

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018





For Fiscal Year Ended June 30, 2018

INTRODUCTORY SECTION

Table of Contents i

Letter of Transmittal iv

Certificate of Achievement – Government Finance Officers Association ix

City Council and Executive Team x

Organizational Chart xi

Community Services Location Map xii

Mission Statement/Core Values/Vision and Culture xiii

Awards xiv

FINANCIAL SECTION

INDEPENDENT AUDITORS REPORT 1

MANAGEMENT’S DISCUSSION AND ANALYSIS 4

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position 17

Statement of Activities and Changes in Net Position 18

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet – Governmental Funds 19

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide
Statement of Net Position 20

Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds 21

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Government-Wide Statement of Activities and
Changes in Net Position 22

Proprietary Fund Financial Statements

Statement of Net Position 23

Statement of Revenues, Expenses and Changes in Fund Net Position 24

Statement of Cash Flows 25

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position 26

Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds 27

Notes to the Basic Financial Statements

Index of Notes to the Basic Financial Statements 29

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule, General Fund 97

Budgetary Comparison Schedule, Landscape and Lighting Assessment Districts 98



Note to the Required Supplementary Information 99
 Miscellaneous Plan Schedule of Changes in the Net Pension Liability and Related Ratios 100
 Miscellaneous Plan Schedule of Contributions 101
 Safety Plan Schedule of Proportionate Share of the Net Pension Liability 102
 Safety Plan Schedule of Contributions 102
 Schedule of Changes in Net OPEB Liability/(Assets) and Related Ratios 103
 Schedule of Employer OPEB Contributions 104

SUPPLEMENTAL INFORMATION

COMBINING FUND STATEMENTS AND SCHEDULES

Non-Major Governmental Funds

Combining Balance Sheet 105
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances 110
 Budgeted Schedule of Revenues, Expenditures and Changes in
 Fund Balance – Budget and Actual 115

Internal Service Funds

Combining Statement of Net Position 127
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position 129
 Combining Statement of Cash Flows 131

Fiduciary Funds

Combining Statement of Fiduciary Assets and Liabilities 133
 Combining Statement of Changes in Fiduciary Assets and Liabilities 134

STATISTICAL SECTION (Unaudited)

Statistical Section Contents S-i
 Net Position by Component - Schedule 1 S-1
 Changes in Net Position – Governmental Activities - Schedule 2a S-2a
 Changes in Net Position – Business-Type Activities - Schedule 2b S-2b
 Fund Balances – Governmental Funds - Schedule 3 S-3
 Changes in Fund Balances – Governmental Funds - Schedule 4 S-4
 Assessed Value and Estimated Actual Value of Taxable Property - Schedule 5 S-5
 Direct and Overlapping Property Taxes - Schedule 6 S-6
 Principal Property Taxpayers - Schedule 7 S-7
 Property Tax Levies and Collections - Schedule 8 S-8
 Taxable Sales by Category - Schedule 9 S-9
 Direct and Overlapping Sales Tax Rates - Schedule 10 S-10
 Top 25 Sales Tax Producers - Schedule 11 S-11
 Water Use Revenue by Customer Type - Schedule 12 S-12
 Water Rates - Schedule 13 S-13
 Ratios of Outstanding Debt by Type - Schedule 14 S-14
 Ratios of General Bonded Debt Outstanding - Schedule 15 S-15
 Direct and Overlapping Governmental Activities Debt - Schedule 16 S-16
 Legal Debt Margin Information - Schedule 17 S-17
 Pledged Revenue Coverage - Schedule 18 S-18
 Demographic and Economic Statistics - Schedule 19 S-19

Principal Employers - Schedule 20 S-20
 Authorized Full-Time Equivalent City Government Employees
 by Function/Program - Schedule 21 S-21
 Operating Indicators by Function/Program - Schedule 22 S-22
 Capital Asset Statistics by Function/Program - Schedule 23 S-23
 General Information - Schedule 24 S-24

OTHER AUDIT REPORT

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other
 Matters Based on an Audit of Financial Statements performed in Accordance with Government Auditing
 Standards S-25





December 11, 2018

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, 2018. 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 Finance & Information Systems 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 Finance & Information Systems 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, 2018.

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, 2018, the City had an estimated population of 63,042.

The City provides a full range of services including: Police, Police Dispatch, 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.

The City had been financially accountable for the Brentwood Redevelopment Agency prior to its dissolution, which was 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 October 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 in which the population of the City more than tripled. In the years following the 2007 recession after this period of rapid growth, housing assessed valuation (AV) fell by one-third. Housing values have since recovered to near pre-recession levels, with the City experiencing an average annual AV growth rate of just under 10% for the past three years. The City also issued 2,422 single-family dwelling building permits in the five-year period from FY 2013/14 through FY 2017/18, surpassing internal projections. 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.

Over the past several years, the City's sales tax revenues have posted strong year-over-year increases. The growth in sales tax for FY 2016/17 and FY 2017/18 was 11.9% and 7.3%, respectively, resulting in increased revenues of \$0.8 million and \$0.6 million. The City's Strategic Plan continues to put a focus on Economic Development strategies to attract future sources of sales tax revenue and employment opportunities for the community.

With continued growth in development and population, demand for services has escalated. The City has increased service levels by constructing a Police Dispatch center and bringing dispatch operations in-house. The new dispatch center completed its first full year of operations in FY 2017/18. A new library has also been constructed in the Civic Center, close to downtown to serve the needs of a growing community. In addition, a Municipal Service Center is in the process of being constructed at the public works corporation yard to accommodate growth in Enterprise and maintenance operations. The City Council recently approved a staffing plan in order to proactively address increasing demands for service brought on by the City's growing population. The costs of the staffing plan have been incorporated into the operational budgets and long-term fiscal forecasts.

The City continues to work on addressing upcoming increases in pension contributions. In early FY 2018/19, a lump sum contribution of \$12.6 million was made to reduce the City's pension liability and reduce the impacts of projected increases in contributions. The City has taken steps to address funding required for Other Post-Employment Benefits (OPEB) by reaching the goal of contributing 85% of the actuarial determined contribution in each fiscal year to the OPEB trust. The City also has a measure of cost certainty over the next two years as a result of entering into three-year labor agreements with all of its bargaining groups, covering FY 2017/18 through FY 2019/20. The City continues to remain vigilant in maintaining its fiscal strength and has maintained an Unassigned General Fund Balance of at least 30% of the annual operating expenditures.

The historic California drought of 2012 through 2016 created fiscal challenges for the City's Water Enterprise Fund. State mandated reductions in water consumption resulted in reduced revenues in both FY 2014/15 and FY 2015/16, while at the same time the City incurred new drought-related conservation program costs. Although the State mandate is no longer in effect, water consumption remains lower than pre-drought averages resulting in reduced water revenues.

In FY 2017/18, a five-year rate study was approved by City Council setting rates for Water, Wastewater and Solid Waste services through FY 2022/23. The Water rate study incorporated known revenue impacts due to the drought in determining the rates needed to ensure longer-term fiscal stability of the Water Enterprise. All three studies also included updated assumptions to account for changes in operating costs and capital outlay requirements for increased service level demands and new governmental regulations.

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. Pursuant to Council policy, 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. The Pension/OPEB Obligation Fund is comprised of accumulated General Fund savings from previous fiscal years and can be used for budget stabilization purposes. 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.

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.

Strategic Planning

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 2018, the City Council adopted the FY 2018/19 & FY 2019/20 City of Brentwood Strategic Plan ("Strategic Plan"). The strategic planning process is ongoing with a new planning process beginning every two years to identify the high priority strategic initiatives of the City

Council. This process serves 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 Operating Budget and long-term financial models.

The Strategic Plan continues to focus on the City's infrastructure, public safety, parks and recreation opportunities and economic development. Through strong business growth and thoughtful land use and planning, the City will ensure that the quality of life enjoyed by Brentwood residents today will also be enjoyed by future generations.

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, 2017. 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.

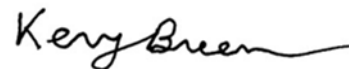
ACKNOWLEDGEMENTS

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 Finance and Information Systems 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 Finance & Information Systems



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, 2017

Christopher P. Morill

Executive Director/CEO



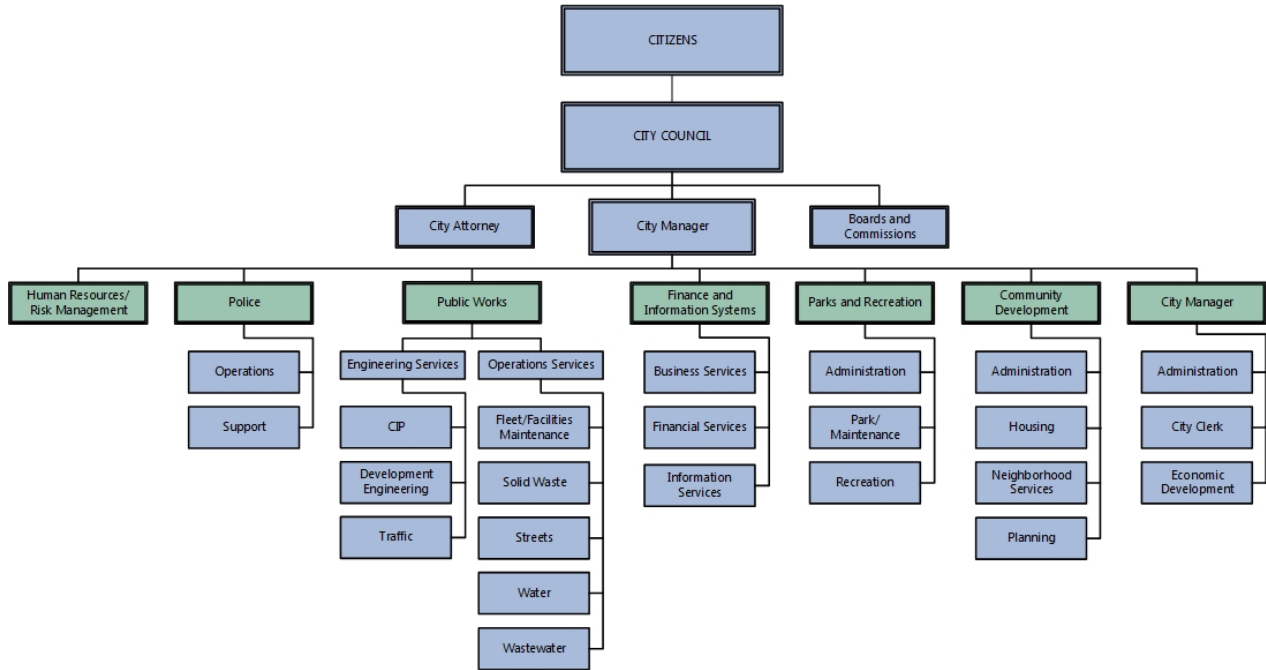
City Council as of June 30, 2018

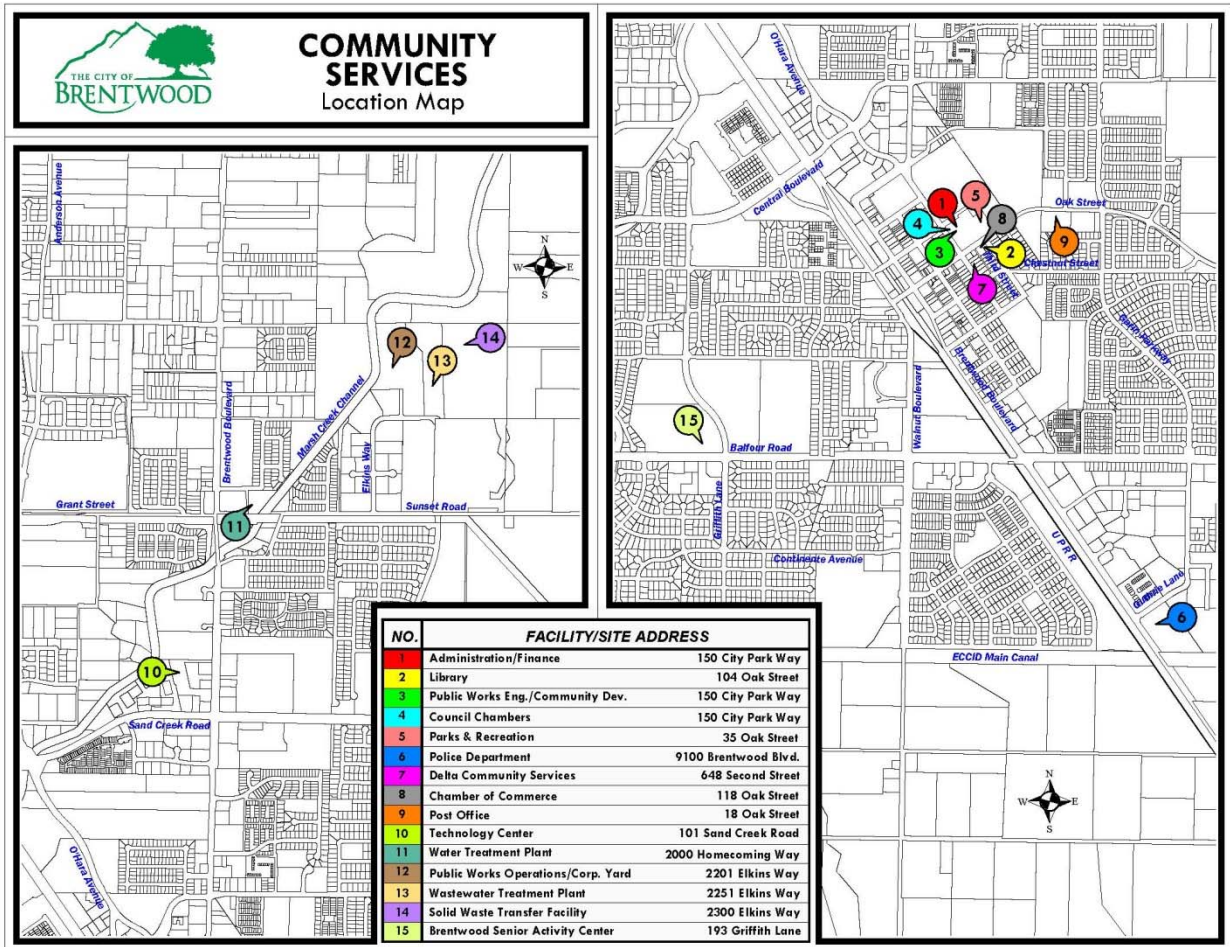
Robert TaylorMayor
Joel Bryant..... Vice Mayor
Balwinder "Bailey" Grewal Council Member
Karen Rarey Council Member
Claudette Staton..... Council Member

Executive Team as of June 30, 2018

Gustavo "Gus" Vina.....City Manager
Damien Brower City Attorney
Sukari Beshears Director of Human Resources/Risk Manager
Kerry Breen City Treasurer/Director of Finance and Information Systems
Tom HansenChief 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 2017 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 2017.

The City maintained designation of a ***Healthy Eating Active Living ("HEAL")*** City.

The City met guidelines to be designated in 2017 as a ***"Bay-Friendly Landscape"*** city.

The City received ***"Platinum International Aquatic Safety"*** awards for 2016/17 and 2017/18 from Jeff Ellis & Associates.

The City received the following GFOA awards:

- ***"Certificate of Achievement for Excellence in Financial Reporting Fiscal Year 2016/17"***
- ***"Distinguished Budget Presentation Award"*** for the two-year Operating Budget beginning July 1, 2016

The City received the CSMFO Award for the following:

- ***"Excellence in Operating Budgeting Award Fiscal Year 2016/17"***
- ***"Honorable Recognition for Innovation in Budgeting Fiscal Year 2016/17"***
- ***"Capital Budget Excellence Award Fiscal Year 2017/18"***



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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

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 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. 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 has made no further demands for the return of assets to the Successor Agency. However, the City complied with the remaining provisions of the demand in fiscal year 2018 by transferring land with a carrying value of \$1,327,129 to the Successor Agency.

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

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which became effective during the year ended June 30, 2018 and required the restatement of net position as discussed in Notes 11 and 14 to the financial statements.

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements 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 21, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mane & Associates

Pleasant Hill, California
November 21, 2018



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, 2018. 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 resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$819.6 million. Of this amount, \$63.3 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$8.4 million, with a decrease of \$1.7 million attributable to governmental activities and an increase of \$10.1 attributable to business-type activities. These figures include the impacts of one-time adjustments resulting from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Other Post-Employment Benefits* (see Note #11). Excluding these one-time adjustments of \$13.0 million in governmental activities and \$4.9 million in business-type activities, the City's net position increased by \$26.2 million (\$11.2 million governmental; \$15.0 million business-type). The increase in net position from governmental-type activities is due to the continued strong economic environment along with development-related growth. The increase in business-type activities was due an increase operational income from rate increases and the end of drought-related mandatory water conservation, along with continued growth in development.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$125.9 million, a decrease of \$0.3 million in comparison to the prior year. The decrease was due to an increase capital expenditures in the current year of (\$10.8) for a new public library and municipal service center. Revenue from growth and development and transfers in from other funds offset the effects of capital expenditure increases.
- Enterprise Funds reported a net position of \$273.6 million, an increase of \$10.1 million from the prior fiscal year ending balance. The increases were attributable to the Water Fund (\$7.9 million) and Wastewater Fund (\$3.2 million). These increases were mainly due to annual rate increases along with a rise in water consumption, as drought-related State mandated water conservation is no longer in effect.
- The City's total long-term obligations decreased by \$3.5 million as an increase in the Net Pension Liability of \$9.2 million was largely offset by a decrease in Net OPEB Liability of \$1.6 million along with annual debt service payments on outstanding long-term debt obligations. No new debt was issued during the fiscal year.
- Internal Service Funds have a net position of \$55.2 million at year-end, which is a decrease of \$3.2 million from the prior year. The reduction is due mainly to the implementation of one-time adjustments relating to GASB Statement No. 75, as discussed above, along with a decrease in the Pension/OPEB Obligation internal service fund net position of \$3.7 million as a result of transfers to the General Fund. The amounts transferred were subsequently committed in the General Fund balance for future General Fund obligations.

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 17 – 18 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 is 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 19 – 27 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 19 – 22 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 17 – 18 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 23 – 25 of this report.

Fiduciary Funds – The City is the trustee, or fiduciary, 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 26 – 27 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 29 – 95 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 other Major Funds and schedules related to the City's net pension liability, net OPEB liability and contributions. Required Supplementary Information can be found on pages 97 – 104 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 105 – 134 of this report including: 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 \$8.4 million or 1.0%, from \$811.3 million at June 30, 2017 to \$819.7 million at June 30, 2018. The increase is summarized by the change in net position as recorded in the Statement of Activities, which flows through the Statement of Net Position. Net investment in capital assets and capacity rights increased \$17.5 million and has a balance of \$635.5 million as of June 30, 2018. Although the City's investment in capital assets and capacity rights 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. Restricted net position decreased by \$0.3 million, mainly from decreases in amounts driven by development activity offset by increases in amounts restricted for capital projects. These resources are subject to external restrictions on how they may be used. The restricted net position amount is \$120.8 million as of June 30, 2018. The unrestricted net position balance of \$63.3 million may be used to meet the City's ongoing obligations to citizens and creditors.

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017⁽¹⁾	2018	2017⁽¹⁾	2018	2017⁽¹⁾
Current Assets	\$ 168,768,909	\$ 165,685,406	\$ 87,652,208	\$ 81,443,475	\$ 256,421,117	\$ 247,128,881
Capital Assets	508,098,942	499,335,922	257,948,040	253,600,405	766,046,982	752,936,327
Other Non-Current Assets	24,893,421	25,844,474	673,319	752,170	25,566,740	26,596,644
Total Assets	701,761,272	690,865,802	346,273,567	335,796,050	1,048,034,839	1,026,661,852
Deferred Outflows of Resources	18,580,646	11,565,672	12,074,795	10,417,953	30,655,441	21,983,625
Total Deferred Outflows of Resources	18,580,646	11,565,672	12,074,795	10,417,953	30,655,441	21,983,625
Current Liabilities	17,878,699	14,067,416	8,650,417	8,733,708	26,529,116	22,801,124
Long-Term Liabilities Outstanding	155,531,789	138,298,209	75,778,692	73,506,049	231,310,481	211,804,258
Total Liabilities	173,410,488	152,365,625	84,429,109	82,239,757	257,839,597	234,605,382
Deferred Inflows of Resources	931,194	2,301,641	271,991	452,814	1,203,185	2,754,455
Total Deferred Inflows of Resources	931,194	2,301,641	271,991	452,814	1,203,185	2,754,455
Net Position:						
Net Investment in Capital Assets and Capacity Rights	429,289,132	422,791,124	206,237,571	195,261,914	635,526,703	618,053,038
Restricted	95,686,834	95,801,016	25,157,771	25,362,943	120,844,605	121,163,959
Unrestricted	21,024,270	29,172,068	42,251,920	42,896,575	63,276,190	72,068,643
Total Net Position	\$ 546,000,236	\$ 547,764,208	\$ 273,647,262	\$ 263,521,432	\$ 819,647,498	\$ 811,285,640

(1) Not restated for the effects of GASB Statement No. 75 as discussed in Note #11.

Governmental Activities

The City's net position from governmental activities decreased \$1.8 million or 0.3%, from \$547.8 million to \$546.0 million. The net decrease was from a combination of the impact of the one-time adjustment of \$13.0 million resulting from the implementation of GASB Statement No. 75 as discussed above, along with the transfer of non-depreciable assets to the Successor Agency of \$1.3 million and a transfer of \$2.6 million of depreciable assets to the Proprietary Funds. Offsetting these decreases are increases resulting from strong development activity, with the City issuing 411 single-family building permits during the fiscal year. In comparing results to the prior year, the City received \$1.6 million more in property taxes and sales taxes, reflective of a solid housing market and economy. Expenditures increased 3.5% from the prior year from the impacts of an increase in staffing and service levels in addition to inflationary increases in costs.



Business-Type Activities

The City's net position from Business-Type activities increased \$10.1 million. This includes the impact of one-time adjustments resulting from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Other Post-Employment Benefits* (see Note #11). Excluding these one-time adjustments of \$4.9 million, the City's net position from Business-Type activities increased by \$15.0 million or 5.8%, to \$273.6 million. Net investment in capital assets increased \$11.0 million as capital assets were acquired and long-term debt continued to be repaid. Revenue from charges for services increased by 13.7% over the prior year, mainly due to annual rate increases along with a rise in water consumption, as drought-related State mandated water conservation was no longer in effect. Overall revenue increases are due to the increase in charges for services offset by lower capital grants and contributions from development. Compared to the prior year, expenses increased 3.2% due primarily to increases in personnel services. Overall, the unrestricted net position was \$42.3 million at the fiscal year end.

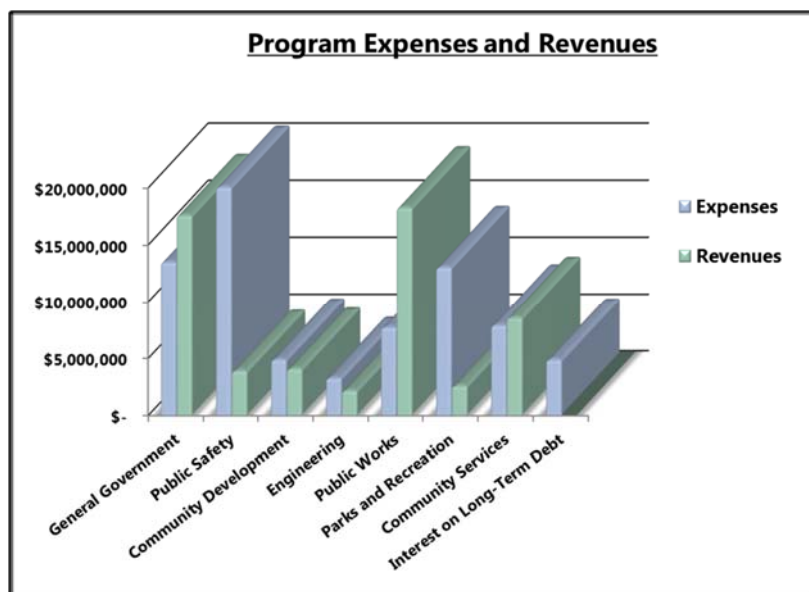
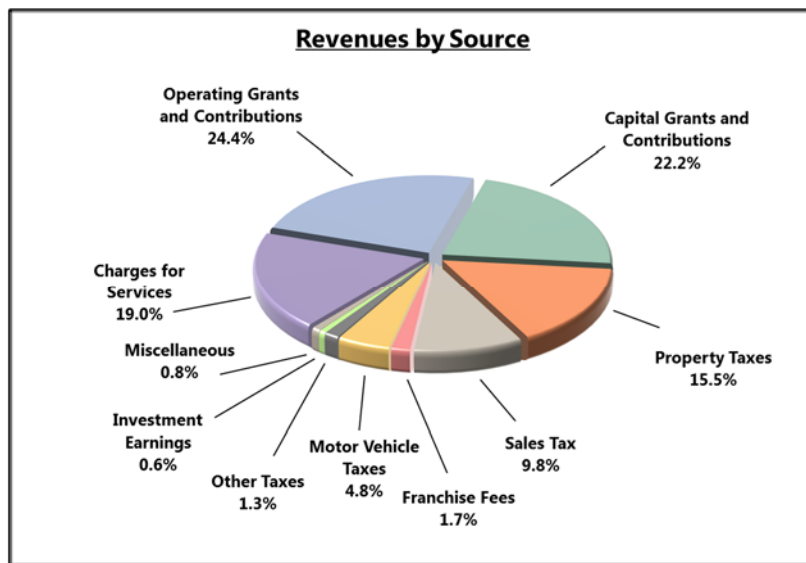
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
Revenues:						
Program Revenues:						
Charges for Services	\$ 16,934,432	\$ 17,414,518	\$ 47,060,562	\$ 41,397,807	\$ 63,994,994	\$ 58,812,325
Operating Grants and Contributions	21,768,980	17,787,223	740,936	1,024,113	22,509,916	18,811,336
Capital Grants and Contributions	19,882,418	19,008,097	9,812,301	11,863,994	29,694,719	30,872,091
General Revenues:						
Taxes:						
Property Taxes	13,819,751	12,922,787	-	-	13,819,751	12,922,787
Sales Tax	8,785,927	8,188,046	-	-	8,785,927	8,188,046
Franchise Fees	1,499,715	1,487,179	-	-	1,499,715	1,487,179
Real Property Transfer Tax	641,279	547,975	-	-	641,279	547,975
Transient Occupancy Tax	555,535	396,763	-	-	555,535	396,763
Motor Vehicle Taxes	4,291,791	3,952,928	-	-	4,291,791	3,952,928
Investment Earnings	502,436	373,212	200,691	233,539	703,127	606,751
Miscellaneous	692,654	352,324	-	-	692,654	352,324
Total Revenues	89,374,918	82,431,052	57,814,490	54,519,453	147,189,408	136,950,505
Expenses:						
General Government	13,388,117	13,709,033	-	-	13,388,117	13,709,033
Public Safety	19,955,450	18,718,910	-	-	19,955,450	18,718,910
Community Development	4,790,307	4,386,875	-	-	4,790,307	4,386,875
Engineering	3,174,218	2,982,747	-	-	3,174,218	2,982,747
Public Works	7,606,439	7,266,573	-	-	7,606,439	7,266,573
Parks and Recreation	12,937,460	12,645,111	-	-	12,937,460	12,645,111
Community Services	7,802,659	7,300,460	-	-	7,802,659	7,300,460
Interest on Long-Term Debt	4,780,172	4,896,060	-	-	4,780,172	4,896,060
Wastewater	-	-	10,744,008	10,328,357	10,744,008	10,328,357
Solid Waste	-	-	12,281,266	11,493,599	12,281,266	11,493,599
Water	-	-	21,090,099	20,972,101	21,090,099	20,972,101
City Rentals	-	-	194,306	196,829	194,306	196,829
Housing	-	-	879,920	797,400	879,920	797,400
Total Expenses	74,434,822	71,905,769	45,189,599	43,788,286	119,624,421	115,694,055
Change in Net Position Before						
Transfers and Special Items	14,940,096	10,525,283	12,624,891	10,731,167	27,564,987	21,256,450
Transfers	(2,399,950)	(270,142)	2,399,950	270,142	-	-
Special Items	(1,327,129)	-	-	-	(1,327,129)	-
Increase in Net Position	11,213,017	10,255,141	15,024,841	11,001,309	26,237,858	21,256,450
Net Position 7/1, Restated	534,787,219	537,509,067	258,622,421	252,520,123	793,409,640	790,029,190
Net Position 6/30	\$ 546,000,236	\$ 547,764,208	\$ 273,647,262	\$ 263,521,432	\$ 819,647,498	\$ 811,285,640

(1) Not restated for the effects of GASB Statement No. 75 as discussed in Note #11.

Governmental Activities

The cost of all Governmental activities this year was \$74.4 million. Net expenses, as shown in the Statement of Activities and Changes in Net Position found on page 18, were \$15.8 million. A portion of the cost for these activities was paid either by those who directly benefited from the programs (\$16.9 million), by other governments and organizations that subsidized certain programs with operating grants and contributions (\$21.8 million), or capital grants and contributions (\$19.9 million). Overall, the City's governmental program revenues were \$58.6 million.

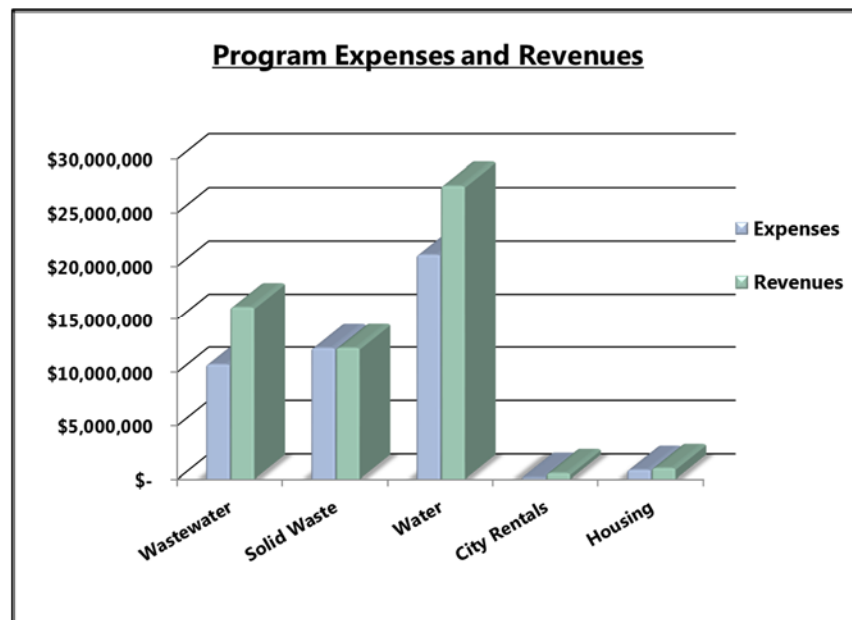
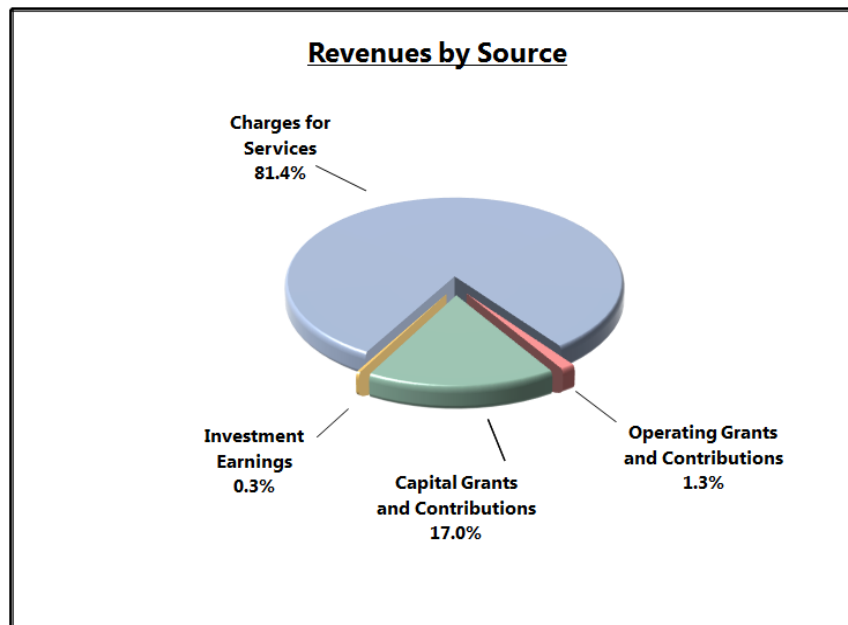
Total resources available during the year to finance governmental operations were \$621.8 million consisting of restated net position at July 1, 2017 of \$534.8 million, program revenues of \$58.6 million and general revenues and transfers of \$28.4 million. Total governmental activities expenses and special items during the year were \$75.8 million, thus net position increased by \$11.2 million to \$546.0 million.



Business-Type Activities

The cost of all Business-Type activities this year was \$45.2 million. As shown in the Statement of Activities and Changes in Net Position, found on page 18, the amounts paid by users of the services were \$47.1 million. Capital grants and contributions totaled \$9.8 million, operating grants and contributions were \$0.7 million and investment earnings were \$0.2 million.

Total resources available during the year to finance Business-Type activities were \$318.8 million, consisting of restated net position at July 1, 2017 of \$258.6 million, charges for services of \$47.1 million, contributions of \$10.5 million and general revenues and net transfers of \$2.6 million. Total Business-Type activities during the year were \$45.2 million, thus net position increased by \$15.0 million to \$273.6 million.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

At year-end the City's General Fund had a fund balance of \$28.6 million, an increase of \$5.2 million compared to the prior year. The increase in fund balance is after the effect of net transfers from the Pension/OPEB Obligation fund of \$3.7 million. As of June 30, 2018, the General Fund maintained an unassigned fund balance of 30% of annual operating appropriations and transfers out. The increase in fund balance is a result of amounts transferred from the Pension/OPEB Obligation Fund to increase the committed fund balance in the General Fund for future obligations combined with increases due to development-related revenue.

The Roadway Development Impact Fee Fund, which is reported as a Special Revenue Fund, had an increase in fund balance of \$3.1 million. This increase was due to impact fees generated by increased development activity that will be used to fund future capital projects.

The Community Facilities Development Impact Fee Fund, which is reported as a Special Revenue Fund, had a decrease in fund balance of \$2.0 million. This decrease was due to the funding of capital projects required as a result of development included in the Development Fee Program.

The Landscape and Lighting Assessment Districts Fund, which is reported as a Special Revenue Fund, had an increase in fund balance of \$1.3 million. This increase was due to assessments revenue exceeding expenditures to increase reserve balances in the Districts.

The Roadway Improvements Fund, which is reported as a Capital Projects Fund, had an increase in fund balance of \$2.4 million. This increase was due to impact fees generated by increased development activity that will be used to fund future capital projects.

The Community Facilities Improvements Fund, which is reported as a Capital Projects Fund, had a decrease in fund balance of \$2.8 million. This decrease was primarily due to expenditures related to the Library – New Construction and Municipal Service Center projects, partially offset by project funding transfers.

The 2015 Lease Financing Acquisition Fund, which is reported as a Capital Projects Fund had a decrease of \$4.9 million. This decrease was primarily to fund the Library – New Construction project.

The Capital Infrastructure Fund, which is reported as a Capital Projects Fund, had a decrease in fund balance of \$3.2 million. This decrease was due to the funding of capital projects for economic development-related infrastructure projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 2017/18 original budget (adopted June 2016) General Fund expenditures and transfers out in the amount of \$54,037,517, to the final budget amount of \$57,196,950, there was an increase in budgeted expenditures and transfers out of \$3,159,433. The causes for these increases are summarized below.

During the fiscal year, the total revenues and transfers in for the General Fund were \$56,890,458. This was \$1,615,451 less than budgeted. The total expenditures and transfers out for the General Fund were \$51,726,903. This was \$5,470,047 less than budgeted.

Revenues were under budget due primarily due to a transfer from the Pension/OPEB Obligation Fund of \$4.2 million that was not required. This transfer was budgeted to balance budgeted General Fund revenues with expenditures. Development-related revenue was greater than expected in the fiscal year and 411 single-family residential building permits were issued while only 275 had been budgeted, resulting in a \$1.3 million surplus in permit revenue during the year. In addition, receipts of property tax and sales tax were \$1.2 million over the final budget.

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 2017/18 fiscal year General Fund budget were:

- Net increase of \$1,326,833 in personnel costs due to negotiated labor cost increases, authorization of additional staff, which is partially offset by a decrease in workers' compensation costs
- Increase of \$830,471 for a transfer to the Pension/OPEB Obligation Fund offset entirely by a decrease in department expenditure budgets
- Increase of \$391,912 in transfers for capital outlay
- Increase of \$342,320 in Community Development for contractual services and other costs
- Net increase of \$242,647 in Strategic Initiative budgets which were transferred from FY 2016/17 for the continuation of the 2016/17 – 2017/18 Strategic Plan
- Increase of \$225,000 for Successor Agency and Legal contractual services
- Increase of \$150,000 in Landscape Operations for trail pavement management and other costs
- Increase of \$124,958 in the Community Center and Aquatic Center for increased facility and utility costs
- Increase of \$105,934 in Parks and Recreation costs due to increased program participation
- Increase of \$120,006 in Engineering and Public Works for contractual services
- Increase of \$71,402 for Police vehicle repair costs and contractual services
- Increase of \$58,421 in Community Services contributions



CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

The capital assets of the City are used in the performance of the City's functions. At June 30, 2018, capital assets, net of accumulated amortization and depreciation, of the Governmental activities totaled \$508.1 million. Capital assets, net of accumulated amortization and depreciation, of the Business-Type activities totaled \$257.9 million. Depreciation and amortization 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 depreciation and amortization method for infrastructure reporting.

	Original Cost	Accumulated Depreciation and Amortization	Book Value
Capital Assets – Governmental:			
Intangible Assets	\$ 6,258,156	\$ 1,266,367	\$ 4,991,789
Land	34,838,978	-	34,838,978
Buildings	56,777,475	9,354,076	47,423,399
Infrastructure	474,457,811	107,003,794	367,454,017
Machinery and Equipment	9,363,039	4,882,895	4,480,144
Vehicles	12,524,916	7,173,437	5,351,479
Land Improvements	30,558,217	6,029,798	24,528,419
Work in Progress – CIP and Infrastructure	19,030,717	-	19,030,717
Total Capital Assets – Governmental	\$ 643,809,309	\$ 135,710,367	\$ 508,098,942
Capital Assets – Business-Type:			
Intangible Assets	\$ 18,950,632	\$ 3,923,252	\$ 15,027,380
Land	2,661,597	-	2,661,597
Buildings	25,606,035	7,243,089	18,362,946
Infrastructure	254,363,287	51,044,513	203,318,774
Machinery and Equipment	3,745,906	1,481,284	2,264,622
Land Improvements	10,925,186	2,959,186	7,966,000
Work in Progress – CIP and Infrastructure	8,346,721	-	8,346,721
Total Capital Assets – Business-Type	\$ 324,599,364	\$ 66,651,324	\$ 257,948,040

Long-Term Obligations

Debt, considered a liability of Governmental Activities, increased during the fiscal year by \$1.5 million. This increase was primarily a result of the increases in net pension liability, which was largely offset by annual debt service payments on outstanding notes and bonds payable. Per capita debt outstanding increased marginally from \$2,637 to \$2,713 compared to the prior fiscal year. Debt, considered a liability of Business-Type Activities, decreased by \$5.0 million during the fiscal year as debt service payments exceeded the increases in net pension liability and net OPEB liability.

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Incurred or</u> <u>Issued</u>	<u>Satisfied or</u> <u>Matured</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental Activities:				
Bonds Payable	\$ 81,967,723	\$ 351,899 ⁽¹⁾	\$ 3,082,625	\$ 79,236,997
Notes Payable	13,382,317	-	1,294,412	12,087,905
Net OPEB Liability	29,777,006 ⁽²⁾	-	2,072,852	27,704,154
Net Pension Liability	32,777,998	7,643,944	-	40,421,942
Accumulated Compensated Absences	1,554,879	1,799,617	1,823,770	1,530,726
Total Governmental Activities	<u>\$ 159,459,923</u>	<u>\$ 9,795,460</u>	<u>\$ 8,273,659</u>	<u>\$ 160,981,724</u>
Business-Type Activities:				
Bonds Payable	\$ 49,563,942	\$ -	\$ 3,262,093	\$ 46,301,849
Notes Payable and Other	16,204,231	-	3,719,725	12,484,506
Net OPEB Liability	10,105,994 ⁽²⁾	414,852	-	10,520,846
Net Pension Liability	10,076,633	1,575,723	-	11,652,356
Accumulated Compensated Absences	456,499	660,127	652,005	464,621
Total Business-Type Activities	<u>\$ 86,407,299</u>	<u>\$ 2,650,702</u>	<u>\$ 7,633,823</u>	<u>\$ 81,424,178</u>

⁽¹⁾ Accreted Interest of \$351,899

⁽²⁾ Beginning balance has been restated in accordance with the implementation of GASB 75

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The key assumptions in the General Fund revenue forecast for fiscal year 2018/19 are:

- Development activity will slow from its current pace, with approximately 250 new residential building permits being issued. This is a reduction from the 411 permits issued in fiscal year 2017/18.
- Assessed valuations in the City will show a significant increase as the City has been informed by the Contra Costa County Assessor that a 7.36% increase in assessed valuation is to be expected in fiscal year 2018/19.
- Modest increases in interest rates from historically low levels will result in continued low levels of investment income.

The City has experienced increasing revenues as development activity has exceeded expectations over the past several years. Additionally, rising property values have resulted in increased property tax revenues. Due to the increase in development, the City's population is estimated to increase a little over 2% in 2018. However, population increases are expected to be less than 2% per year over the next several years as development returns to a more moderate pace. The following key budgetary expenditure impacts were addressed in the General Fund fiscal year 2018/19 budget:

- The operational costs for the new public library in the Civic Center area, which opened in the first quarter of the 2018/19 fiscal year.
- The costs associated with the three-year labor contracts with each of the City's bargaining groups, which became effective July 2017 combined with an increase of five General Fund positions approved in fiscal year 2016/17.
- Continuation of the City's pre-funding strategy for OPEB, in which the City is funding 85% of the actuarial determined contribution (ADC) annually.
- Expenditures budgeted to achieve the objectives of the City's 2018/19 – FY2019/20 Strategic Plan, funding various initiatives aligned with the General Plan focus areas.
- Funding for a pension pay down plan of a one-time payment of \$8.3 million to CalPERS to be applied toward the City's unfunded pension liability. This amount will substantially reduce future year's required unfunded pension liability payments.

Long-term expenditures will continue to be significantly impacted by personnel-related cost increases. The City's Ten-Year General Fund Fiscal Model shows continued escalation in pension and retiree medical costs. With the population growth in recent years in the City, there will be increasing pressure on demands for service. The City has taken several measures to help mitigate future cost increases, including multiple tier levels for pension and retiree medical benefits, the pension pay down plan and policy to fund 85% of the ADC for OPEB. Strong fiscal policy and leadership by the City Council has put the City in a strong position to meet future cost challenges. Other future cost increases included in the City's long-term forecasts include increased replacement needs as the City's facilities and infrastructure age and increased operational costs as the City adds new amenities.

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 Finance and Information Systems Department, located at 150 City Park Way, Brentwood, California 94513, either by phone, (925) 516-5460, or e-mail finance@brentwoodca.gov.

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Statement of Net Position

June 30, 2018

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 154,094,805	\$ 81,130,906	\$ 235,225,711
Restricted Cash and Investments	11,825,532	52,880	11,878,412
Receivables, Net of Allowance for Doubtful Accounts	1,228,541	6,372,314	7,600,855
Inventories	93,468	-	93,468
Prepays	486,204	96,108	582,312
Land Held for Resale	1,040,359	-	1,040,359
Total Current Assets	168,768,909	87,652,208	256,421,117
Non-Current Assets:			
Long-Term Notes and Loans Receivable	24,893,421	673,319	25,566,740
Capital Assets			
Land and Work In Progress	53,869,695	11,008,318	64,878,013
Depreciable, Net of Accumulated Depreciation and Amortization	454,229,247	246,939,722	701,168,969
Total Non-Current Assets	532,992,363	258,621,359	791,613,722
Total Assets	701,761,272	346,273,567	1,048,034,839
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding Related to OPEB	-	7,075,887	7,075,887
Related to Pensions	3,433,702	1,077,169	4,510,871
Related to Pensions	15,146,944	3,921,739	19,068,683
Total Deferred Outflows of Resources	18,580,646	12,074,795	30,655,441
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	8,304,429	2,891,538	11,195,967
Unearned Revenue	294,978	-	294,978
Deposits Held	3,829,357	113,393	3,942,750
Long-Term Liabilities Due Within One Year	5,449,935	5,645,486	11,095,421
Total Current Liabilities	17,878,699	8,650,417	26,529,116
Non-Current Liabilities Due in More Than One Year:			
Bonds Payable	76,081,997	44,691,849	120,773,846
Notes Payable and Other	10,711,406	8,727,792	19,439,198
Net OPEB Liability	27,704,154	10,520,846	38,225,000
Net Pension Liability	40,421,942	11,652,356	52,074,298
Compensated Absences Payable	612,290	185,849	798,139
Total Non-Current Liabilities	155,531,789	75,778,692	231,310,481
Total Liabilities	173,410,488	84,429,109	257,839,597
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	115,122	38,877	153,999
Related to Pensions	816,072	233,114	1,049,186
Total Deferred Inflows of Resources	931,194	271,991	1,203,185
NET POSITION			
Net Investment in Capital Assets and Capacity Rights	429,289,132	206,237,571	635,526,703
Restricted for:			
Capital Projects	34,828,571	6,181,825	41,010,396
Debt Service	29,812,265	52,880	29,865,145
Housing	1,054,874	6,429,725	7,484,599
Streets and Roadways	10,971,517	-	10,971,517
Landscape and Lighting Assessment Districts	5,597,537	-	5,597,537
Agricultural/Farmland Mitigation	2,160,390	-	2,160,390
Public Art	2,370,414	-	2,370,414
Development Impact Fee Program	7,070,692	12,475,752	19,546,444
Other Restricted Purposes	1,820,574	17,589	1,838,163
Unrestricted	21,024,270	42,251,920	63,276,190
Total Net Position	\$ 546,000,236	\$ 273,647,262	\$ 819,647,498

City of Brentwood

Statement of Activities and Changes in Net Position

For Year Ended June 30, 2018

Functions/Programs	Program Revenues					Net Revenues (Expenses) and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital Grants	Total	Governmental Activities	Business-Type Activities	Total
			Grants and Contributions	and Contributions				
Primary Government:								
Governmental Activities								
General Government	\$ 13,388,117	\$ 9,204,518	\$ 2,796,936	\$ 5,483,752	\$ 17,485,206	\$ 4,097,089	\$ -	\$ 4,097,089
Public Safety	19,955,450	418,188	3,100,624	278,452	3,797,264	(16,158,186)	-	(16,158,186)
Community Development	4,790,307	3,745,019	-	253,080	3,998,099	(792,208)	-	(792,208)
Engineering	3,174,218	2,077,627	-	-	2,077,627	(1,096,591)	-	(1,096,591)
Public Works	7,606,439	-	5,297,516	12,859,608	18,157,124	10,550,685	-	10,550,685
Parks and Recreation	12,937,460	1,489,080	2,109,929	1,007,526	4,606,535	(8,330,925)	-	(8,330,925)
Community Services	7,802,659	-	8,463,975	-	8,463,975	661,316	-	661,316
Interest on Long-Term Debt	4,780,172	-	-	-	-	(4,780,172)	-	(4,780,172)
Total Governmental Activities	74,434,822	16,934,432	21,768,980	19,882,418	58,585,830	(15,848,992)	-	(15,848,992)
Business-Type Activities								
Wastewater	10,744,008	12,096,684	-	4,072,811	16,169,495	-	5,425,487	5,425,487
Solid Waste	12,281,266	12,293,622	-	-	12,293,622	-	12,356	12,356
Water	21,090,099	21,784,977	-	5,739,490	27,524,467	-	6,434,368	6,434,368
City Rentals	194,306	579,656	-	-	579,656	-	385,350	385,350
Housing	879,920	305,623	740,936	-	1,046,559	-	166,639	166,639
Total Business-Type Activities	45,189,599	47,060,562	740,936	9,812,301	57,613,799	-	12,424,200	12,424,200
Total Primary Government	\$ 119,624,421	\$ 63,994,994	\$ 22,509,916	\$ 29,694,719	\$ 116,199,629	\$ (15,848,992)	\$ 12,424,200	\$ (3,424,792)
General Revenues:								
Taxes:								
Property Taxes						\$ 13,819,751	\$ -	\$ 13,819,751
Sales Tax						8,785,927	-	8,785,927
Franchise Fees						1,499,715	-	1,499,715
Real Property Transfer Tax						641,279	-	641,279
Transient Occupancy Tax						555,535	-	555,535
Motor Vehicle Taxes, In-Lieu, Unrestricted						4,291,791	-	4,291,791
Investment Earnings						502,436	200,691	703,127
Miscellaneous						692,654	-	692,654
Transfers						(2,399,950)	2,399,950	-
Special Items:								
Transfer of Land to the Successor Agency						(1,327,129)	-	(1,327,129)
Total General Revenues, Transfers and Special Items						27,062,009	2,600,641	29,662,650
Change in Net Position						11,213,017	15,024,841	26,237,858
Net Position - Beginning of Year, Restated						534,787,219	258,622,421	793,409,640
Net Position - End of Year						\$ 546,000,236	\$ 273,647,262	\$ 819,647,498

City of Brentwood
Balance Sheet
Governmental Funds
June 30, 2018

	<u>Special Revenue Fund</u>		<u>Capital Project Fund</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Landscape and Lighting Assessment Districts</u>	<u>Community Facilities Improvements</u>	<u>Other Governmental Funds</u>	
ASSETS					
Current Assets:					
Cash and Investments	\$ 33,632,681	\$ 6,257,378	\$ 14,477,027	\$ 45,308,114	\$ 99,675,200
Restricted Cash and Investments	-	-	174,204	11,651,328	11,825,532
Receivables	1,370,414	4,071	10,486	25,556,462	26,941,433
Prepays	87,527	-	-	1,092	88,619
Due from Other Funds	-	-	1,279,912	-	1,279,912
Land Held for Resale	-	-	-	1,040,359	1,040,359
Total Assets	\$ 35,090,622	\$ 6,261,449	\$ 15,941,629	\$ 83,557,355	\$ 140,851,055
LIABILITIES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 2,081,632	\$ 663,912	\$ 3,055,769	\$ 2,075,349	\$ 7,876,662
Due to Other Funds	-	-	-	2,064,737	2,064,737
Unearned Revenue	294,978	-	-	-	294,978
Deposits Held	3,829,357	-	-	-	3,829,357
Total Liabilities	6,205,967	663,912	3,055,769	4,140,086	14,065,734
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Accounts Receivable	315,197	-	-	553,706	868,903
Total Deferred Inflows of Resources	315,197	-	-	553,706	868,903
FUND BALANCES					
Nonspendable	87,527	-	-	81,092	168,619
Restricted	95,620	5,597,537	12,885,860	77,366,385	95,945,402
Committed	11,986,875	-	-	2,696,413	14,683,288
Unassigned	16,399,436	-	-	(1,280,327)	15,119,109
Total Fund Balances	28,569,458	5,597,537	12,885,860	78,863,563	125,916,418
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 35,090,622	\$ 6,261,449	\$ 15,941,629	\$ 83,557,355	\$ 140,851,055

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

June 30, 2018

Total Fund Balances - Total Governmental Funds \$ 125,916,418

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. 502,203,090

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. 55,198,609

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. (952,309)

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 (78,284,688)

Notes Payable (12,087,905)

Net OPEB Liabilities (24,385,278)

Deferred Outflows of Resources Related to OPEB 3,064,431

Deferred Inflows of Resources Related to OPEB (101,795)

Net Pension Liabilities (36,204,041)

Deferred Outflows of Resources Related to Pensions 13,732,353

Deferred Inflows of Resources Related to Pensions (731,691)

Compensated Absences (1,322,963)

Accrued Liabilities (43,995)

Total Net Position of Governmental Activities \$ 546,000,236

City of Brentwood

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For Year Ended June 30, 2018

	<u>Special Revenue Fund</u>		<u>Capital Project Fund</u>		
	<u>General Fund</u>	<u>Landscape and Lighting Assessment Districts</u>	<u>Community Facilities Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 23,443,182	\$ -	\$ -	\$ 5,963,767	\$ 29,406,949
Licenses	710,091	-	-	177,523	887,614
Permits and Fines	6,062,836	-	-	-	6,062,836
Uses of Money and Property	350,909	8,596	45,049	284,217	688,771
Intergovernmental	4,419,653	-	-	5,575,968	9,995,621
Franchises	1,499,715	-	-	-	1,499,715
Charges for Other Services	573,488	-	-	-	573,488
Charges to Other Funds	7,333,321	-	-	-	7,333,321
Fees and Other Revenues	2,157,493	8,463,975	503,523	13,710,324	24,835,315
Total Revenues	46,550,688	8,472,571	548,572	25,711,799	81,283,630
EXPENDITURES					
Current:					
General Government	6,416,507	-	410,132	3,914,103	10,740,742
Public Safety	22,120,911	-	-	186,408	22,307,319
Community Development	4,700,806	-	-	294,970	4,995,776
Engineering	3,315,619	-	-	-	3,315,619
Public Works	3,548,386	-	-	-	3,548,386
Parks and Recreation	6,260,262	-	-	4,565,808	10,826,070
Community Services	634,038	7,198,793	-	37,804	7,870,635
Capital Outlay	-	-	13,110,840	1,074,632	14,185,472
Debt Service:					
Principal	1,294,412	-	-	3,015,000	4,309,412
Interest and Fiscal Charges	-	-	-	4,495,898	4,495,898
Total Expenditures	48,290,941	7,198,793	13,520,972	17,584,623	86,595,329
REVENUES OVER (UNDER) EXPENDITURES	(1,740,253)	1,273,778	(12,972,400)	8,127,176	(5,311,699)
OTHER FINANCING SOURCES (USES)					
Transfers In	10,339,770	-	10,277,151	13,093,687	33,710,608
Transfers Out	(3,435,962)	-	(68,453)	(25,208,010)	(28,712,425)
Total Other Financing Sources (Uses)	6,903,808	-	10,208,698	(12,114,323)	4,998,183
NET CHANGE IN FUND BALANCES	5,163,555	1,273,778	(2,763,702)	(3,987,147)	(313,516)
Fund Balance, Beginning of Year	23,405,903	4,323,759	15,649,562	82,850,710	126,229,934
Fund Balance, End of Year	\$ 28,569,458	\$ 5,597,537	\$ 12,885,860	\$ 78,863,563	\$ 125,916,418

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, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ (313,516)
<p>Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position are different because:</p>	
<p>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.</p>	14,185,473
<p>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.</p>	(9,383,550)
<p>The net effect of various miscellaneous transactions involving Capital Assets (e.g. sales, trade-ins and contributions) is to increase net position.</p>	5,214,820
<p>The effect of Land Transferred to Successor Agency.</p>	(1,327,129)
<p>To record the net change in compensated absences in the Statement of Activities and Changes in Net Position.</p>	35,024
<p>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.</p>	
This amount represents long-term debt repayments	4,309,412
This amount represents the decrease in accrued liabilities	43,226
This amount represents the decrease in Net OPEB Liability	2,246,629
This amount represents the increase in Deferred Outflows related to OPEB	432,825
This amount represents the increase in Deferred Inflows related to OPEB	(101,795)
This amount represents the increase in Net Pension Liability	(6,732,055)
This amount represents the increase in Deferred Outflows related to Pensions	3,133,392
This amount represents the decrease in Deferred Inflows related to Pensions	1,413,648
This amount represents accreted interest	(351,899)
This amount represents amortized bond premiums	67,625
<p>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.</p>	(1,659,113)
Change in Net Position of Governmental Activities	\$ 11,213,017

City of Brentwood

Statement of Net Position

Proprietary Funds

June 30, 2018

	Business-Type Activities - Enterprise Funds						Governmental
	Wastewater	Solid Waste	Water	City Rentals	Housing	Totals	Activities - Internal Service Funds
ASSETS							
Current Assets:							
Cash and Investments	\$ 42,602,139	\$ 6,021,661	\$ 25,679,021	\$ 123,181	\$ 6,704,904	\$ 81,130,906	\$ 54,419,605
Restricted Cash and Investments	-	-	52,880	-	-	52,880	-
Receivables	1,749,150	1,773,705	2,687,090	122,500	39,869	6,372,314	49,432
Inventories	-	-	-	-	-	-	93,468
Prepays	21,961	21,714	29,455	22,309	669	96,108	397,585
Due from Other Funds	-	-	-	-	-	-	784,825
Total Current Assets	44,373,250	7,817,080	28,448,446	267,990	6,745,442	87,652,208	55,744,915
Non-Current Assets:							
Long-Term Notes Receivable	-	-	-	-	673,319	673,319	-
Capital Assets							
Land and Work In Progress	5,560,938	853,849	2,724,535	-	1,868,996	11,008,318	-
Depreciable	102,612,568	13,251,321	195,375,486	-	2,351,671	313,591,046	15,707,426
Less: Accumulated Depreciation and Amortization	(23,834,823)	(1,773,014)	(40,629,187)	-	(414,300)	(66,651,324)	(9,811,574)
Total Capital Assets, Net of Accumulated Depreciation and Amortization	84,338,683	12,332,156	157,470,834	-	3,806,367	257,948,040	5,895,852
Total Non-Current Assets	84,338,683	12,332,156	157,470,834	-	4,479,686	258,621,359	5,895,852
Total Assets	128,711,933	20,149,236	185,919,280	267,990	11,225,128	346,273,567	61,640,767
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Amount on Refunding	-	-	7,075,887	-	-	7,075,887	-
Related to OPEB	280,210	383,159	386,452	-	27,348	1,077,169	369,271
Related to Pensions	1,111,997	1,294,100	1,378,404	-	137,238	3,921,739	1,414,591
Total Deferred Outflows of Resources	1,392,207	1,677,259	8,840,743	-	164,586	12,074,795	1,783,862
LIABILITIES							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	1,317,156	405,048	1,159,232	8,513	1,589	2,891,538	383,772
Deposits Held	-	17,589	60,000	-	35,804	113,393	-
Long-Term Debt Due Within One Year	2,086,094	-	3,280,620	-	-	5,366,714	-
Compensated Absences Payable	71,083	98,716	99,731	-	9,242	278,772	124,658
Total Current Liabilities	3,474,333	521,353	4,599,583	8,513	46,635	8,650,417	508,430
Non-Current Liabilities Due in More Than One Year:							
Bonds Payable	-	-	44,691,849	-	-	44,691,849	-
Notes Payable and Other	8,727,792	-	-	-	-	8,727,792	-
Net OPEB Liability	2,739,368	3,706,471	3,801,580	-	273,427	10,520,846	3,318,876
Net Pension Liability	3,317,410	3,854,102	4,073,822	-	407,022	11,652,356	4,217,901
Compensated Absences Payable	47,390	65,811	66,487	-	6,161	185,849	83,105
Total Non-Current Liabilities	14,831,960	7,626,384	52,633,738	-	686,610	75,778,692	7,619,882
Total Liabilities	18,306,293	8,147,737	57,233,321	8,513	733,245	84,429,109	8,128,312
DEFERRED INFLOWS OF RESOURCES							
Related to OPEB	10,113	13,829	13,948	-	987	38,877	13,327
Related to Pensions	66,367	77,104	81,500	-	8,143	233,114	84,381
Total Deferred Inflows of Resources	76,480	90,933	95,448	-	9,130	271,991	97,708
NET POSITION							
Net Investment in Capital Assets and Capacity Rights	73,524,796	12,332,156	116,574,252	-	3,806,367	206,237,571	5,895,852
Restricted for:							
Capital Projects	2,348,793	-	3,833,032	-	-	6,181,825	-
Special Projects and Programs	12,475,752	17,589	52,880	-	6,429,725	18,975,946	-
Unrestricted	23,372,026	1,238,080	16,971,090	259,477	411,247	42,251,920	49,302,757
Total Net Position	\$ 111,721,367	\$ 13,587,825	\$ 137,431,254	\$ 259,477	\$ 10,647,339	\$ 273,647,262	\$ 55,198,609

City of Brentwood

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds					Totals	Governmental Activities - Internal Service Funds
	Wastewater	Solid Waste	Water	City Rentals	Housing		
Operating Revenues:							
Charges for Services	\$ 11,963,924	\$ 12,288,493	\$ 21,664,248	\$ 579,656	\$ 305,623	\$ 46,801,944	\$ 17,315,475
Other Income	132,760	5,129	120,729	-	-	258,618	191,852
Total Operating Revenues	<u>12,096,684</u>	<u>12,293,622</u>	<u>21,784,977</u>	<u>579,656</u>	<u>305,623</u>	<u>47,060,562</u>	<u>17,507,327</u>
Operating Expenses:							
Personnel Services	3,214,552	3,805,412	3,831,701	-	451,792	11,303,457	4,181,329
Repairs and Maintenance	342,525	1,623,972	596,401	58,976	65,017	2,686,891	688,612
Materials, Supplies and Services	5,361,830	6,664,958	11,309,091	135,330	316,078	23,787,287	8,449,515
Depreciation and Amortization	1,610,481	186,924	3,292,953	-	47,033	5,137,391	1,246,334
Total Operating Expenses	<u>10,529,388</u>	<u>12,281,266</u>	<u>19,030,146</u>	<u>194,306</u>	<u>879,920</u>	<u>42,915,026</u>	<u>14,565,790</u>
Operating Income (Loss)	<u>1,567,296</u>	<u>12,356</u>	<u>2,754,831</u>	<u>385,350</u>	<u>(574,297)</u>	<u>4,145,536</u>	<u>2,941,537</u>
Non-Operating Revenues (Expenses):							
Interest Income	82,233	11,155	65,200	142	41,961	200,691	115,699
Developer Fees and Credits	-	-	-	-	740,936	740,936	-
Interest Expense	(214,051)	-	(2,050,050)	-	-	(2,264,101)	-
Gain or (Loss) on Disposal of Capital Assets	(569)	-	(9,903)	-	-	(10,472)	112,868
Total Non-Operating Revenues (Expenses)	<u>(132,387)</u>	<u>11,155</u>	<u>(1,994,753)</u>	<u>142</u>	<u>782,897</u>	<u>(1,332,946)</u>	<u>228,567</u>
Income (Loss) Before Contributions and Transfers	<u>1,434,909</u>	<u>23,511</u>	<u>760,078</u>	<u>385,492</u>	<u>208,600</u>	<u>2,812,590</u>	<u>3,170,104</u>
Contributions - Impact Fees and Credits	2,437,811	-	3,456,617	-	-	5,894,428	-
Capital Asset Contributions	1,635,000	-	2,282,873	-	-	3,917,873	-
Capital Assets Contributed to/from Governmental Activities	354,162	616,277	1,598,477	-	-	2,568,916	-
Transfers In	548,678	171,678	1,863,133	-	-	2,583,489	1,598,189
Transfers Out	(1,915,426)	(289,683)	(243,248)	(304,098)	-	(2,752,455)	(6,427,406)
Change in Net Position	<u>4,495,134</u>	<u>521,783</u>	<u>9,717,930</u>	<u>81,394</u>	<u>208,600</u>	<u>15,024,841</u>	<u>(1,659,113)</u>
Net Position, Beginning of Year, Restated	<u>107,226,233</u>	<u>13,066,042</u>	<u>127,713,324</u>	<u>178,083</u>	<u>10,438,739</u>	<u>258,622,421</u>	<u>56,857,722</u>
Net Position, End of Year	<u>\$ 111,721,367</u>	<u>\$ 13,587,825</u>	<u>\$ 137,431,254</u>	<u>\$ 259,477</u>	<u>\$ 10,647,339</u>	<u>\$ 273,647,262</u>	<u>\$ 55,198,609</u>

City of Brentwood

Statement of Cash Flows

Proprietary Funds
For Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds					Totals	Governmental
	Wastewater	Solid Waste	Water	City Rentals	Housing		Activities - Internal Service Funds
Cash Flows from Operating Activities							
Cash Received from Customers/Other Funds	\$ 11,871,772	\$ 12,201,041	\$ 21,228,403	\$ 525,406	\$ 384,474	\$ 46,211,096	\$ 17,173,863
Cash Payments to Suppliers of Goods and Services	(4,249,084)	(5,673,037)	(9,553,792)	(183,944)	(290,731)	(19,950,588)	(8,228,728)
Cash Payments to Employees for Services	(2,924,210)	(3,604,015)	(3,636,694)	-	(336,201)	(10,501,120)	(3,656,433)
Cash Payments for Interfund Services	(1,041,126)	(2,580,320)	(1,235,011)	(11,267)	(90,057)	(4,957,781)	(797,325)
Other Receipts	132,760	5,129	120,729	-	-	258,618	191,852
Net Cash Provided By (Used for) Operating Activities	3,790,112	348,798	6,923,635	330,195	(332,515)	11,060,225	4,683,229
Cash Flows from Non-Capital Financing Activities							
Transfers Received	548,678	171,678	1,286,480	-	-	2,006,836	1,598,189
Transfers Paid	(1,338,773)	(289,683)	(243,248)	(304,098)	-	(2,175,802)	(6,427,406)
Developer Fees and Credits	-	-	-	-	740,936	740,936	-
Net Cash Provided By (Used for) Non-Capital Financing Activities	(790,095)	(118,005)	1,043,232	(304,098)	740,936	571,970	(4,829,217)
Cash Flows from Capital and Related Financing Activities							
Contributions - Impact Fees and Credits	2,437,812	-	3,456,618	-	-	5,894,430	-
Interest Paid on Debt	(214,051)	-	(2,050,050)	-	-	(2,264,101)	-
Principal Paid on Debt	(2,049,105)	-	(4,680,620)	-	-	(6,729,725)	-
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	121,436
Acquisition and Construction of Capital Assets	(1,896,729)	-	(999,808)	-	-	(2,896,537)	(1,307,646)
Net Cash Provided By (Used for) Capital and Related Financing Activities	(1,722,073)	-	(4,273,860)	-	-	(5,995,933)	(1,186,210)
Cash Flows from Investing Activities							
Interest on Investments	66,153	8,842	54,215	104	39,318	168,632	94,282
Net Cash Provided By Investing Activities	66,153	8,842	54,215	104	39,318	168,632	94,282
Net Increase (Decrease) in Cash and Cash Equivalents	1,344,097	239,635	3,747,222	26,201	447,739	5,804,894	(1,237,916)
Cash and Cash Equivalents - Beginning of Year	41,258,042	5,782,026	21,984,679	96,980	6,257,165	75,378,892	55,657,521
Cash and Cash Equivalents - End of Year	\$ 42,602,139	\$ 6,021,661	\$ 25,731,901	\$ 123,181	\$ 6,704,904	\$ 81,183,786	\$ 54,419,605
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:							
Operating Income (Loss)	\$ 1,567,296	\$ 12,356	\$ 2,754,831	\$ 385,350	\$ (574,297)	\$ 4,145,536	\$ 2,941,537
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities:							
Depreciation and Amortization	1,610,481	186,924	3,292,953	-	47,033	5,137,391	1,246,334
Change in Assets, Liabilities and Deferred Outflows/Inflows of Resources:							
Receivables	(100,733)	(100,118)	(455,747)	(38,020)	78,851	(615,767)	(16,302)
Prepaid Items	6,832	11,757	8,758	(16,230)	(181)	10,936	99,770
Accounts Payable and Other Payables	414,714	31,724	1,141,592	(905)	307	1,587,432	-
Net OPEB Liability and Deferred Outflows/Inflows of Resources related to OPEB	97,596	133,453	134,599	-	9,525	375,173	-
Net Pension Liability and Deferred Outflows/Inflows of Resources related to Pensions	201,169	69,715	49,357	-	102,312	422,553	392,089
Compensated Absences Payable	(7,243)	(863)	12,292	-	3,935	8,121	10,870
Deposits	-	3,850	(15,000)	-	-	(11,150)	-
Net Cash Provided By (Used for) Operating Activities	\$ 3,790,112	\$ 348,798	\$ 6,923,635	\$ 330,195	\$ (332,515)	\$ 11,060,225	\$ 4,683,229
Noncash Capital Activities:							
Capital Asset Contributions	\$ 1,635,000	\$ -	\$ 2,282,872	\$ -	\$ -	\$ 3,917,872	\$ -
Contributions from Governmental Activities	354,162	616,277	1,598,477	-	-	2,568,916	-
Assets Contributed to Other Funds	(576,653)	-	576,653	-	-	-	-

City of Brentwood

Statement of Fiduciary Net Position
Agency Funds and Private Purpose Trust Fund
June 30, 2018

	Agency Funds	Private-Purpose Trust Fund - Successor Agency
ASSETS		
Current Assets:		
Cash and Investments	\$ 11,738,190	\$ 2,174,537
Restricted Cash and Investments	3,155,282	-
Interest Receivable	7,151	561
Total Current Assets	14,900,623	2,175,098
Non-Current Assets:		
Nondepreciable Capital Assets	-	1,327,129
Total Non-Current Assets	-	1,327,129
Total Assets	14,900,623	3,502,227
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	1,932,156	-
Due to City of Brentwood	37,282	-
Long-Term Liabilities Due Within One Year	-	997,895
Total Current Liabilities	1,969,438	997,895
Non-Current Liabilities Due in More Than One Year:		
Due to Bondholders	12,931,185	-
Long-Term Liabilities	-	23,895,526
Total Non-Current Liabilities	12,931,185	23,895,526
Total Liabilities	14,900,623	24,893,421
NET POSITION (DEFICIT)		
Held in Trust for Other Governments	-	(21,391,194)
Total Net Position (Deficit)	\$ -	\$ (21,391,194)

City of Brentwood

Statement of Changes in Fiduciary Net Position

Private-Purpose Trust Fund

For Year Ended June 30, 2018

	Private-Purpose Trust Fund - Successor Agency
ADDITIONS	
Property Taxes	\$ 2,894,422
Investment Earnings	1,389
Other	100,860
Total Additions	2,996,671
DEDUCTIONS	
Administrative Expenses	250,000
Interest and Fiscal Agent Expenses	1,546,769
Total Deductions	1,796,769
Change in Net Position before Special Items	1,199,902
SPECIAL ITEMS	
Assets transferred to Successor Agency	1,327,129
Change in Net Position	2,527,031
NET POSITION HELD IN TRUST	
Net Position - Beginning of Year	(23,918,225)
Net Position - End of Year	\$ (21,391,194)



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INDEX OF NOTES TO THE BASIC FINANCIAL STATEMENTS

Note #1 – Summary of Significant Accounting Policies	32
A. Description of the Reporting Entity	32
B. Government-Wide and Fund Financial Statements	32
C. Measurement Focus/Basis of Accounting	33
D. Assets, Liabilities, Deferred Inflows/Outflows and Net Position or Equity	39
i. Use of Restricted/Unrestricted Net Position	39
ii. Cash and Investments	39
iii. Cash and Cash Equivalents	40
iv. Use of Estimates	40
v. Prepaid Items and Land Held for Resale	40
vi. Capital Assets	40
vii. Compensated Absences Payable	41
viii. Property Tax	41
ix. Motor Vehicle Taxes	41
x. Deferred Compensation Plan	42
xi. New Governmental Accounting Standards Board Pronouncements	42
xii. New Funds, Closed Funds and Renamed Funds	43
xiii. Deferred Outflows/Inflows of Resources	43
xiv. OPEB and Pensions	44
xv. Fair Value Measurements	44
Note #2 – Stewardship, Compliance and Accountability	45
A. Budgetary Information	45
B. Deficit Fund Equity	46
C. Interfund Receivables, Payables and Transfers	46
D. Minimum Fund Balance Policies	47
E. Fund Balances	48
Note #3 – Cash and Investments	50
A. Cash and Deposits	50
B. Investments	50
C. Investment in State Treasurer’s Pool	54
D. California Asset Management Program	55
E. Cash and Investments with Fiscal Agent	55
Note #4 – Accounts, Notes and Loans Receivable	56
Note #5 – Capital Assets	62
A. Intangible Assets	63
i. Water Rights	63
ii. Joint Use Facilities	63
Note #6 – Long-Term Obligations	64
A. Governmental Activities	64
i. Bonds	65
ii. Notes Payable	68
iii. Net OPEB Obligation and Net Pension Liability	69
iv. Accumulated Compensated Absences	69
B. Business-Type Activities	69



- i. Bonds 70
- ii. Notes Payable and Other 71
- Note #7 – Special Assessment Districts (No City Liability) 72
- Note #8 – Classification of Net Position 73
- Note #9 – Defined Benefit Pension Plans 73
 - A. Plan Descriptions 73
 - B. Miscellaneous Plan 73
 - i. General Information About the Miscellaneous Plan 73
 - a. Benefits Provided 73
 - b. Employees Covered 74
 - c. Contributions 74
 - ii. Net Pension Liability 75
 - iii. Changes in Net Pension Liability 75
 - a. Sensitivity of the Net Pension Liability to Changes in the Discount Rate 75
 - b. Pension Plan Fiduciary Net Position 76
 - iv. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions 76
 - v. Payable to the Miscellaneous Plan 77
 - C. Safety Plan 77
 - i. General Information About the Safety Plan 77
 - a. Benefits Provided 77
 - b. Contributions 78
 - ii. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions 78
 - a. Sensitivity of the Net Pension Liability to Changes in the Discount Rate 80
 - b. Pension Plan Fiduciary Net Position 80
 - iii. Payable to the Safety Plan 80
 - D. Information Common to Both the Miscellaneous and Safety Plans 81
 - i. Actuarial Assumptions 81
 - ii. Safety and Miscellaneous Plans Changes of Assumptions 81
 - iii. Safety and Miscellaneous Plans Discount Rate 81
 - iv. Subsequent Events 83
- Note #10 – Risk Management 83
- Note #11 – Post-Retirement Health Care Benefits 84
 - A. General Information About the City’s Retiree Healthcare Plan 84
 - B. Net OPEB Liability 85
 - C. Changes in Net OPEB Liability 87
 - D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates 88
 - E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB 88
- Note #12 – Brentwood Redevelopment Agency Dissolution and Successor Agency Activities 89
 - A. Redevelopment Agency Dissolution 89
 - B. Capital Assets 90
 - C. Long-Term Obligations 91
 - i. Bonds 91
 - D. Pledged Revenues 93
 - E. Commitments and Contingencies 93
 - i. State Approval of Enforceable Obligations 93



ii. State Asset Transfer Review	93
Note #13 – Contingent Liabilities	94
A. Litigation	94
B. State and Federal Grants	94
C. Developer Impact Fee Credits	94
D. Construction Commitments	94
E. Solar Power Purchase Agreements	95
F. Pension Liability Pay Down	95
Note #14 – Net Position Restatements	95

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 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.

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.

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

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 section.

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.

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 present 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

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

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.

In FY 2017/18, the General Fund, Landscape and Lighting Assessment Districts, a special revenue fund, and Community Facilities Improvements, a capital projects fund, are major governmental funds. 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, 2107.5 and 2032. The allocations must be spent for street maintenance, construction and a limited amount for engineering.
- Disability Access and Education – This fund accounts for the monies received due to Senate Bill 1186 (SB1186), which requires cities to collect a \$4 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.

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

- 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 taxes 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 Development Impact Fee – This fund accounts for development fees collected for the design and construction of roadways within the City.
- Parks and Trails Development Impact Fee – This fund accounts for development fees collected for the design and construction of parks within the City.
- Community Facilities Development Impact Fee – This fund accounts for development fees collected for the design and construction of public facilities within the City.
- Fire Development Impact Fee – This fund accounts for development fees collected for the design and construction of fire facilities required to serve new development in the City.
- Development Impact Fee Administration – This fund accounts for development fees collected for the administration of the Development Impact 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.
- 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.
- 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.

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

- PEG Media – This fund accounts for public, educational and governmental access fees collected from cable operators established per the Municipal Code and franchise agreements.
- 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 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 for the housing activities of the former Brentwood Redevelopment Agency.
- Landscape and Lighting Assessment Districts – These funds account for special benefit assessments levied on property owners for landscape and street lighting maintenance.

Permanent Funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs for the benefit of the City and its citizens. The City has one permanent fund as follows:

- Riparian Mitigation Site Maintenance Fund – This fund accounts for a stewardship endowment for maintenance of a riparian mitigation site.

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.

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

Capital Project Funds account for the acquisition and construction of major capital facilities and infrastructure not financed by Proprietary Funds. 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. This fund was closed in FY 2017/18.
- 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.
- 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.
- 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.
- Capital Infrastructure – Under the oversight of the CIP Executive Committee, 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.

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

- 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 Enterprise Funds, all of which are reported as major 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.
- 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 programs which include the Housing rental units and 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:

- Information Services – To provide a source of funding for the development and coordination of the City's information systems' 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.

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

- 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.

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 – Successor Agency – 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 unrealized gains or losses but rather the fair value of those investments as of June 30, 2018.

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

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.

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

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

subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement 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 31 vacation days
- Up to 100 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.

ix. Motor Vehicle Taxes

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

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

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 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 City implemented GASB Statement No. 75 for the presentation of the FY 2017/18 financial statements.

In January 2017, GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of the statement are effective for reporting periods beginning after December 15, 2018. The City is in the process of determining the impact GASB Statement No. 84 will have on its financial statements.

In March 2017, GASB issued GASB Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The City implemented GASB Statement No. 85 for the presentation of the FY 2017/18 financial statements.

In June 2017, GASB issued GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of the statement are effective for reporting periods beginning after December 15, 2019. The City is in the process of determining the impact GASB Statement No. 87 will have on its financial statements.

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

In March 2018, GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of the statement are effective for reporting periods beginning after June 15, 2018. The City is in the process of determining the impact GASB Statement No. 88 will have on its financial statements.

In June 2018, GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify the accounting for interest cost incurred before the end of a construction period. The requirements of the statement are effective for reporting periods beginning after December 15, 2019. The City is in the process of determining the impact GASB Statement No. 89 will have on its financial statements.

In August 2018, GASB issued GASB Statement No. 90, *Majority Equity Interests*. The objectives of this Statement are to improve the consistency of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of the statement are effective for reporting periods beginning after December 15, 2018. The City is in the process of determining the impact GASB Statement No. 90 will have on its financial statements.

xii. New Funds, Closed Funds and Renamed Funds

In FY 2017/18, the Civic Center Project Lease Revenue Bond Acquisition Capital Project Fund was 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 net 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 three items which qualify for reporting in this category, Deferred Outflows of Resources Related to OPEB, Deferred Outflows of Resources Related to Pensions and Deferred Amount on Refunding. The elements of Deferred Outflows of Resources Related to OPEB are deferred and amortized and will be recognized as a component of OPEB expense in subsequent fiscal years. 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.

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

In addition to liabilities, the statement of net 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 period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items reported on the Government-Wide Statement of Net Position, which qualify for reporting in this category, Deferred Inflows of Resources Related to OPEB and Deferred Inflows of Resources Related to Pensions. The elements of Deferred Inflows of Resources Related to OPEB are deferred and amortized and will be recognized as a component of OPEB expense in subsequent fiscal years. The elements of Deferred Inflows of Resources Related to Pensions 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. OPEB and Pensions

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

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.

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

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 following funds 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

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

Following is a list of funds which have either a deficit fund or net position balance as of June 30, 2018.

Special Revenue Funds:

Community Facilities Development Impact Fee \$ 1,279,912

Internal Service Funds:

Information Services \$ 1,653,636
 Fleet Maintenance Services 934,371
 Facilities Maintenance Services 789,268

The deficit in the Community Facilities Development Impact Fee Fund is due to pre-funding of capital projects in advance of receiving funding from development. Future impact fees will be deposited into this fund.

The deficits in the Internal Service Funds are related to OPEB and Pension liability accruals. In response to increasing Net OPEB Liabilities, the City has adopted a long-term OPEB pre-funding strategy which ultimately calls for 85% of the Actuarial Determined Contribution (ADC) to be funded annually. In FY 2017/18, the implementation of GASB 75 required proprietary funds to record their portion of the Net OPEB Liability and Deferred Outflows/Inflows of Resources, resulting in the restatement of their June 30, 2017 net position and an increase in deficit fund equity. The Internal Service Funds will continue to maintain a positive cash balance.

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, 2018, 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 Community Facilities Development Impact Fee amount is due to pre-funding of capital projects in advance of receiving funding from development. Future impact fees will be deposited into this fund.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Pension/OPEB Obligation Internal Service Fund	Parks and Trails Improvements Capital Project Fund	\$ 784,825
Community Facilities Improvements Capital Project Fund	Community Facilities Development Impact Fee Special Revenue Fund	1,279,912
	Total	\$ 2,064,737



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

Interfund Transfers

Fund Description	Community Facilities Improvements		Non-Major Governmental Funds		Internal Service Funds		Wastewater Enterprise		Solid Waste Enterprise		Water Enterprise		City Rentals Enterprise		Total Transfers In	
	General Fund	Improvements	Governmental Funds	Funds	Internal Service Funds	Funds	Wastewater Enterprise	Enterprise	Solid Waste Enterprise	Enterprise	Water Enterprise	Enterprise	City Rentals Enterprise	Enterprise	Total Transfers In	
General Fund	\$ -	\$ 21,725	\$ 5,477,699	\$ 4,840,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,339,770	
Community Facilities Improvements	890,000	-	9,025,151	362,000	-	-	-	-	-	-	-	-	-	-	10,277,151	
Non-Major Governmental Funds	1,113,573	32,573	10,302,359	922,563	89,683	89,683	239,155	304,098	-	-	-	-	-	-	13,093,687	
Internal Service Funds	1,432,389	5,412	101,466	46,246	11,088	-	1,588	-	-	-	-	-	-	-	1,598,189	
Wastewater Enterprise	-	1,899	299,710	44,564	-	200,000	2,505	-	-	-	-	-	-	-	548,678	
Solid Waste Enterprise	-	1,885	1,278	168,111	404	-	-	-	-	-	-	-	-	-	171,678	
Water Enterprise	-	4,959	347	43,576	1,814,251	-	-	-	-	-	-	-	-	-	1,863,133	
Total Transfers Out	\$ 3,435,962	\$ 68,453	\$ 25,208,010	\$ 6,427,406	\$ 1,915,426	\$ 289,683	\$ 243,248	\$ 304,098	\$ 37,892,286							

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	\$ 3,774,505	Provide a subsidy to cover a portion of the costs for Public Safety Services
General Fund	\$ 1,319,142	Gas Tax revenue to subsidize the Street Maintenance Division
Internal Service	\$ 830,471	Transfer of unassigned General Fund balance in excess of reserve requirement
Capital Projects	\$ 3,755,115	Provide funding to cover a portion of the costs for the Library - New Construction project
Capital Projects	\$ 2,994,000	Provide funding to cover a portion of the costs for the Priority Area 1 Infrastructure Improvements project
Capital Projects	\$ 2,673,391	Provide funding to cover a portion of the costs for the Municipal Service Center project
Capital Projects	\$ 1,900,262	Provide funding to cover a portion of the costs for the Vineyards at Marsh Creek - Event Center/Amphitheater project
Enterprises	\$ 700,000	Provide funding to cover a portion of the costs for the Downtown Alley Rehabilitation project
Enterprises	\$ 537,500	Provide funding to cover a portion of the costs for the Water and Wastewater SCADA System Upgrade project
Capital Projects	\$ 496,383	Provide funding to cover a portion of the costs for the Citywide Gateway Monuments "4 Corners" project
Capital Projects	\$ 362,000	Provide funding to cover a portion of the costs for the Civic Center HVAC Cooling System Conversion project
Capital Projects	\$ 311,514	Provide funding to cover a portion of the costs for the LED Street Light Conversion - Phase II project
Capital Projects	\$ 300,000	Provide funding to cover a portion of the costs for the Garin Park Playground Replacement project
Capital Projects	\$ 300,000	Provide funding to cover a portion of the costs for the Sunset Field Natural Turf Improvement project

In addition, governmental activities transferred completed capital projects of \$354,162, \$616,277 and \$1,598,477 to the Wastewater, Solid Waste and Water Enterprise Funds, respectively.

D. MINIMUM FUND BALANCE POLICIES

Staff presents 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.

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

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 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 expenditure is incurred for purposes for which both are available. Committed, assigned and unassigned amounts, in this order, are considered to be spent when expenditure is incurred for purposes for which either is available. Detailed classifications of the City's Governmental Fund Balances, as of June 30, 2018, are shown on the following page:



Notes to the Basic Financial Statements

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

	General Fund	Special Revenue Fund Landscape and Lighting Assesment Districts	Capital Project Fund Community Facilities Improvements	Other Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Prepaid Expenses	\$ 87,527	\$ -	\$ -	\$ 1,092	\$ 88,619
Riparian Site Mitigation Endowment	-	-	-	80,000	80,000
Total Nonspendable Fund Balances	87,527	-	-	81,092	168,619
Restricted for:					
Debt Service	-	-	-	29,812,265	29,812,265
Community Facilities Projects	-	-	12,885,860	427,363	13,313,223
Parks and Trails Projects	-	-	-	162,738	162,738
Low Income Housing	-	-	-	1,054,874	1,054,874
Vineyards Development Projects	-	-	-	3,489,775	3,489,775
Infrastructure Projects	-	-	-	795,640	795,640
Streets and Roadways	-	-	-	9,044,121	9,044,121
CIFP Projects	-	-	-	8,906,542	8,906,542
Landscape and Lighting Assessment Districts	-	5,597,537	-	-	5,597,537
Off Street Parking Facilities in Downtown	-	-	-	398	398
Agricultural/Farmland Mitigation	-	-	-	2,160,390	2,160,390
Brentwood Redevelopment Escrow	95,620	-	-	-	95,620
Fire Facilities	-	-	-	5,569,319	5,569,319
Public Art	-	-	-	2,370,414	2,370,414
Development Impact Fee Program	-	-	-	12,016,609	12,016,609
Drug Prevention Programs	-	-	-	195,595	195,595
Public Safety	-	-	-	209,902	209,902
Disability Access and Education	-	-	-	27,941	27,941
Abandoned Vehicle Abatement	-	-	-	13,991	13,991
Grants	-	-	-	263,634	263,634
PEG Media	-	-	-	844,874	844,874
Total Restricted Fund Balances	95,620	5,597,537	12,885,860	77,366,385	95,945,402
Committed to:					
Infrastructure Projects	-	-	-	6,255	6,255
Public Safety	-	-	-	2,272,711	2,272,711
Successor Agency Payment Plan	10,078,572	-	-	-	10,078,572
Future Strategic Initiatives	930,303	-	-	-	930,303
General Plan Update	300,000	-	-	-	300,000
Parks Maintenance	-	-	-	417,447	417,447
Streets and Roadways	678,000	-	-	-	678,000
Total Committed Fund Balances	11,986,875	-	-	2,696,413	14,683,288
Unassigned:					
General Fund	16,399,436	-	-	-	16,399,436
Other Fund Deficit	-	-	-	(1,280,327)	(1,280,327)
Total Nonspendable Fund Balances	16,399,436	-	-	(1,280,327)	15,119,109
Total Fund Balances	\$ 28,569,458	\$ 5,597,537	\$ 12,885,860	\$ 78,863,563	\$ 125,916,418

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 \$15,409,583 at June 30, 2018. The bank balance, before reconciling items, was \$17,317,262. 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 from 105% to 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	\$ 15,409,583
Petty Cash	12,000
Investments	248,750,549
Total Cash and Investments	\$ 264,172,132

Cash and investments appear on the financial statements as follows:

Cash and Investments:	
Governmental Activities	\$ 154,094,805
Business-Type Activities	81,130,906
Fiduciary Funds	13,912,727
	<u>249,138,438</u>

Restricted Cash and Investments:	
Governmental Activities	11,825,532
Business-Type Activities	52,880
Fiduciary Funds	3,155,282
	<u>15,033,694</u>
Total Cash and Investments	\$ 264,172,132

B. INVESTMENTS

The City apportions interest earnings to all funds based on their monthly cash balance. The table on the following page 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.

NOTE #3 – CASH AND INVESTMENTS (Continued)

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%	30%
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	\$65M/Account	\$65M/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.

Credit Risk

The City's portfolio is comprised of the highest quality government and corporate securities. Consistent with City policy, almost 55% 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 Backed Securities, or Money Market Funds, which are all exempt or unrated. Investments at June 30, 2018, held on behalf of the City, are presented on the following page and categorized separately to give an indication of the level of risk associated with each investment. Investments are reported at fair value.



NOTE #3 – CASH AND INVESTMENTS (Continued)

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>% of Rated Portfolio</u>
Medium Term Corporate Notes	\$ 9,528,616	A	6.29%
Medium Term Corporate Notes	7,405,876	A-	4.89%
Medium Term Corporate Notes	4,187,206	A+	2.76%
Medium Term Corporate Notes	3,331,591	AA-	2.20%
Medium Term Corporate Notes	3,726,020	AA	2.46%
Medium Term Corporate Notes	4,424,597	AA+	2.92%
Medium Term Corporate Notes	1,909,670	AAA	1.26%
Medium Term Corporate Notes	3,705,275	BBB+	2.45%
Commercial Paper	16,955,225	A-1	11.19%
U.S. Agency Notes	16,899,828	AA+	11.14%
Certificates of Deposit - Negotiable	10,030,914	AA-	6.62%
Certificates of Deposit - Negotiable	11,776,147	A+	7.77%
Certificates of Deposit - Negotiable	3,858,682	A	2.55%
Certificates of Deposit - Negotiable	7,907,832	A-1	5.22%
Certificates of Deposit - Negotiable	4,023,289	A-1+	2.66%
Federal Agency Collateralized Mortgage Obligations	3,736,655	AA+	2.47%
Asset-Backed Securities	10,258,640	AAA	6.77%
Supra-National Agency Bond	17,715,946	AAA	11.69%
California Asset Management Program	31,641	AAAm	0.02%
Money Market Mutual Funds	<u>10,099,169</u>	AAAm	6.67%
Total Rated Investments	<u>151,512,819</u>		100.00%
U.S. Treasury Notes	66,188,792	Exempt	
Local Agency Investment Fund	25,378,054	Not Rated	
Money Market Mutual Funds	20,083	Not Rated	
Asset-Backed Securities	<u>5,650,801</u>	Not Rated	
Total Unrated Investments	<u>97,237,730</u>		
Total Investments	<u>\$ 248,750,549</u>		

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	\$ 18,863,917	7.59%

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

NOTE #3 – CASH AND INVESTMENTS (Continued)

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, 44.28% of the investment portfolio is concentrated in the zero to two year maturity range.

Investment Maturities

	Fair Value ⁽¹⁾	0-6 months	6-12 months	1-2 years	2-3 years	3-5 years	% of Portfolio
U.S. Treasury Notes	\$ 66,188,792	\$ 1,398,551	\$ 3,327,191	\$ 4,800,651	7,649,894	\$ 49,012,505	26.05
Commercial Paper	16,955,225	16,955,225	-	-	-	-	6.82
Medium-Term Corporate Notes	38,218,851	-	-	13,805,843	14,549,753	9,863,255	15.37
U.S. Agency Notes ⁽²⁾	16,899,828	-	-	-	7,478,127	9,421,701	7.34
Supra-National Agency Bond	17,715,946	-	-	1,892,140	12,983,449	2,840,357	7.12
Certificates of Deposit - Negotiable	37,596,864	-	11,931,121	18,543,951	7,121,792	-	15.12
Local Agency Investment Fund	25,378,054	25,378,054	-	-	-	-	10.20
Asset-Backed Securities	15,909,441	-	-	531,538	3,227,674	12,150,229	6.39
Federal Agency Collateralized	3,736,655	-	151,353	1,285,740	-	2,299,562	1.50
California Asset Management Program	31,641	31,641	-	-	-	-	0.01
Money Market Funds	10,119,252	10,119,252	-	-	-	-	4.08
Totals	\$ 248,750,549	\$ 53,882,723	\$ 15,409,665	\$ 40,859,863	\$ 53,010,689	\$ 85,587,609	
% of Portfolio		21.66	6.19	16.43	21.31	34.41	100.00

(1) Fair Value includes accrued interest.

(2) Any callable securities 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, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments Measured by Fair Value Level:			
U.S. Treasury Notes	\$ 66,188,792	\$ -	\$ 66,188,792
Commercial Paper	-	16,955,225	16,955,225
Medium-Term Corporate Notes	-	38,218,851	38,218,851
U.S. Agency Notes	-	16,899,828	16,899,828
Supra-National Agency Bond	-	17,715,946	17,715,946
Certificates of Deposit - Negotiable	-	37,596,864	37,596,864
Asset-Backed Securities	-	15,909,441	15,909,441
Federal Agency Collateralized	-	3,736,655	3,736,655
Subtotal	<u>\$ 66,188,792</u>	<u>\$ 147,032,810</u>	213,221,602
Investments Measured at Net Asset Value per Share:			
Held by Trustee:			
California Asset Management Program			31,641
Investments Measured at Amortized Cost:			
Held by Trustee:			
Money Market Funds			10,119,252
Investments Not Subject to Fair Value Hierarchy			
Local Agency Investment Fund			<u>25,378,054</u>
Total Investments			<u>\$ 248,750,549</u>

Investments classified in Level 1 of the fair value hierarchy of \$66,188,792 are valued using unadjusted quoted prices in an active market for identical assets at the measurement date. Level 2 investments totaling \$147,032,810 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. Fair value is defined as the quoted market value on the last trading day of the period.

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, 2018, the amortized cost of the pool was \$88,964,875,827 and the fair value was \$88,798,232,977. 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. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$65 million and at least 24

NOTE #3 – CASH AND INVESTMENTS (Continued)

hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule.

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, 2018, 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, 2018 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	\$ 546,651	\$ 781,584	\$ 21,748	\$ 20,431	\$ -	\$ -	\$ 1,370,414
Internal Service	-	16,303	-	33,129	-	-	49,432
Special Revenue	-	-	75,003	20,239	-	-	95,242
Debt Service	-	-	-	266	-	24,893,421 ⁽¹⁾	24,893,687
Capital Projects	-	7,016	553,706	21,368	-	-	582,090
Subtotal Governmental Activities	546,651	804,903	650,457	95,433	-	24,893,421	26,990,865
Less: Allowance	-	(315,197) ⁽²⁾	(553,706) ⁽³⁾	-	-	-	(868,903)
Total Governmental Activities	\$ 546,651	\$ 489,706	\$ 96,751	\$ 95,433	\$ -	\$ 24,893,421	\$ 26,121,962
Business-Type Activities:							
Wastewater	\$ -	\$ -	\$ -	\$ 25,534	\$ 1,723,616	\$ -	\$ 1,749,150
Solid Waste	-	16,920	-	3,724	1,753,061	-	1,773,705
Water	-	54,192	-	15,905	2,616,993	-	2,687,090
City Rentals	-	122,420	-	80	-	-	122,500
Housing	-	36,484	-	3,385	-	673,319 ⁽⁴⁾	713,188
Total Business-Type Activities	\$ -	\$ 230,016	\$ -	\$ 48,628	\$ 6,093,670	\$ 673,319	\$ 7,045,633

(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 receivables from ECCRFFA are unavailable and the revenue is not recognized until received.

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

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

Notes and Loans Receivable at June 30, 2018 were comprised of the following:

Governmental Activities:

Amounts Due from Successor Agency	\$ 24,893,421
Loans under City Low Income Housing (including interest)	<u>4,922,258</u>
Subtotal Governmental Funds	29,815,679
Less: Reservation for Loans Expected to be Forgiven	<u>(4,922,258)</u>
Net Notes and Loans Receivable	<u>\$ 24,893,421</u>

Business-Type Activities:

Down Payment Assistance and Gap Assistance Program Loans	\$ 673,319
Loans under Affordable Housing (including interest)	<u>6,718,870</u>
Subtotal Business-Type Activities	7,392,189
Less: Reservation for Loans Expected to be Forgiven	<u>(6,718,870)</u>
Net Notes and Loans Receivable	<u>\$ 673,319</u>

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

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, 2018 the City is owed \$673,319, 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 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, 2018 was \$24,893,421. 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. At June 30, 2018, the City's Low Income Housing and Affordable Housing loans were comprised of the amounts on the following page:

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

Governmental Activities:	
Brentwood/202 Senior Housing	\$ 314,550
Christian Church Homes/Sycamore II	1,089,047
Eden Housing	139,125
Mercy Housing	1,883,000
Brentwood Senior Commons	400,000
Brentwood Green Valley	1,096,536
Subtotal Loans under City Low Income Housing	4,922,258
Less: Reservation for Loans Expected to be Forgiven	(4,922,258)
Net Notes and Loans Receivable	\$ -
Business-Type Activities:	
Eden Housing	\$ 1,246,000
Mercy Housing	807,000
Meta Housing	4,665,870
Subtotal Loans under Affordable Housing	6,718,870
Less: Reservation for Loans Expected to be Forgiven	(6,718,870)
Net Notes and Loans Receivable	\$ -

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, 2018 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, 2018, principal and accrued interest total \$1,089,047. 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 #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE (Continued)

Eden Housing

In January 2005, the City 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, 2018, principal and accrued interest for both notes total \$1,385,125. 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.

Mercy Housing

In May 2006, the City 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, 2018, the principal and accrued interest due for both notes total \$2,690,000. 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, 2018, 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.

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

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.

In addition, all accrued but unpaid interest is forgiven so long as the note is not in default. As of June 30, 2018, the principal due for the note, before the forgiveness, totaled \$1,119,448. Per the terms of the note, \$22,912 of the principal and \$33,583 of the interest were forgiven at June 30, 2018. The remaining balance at June 30, 2018 totaled \$1,096,536. 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, 2018, principal and accrued interest total \$4,665,870. 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 #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE *(Continued)*

Amounts Due from East Contra Costa Regional Fee and Financing Authority

In July 2008, the City of Brentwood entered into a contribution agreement with the East Contra Costa Regional Fee and Financing Authority (ECCRFFA). As a requirement of the agreement, ECCRFFA will fund the construction of a portion of John Muir Parkway between Foothill Drive and Briones Valley Road located within the City of Brentwood. Since the City desired to construct this project in conjunction with an adjacent project for cost savings, ECCRFFA agreed to reimburse the City for actual costs incurred by the City up to a total cost of \$3,535,301 plus accrued interest. ECCRFFA will use Regional Transportation Development Impact Mitigation fees to reimburse the City for project costs as those fees are received and become available. As of June 30, 2018 the City has incurred \$533,109 of project costs and \$20,597 of accrued interest which has been recorded as accounts receivable, offset with unavailable revenue.

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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, 2018, are as follows:

	Balance July 1, 2017	Increases	Decreases	Transfers	Transfers to Successor Agency ⁽¹⁾	Balance June 30, 2018
Governmental Activities:						
Capital Assets, Not Being Depreciated or Amortized:						
Land	\$ 36,166,107	\$ -	\$ -	\$ -	\$ (1,327,129)	\$ 34,838,978
Work in Progress - CIP	10,067,221	14,185,473	-	(5,221,977)	-	19,030,717
Total Capital Assets, Not Being Depreciated or Amortized	46,233,328	14,185,473	-	(5,221,977)	(1,327,129)	53,869,695
Capital Assets, Being Depreciated and Amortized:						
Intangible Assets	6,258,156	-	-	-	-	6,258,156
Buildings	56,777,475	-	-	-	-	56,777,475
Infrastructure	466,411,959	7,783,737	-	262,115	-	474,457,811
Machinery and Equipment	7,423,306	9,453	(326)	1,930,606	-	9,363,039
Vehicles	11,747,236	1,318,854	(541,174)	-	-	12,524,916
Land Improvements	30,097,877	-	-	460,340	-	30,558,217
Total Capital Assets Being Depreciated and Amortized	578,716,009	9,112,044	(541,500)	2,653,061	-	589,939,614
Less Accumulated Depreciation and Amortization for:						
Intangible Assets	1,170,088	96,279	-	-	-	1,266,367
Buildings	8,220,685	1,133,391	-	-	-	9,354,076
Infrastructure	99,826,038	7,177,756	-	-	-	107,003,794
Machinery and Equipment	4,363,552	519,670	(327)	-	-	4,882,895
Vehicles	6,652,423	1,053,619	(532,605)	-	-	7,173,437
Land Improvements	5,380,629	649,169	-	-	-	6,029,798
Total Accumulated Depreciation and Amortization	125,613,415	10,629,884	(532,932)	-	-	135,710,367
Total Capital Assets, Being Depreciated and Amortized, Net	453,102,594	(1,517,840)	(8,568)	2,653,061	-	454,229,247
Governmental Activities Capital Assets, Net	\$ 499,335,922	\$ 12,667,633	\$ (8,568)	\$ (2,568,916)	\$ (1,327,129)	\$ 508,098,942

(1) As discussed in Note #12, pursuant to requirements of the State Controller's Office, the City transferred land parcels with a book value of \$1,327,129 to the Successor Agency during fiscal year 2018.

	Balance July 1, 2017	Increases	Decreases	Transfers	Transfers to Successor Agency ⁽¹⁾	Balance June 30, 2018
Business-Type Activities:						
Capital Assets, Not Being Depreciated or Amortized:						
Land	\$ 2,661,597	\$ -	\$ -	\$ -	\$ -	\$ 2,661,597
Work in Progress - CIP	4,795,460	2,682,937	(10,472)	878,796	-	8,346,721
Total Capital Assets, Not Being Depreciated or Amortized	7,457,057	2,682,937	(10,472)	878,796	-	11,008,318
Capital Assets, Being Depreciated and Amortized:						
Intangible Assets	18,950,632	-	-	-	-	18,950,632
Buildings	25,606,035	-	-	-	-	25,606,035
Infrastructure	248,960,096	3,917,872	-	1,485,319	-	254,363,287
Machinery and Equipment	3,317,033	224,072	-	204,801	-	3,745,906
Land Improvements	10,925,186	-	-	-	-	10,925,186
Total Capital Assets Being Depreciated and Amortized	307,758,982	4,141,944	-	1,690,120	-	313,591,046
Less: Accumulated Depreciation and Amortization for:						
Intangible Assets	3,535,550	387,702	-	-	-	3,923,252
Buildings	6,729,874	513,215	-	-	-	7,243,089
Infrastructure	47,221,659	3,822,854	-	-	-	51,044,513
Machinery and Equipment	1,362,229	119,055	-	-	-	1,481,284
Land Improvements	2,766,322	192,864	-	-	-	2,959,186
Total Accumulated Depreciation and Amortization	61,615,634	5,035,690	-	-	-	66,651,324
Total Capital Assets, Being Depreciated and Amortized, Net	246,143,348	(893,746)	-	1,690,120	-	246,939,722
Business-Type Activities Capital Assets, Net	\$ 253,600,405	\$ 1,789,191	\$ (10,472)	\$ 2,568,916	\$ -	\$ 257,948,000

NOTE #5 – CAPITAL ASSETS (Continued)

For the year ended June 30, 2018, depreciation and amortization expense on capital assets was charged as follows:

Governmental Activities:	
General Government	\$ 3,139,856
Public Safety	352,029
Community Development	1,937
Public Works	4,476,783
Parks and Recreation	1,412,945
Internal Service	<u>1,246,334</u>
Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 10,629,884</u>
Business-Type Activities:	
Wastewater	\$ 1,610,481
Solid Waste	186,924
Water	3,191,252
Housing	<u>47,033</u>
Total Depreciation and Amortization Expense - Business-Type Activities	<u>\$ 5,035,690</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 expense 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 expense as of June 30, 2004 and is amortizing the expense over 40 years. The capacity right does not confer title or ownership of the facility, but merely reserves capacity in the facility.

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



NOTE #5 – CAPITAL ASSETS (Continued)

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

NOTE #6 – LONG-TERM OBLIGATIONS

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

A. GOVERNMENTAL ACTIVITIES

	Balance June 30, 2017	Additions	Payments/ Adjustments	Balance June 30, 2018	Amounts Due Within One Year
Bonds					
Capital Improvement Revenue Refunding Bonds Series 2012	\$ 19,610,000	\$ -	\$ (965,000)	\$ 18,645,000	\$ 1,020,000
General Obligation Bonds Series 2002	6,212,789	351,899 ⁽¹⁾	(490,000)	6,074,688	515,000
2009 Civic Center Project Lease Revenue Bonds	43,945,000	-	(1,125,000)	42,820,000	1,170,000
2015 Lease Financing	11,180,000	-	(435,000)	10,745,000	450,000
Bond Premium	1,019,934	-	(67,625)	952,309	-
Total Bonds	<u>81,967,723</u>	<u>351,899</u>	<u>(3,082,625)</u>	<u>79,236,997</u>	<u>3,155,000</u>
Notes Payable					
Successor Agency Payment Plan	<u>13,382,317</u>	-	<u>(1,294,412)</u>	<u>12,087,905</u>	<u>1,376,499</u>
Total Notes Payable	<u>13,382,317</u>	-	<u>(1,294,412)</u>	<u>12,087,905</u>	<u>1,376,499</u>
Other					
Net OPEB Liability	29,777,006 ⁽²⁾	-	(2,072,852) ⁽³⁾	27,704,154	-
Net Pension Liability	32,777,998	7,643,944	-	40,421,942	-
Accumulated Compensated Absences	<u>1,554,879</u>	<u>1,799,617</u>	<u>(1,823,770)</u>	<u>1,530,726</u>	<u>918,436</u>
Total Other	<u>64,109,883</u>	<u>9,443,561</u>	<u>(3,896,622)</u>	<u>69,656,822</u>	<u>918,436</u>
Total Governmental Activities Long-Term Obligations	<u>\$ 159,459,923</u>	<u>\$ 9,795,460</u>	<u>\$ (8,273,659)</u>	<u>\$ 160,981,724</u>	<u>\$ 5,449,935</u>

(1) Accreted Interest

(2) Beginning balance has been restated in accordance with the implementation of GASB 75.

(3) OPEB Liability and Pension Liability are typically liquidated by the General Fund, Citywide Park Assessment District Fund, Fleet Maintenance Fund, Facilities Maintenance Fund and Information Services Fund.

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, 2018, 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, 2019. 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 \$18,946,669 remaining share of debt service on the bonds, which is scheduled to occur in 2032. For FY 2017/18, gross tax revenue available to be distributed to the Successor Agency totaled \$8,207,807, which represented coverage of 6.03 times \$1,360,800 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
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	1,185,000	724,781	1,909,781
2023	1,250,000	662,425	1,912,425
2024-2028	6,990,000	2,292,788	9,282,788
2029-2032	6,000,000	586,388	6,586,388
Total	\$ 18,645,000	\$ 6,793,395	\$ 25,438,395

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.

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

Year Ending June 30	Principal	Total
2019	\$ 515,000	\$ 515,000
2020	540,000	540,000
2021	570,000	570,000
2022	595,000	595,000
2023	625,000	625,000
2024-2028	3,630,000	3,630,000
2029-2031	<u>2,645,000</u>	<u>2,645,000</u>
Subtotal	9,120,000	<u>\$ 9,120,000</u>
Future Accretion	<u>(3,045,312)</u>	
Total	<u>\$ 6,074,688</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 CIFP revenues.

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, 2018, 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, 2019.

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.

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

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 2017/18 was \$1,041,299.

Year Ending June 30	Principal	Interest	Total
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	1,320,000	2,886,861	4,206,861
2023	1,375,000	2,797,392	4,172,392
2024-2028	7,860,000	12,405,794	20,265,794
2029-2033	9,950,000	9,097,957	19,047,957
2034-2038	12,670,000	4,808,051	17,478,051
2039-2040	5,995,000	463,980	6,458,980
Total	\$ 42,820,000	\$ 41,595,391	\$ 84,415,391

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
2019	\$ 450,000	\$ 341,900	\$ 791,900
2020	465,000	327,031	792,031
2021	480,000	311,675	791,675
2022	495,000	295,831	790,831
2023	510,000	279,500	789,500
2024-2028	2,810,000	1,133,763	3,943,763
2029-2033	3,290,000	639,113	3,929,113
2034-2036	2,245,000	110,906	2,355,906
Total	\$ 10,745,000	\$ 3,439,719	\$ 14,184,719

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

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.

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.



NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

Year Ending June 30	Principal	Interest	Total
2019	\$ 1,376,499	\$ -	\$ 1,376,499
2020	1,460,783	-	1,460,783
2021	1,548,919	-	1,548,919
2022	1,638,690	-	1,638,690
2023	1,731,800	-	1,731,800
2024-2026	4,331,214	-	4,331,214
Total	\$ 12,087,905	\$ -	\$ 12,087,905

iii. Net OPEB Liability 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 Liability and Net Pension Liability. Details regarding the City’s Net Pension Liability and Net OPEB Liability can be found in Note #9 and Note #11, respectively.

iv. Accumulated Compensated Absences

The long-term compensated absences balances as of June 30, 2018 were:

Governmental	\$ 612,290
Business-Type	\$ 185,849

B. BUSINESS-TYPE ACTIVITIES

	Balance July 1, 2017	Additions	Payments Adjustments	Balance June 30, 2018	Amounts Due Within One Year
Bonds					
Water Revenue Bonds Series 2008	\$ 1,460,000	\$ -	\$ (1,460,000)	\$ -	\$ -
Water Revenue Refunding Bonds Series 2014	42,810,000	-	(1,550,000)	41,260,000	1,610,000
Net Bond Premium	5,293,942	-	(252,093)	5,041,849	-
Total Bonds	49,563,942	-	(3,262,093)	46,301,849	1,610,000
Notes Payable					
State Water Resources Loan (Wastewater)	12,862,991	-	(2,049,105)	10,813,886	2,086,094
Total Notes Payable	12,862,991	-	(2,049,105)	10,813,886	2,086,094
Other					
Purchase of Capacity Rights	3,341,240	-	(1,670,620)	1,670,620	1,670,620
Net OPEB Liability	10,105,994 ⁽¹⁾	414,852	-	10,520,846	-
Net Pension Liability	10,076,633	1,575,723	-	11,652,356	-
Accumulated Compensated Absences	456,499	660,127	(652,005)	464,621	278,772
Total Other	23,980,366	2,650,702	(2,322,625)	24,308,443	1,949,392
Total Business-Type Activities Long-Term Obligations	\$ 86,407,299	\$ 2,650,702	\$ (7,633,823)	\$ 81,424,178	\$ 5,645,486

(1) Beginning balance has been restated in accordance with the implementation of GASB 75.

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

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. During the year ended June 30, 2018 the City made the final payment on the unrefunded portion of the 2008 Water Bonds.

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, 2018. Total annual debt service payments, including interest at rates from 3.0 to 5.0%, range from \$1,966,100 to \$3,517,350. Future payments for these bonds are as follows:

Year Ending June 30	Principal	Interest	Total
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	1,860,000	1,650,350	3,510,350
2023	1,950,000	1,557,350	3,507,350
2024-2028	9,985,000	6,253,500	16,238,500
2029-2033	10,040,000	4,210,800	14,250,800
2034-2038	12,350,000	1,888,000	14,238,000
Total	\$ 41,260,000	\$ 21,026,800	\$ 62,286,800

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 1) the Adjusted Annual Net Water Revenues equal at least 125% of the annual principal and interest payments on the bonds or 2) the Net Operating Revenues equal at least 100% of the annual principal and interest payments on the bonds, whichever is higher. 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. Net Operating Revenues is defined as the Adjusted Annual Net Water Revenues less net impact fees and credits received. In FY 2017/18, the Water Fund's principal and interest paid was

NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

\$5,060,050, Net Operating Revenues were \$5,060,178 and Adjusted Annual Net Water Revenues were \$8,516,795, meeting bond covenant debt coverage requirements.

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, 2018, the City’s gross repayment obligation totaled \$11,406,475 and is being reported in the accompanying financial statement net of the unamortized discount of \$592,589. During FY 2017/18, the City repaid \$2,049,105 on the obligation and amortized \$232,190 of the discount which was reported as interest expense.

Year Ending June 30	Principal	Interest	Total
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	2,201,113	80,182	2,281,295
2023	2,240,846	40,449	2,281,295
Total	\$ 10,813,886	\$ 592,589	\$ 11,406,475

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. As of June 30, 2018, four installment payments have been made with one payment of \$1,670,620 remaining to be paid in FY 2018/19.

State Revolving Fund Loan

The City entered into a loan and grant agreement with the California State Water Resources Control Board for Clean Water State Revolving Fund project financing.

The agreement was executed in July, 2017 in the amount of \$20,802,000 to fund the City’s Water Recycling Projects, which consists of three City projects, the Non-Potable Storage Facility, Citywide Non-Potable Water Distribution System, and Secondary Non-Potable Water



NOTE #6 – LONG-TERM OBLIGATIONS (Continued)

Storage Facility. Project financing will consist of a State Revolving Fund loan and grant funding in estimated amounts of \$14,596,500 and \$6,205,500, respectively. Certain terms of the loan were amended in September, 2018, under which the City was to start construction no later than June 25, 2018 with construction expected to be completed by June 30, 2021. The loan bears annual interest of 1.0% which begins accruing with each financing disbursement. Beginning one year after completion of construction, repayment of the loan principal plus interest will be made annually according to the final payment schedule provided by the State. As of June 30, 2018, the City has incurred \$455,000 of eligible project costs, however, a financing disbursement request was not submitted to the State by that date, therefore, the City has not drawn down any loan proceeds.

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
City of Brentwood - Limited Obligation Improvement Bonds, Randy Way Sewer Line • 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	\$680,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2012 A (Refinancing of CIPF's 96-1, 98-1 and 99-1) • 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	\$11,290,000
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) • 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	\$64,380,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2018A (Refinancing of CIPF's 2002-1, 2003-1 and 2004-1) • Dated February 6, 2018 • Annual debt service payments, including interest at 2.19 % to 4.15 %, range from \$1,228,923 to \$3,271,266 • Final payment due September 2034	\$38,120,000
Total Assessment District Debt	\$ 114,470,000

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 and Capacity Rights – 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 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.

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, 2018 are summarized on the following page:

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

	Miscellaneous Plan		
	Tier 1	Tier 2	Tier 3
	Prior to October 1, 2010	After September 30, 2010	After December 31, 2012
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 (Normal Cost)	11.483%	11.483%	11.483%
Maximum COLA	5.00%	2.00%	2.00%
Final Average Compensation Period	One Year	Three Years	Three Years
Unfunded Accrued Liability Annual Payment	\$ 1,439,541	\$ 1,722	\$ 2,067

b. Employees Covered

At the June 30, 2017 measurement date, the most recent valuation available, the following plan participants were covered by the benefit terms:

	Miscellaneous Plan			Total
	Tier 1	Tier 2	Tier 3	
Inactive Employees or Beneficiaries Currently Receiving Benefits	146	-	-	146
Inactive Employees Entitled to but not yet Receiving Benefits	135	-	-	135
Active Employees	136	44	38	218
Total	417	44	38	499

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.

For the year ended June 30, 2018, the contributions to the Miscellaneous Plan were \$3,754,868 for the employer paid contributions.

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the Net Pension Liability is shown in Note #9D.

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)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016	\$ 112,379,297	\$ 83,231,411	\$ 29,147,886
Changes recognized for the measurement period			
Service Cost	\$ 3,661,191	\$ -	\$ 3,661,191
Interest on the Total Pension Liability	8,667,128	-	8,667,128
Differences Between Actual and Expected Experience	450,022	-	450,022
Changes in Assumptions	8,261,128	-	8,261,128
Contribution - Employer	-	3,478,686	(3,478,686)
Contribution - Employee	-	1,462,634	(1,462,634)
Net Investment Income	-	9,349,273	(9,349,273)
Benefit Payments, Including Refunds of Employee Contributions	(3,404,988)	(3,404,988)	-
Administrative Expense	-	(122,886)	122,886
Net Changes	<u>17,634,481</u>	<u>10,762,719</u>	<u>6,871,762</u>
Balance at June 30, 2017	<u>\$ 130,013,778</u>	<u>\$ 93,994,130</u>	<u>\$ 36,019,648</u>

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

The table on the following page presents the Net Pension Liability, calculated using the discount rate of 7.15%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate.

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

	<u>Miscellaneous Plan</u>	
1% Decrease		6.15%
Net Pension Liability	\$	56,757,826
Current Discount Rate		7.15%
Net Pension Liability	\$	36,019,648
1% Increase		8.15%
Net Pension Liability	\$	19,126,809

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 Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense for the Miscellaneous Plan of \$3,922,584. At June 30, 2018 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	\$ 3,754,868	\$ -
Differences Between Actual and Expected Experience	867,619	(92,018)
Changes in Assumptions	6,294,193	(628,581)
Net Differences Between Projected and Actual Earnings on Plan Investments	1,218,094	-
Total	<u>\$ 12,134,774</u>	<u>\$ (720,599)</u>

Deferred Outflows of Resources related to contributions subsequent to the measurement date in the amount of \$3,754,868 will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized as pension expense on the following page:

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

<u>Miscellaneous Plan</u>	
<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual</u> <u>Amortization</u>
2019	\$ 1,802,715
2020	3,494,996
2021	2,616,940
2022	(255,344)

v. Payable to the Miscellaneous Plan

At June 30, 2018, the City reported a payable of \$332,826 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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.

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, 2018, are summarized on the following page:



NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

	Safety Plan		
	Tier 1	Tier 2	Tier 3
	Prior to September 1, 2012	After August 31, 2012	After December 31, 2012
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	21.815%	16.842%	11.990%
COLA	5.00%	2.00%	2.00%
Final Average Compensation Period	One Year	Three Years	Three Years
Unfunded Accrued Liability Annual Payment	\$ 638,939	\$ 579	\$ 990

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 \$150,751 in FY 2017/18.

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, 2018, the contributions to the Safety Plan were \$2,126,779 for the employer paid contributions.

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

As of June 30, 2018, the City reported Net Pension Liabilities for its proportionate share of the Net Pension Liability of the Safety Plan of \$16,054,650.

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

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, 2017, 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, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension 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, 2016 and 2017 was as follows:

<u>Proportionate Share of Net Pension Liability</u>	<u>Safety Plan</u>
Proportion - June 30, 2016	0.26465%
Proportion - June 30, 2017	0.26869%
Change - Increase (Decrease)	0.00404%

For the year ended June 30, 2018, the City recognized pension expense of \$1,002,024 for the Safety Plan. At June 30, 2018 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	\$ 2,126,779	\$ -
Differences Between Actual and Expected Experience	193,714	(50,506)
Changes in Assumptions	2,809,333	(215,540)
Change in the Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	1,191,538	(62,541)
Net Differences Between Projected and Actual Earnings on Plan Investments	612,545	-
Total	<u>\$ 6,933,909</u>	<u>\$ (328,587)</u>

Deferred Outflows of Resources related to contributions subsequent to the measurement date in the amount of \$2,126,779 will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized as pension expense, as summarized on the following page.

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

<u>Safety Plan</u>	
<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual</u> <u>Amortization</u>
2019	1,351,548
2020	2,228,745
2021	1,256,670
2022	(358,420)

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 7.15%, 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 (6.15%) or 1 percentage-point higher (8.15%) than the current rate.

		<u>Safety Plan</u>
1% Decrease		6.15%
Net Pension Liability	\$	25,335,522
Current Discount Rate		7.15%
Net Pension Liability	\$	16,054,650
1% Increase		8.15%
Net Pension Liability	\$	8,467,999

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, 2018, the City reported a payable of \$178,268 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Safety and Miscellaneous Plans</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.625%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.9%
Investment Rate of Return ⁽¹⁾	7.15%
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 expense, including inflation.

(2) The mortality rate table used was developed based on CalPER's specific data. The table include 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.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2015 CalPERS actuarial experience study. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

ii. Safety and Miscellaneous Plans Changes of Assumptions

In 2017, the accounting discount rate was reduced from 7.65% to 7.15%.

iii. Safety and Miscellaneous Plans Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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.

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% 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 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 following table 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 pension plan investment expense and inflation.

<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	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	<u>100%</u>		

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

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

NOTE #9 – DEFINED BENEFIT PENSION PLANS (Continued)

iv. Subsequent Events

In December 2016, CalPERS' Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years, beginning in FY 2017/18. The change in the discount rate will affect the contribution rates for employers beginning in FY 2018/19, and result in increases to employers' normal costs and unfunded actuarial liabilities.

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 coverage, \$50,000 deductible); Government Crime (\$1 million coverage, \$2,500 deductible); Public Entity Pollution (\$1 million coverage, \$100,000 deductible); Boiler and Machinery (\$100 million coverage, \$5,000 deductible) and Workers Compensation (coverage in excess of 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, 2018 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. GENERAL INFORMATION ABOUT THE CITY’S RETIREE HEALTHCARE PLAN

Plan Benefits and Benefits Provided

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 as follows:

Eligibility	Retire directly from the City under CalPERS (Age 50 ⁽¹⁾ with 5 years CalPERS service, or disability)					
Medical	City paid premium, subject to caps:					
	Hired < 7/1/12				Hired ≥ 7/1/12	
	Retire < 7/1/12		Retire ≥ 7/1/12			
	Misc	Safety	Misc	Safety ⁽²⁾	Misc	Safety
	2017	\$1,466.78	\$1,326.63	\$1,500.00	\$128.00	
2018	1,559.72	1,326.63	1,500.00	133.00		
2019 ⁽³⁾ +	Kaiser Dual		1,326.63 ⁽⁴⁾	1,500.00 ⁽⁴⁾	PEMHCA Minimum	
Surviving Spouse	100% of retiree benefit continues to surviving spouse if retiree elects CalPERS survivor annuity					
Other	No dental, vision, life, or Medicare Part B reimbursement					

(1) Age 52 for Miscellaneous PEPRAs employees.

(2) Council members retired after 7/1/12 and hired before 7/1/12 get the same benefit as safety group.

(3) Based on Basic (non-Medicare) premiums.

(4) Not less than Kaiser single premium.

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

Employees Covered by Benefit Terms

Membership in the plan consisted of the following at the measurement date of June 30, 2017:

	Number of Covered Participants
Active employees	281
Inactive employees or beneficiaries currently receiving benefits	119
Inactive participants entitled to benefit payments	-
Total	400

B. NET OPEB LIABILITY

Actuarial Methods and Assumptions

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 to determine the total OPEB liability as of June 30, 2017, based on the following actuarial methods and assumptions:

Actuarial Assumption	June 30, 2017 Measurement Date
Actuarial Valuation Date	June 30, 2017
Contribution Policy	City contributes 85% of ADC
Discount Rate	6.75% at June 30, 2017 6.75% at June 30, 2016
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Projected fully generational with Scale MP-2017
Salary Increases	Aggregate - 3% Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
PEMHCA minimum increases	4.25% annually
Healthcare participation	Hired < 7/1/12: 100% Hired > 7/1/12: 60%

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

The underlying mortality assumptions were based on the Scale MP-2014 and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a June 30, 2017 actuarial experience study for the period July 1, 2016 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class Component	Target Allocation ⁽¹⁾	Expected Real Rate of Return
Public Equity	57%	4.82%
Fixed Income	27%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Assumed Long-Term Rate of Inflation		2.75%
Assumed Long-Term Investment Expenses		n/a
Expected Long-Term Net Rate of Return, Rounded		6.75%
Discount Rate ⁽²⁾		6.75%

(1) Provided by CalPERS' Strategic Asset Allocation Analysis Overview in August 2014 - Strategy 1.

(2) The fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan assets are expected to be invested using the strategy to achieve the expected return.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability

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

C. CHANGES IN NET OPEB LIABILITY

The following summarizes the changes in the net OPEB liability:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/17 (Measurement date 6/30/16)	\$ 44,378,000	\$ 4,495,000	\$ 39,883,000
Changes for the year			
Service Cost	1,629,000	-	1,629,000
Interest	3,050,000	-	3,050,000
Difference between actual and expected experience	-	-	-
Assumption changes	-	-	-
Contributions - employer ⁽¹⁾	-	5,708,000	(5,708,000)
Contributions - employee	-	-	-
Net investment income	-	632,000	(632,000)
Benefit payments and refunds ⁽¹⁾	(1,653,000)	(1,653,000)	-
Administrative expenses	-	(3,000)	3,000
Net Changes	<u>3,026,000</u>	<u>4,684,000</u>	<u>(1,658,000)</u>
Balance at 6/30/18 (Measurement date 6/30/17)	<u>\$ 47,404,000</u>	<u>\$ 9,179,000</u>	<u>\$ 38,225,000</u>

(1) Includes \$4,055,000 City contribution to trust, \$1,453,000 cash benefit payments and \$200,000 Implied Subsidy benefit payments (both paid outside of trust).

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report that may be obtained from 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, at P.O. Box 942703, Sacramento, CA 94229-2703. The benefit payments and refunds include implied subsidy benefit payments in the amount of \$200,000.

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

D. SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE AND HEALTHCARE COST TREND RATES

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be, if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

	Discount Rate		
	5.75% (1% Decrease)	6.75% (Current Rate)	7.75% (1% Increase)
Net OPEB Liability	\$ 45,603,000	\$ 38,225,000	\$ 32,276,000

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current healthcare cost trend rates:

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 31,551,000	\$ 38,225,000	\$ 46,609,000

E. OPEB EXPENSE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$4,204,000. At June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earning on plan investments	-	(153,999)
Employer contributions made subsequent to the measurement date ⁽¹⁾	4,510,871	-
Total	\$ 4,510,871	\$ (153,999)

(1) Actual employer contributions paid to the trust plus actual benefit payments paid from employer resources outside of trust between the measurement date and fiscal year end.

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

\$4,510,871 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

<u>Year ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2019	\$ (38,000)
2020	(38,000)
2021	(38,000)
2022	(39,999)

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 served in this capacity from April 11, 2012 until June 30, 2018. Effective July 1, 2018, a new Countywide Oversight Board was established pursuant to the dissolution law. 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 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. 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, 2018, 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, 2018.

B. CAPITAL ASSETS

Capital assets of the Successor Agency, as of June 30, 2018, are as follows:

	Balance July 1, 2017	Increases	Decreases	Transfers from City ⁽¹⁾	Balance June 30, 2018
Successor Agency Activities:					
Capital Assets, Not Being Depreciated or Amortized:					
Land	\$ -	\$ -	\$ -	\$ 1,327,129	\$ 1,327,129
Total Capital Assets, Not Being Depreciated or Amortized	-	-	-	1,327,129	1,327,129
Capital Assets, Net	\$ -	\$ -	\$ -	\$ 1,327,129	\$ 1,327,129

(1) Pursuant to requirements of the State Controller's Office, the City transferred land parcels with a book value of \$1,327,129 to the Successor Agency during fiscal year 2018.



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

C. 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, 2018.

	<u>Balance</u> <u>June 30, 2017</u>	<u>Payments</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Amounts Due</u> <u>Within One Year</u>
CIP 2012 Revenue Refunding Bonds	\$ 14,280,000	\$ (655,000)	\$ 13,625,000	\$ 690,000
2009 Civic Center Project Lease Revenue Bonds	<u>11,564,474</u>	<u>(296,053)</u>	<u>11,268,421</u>	<u>307,895</u>
Total	<u>\$ 25,844,474</u>	<u>\$ (951,053)</u>	<u>\$ 24,893,421</u>	<u>\$ 997,895</u>

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, 2018. 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 \$18,946,669 remaining share of debt service on the bonds, which is scheduled to occur in 2032.



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

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 obligation on its ROPS and the DOF has approved its inclusion for each applicable ROPS period through June 30, 2019. 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 \$22,214,577 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 as follows:

Year Ending June 30	Principal	Interest	Total
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	1,152,368	1,311,825	2,464,193
2023	1,206,842	1,247,031	2,453,873
2024-2028	6,978,421	5,123,683	12,102,104
2029-2033	7,503,421	2,897,325	10,400,746
2034-2038	3,334,211	1,265,277	4,599,488
2039-2040	1,577,631	122,100	1,699,731
Total Payments Due	\$ 24,893,421	\$ 16,267,825	\$ 41,161,246

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

D. PLEGGED 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 \$41,161,246 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 2017/18, gross tax increment available to be distributed to the Successor Agency was \$8,207,807, which represents coverage of 329% of the FY 2017/18 debt service requirements.

E. 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. In addition, the City complied with the State Controller's order to return the land/building assets to the Successor Agency. These transfers were conveyed to the Successor Agency by grant deeds recorded in the Official Records of Contra Costa County on March 21, 2018. 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, 2018 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.

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, 2018, was \$2,543,512, after a total of \$2,101,579 was used as credits and an additional \$663,754 was added by agreements during FY 2017/18. 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, 2018, the City had several commitments with respect to unfinished capital projects. Outstanding commitments with respect to unfinished major capital projects as follows:

<u>Project Name</u>	<u>Outstanding Commitments</u>
Citywide Non-Potable Water Distribution System	\$ 404,519
Garin Park Playground Replacement	229,004
John Muir Parkway Extension - Phase II	179,823
Library - New Construction	3,053,795
McClarren Park Improvements - Phase II	286,667
Municipal Service Center	3,003,740
Non-Potable Storage Facility	11,762,713
Pavement Management Program - 2018	298,331
Wastewater Treatment Plant - Phase II Expansion	1,239,789
Total	\$ 20,458,381

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 systems at the Police Department site, Wastewater Treatment Plant site and Brentwood Family Aquatic Complex became operational July 2015, September 2016 and November 2016 respectively. 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.

F. PENSION LIABILITY PAY DOWN

On July 2, 2018, the City made a voluntary payment to CalPERS to be applied to the unfunded accrued liability for the Miscellaneous Pension Plan in the amount of \$9,511,348 and to the unfunded accrued liability for Safety Pension Plan in the amount of \$3,098,238. These voluntary payments will reduce anticipated future increases in pension contribution rates and required annual payments toward the unfunded accrued liability.

NOTE #14 – NET POSITION RESTATEMENTS

GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, requires the restatement of the financial statements for the effect of recording the City's Net OPEB Liability and Deferred Outflows/Inflows of Resources Related to OPEB. The effects of the restatement on the beginning balance decreased Governmental Activities, which includes the Internal Service Funds, net position by \$12,976,989 and decreased Business-Type Activities net position by \$4,899,011 as follows:

Fund	<u>Restatement</u>
Housing Enterprise	\$ 127,777
Solid Waste Enterprise	1,723,317
Water Enterprise	1,772,154
Wastewater Enterprise	1,275,763
Total	<u>\$ 4,899,011</u>



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Budgetary Comparison Schedule, General Fund
For Year Ended June 30, 2018

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes	\$ 20,916,657	\$ 22,176,657	\$ 23,443,182	\$ 1,266,525
Licenses	678,183	678,183	710,091	31,908
Permits and Fines	5,095,458	4,869,683	6,062,836	1,193,153
Uses of Money and Property	463,740	473,190	350,909	(122,281)
Intergovernmental	4,000,996	4,290,996	4,419,653	128,657
Franchises	1,590,349	1,590,349	1,499,715	(90,634)
Charges for Other Services	480,296	480,296	573,488	93,192
Charges to Other Funds	7,264,170	7,284,170	7,333,321	49,151
Fees and Other Revenues	1,974,610	2,103,860	2,157,493	53,633
Total Revenues	42,464,459	43,947,384	46,550,688	2,603,304
EXPENDITURES				
Current:				
General Government	7,308,602	7,552,041	6,416,507	1,135,534
Public Safety	24,035,153	24,241,156	22,120,911	2,120,245
Community Development	5,284,804	6,089,408	4,700,806	1,388,602
Engineering	3,628,957	3,666,753	3,315,619	351,134
Public Works	3,455,419	3,623,991	3,548,386	75,605
Parks and Recreation	5,961,537	6,393,680	6,260,262	133,418
Community Services	855,053	899,546	634,038	265,508
Debt Service:				
Principal	1,294,413	1,294,413	1,294,412	1
Total Expenditures	51,823,938	53,760,988	48,290,941	5,470,047
REVENUES OVER (UNDER) EXPENDITURES	(9,359,479)	(9,813,604)	(1,740,253)	8,073,351
OTHER FINANCING SOURCES (USES)				
Transfers In	9,903,410	14,558,525	10,339,770	(4,218,755)
Transfers Out	(2,213,579)	(3,435,962)	(3,435,962)	-
Total Other Financing Sources (Uses)	7,689,831	11,122,563	6,903,808	(4,218,755)
Net Change in Fund Balances	\$ (1,669,648)	\$ 1,308,959	5,163,555	\$ 3,854,596
Fund Balance, Beginning of Year			23,405,903	
Fund Balance, End of Year			\$ 28,569,458	



Budgetary Comparison Schedule, Landscape and Lighting Assessment Districts
For Year Ended June 30, 2018

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Uses of Money and Property	\$ 48,171	\$ 48,171	\$ 8,596	\$ (39,575)
Fees and Other Revenues	6,171,993	8,441,680	8,463,975	22,295
Total Revenues	6,220,164	8,489,851	8,472,571	(17,280)
EXPENDITURES				
Current:				
Community Services	7,882,554	8,309,907	7,198,793	1,111,114
Total Expenditures	7,882,554	8,309,907	7,198,793	1,111,114
REVENUES OVER (UNDER) EXPENDITURES	(1,662,390)	179,944	1,273,778	1,093,834
Net Change in Fund Balances	\$ (1,662,390)	\$ 179,944	1,273,778	\$ 1,093,834
Fund Balance, Beginning of Year			4,323,759	
Fund Balance, End of Year			\$ 5,597,537	

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	2015/16	2016/17
Total Pension Liability				
Service Cost	\$ 3,353,880	\$ 3,211,232	\$ 3,290,164	\$ 3,661,191
Interest on Total Pension Liability	6,770,097	7,308,678	7,977,448	8,667,128
Differences Between Expected and Actual Experience	-	(304,364)	1,001,785	450,022
Changes in Assumptions	-	(2,079,150)	-	8,261,128
Changes in Benefits	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,206,639)	(2,590,999)	(3,047,166)	(3,404,988)
Net Change in Total Pension Liability	7,917,338	5,545,397	9,222,231	17,634,481
Total Pension Liability - Beginning	89,694,331	97,611,669	103,157,066	112,379,297
Total Pension Liability - Ending (a)	\$ 97,611,669	\$ 103,157,066	\$ 112,379,297	\$ 130,013,778
Plan Fiduciary Net Position				
Contributions - Employer ⁽²⁾	\$ 3,057,063	\$ 2,781,741	\$ 3,437,164	\$ 3,478,686
Contributions - Employee	1,024,271	1,314,854	1,370,153	1,462,634
Net Investment Income ⁽³⁾	11,435,505	1,744,327	437,912	9,349,273
Benefit Payments	(2,206,639)	(2,590,999)	(3,047,166)	(3,404,988)
Plan to Plan Resource Movement	-	(32,597)	-	-
Administrative Expense	-	(91,288)	(49,416)	(122,886)
Net Change in Plan Fiduciary Net Position	13,310,200	3,126,038	2,148,647	10,762,719
Plan Fiduciary Net Position - Beginning	64,646,526	77,956,726	81,082,764	83,231,411
Plan Fiduciary Net Position - Ending (b)	\$ 77,956,726	\$ 81,082,764	\$ 83,231,411	\$ 93,994,130
Net Pension Liability - Ending (a)-(b)	\$ 19,654,943	\$ 22,074,302	\$ 29,147,886	\$ 36,019,648
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.86%	78.60%	74.06%	72.30%
Covered Payroll	\$ 16,622,216	\$ 16,773,838	\$ 17,716,086	\$ 19,133,306
Net Pension Liability as Percentage of Covered Payroll	118.25%	131.60%	164.53%	188.26%

(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:

FY 2014/15: 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.

FY 2015/16: None

FY 2016/17: In 2017, the accounting discount rate was reduced from 7.65% to 7.15%.



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

	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Actuarially Determined Contribution (ADC)	\$ 2,786,805	\$ 3,061,100	\$ 3,480,381	\$ 3,478,686
Contributions in Relation to the Actuarially Determined Contributions	<u>(2,786,805)</u>	<u>(3,061,100)</u>	<u>(3,480,381)</u>	<u>(3,478,686)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 16,773,838</u>	<u>\$ 17,716,086</u>	<u>\$ 19,133,306</u>	<u>\$ 20,640,271</u>
Contributions as a Percentage of Covered Payroll	16.61%	17.28%	18.19%	16.85%

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

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>
ADC for Fiscal Year	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
Average Remaining Period	26 years as of the valuation date	N/A	N/A	N/A
Asset Valuation Method	15-Year Smoothed Market	Market Value	Market Value	Market Value
Inflation	2.75%	2.75%	2.75%	2.75%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service
Payroll Growth	3.00%	3.00%	3.00%	3.00%
Investment Rate of Return	7.50%, net of investment and administrative expenses, including inflation	7.50%, net of investment and administrative expenses, including inflation	7.50%, net of investment and administrative expenses, including inflation	7.50%, net of investment and administrative expenses, including inflation
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.
Source	Actuarial Valuation as of June 30, 2012	Actuarial Valuation as of June 30, 2013	Actuarial Valuation as of June 30, 2014	Actuarial Valuation as of June 30, 2015

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

Measurement Period	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
Safety Plan				
Proportion of the Net Pension Liability	0.2421%	0.2513%	0.2646%	0.2687%
Proportionate Share of the Net Pension Liability	\$ 9,080,048	\$ 10,355,885	\$ 13,706,745	\$ 16,054,650
Covered Payroll	\$ 12,883,348	\$ 5,577,559	\$ 7,438,782	\$ 7,585,314
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	70.48%	185.67%	184.26%	211.65%
Plan's Fiduciary Net Position	\$ 39,786,396	\$ 44,008,978	\$ 45,031,490	\$ 46,175,307
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	81.42%	80.95%	76.66%	74.72%

(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⁾

	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Actuarially Determined Contribution (ADC)	\$ 1,801,047	\$ 1,777,004	\$ 1,915,780	\$ 2,126,779
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,801,047)</u>	<u>(1,777,004)</u>	<u>(1,915,780)</u>	<u>(2,126,779)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 5,577,559</u>	<u>\$ 7,438,782</u>	<u>\$ 7,585,314</u>	<u>\$ 8,033,945</u>
Contributions as a Percentage of Covered Payroll	32.29%	23.89%	25.26%	26.47%

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

**Schedule of Changes in
Net OPEB Liability/(Assets) and Related Ratios
Last 10 Years ⁽¹⁾**

Fiscal Year	<u>2017/18</u>
Changes in Total OPEB Liability	
Service Cost	\$ 1,629,000
Contributions - employee	-
Interest	3,050,000
Difference between actual and expected experience	-
Assumption changes	-
Other changes	-
Benefit payments including refunds	(1,653,000)
Changes of benefit terms	-
Net Changes	<u>3,026,000</u>
Total OPEB Liability (beginning of year)	<u>44,378,000</u>
Total OPEB Liability (end of year)	<u><u>\$ 47,404,000</u></u>
Measurement Date	<u>6/30/2017</u>
Changes in Plan Fiduciary Net Position	
Contributions - employer	\$ 5,708,000
Net investment income	632,000
Benefit payments and refunds	(1,653,000)
Administrative expenses	(3,000)
Net Changes	<u>4,684,000</u>
Plan Fiduciary Net Position (beginning of year)	<u>4,495,000</u>
Plan Fiduciary Net Position (end of year)	<u><u>\$ 9,179,000</u></u>
Net OPEB Liability/(Asset)	<u><u>\$ 38,225,000</u></u>
Fiduciary Net Position as a percentage of the Total OPEB Liability	19.4%
Covered employee payroll ⁽²⁾	<u><u>\$ 29,051,000</u></u>
Net OPEB Liability as a percentage of covered employee payroll	132%

⁽¹⁾ FY 2017/18 was the first year of implementation.

⁽²⁾ Determined for the 12 month period ending on June 30, 2017 [measurement date]



**Schedule of Employer OPEB Contributions
Last 10 Years ⁽¹⁾**

	<u>2017/18</u>
Actuarially Determined Contribution (ADC)	\$ 5,306,000
Contributions in relation to the actuarially determined contribution	4,510,000
Contribution deficiency/(excess)	\$ 796,000
Covered employee payroll	\$ 31,002,000
Contributions as a percentage of covered employee payroll	15%

⁽¹⁾ FY 2017/18 was the first year of implementation.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	6/30/2015
ADC for Fiscal Year	2017/18
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percentage of payroll
Remaining Amortization Period	18 years remaining as of June 30, 2017
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	7.25%
General Inflation	3.00%
Medical Trend	Non-Medicare – 7% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years Medicare – 7.2% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years
Mortality Improvement	Mortality projected fully generational with Scale MP-2014 modified to converge to ultimate rates in 2022
Source	Actuarial Valuation as of June 30, 2015

City of Brentwood

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018**

Special Revenue Funds

	Gas Tax	Disability Access and Education	Police Grants	Other Grants	Economic Development Grant	Infrastructure Improvements	Citywide Park Assessment District	Community Facilities Districts	Roadway Development Impact Fee
ASSETS									
Current Assets:									
Cash and Investments	\$ 349,695	\$ 28,503	\$ 235,528	\$ 8,453	\$ 298,662	\$ 6,251	\$ 649,129	\$ 2,277,552	\$ 10,509,379
Restricted Cash and Investments	-	-	-	-	-	-	-	-	-
Receivables	53,328	16	15,192	5	186	4	567	1,364	5,859
Prepays	-	-	-	-	-	-	1,092	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Total Assets	\$ 403,023	\$ 28,519	\$ 250,720	\$ 8,458	\$ 298,848	\$ 6,255	\$ 650,788	\$ 2,278,916	\$ 10,515,238
LIABILITIES									
Liabilities:									
Accounts Payable and Accrued Liabilities	\$ -	\$ 578	\$ 40,818	\$ -	\$ 43,672	\$ -	\$ 281,635	\$ 6,205	\$ 2
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	-	578	40,818	-	43,672	-	281,635	6,205	2
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue:									
Accounts Receivable	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	1,092	-	-
Restricted	403,023	27,941	209,902	8,458	255,176	-	-	-	10,515,236
Committed	-	-	-	-	-	6,255	368,061	2,272,711	-
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	403,023	27,941	209,902	8,458	255,176	6,255	369,153	2,272,711	10,515,236
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 403,023	\$ 28,519	\$ 250,720	\$ 8,458	\$ 298,848	\$ 6,255	\$ 650,788	\$ 2,278,916	\$ 10,515,238

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
 June 30, 2018

Special Revenue Funds (Continued)

	Parks and Trails Development Impact Fee	Community Facilities Development Impact Fee	Fire Development Impact Fee	Development Impact Fee Administration	Agriculture Land Administration	Agriculture Land Acquisition	Public Art Administration	Public Art Acquisition	Parking In-Lieu
ASSETS									
Current Assets:									
Cash and Investments	\$ 929,242	\$ -	\$ 5,565,943	\$ 571,226	\$ 581,968	\$ 1,577,145	\$ 562,418	\$ 1,806,565	\$ 2,753
Restricted Cash and Investments	-	-	-	-	-	-	-	-	-
Receivables	562	-	3,376	343	348	929	338	1,093	5
Prepays	-	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Total Assets	\$ 929,804	\$ -	\$ 5,569,319	\$ 571,569	\$ 582,316	\$ 1,578,074	\$ 562,756	\$ 1,807,658	\$ 2,758
LIABILITIES									
Liabilities:									
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,360
Due to Other Funds	-	1,279,912	-	-	-	-	-	-	-
Total Liabilities	-	1,279,912	-	-	-	-	-	-	2,360
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue:									
Accounts Receivable	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	929,804	-	5,569,319	571,569	582,316	1,578,074	562,756	1,807,658	398
Committed	-	-	-	-	-	-	-	-	-
Unassigned	-	(1,279,912)	-	-	-	-	-	-	-
Total Fund Balances	929,804	(1,279,912)	5,569,319	571,569	582,316	1,578,074	562,756	1,807,658	398
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 929,804	\$ -	\$ 5,569,319	\$ 571,569	\$ 582,316	\$ 1,578,074	\$ 562,756	\$ 1,807,658	\$ 2,758

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
 June 30, 2018

	Special Revenue Funds (Continued)						Permanent Fund
	Asset Forfeiture	Abandoned Vehicle Abatement	PEG Media	Parks Advertising	Measure J	City Low Income Housing	Riparian Mitigation Site Maintenance
ASSETS							
Current Assets:							
Cash and Investments	\$ 195,477	\$ 7,097	\$ 844,358	\$ 53,180	\$ 53,221	\$ 14,506	\$ 79,536
Restricted Cash and Investments	-	-	-	-	-	-	-
Receivables	118	6,894	516	33	37	9	49
Prepays	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	1,040,359	-
Total Assets	\$ 195,595	\$ 13,991	\$ 844,874	\$ 53,213	\$ 53,258	\$ 1,054,874	\$ 79,585
LIABILITIES							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ 3,827	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	-	-	-	3,827	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue:							
Accounts Receivable	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	80,000
Restricted	195,595	13,991	844,874	-	53,258	1,054,874	-
Committed	-	-	-	49,386	-	-	-
Unassigned	-	-	-	-	-	-	(415)
Total Fund Balances	195,595	13,991	844,874	49,386	53,258	1,054,874	79,585
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 195,595	\$ 13,991	\$ 844,874	\$ 53,213	\$ 53,258	\$ 1,054,874	\$ 79,585

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
 June 30, 2018

	Debt Service Funds				Capital Project Funds			
	Capital Improvement Revenue Refunding Bonds Series 2012	General Obligation Bonds Series 2002	2009 Civic Center Project Lease Revenue Bonds	2015 Lease Financing	Roadway Improvements	Parks and Trails Improvements	Civic Center Project Lease Revenue Bond Acquisition	Capital Improvement Financing Program 2006-1
ASSETS								
Current Assets:								
Cash and Investments	\$ 52,705	\$ 79,535	\$ 1	\$ -	\$ 10,257,121	\$ 960,839	\$ -	\$ -
Restricted Cash and Investments	1,418,776	-	3,367,561	-	-	-	-	2,173,601
Receivables	13,625,032	233	11,268,422	-	566,796	605	-	-
Prepays	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Total Assets	\$ 15,096,513	\$ 79,768	\$ 14,635,984	\$ -	\$ 10,823,917	\$ 961,444	\$ -	\$ 2,173,601
LIABILITIES								
Liabilities:								
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 1,682,371	\$ 13,881	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	784,825	-	-
Total Liabilities	-	-	-	-	1,682,371	798,706	-	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue:								
Accounts Receivable	-	-	-	-	553,706	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	553,706	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	15,096,513	79,768	14,635,984	-	8,587,840	162,738	-	2,173,601
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	15,096,513	79,768	14,635,984	-	8,587,840	162,738	-	2,173,601
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,096,513	\$ 79,768	\$ 14,635,984	\$ -	\$ 10,823,917	\$ 961,444	\$ -	\$ 2,173,601

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
 June 30, 2018

Capital Project Funds (Continued)

	Civic Center						Total Non-Major	
	Capital Improvement Financing Program 2005-1	2015 Lease Financing Acquisition	Capital Improvement Financing Program	City Capital Improvement Financing Program	Capital Infrastructure	Vineyards Projects	Vineyards Event Center Projects	Governmental Funds
ASSETS								
Current Assets:								
Cash and Investments	\$ -	\$ -	\$ 2,352,256	\$ 115,081	\$ 795,127	\$ 3,487,662	\$ -	\$ 45,308,114
Restricted Cash and Investments	4,264,204	427,186	-	-	-	-	-	11,651,328
Receivables	-	177	1,288	112	513	2,099	14	25,556,462
Prepays	-	-	-	-	-	-	-	1,092
Land Held for Resale	-	-	-	-	-	-	-	1,040,359
Total Assets	\$ 4,264,204	\$ 427,363	\$ 2,353,544	\$ 115,193	\$ 795,640	\$ 3,489,761	\$ 14	\$ 83,557,355
LIABILITIES								
Liabilities:								
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,075,349
Due to Other Funds	-	-	-	-	-	-	-	2,064,737
Total Liabilities	-	-	-	-	-	-	-	4,140,086
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue:								
Accounts Receivable	-	-	-	-	-	-	-	553,706
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	553,706
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	81,092
Restricted	4,264,204	427,363	2,353,544	115,193	795,640	3,489,761	14	77,366,385
Committed	-	-	-	-	-	-	-	2,696,413
Unassigned	-	-	-	-	-	-	-	(1,280,327)
Total Fund Balances	4,264,204	427,363	2,353,544	115,193	795,640	3,489,761	14	78,863,563
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,264,204	\$ 427,363	\$ 2,353,544	\$ 115,193	\$ 795,640	\$ 3,489,761	\$ 14	\$ 83,557,355

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For Year Ended June 30, 2018**

Special Revenue Funds

	Gas Tax	Disability Access and Education	Police Grants	Other Grants	Economic Development Grant	Infrastructure Improvements	Citywide Park Assessment District	Community Facilities Districts	Roadway Development Impact Fee
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,473,199	\$ -
Licenses	-	-	-	-	177,523	-	-	-	-
Uses of Money and Property	687	42	476	51	607	12	570	2,840	16,714
Intergovernmental	1,580,071	-	213,683	64,769	-	-	-	-	-
Fees and Other Revenues	-	12,856	-	-	-	-	2,181,616	-	4,481,246
Total Revenues	1,580,758	12,898	214,159	64,820	178,130	12	2,182,186	5,476,039	4,497,960
EXPENDITURES									
Current:									
General Government	-	-	-	48,400	-	-	-	-	1,160,573
Public Safety	-	-	186,397	-	-	-	-	-	-
Community Development	-	2,470	-	-	182,794	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	2,993,778	-	-
Community Services	-	-	-	-	-	-	-	37,804	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	-	2,470	186,397	48,400	182,794	-	2,993,778	37,804	1,160,573
REVENUES OVER (UNDER) EXPENDITURES	1,580,758	10,428	27,762	16,420	(4,664)	12	(811,592)	5,438,235	3,337,387
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	854,622	1,041,299	272,160
Transfers Out	(1,319,142)	-	-	(299,431)	-	-	-	(5,596,155)	(492,844)
Total Other Financing Sources (Uses)	(1,319,142)	-	-	(299,431)	-	-	854,622	(4,554,856)	(220,684)
Net Change in Fund Balances	261,616	10,428	27,762	(283,011)	(4,664)	12	43,030	883,379	3,116,703
Fund Balance, Beginning of Year	141,407	17,513	182,140	291,469	259,840	6,243	326,123	1,389,332	7,398,533
Fund Balance, End of Year	\$ 403,023	\$ 27,941	\$ 209,902	\$ 8,458	\$ 255,176	\$ 6,255	\$ 369,153	\$ 2,272,711	\$ 10,515,236

Continued

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018**

Special Revenue Funds (Continued)

	Parks and Trails Development Impact Fee	Community Facilities Development Impact Fee	Fire Development Impact Fee	Development Impact Fee Administration	Agriculture Land Administration	Agriculture Land Acquisition	Public Art Administration	Public Art Acquisition	Parking In-Lieu
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	1,819	-	10,919	1,191	1,164	3,019	1,052	3,443	54
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	1,890,544	653,792	348,905	444,449	50,616	202,464	84,255	237,133	-
Total Revenues	1,892,363	653,792	359,824	445,640	51,780	205,483	85,307	240,576	54
EXPENDITURES									
Current:									
General Government	-	101,383	5,033	501,483	36,063	28,706	585	16,751	28,017
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	1,562,464	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	1,562,464	101,383	5,033	501,483	36,063	28,706	585	16,751	28,017
REVENUES OVER (UNDER) EXPENDITURES	329,899	552,409	354,791	(55,843)	15,717	176,777	84,722	223,825	(27,963)
OTHER FINANCING SOURCES (USES)									
Transfers In	95	6,110	-	-	-	184,706	238	946	-
Transfers Out	-	(2,554,367)	-	-	-	-	(50,000)	(200,545)	-
Total Other Financing Sources (Uses)	95	(2,548,257)	-	-	-	184,706	(49,762)	(199,599)	-
Net Change in Fund Balances	329,994	(1,995,848)	354,791	(55,843)	15,717	361,483	34,960	24,226	(27,963)
Fund Balance, Beginning of Year	599,810	715,936	5,214,528	627,412	566,599	1,216,591	527,796	1,783,432	28,361
Fund Balance, End of Year	\$ 929,804	\$ (1,279,912)	\$ 5,569,319	\$ 571,569	\$ 582,316	\$ 1,578,074	\$ 562,756	\$ 1,807,658	\$ 398

Continued

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018**

	Special Revenue Funds (Continued)						Permanent Fund
	Abandoned Vehicle	PEG Media	Parks Advertising	Measure J	City Low Income Housing	Riparian Mitigation Site Maintenance	
	Asset Forfeiture	Abatement					
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-
Uses of Money and Property	244	30	1,711	112	453	29	161
Intergovernmental	-	-	-	-	914,353	-	-
Fees and Other Revenues	166,827	33,902	-	550	-	-	-
Total Revenues	167,071	33,932	1,711	662	914,806	29	161
EXPENDITURES							
Current:							
General Government	4,711	-	791	-	5,979	21	-
Public Safety	-	11	-	-	-	-	-
Community Development	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	9,500	-	-	66
Community Services	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
Total Expenditures	4,711	11	791	9,500	5,979	21	66
REVENUES OVER (UNDER) EXPENDITURES	162,360	33,921	920	(8,838)	908,827	8	95
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	631	-	-
Transfers Out	-	(20,180)	-	-	(980,000)	-	-
Total Other Financing Sources (Uses)	-	(20,180)	-	-	(979,369)	-	-
Net Change in Fund Balances	162,360	13,741	920	(8,838)	(70,542)	8	95
Fund Balance, Beginning of Year	33,235	250	843,954	58,224	123,800	1,054,866	79,490
Fund Balance, End of Year	\$ 195,595	\$ 13,991	\$ 844,874	\$ 49,386	\$ 53,258	\$ 1,054,874	\$ 79,585

Continued

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018**

	Debt Service Funds				Capital Project Funds			
	Capital Improvement Revenue Refunding Bonds Series	General Obligation Bonds Series	2009 Civic Center Project Lease Revenue Bonds	2015 Lease Financing	Roadway Improvements	Parks and Trails Improvements	Civic Center Project Lease Revenue Bond Acquisition	Capital Improvement Financing Program 2006-1
	2012	2002						
REVENUES								
Taxes	\$ -	\$ 490,568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-
Uses of Money and Property	67,603	497	37,179	-	16,410	2,423	863	19,812
Intergovernmental	705,800	-	1,880,919	-	-	216,373	-	-
Fees and Other Revenues	-	-	-	-	421,177	350,000	-	-
Total Revenues	773,403	491,065	1,918,098	-	437,587	568,796	863	19,812
EXPENDITURES								
Current:								
General Government	-	-	-	-	1,774,334	154,518	16	-
Public Safety	-	-	-	-	-	-	-	-
Community Development	91,564	7,276	10,866	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	541,398	533,234	-	-
Debt Service:								
Principal	965,000	490,000	1,125,000	435,000	-	-	-	-
Interest and Fiscal Charges	949,063	-	3,190,554	356,281	-	-	-	-
Total Expenditures	2,005,627	497,276	4,326,420	791,281	2,315,732	687,752	16	-
REVENUES OVER (UNDER) EXPENDITURES	(1,232,224)	(6,211)	(2,408,322)	(791,281)	(1,878,145)	(118,956)	847	19,812
OTHER FINANCING SOURCES (USES)								
Transfers In	711,942	-	3,181,131	791,281	4,640,514	600,000	-	-
Transfers Out	(158,456)	-	(1,041,299)	-	(399,663)	(373,903)	(60,098)	-
Total Other Financing Sources (Uses)	553,486	-	2,139,832	791,281	4,240,851	226,097	(60,098)	-
Net Change in Fund Balances	(678,738)	(6,211)	(268,490)	-	2,362,706	107,141	(59,251)	19,812
Fund Balance, Beginning of Year	15,775,251	85,979	14,904,474	-	6,225,134	55,597	59,251	2,153,789
Fund Balance, End of Year	\$ 15,096,513	\$ 79,768	\$ 14,635,984	\$ -	\$ 8,587,840	\$ 162,738	\$ -	\$ 2,173,601

Continued

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018**

Capital Project Funds (Continued)

	Capital Improvement Financing Program 2005-1	2015 Lease Financing Acquisition	Civic Center Capital Improvement Financing Program	City Capital Improvement Financing Program	Capital Infrastructure	Vineyards Projects	Vineyards Event Center Projects	Total Non- Major Governmental Funds
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,963,767
Licenses	-	-	-	-	-	-	-	177,523
Uses of Money and Property	38,869	36,170	3,822	426	6,041	6,653	49	284,217
Intergovernmental	-	-	-	-	-	-	-	5,575,968
Fees and Other Revenues	-	-	1,494,328	271,703	-	383,961	-	13,710,324
Total Revenues	38,869	36,170	1,498,150	272,129	6,041	390,614	49	25,711,799
EXPENDITURES								
Current:								
General Government	-	4,104	1,717	7,312	6,629	23,063	3,914	3,914,103
Public Safety	-	-	-	-	-	-	-	186,408
Community Development	-	-	-	-	-	-	-	294,970
Parks and Recreation	-	-	-	-	-	-	-	4,565,808
Community Services	-	-	-	-	-	-	-	37,804
Capital Outlay	-	-	-	-	-	-	-	1,074,632
Debt Service:								
Principal	-	-	-	-	-	-	-	3,015,000
Interest and Fiscal Charges	-	-	-	-	-	-	-	4,495,898
Total Expenditures	-	4,104	1,717	7,312	6,629	23,063	3,914	17,584,623
REVENUES OVER (UNDER) EXPENDITURES	38,869	32,066	1,496,433	264,817	(588)	367,551	(3,865)	8,127,176
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	775,000	15,546	8,460	-	9,006	13,093,687
Transfers Out	-	(4,968,408)	(1,359,481)	(193,393)	(3,240,383)	-	(1,900,262)	(25,208,010)
Total Other Financing Sources (Uses)	-	(4,968,408)	(584,481)	(177,847)	(3,231,923)	-	(1,891,256)	(12,114,323)
Net Change in Fund Balances	38,869	(4,936,342)	911,952	86,970	(3,232,511)	367,551	(1,895,121)	(3,987,147)
Fund Balance, Beginning of Year	4,225,335	5,363,705	1,441,592	28,223	4,028,151	3,122,210	1,895,135	82,850,710
Fund Balance, End of Year	\$ 4,264,204	\$ 427,363	\$ 2,353,544	\$ 115,193	\$ 795,640	\$ 3,489,761	\$ 14	\$ 78,863,563

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, 2018

Special Revenue Funds

	Gas Tax			Disability Access and Education			Police Grants		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	2,274	687	(1,587)	106	42	(64)	1,813	476	(1,337)
Intergovernmental	1,576,058	1,580,071	4,013	-	-	-	236,237	213,683	(22,554)
Fees and Other Revenues	-	-	-	4,682	12,856	8,174	-	-	-
Total Revenues	<u>1,578,332</u>	<u>1,580,758</u>	<u>2,426</u>	<u>4,788</u>	<u>12,898</u>	<u>8,110</u>	<u>238,050</u>	<u>214,159</u>	<u>(23,891)</u>
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	261,549	186,397	75,152
Community Development	-	-	-	5,150	2,470	2,680	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,150</u>	<u>2,470</u>	<u>2,680</u>	<u>261,549</u>	<u>186,397</u>	<u>75,152</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,578,332</u>	<u>1,580,758</u>	<u>2,426</u>	<u>(362)</u>	<u>10,428</u>	<u>10,790</u>	<u>(23,499)</u>	<u>27,762</u>	<u>51,261</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(1,331,805)	(1,319,142)	12,663	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,331,805)</u>	<u>(1,319,142)</u>	<u>12,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 246,527</u>	<u>261,616</u>	<u>\$ 15,089</u>	<u>\$ (362)</u>	<u>10,428</u>	<u>\$ 10,790</u>	<u>\$ (23,499)</u>	<u>27,762</u>	<u>\$ 51,261</u>
Fund Balance, Beginning of Year		<u>141,407</u>			<u>17,513</u>			<u>182,140</u>	
Fund Balance, End of Year		<u>\$ 403,023</u>			<u>\$ 27,941</u>			<u>\$ 209,902</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, 2018

Special Revenue Funds (Continued)

	Other Grants			Economic Development Grant			Infrastructure Improvements		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	196,658	177,523	(19,135)	-	-	-
Uses of Money and Property	80	51	(29)	2,932	607	(2,325)	69	12	(57)
Intergovernmental	-	64,769	64,769	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	-	-	-	-	-	-
Total Revenues	<u>80</u>	<u>64,820</u>	<u>64,740</u>	<u>199,590</u>	<u>178,130</u>	<u>(21,460)</u>	<u>69</u>	<u>12</u>	<u>(57)</u>
EXPENDITURES									
Current:									
General Government	48,400	48,400	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	200,300	182,794	17,506	50	-	50
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>48,400</u>	<u>48,400</u>	<u>-</u>	<u>200,300</u>	<u>182,794</u>	<u>17,506</u>	<u>50</u>	<u>-</u>	<u>50</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(48,320)</u>	<u>16,420</u>	<u>64,740</u>	<u>(710)</u>	<u>(4,664)</u>	<u>(3,954)</u>	<u>19</u>	<u>12</u>	<u>(7)</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(1,790,901)	(299,431)	1,491,470	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,790,901)</u>	<u>(299,431)</u>	<u>1,491,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (1,839,221)</u>	<u>(283,011)</u>	<u>\$ 1,556,210</u>	<u>\$ (710)</u>	<u>(4,664)</u>	<u>\$ (3,954)</u>	<u>\$ 19</u>	<u>12</u>	<u>\$ (7)</u>
Fund Balance, Beginning of Year		291,469			259,840			6,243	
Fund Balance, End of Year		<u>\$ 8,458</u>			<u>\$ 255,176</u>			<u>\$ 6,255</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, 2018

Special Revenue Funds (Continued)

	Citywide Park Assessment District			Community Facilities Districts			Roadway Development Impact Fee		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ 5,269,316	\$ 5,473,199	\$ 203,883	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	4,184	570	(3,614)	25,337	2,840	(22,497)	34,532	16,714	(17,818)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	2,120,366	2,181,616	61,250	-	-	-	2,773,637	4,481,246	1,707,609
Total Revenues	<u>2,124,550</u>	<u>2,182,186</u>	<u>57,636</u>	<u>5,294,653</u>	<u>5,476,039</u>	<u>181,386</u>	<u>2,808,169</u>	<u>4,497,960</u>	<u>1,689,791</u>
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	1,461,432	1,160,573	300,859
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	3,060,355	2,993,778	66,577	-	-	-	-	-	-
Community Services	-	-	-	59,200	37,804	21,396	-	-	-
Total Expenditures	<u>3,060,355</u>	<u>2,993,778</u>	<u>66,577</u>	<u>59,200</u>	<u>37,804</u>	<u>21,396</u>	<u>1,461,432</u>	<u>1,160,573</u>	<u>300,859</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(935,805)</u>	<u>(811,592)</u>	<u>124,213</u>	<u>5,235,453</u>	<u>5,438,235</u>	<u>202,782</u>	<u>1,346,737</u>	<u>3,337,387</u>	<u>1,990,650</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	856,855	854,622	(2,233)	1,040,760	1,041,299	539	30,355	272,160	241,805
Transfers Out	-	-	-	(5,596,637)	(5,596,155)	482	(541,650)	(492,844)	48,806
Total Other Financing Sources (Uses)	<u>856,855</u>	<u>854,622</u>	<u>(2,233)</u>	<u>(4,555,877)</u>	<u>(4,554,856)</u>	<u>1,021</u>	<u>(511,295)</u>	<u>(220,684)</u>	<u>290,611</u>
Net Change in Fund Balances	<u>\$ (78,950)</u>	<u>43,030</u>	<u>\$ 121,980</u>	<u>\$ 679,576</u>	<u>883,379</u>	<u>\$ 203,803</u>	<u>\$ 835,442</u>	<u>3,116,703</u>	<u>\$ 2,281,261</u>
Fund Balance, Beginning of Year		<u>326,123</u>			<u>1,389,332</u>			<u>7,398,533</u>	
Fund Balance, End of Year		<u>\$ 369,153</u>			<u>\$ 2,272,711</u>			<u>\$ 10,515,236</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, 2018

Special Revenue Funds (Continued)

	Parks and Trails Development Impact Fee			Community Facilities Development Impact Fee			Fire Development Impact Fee		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	-	1,819	1,819	18,016	-	(18,016)	47,822	10,919	(36,903)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	1,671,044	1,890,544	219,500	758,780	653,792	(104,988)	275,886	348,905	73,019
Total Revenues	<u>1,671,044</u>	<u>1,892,363</u>	<u>221,319</u>	<u>776,796</u>	<u>653,792</u>	<u>(123,004)</u>	<u>323,708</u>	<u>359,824</u>	<u>36,116</u>
EXPENDITURES									
Current:									
General Government	-	-	-	131,273	101,383	29,890	12,376	5,033	7,343
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	1,612,305	1,562,464	49,841	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>1,612,305</u>	<u>1,562,464</u>	<u>49,841</u>	<u>131,273</u>	<u>101,383</u>	<u>29,890</u>	<u>12,376</u>	<u>5,033</u>	<u>7,343</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>58,739</u>	<u>329,899</u>	<u>271,160</u>	<u>645,523</u>	<u>552,409</u>	<u>(93,114)</u>	<u>311,332</u>	<u>354,791</u>	<u>43,459</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	1,240	95	(1,145)	-	6,110	6,110	-	-	-
Transfers Out	-	-	-	(2,554,989)	(2,554,367)	622	-	-	-
Total Other Financing Sources (Uses)	<u>1,240</u>	<u>95</u>	<u>(1,145)</u>	<u>(2,554,989)</u>	<u>(2,548,257)</u>	<u>6,732</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 59,979</u>	<u>329,994</u>	<u>\$ 270,015</u>	<u>\$ (1,909,466)</u>	<u>(1,995,848)</u>	<u>\$ (86,382)</u>	<u>\$ 311,332</u>	<u>354,791</u>	<u>\$ 43,459</u>
Fund Balance, Beginning of Year		<u>599,810</u>			<u>715,936</u>			<u>5,214,528</u>	
Fund Balance, End of Year		<u>\$ 929,804</u>			<u>\$ (1,279,912)</u>			<u>\$ 5,569,319</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, 2018

Special Revenue Funds (Continued)

	Development Impact 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	612	1,191	579	5,603	1,164	(4,439)	6,982	3,019	(3,963)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	297,694	444,449	146,755	-	50,616	50,616	-	202,464	202,464
Total Revenues	<u>298,306</u>	<u>445,640</u>	<u>147,334</u>	<u>5,603</u>	<u>51,780</u>	<u>46,177</u>	<u>6,982</u>	<u>205,483</u>	<u>198,501</u>
EXPENDITURES									
Current:									
General Government	501,600	501,483	117	48,496	36,063	12,433	49,700	28,706	20,994
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>501,600</u>	<u>501,483</u>	<u>117</u>	<u>48,496</u>	<u>36,063</u>	<u>12,433</u>	<u>49,700</u>	<u>28,706</u>	<u>20,994</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(203,294)</u>	<u>(55,843)</u>	<u>147,451</u>	<u>(42,893)</u>	<u>15,717</u>	<u>58,610</u>	<u>(42,718)</u>	<u>176,777</u>	<u>219,495</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	184,706	184,706
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,706</u>	<u>184,706</u>
Net Change in Fund Balances	<u>\$ (203,294)</u>	<u>(55,843)</u>	<u>\$ 147,451</u>	<u>\$ (42,893)</u>	<u>15,717</u>	<u>\$ 58,610</u>	<u>\$ (42,718)</u>	<u>361,483</u>	<u>\$ 404,201</u>
Fund Balance, Beginning of Year		<u>627,412</u>			<u>566,599</u>			<u>1,216,591</u>	
Fund Balance, End of Year		<u>\$ 571,569</u>			<u>\$ 582,316</u>			<u>\$ 1,578,074</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, 2018

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	2,771	1,052	(1,719)	11,862	3,443	(8,419)	313	54	(259)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	43,615	84,255	40,640	174,460	237,133	62,673	-	-	-
Total Revenues	<u>46,386</u>	<u>85,307</u>	<u>38,921</u>	<u>186,322</u>	<u>240,576</u>	<u>54,254</u>	<u>313</u>	<u>54</u>	<u>(259)</u>
EXPENDITURES									
Current:									
General Government	2,500	585	1,915	30,196	16,751	13,445	28,050	28,017	33
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>2,500</u>	<u>585</u>	<u>1,915</u>	<u>30,196</u>	<u>16,751</u>	<u>13,445</u>	<u>28,050</u>	<u>28,017</u>	<u>33</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>43,886</u>	<u>84,722</u>	<u>40,836</u>	<u>156,126</u>	<u>223,825</u>	<u>67,699</u>	<u>(27,737)</u>	<u>(27,963)</u>	<u>(226)</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	535	238	(297)	2,219	946	(1,273)	-	-	-
Transfers Out	(50,000)	(50,000)	-	(200,600)	(200,545)	55	-	-	-
Total Other Financing Sources (Uses)	<u>(49,465)</u>	<u>(49,762)</u>	<u>(297)</u>	<u>(198,381)</u>	<u>(199,599)</u>	<u>(1,218)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (5,579)</u>	<u>34,960</u>	<u>\$ 40,539</u>	<u>\$ (42,255)</u>	<u>24,226</u>	<u>\$ 66,481</u>	<u>\$ (27,737)</u>	<u>(27,963)</u>	<u>\$ (226)</u>
Fund Balance, Beginning of Year		<u>527,796</u>			<u>1,783,432</u>			<u>28,361</u>	
Fund Balance, End of Year		<u>\$ 562,756</u>			<u>\$ 1,807,658</u>			<u>\$ 398</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, 2018

	Special Revenue Funds (Continued)					
	Asset Forfeiture			Abandoned Vehicle Abatement		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-
Uses of Money and Property	363	244	(119)	1,207	30	(1,177)
Intergovernmental	-	-	-	-	-	-
Fees and Other Revenues	27,492	166,827	139,335	120,000	33,902	(86,098)
Total Revenues	<u>27,855</u>	<u>167,071</u>	<u>139,216</u>	<u>121,207</u>	<u>33,932</u>	<u>(87,275)</u>
EXPENDITURES						
Current:						
General Government	30,119	4,711	25,408	-	-	-
Public Safety	-	-	-	200	11	189
Community Development	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-
Community Services	-	-	-	-	-	-
Total Expenditures	<u>30,119</u>	<u>4,711</u>	<u>25,408</u>	<u>200</u>	<u>11</u>	<u>189</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,264)</u>	<u>162,360</u>	<u>164,624</u>	<u>121,007</u>	<u>33,921</u>	<u>(87,086)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	(120,000)	(20,180)	99,820
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,000)</u>	<u>(20,180)</u>	<u>99,820</u>
Net Change in Fund Balances	<u>\$ (2,264)</u>	<u>162,360</u>	<u>\$ 164,624</u>	<u>\$ 1,007</u>	<u>13,741</u>	<u>\$ 12,734</u>
Fund Balance, Beginning of Year		<u>33,235</u>			<u>250</u>	
Fund Balance, End of Year		<u>\$ 195,595</u>			<u>\$ 13,991</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, 2018

Special Revenue Funds (Continued)

	PEG Media			Parks Advertising			Measure J		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	9,287	1,711	(7,576)	593	112	(481)	540	453	(87)
Intergovernmental	-	-	-	-	-	-	890,849	914,353	23,504
Fees and Other Revenues	-	-	-	19,000	550	(18,450)	-	-	-
Total Revenues	<u>9,287</u>	<u>1,711</u>	<u>(7,576)</u>	<u>19,593</u>	<u>662</u>	<u>(18,931)</u>	<u>891,389</u>	<u>914,806</u>	<u>23,417</u>
EXPENDITURES									
Current:									
General Government	26,000	791	25,209	-	-	-	9,100	5,979	3,121
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	19,200	9,500	9,700	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>26,000</u>	<u>791</u>	<u>25,209</u>	<u>19,200</u>	<u>9,500</u>	<u>9,700</u>	<u>9,100</u>	<u>5,979</u>	<u>3,121</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(16,713)</u>	<u>920</u>	<u>17,633</u>	<u>393</u>	<u>(8,838)</u>	<u>(9,231)</u>	<u>882,289</u>	<u>908,827</u>	<u>26,538</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	631	631
Transfers Out	-	-	-	-	-	-	(980,000)	(980,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(980,000)</u>	<u>(979,369)</u>	<u>631</u>
Net Change in Fund Balances	<u>\$ (16,713)</u>	<u>920</u>	<u>\$ 17,633</u>	<u>\$ 393</u>	<u>(8,838)</u>	<u>\$ (9,231)</u>	<u>\$ (97,711)</u>	<u>(70,542)</u>	<u>\$ 27,169</u>
Fund Balance, Beginning of Year		<u>843,954</u>			<u>58,224</u>			<u>123,800</u>	
Fund Balance, End of Year		<u>\$ 844,874</u>			<u>\$ 49,386</u>			<u>\$ 53,258</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, 2018

	Special Revenue Funds (Continued)			Permanent Fund		
	City Low Income Housing			Riparian Mitigation Site Maintenance		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-
Uses of Money and Property	12,278	29	(12,249)	-	161	161
Intergovernmental	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	-	-	-
Total Revenues	<u>12,278</u>	<u>29</u>	<u>(12,249)</u>	<u>-</u>	<u>161</u>	<u>161</u>
EXPENDITURES						
Current:						
General Government	8,300	21	8,279	-	-	-
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Parks and Recreation	-	-	-	67	66	1
Community Services	-	-	-	-	-	-
Total Expenditures	<u>8,300</u>	<u>21</u>	<u>8,279</u>	<u>67</u>	<u>66</u>	<u>1</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,978</u>	<u>8</u>	<u>(3,970)</u>	<u>(67)</u>	<u>95</u>	<u>162</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>
Net Change in Fund Balances	<u>\$ 3,978</u>	<u>8</u>	<u>\$ (3,970)</u>	<u>\$ (67)</u>	<u>95</u>	<u>\$ 162</u>
Fund Balance, Beginning of Year		<u>1,054,866</u>			<u>79,490</u>	
Fund Balance, End of Year		<u>\$ 1,054,874</u>			<u>\$ 79,585</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, 2018

Capital Project Funds

	Capital Project Funds								
	Civic Center Project Lease Revenue Bond Acquisition			2015 Lease Financing Acquisition			Civic Center Capital Improvement Financing Program		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	-	863	863	114	36,170	36,056	15,542	3,822	(11,720)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	-	-	-	1,372,814	1,494,328	121,514
Total Revenues	-	863	863	114	36,170	36,056	1,388,356	1,498,150	109,794
EXPENDITURES									
Current:									
General Government	50	16	34	4,179	4,104	75	1,717	1,717	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	50	16	34	4,179	4,104	75	1,717	1,717	-
REVENUES OVER (UNDER) EXPENDITURES	(50)	847	897	(4,065)	32,066	36,131	1,386,639	1,496,433	109,794
OTHER FINANCING SOURCES (USES)									
Transfers In	31,083	-	(31,083)	9,003	-	(9,003)	775,000	775,000	-
Transfers Out	(60,099)	(60,098)	1	(4,968,438)	(4,968,408)	30	(1,369,389)	(1,359,481)	9,908
Total Other Financing Sources (Uses)	(29,016)	(60,098)	(31,082)	(4,959,435)	(4,968,408)	(8,973)	(594,389)	(584,481)	9,908
Net Change in Fund Balances	\$ (29,066)	(59,251)	\$ (30,185)	\$ (4,963,500)	(4,936,342)	\$ 27,158	\$ 792,250	911,952	\$ 119,702
Fund Balance, Beginning of Year		59,251			5,363,705			1,441,592	
Fund Balance, End of Year		\$ -			\$ 427,363			\$ 2,353,544	

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, 2018

Capital Project Funds (Continued)

	City Capital Improvement Financing Program			Capital Infrastructure			Vineyards Projects		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	1,102	426	(676)	14,200	6,041	(8,159)	23,607	6,653	(16,954)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	271,703	271,703	-	-	-	-	96,692	383,961	287,269
Total Revenues	<u>272,805</u>	<u>272,129</u>	<u>(676)</u>	<u>14,200</u>	<u>6,041</u>	<u>(8,159)</u>	<u>120,299</u>	<u>390,614</u>	<u>270,315</u>
EXPENDITURES									
Current:									
General Government	7,312	7,312	-	7,400	6,629	771	105,580	23,063	82,517
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>7,312</u>	<u>7,312</u>	<u>-</u>	<u>7,400</u>	<u>6,629</u>	<u>771</u>	<u>105,580</u>	<u>23,063</u>	<u>82,517</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>265,493</u>	<u>264,817</u>	<u>(676)</u>	<u>6,800</u>	<u>(588)</u>	<u>(7,388)</u>	<u>14,719</u>	<u>367,551</u>	<u>352,832</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	-	15,546	15,546	3,579	8,460	4,881	-	-	-
Transfers Out	(291,362)	(193,393)	97,969	(3,240,383)	(3,240,383)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(291,362)</u>	<u>(177,847)</u>	<u>113,515</u>	<u>(3,236,804)</u>	<u>(3,231,923)</u>	<u>4,881</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (25,869)</u>	<u>86,970</u>	<u>\$ 112,839</u>	<u>\$ (3,230,004)</u>	<u>(3,232,511)</u>	<u>\$ (2,507)</u>	<u>\$ 14,719</u>	<u>367,551</u>	<u>\$ 352,832</u>
Fund Balance, Beginning of Year		<u>28,223</u>			<u>4,028,151</u>			<u>3,122,210</u>	
Fund Balance, End of Year		<u>\$ 115,193</u>			<u>\$ 795,640</u>			<u>\$ 3,489,761</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, 2018

	Capital Project Funds (Continued)		
	Vineyards Event Center Projects		
	Budget	Actual	Variance
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses	-	-	-
Uses of Money and Property	570	49	(521)
Intergovernmental	-	-	-
Fees and Other Revenues	-	-	-
Total Revenues	<u>570</u>	<u>49</u>	<u>(521)</u>
EXPENDITURES			
Current:			
General Government	3,914	3,914	-
Public Safety	-	-	-
Community Development	-	-	-
Parks and Recreation	-	-	-
Community Services	-	-	-
Total Expenditures	<u>3,914</u>	<u>3,914</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,344)</u>	<u>(3,865)</u>	<u>(521)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	9,988	9,006	(982)
Transfers Out	(1,907,956)	(1,900,262)	7,694
Total Other Financing Sources (Uses)	<u>(1,897,968)</u>	<u>(1,891,256)</u>	<u>6,712</u>
Net Change in Fund Balances	<u>\$ (1,901,312)</u>	<u>(1,895,121)</u>	<u>\$ 6,191</u>
Fund Balance, Beginning of Year		<u>1,895,135</u>	
Fund Balance, End of Year		<u>\$ 14</u>	

City of Brentwood

Combining Statement of Net Position

All Internal Service Funds

June 30, 2018

	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition
ASSETS					
Current Assets:					
Cash and Investments	\$ 1,386,709	\$ 7,886,172	\$ 1,519,185	\$ 5,214,533	\$ 64,707
Receivables	17,119	4,783	906	3,126	39
Inventories	-	-	-	-	-
Prepays	3,896	-	-	-	-
Due from Other Funds	-	-	-	-	-
Total Current Assets	1,407,724	7,890,955	1,520,091	5,217,659	64,746
Non-Current Assets:					
Capital Assets					
Depreciable	-	15,707,426	-	-	-
Less: Accumulated Depreciation and Amortization	-	(9,811,574)	-	-	-
Total Capital Assets, Net of Accumulated Depreciation and Amortization	-	5,895,852	-	-	-
Total Non-Current Assets	-	5,895,852	-	-	-
Total Assets	1,407,724	13,786,807	1,520,091	5,217,659	64,746
DEFERRED OUTFLOWS OF RESOURCES					
Related to OPEB	166,809	-	-	-	-
Related to Pensions	754,843	-	-	-	-
Total Deferred Outflows of Resources	921,652	-	-	-	-
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	12,219	23,205	63,507	14,674	11,460
Compensated Absences Payable	75,069	-	-	-	-
Total Current Liabilities	87,288	23,205	63,507	14,674	11,460
Non-Current Liabilities Due in More Than One Year:					
Net OPEB Liability	1,543,393	-	-	-	-
Net Pension Liability	2,251,228	-	-	-	-
Compensated Absences Payable	50,046	-	-	-	-
Total Non-Current Liabilities	3,844,667	-	-	-	-
Total Liabilities	3,931,955	23,205	63,507	14,674	11,460
DEFERRED INFLOWS OF RESOURCES					
Related to OPEB	6,020	-	-	-	-
Related to Pensions	45,037	-	-	-	-
Total Deferred Inflows of Resources	51,057	-	-	-	-
NET POSITION					
Net Investment in Capital Assets and Capacity Rights	-	5,895,852	-	-	-
Unrestricted	(1,653,636)	7,867,750	1,456,584	5,202,985	53,286
Total Net Position	\$ (1,653,636)	\$ 13,763,602	\$ 1,456,584	\$ 5,202,985	\$ 53,286

Continued

City of Brentwood

Combining Statement of Net Position

All Internal Service Funds (Continued)

June 30, 2018

	Fleet Maintenance Services	Facilities Maintenance Services	Parks and LLAD Replacement	Insurance	Pension/Other Post-Employment Benefits Obligation	Totals
ASSETS						
Current Assets:						
Cash and Investments	\$ 215,832	\$ 1,096,667	\$ 14,697,698	\$ 681,747	\$ 21,656,355	\$ 54,419,605
Receivables	85	678	8,672	365	13,659	49,432
Inventories	93,468	-	-	-	-	93,468
Prepays	4,767	2,496	-	-	386,426	397,585
Due from Other Funds	-	-	-	-	784,825	784,825
Total Current Assets	<u>314,152</u>	<u>1,099,841</u>	<u>14,706,370</u>	<u>682,112</u>	<u>22,841,265</u>	<u>55,744,915</u>
Non-Current Assets:						
Capital Assets						
Depreciable	-	-	-	-	-	15,707,426
Less: Accumulated Depreciation and Amortization	-	-	-	-	-	(9,811,574)
Total Capital Assets, Net of Accumulated Depreciation and Amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,895,852</u>
Total Non-Current Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,895,852</u>
Total Assets	<u>314,152</u>	<u>1,099,841</u>	<u>14,706,370</u>	<u>682,112</u>	<u>22,841,265</u>	<u>61,640,767</u>
DEFERRED OUTFLOWS OF RESOURCES						
Related to OPEB	81,042	121,420	-	-	-	369,271
Related to Pensions	287,258	372,490	-	-	-	1,414,591
Total Deferred Outflows of Resources	<u>368,300</u>	<u>493,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,783,862</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	26,320	102,067	90,498	22,918	16,904	383,772
Compensated Absences Payable	16,361	33,228	-	-	-	124,658
Total Current Liabilities	<u>42,681</u>	<u>135,295</u>	<u>90,498</u>	<u>22,918</u>	<u>16,904</u>	<u>508,430</u>
Non-Current Liabilities Due in More Than One Year:						
Net OPEB Liability	685,892	1,089,591	-	-	-	3,318,876
Net Pension Liability	857,268	1,109,405	-	-	-	4,217,901
Compensated Absences Payable	10,907	22,152	-	-	-	83,105
Total Non-Current Liabilities	<u>1,554,067</u>	<u>2,221,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,619,882</u>
Total Liabilities	<u>1,596,748</u>	<u>2,356,443</u>	<u>90,498</u>	<u>22,918</u>	<u>16,904</u>	<u>8,128,312</u>
DEFERRED INFLOWS OF RESOURCES						
Related to OPEB	2,925	4,382	-	-	-	13,327
Related to Pensions	17,150	22,194	-	-	-	84,381
Total Deferred Inflows of Resources	<u>20,075</u>	<u>26,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,708</u>
NET POSITION						
Net Investment in Capital Assets and Capacity Rights	-	-	-	-	-	5,895,852
Unrestricted	(934,371)	(789,268)	14,615,872	659,194	22,824,361	49,302,757
Total Net Position	<u>\$ (934,371)</u>	<u>\$ (789,268)</u>	<u>\$ 14,615,872</u>	<u>\$ 659,194</u>	<u>\$ 22,824,361</u>	<u>\$ 55,198,609</u>

City of Brentwood

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
All Internal Service Funds
For Year Ended June 30, 2018

	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition
Operating Revenues:					
Charges for Services	\$ 2,538,803	\$ 1,701,862	\$ 1,230,152	\$ 1,078,542	\$ -
Other Income	65,901	18,905	-	76,315	-
Total Operating Revenues	2,604,704	1,720,767	1,230,152	1,154,857	-
Operating Expenses:					
Personnel Services	2,213,764	-	-	-	-
Repairs and Maintenance	95,996	3,062	-	147,363	-
Materials, Supplies and Services	463,212	132,449	617,411	49,825	13,979
Depreciation and Amortization	-	1,246,334	-	-	-
Total Operating Expenses	2,772,972	1,381,845	617,411	197,188	13,979
Operating Income (Loss)	(168,268)	338,922	612,741	957,669	(13,979)
Non-Operating Revenues (Expenses):					
Interest Income	2,479	16,423	2,496	10,159	134
Gain or (Loss) on Disposal of Capital Assets	-	112,868	-	-	-
Total Non-Operating Revenues (Expenses)	2,479	129,291	2,496	10,159	134
Income (Loss) Before Contributions and Transfers	(165,789)	468,213	615,237	967,828	(13,845)
Transfers In	1,804	49,569	5,036	9,426	-
Transfers Out	-	(500,000)	-	(362,000)	-
Change in Net Position	(163,985)	17,782	620,273	615,254	(13,845)
Net Position, Beginning of Year, Restated	(1,489,651)	13,745,820	836,311	4,587,731	67,131
Net Position, End of Year	\$ (1,653,636)	\$ 13,763,602	\$ 1,456,584	\$ 5,202,985	\$ 53,286

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, 2018**

	Fleet Maintenance Services	Facilities Maintenance Services	Parks and LLAD Replacement	Insurance	Pension/Other Post-Employment Benefits Obligation	Totals
Operating Revenues:						
Charges for Services	\$ 1,501,404	\$ 1,946,655	\$ 1,829,931	\$ 1,097,126	\$ 4,391,000	\$ 17,315,475
Other Income	2,077	3,064	19,362	6,228	-	191,852
Total Operating Revenues	1,503,481	1,949,719	1,849,293	1,103,354	4,391,000	17,507,327
Operating Expenses:						
Personnel Services	881,437	1,086,128	-	-	-	4,181,329
Repairs and Maintenance	26,735	93,984	321,472	-	-	688,612
Materials, Supplies and Services	734,119	823,835	230,091	1,035,720	4,348,874	8,449,515
Depreciation and Amortization	-	-	-	-	-	1,246,334
Total Operating Expenses	1,642,291	2,003,947	551,563	1,035,720	4,348,874	14,565,790
Operating Income (Loss)	(138,810)	(54,228)	1,297,730	67,634	42,126	2,941,537
Non-Operating Revenues (Expenses):						
Interest Income	486	2,149	27,463	737	53,173	115,699
Gain or (Loss) on Disposal of Capital Assets	-	-	-	-	-	112,868
Total Non-Operating Revenues (Expenses)	486	2,149	27,463	737	53,173	228,567
Income (Loss) Before Contributions and Transfers	(138,324)	(52,079)	1,325,193	68,371	95,299	3,170,104
Transfers In	3,428	6,335	692,120	-	830,471	1,598,189
Transfers Out	-	(34,679)	(911,514)	-	(4,619,213)	(6,427,406)
Change in Net Position	(134,896)	(80,423)	1,105,799	68,371	(3,693,443)	(1,659,113)
Net Position, Beginning of Year, Restated	(799,475)	(708,845)	13,510,073	590,823	26,517,804	56,857,722
Net Position, End of Year	\$ (934,371)	\$ (789,268)	\$ 14,615,872	\$ 659,194	\$ 22,824,361	\$ 55,198,609

City of Brentwood

**Combining Statement of Cash Flows
All Internal Service Funds
For Year Ended June 30, 2018**

	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition
Cash Flows from Operating Activities					
Cash Received from Customers/Other Funds	\$ 2,522,501	\$ 1,701,862	\$ 1,230,152	\$ 1,068,064	\$ -
Cash Payments to Suppliers of Goods and Services	(165,288)	(134,421)	(610,838)	(259,462)	(5,430)
Cash Payments to Employees for Services	(1,900,235)	-	-	-	-
Cash Payments for Interfund Services	(385,635)	-	-	-	-
Other Receipts	65,901	18,905	-	76,315	-
Net Cash Provided By (Used for) Operating Activities	137,244	1,586,346	619,314	884,917	(5,430)
Cash Flows from Non-Capital Financing Activities					
Transfers Received	1,804	49,569	5,036	9,426	-
Transfers Paid	-	(500,000)	-	(362,000)	-
Net Cash Provided By (Used for) Non-Capital Financing Activities	1,804	(450,431)	5,036	(352,574)	-
Cash Flows from Capital and Related Financing Activities					
Proceeds from Sale of Capital Assets	-	121,436	-	-	-
Acquisition and Construction of Capital Assets	-	(1,307,646)	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	-	(1,186,210)	-	-	-
Cash Flows from Investing Activities					
Interest on Investments	1,903	13,397	1,766	8,083	111
Net Cash Provided By Investing Activities	1,903	13,397	1,766	8,083	111
Net Increase (Decrease) in Cash and Cash Equivalents	140,951	(36,898)	626,116	540,426	(5,319)
Cash and Cash Equivalents - Beginning of Year	1,245,758	7,923,070	893,069	4,674,107	70,026
Cash and Cash Equivalents - End of Year	\$ 1,386,709	\$ 7,886,172	\$ 1,519,185	\$ 5,214,533	\$ 64,707
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:					
Operating Income (Loss)	\$ (168,268)	\$ 338,922	\$ 612,741	\$ 957,669	\$ (13,979)
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities:					
Depreciation and Amortization	-	1,246,334	-	-	-
Change in Assets, Liabilities and Deferred Outflows/Inflows of Resources:					
Receivables	(16,302)	-	-	-	-
Prepaid Items	(1,097)	-	-	-	-
Accounts Payable and Other Payables	8,285	1,090	6,573	(72,752)	8,549
Net OPEB Liability and Deferred Outflows/Inflows of Resources related to OPEB	58,098	-	-	-	-
Net Pension Liability and Deferred Outflows/Inflows of Resources related to Pensions	245,756	-	-	-	-
Compensated Absences Payable	10,772	-	-	-	-
Net Cash Provided By (Used for) Operating Activities	\$ 137,244	\$ 1,586,346	\$ 619,314	\$ 884,917	\$ (5,430)

Continued

City of Brentwood

**Combining Statement of Cash Flows
All Internal Service Funds (Continued)
For Year Ended June 30, 2018**

	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	\$ 1,438,819	\$ 1,947,240	\$ 1,827,520	\$ 1,097,126	\$ 4,340,579	\$ 17,173,863
Cash Payments to Suppliers of Goods and Services	(622,810)	(602,266)	(473,291)	(1,022,952)	(4,331,970)	(8,228,728)
Cash Payments to Employees for Services	(757,896)	(993,938)	-	-	(4,364)	(3,656,433)
Cash Payments for Interfund Services	(155,867)	(255,823)	-	-	-	(797,325)
Other Receipts	2,077	3,064	19,362	6,228	-	191,852
Net Cash Provided By (Used for) Operating Activities	(95,677)	98,277	1,373,591	80,402	4,245	4,683,229
Cash Flows from Non-Capital Financing Activities						
Transfers Received	3,428	6,335	692,120	-	830,471	1,598,189
Transfers Paid	-	(34,679)	(911,514)	-	(4,619,213)	(6,427,406)
Net Cash Provided By (Used for) Non-Capital Financing Activities	3,428	(28,344)	(219,394)	-	(3,788,742)	(4,829,217)
Cash Flows from Capital and Related Financing Activities						
Proceeds from Sale of Capital Assets	-	-	-	-	-	121,436
Acquisition and Construction of Capital Assets	-	-	-	-	-	(1,307,646)
Net Cash Provided By (Used for) Capital and Related Financing Activities	-	-	-	-	-	(1,186,210)
Cash Flows from Investing Activities						
Interest on Investments	446	1,672	21,775	482	44,647	94,282
Net Cash Provided By Investing Activities	446	1,672	21,775	482	44,647	94,282
Net Increase (Decrease) in Cash and Cash Equivalents	(91,803)	71,605	1,175,972	80,884	(3,739,850)	(1,237,916)
Cash and Cash Equivalents - Beginning of Year	307,635	1,025,062	13,521,726	600,863	25,396,205	55,657,521
Cash and Cash Equivalents - End of Year	\$ 215,832	\$ 1,096,667	\$ 14,697,698	\$ 681,747	\$ 21,656,355	\$ 54,419,605
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:						
Operating Income (Loss)	\$ (138,810)	\$ (54,228)	\$ 1,297,730	\$ 67,634	\$ 42,126	\$ 2,941,537
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities:						
Depreciation and Amortization	-	-	-	-	-	1,246,334
Change in Assets, Liabilities and Deferred Outflows/Inflows of Resources:						
Receivables	-	-	-	-	-	(16,302)
Prepaid Items	(63,026)	(774)	-	-	(54,785)	(119,682)
Accounts Payable and Other Payables	(17,823)	60,315	75,861	12,768	16,904	99,770
Net OPEB Liability and Deferred Outflows/Inflows of Resources related to OPEB	28,226	42,289	-	-	-	128,613
Net Pension Liability and Deferred Outflows/Inflows of Resources related to Pensions	95,975	50,358	-	-	-	392,089
Compensated Absences Payable	(219)	317	-	-	-	10,870
Net Cash Provided By (Used for) Operating Activities	\$ (95,677)	\$ 98,277	\$ 1,373,591	\$ 80,402	\$ 4,245	\$ 4,683,229

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018

	Assessments	Pass-Through Funds	Asset Seizure	Totals
ASSETS				
Current Assets:				
Cash and Investments	\$ 9,804,023	\$ 1,896,907	\$ 37,260	\$ 11,738,190
Restricted Cash and Investments	3,155,282	-	-	3,155,282
Interest Receivable	5,707	1,422	22	7,151
Total Current Assets	\$ 12,965,012	\$ 1,898,329	\$ 37,282	\$ 14,900,623
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 33,827	\$ 1,898,329	\$ -	\$ 1,932,156
Due to Others	-	-	37,282	37,282
Total Current Liabilities	33,827	1,898,329	37,282	1,969,438
Non-Current Liabilities Due in More Than One Year:				
Due to Bondholders	12,931,185	-	-	12,931,185
Total Non-Current Liabilities	12,931,185	-	-	12,931,185
Total Liabilities	\$ 12,965,012	\$ 1,898,329	\$ 37,282	\$ 14,900,623

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For Year Ended June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assessments				
ASSETS				
Cash and Investments	\$ 11,180,050	\$ 27,626,866	\$ 29,002,893	\$ 9,804,023
Restricted Cash and Investments	4,289,484	2,942,948	4,077,150	3,155,282
Interest Receivable	2,708	17,131	14,132	5,707
Total Assets	\$ 15,472,242	\$ 30,586,945	\$ 33,094,175	\$ 12,965,012
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 54,887	\$ 134,604	\$ 155,664	\$ 33,827
Due to Bondholders	15,417,355	64,639,443	67,125,613	12,931,185
Total Liabilities	\$ 15,472,242	\$ 64,774,047	\$ 67,281,277	\$ 12,965,012
Pass-Through Funds				
ASSETS				
Cash and Investments	\$ 2,838,786	\$ 6,415,437	\$ 7,357,316	\$ 1,896,907
Interest Receivable	504	5,829	4,911	1,422
Total Assets	\$ 2,839,290	\$ 6,421,266	\$ 7,362,227	\$ 1,898,329
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 2,839,290	\$ 6,116,368	\$ 7,057,329	\$ 1,898,329
Total Liabilities	\$ 2,839,290	\$ 6,116,368	\$ 7,057,329	\$ 1,898,329
Asset Seizure				
ASSETS				
Cash and Investments	\$ 37,198	\$ 439	\$ 377	\$ 37,260
Interest Receivable	8	127	113	22
Total Assets	\$ 37,206	\$ 566	\$ 490	\$ 37,282
LIABILITIES				
Due to Others	\$ 37,206	\$ 557	\$ 481	\$ 37,282
Due to Bondholders	-	-	-	-
Total Liabilities	\$ 37,206	\$ 557	\$ 481	\$ 37,282
Total - All Agency Funds				
ASSETS				
Cash and Investments	\$ 14,056,034	\$ 34,042,742	\$ 36,360,586	\$ 11,738,190
Restricted Cash and Investments	4,289,484	2,942,948	4,077,150	3,155,282
Interest Receivable	3,220	23,087	19,156	7,151
Total Assets	\$ 18,348,738	\$ 37,008,777	\$ 40,456,892	\$ 14,900,623
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 2,894,177	\$ 6,250,972	\$ 7,212,993	\$ 1,932,156
Due to Others	37,206	557	481	37,282
Due to Bondholders	15,417,355	64,639,443	67,125,613	12,931,185
Total Liabilities	\$ 18,348,738	\$ 70,890,972	\$ 74,339,087	\$ 14,900,623

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)

	2009	2010	2011	2012	2013	2014	2015 ⁽¹⁾	2016	2017 ⁽²⁾	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 396,500,516	\$ 387,736,385	\$ 391,780,662	\$ 396,203,826	\$ 451,053,113	\$ 448,914,876	\$ 433,381,298	\$ 434,420,162	\$ 422,791,124	\$ 429,289,132
Restricted	84,103,392	90,938,293	71,281,324	55,501,023	50,993,394	55,657,033	71,876,509	79,824,615	95,801,016	95,686,834
Unrestricted	48,649,648	41,892,809	50,583,234	79,793,101	47,881,478	52,762,415	22,429,161	23,264,290	29,172,068	21,024,270
Total Governmental Activities Net Position	\$ 529,253,556	\$ 520,567,487	\$ 513,645,220	\$ 531,497,950	\$ 549,927,985	\$ 557,334,324	\$ 527,686,968	\$ 537,509,067	\$ 547,764,208	\$ 546,000,236
Business-Type Activities										
Net Investment in Capital Assets and Capacity Rights	\$ 151,887,435	\$ 152,324,676	\$ 154,107,936	\$ 155,440,943	\$ 174,173,837	\$ 175,557,744	\$ 179,269,329	\$ 183,270,963	\$ 195,261,914	\$ 206,237,571
Restricted	26,202,644	31,503,932	33,796,393	35,030,908	25,789,668	27,579,197	25,172,201	29,240,801	25,362,943	25,157,771
Unrestricted	39,191,354	38,179,045	41,033,910	37,633,231	37,558,177	41,145,016	36,251,098	40,008,359	42,896,575	42,251,920
Total Business-Type Activities Net Position	\$ 217,281,433	\$ 222,007,653	\$ 228,938,239	\$ 228,105,082	\$ 237,521,682	\$ 244,281,957	\$ 240,692,628	\$ 252,520,123	\$ 263,521,432	\$ 273,647,262
Primary Government										
Net Investment in Capital Assets and Capacity Rights	\$ 548,387,951	\$ 540,061,061	\$ 545,888,598	\$ 551,644,769	\$ 625,226,950	\$ 624,472,620	\$ 612,650,627	\$ 616,590,129	\$ 618,053,038	\$ 635,526,703
Restricted	110,306,036	122,442,225	105,077,717	90,531,931	76,783,062	83,236,230	97,048,710	103,791,758	121,163,959	120,844,605
Unrestricted	87,841,002	80,071,854	91,617,144	117,426,332	85,439,655	93,907,431	58,680,259	69,647,303	72,068,643	63,276,190
Total Primary Government Net Position	\$ 746,534,989	\$ 742,575,140	\$ 742,583,459	\$ 759,603,032	\$ 787,449,667	\$ 801,616,281	\$ 768,379,596	\$ 790,029,190	\$ 811,285,640	\$ 819,647,498

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

(2) The City implemented the provisions of GASB Statement No. 75 for fiscal year ended June 30, 2018. Historical data has not been converted.

City of Brentwood

CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017 ⁽¹⁾	2018 ⁽¹⁾
Expenses										
General Government	\$ 14,258,630	\$ 16,337,699	\$ 21,178,861	\$ 14,136,546	\$ 14,092,802	\$ 12,814,102	\$ 13,394,675	\$ 13,973,215	\$ 13,709,033	\$ 13,388,117
Public Safety	15,024,872	18,770,435	16,444,355	17,504,773	16,984,814	16,841,404	18,273,959	19,566,435	18,718,910	19,955,450
Community Development	4,871,191	5,688,738	4,614,882	3,330,613	3,486,844	3,897,722	3,815,207	3,980,128	4,386,875	4,790,307
Engineering	2,500,979	2,195,775	2,287,863	2,426,348	2,425,560	2,536,751	2,664,921	2,617,590	2,982,747	3,174,218
Public Works	6,417,940	6,702,090	7,563,837	7,785,203	7,481,326	6,932,406	6,953,406	6,977,557	7,266,573	7,606,439
Parks and Recreation	8,721,904	9,595,992	9,831,303	9,966,107	11,278,035	11,997,081	11,667,358	11,539,064	12,645,111	12,937,460
Community Services	4,771,816	5,665,988	5,193,300	5,507,421	5,979,870	6,077,404	6,180,114	7,056,264	7,300,460	7,802,659
Interest on Long-Term Debt	1,729,621	3,129,383	5,068,172	5,121,265	4,763,277	4,706,190	4,658,130	4,929,385	4,896,060	4,780,172
Total Expenses	58,296,953	68,086,100	72,182,573	65,778,276	66,492,528	65,803,060	67,607,770	70,639,638	71,905,769	74,434,822
Program Revenues										
Charges for Services:										
General Government	5,374,316	6,137,929	7,180,354	7,579,622	9,248,908	7,838,278	8,365,696	8,570,160	9,134,325	9,204,518
Public Safety	512,853	555,434	498,354	512,727	485,363	511,100	432,433	457,271	418,829	418,188
Community Development	870,595	1,204,973	1,112,381	1,273,788	2,436,201	3,392,009	3,481,731	4,035,603	4,297,207	3,745,019
Engineering	1,549,735	1,760,861	1,191,544	1,457,470	1,780,644	2,298,698	2,226,848	2,281,340	2,100,302	2,077,627
Public Works	84,910	119,960	75,927	39,302	1,250	-	-	-	-	-
Parks and Recreation	936,023	920,233	962,966	1,061,842	1,173,781	1,256,289	1,338,312	1,357,279	1,463,855	1,489,080
Operating Grants and Contributions	9,594,707	10,547,689	12,109,521	11,266,602	15,474,137	13,854,976	16,226,090	15,810,148	17,787,223	21,768,980
Capital Grants and Contributions	21,356,537	7,393,607	13,903,165	6,384,355	21,785,963	19,212,723	15,319,706	18,683,812	19,008,097	19,882,418
Total Program Revenues	40,279,676	28,640,686	37,034,212	29,575,708	52,386,247	48,364,073	47,390,816	51,195,613	54,209,838	58,585,830
Total Governmental Activities Net Expense	(18,017,277)	(39,445,414)	(35,148,361)	(36,202,568)	(14,106,281)	(17,438,987)	(20,216,954)	(19,444,025)	(17,695,931)	(15,848,992)
General Revenues and Other Changes in Net Position										
Taxes:										
Property Taxes	19,580,300	16,247,078	15,684,496	12,682,260	10,090,453	10,540,496	12,454,027	13,602,591	12,922,787	13,819,751
Sales Tax	4,803,716	5,038,880	5,258,382	5,691,384	6,060,363	6,447,687	6,836,918	7,319,216	8,188,046	8,785,927
Franchise Fees	1,057,537	1,168,412	1,183,245	1,216,589	1,254,136	1,321,089	1,400,350	1,473,443	1,487,179	1,499,715
Real Property Transfer Tax	298,911	283,407	251,092	257,426	396,148	389,109	452,426	506,626	547,975	641,279
Measure C/J, Transient Occupancy Tax	674,000	676,635	775,964	885,565	960,804	1,036,221	349,683	377,043	396,763	555,535
Motor Vehicle Taxes In-Lieu, Unrestricted	3,570,432	2,955,583	2,925,219	2,593,907	2,540,474	2,748,701	3,256,924	3,655,028	3,952,928	4,291,791
Investment Earnings	6,821,377	3,456,502	2,256,133	1,626,128	679,229	1,186,001	1,095,957	2,988,030	373,212	502,436
Capital Assets Contributed to/from Other Funds	-	-	-	-	-	-	-	-	-	-
Miscellaneous	906,456	848,732	317,681	1,338,025	1,149,975	1,123,910	871,959	1,156,862	352,324	692,654
Transfers	1,645,610	84,116	(426,118)	99,753	(74,087)	52,112	702,328	762,119	(270,142)	(2,399,950)
Special Items:										
Denial of Transfer of Assets to the City	-	-	-	27,664,261	(3,989,500)	-	(12,381,097)	(2,574,834)	-	(1,327,129)
Total General Revenues and Other Changes in Net Position	39,358,339	30,759,345	28,226,094	54,055,298	19,067,995	24,845,326	15,039,475	29,266,124	27,951,072	27,062,009
Total Governmental Activities Change in Net Position	\$ 21,341,062	\$ (8,686,069)	\$ (6,922,267)	\$ 17,852,730	\$ 4,961,714	\$ 7,406,339	\$ (5,177,479)	\$ 9,822,099	\$ 10,255,141	\$ 11,213,017

(1) Revenues were reclassified in FY 2016/17 and FY 2017/18. Prior years have not been revised.

City of Brentwood

CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Wastewater	\$ 6,956,281	\$ 7,387,756	\$ 7,706,249	\$ 7,980,916	\$ 8,281,521	\$ 8,356,508	\$ 10,000,905	\$ 10,003,159	\$ 10,328,357	\$ 10,744,008
Solid Waste	6,870,616	7,530,880	7,839,662	8,050,319	8,871,904	9,583,321	10,373,325	10,680,780	11,493,599	12,281,266
Water	15,721,076	18,381,997	17,122,586	18,787,680	18,987,430	19,436,134	19,538,589	22,129,063	20,972,101	21,090,099
City Rentals	248,505	253,241	218,218	182,239	150,179	165,319	174,597	178,558	196,829	194,306
Housing	307,298	419,217	430,024	4,699,623	686,241	831,157	656,778	723,908	797,400	879,920
Total Expenses	30,103,776	33,973,091	33,316,739	39,700,777	36,977,275	38,372,439	40,744,194	43,715,468	43,788,286	45,189,599
Program Revenues										
Charges for Services:										
Wastewater	7,666,143	7,936,737	8,333,225	9,388,285	10,891,301	10,979,074	12,002,184	11,663,637	11,261,121	12,096,684
Solid Waste	9,119,685	8,856,687	9,045,607	9,139,494	9,246,212	9,648,049	10,132,236	10,520,115	11,376,482	12,293,622
Water	16,201,887	15,760,490	16,114,907	17,254,244	18,657,623	19,050,072	17,599,064	16,288,609	17,977,213	21,784,977
City Rentals	421,957	425,832	425,607	435,736	428,869	438,420	476,212	486,477	497,573	579,656
Housing	188,137	175,186	193,610	184,524	196,900	221,519	239,057	265,269	285,418	305,623
Operating Grants and Contributions	-	-	-	-	-	-	-	918,028	1,024,113	740,936
Capital Grants and Contributions	12,590,057	3,996,082	4,635,461	1,629,204	6,679,473	4,082,059	4,382,019	7,414,680	11,863,994	9,812,301
Total Program Revenues	46,187,866	37,151,014	38,748,417	38,031,487	46,100,378	44,419,193	44,830,772	46,638,787	54,285,914	57,613,799
Total Business-Type Activities Net Expense	16,084,090	3,177,923	5,431,678	(1,669,290)	9,123,103	6,046,754	4,086,578	2,923,319	10,497,628	12,424,200
General Revenues and Other Changes in Net Position										
Investment Earnings	3,246,917	1,632,413	1,072,790	935,886	417,783	765,633	719,108	1,759,735	233,539	200,691
Transfers	(1,645,610)	(84,116)	426,118	(99,753)	74,087	(52,112)	(702,328)	(762,119)	270,142	2,399,950
Total General Revenues and Other Changes in Net Position	1,601,307	1,548,297	1,498,908	836,133	491,870	713,521	16,780	997,616	503,681	2,600,641
Total Business-Type Activities Change in Net Position	17,685,397	4,726,220	6,930,586	(833,157)	9,614,973	6,760,275	4,103,358	3,920,935	11,001,309	15,024,841
Total Primary Government Change in Net Position	\$ 39,026,459	\$ (3,959,849)	\$ 8,319	\$ 17,019,573	\$ 14,576,687	\$ 14,166,614	\$ (1,074,121)	\$ 13,743,034	\$ 21,256,450	\$ 26,237,858

City of Brentwood

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	2009	2010 ⁽¹⁾	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 115,603	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,469,215	-	-	-	-	-	-	-	-	-
Nonspendable ⁽¹⁾	-	69,383	168,127	75,163	302,936	63,693	108,998	68,054	83,944	87,527
Restricted ⁽¹⁾	-	-	-	27,500	74,426	92,426	92,426	92,426	94,464	95,620
Committed ⁽¹⁾	-	600,000	600,000	-	-	-	1,250,000	9,266,345	7,553,950	11,986,875
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	15,673,545	16,399,436
Total General Fund	\$ 15,584,818	\$ 15,333,922	\$ 18,271,519	\$ 18,539,970	\$ 18,034,685	\$ 17,139,493	\$ 18,907,466	\$ 22,546,910	\$ 23,405,903	\$ 28,569,458
Other Governmental Funds										
Reserved	\$ 86,822,877	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Funds	8,180,937	-	-	-	-	-	-	-	-	-
Capital Project Funds	(3,705,510)	-	-	-	-	-	-	-	-	-
Nonspendable ⁽¹⁾	-	2,371,064	2,237	1,324	1,310	845	576	889	80,914	81,092
Restricted ⁽¹⁾	-	119,080,851	78,571,539	56,313,736	47,984,618	48,760,112	79,481,499	93,642,510	100,964,619	95,849,782
Committed ⁽¹⁾	-	4,477,489	3,027,135	4,210,317	5,342,739	6,501,740	7,047,085	6,963,196	1,779,008	2,696,413
Unassigned ⁽¹⁾	-	(2,586,983)	(2,550,292)	248,829	(2,839,605)	(2,792,828)	(2,421,683)	(561,034)	(510)	(1,280,327)
Total Other Governmental Funds	\$ 91,298,304	\$ 123,342,421	\$ 79,050,619	\$ 60,774,206	\$ 50,489,062	\$ 52,469,869	\$ 84,107,477	\$ 100,045,561	\$ 102,824,031	\$ 97,346,960
Total Governmental Funds	\$ 106,883,122	\$ 138,676,343	\$ 97,322,138	\$ 79,314,176	\$ 68,523,747	\$ 69,609,362	\$ 103,014,943	\$ 122,592,471	\$ 126,229,934	\$ 125,916,418

(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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017 ⁽¹⁾	2018 ⁽¹⁾
REVENUES										
Taxes	\$ 24,965,670	\$ 21,892,844	\$ 21,496,574	\$ 18,966,729	\$ 16,925,209	\$ 17,777,969	\$ 20,213,939	\$ 21,926,396	\$ 26,878,073	\$ 29,406,949
Licenses	530,025	494,958	486,963	519,368	550,111	618,161	633,722	826,330	878,054	887,614
Permits and Fines	1,699,070	2,419,184	2,695,972	2,866,498	4,460,526	5,920,923	6,264,281	6,806,441	6,686,821	6,062,836
Uses of Money and Property	5,714,526	2,939,018	1,990,331	1,477,010	1,403,814	1,022,233	912,078	1,967,917	469,616	688,771
Intergovernmental	6,559,025	6,491,361	7,696,877	6,626,172	11,827,629	8,793,246	8,940,071	8,981,674	9,903,403	9,995,621
Franchises	1,057,537	1,168,412	1,183,245	1,216,589	1,254,136	1,321,089	1,400,350	1,473,443	1,487,179	1,499,715
Charges for Other Services	407,429	437,338	522,681	409,699	291,411	381,111	306,603	287,150	561,815	573,488
Charges to Other Funds	5,507,561	6,101,449	5,887,152	6,362,471	8,063,466	6,577,548	6,705,041	6,811,651	7,538,724	7,333,321
Fees and Other Revenues	12,630,551	12,772,501	13,219,741	15,976,157	18,972,072	22,705,683	25,565,932	27,238,276	22,995,874	24,835,315
Total Revenues	59,071,394	54,717,065	55,179,536	54,420,693	63,748,374	65,117,963	70,942,017	76,319,278	77,399,559	81,283,630
EXPENDITURES										
Current:										
General Government	13,876,807	13,903,858	18,213,011	12,289,354	12,098,061	10,264,133	10,746,924	11,421,015	11,067,613	10,740,742
Public Safety	14,277,133	15,029,062	15,806,664	16,627,126	16,474,881	16,940,288	18,226,275	19,353,959	21,544,435	22,307,319
Community Development	4,803,810	6,530,394	4,658,637	3,218,317	3,545,087	4,075,316	4,083,722	4,323,936	4,644,493	4,995,776
Engineering	2,523,897	2,124,818	2,241,604	2,383,174	2,438,310	2,620,029	2,741,148	2,865,976	3,227,631	3,315,619
Public Works	2,385,896	2,342,121	2,687,175	2,723,127	2,601,282	2,687,875	2,814,945	2,999,793	3,213,775	3,548,386
Parks and Recreation	7,039,392	7,387,946	7,782,777	7,673,881	9,161,386	10,194,471	9,858,227	9,550,815	10,613,064	10,826,070
Community Services	4,777,007	5,668,438	5,199,083	5,510,055	5,987,718	6,088,686	6,192,471	7,073,130	7,314,162	7,870,635
Capital Outlay	11,417,725	9,534,182	28,347,984	18,649,014	5,791,055	1,487,631	2,353,631	3,834,624	3,388,096	14,185,472
Debt Service:										
Principal	1,003,379	2,412,705	1,085,407	1,075,000	1,770,000	1,835,000	1,910,000	2,717,796	4,000,818	4,309,412
Interest and Fiscal Charges	1,515,337	2,902,943	4,795,892	4,849,723	4,541,152	4,490,392	4,428,429	4,681,817	4,630,649	4,495,898
Total Expenditures	63,620,383	67,836,467	90,818,234	74,998,771	64,408,932	60,683,821	63,355,772	68,822,861	73,644,736	86,595,329
REVENUES OVER (UNDER) EXPENDITURES	(4,548,989)	(13,119,402)	(35,638,698)	(20,578,078)	(660,558)	4,434,142	7,586,245	7,496,417	3,754,823	(5,311,699)
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	19,833,305	89,614,732	71,012,558	18,534,332	18,611,255	18,163,542	17,062,601	32,528,893	40,527,627	33,710,608
Transfers Out	(19,965,513)	(92,831,281)	(75,401,036)	(16,777,751)	(21,084,678)	(21,512,069)	(19,620,633)	(31,962,782)	(40,644,987)	(28,712,425)
Total Other Financing Sources (Uses)	(132,208)	44,912,623	(5,715,507)	1,033,587	(2,473,423)	(3,348,527)	(2,558,032)	12,081,111	(117,360)	4,998,183
Net Change in Fund Balances before Extraordinary Items	\$ (4,681,197)	\$ 31,793,221	\$ (41,354,205)	\$ (19,544,491)	\$ (3,133,981)	\$ 1,085,615	\$ 5,028,213	\$ 19,577,528	\$ 3,637,463	\$ (313,516)
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	\$ (4,681,197)	\$ 31,793,221	\$ (41,354,205)	\$ (21,674,910)	\$ (7,123,481)	\$ 1,085,615	\$ 5,028,213	\$ 19,577,528	\$ 3,637,463	\$ (313,516)
Debt Service as a Percentage of Noncapital Expenditures	4.82%	9.12%	9.41%	10.51%	10.77%	10.69%	10.39%	11.39%	12.29%	12.16%

(1) Revenues were reclassified in FY 2016/17 and FY 2017/18. Prior years have not been revised.

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
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%
2017	7,325,221,995	732,682,891	49,905,838	651,999,580	199,761,692	8,560,048,612	1.0054%
2018	8,035,473,592	774,705,747	53,146,631	619,828,756	197,364,463	9,285,790,263	1.0051%

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
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%
2017	1.00%	0.0054%	1.0054%	0.0217%	0.0698%	0.0697%
2018	1.00%	0.0051%	1.0051%	0.0450%	0.0635%	0.0942%

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 2018			Fiscal Year 2009		
	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	\$ 86,263,039	1	0.94%	\$ -	-	-
Sand Creek Crossing LLC	55,292,000	2	0.60%	58,998,593	2	0.81%
DS Lone Tree Plaza LLC	46,005,629	3	0.50%	45,195,918	3	0.62%
John Muir Mt Diablo Health	39,918,909	4	0.43%	-	-	-
Trilogy Vineyards LLC	27,591,754	5	0.30%	71,244,421	1	0.98%
Shea Homes LP	27,215,707	6	0.30%	-	-	-
CA Towncentre Owner LLC	26,939,676	7	0.29%	-	-	-
Pulte Home Company	24,471,360	8	0.27%	26,604,870	9	0.36%
AFE Brentwood Park LLC	24,125,055	9	0.26%	-	-	-
Brentwood Arbor Ridge LP	23,600,052	10	0.26%	-	-	-
New Urban Comm Sciortino LLC	-	-	-	32,000,000	4	0.44%
Discovery Builders Inc	-	-	-	29,909,687	5	0.41%
Prestige Homes LP	-	-	-	27,802,200	6	0.38%
Richmond American Home of CA	-	-	-	27,588,646	7	0.38%
Brentwood Specialty Center LLC	-	-	-	27,735,600	8	0.38%
WK LLC	-	-	-	26,070,748	10	0.36%
Total	\$ 381,423,181		4.15%	\$ 373,150,683		5.12%

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
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%
2017	14,968,042	14,968,042	100.00%
2018	15,929,680	15,929,680	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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Apparel Stores	\$ 24,627	\$ 38,865	\$ 41,433	\$ 43,872	\$ 47,782	\$ 51,009	\$ 49,524	\$ 53,502	\$ 57,143	\$ 57,848
Food Stores	41,689	44,121	42,134	42,881	44,710	46,829	47,983	50,251	50,026	51,721
Eating and Drinking Establishments	50,980	58,853	64,109	70,917	80,693	84,531	100,497	112,715	120,253	131,119
Building Materials	53,169	47,048	51,067	55,213	57,644	64,725	63,693	72,414	80,502	95,994
Auto Dealers and Supplies	33,284	39,949	43,762	41,466	39,996	43,202	54,180	68,267	76,852	86,794
Service Stations	103,954	77,494	86,144	100,906	105,065	104,865	106,658	94,021	90,449	105,328
Other Retail Stores	103,163	111,769	115,702	120,480	126,723	134,417	131,494	143,394	152,268	158,470
All Other Outlets	92,659	88,465	91,820	103,895	111,150	124,413	136,218	159,019	168,056	188,438
Total	\$ 503,525	\$ 506,564	\$ 536,171	\$ 579,630	\$ 613,763	\$ 653,991	\$ 690,247	\$ 753,583	\$ 795,549	\$ 875,712
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%

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
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%
2017	1.00%	1.00%	6.25% ⁽²⁾	8.25%
2018	1.00%	1.00%	6.25%	8.25%

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%. The increase expired January 1, 2017.

City of Brentwood

TOP 25 SALES TAX PRODUCERS CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

2018		2009	
Tax Remitter ⁽¹⁾	Business Category	Tax Remitter ⁽¹⁾	Business Category
Arco AM PM	Service Stations	Ace Hardware	Building Materials
AT&T Mobility	Electronics/Appliance Stores	Arco	Service Stations
Best Buy	Electronics/Appliance Stores	Babies R Us	Specialty Stores
Big B Lumber	Building Materials	Best Buy	Electronics/Appliance Stores
Bill Brandt Ford	New Motor Vehicle Dealers	Big B Lumber	Building Materials
BJs Restaurant & Brewhouse	Casual Dining	Bill Brandt Ford	New Motor Vehicle Dealers
Brentwood Chevron	Service Stations	Brentwood Service Station	Service Stations
Brentwood Ready Mix	Contractors	Chevron	Service Stations
Chevron	Service Stations	Circle K Gas	Service Stations
Circle K Gas	Service Stations	Dallas Shanks Chevron	Service Stations
Colonial Energy	Service Stations	Devi Oil	Service Stations
Dallas Shanks Chevron	Service Stations	Food Maxx	Grocery Stores
Home Depot	Building Materials	Home Depot	Building Materials
Home Goods	Home Furnishings	Home Goods	Home Furnishings
Jeffery Way Shell	Service Stations	Hurtados Auto Sales	Used Automotive Dealers
Kohl's	Department Stores	Kohl's	Department Stores
Oakley Petro	Service Stations	Michael's Arts & Crafts	Art/Gift/Novelty Stores
Quick Stop	Service Stations	Pena Auto Sales	Used Automotive Dealers
Ross	Family Apparel	Raley's	Grocery Stores
Safeway	Grocery Stores	Ross	Family Apparel
TJ Maxx	Family Apparel	Safeway	Grocery Stores
Ulta Beauty	Specialty Stores	TJ Maxx	Family Apparel
Verizon Wireless	Electronics/Appliance Stores	Tower Mart	Service Stations
Walgreens	Drug Stores	Walgreens	Drug Stores
Winco Foods	Grocery Stores	Winco Foods	Grocery Stores

Percent of Fiscal Year Total Paid by Top 25 Accounts = 50.72%

Percent of Fiscal Year Total Paid by Top 25 Accounts = 54.12%

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Type of Customer										
Residential	\$ 7,771,514	\$ 7,298,520	\$ 7,559,361	\$ 8,018,220	\$ 9,104,775	\$ 9,204,133	\$ 8,207,427	\$ 5,556,876	\$ 7,604,905	\$ 10,168,782
Commercial	1,353,079	1,243,055	1,270,571	1,351,106	1,505,393	1,536,426	1,465,084	1,156,292	1,563,242	1,914,185
Industrial	594,218	474,029	502,181	496,542	588,820	544,326	566,740	429,897	467,446	526,072
Government	1,062,688	1,129,991	1,000,586	1,001,728	1,278,646	1,371,209	919,019	726,120	933,648	1,161,546
Total	\$ 10,781,499	\$ 10,145,595	\$ 10,332,699	\$ 10,867,596	\$ 12,477,634	\$ 12,656,094	\$ 11,158,270	\$ 7,869,185	\$ 10,569,241	\$ 13,770,585

Source: City of Brentwood Finance and Information Systems Department, Utility Billing

(1) Billing period from July 1 to June 30

City of Brentwood

WATER RATES
LAST TEN FISCAL YEARS
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017 ⁽¹⁾	2018
Monthly Base Rate										
5/8" or 3/4" meter	\$ 16.95	\$ 17.46	\$ 17.99	\$ 18.53	\$ 19.08	\$ 19.65	\$ 20.24	\$ 20.85	\$ 21.61	\$ 23.56
1" meter	25.43	26.19	26.98	27.79	28.62	29.48	30.36	31.27	29.83	32.52
1 1/2" meter	50.86	52.39	53.96	55.58	57.24	58.96	60.73	62.55	50.39	54.93
2" meter	84.77	87.31	89.93	92.63	95.40	98.26	101.21	104.25	75.07	81.83
3" meter	152.58	157.16	161.87	166.73	171.73	176.88	182.19	187.65	153.21	167.00
4" meter	220.39	227.00	233.81	240.83	248.05	255.49	263.16	271.05	268.36	292.65
6" meter	457.74	471.47	485.61	500.18	515.19	530.65	546.57	562.96	543.89	592.85
Consumption Charge (per 1,000 gallons = 1 unit)										
Residential Tiers										
Tier 1: Units 1-10	\$ 2.65	\$ 2.73	\$ 2.81	\$ 2.90	\$ 2.99	\$ 3.08	\$ 3.17	\$ 3.27		
Tier 1: Units 1-5									\$ 2.49	\$ 2.72
Tier 2: Units 11-20	3.16	3.26	3.35	3.45	3.56	3.67	3.78	3.89		
Tier 2: Units 6-14									4.96	5.41
Tier 3: Units 21-30	3.79	3.90	4.02	4.14	4.26	4.39	4.52	4.66		
Tier 3: Units 15-20									5.93	6.47
Tier 4: Units 31+	4.41	4.55	4.68	4.82	4.97	5.12	5.27	5.43		
Tier 4: Units 21+									6.52	7.11
Non Residential Tiers										
Tier 1: Units 1-10	\$ 2.65	\$ 2.73	\$ 2.81	\$ 2.90	\$ 2.99	\$ 3.08	\$ 3.17	\$ 3.27		
Tier 1: Units 1-5									\$ 2.31	\$ 2.52
Tier 2: Units 11+	3.16	3.26	3.35	3.45	3.56	3.67	3.78	3.89		
Tier 2: Units 6+									4.60	5.02
Non Potable										
Tier 1: Units 1+	\$ 0.98	\$ 1.01	\$ 1.04	\$ 1.07	\$ 1.10	\$ 1.13	\$ 1.17	\$ 1.20	\$ 1.31	\$ 1.43

(1) On April 12, 2016 City Council adopted Ordinance No. 969 accepting and approving a water rate study and adopting revised monthly user charges for water service which revised the existing tier structure by reducing the number of units of consumption for each tier as well as revising the unit rates. Monthly base rate and consumption charge increases, averaging 9% for each increase, became effective June 1, 2016 and July 1, 2017.

Source: City of Brentwood Finance and Information Systems Department, Utility Billing

City of Brentwood

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Governmental Activities						
	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	Capital Leases (Internal Service)
	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	-	21,521,734	45,125,826	11,515,000	14,598,135	-
2017	6,212,789	-	20,533,414	44,041,520	11,180,000	13,382,317	-
2018	6,074,688	-	19,505,094	42,912,215	10,745,000	12,087,905	-

Fiscal Year	Business-Type Activities						
	2008 Water Revenue Bonds	2014 Water Revenue Bonds	State Water Resources Loan (Wastewater)	Notes Payable ⁽¹⁾	Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
	2009	\$ 52,036,844	\$ -	\$ 28,000,554	\$ 7,691,719	\$ 123,415,572	6.59%
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
2017	1,460,000	48,103,942	12,862,991	-	157,776,973	8.23%	2,684
2018	-	46,301,849	10,813,886	-	148,440,637	7.45%	2,431

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.

(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
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
2017	6,212,789	85,979	6,126,810	0.07%	104
2018	6,074,688	79,768	5,994,920	0.07%	98

Source: City of Brentwood Finance and Information Systems Department

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

City of Brentwood

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2018

(Unaudited)

2016-17 Assessed Valuation	\$	8,560,048,612
Redevelopment Incremental Valuation		<u>795,621,849</u>
Adjusted Assessed Valuation	\$	<u>7,764,426,763</u>

	Total Debt 6/30/18	Percentage Applicable ⁽¹⁾	City's Share of Debt 6/30/18
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Bay Area Rapid Transit	\$ 837,820,000	1.335%	\$ 11,184,897
Contra Costa Community College District	403,600,000	4.830%	19,493,880
Liberty Union High School District	101,625,000	53.041%	53,902,916
Brentwood Union School District	57,109,704	93.667%	53,492,946
Oakley Union School District	41,310,000	0.002%	826
City of Brentwood	6,074,688 ⁽²⁾	100.000%	6,074,688
City of Brentwood Community Facilities Districts	18,029,474	100.000%	18,029,474
City of Brentwood 1915 Act Bonds	123,574,238	100.000%	123,574,238
California Statewide Communities Development Authority Assessment Districts	16,625,023	100.000%	16,625,023
East Bay Regional Park District	187,800,000	2.087%	3,919,386
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 1,793,568,127		\$ 306,298,274
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Contra Costa County General Fund Obligations	\$ 291,777,297	4.813%	\$ 14,043,241
Contra Costa County Pension Obligations	155,880,000	4.813%	7,502,504
Contra Costa Community College District Certificates of Participation	330,000	4.830%	15,939
Liberty Union High School District Certificates of Participation	754,868	53.041%	400,390
Brentwood Union School District Certificates of Participation	628,580	93.667%	588,772
City of Brentwood General Fund Obligations	67,220,740	100.000%	67,220,740
GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT	\$ 516,591,485		\$ 89,771,586
Less: Contra Costa Obligations Supported From Revenue Funds			<u>5,535,442</u>
NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 84,236,144
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY)	\$ 24,893,421	100.000%	\$ 24,893,421
TOTAL DIRECT DEBT			\$ 91,324,902
TOTAL GROSS OVERLAPPING DEBT			\$ 329,638,379
TOTAL NET OVERLAPPING DEBT			\$ 324,102,937
GROSS COMBINED TOTAL DEBT			\$ 420,963,281 ⁽³⁾
NET COMBINED TOTAL DEBT			\$ 415,427,839
Ratios to Adjusted Assessed Valuation:			
Total Direct Debt (\$91,324,902)	1.18%		
Gross Combined Total Debt	5.42%		
Net Combined Total Debt	5.35%		

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 \$3,889,712 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 277,723,398	\$ 229,124,375	\$ 219,745,734	\$ 209,939,754	\$ 205,468,331	\$ 222,851,159	\$ 264,412,922	\$ 296,927,556	\$ 321,001,823	\$ 348,217,135
Total Net Debt Applicable to Limit	6,455,905	6,490,941	6,504,400	6,491,115	6,464,245	6,410,225	6,344,808	6,246,505	6,126,810	5,994,920
Legal Debt Margin	\$ 271,267,493	\$ 222,633,434	\$ 213,241,334	\$ 203,448,639	\$ 199,004,086	\$ 216,440,934	\$ 258,068,114	\$ 290,681,051	\$ 314,875,013	\$ 342,222,215
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.32%	2.83%	2.96%	3.09%	3.15%	2.88%	2.40%	2.10%	1.91%	1.72%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value ⁽¹⁾	\$ 9,285,790,263
Debt Limit (3.75% of Assessed Value) ⁽²⁾	348,217,135
Debt Applicable to Limit:	
General Obligation Bonds	5,994,920
Total Net Debt Applicable to Limit	5,994,920
Legal Debt Margin	\$ 342,222,215

Source: Contra Costa County Assessor

(1) Contra Costa County Auditor/Controller

(2) State of California Government Code 25 and 43605

City of Brentwood

PLEDGED REVENUE COVERAGE**LAST TEN 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	(13,999,154)	7,207,111	1,320,000	2,192,225	2.05
2017 ⁽³⁾	20,999,938	(15,531,834)	5,468,104	1,385,000	2,126,225	1.56
2018	25,157,794	(16,640,999)	8,516,795	3,010,000	2,050,050	1.68

Source: City of Brentwood Finance and Information Systems 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 and FY 2016/17, \$893,839 and \$982,000 was transferred, respectively, 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
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%
2016	58,784	1,917,154	32,614	37.7	17,116	3.7%
2017	61,055	1,993,057	32,644	38.3	17,268	3.7%

(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	2018			2009		
	No. Employees	Rank	Percent of Total City Employment	No. Employees	Rank	Percent of Total City Employment
Brentwood Union School District	697	1	4.63%	1,066	1	6.68%
City of Brentwood	448	2	2.97%	491	2	3.08%
Liberty Union High School District	431	3	2.86%	352	3	2.21%
Home Depot	150	4	1.00%	100	11	0.63%
Safeway Stores, Inc.	141	5	0.94%	255	4	1.60%
John Muir	132	6	0.88%	77	12	0.48%
Precision Cabinets	130	7	0.86%	250	5	1.57%
Ellison Framing Inc.	125	8	0.83%	240	6	1.50%
Kohl's	123	9	0.82%	150	8	0.94%
Winco Foods, Inc.	102	10	0.68%	160	7	1.00%
Raley's	101	11	0.67%	120	10	0.75%
BJ's Brewhouse	100	12	0.66%	-		0.00%
Walgreen Co.	85	13	0.56%	75	13	0.47%
Town & Country Roofing	75	14	0.50%	70	14	0.44%
Delta Valley Athletic Club	14	15	0.09%	-		0.00%
Best Buy	8	16	0.05%	125	9	0.78%
Total City Employment	15,068			15,962		

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	39	37	37	38	37	35	34	34	35	35
Public Safety	78	79	79	79	79	83	83	85	95	95
Community Development	27	26	26	24	23	21	20	19	19	22
Engineering	12	12	13	12	13	13	14	14	14	14
Public Works	20	20	23	24	23	24	23	23	23	26
Parks and Recreation	27	27	24	24	24	24	24	25	24	25
Wastewater	17	17	17	17	17	18	18	18	19	20
Solid Waste	23	23	24	24	24	25	26	27	26	27
Water	25	25	25	26	26	26	26	26	26	27
City Rentals	-	-	-	-	-	-	-	-	-	-
Housing	1	1	1	2	1	2	2	2	2	2
Total	269	267	269	270	267	271	270	273	284	293

Source: City of Brentwood Finance and Information Systems Department

City of Brentwood

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited)

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Single-Family Dwelling Permits Issued	31	136	109	175	290	500	451	519	541	411
Accounts Payable Invoices Processed	13,695	12,085	10,272	10,885	10,458	10,440	12,023	13,364	13,625	12,463
Purchase Orders Issued	319	238	280	320	355	291	286	269	279	264
Checks Issued	15,043	14,328	14,366	14,047	14,064	13,692	14,299	15,764	15,844	15,133
Public Works										
Debris Collected (tons)	2,047	1,832	2,226	1,995	2,229	2,226	1,890	1,756	1,687	1,568
Streetlights Maintenance Requests	871	760	806	659	680	713	697	410	424	293
Police										
Physical Arrests (est.)	1,603	1,625	1,448	1,745	1,626	1,563	1,679	1,648	1,626	1,629
Calls for Service (est.) ⁽¹⁾	32,608	38,922	35,168	37,124	36,781	36,192	39,934	40,661	44,417	50,300
Case Files Taken (est.)	5,941	6,117	5,450	6,044	5,823	5,821	6,133	5,925	6,335	6,396
Parks and Recreation										
Total Programs Offered (est.)	945	832	986	1,053	997	924	852	852	891	962
Total Participants and Spectators at Events	749,922	642,612	729,046	605,391	762,312	792,656	896,480	902,480	916,239	918,000
Refuse Collection										
Refuse Collected (tons per day)	96	95	90	88	93	95	97	102	110	114
Yard Waste (tons per day)	29	31	32	34	35	35	38	35	38	37
Recyclables Collected (tons per day)	22	22	22	22	22	22	23	25	26	25
Residential Services	15,263	15,469	15,562	15,907	16,337	16,729	17,245	17,802	18,310	18,806
Commercial Services	453	459	468	451	468	465	475	487	499	508
Water										
New Connections	39	113	117	125	197	338	467	475	527	470
Average Daily Production (millions of gallons)	10	10	9	9	11	11	10	7	8	9
Peak Daily Production (millions of gallons)	16	16	16	15	16	17	17	18	16	20
Number of Utility Customers	16,442	16,769	16,827	16,952	17,120	17,505	18,289	18,785	19,385	19,736
Wastewater										
New Connections	39	113	119	125	199	338	467	480	529	471
Average Daily Sewage Treatment (millions of gallons)	4	3	3	3	3	4	4	3	4	4

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	50	50	51	51	51	52	52	49	49	49
Parks and Recreation										
Developed Park Acreage ⁽¹⁾	256	256	256	260	221	223	226	231	234	253
Play Areas	43	45	45	46	48	48	51	52	56	61
Multi-Use Trails (miles)	16	16	16	16	16	17	18	18	19	19
Multi-Use Ball and Soccer Fields	23	23	23	23	23	23	23	19	19	20
Picnic Tables	276	276	276	287	290	292	305	311	331	351
Refuse Collection										
Collection Trucks	14	14	14	14	14	14	16	16	17	17
Water										
Water Mains (miles)	173	184	191	219	256	266	284	287	302	324
Fire Hydrants	1,910	1,940	1,945	2,153	2,535	2,588	2,704	2,719	2,841	2,901
Number of Wells	9	9	9	8	7	7	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	152	179	202	209	225	226	235	237
Lift Stations	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles)	190	190	190	190	192	192	192	192	192	192
Street Lights	5,836	5,836	5,836	5,889	5,948	5,957	5,957	6,691	6,693	7,403

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 2018:	63,042

<u>Municipal Water System</u>	
Number of Wells	7
Number of Reservoirs	6
Storage Capacity (gallons)	19 MG
Average Daily Production	9 MGD
Peak Daily Production	20 MGD
Number of Connections	19,736

<u>Municipal Solid Waste</u>	
Number of Residential Services	19,195
Number of Commercial Services	515

Number of Full-time Equivalent Positions	Year End
293	2018
284	2017
273	2016
270	2015
271	2014
267	2013
270	2012
269	2011
267	2010
269	2009

<u>Parks and Recreation</u>	
Developed Park Acreage	252.67 acres
Aquatic Complex	7.5 acres
Skate Park	.50 acres
Play Areas	61
Sunset Park Athletic Complex	38 acres
Veterans Park	10.5 acres

<u>Parks Facilities</u>	
Multi-Use Trails	19.22 miles
Multi-Use Ball and Soccer Fields	20
Tennis Courts	2
Basketball Courts	14
Bocce Ball Courts	7
Volleyball Courts	3
Horseshoe Courts	2
Gazebos	2
Picnic Tables	351
BBQ Areas	33
Restrooms (Permanent)	9

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

<u>Miles of Streets</u>	
Miles of Streets	192
Miles of Sanitary Sewers	237
Miles of Water Mains	324
Number of Street Lights	7,403

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

<u>Municipal Wastewater System</u>	
Sanitary Lift Stations	2
Number of Connections	19,517
Average Daily Flow	3.60 MGD

<u>East Contra Costa Fire Protection District</u>	
Stations Located in Brentwood	1
Firefighters in Brentwood	10

Source: Various City Departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the City of Brentwood, California, as of and for the year ended June 30, 2018, and have issued our report thereon dated November 21, 2018. Our report included emphasis of a matter paragraphs disclosing the Redevelopment Agency dissolution and the City's accounting for certain transactions of the former Redevelopment Agency, as well as an emphasis of a matter paragraph disclosing the implementation of a new accounting principle.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 21, 2018 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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

Mane & Associates

Pleasant Hill, California
November 21, 2018



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