CITY OF BRISBANE

CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

Prepared by:
City of Brisbane, Finance Department
Carolina Yuen, Finance Director

UNAUDITED

City of Brisbane
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023
TABLE OF CONTENTS

City of Brisbane
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023
TABLE OF CONTENTS

FINANCIAL SECTION (Continued)

Required Supplementary Information:

Supplemental Information:

City of Brisbane
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023
TABLE OF CONTENTS

STATISTICAL SECTION (Unaudited)

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brisbane (City), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated DATE, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

Pleasant Hill, California
DATE

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

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

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

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

CITY OF BRISBANE
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments available for operations (Note 3)	$24,748,443	$6,462,883	$31,211,326
Restricted cash and investments (Note 3)	1,558,575	93	1,558,668
Accounts receivable	1,935,082	1,252,953	3,188,035
Taxes receivable	2,163,854	649	2,164,503
Internal balance (Note 4D)	371,320	(371,320)	
Accrued interest	119,080	32,800	151,880
Prepaids	4,136		4,136
Noncurrent assets:			
Loans receivable, net (Note 5)	3,326,692	2,295,996	5,622,688
Capital assets (Note 6):			
Non-depreciable	17,632,054	876,202	18,508,256
Depreciable, net	53,526,804	31,541,242	85,068,046
Total Assets	105,386,040	42,091,498	147,477,538
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows (Note 9)	17,713,745	999,750	18,713,495
OPEB related deferred outflows (Note 10)	1,171,903	324,237	1,496,140
Total Deferred Outflows of Resources	18,885,648	1,323,987	20,209,635
LIABILITIES			
Current liabilities:			
Accounts payable	893,968	831,643	1,725,611
Accrued payroll	754,356	62,106	816,462
Interest payable	58,705	82,888	141,593
Deposits	2,361,583	211,948	2,573,531
Claims payable - due within one year (Note 12)	555,188		555,188
Compensated absences - due within one year (Note 1F)	548,638	22,527	571,165
Long-term debt - due within one year (Note 7)	761,969	845,000	1,606,969
Unearned revenue	527,901	716,346	1,244,247
Noncurrent liabilities:			
Claims payable - due in more than one year (Note 12)	1,121,773		1,121,773
Compensated absences - due in more than one year (Note 1F)	666,487	67,583	734,070
Net pension liability (Note 9)	27,920,690	1,448,853	29,369,543
Net OPEB liability (Note 10)	4,098,251	897,230	4,995,481
Long-term debt - due in more than one year (Note 7)	17,696,313	6,678,000	24,374,313
Total Liabilities	57,965,822	11,864,124	69,829,946
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows (Note 9)	7,621,373	199,375	7,820,748
OPEB related deferred inflows (Note 10)	1,543,504	259,916	1,803,420
Total Deferred Inflows of Resources	9,164,877	459,291	9,624,168
NET POSITION (Note 8)			
Net investment in capital assets	53,054,576	26,697,537	79,752,113
Restricted for:			
Pension and employee benefits program	1,384,156		1,384,156
Capital projects	3,660,541	758,885	4,419,426
Debt service	961,736		961,736
Specific projects and programs	9,268,289		9,268,289
Total Restricted Net Position	15,274,722	758,885	16,033,607
Unrestricted	(11,188,309)	3,635,648	(7,552,661)
Total Net Position	$57,140,989	$31,092,070	$88,233,059

See accompanying notes to financial statements

UNAUDITED

CITY OF BRISBANE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	$11,021,805	$9,537,272	$972,235		($512,298)		($512,298)
Public safety - police	5,689,291	61,080	400,094		(5,228,117)		(5,228,117)
Public safety - fire	3,864,335	586,918			(3,277,417)		(3,277,417)
Public works	5,418,255	548,931		$26,500	(4,842,824)		(4,842,824)
Parks and recreation	3,069,260	808,569			(2,260,691)		(2,260,691)
Interest on long-term debt	261,273				(261,273)		(261,273)
Total Governmental Activities	29,324,219	11,542,770	1,372,329	26,500	(16,382,620)		(16,382,620)
Business-type Activities:							
Water	2,416,475	1,949,472				($467,003)	(467,003)
Sewer	2,428,222	1,277,679				(1,150,543)	(1,150,543)
Guadalupe Valley Municipal Improvement District	2,580,658	2,696,251				115,593	115,593
Marina	1,646,363	2,317,877				671,514	671,514
Total Business-type Activities	9,071,718	8,241,279				(830,439)	(830,439)
Total Primary Government	$38,395,937	$19,784,049	$1,372,329	$26,500	(16,382,620)	(830,439)	(17,213,059)
General revenues:							
Taxes:							
Property taxes					6,201,371	34,827	6,236,198
Sales taxes					6,406,312		6,406,312
Transient occupancy tax					2,151,105		2,151,105
Other taxes					2,383,063		2,383,063
Miscellaneous revenues					832,925		832,925
Investment earnings					493,564	(97,398)	396,166
Developer contributions						60,000	60,000
Transfers (Note 4C)					28,892	(28,892)	
Total General Revenues and Transfers					18,497,232	(31,463)	18,465,769
Change in Net Position					2,114,612	(861,902)	1,252,710
Net Position-Beginning					55,026,377	31,953,972	86,980,349
Net Position-Ending					$57,140,989	$31,092,070	$88,233,059

See accompanying notes to financial statements

UNAUDITED

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 2023. Individual non-major funds may be found in the Supplemental Section.

General Fund

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

Low/Mod Income Housing Assets Special Revenue Fund

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

Capital Projects Fund

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

CITY OF BRISBANE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	General Fund	Low/Mod Income Housing Assets Special Revenue Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 3)	$5,089,010	$4,477,504		$13,028,428	$22,594,942
Restricted cash and investments (Note 3)	1,384,156				1,384,156
Accounts receivable, net	1,834,113				1,834,113
Interest receivable	37,692	20,081		53,012	110,785
Taxes receivable	2,125,322			38,532	2,163,854
Prepaids	4,136				4,136
Due from other funds (Note 4A)	5,057,840				5,057,840
Loans receivable (Note 5)	443,750	2,882,942			3,326,692
Advances to other funds (Note 4B)	3,136,320				3,136,320
Total Assets	$19,112,339	$7,380,527		$13,119,972	$39,612,838
LIABILITIES					
Accounts payable	$673,428	$21,825		$160,516	$855,769
Accrued payroll	512,580			11,762	524,342
Due to other funds (Note 4A)			$4,042,874	112,907	4,155,781
Deposits payable	2,291,273		14,395	55,915	2,361,583
Interest payable			16,177		16,177
Advances from other funds (Note 4B)			2,765,000		2,765,000
Unearned revenue				527,901	527,901
Total Liabilities	3,477,281	21,825	6,838,446	869,001	11,206,553
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - loans receivable		2,882,942			2,882,942
Total Deferred Inflows of Resources		2,882,942			2,882,942
FUND BALANCES (Note 8)					
Nonspendable	3,584,206				3,584,206
Restricted	1,384,156	4,475,760		7,222,958	13,082,874
Assigned	841,666			5,153,718	5,995,384
Unassigned	9,825,030		(6,838,446)	(125,705)	2,860,879
Total Fund Balances (Deficit)	15,635,058	4,475,760	(6,838,446)	12,250,971	25,523,343
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$19,112,339	$7,380,527		$13,119,972	$39,612,838

See accompanying notes to financial statements

CITY OF BRISBANE
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances reported on the Governmental Funds Balance Sheet	$25,523,343
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:	
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds	71,158,858
ALLOCATION OF INTERNAL SERVICE FUND NET POSITION	
Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.	
Cash and investments	2,327,920
Accounts and interest receivable	109,264
Accounts payable and accrued liabilities	(38,199)
Accrued payroll	(230,014)
Due to other funds	(902,059)
Accrued claims payable	(1,676,961)
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	2,882,942
LONG-TERM ASSETS AND LIABILITIES	
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:	
Net pension liability, deferred outflows and deferred inflows	(17,828,318)
Long-term debt	(18,458,282)
Net OPEB liability, deferred outflows and deferred inflows	(4,469,852)
Compensated absences	(1,215,125)
Interest payable	(40,288)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$57,140,989

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, 2023

	General Fund	Low/Mod Income Housing Assets Special Revenue Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and special assessments	$16,394,318			$938,012	$17,332,330
Intergovernmental	356,839		$26,500	405,329	788,668
Licenses, permits and fees	7,174,444		345,137	1,064	7,520,645
Charges for services	3,620,043				3,620,043
Fines and forfeitures	50,974				50,974
Use of money and property	422,239	$60,727	(72,672)	186,834	597,128
Other revenues	543,390			967,235	1,510,625
Total Revenues	28,562,247	60,727	298,965	2,498,474	31,420,413
EXPENDITURES					
Current:					
General government	10,233,185			37,800	10,270,985
Public safety - police	5,899,495				5,899,495
Public safety - fire	4,260,084				4,260,084
Public works	2,914,950	52,238		972,141	3,939,329
Parks and recreation	2,868,778				2,868,778
Capital outlay	5,553,080		888,334	118,932	6,560,346
Debt service:					
Principal	13,751			871,333	885,084
Interest and fiscal charges	453		1,745	418,577	420,775
Total Expenditures	31,743,776	52,238	890,079	2,418,783	35,104,876
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,181,529)	8,489	(591,114)	79,691	(3,684,463)
OTHER FINANCING SOURCES (USES)					
Lease	5,544,819				5,544,819
Transfers in (Note 4C)	168,136		155,157	1,584,103	1,907,396
Transfers (out) (Note 4C)	(2,096,658)			(323,293)	(2,419,951)
Total Other Financing Sources (Uses)	3,616,297		155,157	1,260,810	5,032,264
NET CHANGES IN FUND BALANCES	434,768	8,489	(435,957)	1,340,501	1,347,801
BEGINNING FUND BALANCES (DEFICITS)	15,200,290	4,467,271	(6,402,489)	10,910,470	24,175,542
ENDING FUND BALANCES (DEFICITS)	$15,635,058	$4,475,760	($6,838,446)	$12,250,971	$25,523,343

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, 2023

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$1,347,801
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	5,504,944
Net retirements are deducted from the fund balance	401,663
Depreciation expense is deducted from the fund balance	(2,085,797)
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.	
Proceeds from leases	(5,544,819)
Repayments of debt principal and interest are added back to fund balance	1,043,999
Pension related expenses	2,500,389
OPEB related expenses	(7,733)
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):	
Accrued interest on long-term debt	587
Compensated absences	212,597
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	(1,259,019)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$2,114,612

See accompanying notes to financial statements

PROPRIETARY FUNDS

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

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified the funds below as major enterprise funds in fiscal 2023.

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:

<u>Water</u>

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.

<u>Sewer</u>

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.

<u>Guadalupe Valley Municipal Improvement District</u>

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, 2023

	Business-type Activities-Enterprise Funds			
	Utility	Marina	Totals	Governmental Activities-Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments (Note 3)	$3,889,669	$2,573,214	$6,462,883	$2,153,501
Restricted cash and investments (Note 3)	93		93	174,419
Accounts receivable, net	1,167,059	85,894	1,252,953	100,969
Taxes receivable	649		649	
Interest receivable	18,307	14,493	32,800	8,295
Total Current Assets	5,075,777	2,673,601	7,749,378	2,437,184
Noncurrent Assets:				
Loans receivable (Note 5)		2,295,996	2,295,996	
Capital assets (Note 6)				
Non-depreciable	876,202		876,202	
Depreciable, net	26,042,509	5,498,733	31,541,242	
Total Noncurrent Assets	26,918,711	7,794,729	34,713,440	
Total Assets	31,994,488	10,468,330	42,462,818	2,437,184
DEFERRED OUTFLOWS				
Deferred outflows related to pensions (Note 9)	699,869	299,881	999,750	
Deferred outflows related to OPEB (Note 10)	73,727	250,510	324,237	
Total Deferred Outflows	773,596	550,391	1,323,987	
LIABILITIES				
Current Liabilities:				
Accounts payable	791,978	39,665	831,643	38,199
Due to other funds (Note 4A)				902,059
Accrued payroll	45,254	16,852	62,106	230,014
Interest payable	70,558	12,330	82,888	2,240
Accrued claims payable (Note 12)				555,188
Compensated absences due within one year (Note 1F)	16,435	6,092	22,527	
Bonds payable due within one year (Note 7)	415,000	430,000	845,000	
Deposits	19,299	192,649	211,948	
Unearned revenue	716,346		716,346	
Total Current Liabilities	2,074,870	697,588	2,772,458	1,727,700
Noncurrent Liabilities:				
Compensated absences due in more than one year (Note 1F)	49,306	18,277	67,583	
Accrued claims payable (Note 12)				1,121,773
Advances from other funds (Note 4B)		371,320	371,320	
Bonds payable due in more than one year (Note 7)	5,305,000	1,373,000	6,678,000	
Net pension liability (Note 9)	1,014,197	434,656	1,448,853	
Net OPEB liability (Note 10)	204,011	693,219	897,230	
Total Noncurrent Liabilities	6,572,514	2,890,472	9,462,986	1,121,773
Total Liabilities	8,647,384	3,588,060	12,235,444	2,849,473
DEFERRED INFLOWS				
Deferred inflows related to pensions (Note 9)	139,667	59,708	199,375	
Deferred inflows related to OPEB (Note 10)	59,100	200,816	259,916	
Total Deferred Inflows	198,767	260,524	459,291	
NET POSITION (Note 8)				
Net investment in capital assets	21,198,804	5,498,733	26,697,537	
Restricted for capital projects	758,885		758,885	
Unrestricted	1,964,244	1,671,404	3,635,648	(412,289)
Total Net Position	$23,921,933	$7,170,137	$31,092,070	($412,289)

See accompanying notes to financial statements

UNAUDITED

CITY OF BRISBANE
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities-Enterprise Funds			Governmental Activities-Internal Service Funds
	Utility	Marina	Totals	
OPERATING REVENUES				
Charges for services	$5,923,402	$2,298,453	$8,221,855	$2,250,686
Other revenues		19,424	19,424	5,689
Total Operating Revenues	5,923,402	2,317,877	8,241,279	2,256,375
OPERATING EXPENSES				
Cost of sales and services	3,965,788	617,294	4,583,082	26,399
General and administrative	2,807,395	921,587	3,728,982	2,815,499
Depreciation	652,172	107,482	759,654	
Other expenses				1,204,469
Total Operating Expenses	7,425,355	1,646,363	9,071,718	4,046,367
Operating Income (Loss)	(1,501,953)	671,514	(830,439)	(1,789,992)
NONOPERATING REVENUES (EXPENSES)				
Taxes and assessments	34,827		34,827	
Investment income	127,745	55,519	183,264	(10,474)
Interest expense	(216,795)	(63,867)	(280,662)	
Total Nonoperating Revenues (Expenses)	(54,223)	(8,348)	(62,571)	(10,474)
Income (Loss) Before Contributions and Transfers	(1,556,176)	663,166	(893,010)	(1,800,466)
Developer contributions	60,000		60,000	
Transfers in (Note 4C)	47,555		47,555	541,447
Transfers out (Note 4C)	(60,289)	(16,158)	(76,447)	
Net Contributions and Transfers	47,266	(16,158)	31,108	541,447
Change in net position	(1,508,910)	647,008	(861,902)	(1,259,019)
BEGINNING NET POSITION	25,430,843	6,523,129	31,953,972	846,730
ENDING NET POSITION	$23,921,933	$7,170,137	$31,092,070	($412,289)

See accompanying notes to financial statements

CITY OF BRISBANE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities-Enterprise Funds			
	Utility	Marina	Totals	Governmental Activities-Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$5,835,496	$2,298,188	$8,133,684	$2,259,474
Cash payments to suppliers	(6,876,595)	(1,573,341)	(8,449,936)	(3,456,005)
Cash Flows from Operating Activities	(1,041,099)	724,847	(316,252)	(1,196,531)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes and assessments	34,603		34,603	
Due to other funds				249,796
Advances from other funds		1,046	1,046	
Transfers in	47,555		47,555	541,447
Transfers (out)	(60,289)	(16,158)	(76,447)	
Cash Flows from Noncapital Financing Activities	21,869	(15,112)	6,757	791,243
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Adjustments of property, plant and equipment	1	49	50	
Principal payment of debt	(400,000)	(417,000)	(817,000)	
Interest paid	(222,598)	(65,727)	(288,325)	
Developer contributions received	60,000		60,000	
Cash Flows from Capital and Related Financing Activities	(562,597)	(482,678)	(1,045,275)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest paid				(29,006)
Investment income receipts	121,529	49,262	170,791	17,145
Cash Flows from Investing Activities	121,529	49,262	170,791	(11,861)
Net Cash Flows	(1,460,298)	276,319	(1,183,979)	(417,149)
Cash and investments at beginning of period	5,350,060	2,296,895	7,646,955	2,745,069
Cash and investments at end of period	$3,889,762	$2,573,214	$6,462,976	$2,327,920
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating income (Loss)	($1,501,953)	$671,514	($830,439)	($1,789,992)
Adjustments to reconcile operating income (Loss) to cash flows from operating activities:				
Depreciation	652,172	107,482	759,654	
Change in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	(87,906)	(19,689)	(107,595)	14
Accounts payable and accrued liabilities	48,542	(5,914)	42,628	(134,137)
Accrued payroll	1,225	3,195	4,420	143,890
Accrued claims payable				583,694
Compensated absences	4,840	3,918	8,758	
Deposits	870	5,750	6,620	
Net pension liability, deferred inflows and deferred outflows	(171,868)	(85,509)	(257,377)	
Net OPEB liability, deferred inflows and deferred outflows	12,979	44,100	57,079	
Cash Flows from Operating Activities	($1,041,099)	$724,847	($316,252)	($1,196,531)

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 2023:

Private Purpose Trust Fund

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

Custodial Funds

These funds are custodial in nature and do not involve measurement of results of operations. They are used to account for assets held in a custodial 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, 2023

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and investments (Note 3)		$229,251
Restricted cash and investments (Note 3)	$3,022,173	
Accounts receivable, net	4,133	92,066
Interest receivable		380
Total Assets	3,026,306	321,697
DEFERRED OUTFLOW OF RESOURCES		
Deferred charges on refunding (Note 15C)	938,431	
Total Deferred Outflow of Resources	938,431	
LIABILITIES		
Accounts payable	1,891	1,224,046
Deposits payable		2,607,118
Interest payable	88,061	
Loans payable to City (Note 15B)	2,295,996	
Long Term Debt (Note 15B):		
Due within one year	1,570,000	
Due in more than one year	3,535,000	
Total Liabilities	7,490,948	3,831,164
NET POSITION (DEFICIT)		
Restricted for:		
Held in trust for private-purpose	(3,526,211)	
Organizations and other governments		(3,509,467)
Total Net Position (Deficit)	($3,526,211)	($3,509,467)

See accompanying notes to financial statements

CITY OF BRISBANE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
Investment income	$1,157	$630
Other revenue	2,324,280	288,385
Total additions	2,325,437	289,015
DEDUCTIONS		
Public works	12,000	
Interest and fiscal charges	500,412	
Professional services		2,252,393
Total deductions	512,412	2,252,393
CHANGES IN NET POSITION	1,813,025	(1,963,378)
BEGINNING NET POSITION (DEFICIT)	(5,339,236)	(1,546,089)
ENDING NET POSITION (DEFICIT)	($3,526,211)	($3,509,467)

See accompanying notes to financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds

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

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

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

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

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

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

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

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

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

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

Fiduciary Funds financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent custodial 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 Custodial 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

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

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

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

E. Interest Payable

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

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

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 Statements and the Fund Financial Statements.

The change in compensated absences was as follows at June 30, 2023:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	$ 1,427,722	$ 81,353	$ 1,509,075
Additions	393,651	56,642	450,293
Payments	(606,248)	(47,885)	(654,133)
Ending Balance	$ 1,215,125	$ 90,110	$ 1,305,235
Current Portion	$ 548,638	$ 22,527	$ 571,165
Non-current Portion	$ 666,487	$ 67,583	$ 734,070

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

I. Deferred Outflows/Inflows of Resources

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

J. Pensions

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

K. Other Post-Employment Benefits Other than Pensions

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense and information about the fiduciary net position of the City Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefits payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fair Value Measurements

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

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

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

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

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

M. New Governmental Accounting Standards Board Statement Implementation

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this Statement were implemented during fiscal year 2023. The implementation had no effect on the financial statements.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. New Governmental Accounting Standards Board Statement Implementation (Continued)

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this Statement were implemented during fiscal year 2023. The implementation had no effect on the financial statements.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The provisions of this Statement were implemented during fiscal year 2023. The City inventoried it's SBITAs and determined that there weren't any meeting the criteria to be recorded under GASB 96.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budgeting Procedures

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

1. A City Council goal setting session is scheduled to determine the major objectives of the City's financial plan for the year. Goals are approved by the Council and incorporated into a detailed preliminary budget, which is issued for public comment. After a series of public hearings, the budget is adopted by the City Council prior to the beginning of the ensuing fiscal year (July 1).

2. The Administrative Services Director is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, certain special revenue funds, and the debt service funds. The Fire Training, Contract Employees, Tree Plant and Habitat Conservation Program Special Revenue Funds are special revenue funds with single focus purpose that when needed are approved by City Council or part of an existing contract and therefore did not have adopted budgets for the fiscal year. The capital projects funds did not have adopted budgets for the fiscal year, but all capital projects are approved by City Council prior to commitment. The legal level of budgetary control is the fund level.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

4. Budgets for those governmental funds budgeted are adopted on a basis consistent with GAAP.

5. Under Article XIIIB of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2023, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.

6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. These necessary supplemental appropriations were immaterial in relation to the budget as originally adopted. The Administrative Services Director must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.

7. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered and then are rebudgeted for the coming year.

B. Encumbrances

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

C. Expenditures in Excess of Appropriations

The following funds had expenditures in excess of appropriations:

TABLE PENDING

The funds had sufficient fund balances or revenues to finance these expenditures.

NOTE 3 – CASH & 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, 2023, 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	$ 31,211,326
Restricted cash and investments with fiscal agent	1,558,668
Total City Cash and Investments	32,769,994
Cash and investments in Fiduciary Funds	229,251
Restricted cash and investments in Fiduciary Funds	3,022,173
Total Fiduciary Cash and Investments	3,251,424
Total Cash and Investments	$ 36,021,418

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.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Allowed in Portfolio	Maximum Investment in One Issuer
California Local Agency Investment Fund	N/A	None	None	$75 million
Negotiable Certificates of Deposit	5 years	None	30%	15%
Time Certificates of Deposit	N/A	None	30%	15%
Bankers Acceptances	180 days	None	40%	15%
Commercial Paper	270 days	A-1	25%	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	A	30%	15%
Mutual Funds	5 years	None	20%	15%

C. Authorized Investments by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Treasury Bonds, Bills, and Notes	5 years	None
Government Agency Securities	5 years	None
Bankers Acceptances	180 days	None
Repurchase Agreements	30 days	N/A
Money Market Mutual Funds	N/A	AAAm
Commercial Paper	270 days	A-1
Negotiable Certificates of Deposit	5 years	None
California Local Agency Investment Fund	N/A	None
Time Certificates of Deposit	N/A	None
Medium-Term Corporate Notes	5 years	AA
Mutual Funds	5 years	None

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

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. Interest Rate Risk

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

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

Investment Type	Investment Maturities 12 months or less	13 to 48 months	49 to 60 months	Total
Securities of U.S. Government Agencies:				
Federal Farm Credit Banks	$973,470	$976,140		$1,949,610
Federal Home Loan Banks	974,730	12,528,040	$983,560	14,486,330
Time Certificates of Deposit:				
Goldman Sachs Bank	240,200			240,200
Wells Fargo Bank		243,577		243,577
American Express National Bank		243,597		243,597
Money Market Mutual Funds	11,964,677			11,964,677
Local Agency Investment Fund	1,989,629			1,989,629
Total Investments	$16,142,706	$13,991,354	$983,560	31,117,620
Cash in banks and on hand				4,903,798
Total Cash and Investments				$36,021,418

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, 2023, for each investment type:

Investment Type	Aaa/AAAm	Not Rated	Total
Securities of U.S. Government Treasury and Agencies:			
Federal Farm Credit Banks	$1,949,610		$1,949,610
Federal Home Loan Banks	14,486,330		14,486,330
Money Market Mutual Funds	11,964,677		11,964,677
Local Agency Investment Fund		$1,989,629	1,989,629
Time Certificates of Deposit		727,374	727,374
Total Investments	$28,400,617	$2,717,003	31,117,620
Cash in banks and on hand			4,903,798
Total Cash and Investments			$36,021,418

NOTE 3 – CASH AND INVESTMENTS (Continued)

F. Custodial Credit Risk

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

G. Local Agency Investment Fund

The City is a 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, 2023, these investments matured in an average of 260 days.

H. Cash, Cash Equivalents, and Investments

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

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

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

I. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value of asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 – CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2023:

	Level 2	Total
Investments by Fair Value Level:		
Securities of U.S. Government Treasury and Agencies:	$16,435,940	$16,435,940
Time Certificates of Deposit	727,374	727,374
Total	$17,163,314	17,163,314
Investments Measured at Amortized Cost:		
Money Market Mutual Funds		6,841,116
Held by Trustee:		
Money Market Mutual Funds		5,123,561
Investments Exempt from Fair Value Hierarchy:		
Local Agency Investment Fund		1,989,629
Total Investments		$31,117,620

Securities of the U.S. Government Agency's $16.4 million and the Time Certificates of Deposits totaling $.7 million is classified in Level 2 of the fair value hierarchy, are valued using quoted prices for a non-active market portfolio at fiscal year-end. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian banks.

NOTE 4 – INTERFUND TRANSACTIONS

A. Due To/From Other Funds

All due to/from other funds represent temporary loans from the General Fund to cover cash flow shortfalls and are expected to be repaid shortly after the end of the fiscal year.

At June 30, 2023, the City had the following due to/from other funds:

	Due to Fund:			
Due from Fund:	Capital Projects Fund	Non-Major Governmental Funds	Internal Service Funds	Amount
General Fund	$4,042,874	$112,907	$902,059	$5,057,840
Total	$4,042,874	$112,907	$902,059	$5,057,840

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

B. *Advances To/From Other Funds*

At June 30, 2023, the City had the following advances to/from other funds:

	To Fund:		
From Fund:	Capital Projects Fund	Marina Enterprise Fund	Amount
General Fund	$2,765,000	$371,320	$3,136,320
Total	$2,765,000	$371,320	$3,136,320

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. In fiscal year 2018, the City approved another advance from the General Fund to the Capital Improvement Fund in the amount of $3,615,000. It was issued for the purpose of financing a new public library. The balance of the advance as of June 30, 2023 was $2,765,000.

In fiscal year 2015 and 2018, the City approved an advance of $117,929 and $253,391 respectively, from the General Fund to the Marina Enterprise Fund for dredging. The balance of the advance as of June 30, 2023 was $371,320.

C. *Transfers In/Out*

The City had the following transfers in/out for the year ended June 30, 2023:

	Transfers In					
Transfers Out	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Utility Enterprise Fund	Internal Service Fund	**Total**
General Fund			$1,584,103	$47,555	$465,000	$2,096,658
Non-Major Governmental Funds	$168,136	$155,157				323,293
Enterprise Fund:						
Utility					60,289	60,289
Marina					16,158	16,158
Total	$168,136	$155,157	$1,584,103	$47,555	$541,447	$2,496,398

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

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

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

D. Internal Balances

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

NOTE 5 – LOANS RECEIVABLE

At June 30, 2023, the City had the following loans receivable:

	Balance June 30, 2022	Deletions	Balance June 30, 2023
Governmental Funds:			
Loan to Administrative Services Director	$318,750		$318,750
Loan to City Manager	200,000	$75,000	125,000
Bridge Housing Corporation Loan	2,336,086		2,336,086
First Time Home Buyers	546,856		546,856
Total Governmental Funds	3,401,692	75,000	3,326,692
Proprietary Funds:			
Loan to City Engineer/Director of Public Works	1,046	1,046	-
Loan to Successor Agency	2,295,996		2,295,996
Total Proprietary Funds	2,297,042	1,046	2,295,996
Total	$5,698,734	$76,046	$5,622,688

A. On April 1, 2002, the City made a loan to the Administrative Services Director in the amount of $318,750 for the purchase of a home. The entire principal balance together with payment of the "equity sharing amount" is due and payable immediately upon any sale or transfer of the property, except for a transfer of legal title for estate planning purposes to a revocable living trust for which the borrower is trust or and trustee. The loan is secured by the deed of trust.

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

C. In 1999, the Bridge Housing Corporation entered into a loan agreement with the former Redevelopment Agency (now housing successor) for an amount not to exceed $2,500,000. The obligation to repay the loan is evidenced by a promissory note. The terms of the note provide that Bridge Housing Corporation make repayments to the extent of surplus cash. Annual payments are due and payable in arrears no later than June 1 each year with respect to the previous calendar year, and shall be accompanied by the developer's report of surplus cash. As of June 30, 2023, the balance of the loan was $2,336,086.

NOTE 5 – LOANS RECEIVABLES (Continued)

D. The former Redevelopment Agency (now housing successor) has provided various loan programs for First Time Homebuyers. In general, they provide secondary financing for low and moderate buyers in the City. The loans have deferred payments in order to allow the buyers to maximize their purchasing capacity. Payment of principal and interest is due upon sale of property. Units are sold at market value and the former Agency also receives as payment a share of the appreciation based on the percentage of the former Agency loan to original purchase price. The former Agency has first right of refusal to purchase unit to roll over to new eligible buyer.

E. ***City Loans to Successor Agency***

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 comprises 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.

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

In fiscal year 2014, the City unwound the advance from the Marina Fund (formerly the Parks and 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. As of June 30, 2023, the Successor Agency recorded a loan payable in the amount of $2,295,966 and the City Marina Enterprise Fund recorded a loan receivable in the amount of $2,295,996.

NOTE 5 – LOANS RECEIVABLE (Continued)

F. On October 22, 2001, the City made a loan to the City Engineer/Director of Public Works in the amount of $320,000 for the purchase of a home. The entire principal balance together with payment of the "equity sharing amount" is due and payable immediately upon any sale or transfer of the property, except for a transfer of legal title for estate planning purposes to a revocable living trust for which borrower is trustor and trustee. The loan is secured by the Deed of Trust. On October 1, 2005, the City modified the agreement to include interest in the amount of $45,479. As of June 30, 2023, the balance of the loan was paid off.

NOTE 6 – CAPITAL ASSETS

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

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

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

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

NOTE 6 – CAPITAL ASSETS (Continued)

Changes in capital assets during the year ended June 30, 2023 comprise of the following:

	Balance at June 30, 2022	Additions	Retirements	Transfers and Adjustments	Balance at June 30, 2023
Governmental activities					
Non-depreciable capital assets:					
Land	$16,716,300				$16,716,300
Artwork	5,500				$5,500
Construction in progress	11,327,782	$1,163,625	($401,663)	($11,179,490)	910,254
Total non-depreciable capital assets:	28,049,582	1,163,625	(401,663)	(11,179,490)	17,632,054
Capital assets being depreciated:					
Land Improvements	6,332,993			1,891,425	8,224,418
Building and Structures	17,537,741			8,651,284	26,189,025
Machinery and Equipment	4,890,687	59,555		153,370	5,103,612
Right-to-use leased property	3,152,216	5,568,501			8,720,717
Infrastructure	31,758,104				31,758,104
Total capital assets, depreciable	63,671,741	5,628,056		10,696,079	79,995,876
Less accumulated depreciation:					
Capital assets being depreciated:					
Land Improvements	(2,648,269)	(198,715)			(2,846,984)
Building and Structures	(6,519,503)	(455,431)			(6,974,934)
Machinery and Equipment	(3,560,798)	(310,193)			(3,870,991)
Right-to-use leased property	(128,153)	(569,505)			(697,658)
Infrastructure	(11,526,552)	(551,953)			(12,078,505)
Total accumulated depreciation	(24,383,275)	(2,085,797)			(26,469,072)
Depreciable capital assets	39,288,466	3,542,259		10,696,079	53,526,804
Governmental activity capital assets, net	$67,338,048	$4,705,884	($401,663)	($483,411)	$71,158,858

NOTE 6 – CAPITAL ASSETS (Continued)

	Balance at June 30, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
Business-type activities					
Capital assets not being depreciated:					
Land	$647,815				$647,815
Construction in Progress	4,130,445		($50)	($3,902,008)	228,387
Total non-depreciable capital assets:	4,778,260		(50)	(3,902,008)	876,202
Capital assets, being depreciated:					
Land Improvements	12,309,095			1,382,631	13,691,726
Building and Structures	9,526,843			2,495,377	12,022,220
Machinery and Equipment	859,161			24,000	883,161
Infrastructure	32,245,204				32,245,204
Total capital assets being depreciated	54,940,303			3,902,008	58,842,311
Less accumulated depreciation for:					
Land Improvements	(6,706,192)	($75,426)			(6,781,618)
Building and Structures	(3,190,006)	(162,427)			(3,352,433)
Machinery and Equipment	(618,327)	(30,370)			(648,697)
Infrastructure	(16,026,890)	(491,431)			(16,518,321)
Total accumulated depreciation	(26,541,415)	(759,654)			(27,301,069)
Depreciable capital assets	28,398,888	(759,654)		3,902,008	31,541,242
Business-type activity capital assets, net	$33,177,148	($759,654)	($50)		$32,417,444

A. Capital Asset Contributions

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

B. Depreciation Allocation

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

Governmental Activities	
General Government	$1,013,491
Public Safety	255,400
Public Works	616,424
Parks and Recreation	200,482
Total Governmental Activities	$2,085,797
Business-Type Activities	
Water	$233,335
Sewer	82,565
Guadalupe Valley Municipal Improvement District	336,272
Marina	107,482
Total Business-Type Activities	$759,654

NOTE 7 – LONG-TERM DEBT

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

The following is a summary of long-term debt transactions for the year ended June 30, 2023:

	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Current Portion	Non-Current Portion
Governmental Activities						
2013 Pension Side Fund Bank Loan (Direct Borrowing)	$382,000		($382,000)			
2014 Lease Revenue Refunding Bonds	3,910,000		(245,000)	$3,665,000	$255,000	$3,410,000
Leases payable (see Note 11)	3,024,063	$5,544,819	(158,915)	8,409,967	170,747	8,239,220
2017 Lease Revenue Refunding Bonds (Direct Placement)	991,000		(131,000)	860,000	138,000	722,000
2018 San Mateo County Library Loan (Direct Borrowing)	1,246,667		(113,333)	1,133,334	113,334	1,020,000
2022 Bank of West Loan (Direct Borrowing)	4,355,000			4,355,000	71,000	4,284,000
Energy Conservation Loan (Direct Borrowing)	48,732		(13,751)	34,981	13,888	21,093
Total Governmental Long-Term Debt	$13,957,462	$5,544,819	($1,043,999)	$18,458,282	$761,969	$17,696,313

	Balance June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Current Portion	Non-Current Portion
Business-type Activities						
2015 Utility Revenue Bonds	$6,120,000		($400,000)	$5,720,000	$415,000	$5,305,000
2015 Installment Sale Agreement (Direct Placement)	2,220,000		(417,000)	1,803,000	430,000	1,373,000
Total Business-Type Long-Term Debt	$8,340,000		($817,000)	$7,523,000	$845,000	$6,678,000

A. 2013 Pension Side Fund Bank Loan (Direct Borrowing)

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.

Repayments made by the City are payable from any revenues lawfully available to the City. The loan agreement contains events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. As of June 30, 2023, the City has fully paid off the Loan.

NOTE 7 – LONG-TERM DEBT (Continued)

B. 2014 Lease Revenue Refunding Bonds, Series 2014

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

Repayments made by the City are payable from any revenues lawfully available to the City. The City intends to make all payments from proceeds of its transient occupancy tax, but such tax proceeds are not pledged as security for the repayment of the Bonds. The bond covenant contains events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

The bonds mature annually through April 1, 2035, in amounts ranging from $108,152 to $379,380. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 2.00% to 4.00%. The bonds are subject to optional and mandatory redemption prior to maturity.

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

Year ending June 30:	Principal	Interest	Total
2024	$255,000	$124,380	$379,380
2025	265,000	114,180	379,180
2026	270,000	106,230	376,230
2027	280,000	98,130	378,130
2028	290,000	89,730	379,730
2029-2033	1,590,000	299,069	1,889,069
2034-2038	715,000	39,150	754,150
Total	$3,665,000	$870,869	$4,535,869

NOTE 7 – LONG-TERM DEBT (Continued)

C. 2017 Lease Revenue Refunding Bonds, Series 2017 (Direct Placement)

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

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

Repayments made by the City are payable from any revenues lawfully available to the City. The loan agreement contains events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

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

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

Year ending June 30:	Principal	Interest	Total
2024	$138,000	$19,006	$157,006
2025	138,000	15,956	153,956
2026	143,000	12,906	155,906
2027	147,000	9,746	156,746
2028	145,000	6,498	151,498
2028-2030	149,000	3,292	152,292
Total	$860,000	$67,404	$927,404

NOTE 7 – LONG-TERM DEBT (Continued)

D. 2018 San Mateo County Library Construction Loan (Direct Borrowing)

During the fiscal year ended June 30, 2018, the City entered into a loan agreement with the County of San Mateo in the amount of $1.7 million to ensure completion of the Library Project. The Project currently includes construction and construction management of the new library. Principal payment will be due each April and December 15, commencing in December 2018. Interest will be payable semiannually on April and December 15 each year. With an annual interest percentage rate of 1.2%. Final payment shall be made no later than April 15, 2033.

Repayments made by the City are payable from secured property tax revenues lawfully available to the City. In the event that there are insufficient property tax revenues due to the City on any given payment due date, the County shall take from any other available tax apportionments otherwise due to the City to fulfill the balance of the payment. In the event the Library changes use or the construction of the Library is delayed, the County has the option to require that the City immediately repay to the County all funds disbursed to the City pursuant to the loan agreement, including interest accrued at 1.2% annually.

The annual payment requirements on the loan are as follows:

Year ending June 30:	Principal	Interest	Total
2024	$113,334	$16,095	$129,429
2025	113,333	14,735	128,068
2026	113,334	13,399	126,733
2027	113,334	11,992	125,326
2028	113,334	10,654	123,988
2029-2033	566,665	19,260	585,925
Total	$1,133,334	$86,135	$1,219,469

E. 2022 Bank of the West Loan (Direct Borrowing)

During the fiscal year ended June 30, 2022, the Brisbane/ Guadalupe Valley Municipal Improvement District Financing Authority and the City of Brisbane entered into a lease agreement with the Bank of the West in the amount of $4.355 million to finance the costs associated with acquisition of the building and land of the former Bank of America branch located at 70 Old County Road in Brisbane.

On March 1, 2022, the City & Brisbane/ Guadalupe Valley Municipal Improvement District Financing Authority entered into Lease Agreement with the Bank of the West (Bank), under which the Bank funded $4,355,000 to the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority (Authority), which amount will be paid by the Authority to the City and, in consideration therefor, the City has agreed to cause the Authority to assign its rights, title and interest under the Site and Facility Lease, dated as of March 1, 2022, by and between the City and the Authority (the "Site and Facility Lease"), and the Lease Agreement, dated as of March 1, 2022 (the "Lease Agreement"), by and between the City and the Authority, including its rights to receive lease payments to be made by the City to the Bank under the Lease Agreement.

NOTE 7 – LONG-TERM DEBT (Continued)

The City will make the annual lease payments over a lease term of 20 years, at a fixed interest rate of 3.25% per year. The lease is secured by the leased located at 70 Old County Road. The lease is repayable in semi-annual payments beginning September 1, 2023 through March 1, 2042.

The pledge of repayment is from the City's General Fund.

The annual payment requirements on the loan are as follows:

Year ending June 30:	Principal	Interest	Total
2024	$71,000	$141,341	$212,341
2025	$76,000	139,617	215,617
2026	77,000	136,131	213,131
2027	78,000	133,628	211,628
2028	86,000	131,386	217,386
2029-2033	1,113,000	607,955	1,720,955
2034-2038	1,483,000	405,772	1,888,772
2039-2042	1,371,000	153,553	1,524,553
Total	$4,355,000	$1,849,383	$6,204,383

F. Energy Conservation Loan (Direct Borrowing)

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

The annual payment requirements on the loan are as follows:

Year ending June 30:	Principal	Interest	Total
2024	$13,888	$316	$14,204
2025	14,029	176	14,205
2026	7,064	35	7,099
Total	$34,981	$527	$35,508

NOTE 7 – LONG-TERM DEBT (Continued)

G. 2015 Utility Revenue Bonds

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

The bond covenant contains events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

The bonds repayments are payable and secured by a pledge of the net revenues of the Utility Enterprise Fund as defined under the bond indenture, which must be equal to at least 125% of the current annual debt service requirements. In accordance with the revenue bond covenant, if pledged revenues during the year are less than 125% of maximum annual debt service coverage due at the end of the fiscal year, the outstanding amounts of the bonds could become immediately due. Total debt service paid in the current year was $628,025 and Utility Enterprise Fund net revenue was ($463,809). The City increased the sewer and water rates to increase the revenue in FY2023.

The annual payment requirements on the loan are as follows:

Year ending June 30:	Principal	Interest	Total
2024	$415,000	$203,025	$618,025
2025	440,000	181,650	621,650
2026	455,000	159,275	614,275
2027	480,000	140,700	620,700
2028	490,000	126,150	616,150
2029-2033	2,450,000	378,870	2,828,870
2034-2036	990,000	55,618	1,045,618
Total	$5,720,000	$1,245,288	$6,965,288

H. 2015 Installment Sale Agreement (Direct Placement)

On June 5, 2015, the Brisbane Guadalupe Valley Municipal Improvement District Financing Authority and the City entered into an installment sale agreement in the amount of $4,174,000 which paid for the dredging of the Marina. The interest on the agreement is payable semiannually on each May 1 and November 1, with interest rate of 3.12% per annum. Principal payments are due semiannually on May 1 and November 1 from November 1, 2016 to May 1, 2027.

NOTE 7 – LONG-TERM DEBT (Continued)

The agreement contains events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

The repayments are payable and secured by a pledge of the net revenues of the Marina Enterprise Fund as defined under the agreement, which must be equal to at least 125% of the current annual debt service requirements. In accordance with the agreement, if pledged revenues during the year are less than 125% of maximum annual debt service coverage due at the end of the fiscal year, the outstanding amounts of the bonds become immediately due. Total debt service paid in the current year was $483,035 and Marina Enterprise Fund net operating income was $886,448.

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

Year ending June 30:	Principal	Interest	Total
2024	$430,000	$52,931	$482,931
2025	443,000	39,406	482,406
2026	458,000	25,475	483,475
2027	472,000	11,076	483,076
Total	$1,803,000	$128,888	$1,931,888

NOTE 8 – NET POSITION AND FUND BALANCES

A. Net Position

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

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

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

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

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

NOTE 8 – 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.

C. PARS Trust for Pension Program

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

At June 30, 2023, the cash and investment balance in the trust was $1,384,156. The City Council reserves the authority to review and amend this funding policy from time to time, in order to ensure the funding policy continues to best suit the circumstances of the City.

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2023, 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	$443,750				$443,750
Prepaids	4,136				4,136
Advances to other funds	3,136,320				3,136,320
Total Nonspendable Fund Balances	3,584,206				3,584,206
Restricted for:					
PARS pension trust	1,384,156				1,384,156
Low and moderate income housing projects		$4,475,760			4,475,760
Debt service				$1,074,643	1,074,643
ARPA funded public services				1,063,217	1,063,217
Transportation and street improvements				1,119,394	1,119,394
Grant activities				63,041	63,041
Special revenue activities				3,902,663	3,902,663
Total Restricted Fund Balances	1,384,156	4,475,760		7,222,958	13,082,874
Assigned to:					
Capital projects				5,153,718	5,153,718
Encumbrances	620,798				620,798
Fire sinking fund	220,868				220,868
Total Assigned Fund Balances	841,666			5,153,718	5,995,384
Unassigned	9,825,030		($6,838,446)	(125,705)	2,860,879
Total Fund Balances	$15,635,058	$4,475,760	($6,838,446)	$12,250,971	$25,523,343

D. Minimum Fund Balance Policies

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

1. Emergency or disaster circumstances, which is reviewed every three years and modified as appropriate. For fiscal year 2023, the amount, at minimum, is $_________.

2. Recession circumstances, such as revenue reductions caused by an economic downturn comparable to the Great Recession of 2008/2009. If the amount is drawn down by recessionary shortfalls in the budget, a plan will need to be established to replenish the balance as the economy recovers. For fiscal year 2023, the amount, at minimum, is $_________.

3. Annual fluctuation circumstances, estimated to compensate for unexpected fluctuations of 5% in expenditures beyond the budget and 5% in revenues below the budget. The amount will be recalculated every year as the budget changes. For fiscal year 2023, the minimum amount is approximately $_________.

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

For fiscal year 2023, the total amount to be set aside for emergency or disaster circumstances, recession circumstances and annual fluctuation circumstances is set at $_________. As of June 30, 2023, the actual total amount of fund balance of the General Fund was $15,635,058, with an unassigned fund balance of $9,825,030.

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

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

At June 30, 2023, the Utility Enterprise Fund's required work capital balance is $1,485,071. The fund's actual unrestricted net position at June 30, 2023 was $1,964,244. At June 30, 2023, the Marina Enterprise Fund's required work capital balance is $329,273. The fund's actual unrestricted net position at June 30, 2023 was $1,671,404.

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 it's 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.

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

E. Deficit Fund Balances/Net Position

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

Funds	Deficit Fund Balances/ Net Position
Major Governmental Fund:	
Capital Projects Fund	($6,838,446)
Non-Major Governmental Funds:	
NPDES Special Revenue Fund	(12,798)
2006 Pension Obligation Bonds Debt Service Fund	(7,788)
2013 Pension Side Fund Bonds Debt Service Fund	(1,010)
Brisbane- Guadalupe Valley Municipal Improvement District Public Financing Authority Debt Service Fund	(3,101)
2022 Brisbane- Guadalupe Valley Municipal Improvement District Public Financing Authority Debt Service Fund	(101,008)
Internal Service Funds:	
Dental Self-Insurance	(99,966)
Flexible Benefits	(1,671)
General Liability	(776,385)
Workers' Compensation	(1,551,559)

NOTE 9 – PENSION PLANS

A. General Information about the Pension Plan

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

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

NOTE 9 – PENSION PLANS (Continued)

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

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous		
Hire date	Prior to July 1, 2008	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-67+	50 - 67+	52 - 67+
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.092%-2.418%	1.0%-2.5%
Required employee contribution rates	8.0%	7.0%	6.75%
Required employer contribution rates	14.03%	9.12%	7.47%

	Safety		
Hire date	Prior to January 1, 2013	On or after January 1, 2013 (Fire)	On or after January 1, 2013 (Police)
Benefit formula	3% @ 55	2.7% @ 57	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55+	50 - 57+	50 - 57+
Monthly benefits, as a % of eligible compensation	2.4%-3.0%	2.0%-2.7%	2.0%-2.7%
Required employee contribution rates	9.0%	13.0%	13.0%
Required employer contribution rates	21.84%	12.78%	12.78%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability and side fund was $2,121,510 in fiscal year 2023.

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

NOTE 9 – PENSION PLANS (Continued)

For the year ended June 30, 2023, the contributions to the Plan were as follows:

	Miscellaneous
Contributions - employer	$1,792,450

	Safety
Contributions - employer	$1,734,220

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

As of June 30, 2023, the City reported the following balances:

	Deferred outflows of resources	Net Pension Liability (Asset)	Deferred inflows of resources
Miscellaneous	$10,045,227	$14,851,196	$2,108,857
Safety	8,572,055	14,488,529	5,711,891
PARS	96,213	29,818	
Total	$18,713,495	$29,369,543	$7,820,748

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

	Miscellaneous
Proportion - June 30, 2021	0.21971%
Proportion - June 30, 2022	0.31739%
Change - Increase (Decrease)	0.09768%

	Safety
Proportion - June 30, 2021	0.34669%
Proportion - June 30, 2022	0.21085%
Change - Increase (Decrease)	-0.13584%

NOTE 9 – PENSION PLANS (Continued)

For the year ended June 30, 2023, the City recognized pension expense of $2,757,766. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Safety Plan		Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$1,734,220		$1,792,450	
Differences between actual and expected experience	614,637	($161,272)	290,958	($194,871)
Changes in assumptions	1,497,450		1,484,653	
Net differences between actual and proportional contribution		(1,505,946)	95,823	(239,373)
Net differences between projected and actual earnings on plan investments	2,345,211		2,653,914	
Adjustment due to differences in proportion	2,380,537	(4,044,673)	3,727,429	(1,674,613)
Total	$8,572,055	($5,711,891)	$10,045,227	($2,108,857)

(Continued)

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$3,526,670	
Differences between actual and expected experience	905,595	($356,143)
Changes in assumptions	2,982,103	
Net differences between actual and proportional contribution	95,823	(1,745,319)
Net differences between projected and actual earnings on plan investments	4,999,125	
Adjustment due to differences in proportion	6,107,966	(5,719,286)
Total	$18,617,282	($7,820,748)

$3,526,670 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Safety Plan		Miscellaneous Plan	
Year Ended June 30	Annual Amortization	Year Ended June 30	Annual Amortization
2024	$390,053	2024	$1,499,577
2025	(3,393)	2025	1,586,096
2026	(691,325)	2026	1,435,022
2027	1,430,609	2027	1,623,225
Total	$1,125,944	Total	$6,143,920

NOTE 9 – PENSION PLANS (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

	All CalPERS Plans
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Investment Rate of Return	7.15% (2)
Mortality Rate Table	Derived using CalPers Membership Data for all Funds (3)
Post retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(1) Varies by Entry age and service
(2) Net of Pension plan investment expenses, including inflation.
(3) The mortality table used was developed based on CalPERS' specific data. The table includes generational mortality improvements using Society of Actuaries Scale 80% of scale MP 2020. For more details on this table, please refer to the November 2021 experience study report (based on CalPERS demographic data from 2001 to 2019) that can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for the Plan. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses of 10 basis points.

NOTE 9 – PENSION PLANS (Continued)

The expected real rate of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real return (1,2)
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yields	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100%	

(1) An expected inflation of 2.30% used for this period
(2) Figures are based on the 2021 Asset Liability Management study

Changes of Assumptions – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions

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

	Miscellaneous	Safety
1% Decrease	5.90%	5.90%
Net Pension Liability	$22,192,404	$21,628,664
Current Discount Rate	6.90%	6.90%
Net Pension Liability	$14,851,196	$14,488,529
1% Increase	7.90%	7.90%
Net Pension Liability	$8,851,416	$8,613,970

NOTE 9 – PENSION PLANS (Continued)

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

C. Public Agency Retirement System Retirement Enhancement Plan

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

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

At June 30, 2023, the PARS Plan had one active employee covered by the benefit.

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

For the year ended June 30, 2023, the contributions to the PARS Plan were as follows:

	PARS
Contributions - employer	$38,838

NOTE 9 – PENSION PLANS (Continued)

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

	PARS
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.50%
Payroll Growth	0.0%
Projected Salary Increase	0.0%
Investment Rate of Return	6.50%
Mortality Rate Table	Pre-retirement: Consistent with the Non-Industrial rates used to value the Miscellaneous Public Agency CalPERS Pension Plans. Post-retirement: CalPERS 1997-2011 Healthy Retiree Tables (sex-distinct) with an assumed base year of 2008 and full generational projections using Scale AA.

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

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

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Cash	3.88%	51.00%
US Core Fixed Income	47.94%	2.07%
US Equity Market	36.80%	5.56%
Foreign Developed Equity	6.05%	6.89%
Emerging Markets Equity	3.73%	9.58%
US REITs	1.60%	6.96%
Total	100%	

NOTE 9 – PENSION PLANS (Continued)

Pension Liabilities, Pensions Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions – The City's net pension liability (asset) is measured as the total pension liability less the pension plan's fiduciary net position. The net pension liability (asset) of the PARS Plan is measured as of June 30, 2022, and the total pension liability for the PARS Plan used to calculate the net pension liability (asset) was determined by an actuarial valuation as of June 30, 2021.

The following table shows the net pension liability (asset) for the PARS Plan and the respective changes in the net pension liability (asset) recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2022	$760,573	$710,754	$49,819
Changes for the year:			
Service cost	16,841		16,841
Interest on the total pension liability	50,532		50,532
Effect of economic/demographic gains or losses			-
Effect of assumption changes or inputs			-
Employer contributions		38,838	(38,838)
Net investment income		52,283	(52,283)
Administrative expenses		(3,747)	3,747
Net changes during 2022-2023	67,373	87,374	(20,001)
Balance at June 30, 2023	$827,946	$798,128	$29,818

For the year ended June 30, 2023, the City recognized pension expense of $39,307 for the PARS Plan. At June 30, 2023, the City reported deferred outflows of resources related to pension contributions subsequent to measurement date of $38,838 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2024, and pension contributions subsequent to pensions from the net differences between projected and actual earnings on plan investments of the Miscellaneous PARS plan in the amount of $57,375.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Miscellaneous PARS Annual Amortization
2023	$15,489
2024	11,678
2025	31,201
2026	(993)
Total	$57,375

NOTE 9 – PENSION PLANS (Continued)

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

	Miscellaneous - PARS
1% Decrease	5.50%
Net Pension Liability (Asset)	$98,074
Current Discount Rate	6.50%
Net Pension Liability (Asset)	$29,818
1% Increase	7.50%
Net Pension Liability (Asset)	($29,379)

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Plan Description and Funding Policy

The City administers a single-employer defined benefit post-employment healthcare plan. Employees hired prior to July 1, 2008, have the stipulated years of service, and retire directly from the City, are eligible to receive up to the Kaiser rate (family or single, depending on MOU) and the Medicare eligible rate after reaching the age of 65. This same benefit may continue to a surviving spouse depending on the retirement plan election. Currently there are 65 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 ≥ 65	• Up to Kaiser family • Medicare eligible rate ≥ 65	• Up to Kaiser single • Medicare eligible rate ≥ 65
▪ **PEMHCA minimum**	• Retirees not eligible for Cash Stipend • Includes hourly employees and City Council Year — Monthly Amount 2018 — $133 2019 — 136 2020 — 139		
▪ **Surviving Spouse Benefit**	• Retirement plan election • PEMHCA minimum benefit continues to surviving spouses • No Cash Stipend for surviving spouses		
▪ **Dental, Vision & Life**	• None		

As of June 30, 2023, approximately 78 participants were eligible to receive benefits.

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

B. Employees Covered by Benefit Terms

At June 30, 2023, the benefit terms covered the following employees:

	Number of Covered Employees
Retirees and beneficiaries receiving benefits	65
Active employees	78
	143

C. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

D. Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified:

Measurement Date	June 30, 2022
Funding Policy	Annual actuarial determined contributions.
Salary Increases	Aggregate salary increases, 2.80%. Individual salary increased based on CalPERS
Healthcare Cost Trend Rate	Pre-Medicare 7.0%, Medicare 6.0% Trending down to 4.04% over 56 years.
Inflation	2.30%
Actuarial Assumptions:	
Discount Rate	5.45%
Investment Rate of Return	5.45%
Mortality	Based on CalPERS tables

The discount rate used to measure the total OPEB liability was 5.45%. The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

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

E. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (c) = (a) - (b)**
Balance at Fiscal Year Ending 6/30/2022:	$8,065,939	$4,039,073	$4,026,866
(Measurement Date 6/30/22)			
Changes Recognized for the Measurement Period:			
Service cost	259,497		259,497
Interest	435,962		435,962
Effect of liability gains or losses			
Changes of assumptions	158,569		158,569
Investment gains or losses on expected return			
contributions	47,929		47,929
Contributions:			
Employer - City's contribution		355,455	(355,455)
Employer - Implicit subsidy		118,682	(118,682)
Net investment income		(517,416)	517,416
Benefit payments	(355,455)	(355,455)	
Implicit rate subsidy fulfilled	(118,682)	(118,682)	
Administrative expenses		(23,379)	23,379
Net Changes during Fiscal Year 2023	427,820	(540,795)	968,615
Balance at Fiscal Year Ending 6/30/2023:	$8,493,759	$3,498,278	$4,995,481

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

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.45%) or one percentage point higher (6.45%), as follows:

	Discount Rate		
	1% Decrease	Current	1% Increase
	4.45%	5.45%	6.45%
Net OPEB Liability	$6,011,362	$4,995,481	$4,144,376

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.50%) or one percentage point higher (7.50%) than current healthcare cost trend rates, as follows:

	Trend Rate		
	1% Decrease	Current	1% Increase
	5.50% to 3.04%	6.50% to 4.04%	7.50% to 5.04%
Net OPEB Liability	$3,931,202	$4,995,481	$6,294,866

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

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

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of $177,945. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$113,133	
Differences between actual and expected experience	573,534	($1,308,515)
Net difference between projected and actual earnings on OPEB plan investments	307,673	
Changes of assumptions	501,800	(494,905)
Total	$1,496,140	($1,803,420)

A total of $113,133 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Annual Amortization
2024	($326,644)
2025	41,457
2026	(24,411)
2027	(950)
2028	(134,155)
Thereafter	24,290
Total	($420,413)

NOTE 11 – LEASES

A. Policies

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes lease receivable or liabilities with an aggregate, individual value of $500,000 or more for Governmental Funds and $300,000 for Enterprise and all other funds, based on the future lease payments remaining at the start of the lease.

NOTE 11 – LEASES (Continued)

Lessor

The City is a lessor for noncancellable leases of buildings and facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses bond interest rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The City has no applicable leases over the threshold for GASB 87 implementation for the fiscal year 2023.

Lessee

The City is a lessee for the buildings located on 25 Park Place, Brisbane. City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. In fiscal year 2022, the City recorded lease liabilities with an initial value of $3,152,216. In fiscal year 2023, the City amended the lease contract increasing the value of the lease asset to $11,109,924.

At the commencement of a lease, City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

NOTE 11 – LEASES (Continued)

Key estimates and judgments related to leases include how City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments as follows:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, City generally uses bond interest rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Leases payable is summarized in Note 7 and Right-to-use Leased Equipment in Note 6.

B. Leases Payable (City as Lessee)

The terms and balances related to leases as of June 30, 2023 were:

Lessor	Property Address	Original Lease Date	Lease Ending Date	Term Duration (Years)	Remaining Lease Term (Years)	Extension Years
Orsini Court	25 Park Place	1/1/2022	12/31/2046	25	24	-

(Continued below)

Lessor	Expiration Date Including Options	Interest Exp	Principal Expenditures	Monthly Payment	Lease Asset	Lease Liability
Orsini Court	12/31/2046	$ 145,585	$158,915	various	$ 8,023,059	$8,409,967

NOTE 11 – LEASES (Continued)

The future principal and interest for lease as of June 30, were as follows:

For the Year Ended June 30	Principal	Interest	Total
2024	$170,747	$142,885	$313,632
2025	183,056	139,984	323,040
2026	195,862	136,874	332,736
2027	209,173	133,547	342,720
2028	223,005	129,993	352,998
2029 - 2033	1,365,722	586,756	1,952,478
2034 - 2038	1,780,035	457,761	2,237,796
2039-2043	2,304,857	289,369	2,594,226
2044-2049	1,977,510	78,288	2,055,798
Totals	$8,409,967	$2,095,457	$10,505,424

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

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

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.

NOTE 12 – RISK MANAGEMENT (Continued)

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

C. Long-Term Disability and Other Benefit Insurance

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

As of June 30, 2023, 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	$1,093,267
Changes to estimated claims liability	1,384,865
Claims paid	(801,171)
Ending balance of claims payable	$1,676,961
Current Portion	$555,188

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.

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

C. 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, 2023 were as listed below:

	Amount
General Fund	
Capital Projects Fund	
NPDES Special Revenue Fund	
Grant Special Revenue Fund	

D. 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.

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

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

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

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

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

The City paid its surcharge of $_______ during fiscal year 2023 which is included as a component of purchased water expenses in the Utility Enterprise Fund. The surcharge for fiscal year 2024 is estimated to be $79,459.

E. 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. In September 2014, all the municipalities signed an agreement to share in the construction costs for a new animal control center by repaying the County through a 30-year, interest-free lease agreement. Construction of the new animal shelter building was completed in 2020, and certificate of occupancy was issued. The municipalities' final shared responsibility was determined to be $25.7 million. Each municipalities' share of the annual lease payment is based on a methodology of a three-year average of shelter use and percentage of population, and is due each July 31st. The City's annual lease payment for FY2023-2024 is $_________.

NOTE 14 – SEGMENT INFORMATION

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

Utility Fund Statement of Net Position

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
ASSETS				
Current assets:				
Cash and investments	$294,201	($4,246,331)	$7,841,799	$3,889,669
Restricted cash	37	9	47	93
Accounts receivable, net	389,019	389,020	389,020	1,167,059
Taxes receivable			649	649
Interest receivable	6,025	3,949	8,333	18,307
Total current assets	689,282	(3,853,353)	8,239,848	5,075,777
Noncurrent assets:				
Capital assets:				
Non-depreciable	180,266	22,839	673,097	876,202
Depreciable, net	8,519,673	5,176,624	12,346,212	26,042,509
Total capital assets	8,699,939	5,199,463	13,019,309	26,918,711
Total noncurrent assets	8,699,939	5,199,463	13,019,309	26,918,711
Total assets	9,389,221	1,346,110	21,259,157	31,994,488
DEFERRED OUTFLOWS				
Deferred outflows related to pension	233,289	233,290	233,290	699,869
Deferred outflows related to OPEB	24,575	24,576	24,576	73,727
Total Deferred Outflows	257,864	257,866	257,866	773,596
LIABILITIES				
Current liabilities:				
Accounts payable	263,994	263,992	263,992	791,978
Accrued payroll	15,085	15,085	15,084	45,254
Interest payable	23,520	23,519	23,519	70,558
Compensated absences	9,324	3,698	3,413	16,435
Deposits	6,433	6,433	6,433	19,299
Bonds payable due within one year	138,334	138,333	138,333	415,000
Unearned revenue	238,782	238,782	238,782	716,346
Total current liabilities	695,472	689,842	689,556	2,074,870
Noncurrent liabilities:				
Compensated absences	27,972	10,239	11,095	49,306
Advances from other funds				
Bonds payable due in more than one year	1,768,333	1,768,333	1,768,334	5,305,000
Net pension liability	338,065	338,066	338,066	1,014,197
Net OPEB liability	68,003	68,004	68,004	204,011
Total noncurrent liabilities	2,202,373	2,184,642	2,185,499	6,572,514
Total liabilities	2,897,845	2,874,484	2,875,055	8,647,384
DEFERRED INFLOWS				
Deferred inflows related to pension	46,556	46,556	46,555	139,667
Deferred inflows related to OPEB	19,700	19,700	19,700	59,100
Total Deferred Inflows	66,256	66,256	66,255	198,767
NET POSITION				
Invested in capital assets, net of related debt	6,793,272	3,292,797	11,112,735	21,198,804
Restricted for:				
Capital projects	250,432	159,366	349,087	758,885
Unrestricted	(360,722)	(4,788,926)	7,113,892	1,964,244
Total net position	$6,682,982	($1,336,763)	$18,575,714	$23,921,933

NOTE 14 – SEGMENT INFORMATION (Continued)

Utility Fund Statement of Activities

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
OPERATING REVENUES:				
Charges for services	$1,949,472	$1,277,679	$2,696,251	$5,923,402
Total operating revenues	1,949,472	1,277,679	2,696,251	5,923,402
OPERATING EXPENSES:				
Costs of sales and services	$1,113,779	$1,526,347	$1,325,662	3,965,788
General and administrative	1,069,361	819,310	918,724	2,807,395
Depreciation	233,335	82,565	336,272	652,172
Total operating expenses	2,416,475	2,428,222	2,580,658	7,425,355
OPERATING INCOME (LOSS)	(467,003)	(1,150,543)	115,593	(1,501,953)
NONOPERATING REVENUES (EXPENSES):				
Taxes and assessments			34,827	34,827
Investment income	51,098	25,548	51,099	127,745
Interest expense	(86,755)	(21,673)	(108,367)	(216,795)
Total nonoperating revenues (expenses)	(35,657)	3,875	(22,441)	(54,223)
INCOME (LOSS) BEFORE TRANSFERS	(502,660)	(1,146,668)	93,152	(1,556,176)
Developer Contributions	60,000	-	-	60,000
Transfers in	15,851	15,852	15,852	47,555
Transfers out	(20,095)	(20,097)	(20,097)	(60,289)
Total transfers in and out	55,756	(4,245)	(4,245)	47,266
Change in net positions	(446,904)	(1,150,913)	88,907	(1,508,910)
NET POSITIONS:				
Beginning of year	7,129,886	(185,850)	18,486,807	25,430,843
End of year	$6,682,982	($1,336,763)	$18,575,714	$23,921,933

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	$1,998,709	$1,211,300	$2,625,487	$5,835,496
Cash payments to suppliers	(2,219,222)	(2,377,757)	(2,279,616)	(6,876,595)
Net cash provided (used) by operating activities	(220,513)	(1,166,457)	345,871	(1,041,099)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Taxes and assessments			34,603	34,603
Transfers in	15,851	15,852	15,852	47,555
Transfers out	(20,095)	(20,097)	(20,097)	(60,289)
Net cash provided (used) by noncapital financing activities	(4,244)	(4,245)	30,358	21,869
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of property, plant and equipment	260,137	(910,469)	650,333	1
Principal payment of debt	(133,332)	(133,335)	(133,333)	(400,000)
Interest paid	(88,689)	(23,608)	(110,301)	(222,598)
Developer contributions	60,000			60,000
Net cash provided (used) by capital and related financing activities	98,116	(1,067,412)	406,699	(562,597)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	49,030	24,142	48,357	121,529
Net cash provided (used) by investing activities	49,030	24,142	48,357	121,529
Net increase (decrease) in cash and cash equivalents	(77,611)	(2,213,972)	831,285	(1,460,298)
CASH AND CASH EQUIVALENTS:				
Beginning of year	371,849	(2,032,350)	7,010,561	5,350,060
End of year	$294,238	($4,246,322)	$7,841,846	$3,889,762
FINANCIAL STATEMENT PRESENTATION:				
Cash and cash equivalents	$294,201	($4,246,331)	$7,841,799	$3,889,669
Restricted cash	37	9	47	93
Total cash and cash equivalents	$294,238	($4,246,322)	$7,841,846	$3,889,762
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	($467,003)	($1,150,543)	$115,593	($1,501,953)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	233,335	82,565	336,272	652,172
Changes in current assets and liabilities:				
Accounts receivable	49,237	(66,379)	(70,764)	(87,906)
Accounts payable and accrued liabilities	16,182	16,180	16,180	48,542
Accrued payroll	409	409	407	1,225
Compensated absences		3,984	856	4,840
Deposits	290	290	290	870
Net pension liability, deferred inflows and deferred outflows	(57,289)	(57,289)	(57,289)	(171,867)
Net OPEB liability, deferred inflows and deferred outflows	4,326	4,326	4,326	12,978
Total adjustments	246,490	(15,914)	230,278	460,854
Net cash provided (used) by operating activities	($220,513)	($1,166,457)	$345,871	($1,041,099)

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, 2023 are discussed in Note 3.

B. Long-Term Obligations

Description	Balance June 30, 2022	Retirements	Balance June 30, 2023	Current Portion	Non-current Portion
2013 Tax Allocation Bonds	$6,615,000	($1,510,000)	$5,105,000	$1,570,000	$3,535,000
Total long-term debt	$6,615,000	($1,510,000)	$5,105,000	$1,570,000	$3,535,000
Loans payable to the City of Brisbane					
City Marina Enterprise Fund	$2,295,996		$2,295,996		$2,295,996
Total loans payable to the City	$2,295,996		$2,295,996		$2,295,996

C. 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, which is recorded as a Deferred Outflow – Deferred Charges on Refunding. The balance of the Deferred Outflow as of June 30, 2023 was $938,431.

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. The bond covenant contains events of default that require the revenue of the Successor Agency to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the Successor Agency to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the Successor Agency; or if any court or competent jurisdiction shall assume custody or control of the Successor Agency.

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

Total principal and interest remaining to be paid on the bonds is $5,498,294. Principal and interest paid for the current year was $1,768,884.

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

Year ending June 30:	Principal	Interest	Total
2024	$1,570,000	$195,098	$1,765,098
2025	1,645,000	129,272	1,774,272
2026	1,710,000	60,547	1,770,547
2027	90,000	6,521	96,521
2028	90,000	1,856	91,856
Total	$5,105,000	$393,294	$5,498,294

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. The Successor Agency submitted its last and final ROPS which was approved by the State Department of Finance in May 2018.

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, 2023, more than 13.60% of the City's General Fund's total revenues were derived from a single company.

NOTE 17 – SUBSEQUENT EVENTS

A. Bond issuance

In _____, 2023, the City issued the ____ Bonds in the amount of $______.

B. FEMA Assistance

In January 2023, the City incurred significant infrastructure damages due to the major storms that hit most of California. The City has received notification from FEMA that the City will receive grant funding to cover certain construction costs.

REQUIRED SUPPLEMENTARY INFORMATION

CalPERS Miscellaneous Cost-Sharing Defined Benefit Pension Plan
As of fiscal year ending June 30, 2023
Last 10 Years*

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

	Miscellaneous Plan				
Measurement Date	**6/30/2014**	**6/30/2015**	**6/30/2016**	**6/30/2017**	**6/30/2018**
Plan's Proportion of the Net Pension Liability/Asset	0.08842%	0.26367%	0.26663%	0.27216%	0.27979%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$5,501,793	$7,233,676	$8,890,553	$10,728,646	$10,544,479
Plan's Covered Payroll	$3,483,585	$3,911,732	$4,105,895	$4,485,437	$4,822,422
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered Payroll	157.93%	184.92%	216.53%	239.19%	218.66%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	83.03%	21.65%	25.24%	27.18%	25.57%

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

Miscellaneous Plan			
6/30/2019	**6/30/2020**	**6/30/2021**	**6/30/2022**
0.28626%	0.29337%	0.21971%	0.31739%
$11,463,436	$12,374,693	$4,171,920	$14,851,196
$5,116,913	$5,681,738	$6,036,451	$6,608,303
224.03%	217.80%	69.11%	224.74%
26.21%	27.01%	10.94%	38.95%

CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

CalPERS Miscellaneous Cost-Sharing Defined Benefit Pension Plan
As of fiscal year ending June 30, 2023
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

	Miscellaneous Plan				
Fiscal Year Ended June 30,	**2015**	**2016**	**2017**	**2018**	**2019**
Actuarially determined contribution	$608,408	$414,697	$867,272	$956,571	$1,116,863
Contributions in relation to the actuarially determined contributions	(608,408)	(414,697)	(867,272)	(956,571)	(1,116,863)
Contribution deficiency (excess)	$0	$0	$0	$0	$0
Covered payroll	$3,911,732	$4,105,895	$4,485,437	$4,822,422	$5,116,913
Contributions as a percentage of covered payroll	15.55%	10.10%	19.34%	19.84%	21.83%
Notes to Schedule					
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years as of the valuation date
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.15%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Misc., 60 yrs. Tier 2, 62 yrs. Tier 3
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2017 CalPERS Experience Study. The table includes 15 years of mortality improvements using the Society of Actuaries Scale BB.

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

CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

Miscellaneous Plan			
2020	**2021**	**2022**	**2023**
$1,321,787	$1,485,149	$1,637,353	$1,792,450
(1,321,787)	(1,485,149)	(1,637,353)	(1,792,450)
$0	$0	$0	$0
$5,681,738	$6,036,451	$6,608,303	$6,963,537
23.26%	24.60%	24.78%	25.74%
6/30/2018	6/30/2019	6/30/2020	6/30/2021

CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

CalPERS Safety Cost-Sharing Defined Benefit Pension Plan
As of fiscal year ending June 30, 2023
Last 10 Years*
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

	Safety Plan				
Measurement Date	**6/30/2014**	**6/30/2015**	**6/30/2016**	**6/30/2017**	**6/30/2018**
Plan's Proportion of the Net Pension Liability/Asset	0.10478%	0.16040%	0.17166%	0.17235%	0.17788%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$6,519,984	$6,609,094	$9,262,442	$10,298,325	$10,437,355
Plan's Covered Payroll	$2,604,534	$2,895,118	$2,549,311	$3,201,004	$3,050,669
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered Payroll	250.33%	228.28%	363.33%	321.72%	342.13%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	81.42%	18.66%	25.33%	25.59%	24.51%

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

Safety Plan			
6/30/2019	6/30/2020	6/30/2021	6/30/2022
0.18250%	0.18910%	0.34669%	0.21085%
$11,392,654	$12,598,788	$12,166,933	$14,488,529
$3,205,518	$3,087,221	$3,479,518	$3,877,024
355.41%	408.09%	349.67%	373.70%
25.38%	26.58%	19.13%	22.78%

CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

CalPERS Safety Cost-Sharing Defined Benefit Pension Plan
As of fiscal year ending June 30, 2023
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

	Safety Plan				
Fiscal Year ending June 30:	**2015**	**2016**	**2017**	**2018**	**2019**
Actuarially determined contribution	$544,677	$446,822	$824,601	$928,535	$1,074,377
Contributions in relation to the actuarially determined contributions	(544,677)	(446,822)	(824,601)	(928,535)	(1,074,377)
Contribution deficiency (excess)	$0	$0	$0	$0	$0
Covered payroll	$2,895,118	$2,549,311	$3,201,004	$3,050,669	$3,205,518
Contributions as a percentage of covered payroll	18.81%	17.53%	25.76%	30.44%	33.52%
Notes to Schedule					
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years as of the valuation date
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.15%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Safety, 57 yrs. Tier 2
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2017 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.

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

CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

Safety Plan			
2020	**2021**	**2022**	**2023**
$1,210,715	$1,400,561	$1,571,251	$1,734,220
(1,210,715)	(1,400,561)	(1,571,251)	(1,734,220)
$0	$0	$0	$0
$3,087,221	$3,479,518	$3,877,024	$3,879,797
39.22%	40.25%	40.53%	44.70%
6/30/2018	6/30/2019	6/30/2020	6/30/2021

CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

PARS Miscellaneous Plan, Agent-Multiple Employer Defined Benefit Plan
Last 10 Years*
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date, June 30:	**2015**	**2016**	**2017**	**2018**	**2019**
Plan total pension liability					
Service Cost	$15,613	$16,949	$17,288	$17,847	$18,204
Interest	27,586	32,611	36,104	35,112	39,287
Effect of plan changes					
Effect of liability gains or losses		4,039		10,905	
Effect of assumption changes or inputs		23,212	(29,530)		
Benefit payments					
Net change in total pension liability	43,199	76,811	23,862	63,864	57,491
Total pension liability - beginning	378,473	421,672	498,483	522,345	586,209
Total pension liability - ending (a)	$421,672	$498,483	$522,345	$586,209	$643,700
Plan fiduciary net position					
Administrative expenses	($1,799)	($1,878)	($2,104)	($2,408)	($2,617)
Member contributions					
Net investment income	8,348	166	40,594	27,708	33,121
Employer contributions	20,560	21,117	21,158	21,158	35,337
Net change in plan fiduciary net position	27,109	19,405	59,648	46,458	65,841
Plan fiduciary net position - beginning	342,254	369,363	388,768	448,416	494,874
Plan fiduciary net position - ending (b)	$369,363	$388,768	$448,416	$494,874	$560,715
Plan net pension liability (asset) - ending (a)-(b)	$52,309	$109,715	$73,929	$91,335	$82,985
Plan fiduciary net position as a percentage of the total pension liability	87.59%	77.99%	85.85%	84.42%	87.11%
Covered payroll	$215,862	$225,028	$229,529	$237,847	$247,000
Net pension liability (asset) as percentage of covered-employee payroll	24.23%	48.76%	32.21%	38.40%	33.60%

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

Source: PARS Valuation

CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

2020	2021	2022	2023
$17,181	$17,525	$16,841	$16,841
42,958	43,510	47,433	50,532
11,610		21,424	
(63,596)		(38,013)	
8,153	61,035	47,685	67,373
643,700	651,853	712,888	760,573
$651,853	$712,888	$760,573	$827,946
($2,940)	($3,530)	($3,980)	($3,747)
18,504	138,590	(108,805)	52,283
37,400	37,400	37,400	38,838
52,964	172,460	(75,385)	87,374
560,715	613,679	786,139	710,754
$613,679	$786,139	$710,754	$798,128
$38,174	($73,251)	$49,819	$29,818
94.14%	110.28%	93.45%	96.40%
$251,940	$263,451	$263,451	$263,451
15.15%	-27.80%	18.91%	11.32%

CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

PARS Miscellaneous Plan, Agent-Multiple Employer Defined Benefit Plan
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year ended June 30:	2015	2016	2017	2018	2019
Actuarially determined contributions	$20,560	$21,117	$21,158	$21,158	$35,337
Contributions in relation to the actuarially determined contributions	(20,560)	(21,117)	(21,158)	(21,158)	(35,337)
Contribution deficiency (excess)					
Covered payroll	$215,862	$225,028	$229,529	$237,847	$247,000
Contributions as a percentage of covered payroll	9.52%	9.38%	9.22%	8.90%	14.31%
Notes to Schedule					
Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Asset valuation method	Market Value
Inflation	2.50%
Salary increases	2.00%
Investment rate of return	6.5%, net of pension plan investment expense, including inflation (7.0% for fiscal year 2016 and prior)
Retirement age	100% retirement assumed at age 68
Mortality	Pre-Retirement: Consistent with the Non-Industrial rates used to value the Miscellaneous Public Agency CalPERS Pension Plans after June 30, 2017. Post-Retirement: Consistent with the Non-Industrial rates used to value the Miscellaneous Public Agency CalPERS Pension Plans after June 30, 2017.

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

Source: City's general ledger and PARS Actuarial Valuation

2020	2021	2022	2023
$37,400	$37,400	$37,400	$38,838
(37,400)	(37,400)	(37,400)	(38,838)
$251,940	$263,451	$263,451	$263,451
14.84%	14.20%	14.20%	14.74%
6/30/2018	6/30/2019	6/30/2021	6/30/2022

CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

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

For the Measurement Period Ended June 30	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	$220,254	$213,187	$218,316	$192,805	$216,149	$259,497
Interest	562,248	443,442	464,182	534,815	534,725	450,032
Changes of benefit terms						
Differences between expected and actual experience	(905,016)		1,384,906	(131,962)	(1,567,041)	47,929
Changes of assumptions	(1,676,108)	16,310	(664,205)	392,074	213,210	158,569
Benefit Payments	(246,909)	(219,950)	(241,551)	(253,735)	(245,509)	(355,455)
Implicit rate subsidy fulfilled	(162,600)	(104,418)	(93,910)	(122,211)	(141,442)	(118,682)
Net change in Total OPEB Liability	(2,208,131)	348,571	1,067,738	611,786	(989,908)	441,890
Total OPEB Liability at beginning of year	8,980,463	7,027,752	7,376,323	8,444,061	9,055,847	8,065,939
Total OPEB Liability at end of year	6,772,332	$7,376,323	$8,444,061	$9,055,847	$8,065,939	$8,507,829
Plan Fiduciary Net Position						
Contributions - employer	$346,909	$619,950	$641,551	$853,735	$678,405	$355,455
Implicitly subsidy - employer	162,600	104,418	93,910	122,211	745,509	118,682
Contributions - member						
Net investment income	74,661	79,874	121,293	105,672	141,442	(517,416)
Benefit payments	(246,909)	(219,950)	(241,551)	(253,735)	(245,509)	(355,455)
Implicit rate subsidy fulfilled	(162,600)	(104,418)	(93,910)	(122,211)	(141,442)	(118,682)
Administrative expenses	(1,353)	(3,123)	(4,352)	(14,509)	(19,916)	(23,379)
Net change in Plan Fiduciary Net Position	173,308	476,751	516,941	691,163	1,158,489	(540,795)
Plan Fiduciary Net Position at beginning of year	1,022,421	1,195,729	1,672,480	2,189,421	2,880,584	4,039,073
Plan Fiduciary Net Position at end of year	$1,195,729	$1,672,480	$2,189,421	$2,880,584	$4,039,073	$3,498,278
City's Net OPEB Liability (Asset) at end of year	$5,576,603	$5,703,843	$6,254,640	$6,175,263	$4,026,866	$5,009,551
Plan's Fiduciary Net Position as percentage of Total OPEB Liability	17.0%	22.7%	25.9%	31.8%	50.1%	41.1%
Covered Payroll	$6,789,392	$6,976,100	$7,088,924	$8,425,996	$9,305,238	$10,058,563
Net OPEB Liability as percentage of covered-employee payroll	85.90%	81.80%	88.23%	73.30%	43.30%	49.80%

Notes:

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

CITY OF BRISBANE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

OPEB Plan
Schedule of Employer Contributions
Last Ten Fiscal Years*

For the Fiscal Year Ended June 30	2018	2019	2020	2021	2022	2023
Actuarially determined contributions	$794,015	$621,742	$672,857	$711,821	$586,593	$650,426
Contributions in relation to the actuarially determined contribution	509,509	724,368	735,461	975,946	886,951	474,137
Contributions deficiency (excess)	$284,506	($102,626)	($62,604)	($264,125)	($300,358)	$176,289
Covered Payroll	$6,789,392	$6,976,100	$7,088,924	$8,425,996	$9,305,238	$10,058,563
Contributions as a percentage of covered payroll	7.50%	10.38%	10.37%	11.58%	9.53%	4.71%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation date	6/30/2022
Actuarial cost method	Entry Age normal, level percent of pay
Amortization method	Closed period, level percent of pay
Remaining amortization period	20 years
Inflation	2.30%
Projected salary increases	2.80%
Healthcare trend rate	7.00%, trending down to 4.04%
Rate of Return on Assets	5.45%
Mortality rate	CalPERS Rates
Retirement Rate	CalPERS Rates

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

1. A City Council goal setting session is scheduled to determine the major objectives of the City's financial plan for the year. Goals are approved by the Council and incorporated into a detailed preliminary budget, which is issued for public comment. After a series of public hearings, the budget is adopted by the City Council prior to the beginning of the ensuing fiscal year (July 1).

2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, certain special revenue funds, and the debt service funds. The Fire Training, Contract Employees, Tree Plant and Habitat Conservation Special Revenue Funds are special revenue funds with single focus purpose that when needed are approved by City Council or part of an existing contract and therefore did not have adopted budgets for the fiscal year. The capital projects funds did not have adopted budgets for the fiscal year, but all capital projects are approved by City Council prior to commitment. The legal level of budgetary control is the fund level.

4. Budgets for those governmental funds budgeted are adopted on a basis consistent with GAAP.

5. Under Article XIIIB of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2023, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.

6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. These necessary supplemental appropriations were immaterial in relation to the budget as originally adopted. The Administrative Services Director must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.

7. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered are re-budgeted for the coming year.

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SUPPLEMENTAL INFORMATION

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

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

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

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Dental Self-Insurance	Fringe Benefits	Flexible Benefits	General Liability
ASSETS				
Current Assets:				
Cash and investments	$2	$151,303	$77	$9,444
Restricted cash and investments				
Accounts receivable, net		96,672	2,977	
Interest receivable		679		
Total Assets	2	248,654	3,054	9,444
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	8,227	321	2,957	
Due to other funds	91,741		1,768	746,046
Accrued payroll		218,842		
Interest payable				2,022
Accrued claims payable				13,988
Total Current Liabilities	99,968	219,163	4,725	762,056
Noncurrent Liabilities:				
Accrued claims payable				23,773
Total Liabilities	99,968	219,163	4,725	785,829
NET POSITION				
Unrestricted	(99,966)	29,491	(1,671)	(776,385)
Total Net Position (Deficits)	($99,966)	$29,491	($1,671)	($776,385)

Workers' Compensation	OPEB Fund	Vehicle Replacement Fund	Facilities Maintenance	Total
	$1,090,851	$607,568	$294,256	$2,153,501
$174,419				174,419
			1,320	100,969
	4,892	2,724		8,295
174,419	1,095,743	610,292	295,576	2,437,184
26,674		20		38,199
48,714		13,790		902,059
11,172				230,014
218				2,240
541,200				555,188
627,978		13,810		1,727,700
1,098,000				1,121,773
1,725,978		13,810		2,849,473
(1,551,559)	1,095,743	596,482	295,576	(412,289)
($1,551,559)	$1,095,743	$596,482	$295,576	($412,289)

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Dental Self-Insurance	Fringe Benefits	Flexible Benefits	General Liability
OPERATING REVENUES				
Charges for sales and services	$154,923			$880,211
Other revenue				
Total Operating Revenues	154,923			880,211
OPERATING EXPENSES				
Cost of sales and services				
General and administrative	129,554			1,031,831
Other expenses				
Total Operating Expenses	129,554			1,031,831
Operating Income (Loss)	25,369			(151,620)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	(702)	$2,976	$8	(29,132)
Total Nonoperating Revenues (Expenses)	(702)	2,976	8	(29,132)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	24,667	2,976	8	(180,752)
Transfers in				
Change in Net Position	24,667	2,976	8	(180,752)
BEGINNING NET POSITION (DEFICIT)	(124,633)	26,515	(1,679)	(595,633)
ENDING NET POSITION (DEFICIT)	($99,966)	$29,491	($1,671)	($776,385)

Workers' Compensation	OPEB Fund	Vehicle Replacement Fund	Facilities Maintenance	Total
$616,140	$599,412			$2,250,686
5,689				5,689
621,829	599,412			2,256,375
	26,399			26,399
1,654,114				2,815,499
145,451	377,605	$681,413		1,204,469
1,799,565	404,004	681,413		4,046,367
(1,177,736)	195,408	(681,413)		(1,789,992)
(2,060)	8,290	4,482	$5,664	(10,474)
(2,060)	8,290	4,482	5,664	(10,474)
(1,179,796)	203,698	(676,931)	5,664	(1,800,466)
		541,447		541,447
(1,179,796)	203,698	(135,484)	5,664	(1,259,019)
(371,763)	892,045	731,966	289,912	846,730
($1,551,559)	$1,095,743	$596,482	$295,576	($412,289)

CITY OF BRISBANE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Dental Self-Insurance	Fringe Benefits	Flexible Benefits	General Liability
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received to/ from customers	$154,923	$4,048	$21	$880,211
Cash payments to suppliers	(144,052)			(1,057,337)
Cash Flows from Operating Activities	10,871	4,048	21	(177,126)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to other funds receipts	(10,168)			211,143
Transfers in				
Cash Flows from Noncapital Financing Activities	(10,168)			211,143
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest paid	(701)			(27,600)
Interest income		2,624	8	
Cash Flows from Investing Activities	(701)	2,624	8	(27,600)
Net Cash Flows	2	6,672	29	6,417
Cash and investments at beginning of period		144,631	48	3,027
Cash and investments at end of period	$2	$151,303	$77	$9,444
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	$25,369			($151,620)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Accounts receivable		$681		
Accounts payable and accrued liabilities	(14,498)	(139,599)	$21	
Accrued payroll		142,966		
Accrued claims payable				(25,506)
Cash Flows from Operating Activities	$10,871	$4,048	$21	($177,126)

Workers' Compensation	OPEB Fund	Replacement Vehicle Fund	Facilities Maintenance	Total
$621,829	$599,109		($667)	$2,259,474
(1,167,604)	(404,004)	($683,008)		(3,456,005)
(545,775)	195,105	(683,008)	(667)	(1,196,531)
48,714		107		249,796
		541,447		541,447
48,714		541,554		791,243
(705)				(29,006)
	5,408	3,441	5,664	17,145
(705)	5,408	3,441	5,664	(11,861)
(497,766)	200,513	(138,013)	4,997	(417,149)
672,185	890,338	745,581	289,259	2,745,069
$174,419	$1,090,851	$607,568	$294,256	$2,327,920
($1,177,736)	$195,408	($681,413)		($1,789,992)
			($667)	14
21,837	(303)	(1,595)		(134,137)
924				143,890
609,200				583,694
($545,775)	$195,105	($683,008)	($667)	($1,196,531)

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, 2023, and have issued our report thereon dated DATE.

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) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

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City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Pleasant Hill, California
DATE