety Plan represents approximately 1.0%, 1.1%, and 1.2% of the State-wide pool for the years ended June 30, 2012, 2011 and 2010, respectively, based on covered payroll of \$2,370,623, \$2,474,620 and \$2,696,859 for those years.

State-wide pool Miscellaneous Plan Tier 1:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2010	\$2,297,871,345	\$1,815,671,616	\$482,199,729	79.0%	\$434,023,381	111.1%
2011	2,486,708,579	1,981,073,089	505,635,490	79.7%	427,300,410	118.3%
2012	2,680,181,441	2,178,799,790	501,381,651	81.3%	417,600,034	120.1%

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 10 – RETIREMENT BENEFITS (Continued)

The City's Miscellaneous Plan for Tier 1 represents approximately 0.9%, 1.0%, and 1.1% of the State-wide pool for the years ended June 30, 2012, 2011, and 2010, respectively, based on covered payroll of \$3,903,437, \$4,063,502, \$4,792,080 for those years.

State-wide pool Miscellaneous Plan Tier 2:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2010	\$624,423,437	\$594,492,164	\$29,931,273	95.2%	\$186,777,830	16.0%
2011	682,375,804	639,237,247	43,138,557	93.7%	193,877,169	22.3%
2012	736,231,913	701,224,211	35,007,702	95.2%	208,517,122	16.8%

The City's Miscellaneous Plan for Tier 2 represents approximately 0% of the State-wide pool for the years ended June 30, 2012, 2011, and 2010, based on covered payroll of \$27,724, \$2,821, \$1,454 for those years.

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Plan Description and Funding Policy

The City administers a single-employer defined benefit post-employment healthcare plan. Employees hired prior to July 1, 2008, have the stipulated years of service, and retire directly from the City, are eligible to receive up to the Kaiser rate (family or single, depending on MOU) and the Medicare eligible rate after reaching the age of 65. This same benefit may continue to a surviving spouse depending on the retirement plan election. Currently there are 39 retirees receiving post-employment health care benefits from the City.

	Exec Mgmt, HR Admin, Conf Mgmt, Police Chief	Conf, Mid-Mgmt, Police Commanders	General, Firefighters, Police Officers								
▪ Eligibility	Hired < 7/1/08 and Retire Directly from the City										
	• 10 years of Municipal Government Service	• 15 years of Municipal Government service	• 15 years of City service								
▪ Cash Stipend	• Up to Kaiser family • Medicare eligible rate \geq 65	• Up to Kaiser family • Medicare eligible rate \geq 65	• Up to Kaiser single • Medicare eligible rate \geq 65								
▪ PEMHCA minimum	<ul style="list-style-type: none"> • Retirees not eligible for Cash Stipend • Includes hourly employees and City Council <table style="margin-left: auto; margin-right: auto;"> <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;">2012</td> <td style="text-align: center;">\$112</td> </tr> <tr> <td style="text-align: center;">2013</td> <td style="text-align: center;">115</td> </tr> <tr> <td style="text-align: center;">2014</td> <td style="text-align: center;">119</td> </tr> </tbody> </table>			<u>Year</u>	<u>Monthly Amount</u>	2012	\$112	2013	115	2014	119
<u>Year</u>	<u>Monthly Amount</u>										
2012	\$112										
2013	115										
2014	119										
▪ Surviving Spouse Benefit	<ul style="list-style-type: none"> • Retirement plan election • PEMHCA minimum benefit continues to surviving spouses • No Cash Stipend for surviving spouses 										
▪ Dental, Vision & Life	• None										

As of June 30, 2014, approximately 101 participants were eligible to receive benefits.

B. Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.25% investment rate of return, (b) 1% projected annual salary increase, (c) 3% general inflation increases, and (d) healthcare cost inflation between 4.7% and 8.0%. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over fixed 30 year closed amortization period.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

C. Funding Progress and Funded Status

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2014, the City has calculated and recorded the Net OPEB obligation, representing the difference between the ARC and contributions as presented below:

	Governmental Activities
Net OPEB Obligation June 30, 2013	\$3,482,989
Annual required contribution (ARC)	772,348
Interest on Net OPEB Obligation	148,027
Adjustment to annual required contribution	(182,739)
Annual OPEB cost	737,636
City's portion of current year premiums paid	(259,861)
Change in Net OPEB Obligation	477,775
Net OPEB Obligation June 30, 2014	\$3,960,764

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

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$932,288	\$272,301	29%	\$2,967,142
6/30/2013	733,574	217,727	30%	3,482,989
6/30/2014	737,636	259,861	35%	3,960,764

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

Fiscal Year	Actuarial Value of Assets (A)	Underfunded Actuarial Accrued Liability (UAAL) (B)	Covered Payroll (C)	Funded Ratio (A/B)
6/30/2008	\$0	\$7,118,000	\$6,603,000	0.0%
6/30/2011	0	9,925,251	5,849,067	0.0%
6/30/2013	0	8,555,966	5,624,002	0.0%

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 12 - RISK MANAGEMENT

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

A. *General Liability Insurance*

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

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

B. *Workers' Compensation*

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

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

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

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 12 - RISK MANAGEMENT (Continued)

As of June 30, 2014, 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	\$1,106,959
Changes to estimated claims liability	553,374
Claims paid	<u>(573,352)</u>
Ending balance of claims payable	<u><u>\$1,086,981</u></u>
Current Portion	<u><u>\$281,572</u></u>

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES

A. *Lawsuits*

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

B. *Federal and State Grant Programs*

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

C. *Operating Leases*

The City leased three Konica copiers from Caltronics Business Systems for the operations of the City. The total amount of the lease amounted to \$159,208. The City does not intend to capitalize the copiers at the end of the lease. All payments were expenditures from the General Fund. The rental cost for the year ended June 30, 2014 was \$43,811.

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, 2014 were as listed below:

	Amount
General Fund	\$123,171

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

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

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

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

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

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

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

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.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

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

The City paid its surcharge of \$98,391 during fiscal year 2014, which is included as a component of purchased water expenses in the Utility Enterprise Fund. The surcharge for fiscal year 2015 is estimated to be \$98,789

F. San Mateo County Animal Shelter

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

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 14 - SEGMENT INFORMATION

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

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
ASSETS				
Current assets:				
Cash and investments	\$208,997	\$959,009	\$1,496,930	\$2,664,936
Accounts receivable, net	302,725	302,725	302,725	908,175
Taxes receivable			587	587
Interest receivable	91	66	133	290
Total current assets	511,813	1,261,800	1,800,375	3,573,988
Noncurrent assets:				
Capital assets:				
Non-depreciable	88,912	63,803	558,903	711,618
Depreciable, net	8,681,375	4,142,772	14,292,972	27,117,119
Total capital assets	8,770,287	4,206,575	14,851,875	27,828,737
Total noncurrent assets	8,770,287	4,206,575	14,851,875	27,828,737
Total assets	9,282,100	5,468,375	16,652,250	31,402,725
LIABILITIES				
Current liabilities:				
Accounts payable	55,954	112,149	117,548	285,651
Interest payable	13,275	13,275	13,275	39,825
Compensated absences	6,305	1,958	2,396	10,659
Deposits	7,140	4,914	4,914	16,968
Accrued payroll	14,307	8,799	4,545	27,651
Capital lease due within one year	10,241		11,326	21,567
Bonds payable due within one year	47,334	47,333	47,333	142,000
Total current liabilities	154,556	188,428	201,337	544,321
Noncurrent liabilities:				
Compensated absences	18,916	5,873	7,188	31,977
Advances from other funds	119,090	555,303	151,777	826,170
Bonds payable due in more than one year	1,103,666	1,103,667	1,103,667	3,311,000
OPEB Obligation	47,177	47,178	47,178	141,533
Total noncurrent liabilities	1,288,849	1,712,021	1,309,810	4,310,680
Total liabilities	1,443,405	1,900,449	1,511,147	4,855,001
NET POSITION				
Invested in capital assets, net of related debt	7,609,046	3,055,575	13,689,549	24,354,170
Restricted for:				
Capital projects	717,981	40,904		758,885
Unrestricted	(488,332)	471,447	1,451,554	1,434,669
Total net position	\$7,838,695	\$3,567,926	\$15,141,103	\$26,547,724

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 14 - SEGMENT INFORMATION (Continued)

Utility Fund Statement of Activities

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
OPERATING REVENUES:				
Charges for services	\$1,746,181	\$1,230,368	\$2,489,818	\$5,466,367
Total operating revenues	1,746,181	1,230,368	2,489,818	5,466,367
OPERATING EXPENSES:				
Costs of sales and services	676,065	595,919	672,948	1,944,932
General and administrative	514,494	576,312	521,825	1,612,631
Depreciation	197,604	103,485	365,305	666,394
Total operating expenses	1,388,163	1,275,716	1,560,078	4,223,957
OPERATING INCOME (LOSS)	358,018	(45,348)	929,740	1,242,410
NONOPERATING REVENUES (EXPENSES):				
Taxes and assessments			29,350	29,350
Intergovernmental			167	167
Investment income	5,315	5,315	5,315	15,945
Interest expense	(40,088)	(40,088)	(40,088)	(120,264)
Total nonoperating revenues (expenses)	(34,773)	(34,773)	(5,256)	(74,802)
INCOME (LOSS) BEFORE TRANSFERS	323,245	(80,121)	924,484	1,167,608
Transfers in	24,539		24,539	49,078
Transfers out	(23,842)		(25,035)	(48,877)
Total transfers in and out	697		(496)	201
Change in net assets	323,942	(80,121)	923,988	1,167,809
NET ASSETS:				
Beginning of year	7,514,753	3,648,047	14,217,115	25,379,915
End of year	\$7,838,695	\$3,567,926	\$15,141,103	\$26,547,724

CITY OF BRISBANE
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 14 - SEGMENT INFORMATION (Continued)

Utility Fund Statement of Cash Flows

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$1,769,866	\$1,251,827	\$2,511,277	\$5,532,970
Cash payments to suppliers	(682,645)	(564,939)	(679,633)	(1,927,217)
Cash payments for general and administrative	(507,058)	(564,508)	(511,841)	(1,583,407)
Net cash provided (used) by operating activities	580,163	122,380	1,319,803	2,022,346
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Taxes received			29,336	29,336
Grants received			167	167
Advances from other funds	(175,503)	260,710	(142,816)	(57,609)
Transfers in	24,539		24,539	49,078
Transfers out	(23,842)		(25,035)	(48,877)
Net cash provided (used) by noncapital financing activities	(174,806)	260,710	(113,809)	(27,905)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of property, plant and equipment	(425,403)	424,731	672	
Capital Lease payment	(12,410)		(11,325)	(23,735)
Principal payment of debt	(45,666)	(45,667)	(45,667)	(137,000)
Interest paid	(40,614)	(40,615)	(40,615)	(121,844)
Net cash provided (used) by capital and related financing activities	(524,093)	338,449	(96,935)	(282,579)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	5,275	5,285	5,242	15,802
Net cash provided (used) by investing activities	5,275	5,285	5,242	15,802
Net increase (decrease) in cash and cash equivalents	(113,461)	726,824	1,114,301	1,727,664
CASH AND CASH EQUIVALENTS:				
Beginning of year	322,458	232,185	382,629	937,272
End of year	\$208,997	\$959,009	\$1,496,930	\$2,664,936
FINANCIAL STATEMENT PRESENTATION:				
Cash and cash equivalents	\$208,997	\$959,009	\$1,496,930	\$2,664,936
Restricted cash and cash equivalents with fiscal agents				
Total cash and cash equivalents	\$208,997	\$959,009	\$1,496,930	\$2,664,936
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$358,018	(\$45,348)	\$929,740	\$1,242,410
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	197,604	103,485	365,305	666,394
Changes in current assets and liabilities:				
Accounts receivable	21,052	21,051	21,051	63,154
Accounts payable and accrued liabilities	(6,580)	30,980	(6,685)	17,715
Compensated absences	(3,839)	3,777	383	321
Deposits	2,633	408	408	3,449
OPEB Obligation	10,630	10,631	10,631	31,892
Accrued payroll	645	(2,604)	(1,030)	(2,989)
Total adjustments	222,145	167,728	390,063	779,936
Net cash provided (used) by operating activities	\$580,163	\$122,380	\$1,319,803	\$2,022,346

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES**

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

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

Cash and investments of the Successor Agency as of June 30, 2014 are discussed in Note 3 above.

B. Capital Assets

Capital assets recorded at June 30 comprise:

	Balance June 30, 2013	Contributed to City	Balance June 30, 2014
Capital assets, non-depreciable:			
Land	\$2,441,996	(\$2,441,996)	
Capital assets, being depreciated:			
Land improvements	80,051	(80,051)	
Accumulated depreciation	(9,853)	9,853	
Total capital assets, being depreciated	70,198	(70,198)	
Total Capital assets	\$2,512,194	(\$2,512,194)	

C. Long-Term Obligations

Description	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Current Portion	Non-current Portion
1998 Housing Set-Aside Revenue Bonds	\$1,165,000		(\$1,165,000)			
2001 Tax Allocation Bonds	12,415,000		(12,415,000)			
2005 Brisbane PFA, Series A	956,571		(176,649)	\$779,922	\$183,315	\$596,607
2013 Tax Allocation Bonds		\$17,470,000	(765,000)	16,705,000	1,090,000	15,615,000
Total long-term debt	\$14,536,571	\$17,470,000	(\$14,521,649)	\$17,484,922	\$1,273,315	\$16,211,607
Loans payable to the City of Brisbane						
SERAF	\$1,217,528			\$1,217,528		
City General Fund	1,293,108			1,293,108		
City Marina Enterprise Fund	2,295,996			2,295,996		
Housing Successor	4,099,278			4,099,278		
Total loans payable to the City	\$8,905,910			\$8,905,910		

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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

1. *1998 Housing Set-Aside Revenue Bonds*

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

In fiscal year 2014, the bonds were advance refunded with the issuance of the 2013 Tax Allocation Bonds by the Successor Agency. (See Note 15.C.5 below)

2. *2001 Tax Allocation Bonds*

On March 1, 2001 the Former Agency issued \$15,000,000 of Brisbane Community Redevelopment Project Area #1 2001 Tax Allocation Bonds (Bonds) to refund the 1984 Tax Allocation Bonds and to satisfy the Former Agency's obligation under the 1984 Lease/Leaseback agreement (Deferred Rent Payable). On the same date the former Agency and the Brisbane Public Financing Authority (Authority) entered into a bond purchase contract (Contract) whereby the Authority issued the Brisbane Public Financing Authority 2001 Revenue Bonds, Series A in the amount of \$26,300,000 in part to acquire the Former Agency's Project Area Number 1 2001 Tax Allocation Bonds.

In fiscal year 2014, the bonds were advance refunded by the issuance of the 2013 Tax Allocation Bonds by the Successor Agency. (See Note 15.C.5 below)

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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

3. 2005 Brisbane Public Financing Authority Revenue Bonds, Series A

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

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

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

Year ending June 30:	Principal (66.66%)	Interest (66.66%)	Total
2015	\$183,315	\$29,805	\$213,120
2016	189,981	23,389	213,370
2017	199,980	16,265	216,245
2018	206,646	8,266	214,912
Total	\$779,922	\$77,725	\$857,647

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

4. Loans Payable to the City

Please see Note 5F.

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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

5. 2013 Tax Allocation Bonds

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

The 2013 Tax Allocation Bonds mature annually through May 2028, in amounts ranging from \$90,000 to \$1,710,000. Principal and interest on the bonds are payable semiannually on each February 1 and August 1, and the Bonds bear interest 4.14% per annum. The Bonds are payable from and secured by tax revenue distributed from the county’s Redevelopment Property Tax Trust Fund. Total principal and interest remaining to be paid on the bonds is \$21,412,800. Principal and interest paid for the current year was \$833,308.

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

Year ending June 30:	Principal	Interest	Total
2015	\$1,090,000	\$680,306	\$1,770,306
2016	1,130,000	634,766	1,764,766
2017	1,180,000	587,570	1,767,570
2018	1,235,000	538,097	1,773,097
2019	1,280,000	486,450	1,766,450
2020-2024	7,255,000	1,582,415	8,837,415
2025-2028	3,535,000	198,196	3,733,196
Total	\$16,705,000	\$4,707,800	\$21,412,800

CITY OF BRISBANE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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

D. *Commitments and Contingencies*

State Approval of Enforceable Obligations

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

State Asset Transfer Review

The activities of the former Redevelopment Agency and the Successor Agency are subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time. In addition, the State Controller's Office will be conducting a review of the propriety of asset transfers between the former Redevelopment Agency or the Successor Agency and any public agency that occurred on or after January 1, 2011 and the amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time. In July 2014, the State Controller Office issued the Asset Transfer Review Report. The report required the City to return \$137,099 of disallowed transfers. As a result, the City recorded \$137,099 of liability in the entity-wide statements as of June 30, 2014.

NOTE 16 - 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, 2014, more than 15% of the city General Fund's total revenues were derived from a single company. This company has agreed to pay this business license tax for the next two years while it moves forward with its proposed facilities expansion. Should the project not get approved, the City would need to find another source of revenue.

NOTE 17 – SUBSEQUENT EVENTS

Authorized Issuance of Debt

On October 16, 2014, the City Council approved issuance of debt in order to refund the Brisbane Public Financing Authority 2005 Series B Lease Revenue Bonds (City Hall Expansion Project).

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$6,273,063	\$6,828,040	\$7,702,686	\$874,646
Intergovernmental	20,000	15,540	79,784	64,244
Licenses, permits and fees	2,890,313	3,041,600	3,817,286	775,686
Charges for services	1,899,091	1,814,427	2,579,462	765,035
Fines and forfeitures	84,690	68,690	60,738	(7,952)
Use of money and property	115,000	110,000	169,330	59,330
Other revenues	272,675	357,529	205,351	(152,178)
Total Revenues	11,554,832	12,235,826	14,614,637	2,378,811
EXPENDITURES:				
Current:				
General government	3,386,303	3,321,148	3,567,201	(246,053)
Public safety - police	3,004,111	3,017,772	2,955,946	61,826
Public safety - fire	2,278,590	2,289,262	2,247,447	41,815
Public works	1,378,782	1,568,209	1,473,738	94,471
Parks and recreation	1,155,214	781,565	1,629,502	(847,937)
Library	29,800	28,500	27,174	1,326
Capital outlay	107,500	223,269	213,550	9,719
Debt service:				
Principal		6,267	12,570	(6,303)
Interest and fiscal charges		835	1,634	(799)
Total Expenditures	11,340,300	11,236,827	12,128,762	(891,935)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	214,532	998,999	2,485,875	1,486,876
OTHER FINANCING SOURCES (USES)				
Transfers in	679,994	679,994	336,240	(343,754)
Transfers (out)	(1,741,771)	(1,741,771)	(1,734,950)	6,821
Total other financing sources (uses)	(1,061,777)	(1,061,777)	(1,398,710)	(336,933)
NET CHANGE IN FUND BALANCE	(\$847,245)	(\$62,778)	1,087,165	\$1,149,943
BEGINNING FUND BALANCE			11,055,591	
ENDING FUND BALANCE			\$12,142,756	

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, 2014

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Actual</u>	
REVENUES:			
Taxes and special assessments			
Intergovernmental			
Licenses, permits and fees			
Charges for services			
Fines and forfeitures			
Use of money and property		\$21,555	\$21,555
Total Revenues		<u>21,555</u>	<u>21,555</u>
EXPENDITURES:			
Current:			
Public works	\$6,409	7,623	(1,214)
Total Expenditures	<u>6,409</u>	<u>7,623</u>	<u>(1,214)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,409)</u>	<u>13,932</u>	<u>20,341</u>
NET CHANGE IN FUND BALANCE	<u>(\$6,409)</u>	<u>13,932</u>	<u>\$20,341</u>
BEGINNING FUND BALANCE		<u>6,175,553</u>	
ENDING FUND BALANCE		<u>\$6,189,485</u>	

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

1. A City Council goal setting session is scheduled to determine the major objectives of the City's financial plan for the year. Goals are approved by the Council and incorporated into a detailed preliminary budget, which is issued for public comment. After a series of public hearings, the budget is adopted by the City Council prior to the beginning of the ensuing fiscal year (July 1).
2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, and the debt service funds. The Prop 1B, Traffic Congestion Relief, Fire Training, and Contract Employees Special Revenue Funds and the capital projects funds did not have adopted budgets for the fiscal year. The Trust and Agency funds are not budgeted. The legal level of budgetary control is the fund level.
4. Budgets for those governmental funds budgeted are adopted on a basis consistent with GAAP.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2014, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. These necessary supplemental appropriations were immaterial in relation to the budget as originally adopted. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered are re-budgeted for the coming year.

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

DEBT SERVICE FUNDS

Brisbane Public Financing Authority:

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

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

2005 Revenue Bonds, Series A Fund. This fund accounts for the 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.

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

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

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

CAPITAL PROJECTS FUNDS

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.

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CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	SPECIAL REVENUE FUNDS			
	Gas Tax	Measure A	Sierra Point Landscape & Lighting	Grants
ASSETS				
Cash and investments	\$255,413	\$322,882	\$93	\$122,358
Restricted cash and investments with fiscal agents				
Accounts receivable, net	44	77		5,016
Taxes receivable	14,188			
Advances to other funds				
Total Assets	\$269,645	\$322,959	\$93	\$127,374
LIABILITIES				
Accounts payable			\$11,394	
Due to other funds			75,671	\$1,333
Deposits				1,601
Accrued payroll			1,690	13,243
Total Liabilities			88,755	16,177
FUND BALANCE				
Restricted	\$269,645	\$322,959		111,197
Assigned				
Unassigned			(88,662)	
Total Fund Balances	269,645	322,959	(88,662)	111,197
Total Liabilities and Fund Balances	\$269,645	\$322,959	\$93	\$127,374

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
NPDES	Fire Training	Contract Employees	2006 Pension Obligation Bonds	2001 Revenue Bonds, Series B	2005 Revenue Bonds, Series A
\$4	\$3,153	\$108,062		\$906,680	
		16,725	\$72,089	863,104	
				51	
					\$285,951
<u>\$4</u>	<u>\$3,153</u>	<u>\$124,787</u>	<u>\$72,089</u>	<u>\$1,769,835</u>	<u>\$285,951</u>
\$5,749					\$15
3,024					
<u>2,730</u>		<u>\$6,206</u>			
<u>11,503</u>		<u>6,206</u>			<u>15</u>
	\$3,153	118,581	\$72,089	\$1,769,835	285,936
<u>(11,499)</u>					
<u>(11,499)</u>	<u>3,153</u>	<u>118,581</u>	<u>72,089</u>	<u>1,769,835</u>	<u>285,936</u>
<u>\$4</u>	<u>\$3,153</u>	<u>\$124,787</u>	<u>\$72,089</u>	<u>\$1,769,835</u>	<u>\$285,951</u>

(Continued)

CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUND
	2005 Revenue Bonds, Series B	2009 Revenue Lease Bonds, Series A	2013 Pension Side Fund Bonds	Special Beautification Project
ASSETS				
Cash and investments		\$317		\$1,029
Restricted cash and investments with fiscal agents	\$1	284,486		
Accounts receivable, net				
Taxes receivable				
Advances to other funds				
Total Assets	<u>\$1</u>	<u>\$284,803</u>		<u>\$1,029</u>
LIABILITIES				
Accounts payable				
Due to other funds				
Deposits				
Accrued payroll				
Total Liabilities				
FUND BALANCE				
Restricted	\$1	\$284,803		
Assigned				\$1,029
Unassigned				
Total Fund Balances	<u>1</u>	<u>284,803</u>		<u>1,029</u>
Total Liabilities and Fund Balances	<u>\$1</u>	<u>\$284,803</u>		<u>\$1,029</u>

<u>CAPITAL PROJECTS FUND</u>	
<u>Facilities Construction</u>	<u>Total Nonmajor Governmental Funds</u>
\$3,025,232	\$4,745,223
	1,219,680
281	22,194
	14,188
	<u>285,951</u>
<u>\$3,025,513</u>	<u>\$6,287,236</u>
	\$17,158
	80,028
\$44,088	45,689
	<u>23,869</u>
<u>44,088</u>	<u>166,744</u>
	3,238,199
2,981,425	2,982,454
	<u>(100,161)</u>
<u>2,981,425</u>	<u>6,120,492</u>
<u>\$3,025,513</u>	<u>\$6,287,236</u>

CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS			
	Gas Tax	Measure A	Sierra Point Landscape & Lighting	Grants
GOVERNMENTAL REVENUES				
Taxes and special assessments		\$171,370	\$590,475	
Intergovernmental	\$143,784			\$89,336
Licenses, permits and fees				
Use of money and property	3,728	7,124		623
Other revenues			3,423	
Total Revenues	147,512	178,494	593,898	89,959
EXPENDITURES				
Current:				
General government				2,373
Public safety - police				81,801
Public works			605,487	1,333
Capital outlay	159,508	374,743		
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures	159,508	374,743	605,487	85,507
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,996)	(196,249)	(11,589)	4,452
OTHER FINANCING SOURCES (USES)				
Capital contributions				
Issuance of debt			63,119	
Transfers in				
Total Other Financing Sources (Uses)			63,119	
NET CHANGES IN FUND BALANCES	(11,996)	(196,249)	51,530	4,452
BEGINNING FUND BALANCES (DEFICITS)	281,641	519,208	(140,192)	106,745
ENDING FUND BALANCES (DEFICITS)	<u>\$269,645</u>	<u>\$322,959</u>	<u>(\$88,662)</u>	<u>\$111,197</u>

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
NPDES	Fire Training	Contract Employees	2006 Pension Obligation Bonds	2001 Revenue Bonds, Series B	2005 Revenue Bonds, Series A
\$49,908				\$986,271	
465	\$38	\$241,421	\$1	43,997	
50,373	38	241,421	1	1,030,268	
					\$68
208,861		172,906	\$410,000	840,000	88,351
			167,646	198,995	18,083
208,861		172,906	577,646	1,038,995	106,502
(158,488)	38	68,515	(577,645)	(8,727)	(106,502)
213,825			566,371		48,877
213,825			566,371		48,877
55,337	38	68,515	(11,274)	(8,727)	(57,625)
(66,836)	3,115	50,066	83,363	1,778,562	343,561
(\$11,499)	\$3,153	\$118,581	\$72,089	\$1,769,835	\$285,936

(Continued)

CITY OF BRISBANE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUND
	2005 Revenue Bonds, Series B	2009 Revenue Lease Bonds, Series A	2013 Pension Side Fund Bonds	Special Beautification Project
GOVERNMENTAL REVENUES				
Taxes and special assessments				
Intergovernmental				
Licenses, permits and fees				
Use of money and property		\$2,370		\$41
Other revenues				
Total Revenues		2,370		41
EXPENDITURES				
Current:				
General government				
Public safety - police				
Public works				2,812
Capital outlay				(1)
Debt service:				
Principal	\$160,000	85,000	\$40,000	
Interest and fiscal charges	244,555	106,297	59,507	
Total Expenditures	404,555	191,297	99,507	2,811
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(404,555)	(188,927)	(99,507)	(2,770)
OTHER FINANCING SOURCES (USES)				
Capital contributions				
Issuance of debt				
Transfers in	404,555	2,171	99,507	
Total Other Financing Sources (Uses)	404,555	2,171	99,507	
NET CHANGES IN FUND BALANCES		(186,756)		(2,770)
BEGINNING FUND BALANCES (DEFICITS)	1	471,559		3,799
ENDING FUND BALANCES (DEFICITS)	\$1	\$284,803		\$1,029

<u>CAPITAL PROJECTS FUND</u>	
<u>Facilities Construction</u>	<u>Total Nonmajor Governmental Funds</u>
	\$1,798,024
	233,120
	465
\$25,366	83,288
	<u>244,844</u>
<u>25,366</u>	<u>2,359,741</u>
	2,441
	81,801
	991,399
44,089	578,339
	1,623,351
	<u>795,083</u>
<u>44,089</u>	<u>4,072,414</u>
<u>(18,723)</u>	<u>(1,712,673)</u>
1,004,322	1,004,322
	63,119
	<u>1,335,306</u>
<u>1,004,322</u>	<u>2,402,747</u>
<u>985,599</u>	<u>690,074</u>
<u>1,995,826</u>	<u>5,430,418</u>
<u>\$2,981,425</u>	<u>\$6,120,492</u>

CITY OF BRISBANE
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS					
	GAS TAX			MEASURE A		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
GOVERNMENTAL REVENUES						
Taxes and special assessments				\$150,000	\$171,370	\$21,370
Intergovernmental	\$118,300	\$143,784	\$25,484			
Licenses, permits and fees						
Use of money and property		3,728	3,728		7,124	7,124
Other revenues						
Total Revenues	<u>118,300</u>	<u>147,512</u>	<u>29,212</u>	<u>150,000</u>	<u>178,494</u>	<u>28,494</u>
EXPENDITURES						
Current:						
General government						
Public safety - police						
Public works						
Capital outlay	159,508	159,508		374,746	374,743	3
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>159,508</u>	<u>159,508</u>		<u>374,746</u>	<u>374,743</u>	<u>3</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(41,208)</u>	<u>(11,996)</u>	<u>29,212</u>	<u>(224,746)</u>	<u>(196,249)</u>	<u>28,497</u>
OTHER FINANCING SOURCES (USES)						
Issuance of debt						
Transfers in						
Total Other Financing Sources (Uses)						
NET CHANGES IN FUND BALANCES	<u>(\$41,208)</u>	<u>(11,996)</u>	<u>\$29,212</u>	<u>(\$224,746)</u>	<u>(196,249)</u>	<u>\$28,497</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>281,641</u>			<u>519,208</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$269,645</u>			<u>\$322,959</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)
\$589,000	\$590,475	\$1,475				\$52,000	\$49,908	(\$2,092)
			\$100,000	\$89,336	(\$10,664)		465	
				623	623			
	3,423	3,423						
589,000	593,898	4,898	100,000	89,959	(10,041)	52,000	50,373	(1,627)
			2,373	2,373				
			81,801	81,801				
493,897	605,487	(111,590)	1,333	1,333		287,827	208,861	78,966
493,897	605,487	(111,590)	85,507	85,507		287,827	208,861	78,966
95,103	(11,589)	(106,692)	14,493	4,452	(10,041)	(235,827)	(158,488)	77,339
63,119	63,119					213,825	213,825	
63,119	63,119					213,825	213,825	
<u>\$158,222</u>	51,530	<u>(\$106,692)</u>	<u>\$14,493</u>	4,452	<u>(\$10,041)</u>	<u>(\$22,002)</u>	55,337	<u>\$77,339</u>
	(140,192)			106,745			(66,836)	
	<u>(\$88,662)</u>			<u>\$111,197</u>			<u>(\$11,499)</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, 2014

	DEBT SERVICE FUNDS					
	2006 PENSION OBLIGATION BONDS			2001 REVENUE BONDS, SERIES B		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
GOVERNMENTAL REVENUES						
Taxes and special assessments				\$1,033,021	\$986,271	(\$46,750)
Intergovernmental						
Licenses, permits and fees						
Use of money and property		\$1	\$1		43,997	43,997
Other revenues						
Total Revenues		1	1	1,033,021	1,030,268	(2,753)
EXPENDITURES						
Current:						
General government						
Public safety - police						
Public works						
Capital outlay						
Debt service:						
Principal	\$410,000	410,000		840,000	840,000	
Interest and fiscal charges	169,225	167,646	\$1,579	203,673	198,995	4,678
Total Expenditures	579,225	577,646	1,579	1,043,673	1,038,995	4,678
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(579,225)	(577,645)	1,580	(10,652)	(8,727)	1,925
OTHER FINANCING SOURCES (USES)						
Issuance of debt						
Transfers in	674,934	566,371	(108,563)			
Total Other Financing Sources (Uses)	674,934	566,371	(108,563)			
NET CHANGE IN FUND BALANCES	\$95,709	(11,274)	(\$106,983)	(\$10,652)	(8,727)	\$1,925
BEGINNING FUND BALANCES (DEFICITS)		83,363			1,778,562	
ENDING FUND BALANCES (DEFICITS)		\$72,089			\$1,769,835	

DEBT SERVICE FUNDS

2005 REVENUE BONDS, SERIES A			2005 REVENUE BONDS, SERIES B			2009 LEASE REVENUE BONDS, SERIES A		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
							\$2,370	\$2,370
							2,370	2,370
	\$68	(\$68)						
\$88,351	88,351		\$160,000	\$160,000		\$85,000	85,000	
17,912	18,083	(171)	244,384	244,555	(\$171)	106,625	106,297	328
106,263	106,502	(239)	404,384	404,555	(171)	191,625	191,297	328
(106,263)	(106,502)	(239)	(404,384)	(404,555)	(171)	(191,625)	(188,927)	2,698
106,416	48,877	(57,539)	404,490	404,555	65		2,171	2,171
106,416	48,877	(57,539)	404,490	404,555	65		2,171	2,171
<u>\$153</u>	<u>(57,625)</u>	<u>(\$57,778)</u>	<u>\$106</u>		<u>(\$106)</u>	<u>(191,625)</u>	<u>(186,756)</u>	<u>\$4,869</u>
	343,561			1			471,559	
	<u>\$285,936</u>			<u>\$1</u>			<u>\$284,803</u>	

(Continued)

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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.

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

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

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

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

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

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

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Dental Self-Insurance</u>	<u>Fringe Benefits</u>	<u>Flexible Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
ASSETS					
Current Assets:					
Cash and investments	\$72,628	\$65,051	\$31,618	\$1,054,357	\$453,863
Interest receivable	9	1	18	119	46
Total Assets	<u>72,637</u>	<u>65,052</u>	<u>31,636</u>	<u>1,054,476</u>	<u>453,909</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities			7,438	25,000	4,246
Accrued payroll		53,641			7,264
Accrued claims payable				4,412	277,160
Total Current Liabilities		<u>53,641</u>	<u>7,438</u>	<u>29,412</u>	<u>288,670</u>
Noncurrent Liabilities:					
Accrued self-insurance				16,569	788,840
Total Liabilities		<u>53,641</u>	<u>7,438</u>	<u>45,981</u>	<u>1,077,510</u>
NET POSITION					
Unrestricted	<u>72,637</u>	<u>11,411</u>	<u>24,198</u>	<u>1,008,495</u>	<u>(623,601)</u>
Total Net Position (Deficits)	<u><u>\$72,637</u></u>	<u><u>\$11,411</u></u>	<u><u>\$24,198</u></u>	<u><u>\$1,008,495</u></u>	<u><u>(\$623,601)</u></u>

<u>OPEB Fund</u>	<u>Total</u>
\$139,680	\$1,817,197
<u>12</u>	<u>205</u>
<u>139,692</u>	<u>1,817,402</u>
	36,684
	60,905
	<u>281,572</u>
	<u>379,161</u>
	<u>805,409</u>
	<u>1,184,570</u>
<u>139,692</u>	<u>632,832</u>
<u>\$139,692</u>	<u>\$632,832</u>

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Dental Self-Insurance	Fringe Benefits	Flexible Benefits	General Liability	Workers' Compensation
OPERATING REVENUES					
Charges for sales and services	\$76,098		\$105,048	\$257,555	\$392,800
Other revenue	46	\$2,196			
Total Operating Revenues	76,144	2,196	105,048	257,555	392,800
OPERATING EXPENSES					
Cost of sales and services					444
General and administrative	95,481		90,490	268,427	261,868
Other expenses					656
Total Operating Expenses	95,481		90,490	268,427	262,968
Operating Income (Loss)	(19,337)	2,196	14,558	(10,872)	129,832
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	1,213	826	1,824	12,412	3,861
Total Nonoperating Revenues (Expenses)	1,213	826	1,824	12,412	3,861
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES					
	(18,124)	3,022	16,382	1,540	133,693
Transfers in					
Transfers out			(124,858)		
Transfers			(124,858)		
Change in Net Position	(18,124)	3,022	(108,476)	1,540	133,693
BEGINNING NET POSITION (DEFICIT)	90,761	8,389	132,674	1,006,955	(757,294)
ENDING NET POSITION (DEFICIT)	\$72,637	\$11,411	\$24,198	\$1,008,495	(\$623,601)

<u>OPEB Fund</u>	<u>Total</u>
	\$831,501
	2,242
	<u>833,743</u>
\$88,146	88,590
	716,266
<u>171,714</u>	<u>172,370</u>
<u>259,860</u>	<u>977,226</u>
<u>(259,860)</u>	<u>(143,483)</u>
<u>111</u>	<u>20,247</u>
<u>111</u>	<u>20,247</u>
<u>(259,749)</u>	<u>(123,236)</u>
399,443	399,443
	<u>(124,858)</u>
<u>399,443</u>	<u>274,585</u>
139,694	151,349
<u>(2)</u>	<u>481,483</u>
<u>\$139,692</u>	<u>\$632,832</u>

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Dental Self-Insurance</u>	<u>Fringe Benefits</u>	<u>Flexible Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received to/ from customers	\$76,098		\$105,048	\$282,555	\$392,800
Cash payments to suppliers	(108,974)	(\$36,047)	(88,200)	(289,405)	(286,758)
Cash received from (payments to) other	46	2,196			4,464
Cash Flows from Operating Activities	<u>(32,830)</u>	<u>(33,851)</u>	<u>16,848</u>	<u>(6,850)</u>	<u>110,506</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in					
Transfers out			(124,858)		
Cash Flows from Noncapital Financing Activities			<u>(124,858)</u>		
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	1,224	832	1,832	12,489	3,875
Cash Flows from Investing Activities	<u>1,224</u>	<u>832</u>	<u>1,832</u>	<u>12,489</u>	<u>3,875</u>
Net Cash Flows	(31,606)	(33,019)	(106,178)	5,639	114,381
Cash and investments at beginning of period	104,234	98,070	137,796	1,048,718	339,482
Cash and investments at end of period	<u>\$72,628</u>	<u>\$65,051</u>	<u>\$31,618</u>	<u>\$1,054,357</u>	<u>\$453,863</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	(\$19,337)	\$2,196	\$14,558	(\$10,872)	\$129,832
Adjustments to reconcile operating income to net cash flows from operating activities:					
Accounts payable and accrued liabilities	(13,493)		2,290	25,000	(24,790)
Accrued payroll		(36,047)			4,464
Accrued claims payable				(20,978)	1,000
Cash Flows from Operating Activities	<u>(\$32,830)</u>	<u>(\$33,851)</u>	<u>\$16,848</u>	<u>(\$6,850)</u>	<u>\$110,506</u>

OPEB Fund	Total
(\$2)	\$856,499
(259,860)	(1,069,244)
	6,706
<u>(259,862)</u>	<u>(206,039)</u>
399,443	399,443
	(124,858)
<u>399,443</u>	<u>274,585</u>
<u>99</u>	<u>20,351</u>
<u>99</u>	<u>20,351</u>
139,680	88,897
	1,728,300
<u>\$139,680</u>	<u>\$1,817,197</u>
(\$259,860)	(\$143,483)
(2)	(10,995)
	(31,583)
	(19,978)
<u>(\$259,862)</u>	<u>(\$206,039)</u>

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FIDUCIARY FUNDS

AGENCY FUNDS included the following funds:

SAMCAT

Developer Deposits

Other Agency Funds

Northeast Ridge Assessment District 2001 Bonds Fund

CITY OF BRISBANE
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
SAMCAT				
Assets				
Cash and investments	\$40,884		\$22,639	\$18,245
	<u>\$40,884</u>		<u>\$22,639</u>	<u>\$18,245</u>
Liabilities				
Deposits	\$40,884		\$22,639	\$18,245
Total Liabilities	<u>\$40,884</u>		<u>\$22,639</u>	<u>\$18,245</u>
Developer Deposits				
Assets				
Cash and investments	\$1,946,078		\$263,877	\$1,682,201
Accounts receivable	689	\$299,584		300,273
Interest receivable	311		250	61
Other receivable	158,855		158,855	
Total Assets	<u>\$2,105,933</u>	<u>\$299,584</u>	<u>\$422,982</u>	<u>\$1,982,535</u>
Liabilities				
Accounts payable	\$67,406	\$565,594	\$595,112	\$37,888
Deposits	2,038,527		93,880	1,944,647
Total Liabilities	<u>\$2,105,933</u>	<u>\$565,594</u>	<u>\$688,992</u>	<u>\$1,982,535</u>
Other Agency Funds				
Assets				
Cash and investments	\$7,742		\$282	\$7,460
Interest receivable		\$1		1
Total Assets	<u>\$7,742</u>	<u>\$1</u>	<u>\$282</u>	<u>\$7,461</u>
Liabilities				
Accounts payable	\$649		\$282	\$367
Deposits	7,093	\$1		7,094
Total Liabilities	<u>\$7,742</u>	<u>\$1</u>	<u>\$282</u>	<u>\$7,461</u>

Northeast Ridge Assessment District 2001 Bonds	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Assets				
Cash and investments	\$659,094		\$94,544	\$564,550
Cash and investment with fiscal agent	356,932		102,944	253,988
Interest receivable	115		80	35
Taxes receivable		\$9,665		9,665
Total Assets	\$1,016,141	\$9,665	\$197,568	\$828,238
Liabilities				
Due to bondholders	\$1,016,141	\$9,665	\$197,568	\$828,238
Total Liabilities	\$1,016,141	\$9,665	\$197,568	\$828,238
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$2,653,798		\$381,342	\$2,272,456
Cash and investment with fiscal agent	356,932		102,944	253,988
Accounts receivable	689	\$299,584		300,273
Interest receivable	426	1	330	97
Taxes receivable		9,665		9,665
Other receivable	158,855		158,855	
Total Assets	\$3,170,700	\$309,250	\$643,471	\$2,836,479
Liabilities				
Accounts payable	\$68,055	\$565,594	\$595,394	\$38,255
Deposits	2,086,504	1	116,519	1,969,986
Due to bondholders	1,016,141	9,665	197,568	828,238
Total Liabilities	\$3,170,700	\$575,260	\$909,481	\$2,836,479

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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, 2014, and have issued our report thereon dated December 18, 2014. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 or other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated December 18, 2014 which is an integral part of our audit and should be read in conjunction with this report.

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 results 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.

Haze & Associates

Pleasant Hill, California
December 18, 2014

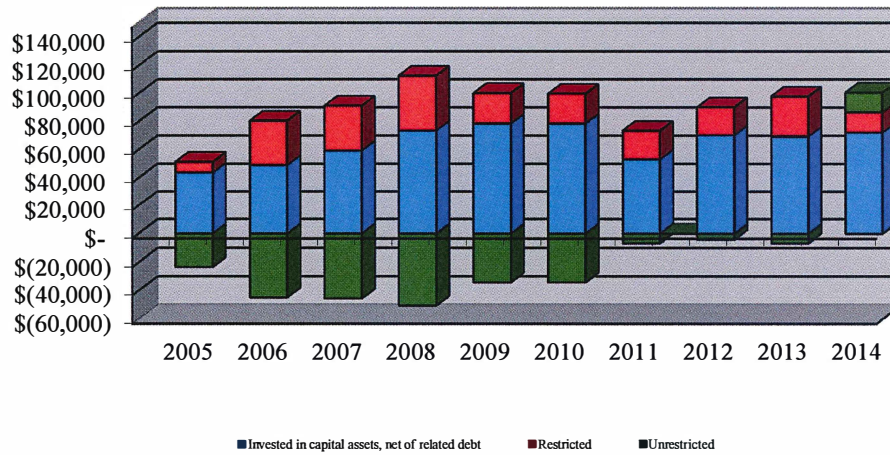
STATISTICAL INFORMATION

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

Contents	Page
Financial Trends	121-127
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	129-134
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	135-139
<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	140-141
<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	142-147
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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



	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	\$21,083	\$24,940	\$34,025	\$39,936	\$45,825	\$46,213	\$20,781	38,064	37,751	46,027
Restricted	5,744	26,024	25,924	33,872	19,027	18,943	19,399	19,006	26,255	12,292
Unrestricted	(25,008)	(41,950)	(40,576)	(45,940)	(32,518)	(32,380)	(6,786)	(5,156)	(7,609)	10,882
Total governmental activities net position	\$1,819	\$9,014	\$19,373	\$27,868	\$32,334	\$32,776	\$33,394	\$51,914	\$56,397	\$69,201
Business-type activities										
Invested in capital assets, net of related debt	\$22,750	\$24,134	\$25,404	\$33,696	\$32,894	\$32,500	\$32,503	32,305	31,832	26,368
Restricted	1,763	5,554	5,896	5,476	2,601	2,252	848	847	2,251	2,251
Unrestricted	1,869	(2,782)	(4,925)	(4,478)	(1,455)	(1,542)	201	964	1,105	3,037
Total business-type activities net position	\$26,382	\$26,906	\$26,375	\$34,694	\$34,040	\$33,210	\$33,552	\$34,116	\$35,188	\$31,656
Primary government										
Invested in capital assets, net of related debt	\$43,833	\$49,073	\$59,429	\$73,632	\$78,720	\$78,713	\$53,284	70,369	69,583	72,395
Restricted	7,507	31,579	31,819	39,348	21,628	21,194	20,247	19,853	28,506	14,543
Unrestricted	(23,139)	(44,731)	(45,500)	(50,419)	(33,973)	(33,922)	(6,585)	(4,192)	(6,504)	13,919
Total primary government net position	\$28,201	\$35,921	\$45,748	\$62,561	\$66,375	\$65,985	\$66,946	\$86,030	\$91,585	\$100,857

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

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
General Government	\$2,741	\$4,501	\$3,767	\$4,396	\$4,768	\$4,636	\$4,279	5,123	5,584	4,485
Public Safety - police	3,235	3,328	3,411	3,412	3,626	3,506	3,185	2,931	3,282	3,314
Public Safety - fire	2,183	2,173	2,189	2,368	2,452	2,532	2,560	2,756	3,004	2,528
Public Works	3,237	3,163	3,033	3,287	3,298	4,928	3,160	1,901	2,832	3,378
Parks and Recreation										1,802
Interest on Long-Term Debt (Unallocated)	2,357	2,861	2,490	2,689	2,513	2,519	2,431	2,879	2,009	1,245
Depreciation expense (Unallocated)	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	<u>13,753</u>	<u>16,026</u>	<u>14,890</u>	<u>16,152</u>	<u>16,657</u>	<u>18,121</u>	<u>15,615</u>	<u>15,590</u>	<u>16,711</u>	<u>16,752</u>
Business-Type Activities:										
Utility	3,576	3,373	3,451	3,884	3,949	4,023	4,053	3,824	4,542	4,344
Marina	2,651	2,879	3,040	3,274	3,638	3,406	3,426	3,342	3,313	1,438 A
Total Business-Type Activities Expenses	<u>6,227</u>	<u>6,252</u>	<u>6,491</u>	<u>7,158</u>	<u>7,587</u>	<u>7,429</u>	<u>7,479</u>	<u>7,166</u>	<u>7,855</u>	<u>5,782</u>
Total Primary Government Expenses	<u>\$19,980</u>	<u>\$22,278</u>	<u>\$21,381</u>	<u>\$23,310</u>	<u>\$24,244</u>	<u>\$25,550</u>	<u>\$23,094</u>	<u>\$22,756</u>	<u>\$24,566</u>	<u>\$22,534</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	1,295	2,473	2,627	2,338	2,849	1,189	2,343	2,122	1,665	3,803
Public Safety - police	189	259	248	231	214	396	127	107	124	151
Public Safety - fire	241	604	148	179	147	204	137	113	119	128
Public Works	1,423	2,449	2,697	2,483	2,630	3,820	2,478	2,928	2,088	3,252
Parks and Recreation										506
Operating Grants and Contributions	1,981	220	184	313	309	219	598	132	91	88
Capital Grants and Contributions	644	4,413	7,199	2,808	2,561	-	39	490	3,083	1,396
Total Government Activities Program Revenues	<u>5,773</u>	<u>10,418</u>	<u>13,103</u>	<u>8,352</u>	<u>8,710</u>	<u>5,828</u>	<u>5,722</u>	<u>5,892</u>	<u>7,170</u>	<u>9,324</u>
Business-Type Activities:										
Charges for Services:										
Utility	2,846	3,764	3,460	4,362	4,053	3,911	3,978	4,247	5,622	5,466
Parks and Recreation	1,809	1,954	2,055	1,917	2,069	1,966	1,995	2,155	2,388	1,614 A
Capital Grants and Contributions	434	-	13	-	-	-	-	102	-	-
Total Business-Type Activities Program Revenue	<u>5,089</u>	<u>5,718</u>	<u>5,528</u>	<u>6,279</u>	<u>6,122</u>	<u>5,877</u>	<u>5,973</u>	<u>6,504</u>	<u>8,010</u>	<u>7,080</u>
Total Primary Government Program Revenues	<u>\$10,862</u>	<u>\$16,136</u>	<u>\$18,631</u>	<u>\$14,631</u>	<u>\$14,832</u>	<u>\$11,705</u>	<u>\$11,695</u>	<u>\$12,396</u>	<u>\$15,180</u>	<u>\$16,404</u>
Net (Expense)/Revenue										
Governmental Activities	(7,980)	(5,608)	(1,787)	(7,800)	(7,947)	(12,293)	(9,893)	(9,698)	(9,541)	(7,428)
Business-Type Activities	(1,138)	(534)	(963)	(879)	(1,465)	(1,552)	(1,506)	(662)	155	1,298
Total Primary Government Net Expense	<u>(\$9,118)</u>	<u>(\$6,142)</u>	<u>(\$2,750)</u>	<u>(\$8,679)</u>	<u>(\$9,412)</u>	<u>(\$13,845)</u>	<u>(\$11,399)</u>	<u>(\$10,360)</u>	<u>(\$9,386)</u>	<u>(\$6,130)</u>

(continued)

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

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property Taxes	\$6,686	\$4,847	\$6,311	\$6,592	\$7,054	\$7,387	\$6,336	4,950	3,518	2,816
Sales Taxes	3,528	4,411	3,988	8,810	4,699	4,600	2,842	4,495	2,863	2,529
Motor Vehicle In-Lieu	86	27	23	17	13	9	13	2	2	
Transient Occupancy Tax	734	1,106	1,196	1,318	1,156	1,357	1,306	1,560	1,668	2,038
Business License Tax									2,898	
Other Taxes	-	-	-	-	-	-	458	494	2,055	649
Developer Contributions	-	-	-	-	-	-	170			
Interest Earnings	695	791	1,250	883	426	242	98	1,587	1,516	947
Miscellaneous	-	25	41	42	64	81	8	75	337	335
Gain (Loss) on Sale of Assets	-	(70)	-	-	-	-	-	-	-	-
Transfers, net	(479)	(745)	(663)	(789)	(999)	(915)	(745)	(1,008)	(834)	4,914
Extraordinary Item								16,063		
Contribution from Successor Agency										2,512
Special Item: Gain on Early Retirement of Debt										3,491
Total Government Activities	11,250	10,392	12,146	16,873	12,413	12,761	10,486	28,218	14,023	20,231
Business-Type Activities:										
Other Taxes	15	23	38	30	31	28	29	30	33	30
Interest Earnings	(150)	(103)	(270)	(271)	(219)	(138)	94	3	51	55
Miscellaneous	-	-	-	1	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	-	-	-
Developer Contribution	-	70	-	-	-	-	862			
Intergovernmental	-	-	-	-	-	-	33	185		
Transfers and Other	479	745	663	789	999	915	745	1,008	834	(4,914)
Total Business-Type Activities	344	735	431	549	811	805	1,763	1,226	918	(4,829)
Total Primary Government	\$11,594	\$11,127	\$12,577	\$17,422	\$13,224	\$13,566	\$12,249	\$29,444	\$14,941	\$15,402
Change in Net Position										
Governmental Activities	3,270	4,784	10,359	9,073	4,466	468	593	18,520	4,482	12,803
Business-Type Activities	(794)	201	(532)	(330)	(654)	(747)	257	564	1,073	(3,531)
Total Primary Government	\$2,476	\$4,985	\$9,827	\$8,743	\$3,812	(\$279)	\$850	\$19,084	\$5,555	\$9,272

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 Fur

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

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$1,678	\$2,740	\$2,860	\$6,480	\$4,089	\$3,157				
Unreserved	6,068	5,974	4,635	559	2,151	3,941				
Nonspendable	-	-	-	-	-	-	\$2,636	\$2,630	\$3,475	\$3,384
Assigned	-	-	-	-	-	-	436	141	192	274
Unassigned	-	-	-	-	-	-	4,526	6,756	7,388	8,484
Total General Fund	\$7,746	\$8,714	\$7,495	\$7,039	\$6,240	\$7,098	\$7,598	\$9,527	\$11,055	\$12,142
All other governmental funds										
Reserved	\$25,782	\$31,058	\$29,889	\$34,032	\$27,985	\$28,469				
Unreserved, reported in:										
Special revenue funds	(331)	(342)	(416)	(449)	(320)	(28)				
Debt service funds	(446)	1,102	1,355	1,117	1,745	1,063				
Redevelopment Agency	(18,700)	(19,056)	(18,100)	(16,375)	(14,642)	(14,102)				
Capital Projects funds	322	784	(1,833)	(10,414)	(6,797)	(6,831)				
Restricted	-	-	-	-	-	-	\$31,985	\$23,827	\$24,306	\$9,428
Assigned	-	-	-	-	-	-	199	670	1,703	2,982
Unassigned	-	-	-	-	-	-	(9,952)	(1,034)	(207)	(312)
Total all other governmental funds	\$6,626	\$13,546	\$10,894	\$7,911	\$7,971	\$8,570	\$22,232	\$23,463	\$25,802	\$12,098

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)

	Fiscal Year Ended June 30,				
	2005	2006	2007	2008	2009
Revenues					
Taxes and special assessments	\$11,513	\$11,880	\$13,072	\$13,836	\$14,143
Intergovernmental	778	654	6,639	2,620	1,837
Licenses, permits, and fees	846	812	1,160	742	817
Charges for services	506	315	330	277	227
Fines and forfeitures	148	116	113	114	91
Use of money and property	599	816	1,265	863	381
Other revenues	3,101	6,485	2,832	2,744	3,771
Total Revenues	17,491	21,078	25,411	21,196	21,267
Expenditures					
Current:					
General government	2,655	4,080	3,873	4,224	3,866
Public safety-police	3,076	3,269	3,330	3,338	3,264
Public safety-fire	2,191	2,224	2,219	2,365	2,424
Public works	1,693	2,689	2,931	2,905	3,000
Parks and recreation					
Library	21	20	22	25	29
Capital outlay	2,730	5,031	9,058	6,853	6,136
Debt service:					
Principal repayment	4,555	1,440	1,740	1,715	1,810
Interest and fiscal charges	2,392	2,349	2,515	2,616	2,520
Bond issuance cost	-	73	95	-	87
Total Expenditures	19,313	21,175	25,783	24,041	23,136
Excess (deficiency) of revenues over (under) expenditures	(1,822)	(97)	(372)	(2,845)	(1,869)
Other Financing Sources (Uses)					
Capital contributions	-	(70)	182	-	-
Proceeds from sale of property/assets	-	-	-	-	-
Proceeds from long-term debt	3,265	5,970	4,745	-	2,255
Discount paid on issuance of debt	-	(48)	(52)	-	(63)
General Fund advance	-	-	(4,589)	-	-
Deferred rent	-	-	-	-	-
Transfer in	9,204	3,563	3,354	3,882	10,043
Transfer out	(9,083)	(3,867)	(5,023)	(4,476)	(11,104)
Extraordinary item					
Total other financing sources (uses)	3,386	5,548	(1,383)	(594)	1,131
Net change in fund balances	\$1,564	\$5,451	(\$1,755)	(\$3,439)	(\$738)
Debt service as a percentage of noncapital expenditures	41.9%	23.9%	26.0%	25.2%	26.0%

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

Fiscal Year Ended June 30,

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$15,941	\$12,546	\$12,659	\$9,607	\$9,501
989	43	26	1,120	360
1,285	708	1,201	3,429	4,162
335	185	398	233	2,579
89	627	797	58	60
284	231	1,741	1,587	1,026
2,739	2,534	2,469	3,924	452
<u>21,662</u>	<u>16,874</u>	<u>19,291</u>	<u>19,958</u>	<u>18,140</u>
3,561	3,335	3,492	3,998	3,570
3,165	2,839	2,699	2,950	3,038
2,409	2,379	2,485	2,314	2,247
4,553	2,421	1,290	2,776	2,473
				1,630 A
24	670	979	25	27
992	1,195	2,883	1,499	1,083
2,055	2,670	2,324	2,567	16,135
2,543	2,436	2,913	2,012	1,347
-	-	-	-	-
<u>19,302</u>	<u>17,945</u>	<u>19,065</u>	<u>18,141</u>	<u>31,550</u>
<u>2,360</u>	<u>(1,071)</u>	<u>226</u>	<u>1,817</u>	<u>(13,410)</u>
-	-	-	1,486	1,004
-	-	-	-	-
-	-	-	1,611	63
-	-	-	-	-
-	-	-	-	-
3,317	3,591	3,110	1,809	1,672
(4,221)	(4,542)	(3,081)	(2,856)	(1,946)
		2,904		
<u>(904)</u>	<u>(951)</u>	<u>2,933</u>	<u>2,050</u>	<u>793</u>
<u>\$1,456</u>	<u>(\$2,022)</u>	<u>\$3,159</u>	<u>\$3,867</u>	<u>(\$12,617)</u>
25.1%	30.5%	32.4%	27.5%	57.4%

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

Fiscal Year	Property Tax ¹	Sales Tax	Gas Tax	Franchise Tax	Transfer Tax	TOT Tax	Business License Tax	Total
2005	5,828	3,619	75	183	98	550	360	10,713
2006	4,678	4,533	75	192	170	914	386	10,949
2007	6,249	4,121	75	197	61	999	387	12,090
2008	6,529	8,957 ²	74	221	45	1,097	367	17,292
2009	7,019	4,813	69	214	18	942	450	13,524
2010	7,371	5,833	71	202	23	969	465	14,934
2011	6,450	2,978	109	213	32	1,306	734	11,821
2012	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

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

² One time Sales Tax correction

Source: City of Brisbane

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

Fiscal Year	City			Taxable Assessed Value
	Secured	Unsecured	Less: Exemptions	
2005	1,091,456	235,148	10,320	1,316,284
2006	1,167,557	222,177	10,470	1,379,265
2007	1,323,842	227,161	10,492	1,540,511
2008	1,364,983	233,517	10,447	1,588,053
2009	1,453,275	239,986	13,192	1,680,069
2010	1,436,460	261,715	12,483	1,685,692
2011	1,384,590	266,187	12,556	1,638,221
2012	3,431,526	220,162	10,864	3,640,824
2013	1,381,723	205,631	10,867	1,576,487
2014	1,408,674	184,241	12,208	1,580,706

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

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

Source: County Assessment Rolls

Redevelopment Agency				
Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
369,912	53,513	130	423,294	1.0524
336,318	67,098	129	403,287	1.0485
389,391	83,421	138	472,674	1.0612
377,630	81,589	119	459,100	1.0756
418,379	81,359	136	499,602	1.0719
431,382	110,057	65	541,374	1.0783
397,968	111,647	147	509,468	1.0870
378,850	63,986	79	442,756	1.0893
392,050	50,996	73	442,973	1.0921
249,300	31,297	87	280,509	1.1048

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 Junior College	Total Direct & Overlapping Rates
		Brisbane Elementary School District	Jefferson Union High School District			
2005	1.0000	0.0289	0.0170	0.0065	1.0524	
2006	1.0000	0.0267	0.0153	0.0065	1.0485	
2007	1.0000	0.0254	0.0174	0.0184	1.0612	
2008	1.0000	0.0224	0.0361	0.0171	1.0756	
2009	1.0000	0.0221	0.0333	0.0165	1.0719	
2010	1.0000	0.0241	0.0360	0.0182	1.0783	
2011	1.0000	0.0261	0.0416	0.0193	1.0870	
2012	1.0000	0.0272	0.0422	0.0199	1.0893	
2013	1.0000	0.0297	0.0430	0.0194	1.0921	
2014	1.0000	0.0280	0.0574	0.0194	1.1048	

Notes:

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

Source: CA Municipal Statistics

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

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value ¹	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value ²
Oyster Point Properties Inc.	104,440	1	7.44%	\$ 90,574	1	8.35%
DCT Valley Dr CA LLP	60,261	2	4.29%			
IAC San Francisco LLC	58,193	3	4.15%			
2000 Sierra Point Parkway LLC	42,955	4	3.06%	31,000	5	2.86%
Slough Brisbane LLC	42,453	5	3.02%			
William D. and C.A. Spencer Trust	38,963	6	2.78%	18,298	11	1.69%
Diamond Marina LLC	30,692	7	2.19%			
Fund VIII 1000 Marina LLC	26,400	8	1.88%			
DMARC 2006 CD2 Marina Office LP	25,400	9	1.81%			
BMR Bayshore Blvd LLC	24,353	10	1.74%			
Tuntex Properties Inc	18,649	11	1.33%			
BRE SH Brisbane Owner LLC	16,310	12	1.16%			
Brisbane Lodging LP	13,733	13	0.98%	23,820	9	2.20%
Barulich Properties LLC	13,128	14	0.94%	11,226	14	1.03%
Rolling Frito-Lay Sales	11,731	15	0.84%			
SFPP	11,396	16	0.81%	9,870	16	0.91%
150 Spear Street Associates	11,122	17	0.79%	9,633	17	0.89%
WVP Bay Tech LLC	10,499	18	0.75%			
Sierra Hotel Management Corp	8,679	19	0.62%			
Sierra Point Investors LLC	8,665	20	0.62%	37,662	3	3.47%
Cabot Industrial Venture A & B LLC				56,773	2	5.23%
IAC 325 Valley LLC				31,090	4	2.87%
GAL-Brisbane LP				27,527	6	2.54%
Sierra Point LLC				27,093	7	2.50%
Brisbane Hotel Partners LLC				26,159	8	2.41%
Foster 5000 Marina LLC				12,469	11	1.15%
SPK-Sierra Point LLC				18,300	10	1.69%
Tuntex ³				12,033	13	1.11%
Foster 7000 Marina LLC				10,876	15	1.00%
Northhill Associates LLC				8,225	18	0.76%
AVJOG Investments LLC				7,742	19	0.71%
Brisbane Properties LLC				7,712	20	0.71%
Total	\$ 578,022		41.18%	\$ 478,083		44.06%

Source: CA Municipal Statistics

Source: 2001 - Urban Futures Inc

⁽¹⁾ 2013-2014 Local Secured Assessed Valuation: 1,403,615

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

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

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy ¹		Collections in Subsequent Years ¹	Total Collections to Date	
		Amount	Percentage		Amount	Percentage
2005	4,920	4,920	100%	n/a	4,920	100%
2006	5,253	5,253	100%	n/a	5,253	100%
2007	6,382	6,382	100%	n/a	6,382	100%
2008	6,671	6,671	100%	n/a	6,671	100%
2009	7,188	7,188	100%	n/a	7,188	100%
2010	7,751	7,751	100%	n/a	7,751	100%
2011	6,896	6,896	100%	n/a	6,896	100%
2012	2,545	2,545	100%	n/a	2,545	100%
2013	2,991	2,991	100%	n/a	2,991	100%
2014	2,673	2,673	100%	n/a	2,673	100%

¹Teeter Plan

Source: City of Brisbane

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

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Tax Allocation Bonds	Certificates of Participation	Other Long-Term Debt	Utility Revenue Bonds	Capital Leases			
2005	37,410	220	-	-	4,365	227	42,222	n/a	11,381
2006	42,160	-	-	-	4,270	204	46,634	n/a	12,426
2007	40,700	-	-	4,465	4,175	181	49,521	n/a	13,118
2008	39,115	-	-	4,335	4,080	158	47,688	n/a	12,351
2009	39,715	-	-	4,180	3,980	136	48,011	n/a	12,195
2010	37,910	-	-	3,930	3,880	113	45,833	n/a	11,478
2011	35,855	13,165	-	3,630	3,775	90	56,515	n/a	13,198
2012	31,368	-	-	3,295	3,660	68	38,391	n/a	8,889
2013	29,272	-	-	4,536	3,590	45	37,443	n/a	8,635
2014	10,237	-	-	4,086	3,453	22	17,797	n/a	4,060

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Personal Income is for San Mateo County because City information is not available. As such, calculating a percentage would not be valuable for Brisbane trend data.

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Available in Debt	Total	Percent of Assessed Value ²	Per Capita
		Service Fund			
2005	3,265	¹ 40	3,225	0.24%	869.14
2006	9,045	825	8,220	0.60%	2,190.23
2007	13,295	³ 738	12,557	0.82%	3,326.33
2008	12,950	723	12,227	0.77%	3,166.80
2009	14,825	885	13,940	0.83%	3,540.64
2010	14,270	850	13,420	0.80%	3,360.86
2011	13,505	656	12,849	0.78%	3,000.81
2012	12,695	658	12,037	0.33%	2,786.92
2013	12,489	472	12,017	0.76%	2,771.37
2014	11,706	357	11,350	0.72%	2,588.85

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

¹Lease Revenue Bonds

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

³ Pension Obligation Bonds

City of Brisbane
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014
(amounts expressed in thousands)

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
San Mateo Community College District	\$ 563,069,994	1.010%	\$ 5,687,007
Jefferson Union High School District	147,461,507	10.193%	15,030,751
Brisbane School District	7,175,437	66.499%	4,771,594
City of Brisbane 1915 Act Bonds	5,800,000	100.000%	5,800,000
Total Gross Overlapping Tax and Assessment Debt	723,506,938		31,289,352
Direct and Overlapping General Fund Debt:			
San Mateo County General Fund Obligations	473,769,816	1.010%	4,785,075
San Mateo County Board of Education Certificates of Participation	10,950,000	1.010%	110,595
City of Brisbane General Fund Obligations	24,255,000	100.000%	24,255,000
City of Brisbane Pension Obligations Bonds	4,086,000	100.000%	4,086,000
Total Direct and Overlapping General Fund Debt	\$ 513,060,816		\$ 33,236,670
Overlapping Tax Increment Debt (Successor Agency):			
Tax Allocation Bonds	\$ 16,705,000	100.000%	\$ 16,705,000
Revenue Bonds	1,839,922	100.000%	1,839,922
			\$ 18,544,922
Total Direct Debt			\$ 28,341,000
Total Overlapping Debt			\$ 54,729,944
Gross Combined Total Debt	\$ 1,236,567,754		\$ 83,070,944.34 ¹

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

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

Source: California Municipal Statistics Inc

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

	Fiscal Year Ending				
	2005	2006	2007	2008	2009
Debt Limit	\$ 35,586	\$ 38,702	\$ 42,144	\$ 44,433	\$ 63,251
Total net debt applicable to limit	3,265	9,045	13,114	12,800	13,940
Legal debt margin	\$ 32,321	\$ 29,657	\$ 29,030	\$ 31,633	\$ 49,311
Total net debt applicable to the limit as a percentage of debt limit	9.17%	23.37%	31.12%	28.81%	22.04%

Legal Debt Margin Calculation for Fiscal Year 2014:

Assessed value¹

Add back: exempt real property¹

Total assessed value¹

Debt limit (3.75% of total assessed value)

Debt applicable to limit:

General bonded debt

Less: Amount set aside for repayment of
general bonded debt

Total net debt applicable to limit

Legal debt margin

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

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

City of Brisbane has no general obligation bonds.

Fiscal Year Ending				
2010	2011	2012	2013	2014
\$ 63,682	\$ 61,904	\$ 59,802	\$ 59,526	\$ 59,474
13,420	12,849	12,037	12,017	11,350
\$ 50,262	\$ 49,055	\$ 47,765	\$ 47,509	\$ 48,124
21.07%	20.76%	20.13%	20.19%	19.08%

1,585,973

-

1,585,973

59,474

11,706

357

11,350

48,124

City of Brisbane
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	³ <u>Personal Income (in millions)</u>	² <u>Per Capita Personal Income</u>	<u>Labor Force</u>	¹ <u>Unemployment Rate</u>
2005	3,710	43,755	62,680	363,800	4.30%
2006	3,753	46,882	66,839	367,700	3.7%
2007	3,775	50,610	72,941	370,100	3.8%
2008	3,861	49,417	70,211	373,000	4.8%
2009	3,937	46,681	65,414	374,100	8.4%
2010	3,993	47,947	66,629	374,900	8.8%
2011	4,282	⁴ 50,597	69,577	383,300	7.9%
2012	4,319	n/a	n/a	388,500	7.1%
2013	4,336	n/a	n/a	397,500	5.4%
2014	4,384	n/a	n/a	403,600	5.4%

Notes:

¹

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

Source: California Labor Market Info for San Mateo County. Data not available for 2012, 2013 and 2014

²

³ Source: California Department of Finance

⁴ 2010 U.S. Census

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

Employer	2014 ¹			2005 ²		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pepsi Bottling Group	380	1	5.58%			
Sunset Scavenger Co/Recology	350	2	5.14%			
F.W. Spencer	325	3	4.77%	150	7	n/a
Bi-Rite Foodservice Distributors	259	4	3.80%	250	5	n/a
XOJet	250	5	3.67%			
Caltronics Business Systems	243	6	3.57%			
Monster Cable Products Inc	242	7	3.55%	700	1	n/a
Expeditors Intl of WA Inc	223	8	3.28%			
Bebe	161	9	2.36%	150	7	
Fong Brothers Printing	148	10	2.17%	150	7	n/a
Lincoln Broadcasting Co	120	11	1.76%	120	12	
PSI Group - California	117	12	1.72%	114	15	
Glam Media Inc	110	13	1.62%			
Intermune	106	14	1.56%	180	6	n/a
Purcell-Murray Company Inc	105	15	1.54%	125	11	
Hitachi America LTD	99	16	1.45%	500	2	n/a
SFO Apparel	99	16	1.45%			
Aircraft Technical Publishers	97	18	1.42%	105	19	n/a
Sheng Kee of California Inc	85	19	1.25%			
Dolby Laboratories	81	20	1.19%			
Walmart.com				300	3	n/a
VWR Corporation				300	3	n/a
Classroom Connect				150	7	
Imagine Media				120	12	n/a
Wily Technology				120	12	n/a
Stentor Inc				111	16	
Exel Global Logistics				110	17	n/a
IGN Entertainment				110	17	n/a
Cutera				100	20	n/a
Total Employment (Estimated)	6,809					

Source:

¹ City of Brisbane Business License data (self reporting)

² Brisbane Chamber of Commerce (self reporting)

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

	June 30			
	2005	2006	2007	2008
Function:				
General government	11	11.51	12.01	13.01
Public safety:				
Police	20.11	20.11	20.61	20.61
Fire	13.55	12.55	13	13
Public works and Municipal Utilities	18.5	21.5	22.5	22.5
Community development	4.4	5.4	5.9	5.9
Parks and recreation	18.67	18.67	18.88	19.2
Marina	6.25	6.25	6.25	6.25
Total	<u>92.48</u>	<u>95.99</u>	<u>99.15</u>	<u>100.47</u>

Source: City of Brisbane Base Budget

June 30					
2009	2010	2011	2012	2013	2014
14.01	13.55	11.25	10.89	10.79	11.65
20.61	17.99	15.11	15.11	14.11	15.11
13	10	10	10	10	10
22.5	23	16	16	16.1	14
5.9	5.9	4.9	4.4	3.8	3.9
19.2	12.05	11.55	12.8	12.8	18.83
6.25	12.15	12.15	12.76	11.78	5.75
101.47	94.64	80.96	81.96	79.38	79.24

City of Brisbane
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2005	2006	2007	2008
Police				
Response time to :				
Extreme Emergencies	4:20	3	4:27	4:22
Emergencies	4:16	5	4:22	3:51
Non-Emergencies	6:12	15	6:46	6:16
Number of victims per 1,000 citizens or business	22	28	31	30
Fire				
Number of calls answered	620	595	586	653
Number of inspections	516	526	535	533
Public Works:				
Percent of tripping hazards corrected within 1 month	100	100	100	100
Percent of damaged street signs replaced within 1 month	100	100	100	100
Percent of facilities maintained relative to Maintenance Program	100	100	100	100
Number of Building and Park Maintenance service requests received				
Number of Graffiti on Public Property requests for service				
Number of Sidewalk Maintenance/Trip Hazard service requests				
Number of Street Tree service requests				
Number of Street-Sign/Light/Traffic Signal service requests				
Number of Weeds, Trash and Debris on Public Property service requests				
Water				
Total Water Purchased				
Number of main breaks and repairs				
Number of service breaks (public side of meter) and repairs				
Percentage of water samples that pass health standards	100	100	100	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				
Percentage of known water main valves exercised				
Sewer				
Average Daily sewage flow (thousands of gallons)	376	393	353	352
Total annual sewage flow				
Number of public sewer main blocks/breaks				
Number of private lateral blocks/breaks that City responds to				
Percentage of sewer blockages cleared within:				
4 hours	100	100	100	100
12 hours	100	100	100	100
Community Development:				
Total permit valuation (\$000)	27,197	9,221	10,155	15,513
Parks and Recreation:				
Community/Special Events (Concerts in the Park, Festival of Lights, etc.) number of events	8	7	6	4
Sports Programs (e.g. basketball, softball): number of sports				
Youth	8	8	15	13
Adult	2	2	2	2
Classes: (number of programs)				
Adult	10	11	10	8
Youth	2	5	5	3
Youth & Adult	1	1	3	4
Child Care programs (Average Enrollment):				
Preschool	10	9	13	16
Afterschool	42	40	62	44
Day Camps (Average Enrollment)	73	78	59	56
Spring				
Summer				
Winter				
Teen Programs (number of programs)	11	10	15	7
Aquatic programs (Enrollment/attendance):				
Summer swim lessons	475	335	852	909
Water aerobics	111	64	96	65
Senior Center (Enrollment/attendance)		154	184	198
Programs				
All programs				

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

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

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

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

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

¹ Source: 2001 Brisbane Open Space Plan

Fiscal Year				
2010	2011	2012	2013	2014
1	1	1	1	1
5	5	5	5	5
1	1	1	1	1
3	3	3	3	3
23	23	23	23	23
790	790	790	790	790
80,712	80,712	80,712	80,712	80,712
132,830	132,830	132,830	132,830	132,830
2.9	2.9	2.9	2.9	2.9
57.98	57.98	57.98	57.98	57.98
15	15	15	15	15
1	1	1	1	1
184.68	184.68	184.68	184.68	184.68
127.75	127.75	127.75	127.75	127.75

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