



COMPREHENSIVE Annual Financial Report Fiscal Year Ended June 30, 2016



City of Brentwood
150 City Park Way
Brentwood, CA 94513

For Fiscal Year Ended June 30, 2016

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December 13, 2016

The Honorable Mayor, Members of the City Council and Citizens of Brentwood
Brentwood, California 94513

Dear Mayor, Members of the City Council and Citizens of Brentwood:

We are pleased to submit the Comprehensive Annual Financial Report for the City of Brentwood, California, for the fiscal year (FY) ended June 30, 2016. The City of Brentwood annually publishes a complete set of financial statements, presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited by an independent, certified public accounting firm.

The City's Administrative Services Department has prepared this report. Responsibility for both the accuracy of the data and the completeness and fairness of the information, including all disclosures, rests with the City. To the best of the City staff's knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of the operations of the various entities of the City of Brentwood. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. GAAP requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

INTERNAL CONTROLS

Accounting for all of the City's activities is centralized under the Administrative Services Department. The department has been delegated the responsibility for maintaining the integrity of the City's recorded financial data and, in conjunction with the City's management, is also responsible for establishing and maintaining an internal control structure designed to ensure that the City's assets are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable assurance these objectives are met, while recognizing that this assurance is not absolute. The concept of reasonable assurance recognizes: 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. City management believes the existing internal control systems are adequate to provide reasonable assurance the City's assets are safeguarded against loss and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. This belief is supported by the "Unmodified" Audit opinion issued by the City's independent external auditors for the fiscal year ended June 30, 2016.

INDEPENDENT AUDIT

The City Council is responsible for: 1) assuring the City administration fulfills its responsibilities in the preparation of the financial statements and 2) engaging certified public accountants with whom the City Council reviews the scope of the audit and the accounting principles to be applied in financial reporting.

The Government Code of the State of California requires general law cities, such as the City of Brentwood, to have its financial statements audited by an independent certified public accountant. Accordingly, this year's audit was completed by the accounting firm of Maze & Associates. The firm was engaged by the City Council to render an opinion on the City's financial statements in accordance with auditing standards generally accepted in the United States of America. To ensure complete independence, Maze & Associates presents the results of their assessment of the adequacy of internal accounting controls and the quality of financial reporting directly to the City Council. The auditor's report on the basic financial statements is the first item in the accompanying Financial Section.

In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements.

PROFILE OF BRENTWOOD

The City of Brentwood encompasses approximately 14.83 square miles. It was founded in 1878 and incorporated in 1948 as a general law city under the laws of the State of California. Brentwood is located in eastern Contra Costa County, 55 miles east of San Francisco and 62 miles south of Sacramento. The City is governed by a five member City Council, under the Council-Manager form of government. As of January 1, 2016, the City had an estimated population of 58,784.

The City provides a full range of services including: Police, Public Works, Economic Development, Planning, Building, Engineering and Inspection, Parks and Recreation, Housing and General Administrative services. The City also operates public water and wastewater utilities, as well as garbage collection and disposal services and a recycling program. All of these services are accounted for in the City's financial statements. Additionally, the City will be opening a Police Dispatch Center late in FY 2016/17 which will handle all of the City's 9-1-1 calls and ensure the City's control over the quality of service provided to its residents.

The City had been financially accountable for the Brentwood Redevelopment Agency prior to its dissolution, which became effective February 1, 2012 as a matter of State law. At that time, the City opted to become the Successor Agency to the Brentwood Redevelopment Agency ("Successor Agency"). Financial data of the Successor Agency has been segregated in a private-purpose trust fund. In addition, the City is financially accountable for the Brentwood Infrastructure Financing Authority (the "Authority"), a component unit of the City. Although a legally separate entity, this blended component unit is also substantively part of the government's operations. Financial data for the Authority is combined with the data of the primary government. For accounting purposes, the Authority, the Successor Agency and the City all have a June 30 year-end date. See Note #1A for a more detailed discussion of the reporting entity.

The City's annual budget serves as the foundation for planning and controlling the City's finances. As such, the City maintains extensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. For additional budgetary information see Note #2A. The City operates on a two-year budget cycle with the budget process beginning in December and culminating in final Council approval in June. The newly adopted two-year budget is then formally reviewed by the City Council at a public meeting every six months for adjustments. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Proprietary Funds, Internal Service Funds and certain Capital Project Funds are included in the annual appropriated budget.

ECONOMIC CONDITION AND FINANCIAL OUTLOOK

The City experienced a period of growth from the mid 1990's to the mid 2000's. During this period, the population of the City more than tripled. Development activity slowed dramatically in 2007 as the impacts from the recession began to be felt. Conditions worsened over the course of the next several years with the City's assessed valuation (AV) falling by one third. However, beginning in FY 2012/13 development activity began to pick up and the housing market improved. These increases continued into FY 2013/14, as the City's property tax revenues, historically the General Fund's top revenue source, rose for the first time following five years of declines. In FY 2013/14 the City issued 500 single family residential permits, followed by 451 permits and an 18.64% AV increase in FY 2014/15. Permit issuance remained strong in FY 2015/16 at 519 permits and a 12.28% AV increase. Revenues, such as property tax, development related fees, community facilities district revenues and sales tax are all affected positively from increased development activity either directly from fees received or indirectly due to increased population.

The City's sales tax revenues remained stable throughout the recession and, over the past several years, have continued to post annual increases. The City's sales tax revenues are expected to show modest annual increases as population and consumer activity continue to rise and businesses continue to view Brentwood as an attractive location.

While revenues fell during the recession, demand for services continued to escalate. The City has seen higher levels of expenditures due to increases in the City's pension contribution requirements, funding requirements for Other Post-Employment Benefits (OPEB) and other operational expenditure increases needed to provide necessary services to a growing population. The City, however, has remained vigilant in maintaining its fiscal strength and in recent years cost saving measures, along with one-time revenues, have allowed the City to maintain a balanced General Fund budget and Unassigned Fund Balance of at least 30% of the annual operating appropriations and transfers.

The historic drought in California has created fiscal challenges for the City's Water Enterprise Fund. State mandated reductions in water consumption have reduced revenues, while at the same time the City has incurred new drought-related conservation program costs. Although the City recently completed a rate study to account for this new level of water conservation, the longer-term fiscal impacts of the drought are still being determined.

Balanced Budget

The City's Budget and Fiscal Policy requires the City to maintain a balanced General Fund budget over the two-year period of the Financial Plan. This means that each fiscal year, current revenues must meet or exceed operating expenditures, including debt service. Use of fund balance commitments to offset

non-operating expenditures may allow for current expenditures to exceed current revenues in a fiscal year. City staff will present General Fund budgets for City Council consideration that maintain 30% of the annual operating appropriations and transfers in the unassigned fund balance. The City will also strive to maintain cash reserves in the Enterprise Funds of 30% of annual operating appropriations and transfers.

Long-Term Financial Planning

To help ensure the City remains financially healthy in the future, a General Fund Fiscal Model (“Fiscal Model”) is prepared and presented annually to the City Council. The Fiscal Model provides detailed analysis and projections of the next ten years of revenues, expenses and fund balance of the General Fund. The Fiscal Model provides the City Council with a tool to help determine the financial feasibility of priorities and goals they may wish to adopt through the strategic planning process. The Fiscal Model can also alert management and the City Council of potential future financial changes and affords them the time to develop practical solutions with minimal impacts to the services provided to the residents of Brentwood.

The Fiscal Model projects the City will achieve a balanced General Fund budget for each year of the model, including transfers in from the Pension/OPEB Obligation fund. This fund is comprised of accumulated General Fund savings from previous fiscal years and can be used for budget stabilization purposes. By the final year of the forecast, the Fiscal Model projects that the City is on-course to achieve a balanced budget without the use of transfers from the Pension/OPEB Obligation Fund. Use of the fund allows the City to meet the goal of maintaining 30% of the annual operating appropriations and transfers in the General Fund’s unassigned fund balance throughout the ten-year period.

As mentioned above, development activity and property values have rebounded over the last several years. This has reduced the City’s reliance upon one-time revenues. Ultimately, achieving a General Fund balanced budget will still take several years, as most of the new revenue generated through the current economic recovery will be consumed by increasing demands for services driven by growth in population and development. The reliance on one-time revenues from the Pension/OPEB Obligation Fund could become a cause for concern if development activity slows in the event of an economic downturn.

The City is also facing increasing expenses in several areas of operations, including the opening of the Police dispatch center. The City has elected to proactively address its unfunded OPEB obligation by significantly increasing trust contributions. At the same time, rising pension contribution requirements, while helping to reduce the unfunded pension liability, result in a decrease of financial resources available for other uses. Additionally, the City, as Successor Agency, has agreed to repay the State for certain capital project transfers made from the former Brentwood Redevelopment Agency to the City. Payments totaling \$14.6 million will be made from the General Fund over the next ten years.

Along with the Fiscal Model, the City internally prepares ten-year projections for the Solid Waste, Water and Wastewater Enterprises. These projections serve a similar purpose as the Fiscal Model in providing tools for City staff to analyze the health of the Enterprises and identify potential future economic changes allowing sufficient time to develop solutions. Rate studies are conducted periodically to ensure the Enterprise rates are sufficient to cover: operating expenses; capital improvements; upgrades and costs associated with meeting both State and Federal guidelines and regulations. The ten-year projections provide the essential support needed to complete these rate studies.

Enhancing the quality of life for the citizens of Brentwood is a high priority for the City Council and requires planning and allocation of resources. To ensure that a high quality of life continues to be the City's focus into the future, in February of 2016, the City Council adopted the FY 2016/17 & FY 2017/18 City of Brentwood Strategic Plan ("Strategic Plan") that further enhanced planning efforts and identification of City Council priorities. The ongoing strategic planning process will serve our community well by ensuring that the services and projects that support an enhanced quality of life in our community remain a priority. The costs associated with the Strategic Plan are built into the City's long-term financial models.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brentwood for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

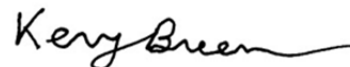
ACKNOWLEDGEMENTS

A great deal of effort and attention to detail, representing many hours of work by staff members throughout the organization, is required to produce a report of this quality. We would like to express our appreciation to all of the City Departments who have taken the time to participate in the development of this year's Comprehensive Annual Financial Report. Special recognition is given to the Administrative Services Department and specifically the Business Services and Financial Services staff. We wish to thank and express our appreciation to the Mayor and the City Council for providing clear policy direction and goals which have been used to prepare this Comprehensive Annual Financial Report along with their interest and support in planning and conducting the financial activities of the City in a responsible manner.

Respectfully submitted,



Gustavo "Gus" Vina
City Manager



Kerry Breen
City Treasurer
Director of Administrative Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Brentwood
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

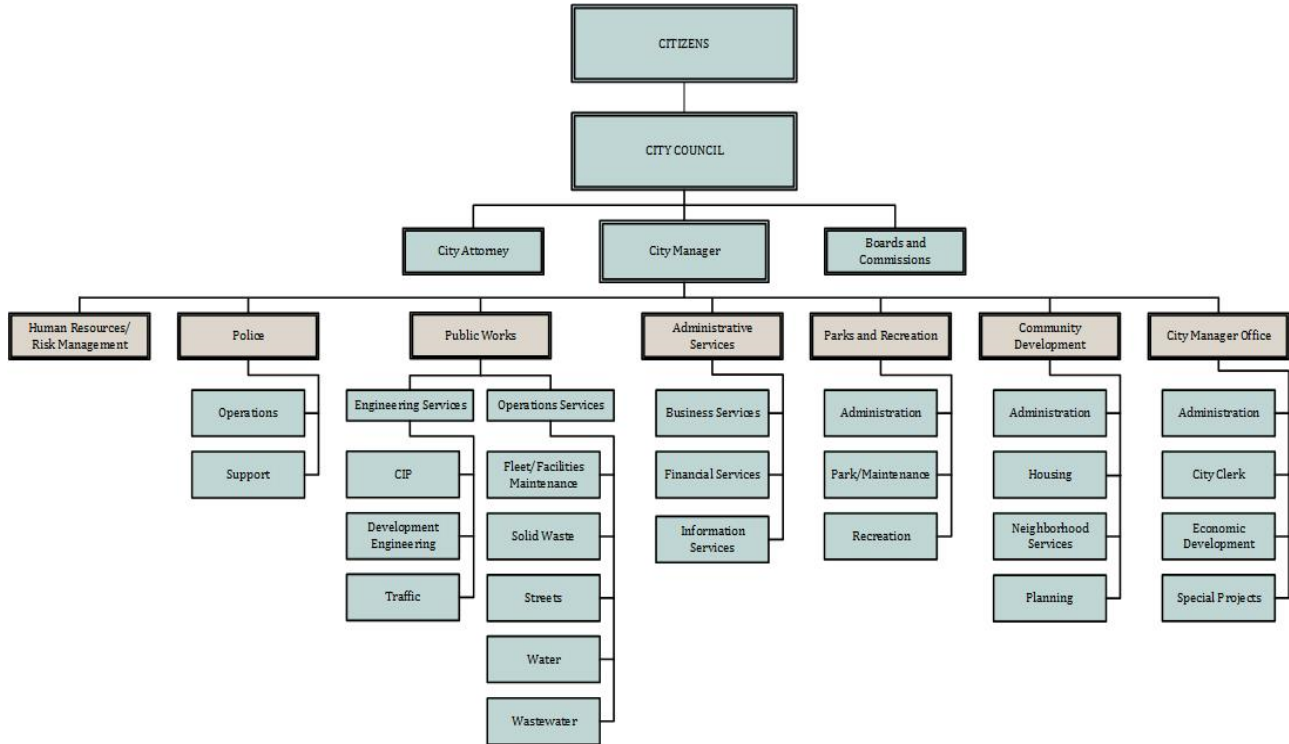
City Council

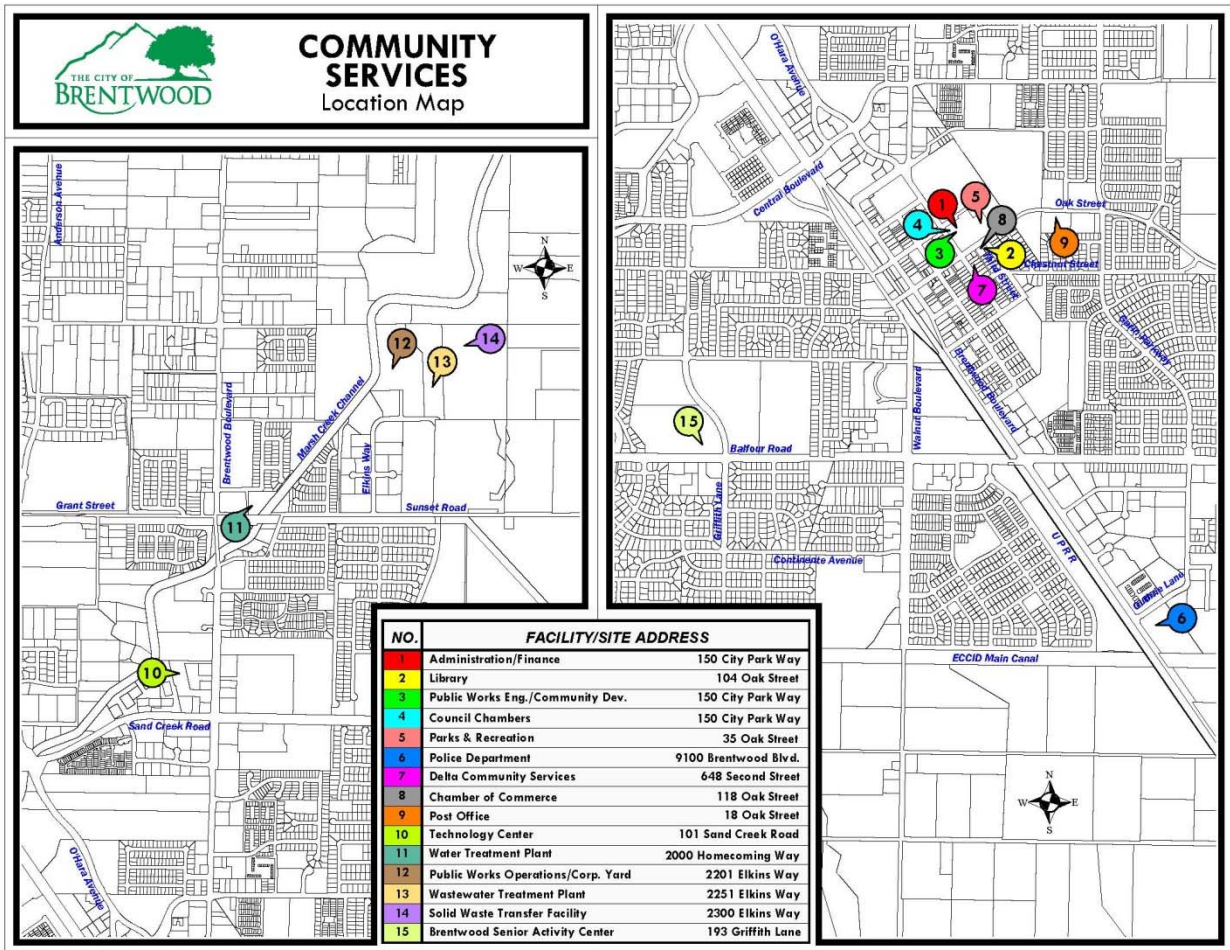
Robert Taylor Mayor
Joel Bryant..... Vice Mayor
Steve Barr Council Member
Gene Clare..... Council Member
Erick Stonebarger Council Member

Executive Team

Gustavo "Gus" Vina..... City Manager
Damien Brower City Attorney
Kerry Breen City Treasurer/Director of Administrative Services
Mark Evenson Chief of Police
Casey McCann.....Director of Community Development
Bruce Mulder Director of Parks and Recreation
Miki Tsubota Director of Public Works/City Engineer

Organizational Chart





Mission Statement

Bringing Brentwood's Vision to Reality



Vision and Culture

We are an organization of dedicated professionals working together to make Brentwood the very best, preserving its rich heritage and keeping Brentwood in the hearts of the people.

Awards

The City prides itself on providing quality services to the community. Following is a list of awards acknowledging these achievements in quality.

The City was named a **“Playful City USA”** community for 2016 by KaBOOM! a national non-profit dedicated to bringing play back into children’s lives.

The City was recognized by the Arbor Day Foundation as a **“Tree City USA Community”** for 2015.

The City received the Government Finance Officers Association (GFOA) Award for the following:

“Excellence in Financial Reporting for Fiscal Year 2014/15”

The City received the California Society of Municipal Finance Officers (CSMFO) Award for the following:

“Capital Budget Excellence Award for Fiscal Year 2015/16”



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Brentwood, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matters

Redevelopment Agency Dissolution

As discussed in Note 12, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Brentwood Redevelopment Agency was dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective January 31, 2012. Certain transactions undertaken by the Brentwood Redevelopment Agency prior to the date of dissolution are subject to review by the State as discussed in Note 12.

AB1484 requires the Successor Agency to complete two Due Diligence Reviews (DDR) to determine the amount of the remaining assets that should be transferred by the City to the Successor Agency or by the Successor Agency to the County for distribution to the affected taxing entities. In February 2013, the State Department of Finance (DOF) completed its review of the DDR of the Low and Moderate Housing Fund's cash balance available for allocation to the affected taxing entities. The DDR indicated assets totaling \$83,053 were to be returned, but that amount was adjusted by the DOF to \$4,072,553. The City and Successor Agency complied with the DOF's determination by transmitting payments to the County Auditor-Controller in January and February 2013.

In May 2013, the DOF completed its review of the DDR of all other funds of the former Redevelopment Agency. The DDR indicated there were no assets available for allocation to the affected taxing entities, but that amount was adjusted by the DOF to \$14,955,931. The City disputed the adjustments and filed a lawsuit against the DOF related to the DDR adjustments in 2013. On April 2, 2014, the Court ruled against the City and Successor Agency regarding cash transfers, but did not rule on the legality of the property transfers. The City and Successor Agency appealed the decision, but the Court again ruled against the City and Successor Agency in September 2015, as discussed in Note 6A(ii) to the financial statements. On December 9, 2015, the City entered into a ten-year interest free payment plan with the DOF to pay the DDR demand of \$14,955,931.

In addition, Health and Safety Code Sections 34167.5 and 34178.8 direct the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. The State conducted its review and in its July 2015 report indicated that the former Redevelopment Agency had made unallowable transfers of cash and land to the City totaling \$16,319,919.

As discussed above, the City entered into a repayment plan with the DOF in the amount of \$14,955,931. Following the initial communication in July 2015, the State Controller's Office as made no further demands for the return of assets to the Successor Agency. The City's position on this matter is not a position of settled law and there is considerable legal uncertainty regarding this matter. It is possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorably or unfavorably to the City. No provision for liabilities resulting from the outcome of this uncertain matter related to the demand by the State Controller's Office has been recorded in the financial statements.

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

Restatement of Net Position

As discussed in Note 15, the City restated the balance of notes payable in the Water Enterprise Fund. The emphasis of this matter does not constitute a modification to our opinions.

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2016 as discussed in Notes 1D(xv) and 3 to the financial statements:

Statement No. 72 – *Fair Value Measurement and Application*

Management early-implemented the provisions of the following Governmental Accounting Standards Board Statement during the year ended June 30, 2016 as noted in the Pension-Related Required Supplementary Information:

Statement No. 82 – *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

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

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Mary & Associates".

Pleasant Hill, California
November 10, 2016

This discussion and analysis of the City of Brentwood's ("the City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the Letter of Transmittal, the Basic Financial Statements and the accompanying Notes to the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$790.0 million. Of this amount, \$70.0 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$14.6 million, with \$9.8 million attributable to governmental activities and \$4.8 million attributable to business-type activities. Continuing strong development activity is primarily responsible for the increases as the City issued 519 single-family building permits during the fiscal year which resulted in additional permit and development impact fees as well as increases for developer dedicated infrastructure.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$122.6 million, an increase of \$19.6 million in comparison to the prior year. Increased development activity and the issuance of \$11.5 million of 2015 Lease Financing Bonds for the purpose of funding capital projects for community facilities were the primary drivers of this increase.
- The City's total long-term obligations increased by \$14.6 million mainly due to the issuance of \$11.5 million of 2015 Lease Financing Bonds for the purpose of funding capital projects for community facilities, an increase in the amount due under an agreement with the Department of Finance of \$2.5 million for repayment of assets transferred to the City from the Successor Agency, an increase from an agreement with Contra Costa Water District for the purchase of capacity rights of \$8.4 million and an increase of \$3.1 million in the net pension liability offset by annual debt service.
- Internal Service Funds have a net position of \$55.2 million at year end, which is an increase of \$4.6 million from the prior year. The increase is attributable mainly to a \$2.2 million increase in the Parks and LLAD Replacement Fund and a net increase of \$1.3 million in the Pension/OPEB Obligation Fund. These increases are indicative of the City's commitment to ensure sufficient funding is available for the replacement of parks assets and for managing the rising costs of pensions and retiree medical benefits. A significant source of this increase was funded through General Fund transfers.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City and its component units using the blended approach as prescribed by government accounting standards. The City's basic financial statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Basic Financial Statements.

The **Government-Wide Financial Statements** present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City, including infrastructure, as well as all liabilities, including long-term debt. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

Governmental Activities – Most of the City's basic services are reported in this category including the General Government, Public Safety, Community Development, Engineering, Public Works, Community Services and Parks and Recreation. Property and sales taxes, user fees, interest income, franchise fees and state and federal grants finance these activities.

Business-Type Activities – The City charges a fee to customers to cover all or most of the costs of certain services it provides. The City's Wastewater, Solid Waste, Water, City Rentals and Housing activities are reported in this category.

The **Statement of Net Position** and the **Statement of Activities and Changes in Net Position** report information about the City as a whole. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid. In addition, these two statements report the City's net position and changes in them. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads. The Government-Wide Financial Statements can be found on pages 19 – 20 of this report.

The **Fund Financial Statements** provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it's meeting legal responsibilities for using certain taxes, grants or other money.

The City's Fund Financial Statements are divided into three categories – Governmental Funds, Proprietary Funds and Fiduciary Funds. The Governmental Fund financials are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The Proprietary Fund financials are prepared using the economic resources measurement focus and the accrual basis of accounting. The City's Fiduciary Funds include Agency Funds, which are purely custodial in nature and do not involve a measurement of operational results, and Private-Purpose Trust Funds which, in addition to being custodial in nature, also include operational activities under which the principal and income benefit several specific local taxing entities. While both Agency and Private-Purpose Trust Funds include a Statement of Net Position, only the latter is required to include a Statement of Changes in Net Position. The Fund Financial Statements can be found on pages 21 – 29 of this report.

Governmental Funds – Most of the City's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The Governmental Fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental Fund information helps determine whether

there are more or fewer financial resources, which can be spent in the near future, to finance the City's programs. The differences of results in the Governmental Fund Financial Statements, to those in the Government-Wide Financial Statements, are explained in a reconciliation following each Governmental Fund Financial Statement. The Governmental Fund Financial Statements can be found on pages 21 – 24 of this report.

Proprietary Funds – When the City charges customers for services it provides, whether to outside customers or other units of the City, these monies are generally reported in Proprietary Funds. The City maintains two different types of Proprietary Funds – Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as business-type activities in the Government-Wide Financial Statements. Examples of Enterprise Funds include Water and Solid Waste. Internal Service Funds are used to report activities which provide supplies and services for the City's other programs and activities. Two examples are the Information Systems Replacement Fund and the Fleet Maintenance Services Fund. Internal Service Funds are reported with governmental activities in the Government-Wide Financial Statements, found on pages 19-20 of this report.

Proprietary Fund Financial Statements provide a more detailed version of the information provided in the Government-Wide Financial Statements. Cash flows for the Enterprise Funds and the Internal Service Funds are provided, as well as combining statements for the individual Internal Service Funds. The Proprietary Fund Financial Statements can be found on pages 25 – 27 of this report.

Fiduciary Funds – The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners, governmental agencies and others. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the Government-Wide Financial Statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Fiduciary Fund Financial Statements can be found on pages 28 – 29 of this report.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Basic Financial Statements can be found on pages 30 – 104 of this report.

Required Supplementary Information

In addition to the basic financial statements, and accompanying notes, this report also presents certain Required Supplementary Information concerning budgetary comparison schedules for the General Fund and schedules related to the City's net pension liabilities, net OPEB obligation and contributions. Required Supplementary Information can be found on pages 105 – 110 of this report.

Combining and Individual Fund Statements and Schedules

Combining and individual fund statements and schedules for the following can be found on pages 111 – 139 of this report including: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – 2015 Lease Financing Acquisition Fund, Non-Major Governmental Funds, Internal Service Funds and Fiduciary Funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net position for the City as a whole increased by \$14.6 million or 1.9%, from \$775.4 million at June 30, 2015 to \$790.0 million at June 30, 2016. The increase is summarized in by the change in net position as recorded in the Statement of Activities, which flows through the Statement of Net Position. Restricted net position accounted for \$6.7 million of the increase and was driven mainly by development activity. Net investment in capital assets was nearly unchanged on a percentage basis. Although the City's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources which are subject to external restrictions on how they may be used. This restricted amount is \$103.8 million as of June 30, 2016. The remaining balance of unrestricted net position, \$69.6 million as of June 30, 2016, may be used to meet the City's ongoing obligations to citizens and creditors.

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾
Current Assets	\$ 157,189,743	\$ 133,640,851	\$ 82,944,090	\$ 81,028,591	\$ 240,133,833	\$ 214,669,442
Capital Assets	500,042,474	501,116,042	246,576,144	240,758,031	746,618,618	741,874,073
Other Non-Current Assets	26,748,684	25,641,746	704,547	2,791,483	27,453,231	28,433,229
Total Assets	683,980,901	660,398,639	330,224,781	324,578,105	1,014,205,682	984,976,744
Deferred Outflows of Resources	4,457,834	3,616,453	8,853,827	9,108,669	13,311,661	12,725,122
Total Deferred Outflows of Resources	4,457,834	3,616,453	8,853,827	9,108,669	13,311,661	12,725,122
Current Liabilities	12,661,514	10,215,672	7,786,470	7,061,594	20,447,984	17,277,266
Long-Term Liabilities Outstanding	133,246,824	119,479,447	77,963,928	77,125,871	211,210,752	196,605,318
Total Liabilities	145,908,338	129,695,119	85,750,398	84,187,465	231,658,736	213,882,584
Deferred Inflows of Resources	5,021,330	6,633,005	808,087	1,818,149	5,829,417	8,451,154
Total Deferred Inflows of Resources	5,021,330	6,633,005	808,087	1,818,149	5,829,417	8,451,154
Net Position:						
Net Investment in Capital Assets	434,420,162	433,381,298	182,169,967	179,269,329	616,590,129	612,650,627
Restricted	74,550,957	71,876,509	29,240,801	25,172,201	103,791,758	97,048,710
Unrestricted	28,537,948	22,429,161	41,109,355	43,239,630	69,647,303	65,668,791
Total Net Position	\$ 537,509,067	\$ 527,686,968	\$ 252,520,123	\$ 247,681,160	\$ 790,029,190	\$ 775,368,128

(1) Restated as discussed in Note #14.

Governmental Activities

The City's net position from governmental activities increased \$9.8 million or 1.9%, from \$527.7 million to \$537.5 million. Development activity was responsible for the majority of the increase as the City issued 519 single family building permits during the year. In comparing results to the prior year, the City received \$3.4 million more in capital grants and contributions related to development. In addition, property tax, sales tax and investment income posted moderate gains which reflect an improving economy and housing market. Expenditures increased 4.5% from the prior year due to increases in service levels and personnel vacancies filled during the year.

Business-Type Activities

The City's net position from Business-Type activities increased \$4.8 million or 1.9%, from \$247.7 million to \$252.5 million. Net investment in capital assets increased \$2.9 million as capital assets were acquired and long-term debt continued to be repaid. Compared to the prior year, revenue from charges for services was flat, mainly due to the impact of the drought and State mandated reduction in overall water consumption. Overall revenue increases were related to capital grants and contributions driven by development. Expenses increased 7.3% from the prior year mainly due to drought-related conservation program costs. Overall, the unrestricted net position was \$41.1 million at the fiscal year end.

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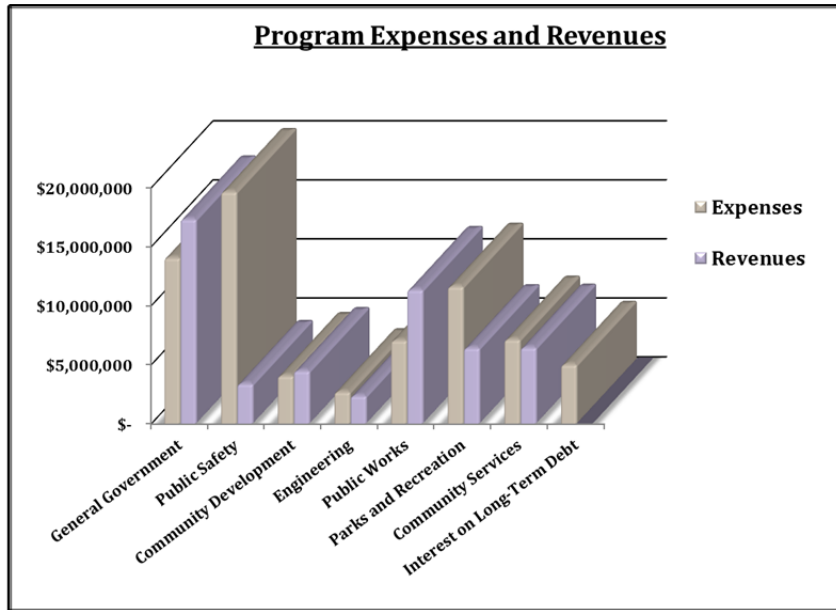
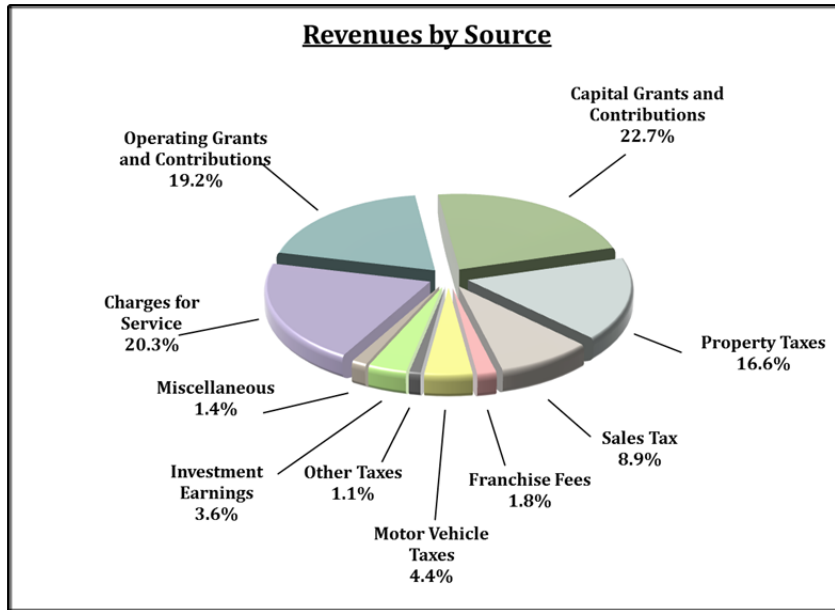
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾
Revenues:						
Program Revenues:						
Charges for Services	\$ 16,701,653	\$ 15,845,020	\$ 39,224,107	\$ 40,448,753	\$ 55,925,760	\$ 56,293,773
Operating Grants and Contributions	15,810,148	16,226,090	918,028	-	16,728,176	16,226,090
Capital Grants and Contributions	18,683,812	15,319,706	7,414,680	4,382,019	26,098,492	19,701,725
General Revenues:						
Taxes:						
Property Taxes	13,602,591	12,454,027	-	-	13,602,591	12,454,027
Sales Tax	7,319,216	6,836,918	-	-	7,319,216	6,836,918
Franchise Fees	1,473,443	1,400,350	-	-	1,473,443	1,400,350
Public Service Taxes	506,626	452,426	-	-	506,626	452,426
Transient Occupancy Tax	377,043	349,683	-	-	377,043	349,683
Motor Vehicle Taxes	3,655,028	3,256,924	-	-	3,655,028	3,256,924
Investment Earnings	2,988,030	1,095,957	1,759,735	719,108	4,747,765	1,815,065
Miscellaneous	1,156,862	871,959	-	-	1,156,862	871,959
Total Revenues	82,274,452	74,109,060	49,316,550	45,549,880	131,591,002	119,658,940
Expenses:						
General Government	13,973,215	13,394,675	-	-	13,973,215	13,394,675
Public Safety	19,566,435	18,273,959	-	-	19,566,435	18,273,959
Community Development	3,980,128	3,815,207	-	-	3,980,128	3,815,207
Engineering	2,617,590	2,664,921	-	-	2,617,590	2,664,921
Public Works	6,977,557	6,953,406	-	-	6,977,557	6,953,406
Parks and Recreation	11,539,064	11,667,358	-	-	11,539,064	11,667,358
Community Services	7,056,264	6,180,114	-	-	7,056,264	6,180,114
Interest on Long-Term Debt	4,929,385	4,658,130	-	-	4,929,385	4,658,130
Wastewater	-	-	10,003,159	10,000,905	10,003,159	10,000,905
Solid Waste	-	-	10,680,780	10,373,325	10,680,780	10,373,325
Water	-	-	22,129,063	19,612,635	22,129,063	19,612,635
City Rentals	-	-	178,558	174,597	178,558	174,597
Housing	-	-	723,908	656,778	723,908	656,778
Total Expenses	70,639,638	67,607,770	43,715,468	40,818,240	114,355,106	108,426,010
Change in Net Position Before Transfers and Special Items	11,634,814	6,501,290	5,601,082	4,731,640	17,235,896	11,232,930
Transfers	762,119	702,328	(762,119)	(702,328)	-	-
Special Items	(2,574,834)	(12,381,097)	-	-	(2,574,834)	(12,381,097)
Increase in Net Position	9,822,099	(5,177,479)	4,838,963	4,029,312	14,661,062	(1,148,167)
Net Position 7/1, Restated	527,686,968	532,864,447	247,681,160	243,651,848	775,368,128	776,516,295
Net Position 6/30	\$ 537,509,067	\$ 527,686,968	\$ 252,520,123	\$ 247,681,160	\$ 790,029,190	\$ 775,368,128

(1) Restated as discussed in Note #14

Governmental Activities

The cost of all Governmental activities this year was \$70.6 million. Net expenses, as shown in the Statement of Activities and Changes in Net Position found on page 20, were \$19.4 million. A portion of the cost for these activities was paid either by those who directly benefited from the programs (\$16.7 million), by other governments and organizations that subsidized certain programs with operating grants and contributions (\$15.8 million), or capital grants and contributions (\$18.7 million). Overall, the City's governmental program revenues were \$51.2 million.

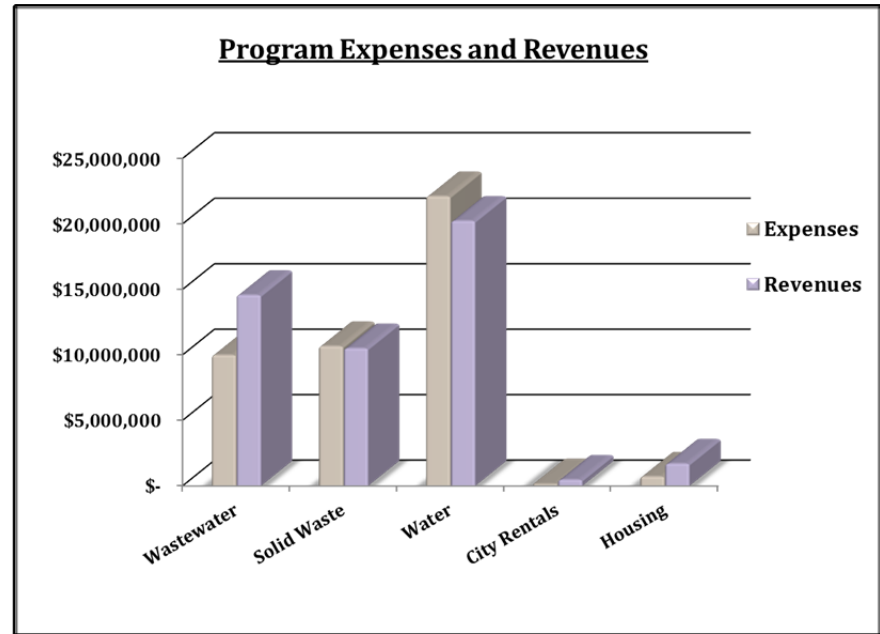
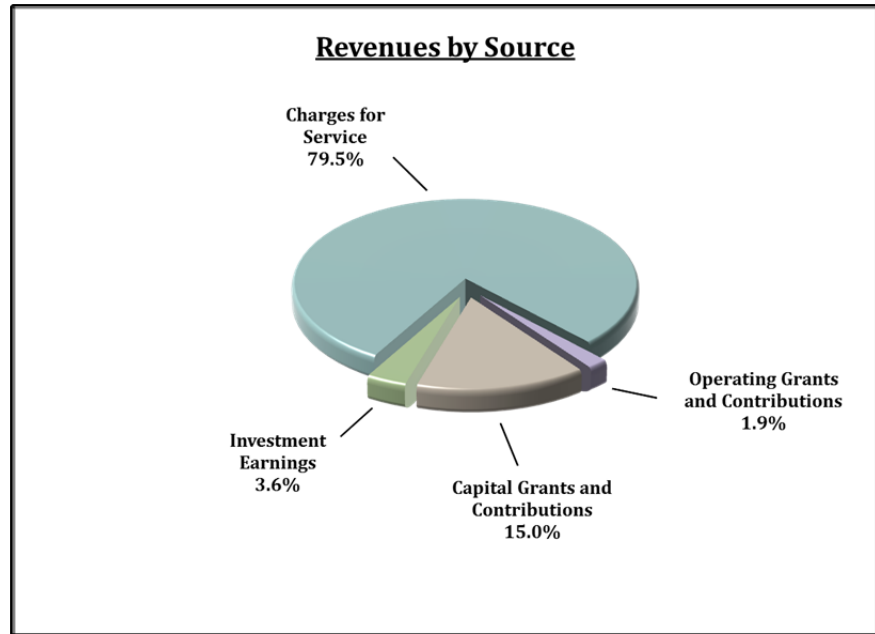
Total resources available during the year to finance governmental operations were \$610.7 million consisting of net position at July 1, 2015 of \$527.7 million, program revenues of \$51.2 million and general revenues and transfers of \$31.8 million. Total Governmental activities and Special Items during the year were \$73.2 million, thus net position was increased by \$9.8 million to \$537.5 million.



Business-Type Activities

The cost of all Business-Type activities this year was \$43.7 million. As shown in the Statement of Activities and Changes in Net Position found on page 20, the amounts paid by users of the services were \$39.2 million. Capital grants and contributions totaled \$7.4 million, operating grants and contributions were \$0.9 million and investment earnings were \$1.8 million.

Total resources available during the year to finance Business-Type activities were \$296.2 million, consisting of restated net position at July 1, 2015 of \$247.7 million, charges for services of \$39.2 million, contributions of \$8.3 million and general revenues and net transfers of \$1.0 million. Total Business-Type activities during the year were \$43.7 million, thus net position increased by \$4.8 million to \$252.5 million.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

At year-end the City's General Fund had a fund balance of \$22.5 million, an increase of \$3.6 million compared to the prior year. The increase in fund balance is after the effect of net transfers to the Pension/OPEB fund of \$1.6 million. As of June 30, 2016, the General Fund maintained an unassigned fund balance of 30% of annual operating expenses and transfers out. The increase in fund balance was due mainly to a transfer of \$3.0 million from the Pension/OPEB Internal Service Fund to fund an increase in committed fund balance for payments to be made under an agreement with the Department of Finance for repayment of assets transferred to the City from the Successor Agency.

Roadway Facility Fee, which is reported as a Special Revenue Fund, had an increase in fund balance of \$0.6 million. This increase was due to impact fees generated by increased development activity that will be used to fund future capital projects.

Parks and Trails Facility Fee, which is reported as a Special Revenue Fund, had an increase in fund balance of \$1.8 million. This increase was due to impact fees generated by increased development activity that will be used to fund future capital projects.

Community Facility Fee, which is reported as a Special Revenue Fund, had a decrease in fund balance of \$1.6 million. This decrease was due to the transfers out for funding of future capital projects.

Fire Facility Fee, which is reported as a Special Revenue Fund, had a decrease in fund balance of \$3.0 million. This decrease was due to the transfers out of funds for funding of future capital projects.

Roadway Improvements, which is reported as a Capital Projects Fund, had an increase in fund balance of \$3.2 million. This increase was due to transfers in for funding of future capital projects, offset by capital project expenditures.

Community Facilities Improvements, which is reported as a Capital Projects Fund, had an increase in fund balance of \$4.6 million. This increase was due to transfers in for funding of future capital projects, offset by capital project expenditures.

Capital Infrastructure, which is reported as a Capital Projects Fund, had a decrease in fund balance of \$2.8 million. This decrease was due to the transfers out of funds for funding of future capital projects.

Vineyards Event Center Projects, which is reported as a Capital Projects fund had an increase of \$1.5 million. This increase was due to fees generated by increased development activity that will be used to fund future capital projects.

2015 Lease Financing Acquisition, which is reported as a Capital Projects fund had an increase of \$11.3 million. This increase was due to the issuance of bonds for the purpose of finding capital projects for community facilities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 2015/16 original budget (adopted June 2014) General Fund expenditures and transfers out in the amount of \$45,269,436, to the final budget amount of \$51,788,704, there was an increase in budgeted expenditures and transfers out of \$6,519,268. The causes for these increases are summarized below.

During the fiscal year, the total revenues and transfers in for the General Fund were \$51,729,057. This was \$5,375,499 more than budgeted. The total expenditures and transfers out for the General Fund were \$48,089,613. This was \$3,699,091 less than budgeted.

Revenues exceeded budget due primarily to development activity that surpassed estimates, with 519 single family residential building permits were issued while only 275 had been budgeted during the year. This resulted in a \$2.2 million surplus in permit revenue during the year. Additional receipts of property tax, sales tax and investment income also increased the General Fund total revenues. On the expenditure side, the City continued to operate efficiently, reducing costs wherever possible. This resulted in savings across most departments as supplies and services costs remained low and personnel vacancies took longer than anticipated to be filled.

Supplemental changes to the 2015/16 fiscal year General Fund budget were:

- Increase of \$4,581,218 for a transfer to the Pension/OPEB Obligation Fund
- Increase of \$623,335 for transfers and capital outlay
- Net decrease of \$239,816 in personnel costs due to negotiated labor cost increases offset by vacancies and a decrease in benefit costs
- Increase of \$500,000 for the new Police Dispatch Center personnel and training costs
- Increase of \$360,000 for the Successor Agency Payment Plan (see Note #6A ii)
- Increase of \$190,485 for the City's share of fire and emergency services provided by the East Contra Costa Fire Protection District
- Increase of \$168,640 for citywide legal services
- Increase of \$102,625 for Parks and Recreation department costs due to increased program participation
- Increase of \$113,350 for citywide training, temporary and security services
- Increase of \$57,480 for Police department booking fees, training and vehicle repairs costs
- Increase of \$54,500 for supplies and services for economic development
- Net increase of \$7,451 in Community Services costs

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets which are used in the performance of the City’s functions. At June 30, 2016, capital assets, net of accumulated amortization and depreciation, of the Governmental activities totaled \$500.0 million. Capital assets, net of accumulated amortization and depreciation, of the Business-Type activities totaled \$246.6 million. Amortization and depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to Note #5 of this report, for detailed information regarding capital assets. The City has elected to use the amortization and depreciation method for infrastructure reporting.

	Original Cost	Accumulated Amortization and Depreciation	Book Value
Capital Assets – Governmental:			
Intangible Assets	\$ 6,258,156	\$ 1,073,809	\$ 5,184,347
Land	36,166,107	-	36,166,107
Buildings	56,771,634	7,087,411	49,684,223
Infrastructure	461,439,094	92,724,788	368,714,306
Machinery and Equipment	7,257,477	3,820,615	3,436,862
Vehicles	10,834,036	6,163,705	4,670,331
Land Improvements	27,883,596	4,838,341	23,045,255
Work in Progress – CIP and Infrastructure	9,141,043	-	9,141,043
Total Capital Assets – Governmental	\$ 615,751,143	\$ 115,708,669	\$ 500,042,474
Capital Assets – Business-Type:			
Intangible Assets	\$ 18,950,632	\$ 3,147,848	\$ 15,802,784
Land	2,661,597	-	2,661,597
Buildings	25,606,035	6,216,658	19,389,377
Infrastructure	240,692,390	43,520,536	197,171,854
Machinery and Equipment	3,317,033	1,243,116	2,073,917
Land Improvements	10,925,186	2,547,484	8,377,702
Work in Progress – CIP and Infrastructure	1,098,913	-	1,098,913
Total Capital Assets – Business-Type	\$ 303,251,786	\$ 56,675,642	\$ 246,576,144

Debt Administration

Debt, considered a liability of Governmental Activities, increased during the fiscal year by \$15.4 million. This increase was a result of the issuance of \$11.5 million of 2015 Lease Financing Bonds for the purpose of funding capital projects for community facilities, an increase in the amount due under an agreement with the Department of Finance for repayment of assets transferred to the City from the Successor Agency, and an increase in the net pension liability offset by annual debt service. Per capita debt outstanding increased from \$1,951 to \$2,443 compared to the prior fiscal year. Debt, considered a liability of Business-Type activities, increased by \$2.6 million during the fiscal year as a result of an agreement to purchase long-term water capacity rights offset by debt service payments made in the fiscal year.

Detailed information regarding long-term obligation activity can be found in Note #6 in this report.

	Balance July 1, 2015 (as restated) ⁽¹⁾	Incurred or Issued	Satisfied or Matured	Balance June 30, 2016
Governmental Activities:				
Bonds Payable	\$ 75,084,744	\$ 11,830,193 ⁽²⁾	\$ 2,427,625	\$ 84,487,312
Notes Payable	-	14,955,931 ⁽³⁾	357,796	14,598,135
Net OPEB Obligation	11,993,022	948,872	-	12,941,894
Net Pension Liability	21,856,126	2,846,521	-	24,702,647
Accrued Liabilities	12,381,097	-	12,381,097 ⁽³⁾	-
Accumulated Compensated Absences	1,311,145	1,534,040	1,551,048	1,294,137
Total Governmental Activities	<u>\$122,626,134</u>	<u>\$ 32,115,557</u>	<u>\$ 16,717,566</u>	<u>\$138,024,125</u>
Business-Type Activities:				
Bonds Payable	\$ 52,773,126	\$ -	\$ 1,572,092	\$ 51,201,034
Notes Payable and Other	16,852,847	8,353,100	5,318,324	19,887,623
Net OPEB Obligation	3,755,978	298,128	-	4,054,106
Net Pension Liability	6,878,865	848,675	-	7,727,540
Accumulated Compensated Absences	405,345	577,383	577,686	405,042
Total Business-Type Activities	<u>\$ 80,666,161</u>	<u>\$ 10,077,286</u>	<u>\$ 7,468,102</u>	<u>\$ 83,275,345</u>

(1) The City changed its accounting policy related to the payment of future connection fees in its Water Enterprise as these are contingent upon future development. See Note #14 of this report for additional details.

(2) Accreted Interest of \$315,193 and issuance of 2015 Lease Financing Bonds of \$11,515,000.

(3) In FY 2014/15, an accrued liability of \$12,381,097 was reported for the City's tentative obligation as a result of the Department of Finance's denial of assets transferred to the City by the Successor Agency. An agreement was reached with the Department of Finance in FY 2015/16 and this obligation is now being reported at the actual amount due as a Note Payable.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The key assumptions in the General Fund revenue forecast for FY 2016/17 are:

- Development activity will continue at a modest pace, with approximately 350 new housing units being constructed. This is a reduction from the 519 units constructed in FY 2015/16.
- Assessed valuations in the City will show a significant increase as the City has been informed by the Contra Costa County Assessor that an 8.1% increase in assessed valuation is to be expected in FY 2016/17.
- Persistently low interest rates will result in continued low levels of investment income.

The City has experienced increasing revenues as development activity has exceeded expectations in the most recent fiscal years and there has been several years of rebounding property values. Due to the increase in development, the City's population is estimated to increase approximately 3% in 2017. However, population increases are expected to be less than 2% per year over the next several years. The following key budgetary expenditure impacts were addressed in the FY 2016/17 budget:

- The construction and operational costs of the Police dispatch center expected to be operational in spring of 2017, including necessary staff increases.
- Phasing in of a pre-funding strategy for OPEB, in which the City will fund 85% of the annual required contribution by FY 2017/18.
- Payments required under a Successor Agency Payment Plan to repay \$14.6 million for certain transfers made for capital projects, from the former Brentwood Redevelopment Agency, to the City, that were determined to be invalid by the California Department of Finance (see discussion in Note #6 of the Notes to the Financial Statement).
- Expenditures were budgeted to achieve the objectives of the City's FY 2016/17 – FY2017/18 Strategic Plan, funding various initiatives aligned with the General Plan focus areas.

Long-term expenditures will be strongly influenced by upcoming labor negotiations, with the current five-year labor contracts for all of the City's bargaining groups expiring in June of 2017. The City's long-term financial forecast illustrates the need for the City to strike a balance between increasing staff to meet the demands for services of a growing population and maintaining a competitive compensation plan needed to allow the City to recruit and retain qualified employees. In the prior labor negotiations, the City negotiated contracts that included: 1) second tier retirement benefits for new sworn employees (non-sworn became effective in 2010); 2) reduced OPEB coverage commitments and 3) increased pension contributions by employees. The previous negotiations, along with the Pension Reform Act of 2013 will help control future pension costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it manages. If you have questions about this report, or need any additional financial information, contact the Administrative Services Department, located at 150 City Park Way, Brentwood, California 94513, either by phone (925) 516-5460 or e-mail administrativeservices@brentwoodca.gov.

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City of Brentwood

Statement of Net Position

June 30, 2016

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 124,106,415	\$ 76,040,331	\$ 200,146,746
Restricted Cash and Investments	29,863,733	1,546,253	31,409,986
Receivables, Net of Allowance for Doubtful Accounts	1,734,664	5,273,565	7,008,229
Inventories	42,092	-	42,092
Prepays	402,480	83,941	486,421
Land Held for Resale	1,040,359	-	1,040,359
Total Current Assets	157,189,743	82,944,090	240,133,833
Non-Current Assets:			
Long-Term Notes and Loans Receivable	26,748,684	704,547	27,453,231
Capital Assets, Net of Accumulated Depreciation and Amortization:			
Intangible Assets	5,184,347	15,802,784	20,987,131
Land	36,166,107	2,661,597	38,827,704
Buildings	49,684,223	19,389,377	69,073,600
Infrastructure	368,714,306	197,171,854	565,886,160
Machinery and Equipment	3,436,862	2,073,917	5,510,779
Vehicles	4,670,331	-	4,670,331
Land Improvements	23,045,255	8,377,702	31,422,957
Work in Progress	9,141,043	1,098,913	10,239,956
Total Non-Current Assets	526,791,158	247,280,691	774,071,849
Total Assets	683,980,901	330,224,781	1,014,205,682
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	-	7,783,476	7,783,476
Related to Pensions	4,457,834	1,070,351	5,528,185
Total Deferred Outflows of Resources	4,457,834	8,853,827	13,311,661
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	4,713,088	2,356,707	7,069,795
Unearned Revenue	194,169	-	194,169
Deposits Held	2,976,956	118,346	3,095,302
Long-Term Liabilities Due Within One Year	4,777,301	5,311,417	10,088,718
Total Current Liabilities	12,661,514	7,786,470	20,447,984
Non-Current Liabilities Due in More Than One Year:			
Bonds Payable	81,702,312	49,816,034	131,518,346
Notes Payable and Other	13,382,317	16,204,231	29,586,548
Net OPEB Obligation	12,941,894	4,054,106	16,996,000
Net Pension Liability	24,702,647	7,727,540	32,430,187
Compensated Absences Payable	517,654	162,017	679,671
Total Non-Current Liabilities	133,246,824	77,963,928	211,210,752
Total Liabilities	145,908,338	85,750,398	231,658,736
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	5,021,330	808,087	5,829,417
Total Deferred Inflows of Resources	5,021,330	808,087	5,829,417
NET POSITION			
Net Investment in Capital Assets	434,420,162	182,169,967	616,590,129
Restricted for:			
Capital Projects	29,733,693	12,992,989	42,726,682
Debt Service	31,630,437	1,546,253	33,176,690
Housing	1,054,844	5,732,964	6,787,808
Landscape and Lighting Assessment Districts	5,133,728	-	5,133,728
Agricultural/Farmland Mitigation	1,600,093	-	1,600,093
Public Art	2,086,870	-	2,086,870
Developer Facility Fee Program	1,313,921	8,952,533	10,266,454
Other Programs	1,997,371	16,062	2,013,433
Unrestricted	28,537,948	41,109,355	69,647,303
Total Net Position	\$ 537,509,067	\$ 252,520,123	\$ 790,029,190

City of Brentwood

Statement of Activities and Changes in Net Position
For Year Ended June 30, 2016

Functions/Programs	Program Revenues					Net Revenues (Expenses) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Primary Government		Total
						Governmental Activities	Business-Type Activities	
Primary Government:								
Governmental Activities								
General Government	\$ 13,973,215	\$ 8,570,160	\$ 2,332,253	\$ 6,337,569	\$ 17,239,982	\$ 3,266,767	\$ -	\$ 3,266,767
Public Safety	19,566,435	457,271	2,379,257	462,118	3,298,646	(16,267,789)	-	(16,267,789)
Community Development	3,980,128	4,035,603	-	362,716	4,398,319	418,191	-	418,191
Engineering	2,617,590	2,281,340	-	-	2,281,340	(336,250)	-	(336,250)
Public Works	6,977,557	-	4,724,904	6,539,363	11,264,267	4,286,710	-	4,286,710
Parks and Recreation	11,539,064	1,357,279	-	4,982,046	6,339,325	(5,199,739)	-	(5,199,739)
Community Services	7,056,264	-	6,373,734	-	6,373,734	(682,530)	-	(682,530)
Interest on Long-Term Debt	4,929,385	-	-	-	-	(4,929,385)	-	(4,929,385)
Total Governmental Activities	70,639,638	16,701,653	15,810,148	18,683,812	51,195,613	(19,444,025)	-	(19,444,025)
Business-Type Activities								
Wastewater	10,003,159	11,663,637	-	2,922,342	14,585,979	-	4,582,820	4,582,820
Solid Waste	10,680,780	10,520,115	-	-	10,520,115	-	(160,665)	(160,665)
Water	22,129,063	16,288,609	-	3,961,344	20,249,953	-	(1,879,110)	(1,879,110)
City Rentals	178,558	486,477	-	-	486,477	-	307,919	307,919
Housing	723,908	265,269	918,028	530,994	1,714,291	-	990,383	990,383
Total Business-Type Activities	43,715,468	39,224,107	918,028	7,414,680	47,556,815	-	3,841,347	3,841,347
Total Primary Government	\$ 114,355,106	\$ 55,925,760	\$ 16,728,176	\$ 26,098,492	\$ 98,752,428	\$ (19,444,025)	\$ 3,841,347	\$ (15,602,678)
General Revenues:								
Taxes:								
Property Taxes						\$ 13,602,591	\$ -	\$ 13,602,591
Sales Tax						7,319,216	-	7,319,216
Franchise Fees						1,473,443	-	1,473,443
Public Service Taxes						506,626	-	506,626
Transient Occupancy Tax						377,043	-	377,043
Motor Vehicle Taxes						3,655,028	-	3,655,028
Investment Earnings						2,988,030	1,759,735	4,747,765
Miscellaneous						1,156,862	-	1,156,862
Transfers						762,119	(762,119)	-
Special Items:								
Denial of Transfer of Assets to the City						(2,574,834)	-	(2,574,834)
						29,266,124	997,616	30,263,740
						9,822,099	4,838,963	14,661,062
						527,686,968	247,681,160	775,368,128
						\$ 537,509,067	\$ 252,520,123	\$ 790,029,190

City of Brentwood

Balance Sheet
Governmental Funds
June 30, 2016

	<u>Capital Project Fund</u>			
	<u>General Fund</u>	<u>2015 Lease Financing Acquisition</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Current Assets:				
Cash and Investments	\$ 25,785,089	\$ -	\$ 45,579,441	\$ 71,364,530
Restricted Cash and Investments	-	11,294,925	18,568,808	29,863,733
Receivables	1,955,507	-	26,780,386	28,735,893
Prepays	68,054	-	889	68,943
Due from Other Funds	-	-	172,948	172,948
Land Held for Resale	-	-	1,040,359	1,040,359
Total Assets	\$ 27,808,650	\$ 11,294,925	\$ 92,142,831	\$ 131,246,406
LIABILITIES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 1,814,775	\$ 3	\$ 2,421,245	\$ 4,236,023
Due to Other Funds	-	-	957,773	957,773
Unearned Revenue	194,169	-	-	194,169
Deposits Held	2,976,956	-	-	2,976,956
Total Liabilities	4,985,900	3	3,379,018	8,364,921
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Accounts Receivable	275,840	-	13,174	289,014
Total Deferred Inflows of Resources	275,840	-	13,174	289,014
FUND BALANCES				
Nonspendable	68,054	-	889	68,943
Restricted	92,426	11,294,922	82,347,588	93,734,936
Committed	9,266,345	-	6,963,196	16,229,541
Unassigned	13,120,085	-	(561,034)	12,559,051
Total Fund Balances	22,546,910	11,294,922	88,750,639	122,592,471
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 27,808,650	\$ 11,294,925	\$ 92,142,831	\$ 131,246,406

City of Brentwood

***Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position***

June 30, 2016

Total Fund Balances - Total Governmental Funds	\$ 122,592,471
 Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not current financial resources; therefore, they are not reported in the Governmental Funds Balance Sheet.	494,495,753
Internal Service Funds are used by management to charge costs of certain activities, such as data processing and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Government-Wide Statement of Net Position.	55,158,736
Long-term assets are not available to pay for current period expenditures; therefore, they are unavailable in the funds.	13,174
Governmental Funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities and Changes in Net Position.	(1,087,560)
Long-term liabilities and deferred outflows/inflows of resources are not due and payable in the current period; therefore, they are not reported in the Governmental Funds Balance Sheet.	
Bonds	(83,399,752)
Notes Payable	(14,598,135)
Net OPEB Obligation	(11,666,134)
Net Pension Liabilities and Deferred Outflows/Inflows of Resources Related to Pensions	(22,794,645)
Compensated Absences	(1,107,344)
Accrued Liabilities	<u>(97,497)</u>
 Total Net Position of Governmental Activities	 <u><u>\$ 537,509,067</u></u>

City of Brentwood

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For Year Ended June 30, 2016**

	<u>Capital Project Funds</u>			
	<u>General Fund</u>	<u>2015 Lease Financing Acquisition</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 19,488,958	\$ -	\$ 2,437,438	\$ 21,926,396
Licenses	661,064	-	165,266	826,330
Permits and Fines	6,806,441	-	-	6,806,441
Uses of Money and Property	789,168	675	1,178,074	1,967,917
Intergovernmental	3,794,652	-	5,187,022	8,981,674
Franchises	1,473,443	-	-	1,473,443
Charges for Other Services	287,150	-	-	287,150
Charges to Other Funds	6,811,651	-	-	6,811,651
Fees and Other Revenues	2,144,717	-	25,093,559	27,238,276
Total Revenues	42,257,244	675	34,061,359	76,319,278
EXPENDITURES				
Current:				
General Government	5,967,866	4	5,453,145	11,421,015
Public Safety	19,245,916	-	108,043	19,353,959
Community Development	4,071,224	-	252,712	4,323,936
Engineering	2,865,976	-	-	2,865,976
Public Works	2,999,793	-	-	2,999,793
Parks and Recreation	5,091,656	-	4,459,159	9,550,815
Community Services	619,740	-	6,453,390	7,073,130
Capital Outlay	-	-	3,834,624	3,834,624
Debt Service:				
Principal	357,796	-	2,360,000	2,717,796
Interest and Fiscal Charges	-	220,749	4,461,068	4,681,817
Total Expenditures	41,219,967	220,753	27,382,141	68,822,861
REVENUES OVER (UNDER) EXPENDITURES	1,037,277	(220,078)	6,679,218	7,496,417
OTHER FINANCING SOURCES (USES)				
Bond Issuance	-	11,515,000	-	11,515,000
Transfers In	9,471,813	-	23,057,080	32,528,893
Transfers Out	(6,869,646)	-	(25,093,136)	(31,962,782)
Total Other Financing Sources (Uses)	2,602,167	11,515,000	(2,036,056)	12,081,111
NET CHANGE IN FUND BALANCES	3,639,444	11,294,922	4,643,162	19,577,528
Fund Balance, Beginning of Year	18,907,466	-	84,107,477	103,014,943
Fund Balance, End of Year	\$ 22,546,910	\$ 11,294,922	\$ 88,750,639	\$ 122,592,471

City of Brentwood

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities Changes in Net Position
For Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 19,577,528

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position are different because:

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount shown represents the capital assets recorded in the current period. 3,834,624

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds. (9,101,823)

The net effect of various miscellaneous transactions involving Capital Assets (e.g. sales, trade-ins and contributions) is to increase net position. 3,891,031

To record the net change in compensated absences in the Statement of Activities and Changes in Net Position. 23,787

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal and other long-term liabilities is an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.

This amount represents bond proceeds	(11,515,000)
This amount represents long-term debt repayments	2,717,796
This amount represents increase in accrued liabilities	(54,974)
This amount represents the increase in Net OPEB Obligation	(872,239)
This amount represents the increase in Net Pension Liability and Deferred Outflows/Inflows related to Pensions	(478,728)
This amount represents accreted interest	(315,193)
This amount represents amortized bond premiums	67,625
This amount represents the increase in notes payable	(2,574,834)

Revenues in the Governmental Funds which have been previously recognized in the Statement of Activities and Changes in Net Position. (8,661)

Internal Service Funds are used by management to charge the costs of certain activities, such as data processing and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with Governmental Activities. 4,631,160

Change in Net Position of Governmental Activities \$ 9,822,099

City of Brentwood

Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-Type Activities - Enterprise Funds						Governmental
	Wastewater	Solid Waste	Water	City Rentals	Housing	Totals	Activities - Internal Service Funds
ASSETS							
Current Assets:							
Cash and Investments	\$ 41,481,170	\$ 5,738,816	\$ 23,024,002	\$ 96,556	\$ 5,699,787	\$ 76,040,331	\$ 52,741,885
Restricted Cash and Investments	-	-	1,546,253	-	-	1,546,253	-
Receivables	1,694,695	1,579,148	1,881,046	86,068	32,608	5,273,565	23,295
Inventories	-	-	-	-	-	-	42,092
Prepays	26,104	19,496	30,384	7,457	500	83,941	333,537
Due from Other Funds	-	-	-	-	-	-	784,825
Total Current Assets	43,201,969	7,337,460	26,481,685	190,081	5,732,895	82,944,090	53,925,634
Non-Current Assets:							
Long-Term Notes Receivable	-	-	-	-	704,547	704,547	-
Capital Assets:							
Intangible Assets	-	-	18,950,632	-	-	18,950,632	-
Land	409,620	254,420	128,561	-	1,868,996	2,661,597	-
Buildings	2,895,398	-	20,358,966	-	2,351,671	25,606,035	-
Infrastructure	93,338,741	12,150,084	135,203,565	-	-	240,692,390	-
Machinery and Equipment	2,433,361	84,389	799,283	-	-	3,317,033	3,098,404
Vehicles	-	-	-	-	-	-	10,834,036
Land Improvements	58,494	1,000,000	9,866,692	-	-	10,925,186	-
Work in Progress	971,749	-	127,164	-	-	1,098,913	-
Less Accumulated Depreciation and Amortization	(20,631,630)	(1,374,156)	(34,349,623)	-	(320,233)	(56,675,642)	(8,385,719)
Total Capital Assets, Net of Accumulated Depreciation	79,475,733	12,114,737	151,085,240	-	3,900,434	246,576,144	5,546,721
Total Non-Current Assets	79,475,733	12,114,737	151,085,240	-	4,604,981	247,280,691	5,546,721
Total Assets	122,677,702	19,452,197	177,566,925	190,081	10,337,876	330,224,781	59,472,355
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Amount on Refunding	-	-	7,783,476	-	-	7,783,476	-
Related to Pensions	283,743	356,940	396,824	-	32,844	1,070,351	351,018
Total Deferred Outflows of Resources	283,743	356,940	8,180,300	-	32,844	8,853,827	351,018
LIABILITIES							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	674,280	494,012	1,179,313	6,407	2,695	2,356,707	379,568
Deposits Held	-	16,062	70,000	-	32,284	118,346	-
Long-Term Debt Due Within One Year	2,012,772	-	3,055,620	-	-	5,068,392	-
Compensated Absences Payable	69,488	91,821	76,785	-	4,931	243,025	112,076
Total Current Liabilities	2,756,540	601,895	4,381,718	6,407	39,910	7,786,470	491,644
Non-Current Liabilities Due in More Than One Year:							
Bonds Payable	-	-	49,816,034	-	-	49,816,034	-
Notes Payable and Other	12,862,991	-	3,341,240	-	-	16,204,231	-
Net OPEB Obligation	1,018,506	1,466,073	1,469,945	-	99,582	4,054,106	1,275,760
Net Pension Liability	2,106,149	2,620,507	2,809,557	-	191,327	7,727,540	2,551,336
Compensated Absences Payable	46,326	61,214	51,190	-	3,287	162,017	74,717
Total Non-Current Liabilities	16,033,972	4,147,794	57,487,966	-	294,196	77,963,928	3,901,813
Total Liabilities	18,790,512	4,749,689	61,869,684	6,407	334,106	85,750,398	4,393,457
DEFERRED INFLOWS OF RESOURCES							
Related to Pensions	227,271	278,735	287,607	-	14,474	808,087	271,180
Total Deferred Inflows of Resources	227,271	278,735	287,607	-	14,474	808,087	271,180
NET POSITION							
Net Investment in Capital Assets	64,599,970	12,114,737	101,554,826	-	3,900,434	182,169,967	5,546,721
Restricted for:							
Capital Projects	11,257,074	-	1,735,915	-	-	12,992,989	-
Special Projects and Programs	8,952,533	16,062	1,546,253	-	5,732,964	16,247,812	-
Unrestricted	19,134,085	2,649,914	18,752,940	183,674	388,742	41,109,355	49,612,015
Total Net Position	\$ 103,943,662	\$ 14,780,713	\$ 123,589,934	\$ 183,674	\$ 10,022,140	\$ 252,520,123	\$ 55,158,736

City of Brentwood

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds						Governmental
	Wastewater	Solid Waste	Water	City Rentals	Housing	Totals	Activities - Internal Service Funds
Operating Revenues:							
Charges for Services	\$ 11,532,550	\$ 10,519,979	\$ 16,096,111	\$ 486,477	\$ 263,649	\$ 38,898,766	\$ 13,916,033
Other Income	131,087	136	192,498	-	1,620	325,341	822,749
Total Operating Revenues	11,663,637	10,520,115	16,288,609	486,477	265,269	39,224,107	14,738,782
Operating Expenses:							
Personnel Services	2,520,896	3,307,031	3,632,813	-	276,691	9,737,431	3,061,778
Repairs and Maintenance	237,030	1,480,655	426,102	50,387	49,353	2,243,527	405,737
Materials, Supplies and Services	5,379,933	5,655,802	12,756,954	128,171	356,810	24,277,670	7,045,608
Depreciation and Amortization	1,578,217	237,292	3,082,183	-	41,054	4,938,746	1,158,716
Total Operating Expenses	9,716,076	10,680,780	19,898,052	178,558	723,908	41,197,374	11,671,839
Operating Income (Loss)	1,947,561	(160,665)	(3,609,443)	307,919	(458,639)	(1,973,267)	3,066,943
Non-Operating Revenues (Expenses):							
Interest Income	931,610	113,903	559,144	3,017	152,061	1,759,735	1,250,055
Developer Fees and Credits	-	-	-	-	918,028	918,028	-
Interest Expense	(287,083)	-	(2,192,225)	-	-	(2,479,308)	-
Connection Fees Paid	-	-	(38,786)	-	-	(38,786)	-
Gain or (Loss) on Disposal of Capital Assets	-	-	-	-	-	-	118,154
Total Non-Operating Revenues (Expenses)	644,527	113,903	(1,671,867)	3,017	1,070,089	159,669	1,368,209
Income (Loss) Before Contributions and Transfers	2,592,088	(46,762)	(5,281,310)	310,936	611,450	(1,813,598)	4,435,152
Contributions - Impact Fees and Credits	2,533,932	-	3,464,673	-	-	5,998,605	-
Capital Asset Contributions	388,410	-	496,671	-	530,994	1,416,075	-
Transfers In	11,415	35,292	29,091	-	-	75,798	5,921,515
Transfers Out	(90,184)	(376,764)	(64,014)	(306,955)	-	(837,917)	(5,725,507)
Change in Net Position	5,435,661	(388,234)	(1,354,889)	3,981	1,142,444	4,838,963	4,631,160
Net Position, Beginning of Year, Restated	98,508,001	15,168,947	124,944,823	179,693	8,879,696	247,681,160	50,527,576
Net Position, End of Year	\$ 103,943,662	\$ 14,780,713	\$ 123,589,934	\$ 183,674	\$ 10,022,140	\$ 252,520,123	\$ 55,158,736



City of Brentwood

**Statement of Cash Flows
Proprietary Funds
For Year Ended June 30, 2016**

	Business-Type Activities - Enterprise Funds						Governmental
	Wastewater	Solid Waste	Water	City Rentals	Housing	Totals	Activities - Internal Service Funds
Cash Flows from Operating Activities							
Cash Received from Customers/Other Funds	\$ 11,510,865	\$ 10,478,003	\$ 15,647,856	\$ 452,655	\$ 364,709	\$ 38,454,088	\$ 13,948,369
Cash Payments to Suppliers of Goods and Services	(4,909,863)	(5,098,536)	(13,117,684)	(167,778)	(330,639)	(23,624,500)	(6,998,517)
Cash Payments to Employees for Services	(2,535,053)	(3,299,578)	(3,589,075)	-	(277,556)	(9,701,262)	(3,066,874)
Cash Payments for Interfund Services	(684,080)	(1,995,529)	(750,888)	(11,271)	(72,942)	(3,514,710)	(523,342)
Other Receipts	131,087	136	130,007	22,511	-	283,741	822,787
Net Cash Provided By (Used for) Operating Activities	3,512,956	84,496	(1,679,784)	296,117	(316,428)	1,897,357	4,182,423
Cash Flows from Non-Capital Financing Activities							
Transfers Received	11,414	35,292	29,091	-	-	75,797	5,921,515
Transfers Paid	(90,184)	(376,764)	(64,014)	(306,955)	-	(837,917)	(5,725,507)
Interfund Advance Payable	-	-	-	-	-	-	(2,639,612)
Interfund Advance Receivable	495,818	709,487	728,933	-	51,385	1,985,623	653,989
Developer Fees and Credits	-	-	-	-	918,028	918,028	-
Connection Fees Paid	-	-	(38,786)	-	-	(38,786)	-
Net Cash Provided By (Used for) Non-Capital Financing Activities	417,048	368,015	655,224	(306,955)	969,413	2,102,745	(1,789,615)
Cash Flows from Capital and Related Financing Activities							
Contributions - Impact Fees and Credits	2,533,932	-	3,464,673	-	-	5,998,605	-
Interest Paid on Debt	(287,083)	-	(2,192,225)	-	-	(2,479,308)	-
Principal Paid on Debt	(1,977,084)	-	(1,320,000)	-	-	(3,297,084)	-
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	97,944
Acquisition and Construction of Capital Assets	(840,064)	(478,130)	(3,337,265)	-	-	(4,655,459)	(1,347,065)
Net Cash Provided By (Used for) Capital and Related Financing Activities	(570,299)	(478,130)	(3,384,817)	-	-	(4,433,246)	(1,249,121)
Cash Flows from Investing Activities							
Interest on Investments	930,151	113,743	558,492	3,013	151,853	1,757,252	1,248,079
Net Cash Provided By Investing Activities	930,151	113,743	558,492	3,013	151,853	1,757,252	1,248,079
Net Increase (Decrease) in Cash and Cash Equivalents	4,289,856	88,124	(3,850,885)	(7,825)	804,838	1,324,108	2,391,766
Cash and Cash Equivalents - Beginning of Year	37,191,314	5,650,692	28,421,140	104,381	4,894,949	76,262,476	50,350,119
Cash and Cash Equivalents - End of Year	\$ 41,481,170	\$ 5,738,816	\$ 24,570,255	\$ 96,556	\$ 5,699,787	\$ 77,586,584	\$ 52,741,885
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:							
Operating Income (Loss)	\$ 1,947,561	\$ (160,665)	\$ (3,609,443)	\$ 307,919	\$ (458,639)	\$ (1,973,267)	\$ 3,066,943
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities:							
Depreciation and Amortization	1,578,217	237,292	3,082,183	-	41,054	4,938,746	1,158,716
Change in Assets, Liabilities and Deferred Outflows/Inflows of Resources:							
Receivables	(9,014)	(37,404)	(495,701)	(6,560)	99,440	(449,239)	38
Prepaid Items	(8,572)	(470)	(11,078)	(4,751)	(189)	(25,060)	(68,280)
Accounts Payable and Other Payables	23,020	33,495	(680,516)	(491)	708	(623,784)	-
Net OPEB Obligation	61,181	88,066	140,299	-	8,582	298,128	76,633
Net Pension Liability and Deferred Outflows/Inflows of Resources related to Pensions	(68,961)	(86,781)	(96,545)	-	(8,053)	(260,340)	(85,261)
Compensated Absences Payable	(6,045)	6,498	448	-	(1,205)	(304)	6,778
Deposits	(4,431)	4,465	(9,431)	-	1,874	(7,523)	-
Net Cash Provided By (Used for) Operating Activities	\$ 3,512,956	\$ 84,496	\$ (1,679,784)	\$ 296,117	\$ (316,428)	\$ 1,897,357	\$ 4,182,423
Noncash Capital Activities:							
Capital Asset Contributions	\$ 388,410	\$ -	\$ 496,671	\$ -	\$ 530,994	\$ 1,416,075	\$ -
Purchase of Capacity Rights	-	-	5,011,860	-	-	5,011,860	-

City of Brentwood

Statement of Fiduciary Net Position
Agency Funds and Private Purpose Trust Fund
June 30, 2016

	Agency Funds	Private-Purpose Trust Fund - Successor Agency
ASSETS		
Current Assets:		
Cash and Investments	\$ 13,285,212	\$ 1,898,695
Restricted Cash and Investments	4,318,413	-
Interest Receivable	758	40
Total Current Assets	17,604,383	1,898,735
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	2,246,450	436
Due to City of Brentwood	37,113	-
Long-Term Liabilities Due Within One Year	-	904,211
Total Current Liabilities	2,283,563	904,647
Non-Current Liabilities Due in More Than One Year:		
Due to Bondholders	15,320,820	-
Long-Term Liabilities	-	25,844,473
Total Non-Current Liabilities	15,320,820	25,844,473
Total Liabilities	17,604,383	26,749,120
NET POSITION (DEFICIT)		
Held in Trust for Other Governments	-	(24,850,385)
Total Net Position (Deficit)	\$ -	\$ (24,850,385)

City of Brentwood

Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Fund
For Year Ended June 30, 2016

	<u>Private-Purpose Trust Fund - Successor Agency</u>
ADDITIONS	
Property Taxes	\$ 3,350,262
Investment Earnings	98,338
Total Additions	<u>3,448,600</u>
DEDUCTIONS	
Administrative Expenses	252,910
Interest and Fiscal Agent Expenses	2,342,818
Total Deductions	<u>2,595,728</u>
Change in Net Position	852,872
NET POSITION HELD IN TRUST	
Net Position - Beginning of Year	(25,703,257)
Net Position - End of Year	<u>\$ (24,850,385)</u>

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NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE REPORTING ENTITY

The City of Brentwood is governed by a five member City Council, under the Council-Manager form of government. The accompanying financial statements present the City of Brentwood, the primary government, and its component units, entities for which the primary government is considered financially accountable. The City is considered to be financially accountable for an organization if: 1) the City appoints a voting majority of said organization or 2) there is a potential for the organization to either provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if the organization is fiscally dependent (i.e. unable to adopt a budget, levy taxes, set rates or charges or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City’s financial statements to be misleading or incomplete.

In addition to reporting directly for the City’s operations, the Brentwood Infrastructure Financing Authority, a component unit, has been included in the primary reporting entity and is treated as a blended component unit.

Brentwood Infrastructure Financing Authority

The Brentwood Infrastructure Financing Authority (the “Authority”), formed on March 14, 1995, is a joint powers authority organized under Section 6500 *et seq.* of the California Government Code between the City and the Authority for the purpose of acting as a vehicle for various financing activities of the City and the Authority. The Board of Directors is the Brentwood City Council. The primary purpose of the Authority is to render financial assistance to the City and the Authority by issuing debt and financing the construction of public facilities. Separate financial statements are not required for the Authority and therefore, are not issued.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. The Statement of Activities and Changes in Net Position demonstrates the degree to which direct and indirect expenses, for a given function or segment, are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Indirect expenses are expenses which are allocated based on the City’s annual Cost Allocation Plan, Compensation Plan and Schedule of City Fees. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, 2) operating grants and contributions, including special assessments and 3) capital grants and contributions. Taxes and other items not included among program revenue are reported as general revenues.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summaries of governmental activities, which are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges. Fiduciary activities of the City are not included in these statements.

Separate financial statements are provided for Governmental Funds, Proprietary Funds and Fiduciary Funds even though the latter are excluded from the Government-Wide Financial Statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the Fund Financial Statements.

Certain eliminations have been made related to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. These are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, Internal Service Fund transactions have been eliminated, except for interfund services provided and used. However, the transactions between governmental and business-type activities, which are presented as transfers, have not been eliminated from the Statement of Activities.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

The Government-Wide Financial Statements, Proprietary Fund Financial Statements and Fiduciary Fund Financial Statements are reported using an economic resources focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

The Governmental Fund Financial Statements are reported using a current financial resources measurement focus called the modified accrual basis of accounting. Accordingly, only current assets, current liabilities and current deferred inflows/outflows are included on the Balance Sheets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except for revenues subject to accrual (generally 60 days after year-end) which are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due. Taxes, including property and sales taxes, special assessments and inter-governmental revenue associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of the special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For Proprietary Funds, all assets, liabilities and deferred inflows/outflows, whether current or non-current, are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the Proprietary Funds are those revenues generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses which are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses. Proprietary Fund types include Enterprise Funds and Internal Service Funds.

The City’s Fiduciary Funds include Agency Funds, which are purely custodial in nature and do not involve a measurement of operational results, and Private-Purpose Trust Funds which, in addition to being custodial in nature, also include operational activities under which the principal and income benefit several specific local taxing entities. While both Agency and Private-Purpose Trust Funds include a Statement of Net Position, only the latter is required to include a Statement of Changes in Net Position.

Fund Types

A *Major Fund* is a fund whose revenues; expenditures/expenses; assets; combined with deferred outflows of resources, or liabilities, combined with deferred inflows of resources (excluding extraordinary items), are at least 10% of corresponding totals for all Governmental or Enterprise funds and at least 5% of the aggregate amount for all Governmental and Enterprise funds for the same item. The General Fund is always considered a major fund. Any other Governmental or Enterprise fund may be reported as a major fund if the government’s officials believe the fund is particularly important to financial statement users.

The government reports the following two major Governmental Funds: The General Fund and the 2015 Lease Financing Acquisition Fund. Specific descriptions of the City’s funds are as follows:

The *General Fund* is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds account for specific revenues legally restricted to expenditures for particular purposes. Specific descriptions of the Special Revenue Funds are as follows:

- *Gas Tax* – These funds account for monies received from the State of California under Street and Highways Code Sections 2103, 2105, 2106, 2107 and 2107.5. The allocations must be spent for street maintenance, construction and a limited amount for engineering.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- SB 1186 Disability Access – This fund accounts for the monies received due to Senate Bill 1186 (SB1186), which requires cities to collect a \$1 fee for new and renewed business licenses for purposes of increasing compliance with state disability laws.
- Police Grants – This fund accounts for all Police, Federal, State and County grants requiring segregated fund accounting.
- Other Grants – This fund accounts for miscellaneous Federal, State and County grants requiring segregated fund accounting.
- Economic Development Grant – This fund accounts for the set aside of 20% of business license tax collected. The monies are used to award grants to promote economic activity.
- Infrastructure Improvements – This fund accounts for economic development infrastructure projects and any related costs.
- Citywide Park Assessment District – This fund accounts for special benefit assessments levied on property owners for citywide park maintenance.
- Community Facilities Districts – These funds account for special benefit assessments levied for a variety of allowable uses, including but not limited to public safety services, joint use school facilities and library facilities. The allowable uses of the funds are governed by the formation documents of each individual District.
- Roadway Facility Fee – This fund accounts for development fees collected for the design and construction of roadways within the City.
- Parks and Trails Facility Fee – This fund accounts for development fees collected for the design and construction of parks within the City.
- Community Facility Fee – This fund accounts for development fees collected for the design and construction of public facilities within the City.
- Fire Facility Fee – This fund accounts for development fees collected for the design and construction of fire facilities required to serve new development in the City.
- Facility Fee Administration – This fund accounts for development fees collected for the administration of the Developer Facility Fee Program.
- Agriculture Land Administration – This fund accounts for 20% of the Agriculture Preservation fees collected from development. Monies are to be used for administrative purposes associated with establishing, monitoring and managing farmland conservation easements.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Agriculture Land Acquisition – This fund accounts for 80% of the Agriculture Preservation fees collected from development. The monies are used for farmland mitigation purposes.
- Public Art Administration – This fund accounts for 20% of the Public Art fees collected from development for the administration of the Public Art Program.
- Public Art Acquisition – This fund accounts for 80% of the Public Art fees collected from development for the acquisition and construction of Public Art.
- Parking In-Lieu – This fund accounts for development fees collected for off-street parking facilities located within the Downtown area.
- Arts Commission – This fund accounts for donations received to support a variety of arts programs for revenues and expenditures associated with the Arts Commission.
- Asset Forfeiture – This fund accounts for property or funds seized by the Police Department. After a case has been tried, and a guilty verdict is returned, the funds are considered forfeited. Federal funds must be used for narcotic enforcement and crime suppression. State funds must be used for areas related to drug prevention.
- Abandoned Vehicle Abatement – This fund accounts for monies which can only be used for the abatement, removal and disposal, as public nuisances, of any abandoned, wrecked, dismantled or inoperative vehicles, or parts thereof, from private or public property.
- PEG Media – This fund accounts for public, educational and governmental access fees collected from cable operators established per the Municipal Code and franchise agreements. This fund accounts for Public Access, Educational and Governmental (PEG) television channels provided for the citizens of Brentwood.
- Parks Advertising – This fund accounts for Parks and Recreation advertising fees collected to publish and distribute the Parks and Recreation Activities guide, as well as, enhance the amenities at the Sunset Athletic Complex, the Brentwood Family Aquatic Complex and the Brentwood Skate Park.
- Measure C/J – This fund accounts for the local jurisdiction portions of the Local Street Maintenance and Improvements Fund allocation. The monies can only be spent on local streets and roads, transit operations, growth management planning and compliance, bicycle and pedestrian trails and parking facilities.
- City Low Income Housing – This fund accounts for the activities related to the assets assumed by the City of Brentwood as Housing Successor to the housing activities of the former Brentwood Redevelopment Agency.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Landscape and Lighting Assessment Districts – These funds account for special benefit assessments levied on property owners for landscape and street lighting maintenance.

Debt Service Funds account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. Specific descriptions of the Debt Service Funds are as follows:

- Capital Improvement Revenue Refunding Bonds Series 2012 – This fund accounts for debt service transactions related to the refinance of the 2001 Capital Improvement Program (CIP) Bond. The 2001 CIP Bond, which had initially refinanced the Roadway Bonds and a Tax Allocation Bond, and also financed the Brentwood Technology Center.
- General Obligation Bonds Series 2002 – This fund accounts for tax levies from which general obligation debt service transactions are made on the General Obligation Bonds Series 2002. This bond was used to finance the Police Station.
- 2009 Civic Center Project Lease Revenue Bonds – This fund accounts for debt service transactions relating to the 2009 Civic Center Project Lease Revenue Bonds.
- 2015 Lease Financing – This fund accounts for debt service transactions relating to the 2015 Lease Financing. The bond proceeds will be used mainly to finance construction of the new Library and Municipal Service Center.

Capital Project Funds account for the acquisition and construction of major capital facilities and infrastructure not financed by Proprietary Funds. There is one Capital Project Fund classified as a major Governmental Fund, the 2015 Lease Financing Acquisition Fund. Specific descriptions of the Capital Project Funds are as follows:

- Roadway Improvements – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain roadway improvements.
- Community Facilities Improvements – This fund accounts for various community facilities improvement projects associated with either the construction or improvement of the City’s community facilities.
- Parks and Trails Improvements – This fund accounts for various park and trail improvement projects associated with either the construction or improvement of the City’s parks.
- Civic Center Project Lease Revenue Bond Acquisition – This fund accounts for transactions related to proceeds from the 2009 Civic Center Bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure.
- 2015 Lease Financing Acquisition – This fund accounts for transactions related to proceeds from the 2015 Lease Financing and their use to acquire and construct certain capital facilities and infrastructure.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Capital Improvement Financing Program 2006-1 – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure.
- Capital Improvement Financing Program 2005-1 – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure.
- Civic Center Capital Improvement Financing Program – This fund accounts for savings from refinanced City Capital Improvement Financing Program (CIFP) bonds and their use to finance a portion of the Civic Center project.
- City Capital Improvement Financing Program – This fund accounts for savings from refinanced City CIFP bonds and their use to acquire and construct certain capital facilities and infrastructure.
- Drainage Improvements – This fund accounts for various drainage improvement projects associated with either the upgrade or replacement of the City’s storm drain collection system.
- Capital Infrastructure – Under the oversight of the CIP Executive Team, this fund accounts for funds to be used for non-residential development related infrastructure projects and are not to be used for ongoing operating expenses.
- Vineyards Projects – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to finance infrastructure improvements within the Vineyards development area.
- Vineyards Event Center Projects – This fund accounts for development fees collected for the design and construction of a Vineyards Event Center.

Proprietary Funds account for operations financed and operated in a manner similar to private business enterprises. The intent of the City Council is for the costs of providing certain goods or services to the general public be financed or recovered primarily through user charges. The government reports the following Proprietary Funds:

- Wastewater Enterprise – This accounts for the operation, maintenance and capital improvement projects of the wastewater system. These activities are funded by user charges and impact fees.
- Solid Waste Enterprise – This accounts for the operation, maintenance and capital improvement projects of the solid waste system. These activities are funded by user charges.
- Water Enterprise – This accounts for the operation, maintenance and capital improvement projects of the water system. These activities are funded by user charges and impact fees.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- City Rentals Enterprise – This accounts for all the City facilities rented and maintained through this fund.
- Housing Enterprise – This accounts for the administrative and operational expenses for the Housing Division and Housing rental units and includes the Affordable Housing and First-Time Homebuyer programs.

Additionally, the government reports for the following fund types:

Internal Service Funds account for the financing of either goods or services provided by one department to other departments of the City on a cost reimbursement basis. Specific descriptions of these funds are as follows:

- Emergency Preparedness – To provide a source of funding for the City’s General Fund to be financially prepared for either a critical or catastrophic event or for one-time purchases of equipment to enhance public safety.
- Information Services – To provide a source of funding for the development and coordination of the City’s information system’s needs.
- Equipment Replacement – To provide a source of funding for vehicle and equipment replacement.
- Information Systems Replacement – To provide a source of funding for the replacement of information systems such as computers and the phone system.
- Facilities Replacement – To provide a source of funding for repairs or the replacement of City facilities.
- Tuition – To provide a source of funding for expenditures related to continuing education.
- Fleet Maintenance Services – To provide a source of funding for the maintenance of all City vehicles, except for Police Department vehicles.
- Facilities Maintenance Services – To provide a source of funding for maintenance and repairs of City facilities.
- Parks and LLAD Replacement – To provide a source of funding for the replacement of landscaping, equipment and facilities in the citywide parks and Landscape and Lighting Assessment Districts (LLAD).
- Insurance – To provide a source of funding for future insurance costs and unforeseen expenses due to legal matters or lawsuits.
- Pension/Other Post-Employment Benefits (OPEB) Obligation – To provide an intermediate-term funding source for OPEB and pension expenses.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds account for Trust and Agency Funds. The financial activities of these funds are excluded from the Government-Wide Financial Statements, but are presented in separate Fiduciary Fund Financial Statements. The Trust and Agency Funds consist of:

- Assessments – Special obligations payable from, and secured by, specific revenue sources.
- Pass-Through Funds – Special funds used for the collection and distribution of development fees collected on behalf of other agencies.
- Asset Seizure – Special funds to be used exclusively to support law enforcement and prosecutorial efforts.
- Private-Purpose Trust Fund – Special funds used to report the activities and financial position of the Successor Agency to the Brentwood Redevelopment Agency. These funds are held in a trust arrangement for the benefit of local taxing entities, including the City of Brentwood.

D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS AND NET POSITION OR EQUITY

i. Use of Restricted/Unrestricted Net Position

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

ii. Cash and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment activities and the City’s investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For additional information, refer to Note #1D xv. The City generally holds all investments until either maturity or market values equal or exceed cost. Therefore, the reported value of securities in the investment pool does not reflect realized gains or losses but rather the fair value of those investments as of June 30, 2016.

iii. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. All cash and investments of the Proprietary Fund types are pooled with the City’s pooled cash and investments.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

iv. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions which affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

v. Prepaid Items and Land Held for Resale

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In governmental funds, prepaid items are accounted for using the consumption method. A portion of fund balance equal to the prepaid items is reported as nonspendable to indicate that the funds are not available for appropriation. Land held for resale is valued at the lower of cost or estimated net realizable value.

vi. Capital Assets

The City’s assets are capitalized at either historical cost or estimated historical cost. City policy has set the capitalization threshold for capital assets at \$10,000 or more. Gifts or contributions of capital assets are valued at their estimated acquisition value on the date contributed. Depreciation is recorded on a straight-line basis over the useful lives of the assets, as follows:

Land Improvements	20 - 65 years
Buildings and Structures	50 years
Machinery and Equipment	3 - 20 years
Vehicles	4 - 12 years
Infrastructure	65 years
Intangible Assets	40 - 65 years

The City defines infrastructure as long lived capital assets which are normally stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. These assets include the street system, water purification and distribution system, sewer collection and treatment system, park and recreation lands and improvement system, storm water conveyance system and buildings, combined with the site amenities such as parking and landscaped areas, which are used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

markings), landscaping and land. These subsystems are not delineated in the Basic Financial Statements. The appropriate operating department maintains information regarding the subsystems.

vii. Compensated Absences Payable

The following totals may be accumulated by employees each year:

- A total of 11 to 28 vacation days
- Up to either 60, 80 or 120 hours of compensatory time off, depending on employee’s classification
- 12 days of sick leave

Sick leave is not paid at termination, but can be used for additional service credits towards retirement. Half of an employee’s accrued sick leave, up to \$8,000, may be cashed in when the employee retires from the City of Brentwood. Under certain restrictive circumstances, limited amounts of sick leave can be converted to vacation time. Vacation time is only allowed to accumulate up to one and one-half years’ worth of vacation earnings.

All employees may elect to receive a lump sum payment of up to 40 hours of accumulated vacation each March. Mid-Managers, Department Directors and the City Manager are eligible to elect payment of up to 80 hours. Additionally, each October employees with three years of service may elect to receive a lump sum payment of up to 40 hours of accumulated vacation time. Mid-Managers, Department Directors and the City Manager are eligible to elect payment of up to 80 hours. Liabilities for compensated absences are included as a liability in the Government-Wide Financial Statements and are paid by the fund which has recorded the liability. The long-term portion of compensated absences in Governmental-Type activities is typically liquidated by the General Fund, Citywide Park Assessment District Fund, Fleet Maintenance Fund, Facilities Maintenance Fund and Information Services Fund.

viii. Property Tax

Property tax valuations, liens and levies for secured and unsecured property are valued on March 1st of each year. 50% of secured taxes are due on November 1 and February 1 of each fiscal year (FY) and are delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1 and delinquent on August 31. Contra Costa County bills and collects the City’s property taxes and remits them to the City. The City accounts for the remittance in the General Fund. City property tax revenues are recognized when levied, to the extent that they result in current receivables. The City receives its full assessment of property tax and the County retains all delinquent charges.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ix. Motor Vehicle Taxes

Motor vehicle taxes are collected by the State and remitted to the City. They are not restricted.

x. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under the deferred compensation plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them. Distribution may be made only at termination of employment, retirement, death or in an emergency as defined by the deferred compensation plan. In accordance with the Governmental Accounting Standards Board (GASB) Pronouncement 32, the City revised the plan to no longer make the funds available to the City’s general creditors and accordingly the City does not report any assets or liabilities associated with this plan in the accompanying financial statements.

xi. New Governmental Accounting Standards Board Pronouncements

In February 2015, GASB issued GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The intention of this Statement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. It also enhances fair value application guidance and related disclosures. The requirements of the Statement are effective for fiscal periods beginning after June 15, 2015. The City implemented GASB Statement No. 72 for the presentation of the FY 2015/16 financial statements.

In June 2015, GASB issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43 *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*. This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The requirements of the Statement are effective for fiscal years beginning after June 15, 2016. The City is in the process of determining the impact GASB Statement No. 74 will have on its financial statements.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2015, GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. The requirements of the Statement are effective for fiscal years beginning after June 15, 2017. The City is in the process of determining the impact GASB Statement No. 75 will have on its financial statements.

In June 2015, GASB issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles (GAAP) for State and Local Governments*. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of the Statement are effective for reporting periods beginning after June 15, 2015. The City implemented GASB Statement No. 76 for the presentation of the FY 2015/16 financial statements.

In August 2015, GASB issued GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of the Statement are effective for reporting periods beginning after December 15, 2015. The City is in the process of determining the impact GASB Statement No. 77 will have on its financial statements.

In December 2015, GASB issued GASB Statement No.79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool’s participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. The disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The requirements of the Statement are effective for reporting periods beginning after June 15, 2015. The City implemented GASB Statement No. 79 for the presentation of the FY 2015/16 financial statements.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In March 2016, GASB issued GASB Statement No.82, *Pension Issues - An amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of the Statement are effective for reporting periods beginning after June 15, 2016. The City early implemented GASB Statement No. 82 for the presentation of the FY 2015/16 financial statements.

xii. New Funds, Closed Funds and Renamed Funds

The 2015 Lease Financing Fund was created in FY 2015/16 for the purpose of accounting for the debt service transactions related to the 2015 Lease Financing.

The 2015 Lease Financing Acquisition Fund was created in FY 2015/16 for the purpose of accounting for the transactions related to proceeds from the 2015 Lease Financing and their use to acquire and construct certain capital facilities and infrastructure.

As of June 30, 2016, the Drainage Improvements capital project fund has been closed.

For internal consistency, minor changes have been made to the names of certain funds; however, the purpose of these funds remains unchanged.

xiii. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for Deferred Outflows of Resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualify for reporting in this category, Deferred Outflows of Resources Related to Pensions and Deferred Amount on Refunding. The elements of Deferred Outflows of Resources Related to Pensions are deferred and amortized and will be recognized as a component of pension expense in subsequent fiscal years. The deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for Deferred Inflows of Resources. This separate financial statement element represents an acquisition of net position which applies to a future

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item reported on the Government-Wide Statement of Net Position, which qualifies for reporting in this category, deferred inflows of resources Related to Pensions. These amounts are deferred and amortized and will be recognized as a component of pension expense in subsequent fiscal years. The City has one type of item, Unavailable Revenue - Accounts Receivable, that is reported only in the Governmental Funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

xiv. 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 of Brentwood’s CalPERS plans (Pension Plans) and additions to/deductions from the Pension 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 due and payable in accordance with the benefit terms. Investments are reported at fair value. The Net Pension Liability and related costs are allocated to each fund based on the proportionate share of the fund’s total current year pension contributions.

xv. 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 GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

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

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

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

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

NOTE #2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

General Budget Policies

The City operates on a two-year budget cycle. Budgets are legally enacted through passage of a resolution prior to July 1. The City Council periodically reviews the budgets and adopts supplemental appropriations (amendments) at the fund level when required. The level of budgetary control is established at the fund level and expenditures may not exceed budgeted appropriations at the fund level without City Council approval. In the financial statements, the final budget amounts include amendments to the original budget. Individual amendments were not material in relation to original appropriations.

Budget Basis of Accounting

Budgetary comparisons are presented for the General, Special Revenue and certain Capital Project funds. The funds listed on the following page are not legally required to adopt budgets as their appropriations are either established by: 1) the related bond documentation, 2) other legal agreements or 3) are multi-year projects whose budget cycle exceeds one fiscal year.

Capital Project Funds

- Roadway Improvements
- Community Facilities Improvements
- Parks and Trails Improvements
- Capital Improvement Financing Program 2006-1
- Capital Improvement Financing Program 2005-1
- Drainage Improvements

Debt Service Funds

- Capital Improvement Revenue Refunding Bonds Series 2012
- General Obligation Bonds Series 2002
- 2009 Civic Center Project Lease Revenue Bonds
- 2015 Lease Financing

NOTE #2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. DEFICIT FUND EQUITY

Below is a list of funds which have either a deficit fund or an accumulated deficit balance as of June 30, 2016. The deficit in Parks and Trails Facility Fee is due to pre-funding of parks projects in advance of receiving funding from development. Future impact fees will be deposited into this fund. The deficit in Parks and Trails Improvements is due to the funding of construction of projects for which the Successor Agency has committed future funding reimbursement. See Note #12 for additional information.

The deficits in the Internal Service funds are related to Net OPEB obligation and Pension liability accruals. In response to increasing Net OPEB obligations, the City has adopted a long-term OPEB pre-funding strategy which ultimately calls for 85% of the Actuarial Required Contribution (ARC) to be funded annually. In FY 2014/15, the implementation of GASB 68 required proprietary funds to record their portion of the Net Pension Liability and Deferred Outflows/Inflows of Resources, resulting in the restatement of their June 30, 2014 net position and an increase in deficit fund equity. The Internal Service funds will continue to maintain a positive cash balance.

Special Revenue Funds:	
Parks and Trails Facility Fee	\$ 173,112
Capital Project Funds:	
Parks and Trails Improvements	\$ 387,922
Internal Service Funds:	
Information Services	\$ 957,373
Fleet Maintenance Services	497,945
Facilities Maintenance Services	157,511

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of the “Due To/From Other Funds” balance on the Governmental Funds Balance Sheet, as of June 30, 2016, is shown below. The Parks and Trails Improvements amount is due to timing issues relating to the construction of projects in advance of funding for which the Successor Agency had committed to reimburse the City in the future. The City and Successor Agency are currently seeking potential State reimbursement of this amount. The Parks and Trails Facility Fee amount is due to the construction of parks within the City in advance of receiving development fee revenue. Future development will reduce this obligation.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Pension/OPEB Obligation	Parks and Trails Improvements	\$ 784,825
Parks and Trails Improvements	Parks and Trails Facility Fee	172,948
	Total	\$ 957,773

NOTE #2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Interfund Transfers

Fund Description	General Fund	Non-Major	Internal Service Funds	Wastewater Enterprise	Solid Waste Enterprise	Water Enterprise	Total Transfers Out
		Governmental Funds					
General Fund	\$ -	\$ 1,653,459	\$ 5,216,187	\$ -	\$ -	\$ -	\$ 6,869,646
Non-Major Governmental Funds	5,899,799	18,767,831	381,690	4,433	35,292	4,091	25,093,136
Internal Service Funds	3,567,244	2,158,263	-	-	-	-	5,725,507
Wastewater Enterprise	-	65,176	8	-	-	25,000	90,184
Solid Waste Enterprise	4,770	48,364	323,630	-	-	-	376,764
Water Enterprise	-	57,032	-	6,982	-	-	64,014
City Rentals Enterprise	-	306,955	-	-	-	-	306,955
Total Transfers In	\$ 9,471,813	\$ 23,057,080	\$ 5,921,515	\$ 11,415	\$ 35,292	\$ 29,091	\$ 38,526,206

Transfers are indicative of funding for: 1) capital projects or debt service, 2) subsidies of various City operations or 3) reallocations of special revenues. The following schedule briefly summarizes the City’s significant, unusual or inconsistent fund type transfer activity:

Transfer To	Amount	Purpose
General Fund	\$3,224,777	Provide a subsidy to cover a portion of the costs for Police Services
General Fund	\$3,000,000	Transfer for fund balance commitment in General Fund for Successor Agency Payment Plan
General Fund	\$1,173,300	Gas Tax revenue to subsidize the Street Maintenance Division
Internal Service	\$4,581,217	Transfer of unassigned General Fund balance in excess of reserve requirement
Capital Projects	\$3,927,812	Provide a subsidy to cover a portion of the costs for the John Muir Parkway Extension - Phase II project
Capital Projects	\$3,500,000	Provide a subsidy to cover a portion of the costs for the Fire Station #53 (Shady Willow) project
Capital Projects	\$2,498,357	Provide a subsidy to cover a portion of the costs for the Police Dispatch Center project
Capital Projects	\$1,016,000	Provide a subsidy to cover a portion of the costs for the Police CAD/RMS System project
Capital Projects	\$ 784,959	Provide a subsidy to cover a portion of the costs for the Library - New Construction project
Capital Projects	\$ 394,862	Provide a subsidy to cover a portion of the costs for the Vineyards at Marsh Creek - Event Center/Amphitheater project

NOTE #2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. MINIMUM FUND BALANCE POLICIES

Staff will present a General Fund budget for City Council consideration that maintains an unassigned fund balance of 30% of the annual operating appropriations and operating transfers. The City will strive to maintain cash reserves in the Enterprise Funds of 30% of annual operating appropriations and operating transfers. This is considered the minimum level necessary to maintain the City’s credit worthiness and to adequately provide for contingencies for unseen operating or capital needs or cash flow requirements.

E. FUND BALANCES

The City’s fund balances are classified based on spending constraints imposed on the use of resources. Nonspendable fund balances are not expected to be converted to cash and are comprised of prepaid items. Restricted fund balances have external restrictions imposed by either creditors, grantors, contributors, laws, regulations or enabling legislation which requires these resources be used only for a specific purpose. Committed fund balances have constraints imposed by a City Council resolution which may be modified or rescinded only through a subsequent City Council resolution. 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 of the City of Brentwood and may be changed at the discretion of the City Council. Unassigned fund balance represents amounts which have not been restricted, committed or assigned. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City considers restricted amounts to have been spent, prior to unrestricted amounts, when an expenditure is incurred for purposes for which both are available. Committed, assigned and unassigned amounts, in this order, are considered to be spent when an expenditure is incurred for purposes for which either is available. Detailed classifications of the City’s Governmental Fund Balances, as of June 30, 2016, are shown on the following page.

NOTE #2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

	<u>Capital Project Fund</u>			<u>Total</u>
	<u>General Fund</u>	<u>2015 Lease Financing Acquisition</u>	<u>Other Governmental Funds</u>	
Fund Balances:				
Nonspendable:				
Prepaid Expenses	\$ 68,054	\$ -	\$ 889	\$ 68,943
Total Nonspendable Fund Balances	<u>68,054</u>	<u>-</u>	<u>889</u>	<u>68,943</u>
Restricted for:				
Debt Service	-	-	31,630,437	31,630,437
Community Facilities Projects	-	11,294,922	8,121,336	19,416,258
Civic Center Projects	-	-	7,186,502	7,186,502
Low Income Housing	-	-	1,054,844	1,054,844
Vineyards Development Projects	-	-	6,097,372	6,097,372
Infrastructure Projects	-	-	2,724,649	2,724,649
Streets and Roadways	-	-	6,541,259	6,541,259
CIFP Projects	-	-	7,513,523	7,513,523
Landscape and Lighting Assessment Districts	-	-	5,133,728	5,133,728
Off Street Parking Facilities in Downtown	-	-	28,317	28,317
Agricultural/Farmland Mitigation	-	-	1,600,093	1,600,093
Brentwood Redevelopment Escrow	92,426	-	-	92,426
Fire Facilities	-	-	774,300	774,300
Arts Commission	-	-	4,512	4,512
Public Art	-	-	2,082,358	2,082,358
Developer Facility Fee Program	-	-	539,621	539,621
Drug Prevention Programs	-	-	27,500	27,500
Public Safety	-	-	155,727	155,727
Disability Access	-	-	13,673	13,673
Other Grants	-	-	275,172	275,172
PEG Media	-	-	842,665	842,665
Total Restricted Fund Balances	<u>92,426</u>	<u>11,294,922</u>	<u>82,347,588</u>	<u>93,734,936</u>
Committed to:				
Infrastructure Projects	-	-	6,233	6,233
Abandoned Vehicle Abatement	-	-	115,817	115,817
Community Facilities	-	-	419,942	419,942
Public Safety	1,250,000	-	1,317,259	2,567,259
Successor Agency Payment Plan	8,016,345	-	-	8,016,345
Parks Maintenance	-	-	366,046	366,046
Streets and Roadways	-	-	4,737,899	4,737,899
Total Committed Fund Balances	<u>9,266,345</u>	<u>-</u>	<u>6,963,196</u>	<u>16,229,541</u>
Unassigned:	<u>13,120,085</u>	<u>-</u>	<u>(561,034)</u>	<u>12,559,051</u>
Total Fund Balances	<u>\$ 22,546,910</u>	<u>\$ 11,294,922</u>	<u>\$ 88,750,639</u>	<u>\$ 122,592,471</u>

NOTE #3 – CASH AND INVESTMENTS

A. CASH AND DEPOSITS

The City of Brentwood maintains a cash investment pool that is available for all funds. The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by outside fiscal agents under the provisions of bond indentures. Each fund type balance in the pool is reflected on the combined balance sheet as Cash and Investments.

The carrying amounts of the City’s cash deposits were \$5,668,572 at June 30, 2016. The bank balance, before reconciling items, was \$7,538,163. The bank balance is insured for up to \$250,000 and the remaining balance is collateralized for up to 110%, with the collateral being held by a pledging financial institution in the City’s name. The market value of the pledged securities must equal 110% as stated by California Government Code Section 53651, but the City may waive collateral requirements for cash deposits which are insured by the Federal Deposit Insurance Corporation. The City’s cash and investment balances are as follows:

Pooled Deposits:	
Demand Deposits	\$ 5,668,572
Petty Cash	9,150
Investments	<u>245,381,330</u>
Total Cash and Investments	<u><u>\$ 251,059,052</u></u>

Cash and investments appear on the financial statements as follows:

Cash and Investments:	
Governmental Activities	\$ 124,106,415
Business-Type Activities	76,040,331
Fiduciary Funds	<u>15,183,907</u>
	<u>215,330,653</u>

Restricted Cash and Investments:	
Governmental Activities	29,863,733
Business-Type Activities	1,546,253
Fiduciary Funds	<u>4,318,413</u>
	<u>35,728,399</u>
Total Cash and Investments	<u><u>\$ 251,059,052</u></u>

NOTE #3 – CASH AND INVESTMENTS (Continued)

B. INVESTMENTS

The City apportions interest earnings to all funds based on their monthly cash balance. The table below identifies the investment types authorized for the City by the City’s investment policy, which is more restrictive than California Government Code 53601. The table also identifies certain provisions of the City’s investment policy which address interest rate risk, credit risk and concentration of risk. This table includes permitted investments for the management of the City’s cash. In addition, these guidelines are used for the investments of debt proceeds held by bond trustees, which are governed by the provision of the City’s debt agreements.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio⁽¹⁾	Maximum Investment in One Issuer
Asset-Backed Securities	5 years	20%	None
Banker's Acceptances	180 days	40%	None
California Asset Management Program	N/A	N/A	N/A
California State, Local Agency and Other State Obligations	5 years	30%	None
Commercial Paper	270 days	25%	10%
Insured Savings Account	N/A	N/A	N/A
Local Agency Investment Fund	N/A	\$50M/Account	\$50M/Account
Medium-Term Notes	5 years	30%	None
Money Market Funds	N/A	15%	None
Mortgage Pass-Through Securities	5 years	20%	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	92 days	20%	None
Supranationals	5 years	30%	None
Time Deposits	5 years	25%	None
U.S. Agency Obligations	5 years	None	None
U.S. Treasury Obligations	5 years	None	None

(1) Excluding amounts held by bond trustee not subject to California Government code restrictions.

NOTE #3 – CASH AND INVESTMENTS (Continued)

Credit Risk

The City’s portfolio is comprised of the highest quality government and corporate securities. Consistent with City policy, almost 65% of the rated portfolio consists of investments with Standard and Poor’s two highest ratings. This percentage does not include U.S. Treasury Bonds/Notes, Local Agency Investment Fund (LAIF), Asset Back Securities, or Money Market Funds, which are all exempt or unrated. Investments at June 30, 2016, held on behalf of the City, are presented below and categorized separately to give an indication of the level of risk associated with each investment. Investments are reported at fair value.

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>% of Rated Portfolio</u>
Medium Term Corporate Notes	\$ 9,288,782	A	5.29%
Medium Term Corporate Notes	5,893,861	A-	3.36%
Medium Term Corporate Notes	2,846,298	A+	1.62%
Medium Term Corporate Notes	4,290,319	AA-	2.44%
Medium Term Corporate Notes	658,766	AA	0.37%
Medium Term Corporate Notes	9,818,835	AA+	5.60%
Commercial Paper	14,988,095	A-1	8.53%
Commercial Paper	4,995,995	A-1+	2.84%
U.S. Agency Bonds/Notes	42,840,962	AA+	24.38%
Municipal Bond/Notes	241,744	AA	0.14%
Certificates of Deposit - Negotiable	4,006,692	A-1+	2.28%
Certificates of Deposit - Negotiable	21,528,854	A-1	12.25%
Certificates of Deposit - Negotiable	17,551,050	AA-	9.99%
Federal Agency Collateralized Mortgage Obligations	5,441,451	AA+	3.10%
Asset Backed Securities	1,017,062	AAA	0.58%
Money Market Funds	30,240,476	AAAm	17.21%
California Asset Management Program	37,601	AAAm	0.02%
Total Rated Investments	<u>175,686,843</u>		
U.S. Treasury Notes	55,722,482	Exempt	
Local Agency Investment Fund	12,514,434	Not Rated	
Asset Backed Securities	382,926	Not Rated	
Money Market Funds	<u>1,074,645</u>	Not Rated	
Total Unrated Investments	<u>69,694,487</u>		
Total Investments	<u><u>\$ 245,381,330</u></u>		

NOTE #3 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The City’s investment policy contains no limitations on the amount the City may invest in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer, other than U.S. Treasury securities, mutual funds or external investment pools, which represent 5% or more of the City’s total investments, are shown below:

<u>Issuers⁽¹⁾</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal National Mortgage Association	\$ 27,497,705	11.21%

(1) Excludes U. S. Treasury Securities, LAIF and Money Market Mutual Funds.

Interest Rate Risk

The City’s investment policy limits the investment portfolio to maturities of less than five years as a means of limiting exposure to fair value losses arising from interest rates. Currently, 52% of the investment portfolio is concentrated in the zero to two year maturity range.

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NOTE #3 – CASH AND INVESTMENTS (Continued)

Investment Maturities

	<u>Fair Value⁽¹⁾</u>	<u>0-6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-5 years</u>	<u>% of Portfolio</u>
U.S. Treasury Notes/Bonds/Bills	\$ 55,722,482	\$ 575,310	\$ 1,204,911	\$ 1,469,711	\$ 1,252,861	\$ 51,219,689	22.71
Commercial Paper	19,984,090	19,984,090	-	-	-	-	8.14
Medium-Term Corporate Notes	32,796,861	-	1,323,018	10,569,737	10,141,002	10,763,104	13.36
U.S. Agency Bonds/Notes ⁽²⁾	42,840,962	1,381,647	-	3,268,188	22,386,739	15,804,388	17.46
Municipal Bonds/Notes	241,744	-	-	241,744	-	-	0.10
Certificates of Deposit - Negotiable	43,086,596	-	22,701,305	20,385,291	-	-	17.56
Local Agency Investment Fund	12,514,434	12,514,434	-	-	-	-	5.10
California Asset Management Program	37,601	37,601	-	-	-	-	0.02
Money Market Funds	31,315,121	31,315,121	-	-	-	-	12.76
Federal Agency Collateralized Mortgage Obligations	5,441,451	-	-	-	762,003	4,679,448	2.22
Asset Backed Securities	1,399,988	-	-	-	-	1,399,988	0.57
Totals	<u>\$ 245,381,330</u>	<u>\$ 65,808,203</u>	<u>\$ 25,229,234</u>	<u>\$ 35,934,671</u>	<u>\$ 34,542,605</u>	<u>\$ 83,866,617</u>	
% of Portfolio		26.82	10.28	14.64	14.08	34.18	100.00

(1) Fair Value includes accrued interest.

(2) Any callable securities in U.S. Agency Bonds/Notes are reported at either 0-6 months or the earliest call date.

Custodial Credit Risk for Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities which are in possession of another party. The California Government Code does not contain legal or policy requirements limiting the exposure to custodial credit risk. The City’s investment policy requires the assets of the City be secured through the third party custody and safekeeping procedures. Bearer instruments shall be held only through third party institutions. Collateralized securities, such as repurchase agreements, shall be purchased using the delivery vs. payment procedure.

Fair Value Hierarchy

The City categorizes fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and 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, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments Measured by Fair Value Level:			
U.S. Treasury Notes/Bonds/Bills	\$ 55,722,482	\$ -	\$ 55,722,482
Commercial Paper	-	19,984,090	19,984,090
Medium-Term Corporate Notes	-	32,796,861	32,796,861
U.S. Agency Bonds/Notes	-	42,840,962	42,840,962
Municipal Bond/Note	-	241,744	241,744
Certificates of Deposit - Negotiable	-	43,086,596	43,086,596
Local Agency Investment Fund	-	12,514,434	12,514,434
Federal Agency Collateralized Mortgage Obligations	-	5,441,451	5,441,451
Asset Backed Securities	-	1,399,988	1,399,988
Subtotal	<u>\$ 55,722,482</u>	<u>\$ 158,306,126</u>	\$ 214,028,608
Investments Measured at Net Asset Value per Share:			
Held by Trustee:			
California Asset Management Program			37,601
Investments Measured at Amortized Cost:			
Money Market Funds			17,839,015
Held by Trustee:			
Money Market Funds			<u>13,476,106</u>
Total Investments			<u>\$ 245,381,330</u>

Investments classified in Level 1 of the fair value hierarchy of \$55,722,482 are valued using unadjusted quoted prices in an active market for identical assets at the measurement date. Level 2 investments totaling \$158,306,126 are valued using inputs other than quoted prices that are observable for the asset either directly or indirectly on the measurement date. Examples of Level 2 inputs include matrix pricing, market corroborated pricing and inputs such as yield curves and indices. These prices are obtained from various pricing sources by our custodian bank. There are no securities classified in Level 3. The Local Agency Investment Fund classified in Level 2 is based on the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool. Fair value is defined as the quoted market value on the last trading day of the period.

NOTE #3 – CASH AND INVESTMENTS (Continued)

C. INVESTMENT IN STATE TREASURER’S POOL

LAIF is an external investment program sponsored by the State of California and authorized under Sections 16429.1, 2 and 3 of the California Government code. It is part of the State’s Pooled Money Investment Account (PMIA) managed by the Investment Division of the State Treasurer’s Office. LAIF is a voluntary program, created by statute, as an investment alternative for California local governments and special districts. The City is a voluntary participant in this investment pool. The management of PMIA has indicated to the City that, as of June 30, 2016, the amortized cost of the pool was \$75,395,751,048 and the fair value was \$75,442,588,513. The City deposits excess cash in LAIF, which is not required to be categorized. The fair value for these deposits was provided by the pool sponsor.

D. CALIFORNIA ASSET MANAGEMENT PROGRAM

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the “Trust”). The Trust is a joint powers authority, and public agency, created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the “Act”) for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share, in accordance with GASB 79 requirements. At June 30, 2016, the fair value was approximate to the City’s cost. The City, as a CAMP shareholder, may withdraw all or any portion of the funds in its CAMP account at any time by redeeming shares.

The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the City may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal.

E. CASH AND INVESTMENTS WITH FISCAL AGENT

The City has monies held by trustees, or fiscal agents, pledged to the payment or security of certain bonds and lease obligations, plus monies held by a third-party administrator of the City’s Housing Rental Program. The City has also set up escrow bank accounts to hold retention payments due to certain contractors. These monies appear on the financial statements as Restricted Cash and Investments. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates or leases, may be invested by trustees or fiscal agents in accordance with the ordinances, resolutions or indentures specifying the types of investments allowed.

NOTE #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE

Receivables at June 30, 2016 were comprised of the following:

	<u>Taxes</u>	<u>Accounts</u>	<u>Inter-Governmental</u>	<u>Interest</u>	<u>Utilities</u>	<u>Notes and Loans</u>	<u>Total Receivables</u>
Governmental Activities:							
General Fund	\$ 324,533	\$ 1,626,335	\$ 3,107	\$ 1,532	\$ -	\$ -	\$ 1,955,507
Internal Service	-	20,210	-	3,085	-	-	23,295
Special Revenue	-	16,676	5,484	1,172	-	-	23,332
Debt Service	-	-	-	22	-	26,748,684 ⁽¹⁾	26,748,706
Capital Projects	-	6,839	-	1,509	-	-	8,348
Subtotal Governmental Activities	324,533	1,670,060	8,591	7,320	-	26,748,684	28,759,188
Less: Allowance	-	(275,840) ⁽²⁾	-	-	-	-	(275,840)
Total Governmental Activities	<u>\$ 324,533</u>	<u>\$ 1,394,220</u>	<u>\$ 8,591</u>	<u>\$ 7,320</u>	<u>\$ -</u>	<u>\$ 26,748,684</u>	<u>\$ 28,483,348</u>
Business-Type Activities:							
Wastewater	\$ -	\$ 661	\$ -	\$ 2,323	\$ 1,691,711	\$ -	\$ 1,694,695
Solid Waste	-	21,966	-	293	1,556,889	-	1,579,148
Water	-	93,069	-	1,283	1,786,694	-	1,881,046
City Rentals	-	86,062	-	6	-	-	86,068
Housing	-	32,284	-	324	-	704,547 ⁽³⁾	737,155
Total Business-Type Activities	<u>\$ -</u>	<u>\$ 234,042</u>	<u>\$ -</u>	<u>\$ 4,229</u>	<u>\$ 5,035,294</u>	<u>\$ 704,547</u>	<u>\$ 5,978,112</u>

(1) The City has recorded receivables for the Successor Agency's portion of long-term debt. Note #12 discusses the dissolution of the Redevelopment Agency and the Successor Agency activities.

(2) Accounts receivable for citation revenues are unavailable and the revenue is not recognized until received.

(3) Net of reservation for loans expected to be forgiven. These loans are discussed on the following pages.

NOTE #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE (Continued)

Notes and Loans Receivable at June 30, 2016 were comprised of the following:

Governmental Activities:	
Amounts Due from Successor Agency	\$ 26,748,684
Loans under City Low Income Housing (including interest)	<u>4,832,739</u>
Subtotal Governmental Funds	31,581,423
Less: Reservation for Loans Expected to be Forgiven	<u>4,832,739</u>
Net Notes and Loans Receivable	<u><u>\$ 26,748,684</u></u>
Business-Type Activities:	
Down Payment Assistance and Gap Assistance Program Loans	\$ 704,547
Loans under Affordable Housing (including interest)	<u>6,391,870</u>
Subtotal Business-Type Activities	7,096,417
Less: Reservation for Loans Expected to be Forgiven	<u>6,391,870</u>
Net Notes and Loans Receivable	<u><u>\$ 704,547</u></u>

Down Payment Assistance and Gap Assistance Program Loans

In FY 2005/06 the City established a first-time homebuyers Down Payment Assistance Program (DAP) for the benefit of first-time homebuyers in the City of Brentwood who earn up to 120% of the area median income. The loans are either due in 30 years or upon a change in ownership of the property. The loans may be prepaid at any time without penalty. The interest rate is dependent upon the length of time the loan exists. Loans held less than three years accrue interest at 7%, loans held between three and ten years accrue interest at 5% and loans held longer than 10 years accrue interest at 3%.

The City also established a first-time homebuyers Gap Assistance Program (GAP) to facilitate the purchase of below market rate units from the City’s Affordable Housing Program for first-time homebuyers. The maximum GAP loan amount is \$35,000. The GAP loans are either due in 30 years or upon a change in ownership of the property. The interest rate is set at 3%, simple interest. As of June 30, 2016 the City is owed \$704,547, including interest, under the DAP and GAP loan programs.

Amounts Due from Successor Agency

The Successor Agency to the former Brentwood Redevelopment Agency (see discussion of the Brentwood Redevelopment Agency Dissolution in Note #12) has long-term obligations for the funding of its portion of the CIP 2012 Revenue Refunding Bonds and the Civic

NOTE #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE (Continued)

Center Project Lease Revenue Bonds. The Successor Agency has pledged future tax revenues for the repayment of its portion of the bonds and the California State Department of Finance (“DOF”) has deemed the pledge an enforceable obligation of the Successor Agency. The City has recorded a receivable for the debt obligations due from the Successor Agency. The balance of the receivables at June 30, 2016 was \$26,748,684. The long-term debt obligations are discussed in further detail in both Note #6 and Note #12.

Loans Under the Former Brentwood Redevelopment Agency and the City’s Affordable Housing Programs

The City and the former Brentwood Redevelopment Agency entered into loan programs to improve the quality and availability of affordable housing. Loans under the programs provide for the eventual forgiveness of the loan balances if the borrower complies with all the terms of the loan over its full term. The loans are accounted for as conditional grants in the Government-Wide financial statements and include a reserve for their eventual forgiveness. However, with the dissolution of the Brentwood Redevelopment Agency, the City agreed to become the successor to the Brentwood Redevelopment Agency’s housing activities. Therefore, as of February 1, 2012, the City Low Income Housing Fund assumed the loans receivable of the former Brentwood Redevelopment Agency’s Low and Moderate Income Housing Fund as discussed in Note #12. The City Low Income Housing and Affordable Housing, a component of the Housing Enterprise Fund, loans were comprised of the following, at June 30, 2016:

Governmental Activities:	
Brentwood/202 Senior Housing	\$ 314,550
Christian Church Homes/Sycamore II	1,043,704
Eden Housing	133,125
Mercy Housing	1,799,000
Brentwood Senior Commons	400,000
Brentwood Green Valley	1,142,360
Subtotal Loans under City Low Income Housing	4,832,739
Less: Reservation for Loans Expected to be Forgiven	4,832,739
Net Notes and Loans Receivable	\$ -
 Business-Type Activities:	
Eden Housing	\$ 1,192,000
Mercy Housing	771,000
Meta Housing	4,428,870
Subtotal Loans under Affordable Housing	6,391,870
Less: Reservation for Loans Expected to be Forgiven	6,391,870
Net Notes and Loans Receivable	\$ -

NOTE #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE (Continued)**Brentwood/202 Senior Housing**

In April 1996, the Brentwood Redevelopment Agency loaned Brentwood/202 Senior Housing, Inc., a California non-profit public benefit corporation, \$314,550 to assist in the financing of the construction of a 40-unit senior housing project. The principal sum of the note does not bear interest. The outstanding principal due under this note is due and payable in full, either forty years from the date of recording the Deed of Trust or upon an event of default. In the event there has been no event of default that has not been cured, the Housing Successor shall forgive the outstanding principal balance due on the maturity date. The balance at June 30, 2016 was \$314,550.

Christian Church Homes/Sycamore II

In June 2003, the Brentwood Redevelopment Agency entered into a note with Christian Church Homes of Northern California, in the amount of \$530,722, to construct 40 units of very low-income senior rental housing. The note is a 3% per annum simple interest, 55-year loan. In July 2004, a new note was executed with Sycamore Place II Senior Housing Corporation which amended, superseded and replaced in its entirety the original note of \$530,722. This new note, in the amount of \$755,722, is secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing. The principal sum of this note bears 3% per annum, simple interest. All principal, and all accrued and unpaid interest, shall be due and payable in full either no later than June 27, 2058 or upon default. As of June 30, 2016, principal and accrued interest total \$1,043,704. There is a reasonable expectation this note will be forgiven upon successful completion of the terms and conditions of the note and, as such, a reservation for forgiveness of the note has been included in these financial statements.

Eden Housing

In January 2005, the City of Brentwood Affordable Housing and the Brentwood Redevelopment Agency entered into two notes with Eden Housing, Inc., in the amounts of \$900,000 and \$100,000 for the development of Brentwood City Commons, an 80-unit very-low and extremely-low income senior apartment project. The notes are secured by Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing. The notes are 3% simple interest per annum, 55-year loans unless event of default occurs. As of June 30, 2016, principal and accrued interest for both notes total \$1,325,125. There is a reasonable expectation these notes will be forgiven upon successful completion of the terms and conditions of the notes and, as such, a reservation for forgiveness of the notes has been included in these financial statements.

NOTE #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE (Continued)

Mercy Housing

In May 2006, the City of Brentwood Affordable Housing and the Brentwood Redevelopment Agency entered into two notes with Mercy Housing, Inc., in the amounts of \$600,000 and \$1,400,000, in order to develop 94 affordable apartments for extremely low or very low-income households at an affordable rent as set forth in the Affordable Housing Covenant. So long as Mercy Housing, Inc. owns and operates the project in compliance with the Affordable Housing Covenant, and the agreement is not in default under these notes, no payments shall be due. The entire outstanding unpaid principal and interest of the notes shall be due and payable in full upon either the earlier of the 55-years after the closing of the notes or December 31, 2063. The notes bear interest at 3% per annum from the date of disbursement. As of June 30, 2016, the principal and accrued interest due for both notes total \$2,570,000. There is a reasonable expectation these notes will be forgiven upon successful completion of the terms and conditions of the notes and, as such, a reservation for forgiveness of the notes has been included in these financial statements.

Brentwood Senior Commons

In November 2010, the Brentwood Redevelopment Agency entered into a Loan Agreement with Brentwood Senior Commons, L.P., in the amount of \$400,000, to provide funding for a portion of elevator improvements within the Brentwood Senior Commons project.

This note shall bear 0% interest unless there is a default in the conditions of the note. So long as Brentwood Senior Commons owns and operates the project in compliance with the Affordable Housing Covenant, no payments shall be due and the entire outstanding principal and interest, if any due to default, shall be due and payable in full on January 25, 2060. On the maturity date, the City as Housing Successor may, in its sole discretion, forgive the repayment of all or part of the Loan. As of June 30, 2016, the principal due totaled \$400,000. There is a reasonable expectation this note will be forgiven upon successful completion of the terms and conditions of the note and, as such, a reservation for forgiveness of the note has been included in these financial statements.

Brentwood Green Valley

In January 2011, the Brentwood Redevelopment Agency entered into a Loan Agreement with Brentwood Green Valley Associates, in the amount of \$1,258,886, to provide funds to repair and rehabilitate Green Valley Apartments, a 28-unit, extremely-low and very-low income, multi-family project. The loan was disbursed in two payments in accordance with the loan agreement. This note bears simple interest at a rate of 3% per annum from the date of disbursement. So long as Brentwood Green Valley owns and operates the project in compliance with the Affordable Housing Covenant, and the agreement is not in default under the note, the City as Housing Successor shall forgive the annual interest and the outstanding principal balance of this note on a per annum basis, prorated for partial years, in an amount equal to 1.82% of the original principal amount of this note over a 55-year period.

NOTE #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE (Continued)

In addition, all accrued but unpaid interest is forgiven so long as the note is not in default. As of June 30, 2016, the principal due for both notes, before the forgiveness, totaled \$1,165,271. Per the terms of the note, \$22,912 of the principal and \$34,958 of the interest were forgiven at June 30, 2016. The remaining balance at June 30, 2016 totaled \$1,142,360. There is a reasonable expectation this note will be forgiven upon successful completion of the terms and conditions of the note and, as such, a reservation for forgiveness of the note has been included in these financial statements.

Meta Housing

In January 2012, the Brentwood Redevelopment Agency entered into a Loan Agreement with Meta Housing Corporation, in the amount of \$3,950,000, to provide funding for the development of The Grove at Sunset Court, a 54-unit family apartment project. Due to State legislation, redevelopment agencies dissolved as of February 1, 2012. At that time, cities were given the option of becoming a successor agency and the City of Brentwood adopted a resolution to serve as the Successor Agency to the Brentwood Redevelopment Agency. The loan agreement with Meta Housing provided it would be automatically assigned to the Successor Agency upon the dissolution date.

In June 2012, the promissory note between the City of Brentwood and Meta Housing Corporation was signed and the loan was funded. As the loan had not been funded at the time of the redevelopment dissolution, and subsequently not approved as an enforceable obligation by the DOF, the City assumed the rights and obligations under the loan agreement and funded the loan from the Affordable Housing component of the Housing Enterprise Fund. The note is a 3% per annum simple interest, 55-year loan. So long as Meta Housing owns and operates the project in compliance with the Affordable Housing Covenant, no payments shall be due and the entire outstanding unpaid principal and interest shall be due and payable on June 20, 2067. As of June 30, 2016, principal and accrued interest total \$4,428,870. There is a reasonable expectation this note will be forgiven upon successful completion of the terms and conditions of the note and, as such, a reservation for forgiveness of the note has been included in these financial statements.

NOTE #5 – CAPITAL ASSETS

The City reports all capital assets, including infrastructure, in the Government-Wide Statement of Net Position. Capital assets of the primary government, as of June 30, 2016, are as follows:

	Balance July 1, 2015	Increases	Decreases	Transfers	Balance June 30, 2016
Governmental Activities:					
Capital Assets, Not Being Depreciated or Amortized:					
Land	\$ 36,427,074	\$ -	\$ (260,967)	\$ -	\$ 36,166,107
Work in Progress - CIP	6,091,484	3,834,624	-	(785,065)	9,141,043
Total Capital Assets, Not Being Depreciated or Amortized	<u>42,518,558</u>	<u>3,834,624</u>	<u>(260,967)</u>	<u>(785,065)</u>	<u>45,307,150</u>
Capital Assets, Being Depreciated and Amortized:					
Intangible Assets	6,258,156	-	-	-	6,258,156
Buildings	56,356,487	-	-	415,147	56,771,634
Infrastructure	457,283,910	4,151,998	-	3,186	461,439,094
Machinery and Equipment	7,070,456	17,690	(53,896)	223,227	7,257,477
Vehicles	9,809,980	1,443,626	(419,570)	-	10,834,036
Land Improvements	27,740,091	-	-	143,505	27,883,596
Total Capital Assets Being Depreciated and Amortized	<u>564,519,080</u>	<u>5,613,314</u>	<u>(473,466)</u>	<u>785,065</u>	<u>570,443,993</u>
Less Accumulated Depreciation and Amortization for:					
Intangible Assets	977,529	96,280	-	-	1,073,809
Buildings	5,962,439	1,124,972	-	-	7,087,411
Infrastructure	85,687,465	7,037,323	-	-	92,724,788
Machinery and Equipment	3,325,030	549,481	(53,896)	-	3,820,615
Vehicles	5,669,340	913,935	(419,570)	-	6,163,705
Land Improvements	4,299,793	538,548	-	-	4,838,341
Total Accumulated Depreciation and Amortization	<u>105,921,596</u>	<u>10,260,539</u>	<u>(473,466)</u>	<u>-</u>	<u>115,708,669</u>
Total Capital Assets, Being Depreciated and Amortized, Net	<u>458,597,484</u>	<u>(4,647,225)</u>	<u>-</u>	<u>785,065</u>	<u>454,735,324</u>
Governmental Activities Capital Assets, Net	<u>\$ 501,116,042</u>	<u>\$ (812,601)</u>	<u>\$ (260,967)</u>	<u>\$ -</u>	<u>\$ 500,042,474</u>

NOTE #5 – CAPITAL ASSETS (Continued)

	Balance July 1, 2015	Increases	Decreases	Transfers	Balance June 30, 2016
Business-Type Activities:					
Capital Assets, Not Being Depreciated or Amortized:					
Land	\$ 2,429,597	\$ 232,000	\$ -	\$ -	\$ 2,661,597
Work in Progress - CIP	361,324	4,227,222	-	(3,489,633)	1,098,913
Total Capital Assets, Not Being Depreciated or Amortized	2,790,921	4,459,222	-	(3,489,633)	3,760,510
Capital Assets, Being Depreciated and Amortized:					
Intangible Assets	10,597,532	5,011,860	-	3,341,240	18,950,632
Buildings	25,307,041	298,994	-	-	25,606,035
Infrastructure	239,763,768	885,081	-	43,541	240,692,390
Land Improvements	10,925,186	-	-	-	10,925,186
Vehicles	-	-	-	-	-
Total Capital Assets Being Depreciated and Amortized	289,805,708	6,195,935	-	3,489,633	299,491,276
Less: Accumulated Depreciation and Amortization for:					
Intangible Assets	2,888,656	259,192	-	-	3,147,848
Buildings	5,709,425	507,233	-	-	6,216,658
Infrastructure	39,806,974	3,713,562	-	-	43,520,536
Land Improvements	2,301,556	245,928	-	-	2,547,484
Vehicles	-	-	-	-	-
Total Accumulated Depreciation and Amortization	51,838,598	4,837,044	-	-	56,675,642
Total Capital Assets, Being Depreciated and Amortized, Net	237,967,110	1,358,891	-	3,489,633	242,815,634
Business-Type Activities Capital Assets, Net	\$ 240,758,031	\$ 5,818,113	\$ -	\$ -	\$ 246,576,144

NOTE #5 – CAPITAL ASSETS (Continued)

For the year ended June 30, 2016, depreciation and amortization expense on capital assets was charged as follows:

Governmental Activities:	
General Government	\$ 3,102,525
Public Safety	243,472
Community Development	1,906
Public Works	4,387,934
Parks and Recreation	1,365,986
Internal Service	<u>1,158,716</u>
Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 10,260,539</u>
Business-Type Activities:	
Wastewater	\$ 1,578,217
Solid Waste	237,292
Water	2,980,481
Housing	<u>41,054</u>
Total Depreciation and Amortization Expense - Business-Type Activities	<u>\$ 4,837,044</u>

A. INTANGIBLE ASSETS

i. Water Rights

In an agreement between the City of Brentwood and the Contra Costa Water District (CCWD), dated February 29, 2000, the City is obligated to reimburse CCWD \$597,532 as a buy-down cost per acre foot of water. The City capitalized this expenditure as of June 30, 2001 and is amortizing the expense over 65 years.

In an amendatory agreement between Brentwood and CCWD, dated September 24, 2003, the City purchased the treatment capacity right of up to 3,200 acre feet of water per year, from the Randall-Bold Water Treatment Plant, for \$10,000,000. The City capitalized this expenditure as of June 30, 2004 and is amortizing the expense over 40 years. The capacity right doesn't confer title or ownership of the facility, but merely reserves capacity in the facility.

NOTE #5 – CAPITAL ASSETS (Continued)

The City entered into a Third Amendatory Agreement with CCWD, dated February 4, 2015, to purchase capacity rights in the Rock Slough conveyance facilities. The buy-in amount totals \$8,353,100 to be paid in five equal, interest-free annual payments. The City capitalized the total buy-in amount as of June 30, 2016 and is amortizing the expense over 65 years. See additional discussion in Note #6B ii.

ii. Joint Use Facilities

The governing bodies of the City, Liberty Union High School District (LUHSD) and Brentwood Union School District (BUSD) have recognized the public need for additional facilities. As a result of these cooperative efforts, the City has made contributions to these school districts relating to the joint use of these facilities. The City has capitalized these expenditures and is amortizing the expense over 65 years.

- As of June 30, 1993, \$513,156 for the BUSD Gym located at Bristow Middle School
- As of June 30, 2002, \$1,000,000 for the BUSD Gym located at Edna Hill Middle School
- As of June 30, 2003, \$650,000 for the LUHSD Gym located at Liberty High School
- As of June 30, 2005, \$95,000 for the LUHSD Ball Fields located at Liberty High School
- As of June 30, 2005, \$2,500,000 for the LUHSD Community Pool and Gym located at Heritage High School
- As of June 30, 2009, \$1,500,000 for the BUSD Gym located at Adams Middle School

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NOTE #6 – LONG-TERM OBLIGATIONS

The following summarizes changes in long-term obligations during the year:

A. GOVERNMENTAL ACTIVITIES

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Payments/ Adjustments</u>	<u>Balance June 30, 2016</u>	<u>Amounts Due Within One Year</u>
Bonds					
Capital Improvement Revenue Refunding Bonds Series 2012	\$ 21,455,000	\$ -	\$ (920,000)	\$ 20,535,000	\$ 925,000
General Obligation Bonds Series 2002	6,409,559	315,193 ⁽¹⁾	(400,000)	6,324,752	445,000
2009 Civic Center Project Lease Revenue Bonds	46,065,000	-	(1,040,000)	45,025,000	1,080,000
2015 Lease Financing	-	11,515,000	-	11,515,000	335,000
Bond Premium	1,155,185	-	(67,625)	1,087,560	-
Total Bonds	<u>75,084,744</u>	<u>11,830,193</u>	<u>(2,427,625)</u>	<u>84,487,312</u>	<u>2,785,000</u>
Notes Payable					
Successor Agency Payment Plan	-	14,955,931 ⁽²⁾	(357,796)	14,598,135	1,215,818
Total Notes Payable	<u>-</u>	<u>14,955,931</u>	<u>(357,796)</u>	<u>14,598,135</u>	<u>1,215,818</u>
Other					
Net OPEB Obligation	11,993,022	948,872	-	12,941,894	-
Net Pension Liability	21,856,126	2,846,521	-	24,702,647	-
Accrued Liabilities	12,381,097	-	(12,381,097) ⁽²⁾	-	-
Accumulated Compensated Absences	1,311,145	1,534,040	(1,551,048)	1,294,137	776,483
Total Other	<u>47,541,390</u>	<u>5,329,433</u>	<u>(13,932,145)</u>	<u>38,938,678</u>	<u>776,483</u>
Total Governmental Activities Long-Term Obligations	<u><u>\$ 122,626,134</u></u>	<u><u>\$ 32,115,557</u></u>	<u><u>\$ (16,717,566)</u></u>	<u><u>\$ 138,024,125</u></u>	<u><u>\$ 4,777,301</u></u>

(1) Accreted Interest

(2) In FY 2014/15 an accrued liability of \$12,381,097 was reported for the City's tentative obligation as a result of the Department of Finance's denial of assets transferred to the City by the Successor Agency. An agreement was reached with the Department of Finance in FY 2015/16 and this obligation is now being reported at the actual amount due as a Note Payable.

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

i. Bonds

Capital Improvement Revenue Refunding Bonds Series 2012

On January 11, 2012, the Authority issued \$24,060,000 in Brentwood Capital Improvement Revenue Refunding Bonds Series 2012 to: 1) finance the refunding of the 2001 CIP Bonds under a facilities lease and 2) refund a series of tax allocation bonds issued by the Brentwood Redevelopment Agency. Total annual debt service payments, including interest at 2.00% to 5.25%, range from \$1,643,119 to \$1,939,388.

The Successor Agency to the Brentwood Redevelopment Agency has pledged future tax revenues for the repayment of a portion of the bonds. Following the dissolution of the Brentwood Redevelopment Agency, the Successor Agency is allocated funds for payment of obligations listed on the Successor Agency’s Recognized Obligation Payment Schedule (ROPS) and approved by the DOF. As of June 30, 2016, the Successor Agency listed this debt obligation on its ROPS and the DOF has approved its inclusion for each applicable ROPS period through June 30, 2017. The City has recorded a receivable for the debt obligations of the Successor Agency, as detailed in Note #4, and the Successor Agency has recorded a liability for these obligations, as discussed in Note #12.

The pledge of future Successor Agency tax revenues ends upon repayment of the Successor Agency’s \$21,663,593 remaining share of debt service on the bonds, which is scheduled to occur in 2032. For FY 2015/16, gross tax revenue available to be distributed to the Successor Agency totaled \$6,612,140, which represented coverage of 4.83 times \$1,368,688 of the Successor Agency’s debt service. The remaining portion of the bonds is repayable from any source of the City’s available funds.

Year Ending June 30	Principal	Interest	Total
2017	\$ 925,000	\$ 991,688	\$ 1,916,688
2018	965,000	949,063	1,914,063
2019	1,020,000	898,163	1,918,163
2020	1,070,000	843,300	1,913,300
2021	1,130,000	785,550	1,915,550
2022-2026	6,570,000	2,977,106	9,547,106
2027-2031	7,250,000	1,251,156	8,501,156
2032	1,605,000	38,120	1,643,120
Total	\$ 20,535,000	\$ 8,734,146	\$ 29,269,146

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

General Obligation Bonds Series 2002

On February 28, 2002, the City issued \$5,999,976 in General Obligation Bonds Series 2002 to finance the construction, acquisition and improvement of a new police station. Total annual debt service payments, including interest at 3.625% to 5.68%, range from \$208,666 to \$925,000. The General Obligation Bonds Series 2002 shall accrete in value by the accumulation of earned interest from its initial denominational (principal) amount with such interest compounded semiannually on January 1 and July 1.

Year Ending June 30	Principal	Interest	Total
2017	\$ 445,000	\$ 23,363	\$ 468,363
2018	208,907	281,093	490,000
2019	204,893	310,107	515,000
2020	201,884	338,116	540,000
2021	198,189	371,811	570,000
2022-2026	949,821	2,340,179	3,290,000
2027-2031	911,282	3,293,718	4,205,000
Subtotal	3,119,976	<u>\$ 6,958,387</u>	<u>\$ 10,078,363</u>
Accretion to date	3,204,776		
Total	<u>\$ 6,324,752</u>		

2009 Civic Center Project Lease Revenue Bonds

On October 16, 2009, the Authority issued \$48,000,000 in Civic Center Project Lease Revenue Bonds, Series 2009A, \$4,055,000, and Taxable Series 2009B, \$43,945,000, to finance the construction of a new City Hall, new Community Center and new Senior Center, plus library improvements and other public capital improvements. Total annual debt service payments, including interest at 3.00% to 7.647% (prior to Federal interest rebates relating to the 2009B portion of the bonds as described below), range from \$3,130,976 to \$4,350,204.

The Civic Center Project Lease Revenue Bonds, Series 2009 A&B, are secured by a lien on, and pledge of, revenues under a Trust Agreement. "Revenues" means all amounts received by the Trustee, U.S. Bank, as payment on principal and interest. The City's revenue sources, as described in the Official Statement, are pledged payments from the Brentwood Redevelopment Agency (now Successor Agency) pursuant to the reimbursement agreement, pledged payments from the Community Facilities Districts (CFD) local obligations and pledged payments from the CIPF revenues.

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

As mentioned previously, the Successor Agency to the Brentwood Redevelopment Agency has pledged future tax revenues for the repayment of a portion of the bonds. Following the dissolution of the Brentwood Redevelopment Agency, the Successor Agency is allocated funds for payment of obligations listed on the Successor Agency’s ROPS and approved by the DOF. As of June 30, 2016, the Successor Agency listed this debt obligation on its ROPS and the DOF has approved its inclusion for each applicable ROPS period through June 30, 2017. The City has recorded a receivable for the debt obligations of the Successor Agency, as detailed in Note #4, and the Successor Agency has recorded a liability for these obligations, as discussed in Note #12. However, should these revenue sources not be sufficient to cover the principal and interest payments due in any year, the City is obligated, under the facilities lease, to pay such shortfall from the General Fund.

The taxable portion of the 2009B bonds was sold as “Build America Bonds” pursuant to the American Recovery and Reinvestment Act of 2009. The interest on Build America Bonds is not tax-exempt; therefore, the bonds carry a higher interest rate. However, this higher interest rate will be offset by a subsidy payable by the United States Treasury to the Authority, or its designee, equal to 35% of the interest payable on the bonds, although this amount is subject to reduction due to the Federal budget sequestration. Such subsidy will be payable on or about the date the City makes its debt service payments and the total subsidy received in FY 2015/16 was \$1,049,240.

Year Ending			
June 30	Principal	Interest	Total
2017	\$ 1,080,000	\$ 3,246,804	\$ 4,326,804
2018	1,125,000	3,190,554	4,315,554
2019	1,170,000	3,119,868	4,289,868
2020	1,215,000	3,046,410	4,261,410
2021	1,265,000	2,969,078	4,234,078
2022-2026	7,195,000	13,475,826	20,670,826
2027-2031	9,045,000	10,527,394	19,572,394
2032-2036	11,495,000	6,654,993	18,149,993
2037-2040	11,435,000	1,801,822	13,236,822
Total	\$ 45,025,000	\$ 48,032,749	\$ 93,057,749

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

2015 Lease Financing

On December 17, 2015, the Authority issued \$11,515,000 in a private placement to Capital One Public Funding, LLC. to finance the acquisition and construction of a new Library and a Municipal Service Center, along with other public capital improvements. Total annual debt service payments, including interest at 3.25%, range from \$108,113 to \$792,031.

Year Ending June 30	Principal	Interest	Total
2017	\$ 335,000	\$ 368,794	\$ 703,794
2018	435,000	356,281	791,281
2019	450,000	341,900	791,900
2020	465,000	327,031	792,031
2021	480,000	311,675	791,675
2022-2026	2,635,000	1,310,644	3,945,644
2027-2031	3,090,000	846,463	3,936,463
2032-2036	3,625,000	302,006	3,927,006
Total	\$ 11,515,000	\$ 4,164,794	\$ 15,679,794

ii. Notes Payable

Successor Agency Payment Plan

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by Assembly Bill 1484 (AB 1484) on June 27, 2012. This legislation suspended all new redevelopment activities and dissolved redevelopment agencies as of February 1, 2012. The City of Brentwood elected to become the Successor Agency to the former Brentwood Redevelopment Agency on January 10, 2012.

Section 34179.5 of AB 1484 required all successor agencies to hire a licensed accountant, approved by the County Auditor-Controller, to conduct two Due Diligence Reviews (DDRs) to determine the balances available to be redistributed to other taxing entities. The two DDRs were focused on 1) the Low and Moderate Income Housing Fund, and 2) Other Funds and Accounts.

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

The Low and Moderate Income Housing Fund DDR determined that an unobligated balance of \$4,072,553 was available for redistribution and the Successor Agency remitted this amount to the Contra Costa County Auditor Controller in February 2013. The Other Funds and Accounts DDR determined that the unobligated balance was \$0, and the Successor Agency filed the DDR report with the DOF. The DOF, during their review of the DDR, determined that transfers made pursuant to pre-existing contracts and construction commitments were invalid and adjusted the DDR accordingly, issuing a DDR demand of \$14,955,931.

In response to the \$14,955,931 DDR demand, the City and Successor Agency filed suit against the DOF claiming, among other things, that 1) the DOF’s DDR determination violated Proposition 22, which added Article XIII, Sections 24(b) and 25(a)(7) to the California Constitution and prohibits the Legislature from reallocating tax increment; 2) at the time the transfers were made by the former Redevelopment Agency the transfers were legally valid and made pursuant to enforceable obligations and third party contracts; 3) the transfers were for the payment of goods and services which were broadly exempted from reversal as defined in California Health and Safety Code Section 34179.5(b)(3); and 4) the DOF’s enforcement of its final determination was unconstitutional. The City and Successor Agency’s legal challenge was ultimately unsuccessful and legal remedies were exhausted when the California Supreme Court declined to hear the case on September 16, 2015.

On December 9, 2015 the City, as Successor Agency, entered into a ten-year interest free payment plan with the DOF to pay the DDR demand of \$14,955,931. The total annual payments range from \$357,796 to \$1,826,938.

Year Ending			
June 30	Principal	Interest	Total
2017	\$ 1,215,818	\$ -	\$ 1,215,818
2018	1,294,412	-	1,294,412
2019	1,376,499	-	1,376,499
2020	1,460,783	-	1,460,783
2021	1,548,919	-	1,548,919
2022-2026	7,701,704	-	7,701,704
Total	\$ 14,598,135	\$ -	\$ 14,598,135

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

iii. Net OPEB Obligation and Net Pension Liability

Individual governmental funds which provide for employee personnel costs, primarily the General Fund, will be responsible for liquidating their respective shares of the Net OPEB Obligation and Net Pension Liability. Details regarding the City’s Net Pension Liability and Net OPEB Obligation can be found in Note #9 and Note #11 respectively.

iv. Accrued Liabilities

In FY 2014/15 an accrued liability was reported for the tentative obligation of the City, as Successor Agency, as a result of the DOF’s denial of assets transferred to the City by the Successor Agency. In FY 2015/16 an agreement was reached with the DOF and the accrued liability was replaced by the Successor Agency Payment Plan note payable as described in Note #6A ii.

v. Accumulated Compensated Absences

The long-term compensated absences balances as of June 30, 2016 were:

Governmental	\$ 517,654
Business-Type	\$ 162,017

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

B. BUSINESS-TYPE ACTIVITIES

	Balance July 1, 2015 (as Restated) ⁽¹⁾	Additions	Payments Adjustments	Balance June 30, 2016	Amounts Due Within One Year
Bonds					
Water Revenue Bonds Series 2008	\$ 4,165,000	\$ -	\$ (1,320,000)	\$ 2,845,000	\$ 1,385,000
Water Revenue Refunding Bonds Series 2014	42,810,000	-	-	42,810,000	-
Net Bond Premium	5,798,126	-	(252,092)	5,546,034	-
Total Bonds	<u>52,773,126</u>	<u>-</u>	<u>(1,572,092)</u>	<u>51,201,034</u>	<u>1,385,000</u>
Notes Payable					
State Water Resources Loan (Wastewater)	16,852,847	-	(1,977,084)	14,875,763	2,012,772
Total Notes Payable	<u>16,852,847</u>	<u>-</u>	<u>(1,977,084)</u>	<u>14,875,763</u>	<u>2,012,772</u>
Other					
Purchase of Capacity Rights	-	8,353,100	(3,341,240)	5,011,860	1,670,620
Net OPEB Obligation	3,755,978	298,128	-	4,054,106	-
Net Pension Liability	6,878,865	848,675	-	7,727,540	-
Accumulated Compensated Absences	405,345	577,383	(577,686)	405,042	243,025
Total Other	<u>11,040,188</u>	<u>10,077,286</u>	<u>(3,918,926)</u>	<u>17,198,548</u>	<u>1,913,645</u>
Total Business-Type Activities Long-Term Obligations	<u>\$ 80,666,161</u>	<u>\$ 10,077,286</u>	<u>\$ (7,468,102)</u>	<u>\$ 83,275,345</u>	<u>\$ 5,311,417</u>

(1) The City has changed its accounting policy related to the payment of future connection fees in its Water Enterprise as these are contingent upon future development. See Note #14 of this report for additional details.

i. Bonds

Water Revenue Bonds Series 2008

On November 13, 2008, the Authority issued \$53,200,000 in Water Revenue Bonds Series 2008 (“2008 Water Bonds”), with interest rates ranging from 4.5% to 5.75%, due July 1, 2038. On December 4, 2014, the Authority issued Water Revenue Refunding Bonds Series 2014 (see below) which refunded and defeased the outstanding 2008 Water Bonds maturing after July 1, 2018 in the aggregate principal amount of \$43,335,000.

The resulting principal balance of the 2008 Water Bonds at June 30, 2016 is \$2,845,000, with future payments for these bonds, on the next page, as follows:

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

Year Ending June 30	Principal	Interest	Total
2017	\$ 1,385,000	\$ 160,125	\$ 1,545,125
2018	1,460,000	83,950	1,543,950
Total	\$ 2,845,000	\$ 244,075	\$ 3,089,075

Water Revenue Refunding Bonds Series 2014

On December 4, 2014, the Authority issued \$42,810,000 in Water Revenue Refunding Bonds Series 2014 (“2014 Water Bonds”) to 1) refund a portion of the Authority’s Water Revenue Bonds Series 2008 and 2) pay costs of issuance incurred in connection with the issuance, sale and delivery of the 2014 Water Bonds. The refunding reduced the total debt service payments over 24 years by \$9,249,078 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$7,404,766. The outstanding balance of the defeased 2008 Water Bonds was \$43,335,000 as of June 30, 2016. Total annual debt service payments, including interest at rates from 3.0 to 5.0%, range from \$1,966,100 to \$3,517,350. The principal balance at June 30, 2016 is \$42,810,000. Future payments for these bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ -	\$ 1,966,100	\$ 1,966,100
2018	1,550,000	1,966,100	3,516,100
2019	1,610,000	1,904,100	3,514,100
2020	1,690,000	1,823,600	3,513,600
2021	1,775,000	1,739,100	3,514,100
2022-2026	10,280,000	7,274,250	17,554,250
2027-2031	9,305,000	4,951,150	14,256,150
2032-2036	11,305,000	2,934,350	14,239,350
2037-2038	5,295,000	400,250	5,695,250
Total	\$ 42,810,000	\$ 24,959,000	\$ 67,769,000

The Authority has pledged future Net Water Revenues through 2038 to repay the 2008 Water Revenue Bonds and 2014 Water Revenue Refunding Bonds. The bond coverage requirement is that Adjusted Annual Net Water Revenues equal at least 1.25 times the annual principal and interest payments on the bonds. Adjusted Annual Net Water Revenues is defined as Water income and revenue less maintenance and operation costs adjusted by any transfers to or from the Rate Stabilization Fund. In FY 2015/16,

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

\$893,839 was transferred from the Rate Stabilization Fund to meet the bond covenant debt coverage requirements. The Water Fund’s principal and interest paid in the current year was \$3,512,225 and the Adjusted Annual Net Water Revenues in FY 2015/16 were \$4,390,396.

ii. Notes Payable and Other

State Water Resources Loan (Wastewater)

In December 2000, the City entered into a loan contract with the State of California’s State Water Resources Control Board for the purpose of financing the Wastewater Treatment Plant 5 Million Gallons per Day (MGD) Expansion project. Under the terms of the contract, the City has agreed to repay the State \$45,580,886 in exchange for receiving \$37,983,920 in proceeds used to fund the project. The difference between the repayment obligation and proceeds amounted to \$7,596,966 upon issue and represents in-substance interest on the outstanding balance. This in-substance interest amount has been recorded as a discount on debt at an imputed yield of 1.81% per year and is being amortized over the remaining life of the contract. As of June 30, 2016, the City’s gross repayment obligation totaled \$15,969,065 and is being reported in the accompanying financial statement net of the unamortized discount of \$1,093,302. During FY 2015/16, the City repaid \$1,977,084 on the obligation and amortized \$304,211 of the discount which was reported as interest expense.

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,012,772	\$ 268,523	\$ 2,281,295
2018	2,049,105	232,190	2,281,295
2019	2,086,093	195,202	2,281,295
2020	2,123,749	157,546	2,281,295
2021	2,162,085	119,210	2,281,295
2022-2023	4,441,959	120,631	4,562,590
Total	<u>\$ 14,875,763</u>	<u>\$ 1,093,302</u>	<u>\$ 15,969,065</u>

Purchase of Capacity Rights

In February 2015, the City entered into a third amendatory agreement with CCWD to purchase capacity rights in the Rock Slough conveyance facilities for diversion and delivery of the City’s water supply. The capacity buy-in amount of \$8,353,100 is to be paid to CCWD in five equal, interest-free annual payments. The first two payments were due during FY 2015/16 and as of June 30, 2016, three payments remain totaling \$5,011,860.

NOTE #7 – SPECIAL ASSESSMENT DISTRICTS (No City Liability)

The following issues of Special Assessment District Bonds, issued pursuant to the Municipal Improvement Act of 1915, are not reported in long-term debt. These are special obligations payable from, and secured by, specific revenue sources described in the bond resolutions and official statements of the respective issues. The City is the collecting and paying agent for the debt issued by these districts, but neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged for the payment of these bonds. Debt service for the special assessment district bonds is reported in the Agency funds of the Fiduciary funds section.

Special Assessment District Bonds	Assessment District Debt
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2005 A&B (Refinancing of CIPF 2002-1) <ul style="list-style-type: none"> • Dated June 16, 2005 • Annual debt service payments, including interest at 2.50 % to 5.15 %, range from \$1,046,784 to \$1,057,496 • Final payment due September 2032 	\$ 11,977,000
<hr/> Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2006 A&B (Refinancing of CIPF 2003-1 & 2004-1) <ul style="list-style-type: none"> • Dated January 11, 2007 • Annual debt service payments, including interest at 3.63 % to 5.00 %, range from \$825,608 to \$1,905,000 • Final payment due September 2034 	28,775,000
<hr/> City of Brentwood - Limited Obligation Improvement Bonds, Randy Way Sewer Line <ul style="list-style-type: none"> • Dated August 7, 2007 • Annual debt service payments, including interest at 3.95 % to 5.20 %, range from \$53,123 to \$58,060 • Final payment due September 2037 	720,000
<hr/> Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2012 A (Refinancing of CIPF's 96-1, 98-1 and 99-1) <ul style="list-style-type: none"> • Dated June 7, 2012 • Annual debt service payments, including interest at 2.00 % to 4.23 %, range from \$572,000 to \$2,530,569. • Final payment due September 2029 	15,315,000
<hr/> Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2014 A&B (Refinancing of CIPF's 94-1, 2000-1, 2005-1 and 2006-1) <ul style="list-style-type: none"> • Dated September 24, 2014 • Annual debt service payments, including interest at 2.00 % to 5.00 %, range from \$1,081,500 to \$6,417,040 • Final payment due September 2036 	70,885,000
<hr/> Total Assessment District Debt	<hr/> \$ 127,672,000 <hr/>

NOTE #8 – CLASSIFICATION OF NET POSITION

In the Government-Wide Financial Statements, net position is classified in the following categories:

- Net Investment In Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation, and the outstanding balances of debt which are attributable to the acquisition, construction or improvement of these assets, reduce this category.
- Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted Net Position – This category represents the net position of the City, which is not restricted for any project or other purpose.

NOTE #9 – DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTIONS

The City has two defined benefit pension plans, a Miscellaneous Plan and a Safety Plan. The Miscellaneous Plan is an Agent-Multiple Employer Plan and the Safety Plan is a Cost-Sharing Employer Plan. All qualified permanent and probationary employees are eligible to participate in either the City’s Safety (Sworn) or Miscellaneous (Non-sworn) Plans, administered by the CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

B. MISCELLANEOUS PLAN

i. General Information About the Miscellaneous Plan

a. Benefits Provided

CalPERS provides service retirement and disability benefits, annual Cost of Living Adjustments (COLA) 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.

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

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 COLA for each plan are applied as specified by the California Public Employees’ Retirement Law (PERL).

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

	Miscellaneous Plan		
	Tier 1	Tier 2	Tier 3
	Prior to <u>October 1, 2010</u>	After <u>September 30, 2010</u>	After <u>December 31, 2012</u>
Hire Date			
Benefit Formula	2.7% @ 55	2% @ 60	2% @ 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 - 55	50 - 63	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.000-2.700%	1.092-2.418%	1.000-2.500%
Required Employee Contribution Rates	8%	7%	6.25%
Required Employer Contribution Rates	17.279%	17.279%	17.279%
COLA	5.00%	2.00%	2.00%

b. Employees Covered

At the June 30, 2015 actuarial valuation date, the most recent valuation available, the following inactive employees were covered by the benefit terms:

	Miscellaneous Plan			
	Tier 1	Tier 2	Tier 3	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	129	-	-	129
Inactive Employees Entitled to but not yet Receiving Benefits	130	-	-	130
Total	<u>259</u>	<u>-</u>	<u>-</u>	<u>259</u>

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

At June 30, 2016, the following active employees were covered by the benefit terms:

	Miscellaneous Plan			Total
	Tier 1	Tier 2	Tier 3	
Active Employees	146	34	26	206

c. Contributions

Section 20814(c) of California PERL 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 Miscellaneous 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.

ii. Net Pension Liability

The City’s Net Pension Liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The Net Pension Liability of the Miscellaneous Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the Net Pension Liability is shown in Note #9D.

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

iii. Changes in Net Pension Liability

The table below shows the changes in Net Pension Liability recognized over the measurement period.

	Miscellaneous Plan		
	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Balance at June 30, 2014	\$ 97,611,669	\$ 77,956,726	\$ 19,654,943
Changes in the year:			
Service Cost	3,211,232	-	3,211,232
Interest on the Total Pension Liability	7,308,678	-	7,308,678
Differences Between Actual and Expected Experience	(304,364)	-	(304,364)
Changes in Assumptions	(2,079,150)	-	(2,079,150)
Changes in Benefit Terms	-	-	-
Plan to Plan Resource Movement	-	(32,597)	32,597
Contribution - Employer	-	2,781,741	(2,781,741)
Contribution - Employee (Paid by Employer)	-	-	-
Contribution - Employee	-	1,314,854	(1,314,854)
Net Investment Income	-	1,744,327	(1,744,327)
Benefit Payments, Including Refunds of Employee Contributions	(2,590,999)	(2,590,999)	-
Administrative Expense	-	(91,288)	91,288
Net Changes	5,545,397	3,126,038	2,419,359
Balance at June 30, 2015	\$ 103,157,066	\$ 81,082,764	\$ 22,074,302

a. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Net Pension Liability, calculated using the discount rate of 7.65%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate.

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

	<u>Miscellaneous Plan</u>
1% Decrease	6.65%
Net Pension Liability	\$ 38,490,791
Current Discount Rate	7.65%
Net Pension Liability	\$ 22,074,302
1% Increase	8.65%
Net Pension Liability	\$ 8,674,325

b. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

iv. Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense for the Miscellaneous Plan of \$2,316,968. At June 30, 2016 the Miscellaneous Plan has Deferred Outflows and Deferred Inflows of Resources related to the pension plan as follows:

	<u>Miscellaneous Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 3,061,100	\$ -
Differences Between Actual and Expected Experience	-	(233,582)
Changes in Assumptions	-	(1,595,627)
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(498,666)
Total	<u>\$ 3,061,100</u>	<u>\$ (2,327,875)</u>

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

Deferred Outflows of Resources related to contributions subsequent to the measurement date in the amount of \$3,061,100 will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized as pension expense as follows:

Miscellaneous Plan	
Fiscal Year	Annual
Ended June 30	Amortization
2017	\$ (1,005,038)
2018	(1,005,038)
2019	(1,005,040)
2020	687,241
2021	-
Thereafter	-

v. Payable to the Miscellaneous Plan

At June 30, 2016, the City reported a payable of \$374,203 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

C. SAFETY PLAN

i. General Information About the Safety Plan

The City’s Safety Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by 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 three rate plans within the safety risk pool.

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

a. Benefits Provided

CalPERS provides service retirement and disability benefits, annual COLA 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 COLA for each plan are applied as specified by the California PERL.

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

	Safety Plan		
	Tier 1	Tier 2	Tier 3
	Prior to <u>September 1, 2012</u>	After <u>August 31, 2012</u>	After <u>December 31, 2012</u>
Hire Date			
Benefit Formula	3% @ 50	3% @ 55	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	50 - 55	50 - 57
Monthly Benefits, as a % of Eligible Compensation	3%	2.4-3.0%	2.0-2.7%
Required Employee Contribution Rates	9%	9%	11.5%
Required Employer Contribution Rates	20.676%	15.627%	11.153%
COLA	5.00%	2.00%	2.00%

Beginning in FY 2015/16, CalPERS collects employer contributions for the cost-sharing 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. In-lieu of making monthly payments, an annual lump-sum prepayment option is also available. The City’s required lump-sum contribution for the unfunded liability and side fund was \$404,914 in FY 2015/16.

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

b. Contributions

Section 20814(c) of the California PERL 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 Safety Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the contributions to the Safety Plan were \$1,777,004 for the employer paid contributions.

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

As of June 30, 2016, the City reported Net Pension Liabilities for its proportionate share of the Net Pension Liability of the Safety Plan of \$10,355,885.

The City’s Net Pension Liability for the Safety Plan is measured as the proportionate share of the Net Pension liability. The Net Pension Liability of the Safety Plan is measured as of June 30, 2015, and the total pension liability for the Safety Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard updated 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 plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the Net Pension Liability for the Safety Plan as of June 30, 2014 and 2015 was as follows:

<u>Proportionate Share of Net Pension Liability</u>	<u>Safety Plan</u>
Proportion - June 30, 2014	0.24207%
Proportion - June 30, 2015	0.25133%
Change - Increase (Decrease)	0.00926%

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

For the year ended June 30, 2016 the City recognized pension expense of \$2,654,260 for the Safety Plan. At June 30, 2016 the Safety Plan reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	<u>Safety Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 1,777,004	\$ -
Differences Between Actual and Expected Experience	-	(236,504)
Changes in Assumptions	-	(1,087,769)
Change in the Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	690,081	(1,625,981)
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(551,288)
Total	<u>\$ 2,467,085</u>	<u>\$ (3,501,542)</u>

Deferred Outflows of Resources related to contributions subsequent to the measurement date in the amount of \$1,777,004 will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized as pension expense as follows:

<u>Safety Plan</u>	
<u>Fiscal Year Ended June 30</u>	<u>Annual Amortization</u>
2017	\$ (915,339)
2018	(931,964)
2019	(826,336)
2020	(137,822)
2021	-
Thereafter	-

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

a. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City’s proportionate share of the Net Pension Liability for the Safety Plan, calculated using the discount rate of 7.65%, 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 (6.65%) or 1 percentage-point higher (8.65%) than the current rate.

	<u>Safety Plan</u>
1% Decrease	6.65%
Net Pension Liability	\$ 17,809,862
Current Discount Rate	7.65%
Net Pension Liability	\$ 10,355,885
1% Increase	8.65%
Net Pension Liability	\$ 4,243,761

b. Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report (CAFR) closing and final reconciled reserves.

iii. Payable to the Safety Plan

At June 30, 2016, the City reported a payable of \$160,358 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

D. INFORMATION COMMON TO BOTH THE MISCELLANEOUS AND SAFETY PLANS

The following information applies to both the Miscellaneous and Safety Plans:

i. Actuarial Assumptions

The June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Safety and Miscellaneous Plans</u>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.0%
Investment Rate of Return ⁽¹⁾	7.65%
Mortality Rate Table ⁽²⁾	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

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

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

ii. Safety and Miscellaneous Plans Change of Assumptions

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

iii. Safety and Miscellaneous Plans Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website.

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

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

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10⁽¹⁾</u>	<u>Real Return Years 11+⁽²⁾</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100.0%</u>		

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

NOTE #10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disaster; errors and omissions; injuries to employees and unemployment claims. The City, along with other Contra Costa County cities, belongs to the Municipal Pooling Authority of Northern California (MPA). MPA is a public entity risk pool currently operating as a common risk management and insurance program for the members. The City pays an annual premium to MPA for the following: Liability (\$29 million coverage, \$10,000 deductible); Employer’s Resource Management Association (ERMA) (\$2 million coverage, \$50,000 deductible on employment claims); Fire and Property (\$1 billion coverage, \$25,000 deductible for all-risk and copper claims, \$150,000 deductible for water claims); Flood (\$25 million coverage, \$100,000 to \$250,000 minimum deductible per occurrence); Auto (\$250,000 coverage, Police \$3,000 deductible, all others \$2,000); Cyber (\$2 million

NOTE #10 – RISK MANAGEMENT (Continued)

coverage, \$50,000 deductible); Government Crime (\$1 million coverage, \$10,000 deductible); Public Entity Pollution (\$1 million coverage, \$100,000 deductible); Boiler and Machinery (\$100 million coverage, \$5,000 deductible) and Workers Compensation (coverage to the statutory limit, \$0 deductible). The agreement provides that MPA will be self-sustaining through member premiums and assessments. MPA purchases commercial insurance in excess of those amounts covered by its self-insurance pool. MPA was formed in June of 1977, under a “joint exercise of power agreement”, to provide general liability, workers' compensation, property and employee benefits insurance coverage. It is governed by a Board of Directors composed of one appointed official from each City. Members as of June 30, 2016 were the cities of Antioch; Brentwood; Clayton; El Cerrito; Gilroy; Hercules; Lafayette; Manteca; Martinez; Oakley; Orinda; Pacifica; Pinole; Pittsburg; Pleasant Hill; San Pablo; San Ramon and Walnut Creek and the towns of Danville and Moraga. Audited financial information can be obtained from MPA located at 1911 San Miguel Drive, Walnut Creek, CA 94596.

There have been no significant reductions in any of the City’s areas of insurance. Settled claims have not exceeded coverage for these risks in any of the last three fiscal years. Outstanding claims payable at year-end and the Incurred But Not Reported (IBNR) amount was calculated to be immaterial for presentation purposes.

NOTE #11 – POST-RETIREMENT HEALTH CARE BENEFITS

A. PLAN DESCRIPTION

In addition to the pension benefits described in Note #9, the City provides certain post-retirement health care benefits. The City’s Retiree Healthcare Plan (“Plan”) is a single-employer defined benefit healthcare plan administered by the City. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City and its employees. The City provides retiree medical benefits through the CalPERS healthcare program, Public Employees’ Medical and Hospital Care Act (PEMHCA). The City covers premiums, subject to caps dependent on hire date for eligible retirees, with service or disability retirement directly from the City under CalPERS. Coverage extends to dependents and surviving spouses. No dental, vision or life insurance benefits are provided. The City has three benefit tier levels. All tiers provide for certain post-retirement health care benefits for employees who retire from the City and who meet the following criteria: 1) they retire on or after reaching age 50 and 2) they have at least five years of cumulative service credits with organizations participating in a CalPERS Defined Benefit Pension Plan. The tiers are differentiated by maximum amount of health insurance coverage paid by the City.

The first tier, for employees who retired prior to July 1, 2012, provides for a maximum monthly coverage amount of \$1,492.94 for miscellaneous retirees and \$1,549.69 for safety retirees, with future increases in the maximum amount based upon annual increases in specified medical premium rates.

NOTE #11 – POST-RETIREMENT HEALTH CARE BENEFITS (Continued)

The second tier, for employees hired prior to July 1, 2012 with a retirement date on or after July 1, 2012, provides for a maximum monthly coverage amount of \$1,326.63 for miscellaneous retirees and \$1,500.00 for safety retirees. There will be no future increases in the maximum coverage amount for miscellaneous retirees until the Kaiser employee-only monthly medical insurance rate exceeds \$1,326.63. There will be no future increases in the maximum coverage amount for safety retirees until the Kaiser employee-only monthly medical insurance rate exceeds \$1,500.00

The third tier, for employees hired on or after July 1, 2012, provides for a maximum monthly coverage amount equal to the PEMHCA minimum, currently \$125 per month. This amount is set annually by PEMHCA.

Currently 113 retirees, 79 of whom are in Tier 1 and 34 of whom are in Tier 2, are receiving these benefits. During FY 2015/16, benefit payments of \$1,375,463, and pre-funding contributions of \$1,566,537, were recognized for post-retirement health care.

At this time there is not a separate, audited GAAP basis post-employment benefit plan report available. The calculations used in the determination of the City’s OPEB costs are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

The City joined the California Employers’ Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CalPERS, consisting of an aggregation of single-employer plans. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employers’ Retiree Benefit Trust, CERBT, at P.O. Box 942703, Sacramento, CA 94229-2703.

B. FUNDING POLICY

The contribution requirements of the Plan participants and the City are established by, and may be amended by, the City. There is no statutory requirement for the City to pre-fund its OPEB obligation. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The City chose to pay Plan benefits on a pay-as-you-go basis through FY 2009/10 and since that time has made pre-funding contributions totaling \$5,497,633. The City’s current intention is to increase pre-funding annually until 85% of the full ARC is reached in FY 2017/18. There are no employee contributions. For FY 2015/16, the City paid \$1,375,463 for pay-as-you-go retiree healthcare Plan benefits and \$1,566,537 to pre-fund future Plan benefits.

NOTE #11 – POST-RETIREMENT HEALTH CARE BENEFITS (Continued)

GAAP permits assets to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such assets are placed in an irrevocable trust or equivalent arrangement. The City’s current year contributions, along with investment income, resulted in assets with CERBT of \$6,059,335 as of June 30, 2016, which partially reduced the Unfunded Actuarial Accrued Liability (UAAL).

C. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The following table, which is based on the actuarial valuation as of June 30, 2013, shows: 1) the components of the annual OPEB cost for the year, 2) the amount actually contributed to the plan and 3) changes in the net OPEB obligation:

Annual Required Contribution	\$ 4,652,000
Interest on Net OPEB Obligation	957,000
Adjustment to Annual Required Contribution	<u>(1,420,000)</u>
Annual OPEB Cost (Expense)	4,189,000
Contributions (Benefit Payments)	(1,375,463)
Contributions (Trust Pre-Funding)	<u>(1,566,537)</u>
Increase in Net OPEB Obligation	1,247,000
Net OPEB Obligation – July 1, 2015	<u>15,749,000</u>
Net OPEB Obligation – June 30, 2016	<u>\$ 16,996,000</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the last three fiscal years, are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 3,806,877	54.4%	\$ 14,233,999
6/30/2015	\$ 4,035,001	62.5%	\$ 15,749,000
6/30/2016	\$ 4,189,000	70.2%	\$ 16,996,000

NOTE #11 – POST-RETIREMENT HEALTH CARE BENEFITS (Continued)

D. FUNDING STATUS AND FUNDING PROGRESS

The funded status of the Plan as of June 30, 2015, the Plan’s most recent actuarial valuation date, is as follows:

Actuarial Accrued Liability	\$ 46,307,000
Actuarial Value of Plan Assets	<u>4,464,000</u>
Unfunded Actuarial Accrued Liability	<u>\$ 41,843,000</u>
Funded Ratio	
(Actuarial Value of Plan Assets/Actuarial Accrued Liability)	10%
Covered Payroll (Active Plan Members)	\$ 24,014,000
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	174%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan, and the annual required contributions of the employer, are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above and in the Required Supplementary Information immediately following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included select and ultimate investment rates of return equal to 6.07% for FY 2015/16 and increasing annually to 6.76% over two years based on the City’s

NOTE #11 – POST-RETIREMENT HEALTH CARE BENEFITS (Continued)

funding policy. The method for calculating these rates used an assumed 7.25% discount rate for the portion of the full ARC pre-funded in the CERBT and an assumed 4.00% discount rate for the portion of the full ARC not pre-funded. Premiums were assumed to increase with a pre-Medicare medical cost increase rate of 7.00% for Health Maintenance Organizations (HMOs) and 7.20% for Preferred Provider Organizations (PPOs) for 2017 premiums over 2016 premiums, both grading down to 5.00% annual increases for calendar year 2021 and thereafter. The payroll and the general inflation assumptions are a 3.25% and 3.00% annual increase, respectively. The UAAL is being amortized as a level percentage of projected payrolls over 24 years, on a closed basis, from June 30, 2015.

To comply with newly revised Actuarial Standard of Practice No. 6 (ASOP 6), the June 30, 2015 actuarial valuation includes an implicit subsidy liability. This liability was not calculated in prior actuarial reports because of the former "community rating" exemption for employers participating in large pooled health plans like CalPERS. When premiums for retirees are determined using a blend of active employee and retiree experience, it creates an implicit subsidy to the retirees, since retiree healthcare costs are generally higher than active employees. ASOP 6 effectively requires most public agencies to calculate an implicit subsidy liability whenever their retirees participate in the group medical plans, but only pay the same premiums as active employees. ASOP 6 is effective for all actuarial valuations with a measurement date on or after March 31, 2015.

NOTE #12 – BRENTWOOD REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. REDEVELOPMENT AGENCY DISSOLUTION

Effective February 1, 2012, the Brentwood Redevelopment Agency was dissolved and certain assets of the Brentwood Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor, and all remaining Brentwood Redevelopment Agency assets and liabilities were distributed to a Successor Agency. Under the provisions of AB 1484, the City elected to become the Housing Successor and retain the housing assets. The City also elected to become the Successor Agency to the Brentwood Redevelopment Agency and on February 1, 2012 the Brentwood Redevelopment Agency's remaining assets were distributed to, and liabilities were assumed by, the Successor Agency. ABX1 26 required the establishment of an Oversight Board to oversee the activities of the Successor Agency. The Brentwood Oversight Board was established on April 11, 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board.

The activities of the Housing Successor are reported in the City Low Income Housing Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law. The activities of the Successor Agency are reported in the Successor Agency to the Brentwood Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City is providing administrative services to the Successor Agency to wind down the affairs of the former Brentwood Redevelopment Agency.

NOTE #12 – BRENTWOOD REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Section 34179.5 of AB 1484 required all successor agencies to hire a licensed accountant, approved by the County Auditor-Controller, to conduct two DDRs to determine the balances available to be redistributed to other taxing entities. The two DDRs were focused on 1) the Low and Moderate Income Housing Fund, and 2) Other Funds and Accounts.

The Low and Moderate Income Housing Fund DDR determined that an unobligated balance of \$4,072,553 was available for redistribution, and the Successor Agency remitted this amount to the Contra Costa County Auditor Controller in February 2013. The Other Funds and Accounts DDR determined that the unobligated balance was \$0, and the Successor Agency filed the DDR report with the DOF. The DOF, during their review of the DDR, determined that transfers made pursuant to pre-existing contracts and construction commitments were invalid and adjusted the DDR accordingly, issuing a DDR demand of \$14,955,931.

On December 9, 2015, the City, as Successor Agency, entered into a ten-year interest free payment plan with the DOF to pay the DDR demand of \$14,955,931, as discussed in Note #6, Long-Term Obligations. By entering into the Payment Plan with the DOF the Successor Agency has completed its statutory requirements of the DDR process and the DOF has provided the Successor Agency a Finding of Completion.

As of June 30, 2016, cash and investments of the Successor Agency were pooled with the City’s cash and investments. Details of the nature of the Successor Agency’s cash and investments are presented in Note #3. Information presented in the following sections of Note #12 represents other assets and liabilities of the Successor Agency as of June 30, 2016.

B. LONG-TERM OBLIGATIONS

The Successor Agency assumed the long-term obligations of the former Brentwood Redevelopment Agency as of February 1, 2012. The following summarizes the long-term obligations of the Successor Agency as of June 30, 2016.

	<u>Balance June 30, 2015</u>	<u>Payments Adjustments</u>	<u>Balance June 30, 2016</u>	<u>Amounts Due Within One Year</u>
CIP 2012 Revenue Refunding Bonds	\$ 15,505,000	\$ (605,000)	\$ 14,900,000	\$ 620,000
2009 Civic Center Project Lease Revenue Bonds	12,122,368	(273,684)	11,848,684	284,211
Total	<u>\$ 27,627,368</u>	<u>\$ (878,684)</u>	<u>\$ 26,748,684</u>	<u>\$ 904,211</u>

NOTE #12 – BRENTWOOD REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

i. Bonds

Capital Improvement Revenue Refunding Bonds Series 2012

The Brentwood Redevelopment Agency issued 2001 CIP Tax Allocation Bonds, dated October 1, 2001, to finance certain Redevelopment projects. The Brentwood Redevelopment Agency pledged future tax increment revenues, less amounts required to be set aside in the Redevelopment Agency Low Income Housing Fund, for the repayment of the Tax Allocation Bonds. On January 11, 2012, the Authority issued \$24,060,000 in Brentwood Capital Improvement Revenue Refunding Bonds, Series 2012 to: 1) finance the refunding of the 2001 CIP Bonds under a facilities lease and 2) refund a series of tax allocation bonds issued by the Brentwood Redevelopment Agency. Total annual debt service payments, including interest at 4.25% to 5.375%, range from \$1,342,750 to \$1,368,688.

The Successor Agency to the Brentwood Redevelopment Agency has pledged future tax revenues for the repayment of a portion of the bonds. Following the dissolution of the Brentwood Redevelopment Agency, the Successor Agency is allocated funds for payment of obligations listed on the Successor Agency’s ROPS and approved by the DOF. The Successor Agency listed this debt obligation on its ROPS and the DOF has approved its inclusion for each applicable ROPS period through June 30, 2017. The City has recorded a receivable for the debt obligations of the Successor Agency, as detailed in Note #4. The pledge of future Successor Agency tax revenues ends upon repayment of the Successor Agency’s \$21,663,593 remaining share of debt service on the bonds, which is scheduled to occur in 2032.

2009 Civic Center Project Lease Revenue Bonds

On October 16, 2009, the Authority issued \$48,000,000 in Civic Center Project Lease Revenue Bonds, Series 2009A, \$4,055,000, and Taxable Series 2009B, \$43,945,000, to finance the construction of a new City Hall, a new Community Center, a new Senior Center, plus library improvements and other public capital improvements. The Brentwood Redevelopment Agency entered into a reimbursement agreement with the Authority which indicates the Brentwood Redevelopment Agency will pay a proportionate amount of the City’s base rental payments for specific and allowable projects the Brentwood Redevelopment Agency has agreed to fund. The Civic Center Project Lease Revenue Bonds generated \$12,631,578 for allowable Brentwood Redevelopment Agency projects.

The Successor Agency to the Brentwood Redevelopment Agency has pledged future tax revenues for the repayment of a portion of the bonds. Following the dissolution of the Brentwood Redevelopment Agency, the Successor Agency is allocated funds for payment of obligations listed on the Successor Agency’s ROPS and approved by the DOF. The Successor Agency listed this debt

NOTE #12 – BRENTWOOD REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

obligation on its ROPS and the DOF has approved its inclusion for each applicable ROPS period through June 30, 2017. The City has recorded a receivable for the debt obligations of the Successor Agency, as detailed in Note #4. The pledge of future tax revenues end upon repayment of the Successor Agency’s \$24,488,884 remaining share of debt service on the bonds. The repayment of the debt service is scheduled to occur in 2040.

Total debt service requirements for the Successor Agency’s two bond payment obligations are summarized below:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 904,211	\$ 1,590,547	\$ 2,494,758
2018	951,053	1,545,420	2,496,473
2019	997,895	1,491,899	2,489,794
2020	1,044,737	1,434,540	2,479,277
2021	1,097,895	1,374,145	2,472,040
2022-2026	6,343,421	5,873,020	12,216,441
2027-2031	8,065,263	3,835,992	11,901,255
2032-2036	4,335,000	1,784,064	6,119,064
2037-2040	3,009,209	474,166	3,483,375
Total Payments Due	\$ 26,748,684	\$ 19,403,793	\$ 46,152,477

C. PLEDGED REVENUES

As discussed above, the Successor Agency has pledged all future tax increment revenues for the repayment of its share of the Capital Improvement Revenue Refunding Bonds Series 2012 and the 2009 Civic Center Project Lease Revenue Bonds. The pledge of all future tax increment revenues ends upon repayment of \$46,152,477 remaining debt service on the bonds, which is scheduled to occur in 2040. With the dissolution of the Brentwood Redevelopment Agency discussed above, tax increment is no longer distributed. Instead, the Successor Agency receives payments from Contra Costa County’s Redevelopment Property Tax Trust Fund which are to be used to fund debt service on the bonds, with no distinction between housing and non-housing revenues. For FY 2015/16, gross tax increment available to be distributed to the Successor Agency was \$6,612,140, which represents coverage of 264% of the FY 2015/16 debt service requirements.

NOTE #12 – BRENTWOOD REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

D. COMMITMENTS AND CONTINGENCIES

i. State Approval of Enforceable Obligations

The Successor Agency prepares a ROPS annually which contains all proposed expenditures for the subsequent twelve-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the DOF. Although the DOF may elect not to question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the DOF cannot be determined at this time.

ii. State Asset Transfer Review

In addition to the DDR process discussed in Note #12A, ABx1 26 and AB 1484 direct the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. On July 10, 2015 the State Controller’s Office determined that \$14,992,790 of cash and revenue and \$1,327,129 of land/building assets, transferred between January 1, 2011 and January 31, 2012, were unallowable and ordered these assets to be returned to the Successor Agency. As discussed in Note #12A and Note #6, the City entered into a repayment plan in the amount of \$14,955,931. Following the initial communication in July 2015, the State Controller’s Office has made no further demands for the return of assets to the Successor Agency.

NOTE #13 – CONTINGENT LIABILITIES

A. LITIGATION

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is no filed litigation, as of June 30, 2016 which is likely to have a material adverse effect on the financial position of the City.

B. STATE AND FEDERAL GRANTS

The City has received State and Federal funds for specific purposes which are subject to review by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed any required reimbursements will not be material.

NOTE #13 – CONTINGENT LIABILITIES (Continued)

C. DEVELOPER IMPACT FEE CREDITS

The City entered into several agreements with various developers and merchant builders who are developing residential and commercial projects throughout the City. The City agreed to grant these developers impact fee credits since they will construct certain improvements beyond what was needed to serve their specific projects. The value of these credits does not increase for inflation, nor do they accrue interest.

Any unused credits may be used by the developers on other projects located elsewhere in the City. The value of the credits, as of June 30, 2016, was \$6,860,038, after a total of \$3,361,419 was used as credits during FY 2015/16. The accounting for the amounts due are not recorded as indebtedness since the payments (use of the credits) are contingent upon the collection of development fees from building growth which has not yet occurred.

D. CONSTRUCTION COMMITMENTS

As of June 30, 2016, the City had several commitments with respect to unfinished capital projects. Outstanding commitments with respect to unfinished major capital projects are below:

<u>Project Name</u>	<u>Outstanding Commitments</u>
City Phone System Upgrade	\$ 148,894
John Muir Parkway Extension - Phase II	220,304
Library - New Construction	121,071
Municipal Service Center	130,094
Police CAD/RMS System	606,757
Police Dispatch Center	280,392
Wastewater Treatment Plant - Phase II Expansion	4,147,386
Total	\$ 5,654,898

NOTE #13 – CONTINGENT LIABILITIES (Continued)

E. SOLAR POWER PURCHASE AGREEMENTS

On December 9, 2014, the City executed three Solar Power Purchase agreements with SolarCity Corporation. The terms of the agreements required SolarCity to construct solar power systems, to be owned and maintained by SolarCity, at three City sites, the Police Department, Wastewater Treatment Plant and Brentwood Family Aquatic Complex. These systems are expected to generate approximately 2.14 million kilowatt hours (kWh) of power per year. Once the systems are operational, the terms of the agreements require the City to purchase all of the electric power generated by the system for a term of 20 years, and up to two additional optional terms of five years each, at a contract price of \$0.0100 to \$0.2718 per kWh, depending on the site. The system at the Police Department site became operational July 2015 while the remaining two systems were not operational as of June 30, 2016. The agreements include options for the City to purchase the systems at the end of the 6th, 10th and 20th year, as well as at the end of the additional optional five year terms at a price equal to the fair market value of the systems. Early termination of any of the contracts by the City would result in termination payments ranging from \$6.4 million in year one to \$0.3 million in the twentieth year of the contracts. Early termination by SolarCity would result in payments to the City for the net present value of the excess energy costs that would be incurred over the remaining contract term.

NOTE #14 – NET POSITION RESTATEMENT

On February 29, 2000, the City entered into an agreement with CCWD to pay all water connection fees for Brentwood’s customers residing within CCWD’s Los Vaqueros Service Area. The City was obligated to pay annually for its actual and anticipated future connections for a period of 20 years. Since the 2000 agreement was approved, two major events occurred, the Urban Limit Line expansion was not approved by the voters and an unexpected downturn in the housing market in 2009. These events resulted in uncertainty of the timing of the ultimate development of the Los Vaqueros Service Area. Due to these events, the City and CCWD amended the Agreement to account for the uncertainty in the timing of future development. Therefore, on July 31, 2009, the City executed an amendment to the CCWD water connection agreement. The primary modification is the timing and method of payment. Instead of paying for a predetermined, equal number of units annually, the City pays for the units as they are constructed. The City and CCWD reconciled the difference between the number of existing residential units and the number of residential units paid for to date over the two year period ending FY 2009/10. In subsequent fiscal years the City paid connection fees to CCWD only for new connections in each year.

As of June 30, 2015, the Water Enterprise reported a Note Payable in the amount of \$6,988,532 for the 1,982 remaining connections for future fees to be paid as homes were built. The City determined that the fees related to the remaining connections are contingent upon future development and therefore should not be recorded as a Note Payable. As a result, beginning net position in the Water Enterprise has been restated and increased in the amount of \$6,988,532.

**Budgetary Comparison Schedule, General Fund
For Year Ended June 30, 2016**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes	\$ 16,271,419	\$ 18,410,219	\$ 19,488,958	\$ 1,078,739
Licenses	610,504	610,504	661,064	50,560
Permits and Fines	4,376,764	4,517,264	6,806,441	2,289,177
Uses of Money and Property	461,202	338,552	789,168	450,616
Intergovernmental	3,067,574	3,683,774	3,794,652	110,878
Franchises	1,422,975	1,422,975	1,473,443	50,468
Charges for Other Services	282,841	282,841	287,150	4,309
Charges to Other Funds	7,234,058	6,839,558	6,811,651	(27,907)
Fees and Other Revenues	1,883,208	1,845,833	2,144,717	298,884
Total Revenues	35,610,545	37,951,520	42,257,244	4,305,724
EXPENDITURES				
Current:				
General Government	6,565,067	6,811,056	5,967,866	843,190
Public Safety	20,250,078	20,588,299	19,245,916	1,342,383
Community Development	4,426,785	4,547,201	4,071,224	475,977
Engineering	3,251,891	3,299,625	2,865,976	433,649
Public Works	3,052,857	3,089,622	2,999,793	89,829
Parks and Recreation	5,435,394	5,593,533	5,091,656	501,877
Community Services	622,271	629,722	619,740	9,982
Debt Service:				
Principal	-	360,000	357,796	2,204
Total Expenditures	43,604,343	44,919,058	41,219,967	3,699,091
REVENUES OVER (UNDER) EXPENDITURES	(7,993,798)	(6,967,538)	1,037,277	8,004,815
OTHER FINANCING SOURCES (USES)				
Transfers In	10,072,001	8,402,038	9,471,813	1,069,775
Transfers Out	(1,665,093)	(6,869,646)	(6,869,646)	-
Total Other Financing Sources (Uses)	8,406,908	1,532,392	2,602,167	1,069,775
Net Change in Fund Balances	\$ 413,110	\$ (5,435,146)	3,639,444	\$ 9,074,590
Fund Balance, Beginning of Year			18,907,466	
Fund Balance, End of Year			\$ 22,546,910	



NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgets for governmental funds are prepared in accordance with Generally Accepted Accounting Principles for the United States of America. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The annual budget, which covers the period from July 1 to June 30, establishes the foundation for effective financial planning by providing resource planning, performance measures and controls which permit the evaluation and adjustment of the City’s performance.

The City’s budget is prepared and based on four expenditure categories: personnel services, supplies and services, internal service and capital outlay. These are considered operational in nature and reflect recurring costs. Capital improvement projects include asset acquisitions, facilities, systems and infrastructure improvements typically over \$10,000 and/or those items “outside” of the normal operational budget. These reflect one-time costs.

The City collects and records revenue and expenditures for Governmental Funds and Proprietary Funds. The City’s budget reflects an organization that is committed to delivering excellent public services that meet the needs of the community by continually striving to meet the following goals:

- *Deliver Excellent Public Services*
- *Enhance Community and Neighborhood Improvement*
- *Ensure Long-term Financial Stability and Sustainability*
- *Promote Economic and Community Development*
- *Provide for Effective Transportation and Infrastructure*
- *Provide for the Public’s Safety*

Miscellaneous Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
During the Measurement Period
Last 10 Years⁽¹⁾

Measurement Period	2013/14	2014/15
Total Pension Liability		
Service Cost	\$ 3,353,880	\$ 3,211,232
Interest on Total Pension Liability	6,770,097	7,308,678
Differences Between Expected and Actual Experience	-	(304,364)
Changes in Assumptions	-	(2,079,150)
Changes in Benefits	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,206,639)	(2,590,999)
Net Change in Total Pension Liability	7,917,338	5,545,397
Total Pension Liability - Beginning	89,694,331	97,611,669
Total Pension Liability - Ending (a)	\$ 97,611,669	\$ 103,157,066
Plan Fiduciary Net Position		
Contributions - Employer ⁽²⁾	\$ 3,057,063	\$ 2,781,741
Contributions - Employee	1,024,271	1,314,854
Net Investment Income ⁽³⁾	11,435,505	1,744,327
Benefit Payments	(2,206,639)	(2,590,999)
Plan to Plan Resource Movement	-	(32,597)
Administrative Expense	-	(91,288)
Net Change in Plan Fiduciary Net Position	13,310,200	3,126,038
Plan Fiduciary Net Position - Beginning	64,646,526	77,956,726
Plan Fiduciary Net Position - Ending (b)	\$ 77,956,726	\$ 81,082,764
Net Pension Liability - Ending (a)-(b)	\$ 19,654,943	\$ 22,074,302
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.86%	78.60%
Covered Payroll	\$ 16,622,216	\$ 16,773,838
Net Pension Liability as Percentage of Covered Payroll	118.25%	131.60%

(1) Fiscal Year 2014/15 was the first year of implementation, which had a measurement period of 2013/14.
(2) Includes \$288,013 and \$5,063 of employee contributions paid by the employer for FY 2013/14 and FY 2014/15, respectively.
(3) Net of administrative expenses for FY 2013/14.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

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

Miscellaneous Plan
Schedule of Contributions
Last 10 Years ⁽¹⁾

	2014/15	2015/16
Actuarially Determined Contribution	\$ 2,786,805	\$ 3,061,100
Contributions in Relation to the Actuarially Determined Contributions	(2,786,805)	(3,061,100)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 16,773,838</u>	<u>\$ 17,716,086</u>
Contributions as a Percentage of Covered Payroll	16.61%	17.28%

(1) Fiscal Year 2014/15 was the first year of implementation.

Notes to Schedule:

Valuation Date	6/30/2012	6/30/2013
Methods and assumptions used to determine contribution rates:		
Single and Agent Employers Example	Entry age normal	
Amortization Method	Level percent of payroll	
Average Remaining Period	26 years as of the valuation date	N/A
Asset Valuation Method	15-Year Smoothed Market	Market Value
Inflation	2.75%	2.75%
Salary Increases	3.30% to 14.2% depending on age, service and type of employment	
Investment Rate of Return	7.50%, net of administrative expenses	
Retirement Age	A classic CalPERS member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of service.	
Mortality	The mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010.	

**Safety Plan
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Years⁽¹⁾**

Measurement Period	2013/14	2014/15
Safety Plan		
Proportion of the Net Pension Liability	0.2421%	0.2513%
Proportionate Share of the Net Pension Liability	\$ 9,080,048	\$ 10,355,885
Covered Payroll	\$ 6,151,444	\$ 6,754,286
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	147.61%	153.32%
Plan's Fiduciary Net Position	\$ 39,786,396	\$ 44,008,978
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	81.42%	80.95%

(1) Fiscal Year 2014/15 was the first year of implementation, which had a measurement period of 2013/14.

**Safety Plan
Schedule of Contributions
Last 10 Years⁽¹⁾**

	2014/15	2015/16
Safety Plan		
Actuarially Determined Contribution	\$ 1,801,047	\$ 1,777,004
Contributions in Relation to the Actuarially Determined Contributions	(1,801,047)	(1,777,004)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll	\$ 6,754,286	\$ 7,438,782
Contributions as a Percentage of Covered Payroll	26.67%	23.89%

(1) Fiscal Year 2014/15 was the first year of implementation.

OPEB Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a % of Covered Payroll ((b-a)/c)
6/30/2011	\$ 322,000	\$ 29,350,000	\$ 29,028,000	1.10%	\$ 21,848,000	133%
6/30/2013	\$ 1,892,000	\$ 34,494,000	\$ 32,602,000	5.49%	\$ 23,621,000	138%
6/30/2015	\$ 4,464,000	\$ 46,307,000	\$ 41,843,000	9.64%	\$ 24,014,000	174%

OPEB Schedule of Contributions

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the last three fiscal years, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 3,806,877	54.4%	\$ 14,233,999
6/30/2015	\$ 4,035,001	62.5%	\$ 15,749,000
6/30/2016	\$ 4,189,000	70.2%	\$ 16,996,000

City of Brentwood

***Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual***

2015 Lease Financing Acquisition Fund

For Year Ended June 30, 2016

	2015 Lease Financing Acquisition		
	Budget	Actual	Variance
REVENUES			
Uses of Money and Property	\$ -	\$ 675	\$ 675
Total Revenues	-	675	675
EXPENDITURES			
Current:			
General Government	4	4	-
Debt Service:			
Interest and Fiscal Charges	220,749	220,749	-
Total Expenditures	220,753	220,753	-
REVENUES OVER (UNDER) EXPENDITURES	(220,753)	(220,078)	675
OTHER FINANCING SOURCES (USES)			
Bond Issuance	11,515,000	11,515,000	-
Total Other Financing Sources (Uses)	11,515,000	11,515,000	-
Net Change in Fund Balances	\$ 11,294,247	11,294,922	\$ 675
Fund Balance, Beginning of Year		-	
Fund Balance, End of Year		\$ 11,294,922	

City of Brentwood

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016**

Special Revenue Funds

	Gas Tax	SB 1186 Disability Access	Police Grants	Other Grants	Economic Development Grant	Infrastructure Improvements	Citywide Park Assessment District	Community Facilities Districts
ASSETS								
Current Assets:								
Cash and Investments	\$ 174,862	\$ 14,066	\$ 179,402	\$ 15,278	\$ 294,879	\$ 6,234	\$ 557,430	\$ 1,317,295
Restricted Cash and Investments	-	-	-	-	-	-	-	-
Receivables	8	1	5,552	1	17	1	50	75
Prepays	-	-	-	-	-	-	889	-
Due from Other Funds	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Total Assets	\$ 174,870	\$ 14,067	\$ 184,954	\$ 15,279	\$ 294,896	\$ 6,235	\$ 558,369	\$ 1,317,370
LIABILITIES								
Liabilities:								
Accounts Payable and Accrued Liabilities	\$ -	\$ 394	\$ 29,227	\$ -	\$ 35,003	\$ 2	\$ 252,625	\$ 111
Due to Other Funds	-	-	-	-	-	-	-	-
Total Liabilities	-	394	29,227	-	35,003	2	252,625	111
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Accounts Receivable	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	889	-
Restricted	174,870	13,673	155,727	15,279	259,893	-	-	-
Committed	-	-	-	-	-	6,233	304,855	1,317,259
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	174,870	13,673	155,727	15,279	259,893	6,233	305,744	1,317,259
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 174,870	\$ 14,067	\$ 184,954	\$ 15,279	\$ 294,896	\$ 6,235	\$ 558,369	\$ 1,317,370

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
 June 30, 2016

Special Revenue Funds (Continued)

	Roadway Facility Fee	Parks and Trails Facility Fee	Community Facility Fee	Fire Facility Fee	Facility Fee Administration	Agriculture Land Administration	Agriculture Land Acquisition	Public Art Administration
ASSETS								
Current Assets:								
Cash and Investments	\$ 4,739,838	\$ -	\$ 422,685	\$ 774,405	\$ 539,722	\$ 556,281	\$ 1,044,644	\$ 459,453
Restricted Cash and Investments	-	-	-	-	-	-	-	-
Receivables	271	-	17	42	32	32	60	26
Prepays	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Total Assets	\$ 4,740,109	\$ -	\$ 422,702	\$ 774,447	\$ 539,754	\$ 556,313	\$ 1,044,704	\$ 459,479
LIABILITIES								
Liabilities:								
Accounts Payable and Accrued Liabilities	\$ 2,210	\$ 164	\$ 2,760	\$ 147	\$ 133	\$ 653	\$ 271	\$ 108
Due to Other Funds	-	172,948	-	-	-	-	-	-
Total Liabilities	2,210	173,112	2,760	147	133	653	271	108
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Accounts Receivable	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	774,300	539,621	555,660	1,044,433	459,371
Committed	4,737,899	-	419,942	-	-	-	-	-
Unassigned	-	(173,112)	-	-	-	-	-	-
Total Fund Balances	4,737,899	(173,112)	419,942	774,300	539,621	555,660	1,044,433	459,371
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,740,109	\$ -	\$ 422,702	\$ 774,447	\$ 539,754	\$ 556,313	\$ 1,044,704	\$ 459,479

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
 June 30, 2016

Special Revenue Funds (Continued)

	Public Art Acquisition	Parking In-Lieu	Arts Commission	Asset Forfeiture	Abandoned Vehicle Abatement	PEG Media	Parks Advertising	Measure C/J
ASSETS								
Current Assets:								
Cash and Investments	\$ 1,619,836	\$ 28,323	\$ 4,513	\$ 27,505	\$ 115,841	\$ 842,837	\$ 62,361	\$ 318,072
Restricted Cash and Investments	-	-	-	-	-	-	-	-
Receivables	3,536	2	-	1	7	49	4	18
Prepays	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Total Assets	\$ 1,623,372	\$ 28,325	\$ 4,513	\$ 27,506	\$ 115,848	\$ 842,886	\$ 62,365	\$ 318,090
LIABILITIES								
Liabilities:								
Accounts Payable and Accrued Liabilities	\$ 385	\$ 8	\$ 1	\$ 6	\$ 31	\$ 221	\$ 1,174	\$ 12
Due to Other Funds	-	-	-	-	-	-	-	-
Total Liabilities	385	8	1	6	31	221	1,174	12
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Accounts Receivable	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	1,622,987	28,317	4,512	27,500	-	842,665	-	318,078
Committed	-	-	-	-	115,817	-	61,191	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	1,622,987	28,317	4,512	27,500	115,817	842,665	61,191	318,078
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,623,372	\$ 28,325	\$ 4,513	\$ 27,506	\$ 115,848	\$ 842,886	\$ 62,365	\$ 318,090

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
 June 30, 2016

	Special Revenue Funds <i>(Continued)</i>			Debt Service Funds			Capital Project Funds		
	City Low Income Housing	Landscape and Lighting Assessment Districts	Capital Improvement Revenue Refunding Bonds Series 2012	General Obligation Bonds Series 2002	2009 Civic Center Project Lease Revenue Bonds	2015 Lease Financing	Roadway Improvements	Community Facilities Improvements	Parks and Trails Improvements
ASSETS									
Current Assets:									
Cash and Investments	\$ 14,488	\$ 5,649,368	\$ 59,051	\$ 79,225	\$ -	\$ -	\$ 6,942,491	\$ 8,743,663	\$ 274,815
Restricted Cash and Investments	-	-	1,452,581	-	3,291,875	-	-	-	-
Receivables	1	13,529	14,900,003	19	11,848,684	-	7,170	522	31
Prepays	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	172,948
Land Held for Resale	1,040,359	-	-	-	-	-	-	-	-
Total Assets	\$ 1,054,848	\$ 5,662,897	\$ 16,411,635	\$ 79,244	\$ 15,140,559	\$ -	\$ 6,949,661	\$ 8,744,185	\$ 447,794
LIABILITIES									
Liabilities:									
Accounts Payable and Accrued Liabilities	\$ 4	\$ 515,995	\$ 4	\$ 997	\$ -	\$ -	\$ 901,350	\$ 622,849	\$ 50,891
Due to Other Funds	-	-	-	-	-	-	-	-	784,825
Total Liabilities	4	515,995	4	997	-	-	901,350	622,849	835,716
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue - Accounts Receivable	-	13,174	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	13,174	4	997	-	-	-	-	-
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	1,054,844	5,133,728	16,411,631	78,247	15,140,559	-	6,048,311	8,121,336	-
Committed	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(387,922)
Total Fund Balances	1,054,844	5,133,728	16,411,631	78,247	15,140,559	-	6,048,311	8,121,336	(387,922)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,054,848	\$ 5,662,897	\$ 16,411,635	\$ 79,244	\$ 15,140,559	\$ -	\$ 6,949,661	\$ 8,744,185	\$ 447,794

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
 June 30, 2016

Capital Project Funds (Continued)

	Civic Center Project Lease Revenue Bond Acquisition	Capital Improvement Financing Program 2006-1	Capital Improvement Financing Program 2005-1	Civic Center Capital Improvement Financing Program	City Capital Improvement Financing Program	Drainage Improvements	Capital Infrastructure	Vineyards Projects	Vineyards Event Center Projects	Total Non-Major Governmental Funds
ASSETS										
Current Assets:										
Cash and Investments	\$ -	\$ -	\$ -	\$ 869,727	\$ 6,379	\$ -	\$ 2,725,904	\$ 2,771,588	\$ 3,326,980	\$ 45,579,441
Restricted Cash and Investments	7,186,555	2,143,589	4,494,208	-	-	-	-	-	-	18,568,808
Receivables	15	-	-	50	-	-	212	157	191	26,780,386
Prepays	-	-	-	-	-	-	-	-	-	889
Due from Other Funds	-	-	-	-	-	-	-	-	-	172,948
Land Held for Resale	-	-	-	-	-	-	-	-	-	1,040,359
Total Assets	\$ 7,186,570	\$ 2,143,589	\$ 4,494,208	\$ 869,777	\$ 6,379	\$ -	\$ 2,726,116	\$ 2,771,745	\$ 3,327,171	\$ 92,142,831
LIABILITIES										
Liabilities:										
Accounts Payable and Accrued Liabilities	\$ 68	\$ -	\$ -	\$ 419	\$ 11	\$ -	\$ 1,467	\$ 677	\$ 867	\$ 2,421,245
Due to Other Funds	-	-	-	-	-	-	-	-	-	957,773
Total Liabilities	68	-	-	419	11	-	1,467	677	867	3,379,018
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenue - Accounts Receivable	-	-	-	-	-	-	-	-	-	13,174
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	13,174
FUND BALANCES										
Nonspendable	-	-	-	-	-	-	-	-	-	889
Restricted	7,186,502	2,143,589	4,494,208	869,358	6,368	-	2,724,649	2,771,068	3,326,304	82,347,588
Committed	-	-	-	-	-	-	-	-	-	6,963,196
Unassigned	-	-	-	-	-	-	-	-	-	(561,034)
Total Fund Balances	7,186,502	2,143,589	4,494,208	869,358	6,368	-	2,724,649	2,771,068	3,326,304	88,750,639
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,186,570	\$ 2,143,589	\$ 4,494,208	\$ 869,777	\$ 6,379	\$ -	\$ 2,726,116	\$ 2,771,745	\$ 3,327,171	\$ 92,142,831

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For Year Ended June 30, 2016**

Special Revenue Funds

	Gas Tax	SB 1186 Disability Access	Police Grants	Other Grants	Economic Development Grant	Infrastructure Improvements	Citywide Park Assessment District	Community Facilities Districts
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,980,665	\$ -
Licenses	-	-	-	-	165,266	-	-	-
Uses of Money and Property	4,108	314	3,845	818	6,804	148	13,438	23,016
Intergovernmental	1,230,879	-	120,160	341,958	-	-	-	-
Fees and Other Revenues	-	4,248	1,390	-	-	-	62,034	4,441,861
Total Revenues	1,234,987	4,562	125,395	342,776	172,070	148	2,056,137	4,464,877
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	107,913	-	-	-	-	-
Community Development	-	1,336	-	-	162,583	7	-	-
Parks and Recreation	-	-	-	-	-	-	2,785,694	-
Community Services	-	-	-	-	-	-	-	32,845
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	-	1,336	107,913	-	162,583	7	2,785,694	32,845
REVENUES OVER (UNDER) EXPENDITURES	1,234,987	3,226	17,482	342,776	9,487	141	(729,557)	4,432,032
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	808,000	1,668,107
Transfers Out	(1,173,300)	-	(6,619)	(334,458)	-	-	(12,495)	(5,292,995)
Total Other Financing Sources (Uses)	(1,173,300)	-	(6,619)	(334,458)	-	-	795,505	(3,624,888)
Net Change in Fund Balances	61,687	3,226	10,863	8,318	9,487	141	65,948	807,144
Fund Balance, Beginning of Year	113,183	10,447	144,864	6,961	250,406	6,092	239,796	510,115
Fund Balance, End of Year	\$ 174,870	\$ 13,673	\$ 155,727	\$ 15,279	\$ 259,893	\$ 6,233	\$ 305,744	\$ 1,317,259

Continued

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2016**

Special Revenue Funds (Continued)

	Roadway Facility Fee	Parks and Trails Facility Fee	Community Facility Fee	Fire Facility Fee	Facility Fee Administration	Agriculture Land Administration	Agriculture Land Acquisition	Public Art Administration
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-
Uses of Money and Property	112,366	-	4,028	14,326	12,881	13,272	24,311	9,973
Intergovernmental	-	-	-	-	-	-	-	-
Fees and Other Revenues	3,575,393	3,457,763	986,792	426,102	527,523	72,543	290,173	106,850
Total Revenues	3,687,759	3,457,763	990,820	440,428	540,404	85,815	314,484	116,823
EXPENDITURES								
Current:								
General Government	2,161,226	-	170,743	1,234	600,557	28,419	15,983	382
Public Safety	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Parks and Recreation	-	1,667,299	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	2,161,226	1,667,299	170,743	1,234	600,557	28,419	15,983	382
REVENUES OVER (UNDER) EXPENDITURES	1,526,533	1,790,464	820,077	439,194	(60,153)	57,396	298,501	116,441
OTHER FINANCING SOURCES (USES)								
Transfers In	553,524	1,117	81,673	26,283	-	-	5,411	-
Transfers Out	(1,419,071)	-	(2,506,585)	(3,500,000)	-	-	-	-
Total Other Financing Sources (Uses)	(865,547)	1,117	(2,424,912)	(3,473,717)	-	-	5,411	-
Net Change in Fund Balances	660,986	1,791,581	(1,604,835)	(3,034,523)	(60,153)	57,396	303,912	116,441
Fund Balance, Beginning of Year	4,076,913	(1,964,693)	2,024,777	3,808,823	599,774	498,264	740,521	342,930
Fund Balance, End of Year	\$ 4,737,899	\$ (173,112)	\$ 419,942	\$ 774,300	\$ 539,621	\$ 555,660	\$ 1,044,433	\$ 459,371

Continued

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2016**

Special Revenue Funds (Continued)

	Public Art Acquisition	Parking In-Lieu	Arts Commission	Asset Forfeiture	Abandoned Vehicle Abatement	PEG Media	Parks Advertising	Measure C/J
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-
Uses of Money and Property	35,929	670	112	551	2,816	19,950	1,372	6,182
Intergovernmental	-	-	-	-	-	-	-	808,592
Fees and Other Revenues	311,405	-	-	16,435	122,814	-	16,000	-
Total Revenues	347,334	670	112	16,986	125,630	19,950	17,372	814,774
EXPENDITURES								
Current:								
General Government	24,784	29	443	15,460	-	862	-	5,084
Public Safety	-	-	-	-	130	-	-	-
Community Development	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	6,166	-
Community Services	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	24,784	29	443	15,460	130	862	6,166	5,084
REVENUES OVER (UNDER) EXPENDITURES	322,550	641	(331)	1,526	125,500	19,088	11,206	809,690
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	271,548
Transfers Out	-	-	-	-	(149,666)	-	-	(774,571)
Total Other Financing Sources (Uses)	-	-	-	-	(149,666)	-	-	(503,023)
Net Change in Fund Balances	322,550	641	(331)	1,526	(24,166)	19,088	11,206	306,667
Fund Balance, Beginning of Year	1,300,437	27,676	4,843	25,974	139,983	823,577	49,985	11,411
Fund Balance, End of Year	\$ 1,622,987	\$ 28,317	\$ 4,512	\$ 27,500	\$ 115,817	\$ 842,665	\$ 61,191	\$ 318,078

Continued

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2016**

	Special Revenue Funds <i>(Continued)</i>			Debt Service Funds			Capital Project Funds		
	City Low Income Housing	Landscape and Lighting Assessment Districts	Capital Improvement Revenue Refunding Bonds Series 2012	General Obligation Bonds Series 2002	2009 Civic Center Project Lease Revenue Bonds	2015 Lease Financing	Roadway Improvements	Community Facilities Improvements	Parks and Trails Improvements
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ 456,773	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	343	129,595	72,480	6,214	20,122	-	112,909	235,375	13,917
Intergovernmental	-	-	768,811	-	1,916,622	-	-	-	-
Fees and Other Revenues	-	6,382,395	-	-	-	-	397,000	15,000	5,200
Total Revenues	343	6,511,990	841,291	462,987	1,936,744	-	509,909	250,375	19,117
EXPENDITURES									
Current:									
General Government	27	-	-	-	-	-	1,508,391	201,981	186,013
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	72,793	5,128	10,865	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	6,420,545	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	400,089	3,435,429	78,539
Debt Service:									
Principal	-	-	920,000	400,000	1,040,000	-	-	-	-
Interest and Fiscal Charges	-	-	1,019,388	44,363	3,289,204	108,113	-	-	-
Total Expenditures	27	6,420,545	2,012,181	449,491	4,340,069	108,113	1,908,480	3,637,410	264,552
REVENUES OVER (UNDER) EXPENDITURES	316	91,445	(1,170,890)	13,496	(2,403,325)	(108,113)	(1,398,571)	(3,387,035)	(245,435)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	716,844	-	3,194,988	108,113	5,545,279	9,232,685	340,200
Transfers Out	-	-	(156,706)	-	(1,049,240)	-	(970,705)	(1,243,622)	(25,697)
Total Other Financing Sources (Uses)	-	-	560,138	-	2,145,748	108,113	4,574,574	7,989,063	314,503
Net Change in Fund Balances	316	91,445	(610,752)	13,496	(257,577)	-	3,176,003	4,602,028	69,068
Fund Balance, Beginning of Year	1,054,528	5,042,283	17,022,383	64,751	15,398,136	-	2,872,308	3,519,308	(456,990)
Fund Balance, End of Year	\$ 1,054,844	\$ 5,133,728	\$ 16,411,631	\$ 78,247	\$ 15,140,559	\$ -	\$ 6,048,311	\$ 8,121,336	\$ (387,922)

Continued

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2016**

Capital Project Funds (Continued)

	Civic Center Project Lease Revenue Bond Acquisition	Capital Improvement Financing Program 2006-1	Capital Improvement Financing Program 2005-1	Civic Center Project Lease Revenue Bond Acquisition	City Capital Improvement Financing Program	Drainage Improvements	Capital Infrastructure	Vineyards Projects	Vineyards Event Center Projects	Total Non-Major Governmental Funds
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,437,438
Licenses	-	-	-	-	-	-	-	-	-	165,266
Uses of Money and Property	6,731	1,396	2,896	26,304	218	-	105,144	61,944	71,256	1,178,074
Intergovernmental	-	-	-	-	-	-	-	-	-	5,187,022
Fees and Other Revenues	-	-	-	1,687,474	6,162	-	-	400,395	1,780,607	25,093,559
Total Revenues	6,731	1,396	2,896	1,713,778	6,380	-	105,144	462,339	1,851,863	34,061,359
EXPENDITURES										
Current:										
General Government	303	439,412	-	1,471	12	79,433	5,762	2,505	2,629	5,453,145
Public Safety	-	-	-	-	-	-	-	-	-	108,043
Community Development	-	-	-	-	-	-	-	-	-	252,712
Parks and Recreation	-	-	-	-	-	-	-	-	-	4,459,159
Community Services	-	-	-	-	-	-	-	-	-	6,453,390
Capital Outlay	-	-	-	-	-	(79,433)	-	-	-	3,834,624
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	2,360,000
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	4,461,068
Total Expenditures	303	439,412	-	1,471	12	-	5,762	2,505	2,629	27,382,141
REVENUES OVER (UNDER) EXPENDITURES	6,428	(438,016)	2,896	1,712,307	6,368	-	99,382	459,834	1,849,234	6,679,218
OTHER FINANCING SOURCES (USES)										
Transfers In	197,805	-	-	-	-	-	290,514	-	14,989	23,057,080
Transfers Out	(784,959)	-	-	(2,068,834)	-	(1)	(3,228,750)	-	(394,862)	(25,093,136)
Total Other Financing Sources (Uses)	(587,154)	-	-	(2,068,834)	-	(1)	(2,938,236)	-	(379,873)	(2,036,056)
Net Change in Fund Balances	(580,726)	(438,016)	2,896	(356,527)	6,368	(1)	(2,838,854)	459,834	1,469,361	4,643,162
Fund Balance, Beginning of Year	7,767,228	2,581,605	4,491,312	1,225,885	-	1	5,563,503	2,311,234	1,856,943	84,107,477
Fund Balance, End of Year	\$ 7,186,502	\$ 2,143,589	\$ 4,494,208	\$ 869,358	\$ 6,368	\$ -	\$ 2,724,649	\$ 2,771,068	\$ 3,326,304	\$ 88,750,639

City of Brentwood

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds
For Year Ended June 30, 2016**

	Special Revenue Funds								
	Gas Tax			SB 1186 Disability Access			Police Grants		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	955	4,108	3,153	24	314	290	1,143	3,845	2,702
Intergovernmental	1,164,825	1,230,879	66,054	-	-	-	137,278	120,160	(17,118)
Fees and Other Revenues	-	-	-	3,500	4,248	748	-	1,390	1,390
Total Revenues	<u>1,165,780</u>	<u>1,234,987</u>	<u>69,207</u>	<u>3,524</u>	<u>4,562</u>	<u>1,038</u>	<u>138,421</u>	<u>125,395</u>	<u>(13,026)</u>
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	155,959	107,913	48,046
Community Development	-	-	-	3,550	1,336	2,214	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,550</u>	<u>1,336</u>	<u>2,214</u>	<u>155,959</u>	<u>107,913</u>	<u>48,046</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,165,780</u>	<u>1,234,987</u>	<u>69,207</u>	<u>(26)</u>	<u>3,226</u>	<u>3,252</u>	<u>(17,538)</u>	<u>17,482</u>	<u>35,020</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(1,173,300)	(1,173,300)	-	-	-	-	(6,619)	(6,619)	-
Total Other Financing Sources (Uses)	<u>(1,173,300)</u>	<u>(1,173,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,619)</u>	<u>(6,619)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (7,520)</u>	<u>61,687</u>	<u>\$ 69,207</u>	<u>\$ (26)</u>	<u>3,226</u>	<u>\$ 3,252</u>	<u>\$ (24,157)</u>	<u>10,863</u>	<u>\$ 35,020</u>
Fund Balance, Beginning of Year		<u>113,183</u>			<u>10,447</u>			<u>144,864</u>	
Fund Balance, End of Year		<u>\$ 174,870</u>			<u>\$ 13,673</u>			<u>\$ 155,727</u>	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2016

Special Revenue Funds (Continued)

	Other Grants			Economic Development Grant			Infrastructure Improvements		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	250,000	165,266	(84,734)	-	-	-
Uses of Money and Property	125	818	693	500	6,804	6,304	39	148	109
Intergovernmental	2,790,000	341,958	(2,448,042)	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	-	-	-	-	-	-
Total Revenues	<u>2,790,125</u>	<u>342,776</u>	<u>(2,447,349)</u>	<u>250,500</u>	<u>172,070</u>	<u>(78,430)</u>	<u>39</u>	<u>148</u>	<u>109</u>
EXPENDITURES									
Current:									
General Government	7,500	-	7,500	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	250,500	162,583	87,917	50	7	43
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>7,500</u>	<u>-</u>	<u>7,500</u>	<u>250,500</u>	<u>162,583</u>	<u>87,917</u>	<u>50</u>	<u>7</u>	<u>43</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,782,625</u>	<u>342,776</u>	<u>(2,439,849)</u>	<u>-</u>	<u>9,487</u>	<u>9,487</u>	<u>(11)</u>	<u>141</u>	<u>152</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(3,573,500)	(334,458)	3,239,042	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(3,573,500)</u>	<u>(334,458)</u>	<u>3,239,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (790,875)</u>	<u>8,318</u>	<u>\$ 799,193</u>	<u>\$ -</u>	<u>9,487</u>	<u>\$ 9,487</u>	<u>\$ (11)</u>	<u>141</u>	<u>\$ 152</u>
Fund Balance, Beginning of Year		<u>6,961</u>			<u>250,406</u>			<u>6,092</u>	
Fund Balance, End of Year		<u>\$ 15,279</u>			<u>\$ 259,893</u>			<u>\$ 6,233</u>	

Continued

City of Brentwood

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2016**

Special Revenue Funds (Continued)

	Citywide Park Assessment District			Community Facilities Districts			Roadway Facility Fee		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ 1,953,502	\$ 1,980,665	\$ 27,163	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	257	13,438	13,181	556	23,016	22,460	24,250	112,366	88,116
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	45,075	62,034	16,959	4,239,905	4,441,861	201,956	2,871,478	3,575,393	703,915
Total Revenues	<u>1,998,834</u>	<u>2,056,137</u>	<u>57,303</u>	<u>4,240,461</u>	<u>4,464,877</u>	<u>224,416</u>	<u>2,895,728</u>	<u>3,687,759</u>	<u>792,031</u>
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	2,202,796	2,161,226	41,570
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	2,915,723	2,785,694	130,029	-	-	-	-	-	-
Community Services	-	-	-	57,000	32,845	24,155	-	-	-
Capital Outlay	13,558	-	13,558	-	-	-	-	-	-
Total Expenditures	<u>2,929,281</u>	<u>2,785,694</u>	<u>143,587</u>	<u>57,000</u>	<u>32,845</u>	<u>24,155</u>	<u>2,202,796</u>	<u>2,161,226</u>	<u>41,570</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(930,447)</u>	<u>(729,557)</u>	<u>200,890</u>	<u>4,183,461</u>	<u>4,432,032</u>	<u>248,571</u>	<u>692,932</u>	<u>1,526,533</u>	<u>833,601</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	808,000	808,000	-	1,669,121	1,668,107	(1,014)	11,568	553,524	541,956
Transfers Out	-	(12,495)	(12,495)	(5,292,995)	(5,292,995)	-	(1,419,954)	(1,419,071)	883
Total Other Financing Sources (Uses)	<u>808,000</u>	<u>795,505</u>	<u>(12,495)</u>	<u>(3,623,874)</u>	<u>(3,624,888)</u>	<u>(1,014)</u>	<u>(1,408,386)</u>	<u>(865,547)</u>	<u>542,839</u>
Net Change in Fund Balances	<u>\$ (122,447)</u>	<u>65,948</u>	<u>\$ 188,395</u>	<u>\$ 559,587</u>	<u>807,144</u>	<u>\$ 247,557</u>	<u>\$ (715,454)</u>	<u>660,986</u>	<u>\$ 1,376,440</u>
Fund Balance, Beginning of Year		<u>239,796</u>			<u>510,115</u>			<u>4,076,913</u>	
Fund Balance, End of Year		<u>\$ 305,744</u>			<u>\$ 1,317,259</u>			<u>\$ 4,737,899</u>	

Continued

City of Brentwood

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2016**

Special Revenue Funds (Continued)

	Parks and Trails Facility Fee			Community Facility Fee			Fire Facility Fee		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	-	-	-	4,868	4,028	(840)	20,090	14,326	(5,764)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	1,637,928	3,457,763	1,819,835	932,580	986,792	54,212	241,069	426,102	185,033
Total Revenues	<u>1,637,928</u>	<u>3,457,763</u>	<u>1,819,835</u>	<u>937,448</u>	<u>990,820</u>	<u>53,372</u>	<u>261,159</u>	<u>440,428</u>	<u>179,269</u>
EXPENDITURES									
Current:									
General Government	-	-	-	180,576	170,743	9,833	6,000	1,234	4,766
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	1,676,556	1,667,299	9,257	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>1,676,556</u>	<u>1,667,299</u>	<u>9,257</u>	<u>180,576</u>	<u>170,743</u>	<u>9,833</u>	<u>6,000</u>	<u>1,234</u>	<u>4,766</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(38,628)</u>	<u>1,790,464</u>	<u>1,829,092</u>	<u>756,872</u>	<u>820,077</u>	<u>63,205</u>	<u>255,159</u>	<u>439,194</u>	<u>184,035</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	77	1,117	1,040	2,670	81,673	79,003	3,120	26,283	23,163
Transfers Out	-	-	-	(2,506,585)	(2,506,585)	-	(3,500,000)	(3,500,000)	-
Total Other Financing Sources (Uses)	<u>77</u>	<u>1,117</u>	<u>1,040</u>	<u>(2,503,915)</u>	<u>(2,424,912)</u>	<u>79,003</u>	<u>(3,496,880)</u>	<u>(3,473,717)</u>	<u>23,163</u>
Net Change in Fund Balances	<u>\$ (38,551)</u>	<u>1,791,581</u>	<u>\$ 1,830,132</u>	<u>\$ (1,747,043)</u>	<u>(1,604,835)</u>	<u>\$ 142,208</u>	<u>\$ (3,241,721)</u>	<u>(3,034,523)</u>	<u>\$ 207,198</u>
Fund Balance, Beginning of Year		<u>(1,964,693)</u>			<u>2,024,777</u>			<u>3,808,823</u>	
Fund Balance, End of Year		<u>\$ (173,112)</u>			<u>\$ 419,942</u>			<u>\$ 774,300</u>	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
 For Year Ended June 30, 2016

Special Revenue Funds (Continued)

	Facility Fee Administration			Agriculture Land Administration			Agriculture Land Acquisition		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	2,015	12,881	10,866	3,328	13,272	9,944	4,210	24,311	20,101
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	222,336	527,523	305,187	-	72,543	72,543	-	290,173	290,173
Total Revenues	<u>224,351</u>	<u>540,404</u>	<u>316,053</u>	<u>3,328</u>	<u>85,815</u>	<u>82,487</u>	<u>4,210</u>	<u>314,484</u>	<u>310,274</u>
EXPENDITURES									
Current:									
General Government	601,400	600,557	843	87,272	28,419	58,853	15,984	15,983	1
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>601,400</u>	<u>600,557</u>	<u>843</u>	<u>87,272</u>	<u>28,419</u>	<u>58,853</u>	<u>15,984</u>	<u>15,983</u>	<u>1</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(377,049)</u>	<u>(60,153)</u>	<u>316,896</u>	<u>(83,944)</u>	<u>57,396</u>	<u>141,340</u>	<u>(11,774)</u>	<u>298,501</u>	<u>310,275</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	5,411	5,411
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,411</u>	<u>5,411</u>
Net Change in Fund Balances	<u>\$ (377,049)</u>	<u>(60,153)</u>	<u>\$ 316,896</u>	<u>\$ (83,944)</u>	<u>57,396</u>	<u>\$ 141,340</u>	<u>\$ (11,774)</u>	<u>303,912</u>	<u>\$ 315,686</u>
Fund Balance, Beginning of Year		<u>599,774</u>			<u>498,264</u>			<u>740,521</u>	
Fund Balance, End of Year		<u>\$ 539,621</u>			<u>\$ 555,660</u>			<u>\$ 1,044,433</u>	

Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2016**

Special Revenue Funds (Continued)

	Public Art Administration			Public Art Acquisition			Parking In-Lieu		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	1,170	9,973	8,803	5,413	35,929	30,516	177	670	493
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	45,375	106,850	61,475	112,750	311,405	198,655	-	-	-
Total Revenues	<u>46,545</u>	<u>116,823</u>	<u>70,278</u>	<u>118,163</u>	<u>347,334</u>	<u>229,171</u>	<u>177</u>	<u>670</u>	<u>493</u>
EXPENDITURES									
Current:									
General Government	1,300	382	918	27,828	24,784	3,044	100	29	71
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>1,300</u>	<u>382</u>	<u>918</u>	<u>27,828</u>	<u>24,784</u>	<u>3,044</u>	<u>100</u>	<u>29</u>	<u>71</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>45,245</u>	<u>116,441</u>	<u>71,196</u>	<u>90,335</u>	<u>322,550</u>	<u>232,215</u>	<u>77</u>	<u>641</u>	<u>564</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 45,245</u>	<u>116,441</u>	<u>\$ 71,196</u>	<u>\$ 90,335</u>	<u>322,550</u>	<u>\$ 232,215</u>	<u>\$ 77</u>	<u>641</u>	<u>\$ 564</u>
Fund Balance, Beginning of Year		<u>342,930</u>			<u>1,300,437</u>			<u>27,676</u>	
Fund Balance, End of Year		<u>\$ 459,371</u>			<u>\$ 1,622,987</u>			<u>\$ 28,317</u>	

Continued

City of Brentwood

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2016

Special Revenue Funds (Continued)

	Arts Commission			Asset Forfeiture			Abandoned Vehicle Abatement			PEG Media		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-	-	-	-
Uses of Money and Property	35	112	77	341	551	210	582	2,816	2,234	5,266	19,950	14,684
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	26,682	16,435	(10,247)	68,000	122,814	54,814	-	-	-
Total Revenues	35	112	77	27,023	16,986	(10,037)	68,582	125,630	57,048	5,266	19,950	14,684
EXPENDITURES												
Current:												
General Government	650	443	207	35,100	15,460	19,640	-	-	-	26,000	862	25,138
Public Safety	-	-	-	-	-	-	200	130	70	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	650	443	207	35,100	15,460	19,640	200	130	70	26,000	862	25,138
REVENUES OVER (UNDER) EXPENDITURES	(615)	(331)	284	(8,077)	1,526	9,603	68,382	125,500	57,118	(20,734)	19,088	39,822
OTHER FINANCING SOURCES (USES)												
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	(149,666)	(149,666)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	(149,666)	(149,666)	-	-	-	-
Net Change in Fund Balances	\$ (615)	(331)	\$ 284	\$ (8,077)	1,526	\$ 9,603	\$ (81,284)	(24,166)	\$ 57,118	\$ (20,734)	19,088	\$ 39,822
Fund Balance, Beginning of Year		4,843			25,974			139,983			823,577	
Fund Balance, End of Year		\$ 4,512			\$ 27,500			\$ 115,817			\$ 842,665	

Continued

City of Brentwood

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2016**

Special Revenue Funds (Continued)

	Parks Advertising			Measure C/J			City Low Income Housing			Landscape and Lighting Assessment Districts		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-	-	-	-
Uses of Money and Property	582	1,372	790	1,672	6,182	4,510	555	343	(212)	19,691	129,595	109,904
Intergovernmental	-	-	-	826,875	808,592	(18,283)	-	-	-	-	-	-
Fees and Other Revenues	19,000	16,000	(3,000)	-	-	-	-	-	-	6,360,654	6,382,395	21,741
Total Revenues	19,582	17,372	(2,210)	828,547	814,774	(13,773)	555	343	(212)	6,380,345	6,511,990	131,645
EXPENDITURES												
Current:												
General Government	-	-	-	5,084	5,084	-	10,100	27	10,073	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	19,100	6,166	12,934	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-	7,747,346	6,420,545	1,326,801
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	19,100	6,166	12,934	5,084	5,084	-	10,100	27	10,073	7,747,346	6,420,545	1,326,801
REVENUES OVER (UNDER) EXPENDITURES	482	11,206	10,724	823,463	809,690	(13,773)	(9,545)	316	9,861	(1,367,001)	91,445	1,458,446
OTHER FINANCING SOURCES (USES)												
Transfers In	-	-	-	-	271,548	271,548	-	-	-	-	-	-
Transfers Out	-	-	-	(774,671)	(774,571)	100	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	(774,671)	(503,023)	271,648	-	-	-	-	-	-
Net Change in Fund Balances	\$ 482	11,206	\$ 10,724	\$ 48,792	306,667	\$ 257,875	\$ (9,545)	316	\$ 9,861	\$ (1,367,001)	91,445	\$ 1,458,446
Fund Balance, Beginning of Year		49,985			11,411			1,054,528			5,042,283	
Fund Balance, End of Year		\$ 61,191			\$ 318,078			\$ 1,054,844			\$ 5,133,728	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
 For Year Ended June 30, 2016

	Capital Project Funds								
	Civic Center Project Lease Revenue Bond Acquisition			Civic Center Capital Improvement Financing Program			City Capital Improvement Financing Program		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	36,848	6,731	(30,117)	13,425	26,304	12,879	-	218	218
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	1,687,475	1,687,474	(1)	59,588	6,162	(53,426)
Total Revenues	36,848	6,731	(30,117)	1,700,900	1,713,778	12,878	59,588	6,380	(53,208)
EXPENDITURES									
Current:									
General Government	7,500	303	(7,197)	5,000	1,471	(3,529)	100	12	(88)
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	7,500	303	(7,197)	5,000	1,471	(3,529)	100	12	(88)
REVENUES OVER (UNDER) EXPENDITURES	29,348	6,428	(37,314)	1,695,900	1,712,307	9,349	59,488	6,368	(53,296)
OTHER FINANCING SOURCES (USES)									
Transfers In	13,550	197,805	184,255	2,535	-	(2,535)	-	-	-
Transfers Out	(1,156,557)	(784,959)	371,598	(2,068,931)	(2,068,834)	97	-	-	-
Total Other Financing Sources (Uses)	(1,143,007)	(587,154)	555,853	(2,066,396)	(2,068,834)	(2,438)	-	-	-
Net Change in Fund Balances	\$ (1,113,659)	(580,726)	\$ 518,539	\$ (370,496)	(356,527)	\$ 6,911	\$ 59,488	6,368	\$ (53,296)
Fund Balance, Beginning of Year		7,767,228			1,225,885			-	
Fund Balance, End of Year		\$ 7,186,502			\$ 869,358			\$ 6,368	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
 For Year Ended June 30, 2016

Capital Project Funds (Continued)

	Capital Infrastructure			Vineyards Projects			Vineyards Event Center Projects		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	39,901	105,144	65,243	12,460	61,944	49,484	-	71,256	71,256
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	55,480	400,395	344,915	-	1,780,607	1,780,607
Total Revenues	39,901	105,144	65,243	67,940	462,339	394,399	-	1,851,863	1,851,863
EXPENDITURES									
Current:									
General Government	128,374	5,762	(122,612)	2,506	2,505	(1)	2,629	2,629	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	128,374	5,762	(122,612)	2,506	2,505	(1)	2,629	2,629	-
REVENUES OVER (UNDER) EXPENDITURES	(88,473)	99,382	(57,369)	65,434	459,834	394,398	(2,629)	1,849,234	1,851,863
OTHER FINANCING SOURCES (USES)									
Transfers In	109	290,514	290,405	-	-	-	-	14,989	14,989
Transfers Out	(3,228,750)	(3,228,750)	-	-	-	-	(394,862)	(394,862)	-
Total Other Financing Sources (Uses)	(3,228,641)	(2,938,236)	290,405	-	-	-	(394,862)	(379,873)	14,989
Net Change in Fund Balances	\$ (3,317,114)	(2,838,854)	\$ 233,036	\$ 65,434	459,834	\$ 394,398	\$ (397,491)	1,469,361	\$ 1,866,852
Fund Balance, Beginning of Year		5,563,503			2,311,234			1,856,943	
Fund Balance, End of Year		\$ 2,724,649			\$ 2,771,068			\$ 3,326,304	

City of Brentwood

Combining Statement of Net Position
All Internal Service Funds
June 30, 2016

	Emergency Preparedness	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition
ASSETS						
Current Assets:						
Cash and Investments	\$ 2,900,301	\$ 1,020,795	\$ 8,324,425	\$ 720,650	\$ 3,967,618	\$ 82,259
Receivables	180	38	20,680	39	226	5
Inventories	-	-	-	-	-	-
Prepays	-	2,787	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Total Current Assets	2,900,481	1,023,620	8,345,105	720,689	3,967,844	82,264
Capital Assets:						
Machinery and Equipment	-	-	3,098,404	-	-	-
Vehicles	-	-	10,834,036	-	-	-
Less Accumulated Depreciation and Amortization	-	-	(8,385,719)	-	-	-
Total Capital Assets, Net of Accumulated Depreciation	-	-	5,546,721	-	-	-
Total Non-Current Assets	-	-	5,546,721	-	-	-
Total Assets	2,900,481	1,023,620	13,891,826	720,689	3,967,844	82,264
DEFERRED OUTFLOWS OF RESOURCES						
Related to Pensions	-	185,763	-	-	-	-
Total Deferred Outflows of Resources	-	185,763	-	-	-	-
LIABILITIES						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	45	2,078	117,204	69,960	6,000	4,146
Compensated Absences Payable	-	64,139	-	-	-	-
Total Current Liabilities	45	66,217	117,204	69,960	6,000	4,146
Non-Current Liabilities Due in More Than One Year:						
Net OPEB Obligation	-	589,195	-	-	-	-
Net Pension Liability	-	1,331,457	-	-	-	-
Compensated Absences Payable	-	42,759	-	-	-	-
Total Non-Current Liabilities	-	1,963,411	-	-	-	-
Total Liabilities	45	2,029,628	117,204	69,960	6,000	4,146
DEFERRED INFLOWS OF RESOURCES						
Related to Pensions	-	137,128	-	-	-	-
Total Deferred Inflows of Resources	-	137,128	-	-	-	-
NET POSITION						
Net Investment in Capital Assets	-	-	5,546,721	-	-	-
Unrestricted	2,900,436	(957,373)	8,227,901	650,729	3,961,844	78,118
Total Net Position	\$ 2,900,436	\$ (957,373)	\$ 13,774,622	\$ 650,729	\$ 3,961,844	\$ 78,118

Continued

City of Brentwood

**Combining Statement of Net Position
All Internal Service Funds (Continued)
June 30, 2016**

	Fleet Maintenance Services	Facilities Maintenance Services	Parks and LLAD Replacement	Insurance	Pension/Other Post-Employment Benefits Obligation	Totals
ASSETS						
Current Assets:						
Cash and Investments	\$ 286,456	\$ 1,077,056	\$ 12,121,505	\$ 649,594	\$ 21,591,226	\$ 52,741,885
Receivables	6	48	672	31	1,370	23,295
Inventories	42,092	-	-	-	-	42,092
Prepays	2,771	1,808	-	-	326,171	333,537
Due from Other Funds	-	-	-	-	784,825	784,825
Total Current Assets	331,325	1,078,912	12,122,177	649,625	22,703,592	53,925,634
Capital Assets:						
Machinery and Equipment	-	-	-	-	-	3,098,404
Vehicles	-	-	-	-	-	10,834,036
Less Accumulated Depreciation and Amortization	-	-	-	-	-	(8,385,719)
Total Capital Assets, Net of Accumulated Depreciation	-	-	-	-	-	5,546,721
Total Non-Current Assets	-	-	-	-	-	5,546,721
Total Assets	331,325	1,078,912	12,122,177	649,625	22,703,592	59,472,355
DEFERRED OUTFLOWS OF RESOURCES						
Related to Pensions	71,351	93,904	-	-	-	351,018
Total Deferred Outflows of Resources	71,351	93,904	-	-	-	351,018
LIABILITIES						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	47,194	63,363	63,275	5,400	903	379,568
Compensated Absences Payable	21,915	26,022	-	-	-	112,076
Total Current Liabilities	69,109	89,385	63,275	5,400	903	491,644
Non-Current Liabilities Due in More Than One Year:						
Net OPEB Obligation	258,914	427,651	-	-	-	1,275,760
Net Pension Liability	505,836	714,043	-	-	-	2,551,336
Compensated Absences Payable	14,610	17,348	-	-	-	74,717
Total Non-Current Liabilities	779,360	1,159,042	-	-	-	3,901,813
Total Liabilities	848,469	1,248,427	63,275	5,400	903	4,393,457
DEFERRED INFLOWS OF RESOURCES						
Related to Pensions	52,152	81,900	-	-	-	271,180
Total Deferred Inflows of Resources	52,152	81,900	-	-	-	271,180
NET POSITION						
Net Investment in Capital Assets	-	-	-	-	-	5,546,721
Unrestricted	(497,945)	(157,511)	12,058,902	644,225	22,702,689	49,612,015
Total Net Position	\$ (497,945)	\$ (157,511)	\$ 12,058,902	\$ 644,225	\$ 22,702,689	\$ 55,158,736

City of Brentwood

***Combining Statement of Revenues, Expenses and Changes in Fund Net Position
All Internal Service Funds
For Year Ended June 30, 2016***

	Emergency Preparedness	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition
Operating Revenues:						
Charges for Services	\$ -	\$ 2,093,316	\$ 1,701,862	\$ 674,746	\$ 777,450	\$ 18,000
Other Income	-	-	35,795	-	12,525	-
Total Operating Revenues	-	2,093,316	1,737,657	674,746	789,975	18,000
Operating Expenses:						
Personnel Services	-	1,569,358	-	-	-	-
Repairs and Maintenance	-	88,758	-	-	69,459	-
Materials, Supplies and Services	12,377	258,853	112,272	585,563	189,981	11,416
Depreciation and Amortization	-	-	1,158,716	-	-	-
Total Operating Expenses	12,377	1,916,969	1,270,988	585,563	259,440	11,416
Operating Income (Loss)	(12,377)	176,347	466,669	89,183	530,535	6,584
Non-Operating Revenues (Expenses):						
Interest Income	73,439	14,034	190,599	14,240	90,278	1,881
Gain or (Loss) on Disposal of Capital Assets	-	-	118,154	-	-	-
Total Non-Operating Revenues (Expenses)	73,439	14,034	308,753	14,240	90,278	1,881
Income (Loss) Before Contributions and Transfers	61,062	190,381	775,422	103,423	620,813	8,465
Transfers In	50,862	50,000	407,114	237,263	26,971	-
Transfers Out	(390,000)	-	(1,016,000)	(480,000)	-	-
Change in Net Position	(278,076)	240,381	166,536	(139,314)	647,784	8,465
Net Position, Beginning of Year	3,178,512	(1,197,754)	13,608,086	790,043	3,314,060	69,653
Net Position, End of Year	\$ 2,900,436	\$ (957,373)	\$ 13,774,622	\$ 650,729	\$ 3,961,844	\$ 78,118

Continued

City of Brentwood

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
All Internal Service Funds (Continued)
 For Year Ended June 30, 2016

	Fleet Maintenance Services	Facilities Maintenance Services	Parks and LLAD Replacement	Insurance	Pension/Other Post-Employment Benefits Obligation	Totals
Operating Revenues:						
Charges for Services	\$ 1,331,119	\$ 1,820,257	\$ 2,088,357	\$ 1,006,012	\$ 2,404,914	\$ 13,916,033
Other Income	3,133	4,490	12,591	41,215	713,000	822,749
Total Operating Revenues	1,334,252	1,824,747	2,100,948	1,047,227	3,117,914	14,738,782
Operating Expenses:						
Personnel Services	635,813	856,607	-	-	-	3,061,778
Repairs and Maintenance	10,082	71,315	166,123	-	-	405,737
Materials, Supplies and Services	677,414	647,076	257,741	896,863	3,396,052	7,045,608
Depreciation and Amortization	-	-	-	-	-	1,158,716
Total Operating Expenses	1,323,309	1,574,998	423,864	896,863	3,396,052	11,671,839
Operating Income (Loss)	10,943	249,749	1,677,084	150,364	(278,138)	3,066,943
Non-Operating Revenues (Expenses):						
Interest Income	1,800	17,396	265,479	9,766	571,143	1,250,055
Gain or (Loss) on Disposal of Capital Assets	-	-	-	-	-	118,154
Total Non-Operating Revenues (Expenses)	1,800	17,396	265,479	9,766	571,143	1,368,209
Income (Loss) Before Contributions and Transfers	12,743	267,145	1,942,563	160,130	293,005	4,435,152
Transfers In	93	-	567,995	-	4,581,217	5,921,515
Transfers Out	(6,063)	-	(266,200)	-	(3,567,244)	(5,725,507)
Change in Net Position	6,773	267,145	2,244,358	160,130	1,306,978	4,631,160
Net Position, Beginning of Year	(504,718)	(424,656)	9,814,544	484,095	21,395,711	50,527,576
Net Position, End of Year	\$ (497,945)	\$ (157,511)	\$ 12,058,902	\$ 644,225	\$ 22,702,689	\$ 55,158,736

City of Brentwood

**Combining Statement of Cash Flows
All Internal Service Funds
For Year Ended June 30, 2016**

	Emergency Preparedness	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition
Cash Flows from Operating Activities						
Cash Received from Customers/Other Funds	\$ -	\$ 2,093,316	\$ 1,701,862	\$ 674,746	\$ 777,450	\$ 18,000
Cash Payments to Suppliers of Goods and Services	(12,617)	(136,634)	(154,264)	(568,107)	(254,338)	(9,790)
Cash Payments to Employees for Services	-	(1,575,289)	-	-	-	-
Cash Payments for Interfund Services	-	(219,193)	-	-	-	-
Other Receipts	-	-	35,795	-	12,525	-
Net Cash Provided By (Used for) Operating Activities	(12,617)	162,200	1,583,393	106,639	535,637	8,210
Cash Flows from Non-Capital Financing Activities						
Transfers Received	50,862	50,000	407,114	237,263	26,971	-
Transfers Paid	(390,000)	-	(1,016,000)	(480,000)	-	-
Interfund Advance Payable	-	-	-	-	-	-
Interfund Advance Receivable	-	311,013	-	-	-	-
Net Cash Provided By (Used for) Non-Capital Financing Activities	(339,138)	361,013	(608,886)	(242,737)	26,971	-
Cash Flows from Capital and Related Financing Activities						
Proceeds from Sale of Capital Assets	-	-	97,944	-	-	-
Acquisition and Construction of Capital Assets	-	-	(1,347,065)	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	-	-	(1,249,121)	-	-	-
Cash Flows from Investing Activities						
Interest on Investments	73,334	14,007	190,323	14,219	90,128	1,878
Net Cash Provided By Investing Activities	73,334	14,007	190,323	14,219	90,128	1,878
Net Increase (Decrease) in Cash and Cash Equivalents	(278,421)	537,220	(84,291)	(121,879)	652,736	10,088
Cash and Cash Equivalents - Beginning of Year	3,178,722	483,575	8,408,716	842,529	3,314,882	72,171
Cash and Cash Equivalents - End of Year	\$ 2,900,301	\$ 1,020,795	\$ 8,324,425	\$ 720,650	\$ 3,967,618	\$ 82,259
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:						
Operating Income (Loss)	\$ (12,377)	\$ 176,347	\$ 466,669	\$ 89,183	\$ 530,535	\$ 6,584
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities:						
Depreciation and Amortization	-	-	1,158,716	-	-	-
Change in Assets, Liabilities and Deferred Outflows/Inflows of Resources:						
Receivables	-	-	-	-	-	-
Prepaid Items	-	(589)	-	-	-	-
Accounts Payable and Other Payables	(240)	(8,216)	(41,992)	17,456	5,102	1,626
Net OPEB Obligation	-	35,391	-	-	-	-
Net Pension Liability and Deferred Outflows/Inflows of Resources related to Pensions	-	(45,123)	-	-	-	-
Compensated Absences Payable	-	4,390	-	-	-	-
Net Cash Provided By (Used for) Operating Activities	\$ (12,617)	\$ 162,200	\$ 1,583,393	\$ 106,639	\$ 535,637	\$ 8,210

Continued

City of Brentwood

**Combining Statement of Cash Flows
All Internal Service Funds (Continued)
For Year Ended June 30, 2016**

	Fleet Maintenance Services	Facilities Maintenance Services	Parks and LLAD Replacement	Insurance	Pension/Other Post-Employment Benefits Obligation	Totals
Cash Flows from Operating Activities						
Cash Received from Customers/Other Funds	\$ 1,341,076	\$ 1,822,244	\$ 2,088,357	\$ 1,006,012	\$ 2,425,306	\$ 13,948,369
Cash Payments to Suppliers of Goods and Services	(621,630)	(547,881)	(386,090)	(896,525)	(3,410,641)	(6,998,517)
Cash Payments to Employees for Services	(642,084)	(847,104)	-	-	(2,397)	(3,066,874)
Cash Payments for Interfund Services	(115,790)	(188,359)	-	-	-	(523,342)
Other Receipts	3,133	4,490	12,591	41,253	713,000	822,787
Net Cash Provided By (Used for) Operating Activities	(35,295)	243,390	1,714,858	150,740	(274,732)	4,182,423
Cash Flows from Non-Capital Financing Activities						
Transfers Received	93	-	567,995	-	4,581,217	5,921,515
Transfers Paid	(6,063)	-	(266,200)	-	(3,567,244)	(5,725,507)
Interfund Advance Payable	-	-	-	-	(2,639,612)	(2,639,612)
Interfund Advance Receivable	128,453	214,523	-	-	-	653,989
Net Cash Provided By (Used for) Non-Capital Financing Activities	122,483	214,523	301,795	-	(1,625,639)	(1,789,615)
Cash Flows from Capital and Related Financing Activities						
Proceeds from Sale of Capital Assets	-	-	-	-	-	97,944
Acquisition and Construction of Capital Assets	-	-	-	-	-	(1,347,065)
Net Cash Provided By (Used for) Capital and Related Financing Activities	-	-	-	-	-	(1,249,121)
Cash Flows from Investing Activities						
Interest on Investments	1,798	17,363	265,027	9,745	570,257	1,248,079
Net Cash Provided By Investing Activities	1,798	17,363	265,027	9,745	570,257	1,248,079
Net Increase (Decrease) in Cash and Cash Equivalents	88,986	475,276	2,281,680	160,485	(1,330,114)	2,391,766
Cash and Cash Equivalents - Beginning of Year	197,470	601,780	9,839,825	489,109	22,921,340	50,350,119
Cash and Cash Equivalents - End of Year	\$ 286,456	\$ 1,077,056	\$ 12,121,505	\$ 649,594	\$ 21,591,226	\$ 52,741,885
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:						
Operating Income (Loss)	\$ 10,943	\$ 249,749	\$ 1,677,084	\$ 150,364	\$ (278,138)	\$ 3,066,943
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities:						
Depreciation and Amortization	-	-	-	-	-	1,158,716
Change in Assets, Liabilities and Deferred Outflows/Inflows of Resources:						
Receivables	-	-	-	38	-	38
Prepaid Items	9,588	(138)	-	-	17,995	26,856
Accounts Payable and Other Payables	(49,677)	(15,862)	37,774	338	(14,589)	(68,280)
Net OPEB Obligation	15,553	25,689	-	-	-	76,633
Net Pension Liability and Deferred Outflows/Inflows of Resources related to Pensions	(17,365)	(22,773)	-	-	-	(85,261)
Compensated Absences Payable	(4,337)	6,725	-	-	-	6,778
Net Cash Provided By (Used for) Operating Activities	\$ (35,295)	\$ 243,390	\$ 1,714,858	\$ 150,740	\$ (274,732)	\$ 4,182,423

City of Brentwood

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
 June 30, 2016

	Assessments	Pass-Through Funds	Asset Seizure	Totals
ASSETS				
Current Assets:				
Cash and Investments	\$ 11,029,161	\$ 2,218,940	\$ 37,111	\$ 13,285,212
Restricted Cash and Investments	4,318,413	-	-	4,318,413
Interest Receivable	610	146	2	758
Total Current Assets	<u>\$ 15,348,184</u>	<u>\$ 2,219,086</u>	<u>\$ 37,113</u>	<u>\$ 17,604,383</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 27,364	\$ 2,219,086	\$ -	\$ 2,246,450
Due to Others	-	-	37,113	37,113
Total Current Liabilities	<u>27,364</u>	<u>2,219,086</u>	<u>37,113</u>	<u>2,283,563</u>
Non-Current Liabilities Due in More Than One Year:				
Due to Bondholders	15,320,820	-	-	15,320,820
Total Non-Current Liabilities	<u>15,320,820</u>	<u>-</u>	<u>-</u>	<u>15,320,820</u>
Total Liabilities	<u>\$ 15,348,184</u>	<u>\$ 2,219,086</u>	<u>\$ 37,113</u>	<u>\$ 17,604,383</u>

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
 For Year Ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Assessments				
ASSETS				
Cash and Investments	\$ 10,670,132	\$ 28,530,739	\$ 28,171,710	\$ 11,029,161
Restricted Cash and Investments	5,214,255	1,490,436	2,386,278	4,318,413
Interest Receivable	241	610	241	610
Total Assets	\$ 15,884,628	\$ 30,021,785	\$ 30,558,229	\$ 15,348,184
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 27,841	\$ 149,391	\$ 149,868	\$ 27,364
Due to Bondholders	15,856,787	26,600,193	27,136,160	15,320,820
Total Liabilities	\$ 15,884,628	\$ 26,749,584	\$ 27,286,028	\$ 15,348,184
Pass-Through Funds				
ASSETS				
Cash and Investments	\$ 1,958,948	\$ 6,842,539	\$ 6,582,547	\$ 2,218,940
Interest Receivable	38	147	39	146
Total Assets	\$ 1,958,986	\$ 6,842,686	\$ 6,582,586	\$ 2,219,086
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 1,958,986	\$ 6,188,907	\$ 5,928,807	\$ 2,219,086
Total Liabilities	\$ 1,958,986	\$ 6,188,907	\$ 5,928,807	\$ 2,219,086
Asset Seizure				
ASSETS				
Cash and Investments	\$ 36,234	\$ 877	\$ -	\$ 37,111
Interest Receivable	1	2	1	2
Total Assets	\$ 36,235	\$ 879	\$ 1	\$ 37,113
LIABILITIES				
Due to Others	\$ 36,235	\$ 878	\$ -	\$ 37,113
Total Liabilities	\$ 36,235	\$ 878	\$ -	\$ 37,113
Total - All Agency Funds				
ASSETS				
Cash and Investments	\$ 12,665,314	\$ 35,374,155	\$ 34,754,257	\$ 13,285,212
Restricted Cash and Investments	5,214,255	1,490,436	2,386,278	4,318,413
Interest Receivable	280	759	281	758
Total Assets	\$ 17,879,849	\$ 36,865,350	\$ 37,140,816	\$ 17,604,383
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 1,986,827	\$ 6,338,298	\$ 6,078,675	\$ 2,246,450
Due to Others	36,235	878	-	37,113
Due to Bondholders	15,856,787	26,600,193	27,136,160	15,320,820
Total Liabilities	\$ 17,879,849	\$ 32,939,369	\$ 33,214,835	\$ 17,604,383



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STATISTICAL SECTION CONTENTS

	<u>Page</u>
Financial Trends	S-1 to S-4
<p>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</p>	
Revenue Capacity	S-5 to S-13
<p>These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property taxes, sales taxes and water user fee revenue.</p>	
Debt Capacity	S-14 to S-18
<p>These schedules contain information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</p>	
Demographic and Economic Information	S-19 to S-20
<p>These schedules contain demographic and economic information to help the reader understand the environment within which the City’s financial activities take place.</p>	
Operating Information	S-21 to S-24
<p>These schedules contain operational and resource information to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.</p>	

Sources: Unless otherwise noted, the information in these schedules is derived from the City’s relevant Comprehensive Annual Financial Reports.

City of Brentwood

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015 ⁽¹⁾	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 339,857,455	\$ 372,951,683	\$ 396,500,516	\$ 387,736,385	\$ 391,780,662	\$ 396,203,826	\$ 451,053,113	\$ 448,914,876	\$ 433,381,298	\$ 434,420,162
Restricted	79,233,723	80,452,738	84,103,392	90,938,293	71,281,324	55,501,023	50,993,394	55,657,033	71,876,509	74,550,957
Unrestricted	59,130,425	54,508,073	48,649,648	41,892,809	50,583,234	79,793,101	47,881,478	52,762,415	22,429,161	28,537,948
Total Governmental Activities Net Position	\$ 478,221,603	\$ 507,912,494	\$ 529,253,556	\$ 520,567,487	\$ 513,645,220	\$ 531,497,950	\$ 549,927,985	\$ 557,334,324	\$ 527,686,968	\$ 537,509,067
Business-Type Activities										
Net Investment in Capital Assets	\$ 124,783,446	\$ 137,697,679	\$ 151,887,435	\$ 152,324,676	\$ 154,107,936	\$ 155,440,943	\$ 174,173,837	\$ 175,557,744	\$ 179,269,329	\$ 182,169,967
Restricted	31,204,635	28,721,075	26,202,644	31,503,932	33,796,393	35,030,908	25,789,668	27,579,197	25,172,201	29,240,801
Unrestricted	22,052,908	33,177,282	39,191,354	38,179,045	41,033,910	37,633,231	37,558,177	41,145,016	36,251,098	41,109,355
Total Business-Type Activities Net Position	\$ 178,040,989	\$ 199,596,036	\$ 217,281,433	\$ 222,007,653	\$ 228,938,239	\$ 228,105,082	\$ 237,521,682	\$ 244,281,957	\$ 240,692,628	\$ 252,520,123
Primary Government										
Net Investment in Capital Assets	\$ 464,640,901	\$ 510,649,362	\$ 548,387,951	\$ 540,061,061	\$ 545,888,598	\$ 551,644,769	\$ 625,226,950	\$ 624,472,620	\$ 612,650,627	\$ 616,590,129
Restricted	110,438,358	109,173,813	110,306,036	122,442,225	105,077,717	90,531,931	76,783,062	83,236,230	97,048,710	103,791,758
Unrestricted	81,183,333	87,685,355	87,841,002	80,071,854	91,617,144	117,426,332	85,439,655	93,907,431	58,680,259	69,647,303
Total Primary Government Net Position	\$ 656,262,592	\$ 707,508,530	\$ 746,534,989	\$ 742,575,140	\$ 742,583,459	\$ 759,603,032	\$ 787,449,667	\$ 801,616,281	\$ 768,379,596	\$ 790,029,190

(1) The City implemented the provisions of GASB Statement No. 68 for fiscal year ended June 30, 2015. Historical data has not been converted.

City of Brentwood

CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
General Government	\$ 26,103,080	\$ 26,566,890	\$ 14,258,630	\$ 16,337,699	\$ 21,178,861	\$ 14,136,546	\$ 14,092,802	\$ 12,814,102	\$ 13,394,675	\$ 13,973,215
Public Safety	12,768,274	13,770,801	15,024,872	18,770,435	16,444,355	17,504,773	16,984,814	16,841,404	18,273,959	19,566,435
Community Development	5,704,796	5,581,469	4,871,191	5,688,738	4,614,882	3,330,613	3,486,844	3,897,722	3,815,207	3,980,128
Engineering	2,332,730	2,420,953	2,500,979	2,195,775	2,287,863	2,426,348	2,425,560	2,536,751	2,664,921	2,617,590
Public Works	4,967,567	5,441,455	6,417,940	6,702,090	7,563,837	7,785,203	7,481,326	6,932,406	6,953,406	6,977,557
Parks and Recreation	8,129,353	9,312,868	8,721,904	9,595,992	9,831,303	9,966,107	11,278,035	11,997,081	11,667,358	11,539,064
Community Services	3,402,377	3,728,537	4,771,816	5,665,988	5,193,300	5,507,421	5,979,870	6,077,404	6,180,114	7,056,264
Interest on Long-Term Debt	1,839,058	1,557,776	1,729,621	3,129,383	5,068,172	5,121,265	4,763,277	4,706,190	4,658,130	4,929,385
Total Expenses	65,247,235	68,380,749	58,296,953	68,086,100	72,182,573	65,778,276	66,492,528	65,803,060	67,607,770	70,639,638
Program Revenues										
Charges for Services:										
General Government	5,050,422	4,832,281	5,374,316	6,137,929	7,180,354	7,579,622	9,248,908	7,838,278	8,365,696	8,570,160
Public Safety	563,191	611,166	512,853	555,434	498,354	512,727	485,363	511,100	432,433	457,271
Community Development	3,371,910	2,021,118	870,595	1,204,973	1,112,381	1,273,788	2,436,201	3,392,009	3,481,731	4,035,603
Engineering	3,499,111	2,218,835	1,549,735	1,760,861	1,191,544	1,457,470	1,780,644	2,298,698	2,226,848	2,281,340
Public Works	53,474	87,670	84,910	119,960	75,927	39,302	1,250	-	-	-
Parks and Recreation	1,687,292	1,128,180	936,023	920,233	962,966	1,061,842	1,173,781	1,256,289	1,338,312	1,357,279
Operating Grants and Contributions	6,443,633	9,868,672	9,594,707	10,547,689	12,109,521	11,266,602	15,474,137	13,854,976	16,226,090	15,810,148
Capital Grants and Contributions	50,529,249	35,633,756	21,356,537	7,393,607	13,903,165	6,384,355	21,785,963	19,212,723	15,319,706	18,683,812
Total Program Revenues	71,198,282	56,401,678	40,279,676	28,640,686	37,034,212	29,575,708	52,386,247	48,364,073	47,390,816	51,195,613
Total Governmental Activities Net Expense	5,951,047	(11,979,071)	(18,017,277)	(39,445,414)	(35,148,361)	(36,202,568)	(14,106,281)	(17,438,987)	(20,216,954)	(19,444,025)
General Revenues and Other Changes in Net Position										
Taxes:										
Property Taxes	19,676,078	20,802,069	19,580,300	16,247,078	15,684,496	12,682,260	10,090,453	10,540,496	12,454,027	13,602,591
Sales Tax	4,661,529	4,827,706	4,803,716	5,038,880	5,258,382	5,691,384	6,060,363	6,447,687	6,836,918	7,319,216
Franchise Fees	1,230,265	1,362,484	1,057,537	1,168,412	1,183,245	1,216,589	1,254,136	1,321,089	1,400,350	1,473,443
Public Service Taxes	527,766	342,627	298,911	283,407	251,092	257,426	396,148	389,109	452,426	506,626
Measure C/J, Transient Occupancy Tax	598,358	635,411	674,000	676,635	775,964	885,565	960,804	1,036,221	349,683	377,043
Motor Vehicle Taxes	3,597,495	3,942,089	3,570,432	2,955,583	2,925,219	2,593,907	2,540,474	2,748,701	3,256,924	3,655,028
Other Taxes	260,577	-	-	-	-	-	-	-	-	-
Investment Earnings	8,960,696	8,191,379	6,821,377	3,456,502	2,256,133	1,626,128	679,229	1,186,001	1,095,957	2,988,030
Intergovernmental	42,737	-	-	-	-	-	-	-	-	-
Interfund Services	48,484	-	-	-	-	-	-	-	-	-
Miscellaneous	2,726,006	1,421,715	906,456	848,732	317,681	1,338,025	1,149,975	1,123,910	871,959	1,156,862
Transfers	2,111,311	144,482	1,645,610	84,116	(426,118)	99,753	(74,087)	52,112	702,328	762,119
Special Items:										
Denial of Transfer of Assets to the City	-	-	-	-	-	27,664,261	(3,989,500)	-	(12,381,097)	(2,574,834)
Total General Revenues and Other Changes in Net Position	44,441,302	41,669,962	39,358,339	30,759,345	28,226,094	54,055,298	19,067,995	24,845,326	15,039,475	29,266,124
Total Governmental Activities Change in Net Position	\$ 50,392,349	\$ 29,690,891	\$ 21,341,062	\$ (8,686,069)	\$ (6,922,267)	\$ 17,852,730	\$ 4,961,714	\$ 7,406,339	\$ (5,177,479)	\$ 9,822,099

City of Brentwood

CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES
LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)
 (Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Wastewater	\$ 6,264,947	\$ 6,734,960	\$ 6,956,281	\$ 7,387,756	\$ 7,706,249	\$ 7,980,916	\$ 8,281,521	\$ 8,356,508	\$ 10,000,905	\$ 10,003,159
Solid Waste	6,259,740	6,620,638	6,870,616	7,530,880	7,839,662	8,050,319	8,871,904	9,583,321	10,373,325	10,680,780
Water	11,181,295	12,304,859	15,721,076	18,381,997	17,122,586	18,787,680	18,987,430	19,436,134	19,538,589	22,129,063
City Rentals	729,754	654,428	248,505	253,241	218,218	182,239	150,179	165,319	174,597	178,558
Housing	1,481,274	792,055	307,298	419,217	430,024	4,699,623	686,241	831,157	656,778	723,908
Total Expenses	25,917,010	27,106,940	30,103,776	33,973,091	33,316,739	39,700,777	36,977,275	38,372,439	40,744,194	43,715,468
Program Revenues										
Charges for Services:										
Wastewater	6,441,711	6,966,204	7,666,143	7,936,737	8,333,225	9,388,285	10,891,301	10,979,074	12,002,184	11,663,637
Solid Waste	8,826,499	9,284,062	9,119,685	8,856,687	9,045,607	9,139,494	9,246,212	9,648,049	10,132,236	10,520,115
Water	15,348,469	16,279,479	16,201,887	15,760,490	16,114,907	17,254,244	18,657,623	19,050,072	17,599,064	16,288,609
City Rentals	717,539	467,271	421,957	425,832	425,607	435,736	428,869	438,420	476,212	486,477
Housing	117,601	174,368	188,137	175,186	193,610	184,524	196,900	221,519	239,057	265,269
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	918,028
Capital Grants and Contributions	22,969,310	11,971,155	12,590,057	3,996,082	4,635,461	1,629,204	6,679,473	4,082,059	4,382,019	7,414,680
Total Program Revenues	54,421,129	45,142,539	46,187,866	37,151,014	38,748,417	38,031,487	46,100,378	44,419,193	44,830,772	47,556,815
Total Business-Type Activities Net Expense	28,504,119	18,035,599	16,084,090	3,177,923	5,431,678	(1,669,290)	9,123,103	6,046,754	4,086,578	3,841,347
General Revenues and Other Changes in Net Position										
Investment Earnings	2,535,390	3,663,930	3,246,917	1,632,413	1,072,790	935,886	417,783	765,633	719,108	1,759,735
Transfers	(2,111,311)	(144,482)	(1,645,610)	(84,116)	426,118	(99,753)	74,087	(52,112)	(702,328)	(762,119)
Total General Revenues and Other Changes in Net Position	424,079	3,519,448	1,601,307	1,548,297	1,498,908	836,133	491,870	713,521	16,780	997,616
Total Business-Type Activities Change in Net Position	28,928,198	21,555,047	17,685,397	4,726,220	6,930,586	(833,157)	9,614,973	6,760,275	4,103,358	4,838,963
Total Primary Government Change in Net Position	\$ 79,320,547	\$ 51,245,938	\$ 39,026,459	\$ (3,959,849)	\$ 8,319	\$ 17,019,573	\$ 14,576,687	\$ 14,166,614	\$ (1,074,121)	\$ 14,661,062

City of Brentwood

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 124,588	\$ 69,008	\$ 115,603	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	25,274,977	23,942,011	15,469,215	-	-	-	-	-	-	-
Nonspendable ⁽¹⁾	-	-	-	69,383	168,127	75,163	302,936	63,693	108,998	68,054
Restricted ⁽¹⁾	-	-	-	-	-	27,500	74,426	92,426	92,426	92,426
Committed ⁽¹⁾	-	-	-	600,000	600,000	-	-	-	1,250,000	9,266,345
Assigned ⁽¹⁾	-	-	-	2,200,000	7,667,955	7,676,327	6,522,500	5,083,574	5,137,130	-
Unassigned ⁽¹⁾	-	-	-	12,464,539	9,835,437	10,760,980	11,134,823	11,899,800	12,318,912	13,120,085
Total General Fund	\$ 25,399,565	\$ 24,011,019	\$ 15,584,818	\$ 15,333,922	\$ 18,271,519	\$ 18,539,970	\$ 18,034,685	\$ 17,139,493	\$ 18,907,466	\$ 22,546,910
All Other Governmental Funds										
Reserved	\$ 94,569,236	\$ 81,456,062	\$ 86,822,877	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Funds	(2,292,254)	6,156,567	8,180,937	-	-	-	-	-	-	-
Capital Project Funds	(35,867)	(59,329)	(3,705,510)	-	-	-	-	-	-	-
Nonspendable ⁽¹⁾	-	-	-	2,371,064	2,237	1,324	1,310	845	576	889
Restricted ⁽¹⁾	-	-	-	119,080,851	78,571,539	56,313,736	47,984,618	48,760,112	79,481,499	93,642,510
Committed ⁽¹⁾	-	-	-	4,477,489	3,027,135	4,210,317	5,342,739	6,501,740	7,047,085	6,963,196
Unassigned ⁽¹⁾	-	-	-	(2,586,983)	(2,550,292)	248,829	(2,839,605)	(2,792,828)	(2,421,683)	(561,034)
Total All Other Governmental Funds	\$ 92,241,115	\$ 87,553,300	\$ 91,298,304	\$ 123,342,421	\$ 79,050,619	\$ 60,774,206	\$ 50,489,062	\$ 52,469,869	\$ 84,107,477	\$ 100,045,561

(1) The City of Brentwood implemented GASB 54 for the fiscal year ended June 30, 2010. Historical data has not been converted.

City of Brentwood

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes	\$ 25,842,811	\$ 26,218,592	\$ 24,965,670	\$ 21,892,844	\$ 21,496,574	\$ 18,966,729	\$ 16,925,209	\$ 17,777,969	\$ 20,213,939	\$ 21,926,396
Licenses	509,618	454,678	530,025	494,958	486,963	519,368	550,111	618,161	633,722	826,330
Permits and Fines	6,130,221	3,311,232	1,699,070	2,419,184	2,695,972	2,866,498	4,460,526	5,920,923	6,264,281	6,806,441
Uses of Money and Property	8,263,044	7,820,815	5,714,526	2,939,018	1,990,331	1,477,010	1,403,814	1,022,233	912,078	1,967,917
Intergovernmental	5,022,850	8,072,443	6,559,025	6,491,361	7,696,877	6,626,172	11,827,629	8,793,246	8,940,071	8,981,674
Franchises	965,066	1,018,540	1,057,537	1,168,412	1,183,245	1,216,589	1,254,136	1,321,089	1,400,350	1,473,443
Charges for Other Services	776,584	515,471	407,429	437,338	522,681	409,699	291,411	381,111	306,603	287,150
Charges to Other Funds	5,590,646	5,293,754	5,507,561	6,101,449	5,887,152	6,362,471	8,063,466	6,577,548	6,705,041	6,811,651
Fees and Other Revenues	21,786,740	16,301,455	12,630,551	12,772,501	13,219,741	15,976,157	18,972,072	22,705,683	25,565,932	27,238,276
Total Revenues	74,887,580	69,006,980	59,071,394	54,717,065	55,179,536	54,420,693	63,748,374	65,117,963	70,942,017	76,319,278
EXPENDITURES										
Current:										
General Government	26,029,125	24,471,337	13,876,807	13,903,858	18,213,011	12,289,354	12,098,061	10,264,133	10,746,924	11,421,015
Public Safety	14,129,475	14,343,676	14,277,133	15,029,062	15,806,664	16,627,126	16,474,881	16,940,288	18,226,275	19,353,959
Community Development	6,092,241	5,756,412	4,803,810	6,530,394	4,658,637	3,218,317	3,545,087	4,075,316	4,083,722	4,323,936
Engineering	2,532,147	2,574,651	2,523,897	2,124,818	2,241,604	2,383,174	2,438,310	2,620,029	2,741,148	2,865,976
Public Works	2,486,963	2,676,479	2,385,896	2,342,121	2,687,175	2,723,127	2,601,282	2,687,875	2,814,945	2,999,793
Parks and Recreation	7,924,624	8,191,336	7,039,392	7,387,946	7,782,777	7,673,881	9,161,386	10,194,471	9,858,227	9,550,815
Community Services	3,414,448	3,739,616	4,777,007	5,668,438	5,199,083	5,510,055	5,987,718	6,088,686	6,192,471	7,073,130
Capital Outlay	11,367,755	11,795,273	11,417,725	9,534,182	28,347,984	18,649,014	5,791,055	1,487,631	2,353,631	3,834,624
Debt Service:										
Principal	832,754	967,369	1,003,379	2,412,705	1,085,407	1,075,000	1,770,000	1,835,000	1,910,000	2,717,796
Interest and Fiscal Charges	1,647,122	1,354,955	1,515,337	2,902,943	4,795,892	4,849,723	4,541,152	4,490,392	4,428,429	4,681,817
Total Expenditures	76,456,654	75,871,104	63,620,383	67,836,467	90,818,234	74,998,771	64,408,932	60,683,821	63,355,772	68,822,861
REVENUES OVER (UNDER) EXPENDITURES	(1,569,074)	(6,864,124)	(4,548,989)	(13,119,402)	(35,638,698)	(20,578,078)	(660,558)	4,434,142	7,586,245	7,496,417
OTHER FINANCING SOURCES (USES)										
Bond Issuance	-	-	-	48,000,000	-	-	-	-	-	11,515,000
Premium on Bonds Issued	-	-	-	129,172	-	1,266,396	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-	24,060,000	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	(26,049,390)	-	-	-	-
Transfer of Land Held to Governmental Activities	-	-	-	-	(1,327,029)	-	-	-	-	-
Transfers In	27,208,242	19,712,817	19,833,305	89,614,732	71,012,558	18,534,332	18,611,255	18,163,542	17,062,601	32,528,893
Transfers Out	(25,128,377)	(19,053,054)	(19,965,513)	(92,831,281)	(75,401,036)	(16,777,751)	(21,084,678)	(21,512,069)	(19,620,633)	(31,962,782)
Total Other Financing Sources (Uses)	2,079,865	659,763	(132,208)	44,912,623	(5,715,507)	1,033,587	(2,473,423)	(3,348,527)	(2,558,032)	12,081,111
Net Change in Fund Balances before Extraordinary Items	\$ 510,791	\$ (6,204,361)	\$ (4,681,197)	\$ 31,793,221	\$ (41,354,205)	\$ (19,544,491)	\$ (3,133,981)	\$ 1,085,615	\$ 5,028,213	\$ 19,577,528
EXTRAORDINARY ITEMS										
Assets Transferred to Successor Agency	-	-	-	-	-	(7,438,601)	(3,989,500)	-	-	-
Assets Transferred from Successor Agency	-	-	-	-	-	5,308,182	-	-	-	-
Total Extraordinary Items	-	-	-	-	-	(2,130,419)	(3,989,500)	-	-	-
Net Change in Fund Balances	\$ 510,791	\$ (6,204,361)	\$ (4,681,197)	\$ 31,793,221	\$ (41,354,205)	\$ (21,674,910)	\$ (7,123,481)	\$ 1,085,615	\$ 5,028,213	\$ 19,577,528
Debt Service as a Percentage of Noncapital Expenditures	3.81%	3.62%	4.82%	9.12%	9.41%	10.51%	10.77%	10.69%	10.39%	11.39%

City of Brentwood

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN TAX YEARS (Unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2007	\$ 6,220,671,258	\$ 493,496,598	\$ 63,090,245	\$ 492,275,459	\$ 96,882,748	\$ 7,172,650,812	1.0038%
2008	6,915,502,276	544,468,293	73,972,732	693,059,797	107,975,826	8,119,027,272	1.0032%
2009	6,028,251,325	653,859,546	117,670,976	718,293,799	112,118,379	7,405,957,267	1.0039%
2010	4,785,876,213	786,006,109	85,597,901	571,134,468	118,631,364	6,109,983,327	1.0054%
2011	4,660,132,845	723,838,787	50,993,755	547,683,892	122,763,045	5,859,886,234	1.0060%
2012	4,496,112,577	674,651,088	46,231,581	521,832,257	140,434,070	5,598,393,433	1.0068%
2013	4,370,940,651	657,806,317	43,444,913	556,183,456	149,219,848	5,479,155,489	1.0072%
2014	4,873,504,577	571,689,994	41,318,437	635,726,379	179,541,808	5,942,697,579	1.0068%
2015	5,959,195,178	663,104,071	41,218,443	574,904,931	187,411,369	7,051,011,254	1.0059%
2016	6,752,719,003	681,242,924	44,844,527	630,262,779	191,001,081	7,918,068,152	1.0055%

Source: Contra Costa County Assessor

Note: General property taxes are calculated at 1% of total assessed value less local exemptions.

City of Brentwood

DIRECT AND OVERLAPPING PROPERTY TAXES

LAST TEN TAX YEARS

(Unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates ⁽¹⁾		
	Basic Rate	General Obligation Debt Service	Total Direct Tax Rate	Liberty Union High School District	Brentwood Union School District	Other Districts
2007	1.00%	0.0038%	1.0038%	0.0331%	0.0444%	0.0693%
2008	1.00%	0.0032%	1.0032%	0.0276%	0.0470%	0.0660%
2009	1.00%	0.0039%	1.0039%	0.0289%	0.0587%	0.0757%
2010	1.00%	0.0054%	1.0054%	0.0376%	0.0682%	0.0998%
2011	1.00%	0.0060%	1.0060%	0.0390%	0.0715%	0.1022%
2012	1.00%	0.0068%	1.0068%	0.0386%	0.0688%	0.1074%
2013	1.00%	0.0072%	1.0072%	0.0364%	0.0685%	0.1049%
2014	1.00%	0.0068%	1.0068%	0.0328%	0.0639%	0.1085%
2015	1.00%	0.0059%	1.0059%	0.0273%	0.0522%	0.1033%
2016	1.00%	0.0055%	1.0055%	0.0237%	0.0447%	0.0931%

Source: HdL Coren & Cone, Contra Costa County Auditor/Controller

Note: General property taxes are calculated at 1% of total assessed value less local exemptions.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Brentwood.

Not all overlapping rates apply to all Brentwood property owners.

City of Brentwood

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Taxpayer	Fiscal Year 2016			Fiscal Year 2007		
	Taxable Assessed Value	Rank	Percent of City's Total Taxable Value	Taxable Assessed Value	Rank	Percent of City's Total Taxable Value
G and I VII Brentwood LP	\$ 79,148,915	1	1.00%	\$ -	-	-
Sand Creek Crossing LLC	46,735,700	2	0.59%	56,707,614	2	0.79%
John Muir Mt Diablo Health	38,548,336	3	0.49%	45,075,875	4	0.63%
DS Lone Tree Plaza LLC	38,195,107	4	0.48%	54,079,519	3	0.75%
Tri Pointe Homes Inc.	33,050,229	5	0.42%	-	-	0.00%
Trilogy Vineyards LLC	29,690,975	6	0.37%	62,206,334	1	0.86%
Shea Homes LP	27,900,579	7	0.35%	-	-	-
Brentwood Arbor Ridge LP	22,539,657	8	0.28%	24,790,285	8	0.34%
CA Towncentre Owner LLC	20,107,983	9	0.25%	-	-	-
New Urban Comm Sciortno LLC	19,775,100	10	0.25%	-	-	-
Richmond American Homes of CA	-	-	-	36,088,113	5	0.50%
Western Pacific Housing Inc.	-	-	-	35,150,482	6	0.49%
Prestige Homes LP	-	-	-	26,719,107	7	0.37%
Towncentre Professional	-	-	-	24,231,128	9	0.34%
Brighton Station Invest Properties LLC	-	-	-	18,267,524	10	0.25%
Total	\$ 355,692,581		4.48%	\$ 383,315,981		5.32%

Source: HdL Coren & Cone, Contra Costa County Assessor

City of Brentwood

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN TAX YEARS

(Unaudited)

Fiscal Year Ended June 30	Taxes Levied For The Fiscal Year ⁽¹⁾	Collected Within the Fiscal Year of the Levy ⁽²⁾	
		Amount	Percentage of Levy
2007	\$ 19,676,078	\$ 19,676,078	100.00%
2008	20,802,069	20,802,069	100.00%
2009	19,580,300	19,580,300	100.00%
2010	16,247,076	16,247,076	100.00%
2011	15,684,496	15,684,496	100.00%
2012	12,682,260	12,682,260	100.00%
2013	10,090,453	10,090,453	100.00%
2014	10,540,496	10,540,496	100.00%
2015	12,454,027	12,454,027	100.00%
2016	13,602,591	13,602,591	100.00%

Source: Contra Costa County Auditor/Controller

(1) General property taxes are calculated at 1% of total assessed value less local exemptions. The City's portion is determined by the individual tax rate areas in the City.

(2) Tax assessments collected are the same as the amount levied, because Contra Costa County follows California's alternate method of apportionment (the Teeter Plan). Under the Teeter Plan, all amounts levied are apportioned to agencies regardless of whether they are collected in the current year or not. A tax loss reserve fund insures losses resulting when a property is sold for taxes and the proceeds are insufficient to pay the outstanding amounts due.

City of Brentwood

TAXABLE SALES BY CATEGORY

LAST TEN CALENDAR YEARS

(In Thousands of Dollars)

(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Apparel Stores	\$ 17,378	\$ 18,290	\$ 24,627	\$ 38,865	\$ 41,433	\$ 43,872	\$ 47,782	\$ 51,009	\$ 49,524	\$ 53,502
Food Stores	38,168	38,950	41,689	44,121	42,134	42,881	44,710	46,829	47,983	50,251
Eating and Drinking Establishments	43,813	49,450	50,980	58,853	64,109	70,917	80,693	84,531	100,497	112,715
Building Materials	66,356	60,287	53,169	47,048	51,067	55,213	57,644	64,725	63,693	72,414
Auto Dealers and Supplies	62,402	57,183	33,284	39,949	43,762	41,466	39,996	43,202	54,180	68,267
Service Stations	75,209	85,806	103,954	77,494	86,144	100,906	105,065	104,865	106,658	94,021
Other Retail Stores	73,740	92,255	103,163	111,769	115,702	120,480	126,723	134,417	131,494	143,394
All Other Outlets	96,786	93,659	92,659	88,465	91,820	103,895	111,150	124,413	136,218	159,019
Total	\$ 473,852	\$ 495,880	\$ 503,525	\$ 506,564	\$ 536,171	\$ 579,630	\$ 613,763	\$ 653,991	\$ 690,247	\$ 753,583

City Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
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Source: State of California Board of Equalization and HdL Coren & Cone

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

City of Brentwood

DIRECT AND OVERLAPPING SALES TAX RATES LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	City Direct Rate	Contra Costa County	State	Total
2007	1.00%	1.00%	6.25%	8.25%
2008	1.00%	1.00%	6.25%	8.25%
2009	1.00%	1.00%	7.25% ⁽¹⁾	9.25%
2010	1.00%	1.00%	7.25%	9.25%
2011	1.00%	1.00%	6.25% ⁽¹⁾	8.25%
2012	1.00%	1.00%	6.25%	8.25%
2013	1.00%	1.00%	6.50% ⁽²⁾	8.50%
2014	1.00%	1.00%	6.50%	8.50%
2015	1.00%	1.00%	6.50%	8.50%
2016	1.00%	1.00%	6.50%	8.50%

Source: State Board of Equalization

Note: The City's sales tax rate may be changed only with approval of the State Legislature.

(1) April 1, 2009 the State increased the State Rate 1%. The 1% increase expired July 1, 2011.

(2) On January 1, 2013 the State rate was increased by .25%.

City of Brentwood

**TOP 25 SALES TAX PRODUCERS
CURRENT YEAR AND NINE YEARS AGO**

(Unaudited)

2016		2007	
Tax Remitter ⁽¹⁾	Business Category	Tax Remitter ⁽¹⁾	Business Category
Ace Hardware	Hardware Stores	Ace Hardware	Hardware Stores
Arco AM PM	Service Stations	Arco AM PM Mini Mart	Service Stations
AT&T Mobility	Electronics/Appliance Stores	Big B Lumber	Lumber/Building Materials
Best Buy	Electronics/Appliance Stores	Bill Brandt Ford	New Motor Vehicle Dealers
Big B Lumber	Lumber/Building Materials	Brentwood Dodge Chrysler Jeep	New Motor Vehicle Dealers
Bill Brandt Ford	New Motor Vehicle Dealers	Chevron	Service Stations
BJs Restaurant & Brewhouse	Casual Dining	Dallas Shanks Services	Service Stations
Brentwood Chevron	Service Stations	Devi Oil	Service Stations
Brentwood Ready Mix	Contractors	Golden Gate Petroleum	Petroleum Prod/Equipment
Chevron	Service Stations	Home Depot	Lumber/Building Materials
Circle K Gas	Service Stations	Home Goods	Home Furnishings
Dallas Shanks Chevron	Service Stations	Hurtados Auto Sales	Used Automotive Dealers
Food Maxx	Grocery Stores - Liquor	Kohl's	Department Stores
Home Depot	Lumber/Building Materials	Les Schwab Tire Center	Automotive Supply Stores
Home Goods	Home Furnishings	Longs	Drug Stores
Kohl's	Department Stores	Michael's Arts & Crafts	Art/Gift/Novelty Stores
Quick Stop	Service Stations	Precision Cabinets	Contractors
Ross	Family Apparel	Quick Stop	Service Stations
Safeway	Grocery Stores - Liquor	Raley's	Grocery Stores - Liquor
TJ Maxx	Family Apparel	Ross	Family Apparel
Tower Mart	Service Stations	Safeway	Grocery Stores - Liquor
Ulta	Specialty Stores	Savers Fuel Mart	Service Stations
Verizon Wireless	Electronics/Appliance Stores	TJ Maxx	Family Apparel
Walgreens	Drug Stores	Tower Mart	Service Stations
Winco Foods	Grocery Stores - Liquor	Winco Foods	Grocery Stores - Liquor
Percent of Fiscal Year Total Paid by Top 25 Accounts = 47.71%		Percent of Fiscal Year Total Paid by Top 25 Accounts = 59.70%	

Source: HdL Coren & Cone

(1) Firms listed alphabetically because taxable sales figures for individual businesses are confidential and cannot legally be disclosed.

City of Brentwood

WATER USE REVENUE BY CUSTOMER TYPE ⁽¹⁾
LAST TEN FISCAL YEARS
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Type of Customer										
Residential	\$ 8,037,936	\$ 7,967,434	\$ 7,771,514	\$ 7,298,520	\$ 7,559,361	\$ 8,018,220	\$ 9,104,775	\$ 9,204,133	\$ 8,207,427	\$ 5,556,876
Commercial	1,588,280	1,535,388	1,353,079	1,243,055	1,270,571	1,351,106	1,505,393	1,536,426	1,465,084	1,156,292
Industrial	104,434	308,275	594,218	474,029	502,181	496,542	588,820	544,326	566,740	429,897
Government	596,973	828,672	1,062,688	1,129,991	1,000,586	1,001,728	1,278,646	1,371,209	919,019	726,120
Total	\$ 10,327,623	\$ 10,639,769	\$ 10,781,499	\$ 10,145,595	\$ 10,332,699	\$ 10,867,596	\$ 12,477,634	\$ 12,656,094	\$ 11,158,270	\$ 7,869,185

Source: City of Brentwood Administrative Services Department, Utility Billing

(1) Billing period from July 1 to June 30



City of Brentwood

WATER RATES
LAST TEN FISCAL YEARS
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Monthly Base Rate										
5/8" or 3/4" meter	\$ 15.98	\$ 16.46	\$ 16.95	\$ 17.46	\$ 17.99	\$ 18.53	\$ 19.08	\$ 19.65	\$ 20.24	\$ 20.85
1" meter	24.07	24.69	25.43	26.19	26.98	27.79	28.62	29.48	30.36	31.27
1 1/2" meter	47.84	49.38	50.86	52.39	53.96	55.58	57.24	58.96	60.73	62.55
2" meter	79.79	82.30	84.77	87.31	89.93	92.63	95.40	98.26	101.21	104.25
3" meter	132.08	148.13	152.58	157.16	161.87	166.73	171.73	176.88	182.19	187.65
4" meter	212.80	213.97	220.39	227.00	233.81	240.83	248.05	255.49	263.16	271.05
6" meter	425.70	444.40	457.74	471.47	485.61	500.18	515.19	530.65	546.57	562.96
Consumption Charge (per 1,000 gallons = 1 unit)										
Residential Tiers										
Tier 1: Units 1-10	\$ 2.50	\$ 2.58	\$ 2.65	\$ 2.73	\$ 2.81	\$ 2.90	\$ 2.99	\$ 3.08	\$ 3.17	\$ 3.27
Tier 2: Units 11-20	2.98	3.07	3.16	3.26	3.35	3.45	3.56	3.67	3.78	3.89
Tier 3: Units 21-30	3.57	3.68	3.79	3.90	4.02	4.14	4.26	4.39	4.52	4.66
Tier 4: Units 31+	4.16	4.28	4.41	4.55	4.68	4.82	4.97	5.12	5.27	5.43
Non Residential Tiers										
Tier 1: Units 1-10	\$ 2.50	\$ 2.58	\$ 2.65	\$ 2.73	\$ 2.81	\$ 2.90	\$ 2.99	\$ 3.08	\$ 3.17	\$ 3.27
Tier 2: Units 11+	2.98	3.07	3.16	3.26	3.35	3.45	3.56	3.67	3.78	3.89
Non Potable										
Tier 1: Units 1+	N/A	\$ 0.95	\$ 0.98	\$ 1.01	\$ 1.04	\$ 1.07	\$ 1.10	\$ 1.13	\$ 1.17	\$ 1.20

Source: City of Brentwood Administrative Services Department, Utility Billing

City of Brentwood

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Governmental Activities							Capital Leases (Internal Service)
	2002 General Obligation Bonds	2001 CIP Revenue Bonds	2012 CIP Revenue Refunding Bonds	2009 Civic Center Project Lease Revenue Bonds	2015 Lease Financing	Notes Payable		
	2007	\$ 6,436,238	\$ 29,065,000	\$ -	\$ -	\$ -	\$ 1,738,860	
2008	6,479,059	28,370,000	-	-	-	1,626,491	-	
2009	6,513,343	27,645,000	-	-	-	1,528,112	-	
2010	6,534,783	26,890,000	-	48,266,660	-	75,407	-	
2011	6,544,040	26,110,000	-	48,122,355	-	-	-	
2012	6,536,845	-	25,300,013	48,118,049	-	-	555,313	
2013	6,513,998	-	24,381,693	47,488,554	-	-	277,656	
2014	6,471,288	-	23,454,317	46,839,438	-	-	-	
2015	6,409,559	-	22,505,053	46,170,132	-	-	-	
2016	6,324,752	-	20,635,826	46,011,734	11,515,000	14,598,135	-	

Fiscal Year	Business-Type Activities							Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
	2008 Water Revenue Bonds	2014 Water Revenue Bonds	Water Revenue Bonds	Wastewater Revenue Bonds	State Water Resources Loan (Wastewater)	Notes Payable ⁽¹⁾				
	2007	\$ -	\$ -	\$ 7,911,248	\$ 2,033,752	\$ 31,458,362	\$ 9,082,956			
2008	-	-	7,664,643	1,970,357	29,744,923	8,441,719	84,297,192	4.74%	1,762	
2009	52,036,844	-	-	-	28,000,554	7,691,719	123,415,572	6.59%	2,483	
2010	51,782,179	-	-	-	26,224,698	7,432,445	167,206,172	9.06%	3,279	
2011	51,507,514	-	-	-	24,416,786	7,432,445	164,133,140	10.58%	3,190	
2012	50,432,849	-	-	-	22,576,240	7,358,875	160,878,184	10.74%	3,092	
2013	49,313,184	-	-	-	20,702,469	7,382,250	156,059,804	10.03%	2,925	
2014	48,138,519	-	-	-	18,794,875	7,062,578	150,761,015	9.05%	2,750	
2015	4,165,000	48,608,126	-	-	16,852,847	-	144,710,717	8.22%	2,562	
2016	2,845,000	48,356,034	-	-	14,875,763	-	165,162,244	9.16%	2,894	

Note: Details regarding the City's outstanding debt can be found in Note #6.

(1) The City changed its accounting policy related to the payment of future connection fees in the Water Enterprise as the fees are contingent upon future development; therefore the liability has been removed and restated in fiscal year 2014/15.

See Note #14 of this report for additional details.

(2) See Schedule - 19 for personal income and population data.

City of Brentwood

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	2002 General Obligation Bonds	Less: Amounts Restricted in the Debt Service Fund	Net Total Debt	Percentage of Actual Taxable Value of Property	Per Capita
2007	\$ 6,436,238	\$ 104,769	\$ 6,331,469	0.09%	\$ 141
2008	6,479,059	80,661	6,398,398	0.08%	134
2009	6,513,343	57,438	6,455,905	0.09%	130
2010	6,534,783	43,842	6,490,941	0.11%	127
2011	6,544,040	39,640	6,504,400	0.11%	126
2012	6,536,845	45,730	6,491,115	0.12%	125
2013	6,513,998	49,753	6,464,245	0.12%	121
2014	6,471,288	61,063	6,410,225	0.11%	117
2015	6,409,559	64,751	6,344,808	0.09%	112
2016	6,324,752	78,247	6,246,505	0.08%	109

Note: Details regarding the City's outstanding debt can be found in Note #6

Source: City of Brentwood Administrative Services Department

City of Brentwood

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2016

(Unaudited)

2015-16 Assessed Valuation	\$ 7,918,068,152
Redevelopment Incremental Valuation	<u>669,960,829</u>
Adjusted Assessed Valuation	\$ 7,248,107,323

	<u>Total Debt 6/30/16</u>	<u>Percentage Applicable ⁽¹⁾</u>	<u>City's Share of Debt 6/30/16</u>
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Bay Area Rapid Transit	\$ 527,065,000	1.315%	\$ 6,930,905
Contra Costa Community College District	432,135,000	4.611%	19,925,745
Liberty Union High School District	46,475,000	52.567%	24,430,513
Brentwood Union School District	39,909,704	93.352%	37,256,507
Oakley Union School District	17,980,000	0.002%	360
City of Brentwood	6,324,752 ⁽²⁾	100.000%	6,324,752
City of Brentwood Community Facilities Districts	18,957,895	100.000%	18,957,895
City of Brentwood 1915 Act Bonds	141,905,422	100.000%	141,905,422
California Statewide Communities Development Authority Assessment Districts	14,011,710	100.000%	14,011,710
East Bay Regional Park District	<u>149,945,000</u>	2.014%	<u>3,019,892</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 1,394,709,483		\$ 272,763,701
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Contra Costa County General Fund Obligations	\$ 253,715,570	4.594%	\$ 11,655,693
Contra Costa County Pension Obligations	212,765,000	4.594%	9,774,424
Contra Costa Community College District Certificates of Participation	525,000	4.611%	24,208
Brentwood Union School District Certificates of Participation	1,340,920	93.352%	1,251,776
City of Brentwood General Fund Obligations	59,204,665	100.000%	59,204,665
GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT	<u>\$ 527,551,155</u>		<u>\$ 81,910,766</u>
Less: Contra Costa Obligations Supported From Revenue Funds			<u>3,153,369</u>
NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 78,757,397
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY)	\$ 26,748,684	100.000%	\$ 26,748,684
TOTAL DIRECT DEBT			\$ 84,487,312
TOTAL GROSS OVERLAPPING DEBT			\$ 296,935,839
TOTAL NET OVERLAPPING DEBT			\$ 293,782,470
GROSS COMBINED TOTAL DEBT			\$ 381,423,151 ⁽³⁾
NET COMBINED TOTAL DEBT			\$ 378,269,782
Ratios to Adjusted Assessed Valuation:			
Total Direct Debt (\$84,487,312)	0.90%		
Gross Combined Total Debt	5.26%		
Net Combined Total Debt	5.22%		

Source: California Municipal Statistics, Inc.

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Includes \$3,204,776 accreted value.

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

City of Brentwood

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 268,974,405	\$ 304,463,523	\$ 277,723,398	\$ 229,124,375	\$ 219,745,734	\$ 209,939,754	\$ 205,468,331	\$ 222,851,159	\$ 264,412,922	\$ 296,927,556
Total Net Debt Applicable to Limit	6,331,469	6,398,398	6,455,905	6,490,941	6,504,400	6,491,115	6,464,245	6,410,225	6,344,808	6,246,505
Legal Debt Margin	\$ 262,642,936	\$ 298,065,125	\$ 271,267,493	\$ 222,633,434	\$ 213,241,334	\$ 203,448,639	\$ 199,004,086	\$ 216,440,934	\$ 258,068,114	\$ 290,681,051
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.35%	2.10%	2.32%	2.83%	2.96%	3.09%	3.15%	2.88%	2.40%	2.10%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Value ⁽¹⁾	\$ 7,918,068,152
Debt Limit (3.75% of Assessed Value) ⁽²⁾	296,927,556
Debt Applicable to Limit:	
General Obligation Bonds	6,246,505
Total Net Debt Applicable to Limit	6,246,505
Legal Debt Margin	\$ 290,681,051

Source: Contra Costa County Assessor

(1) Contra Costa County Auditor/Controller

(2) State of California Government Code 25 and 43605

City of Brentwood

PLEGGED REVENUE COVERAGE LAST EIGHT FISCAL YEARS

(Unaudited)

Water Revenue Bonds, Series 2008 and Water Revenue Refunding Bonds, Series 2014

Fiscal Year	Adjusted Annual Water Revenues	Less: Operating Expenses	Adjusted Annual Net Water Revenues	Debt Service		Coverage
				Principal	Interest	
2009 ⁽¹⁾	\$ 17,620,443	\$ 11,356,551	\$ 6,263,892	\$ 420,000	\$ 1,858,366	2.75
2010	16,596,134	11,876,489	4,719,645	280,000	2,915,363	1.48
2011	16,674,462	11,336,197	5,338,265	300,000	2,902,763	1.67
2012	18,205,250	12,910,278	5,294,972	1,100,000	2,889,263	1.33
2013	19,761,476	13,153,649	6,607,827	1,145,000	2,839,763	1.66
2014	20,560,857	13,538,409	7,022,448	1,200,000	2,788,237	1.76
2015 ⁽²⁾	18,963,542	14,473,726	4,489,816	1,255,000	1,342,923	1.73
2016 ⁽³⁾	21,206,265	16,815,869	4,390,396	1,320,000	2,192,225	1.25

Source: City of Brentwood Administrative Services Department

Note: Details regarding the City's outstanding debt can be found in Note #6. Water revenues include operating revenues, interest income and developer impact fees. Operating expenses do not include depreciation or amortization expenses.

(1) The Water Revenue Bonds were issued in October 2008; therefore, FY 2008/09 is the first reportable year. The obligation of the City to make such payments is a special obligation of the City payable solely from Adjusted Annual Net Water Revenues.

(2) The Water Revenue Refunding Bonds were issued in December 2014 to refund a portion of the Water Revenue Bonds, Series 2008; therefore, FY 2014/15 is the first reportable year and both bonds' debt service obligations are included. The obligation of the City to make such payments is a special obligation of the City payable solely from Adjusted Annual Net Water Revenues.

(3) Adjusted Annual Net Water Revenues is defined as Water income and revenue less maintenance and operation costs adjusted by any transfers to or from the Rate Stabilization Fund. In FY 2015/16, \$893,839 was transferred from the Rate Stabilization Fund to meet the bond covenant debt coverage requirements.

City of Brentwood

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN CALENDAR YEARS (Unaudited)

Calendar Year	Population ⁽¹⁾	Personal Income (In Thousands) ⁽²⁾	Per Capita Personal Income	Median Age ⁽³⁾	School Enrollment	Unemployment Rate
2006	44,992	1,576,491	35,039	32.8	14,003	3.8%
2007	47,846	1,777,197	37,144	33.0	14,982	4.1%
2008	49,710	1,871,658	37,652	32.8	15,196	5.4%
2009	50,997	1,844,650	36,172	32.0	15,615	9.2%
2010	51,453	1,550,929	30,143	35.1	15,744	10.0%
2011	52,030	1,498,335	28,798	34.8	15,940	9.2%
2012	53,356	1,556,037	29,163	35.1	16,240	6.2%
2013	54,824	1,665,933	30,387	36.3	16,390	5.4%
2014	56,493	1,759,741	31,150	36.0	16,649	5.2%
2015	57,072	1,803,371	31,598	36.9	16,923	4.9%

(1) As of January 1 of each year

(2) Based on last available Census and projected post census trends

(3) Totaled from Census Block Groups that overlap City boundaries

Sources: California Department of Finance
US Census Bureau
Liberty Union High School and Brentwood Union School Districts
CA Employment Development Department

Note: Pre 2010 – Income, Age and Economic Data are based on the last available census. Projections are developed by incorporating all of the prior census data released to date.
2010 - Present – Income, Age and Economic Data is based on the most recent American Community Survey, US Census Bureau.

City of Brentwood

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Employer	2016			2007		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Brentwood Union School District	800-1,000	1	7.22%	600-1,000	1	11.59%
Liberty Union High School District	800-1,000	1	7.22%	400-500	2	6.52%
City of Brentwood	250-500	3	3.01%	300-400	3	5.07%
Safeway Stores, Inc.	250-500	3	3.01%	100-200	9	2.17%
Precision Cabinets	100-250	3	1.40%	200-300	4	3.62%
BJ's Brewhouse	100-250	6	1.40%	-	-	-
Home Depot	100-250	6	1.40%	100-200	5	2.17%
Winco Foods, Inc.	100-250	6	1.40%	100-200	6	2.17%
Walgreen Co.	100-250	6	1.40%	-	-	-
Kohl's	100-250	6	1.40%	-	-	-
Best Buy	100-250	6	1.40%	-	-	-
John Muir	100-250	6	1.40%	-	-	-
Ellison Framing Inc.	100-250	6	1.40%	-	-	-
Raley's	100-250	6	1.40%	100-200	8	2.17%
Town & Country Roofing	100-250	6	1.40%	100-200	7	2.17%
Delta Valley Athletic Club	100-250	6	1.40%	-	-	-
Total	3,300-6,000		37.26%	2,000-3,200		37.65%

Source: City of Brentwood Economic Development Division and East Bay Economic Development Alliance

City of Brentwood

**AUTHORIZED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	39	39	39	37	37	38	37	35	34	34
Public Safety	77	78	78	79	79	79	79	83	83	85
Community Development	39	29	27	26	26	24	23	21	20	19
Engineering	31	20	12	12	13	12	13	13	14	14
Public Works	19	20	20	20	23	24	23	24	23	23
Parks and Recreation	33	29	27	27	24	24	24	24	24	25
Wastewater	16	16	17	17	17	17	17	18	18	18
Solid Waste	22	23	23	23	24	24	24	25	26	27
Water	22	23	25	25	25	26	26	26	26	26
City Rentals	2	2	-	-	-	-	-	-	-	-
Housing	3	2	1	1	1	2	1	2	2	2
Total	303	281	269	267	269	270	267	271	270	273

Source: City of Brentwood Administrative Services Department

City of Brentwood

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Building Permits Issued	404	129	31	136	109	175	290	500	451	519
Accounts Payable Invoices Processed	15,255	15,093	13,695	12,085	10,272	10,885	10,458	10,440	12,023	13,364
Purchase Orders Issued	414	382	319	238	280	320	355	291	286	269
Checks Issued	17,628	16,968	15,043	14,328	14,366	14,047	14,064	13,692	14,299	15,764
Public Works										
Debris Collected (tons)	2,215	2,017	2,047	1,832	2,226	1,995	2,229	2,226	1,890	1,756
Streetlights Maintenance Requests	570	834	871	760	806	659	680	713	697	410
Police										
Physical Arrests (est.)	1,500	1,852	1,603	1,625	1,448	1,745	1,626	1,563	1,679	1,648
Calls for Service (est.) ⁽¹⁾	26,000	27,953	32,608	38,922	35,168	37,124	36,781	36,192	39,934	40,661
Case Files Taken (est.)	6,000	6,162	5,941	6,117	5,450	6,044	5,823	5,821	6,133	5,925
Parks and Recreation										
Total Programs Offered (est.)	2,123	2,231	945	832	986	1,053	997	924	852	852
Total Participants and Spectators at Events	1,071,658	937,187	749,922	642,612	729,046	605,391	762,312	792,656	896,480	902,480
Refuse Collection										
Refuse Collected (tons per day)	82	99	96	95	90	88	93	95	97	102
Yard Waste (tons per day)	23	29	29	31	32	34	35	35	38	35
Recyclables Collected (tons per day)	21	25	22	22	22	22	22	22	23	25
Residential Services	15,183	14,893	15,263	15,469	15,562	15,907	16,337	16,729	17,245	17,802
Commercial Services	475	463	453	459	468	451	468	465	475	487
Water										
New Connections	536	225	39	113	117	125	197	338	467	475
Average Daily Production (millions of gallons)	11	11	10	10	9	9	11	11	10	7
Peak Daily Production (millions of gallons)	17	17	16	16	16	15	16	17	17	18
Number of Utility Customers	16,078	16,324	16,442	16,769	16,827	16,952	17,120	17,505	18,289	18,785
Wastewater										
New Connections	1,049	225	39	113	119	125	199	338	467	480
Average Daily Sewage Treatment (millions of gallons)	4	4	4	3	3	3	3	4	4	3

Source: Various City Departments

(1) Beginning in FY 2009/10, calls for service figures include pedestrian and vehicle stops. There were 11,542 of these stops reported in the 2010 figures.

City of Brentwood

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	-	-	1	1	1	1	1	1	1	1
Patrol Vehicles	52	52	50	50	51	51	51	52	52	49
Parks and Recreation										
Developed Park Acreage ⁽¹⁾	228	256	256	256	256	260	221	223	226	231
Play Areas	40	43	43	45	45	46	48	48	51	52
Multi-Use Trails (miles)	15	16	16	16	16	16	16	17	17.5	18.0
Multi-Use Ball and Soccer Fields	23	23	23	23	23	23	23	23	23	19
Picnic Tables	253	276	276	276	276	287	290	292	305	311
Refuse Collection										
Collection Trucks	14	14	14	14	14	14	14	14	16	16
Water										
Water Mains (miles)	173	173	173	184	191	219	256	266	284	287
Fire Hydrants	1,628	1,869	1,910	1,940	1,945	2,153	2,535	2,588	2,704	2,719
Number of Wells	10	9	9	9	9	8	7	7	7	7
Number of Reservoirs	6	6	6	6	6	6	6	6	6	6
Storage Capacity (millions of gallons)	19	19	19	19	19	19	19	19	19	19
Wastewater										
Sanitary Sewers (miles)	150	150	150	150	152	179	202	209	225	226
Lift Stations	2	3	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles)	168	168	190	190	190	190	192	192	192	192
Street Lights	4,255	5,299	5,836	5,836	5,836	5,889	5,948	5,957	5,957	6,691

Source: Various City Departments

(1) Beginning with FY 2012/13, a new map system was implemented with rescaled acreage.

City of Brentwood

General Information

(Unaudited)

Date of Incorporation:	January 19, 1948
Forms of Government:	General Law Council-Manager
Fiscal Year Begins:	July 1
Area of City:	14.83 Sq. Miles
Population as of January 2016:	58,784

<u>Miles of Streets</u>	
Miles of Streets	192
Miles of Sanitary Sewers	226
Miles of Water Mains	287
Number of Street Lights	6,691

<u>Parks and Recreation</u>	
Neighborhood Parks	231 acres
Aquatic Complex	7.5 acres
Skate Park	.50 acres
Play Areas	52
Sunset Park Athletic Complex	38 acres
Veterans Park	10.5 acres

<u>Number of Full-time Equivalent Positions</u>	<u>Year End</u>
273	2016
270	2015
271	2014
267	2013
270	2012
269	2011
267	2010
269	2009
281	2008
303	2007

<u>Municipal Wastewater System</u>	
Sanitary Lift Stations	2
Number of Connections	18,180
Average Daily Flow	3.22 MGD

<u>Parks Facilities</u>	
Multi-Use Trails	18 miles
Multi-Use Ball and Soccer Fields	19
Tennis Courts	2
Basketball Courts	14
Bocce Ball Courts	6
Volleyball Courts	3
Horseshoe Courts	2
Gazebos	2
Picnic Tables	311
BBQ Areas	29
Restrooms (Permanent)	8

<u>Municipal Water System</u>	
Number of Wells	7
Number of Reservoirs	6
Storage Capacity (gallons)	19 MG
Average Daily Production	6.88 MGD
Peak Daily Production	17.98 MGD
Number of Connections	18,785

<u>Police Protection</u>	
Sworn Officers	62
Overstaffing	4
Reserves	0
Vehicles	49
Motorcycles	5

<u>Public Schools</u>	
Elementary	8
Intermediate	3
High School	2
Alternative High Schools	2

<u>Municipal Solid Waste</u>	
Number of Residential Services	17,869
Number of Commercial Services	480

<u>East Contra Costa Fire Protection District</u>	
Stations Located in Brentwood	1
Firefighters in Brentwood	9

Source: Various City Departments