

**CITY OF SAN BRUNO
SAN BRUNO, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS
AND
REQUIRED AND OTHER SUPPLEMENTARY
INFORMATION WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2006**

CITY OF SAN BRUNO

BASIC FINANCIAL STATEMENTS AND REQUIRED AND OTHER SUPPLEMENTARY INFORMATION WITH INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2006

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CITY OF SAN BRUNO

BASIC FINANCIAL STATEMENTS AND REQUIRED AND OTHER SUPPLEMENTARY INFORMATION WITH INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2006

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INTRODUCTORY SECTION



October 5, 2007

Honorable Mayor and Members of the City Council
City of San Bruno
San Bruno, CA 94066

Dear Mayor and Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) for the City of San Bruno for the fiscal year ended June 30, 2006 is hereby submitted. The financial statements have been prepared by the City's Finance Department in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The accuracy of the data and completeness of the presentation including all disclosures rests with the City.

The City believes the data is accurate in all material respects and is presented in a manner fairly setting forth the City's financial position, results of operations, and cash flows of the various funds and account groups. Further, the City believes that all disclosures have been included that are necessary for a reader to understand the City's financial condition.

The CAFR is presented in three sections: the Introductory Section, the Financial Section, and the Statistical Section. Each of these sections is made up of a number of elements.

1. Introductory Section – This section includes this transmittal letter that highlights significant aspects of the City's financial operations during the year and the financial issued faced by the City as of June 30, 2006. This section also includes a list of principle officials and an organization chart.
2. Financial Section – This section includes the independent auditors' report, Management's Discussion and Analysis (MD&A) of the fiscal year, the basic financial statement and notes that explain the City's financial position and operating results, and supplementary statements, schedules, and notes that provide additional detailed information relative to the basic financial statements. This transmittal letter, read in conjunction with the MD&A, assists readers in assessing the City's financial condition.
3. Statistical Section – This section includes pertinent financial and non-financial statistical data that presents various economic, social, and demographic trends and other information about the City for the past ten years.

REPORTING ENTITY

The CAFR for the year ended June 30, 2006 covers the activities, organizational elements, and functions that the City's elected officials have the ability to control. The City's CAFR presents financial information on actions by which the City Council has the ability to impose its will and on the component unit that provides a financial benefit or creates a financial burden. A component unit is reported either as blended because of this imposition of will and general oversight or one that is discrete and operates somewhat separately from the City.

Imposition of its will is derived from the City's power and influence, including but is not limited to:

1. Ability to modify or approve budgets,
2. Appointment of a voting majority of other governing authorities,
3. Identification of management,
4. Ability to significantly influence operations, and
5. Ability to modify, veto or overrule decisions.

The City's blended component unit includes the operations of the San Bruno Redevelopment Agency. Component Unit Financial Statements and Independent Auditors' Reports for the San Bruno Redevelopment Agency were prepared for the year ended June 30, 2006.

ECONOMIC CONDITION AND OUTLOOK

The City of San Bruno is located in the San Francisco Bay Area, in the northern area of San Mateo County. It is located twelve miles south of San Francisco and adjacent to the San Francisco International Airport. Strategically located along Highway 101 and Interstate 280, the City enjoys easy access to the vast cultural, educational, and recreational opportunities of the San Francisco Bay Area.

The City's general economic outlook is closely tied to the Bay Area region and the country as a whole. Nationally, the national economy appeared to stall at the end of 2005-06, after a year of improvement. The Conference Board reported that the index of leading economic indicators fell 0.2% in August, as in five of the past eight months. Third-quarter Gross Domestic Product growth fell to 1.6%, from 2.6 % in the second quarter. Finally, the Federal Reserve deferred consideration of further interest rate increases.

As the regional conditions generally improved over the past year, general fund revenues traditionally received cities, local districts, and counties have shown modest but steady increases. Growth in sales tax, property taxes, and business and leisure

travel taxes has benefited most cities in San Mateo County and California. The diversity of San Bruno's General Fund revenue sources has continued to benefit the City.

City property tax, sales tax and hotel/motel tax revenues increased in 2005-06 compared to 2004-05. MBIA, the City's sales tax consultant, reported sales tax increases throughout the state, and by 6% on San Bruno. The number of home sales increased during 2004-05, while the median price for homes both in San Bruno and throughout the region have begun to climb at a higher pace. The local hotel and travel industry improved markedly from the year before.

The City's economy is benefiting from growth in high technology industries, especially Internet applications. Demand is increasing in the commercial real estate market. One major revenue setback for the City is the state's struggle with its budget gap and looking to local governments by taking back various revenues that historically have been granted to local governments.

One bright spot for the City has been that property tax revenues have continued to grow as a faster rate than inflation, as normal property turnover and Bay Area prices have increased assessed valuations in San Bruno.

SIGNIFICANT INITIATIVES

- Construction on the El Camino Real-Sneath Lane Signal Upgrade and Roadway Modification project was essentially completed in October 2005 allowing public access to the improvements. Completion of the roadway improvements coincided with the re-opening of the Shops at Tanforan.
- The refurbished Shops at Tanforan re-opened in October 2005. Malls stores had been closed at the remodeled center for two years during the redevelopment. The Shops at Tanforan interior stores and department store anchors, cumulatively, are the City's largest sales tax generators.
- The Meridian apartments at the Crossing became fully leased, including 60 affordable units subsidized by the Redevelopment Agency. Construction proceeded on the Paragon apartments that will be completed with an additional 37 affordable units.
- The Agency's façade improvement program produced further street-visible improvements downtown at two buildings housing restaurants and a third building with the first Starbucks on San Mateo Avenue.
- Sale of the Meridian, and the yet to open Paragon apartment buildings sold to Archstone-Smith.

- The Marisol planned development completed construction and occupancy of 115 detached single-family residences. The estimated initial increase in the City's assessed value as a result of this development is approximately \$74,500,000.
- Adopted a Cost Allocation Plan for distributing administrative overhead to all operating departments and planned implementation beginning with the 2006-07 budget.
- Implemented self-check option at the Public Library that increases productivity and customer privacy.
- Began effort for the design and fabrication of new, updated Gateway signage public art on the El Camino Real entrances to the City.
- Renewed effort focused on a replacement Public Library through contract for comprehensive needs assessment, site analysis and strategies, building program, and conceptual design.
- Initiated the first phase of the Park Playground Equipment Replacement Program placing new playground equipment in nine of the City's parks.
- Celebrated Arbor Day in San Bruno and received designation as a Tree City USA.

FINANCIAL INFORMATION

Accounting and Budgetary Control

The City's accounting records are maintained on a modified accrual basis of accounting for all governmental fund types and agency funds. Under this basis, revenues are recognized when susceptible to accrual, i.e., both measurable and available and expenditures are recorded when paid, and recognized when the liability is expected to be liquidated with expendable, available resources. The full basis of accounting is used for the City's proprietary fund types that recognize revenues when earned and expenses when incurred.

In developing the City's accounting system, consideration was given to the adequacy of the internal accounting controls. Such controls are designed to provide reasonable, although not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records used for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the costs of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management. The City's internal accounting

controls adequately safeguard assets and reasonably assure the proper accounting of financial transactions.

The City's budgets (General Fund and Special Operating Funds, Enterprise Funds, and the Capital Improvement Program) are detailed operating plans that identify estimated costs and results in relation to estimated revenues. The budgets represent processes through which policy decisions are made, implemented, and controlled.

Fiduciary Operations

The City's fiduciary operations consist of agency funds. Agency funds are used to account for assets that are held by the City as an agency for private organizations and other governmental units. Agency funds held by the City include developers' payments for street project improvements and payments due the San Bruno Garbage Company collected from utility customers by the City's Finance Department.

Debt Administration

The City has outstanding certificates of participation that are supported by specific revenue sources. These are not general tax supported obligations. There are also various capital leases. As of June 30, 2006, the City has \$8,955,000 outstanding certificates of participation for the San Bruno Redevelopment Agency and \$9,275,000 outstanding certificates of participation issued in May 2002 for waste water system improvements.

Advances from Other Funds amounted to \$3,758,600. Of this total, the General Fund has advanced \$318,700 and the Equipment Reserve has advanced \$3,227,000 to the Redevelopment Agency.

Cash Management

The City maintains a cash and investment pool for all City funds. The City Treasurer invests funds in accordance with the Investment Policy approved by the City Council. The objectives stated in the investment policy are legality, safety, yield, and liquidity. The Investment Policy addresses soundness of the financial institutions transacting business and safekeeping investments and the types of investments permitted by the California Government Code.

City investments include obligations of the U. S. Treasury, Agencies, the State Treasurer's Local Agency Investment Fund, and the San Mateo County Pooled Investment Fund.

Risk Management

The City's risk management program provides for general liability, workers compensation, and property damage loss coverage. Resources have been accumulated in the Self-Insurance Fund (an internal service fund) to fund claim losses. General liability and property insurance coverage and claims and risk management services are provided through the City's participation in the Association of Bay Area Governments (ABAG) Plan Corporation. The City is self insured for workers compensation and contracts with an outside firm to administer and adjust workers compensation claims. In addition, the City maintains an excess workers compensation policy.

INDEPENDENT AUDIT

The City's Municipal Code requires an annual audit of the financial records by an independent audit firm selected by the City Council. The General Purpose Finance Statements for the year ended June 30, 2006 have been audited by Odenberg Ullakko Muranishi & Co. LLP. The firm's opinion is included in the financial section of this report.

ACKNOWLEDGEMENTS

This audit report was prepared in conformance with the requirements for a Comprehensive Annual Finance Report. Enhancing the City's overall financial reporting, in this instance going beyond basic audited financial statements, is an acknowledged objective for the Finance Department.

I would like to express my appreciation for the collective effort that was necessary for the preparation of the Comprehensive Annual Financial Report. I would like to thank the City Council for their interest and policy oversight on the various fiscal issues addressed during the year. In addition, the City Manager and the City's Department Heads should be acknowledged for their continued attention to planning and conducting the City financial operations in a responsible and progressive manner. Finally, I thank Odenberg Ullakko Muranishi for their assistance in conducting the audit.

Very truly yours,

James H. O'Leary
Finance Director



CITY OF SAN BRUNO CITY COUNCIL

Larry Franzella, Mayor

Rico Medina, Vice Mayor

Ken Ibarra

Irene O'Connell

Jim Ruane

CITY CLERK

Carol Bonner

CITY TREASURER

John Marty

CITY MANAGER

Connie Jackson

DEPARTMENT DIRECTORS

Tenzin Gyaltzen

Cable Television Director

Tambri Heyden

Community Development Director

Terry Jackson

Library Services Director

Larry Mazzuca

Parks and Recreation Services Director

Jim O'Leary

Finance Director

Lee Violet

Chief of Police

Dan Voreyer

Fire Chief

Tami Yuki

Human Resources Director

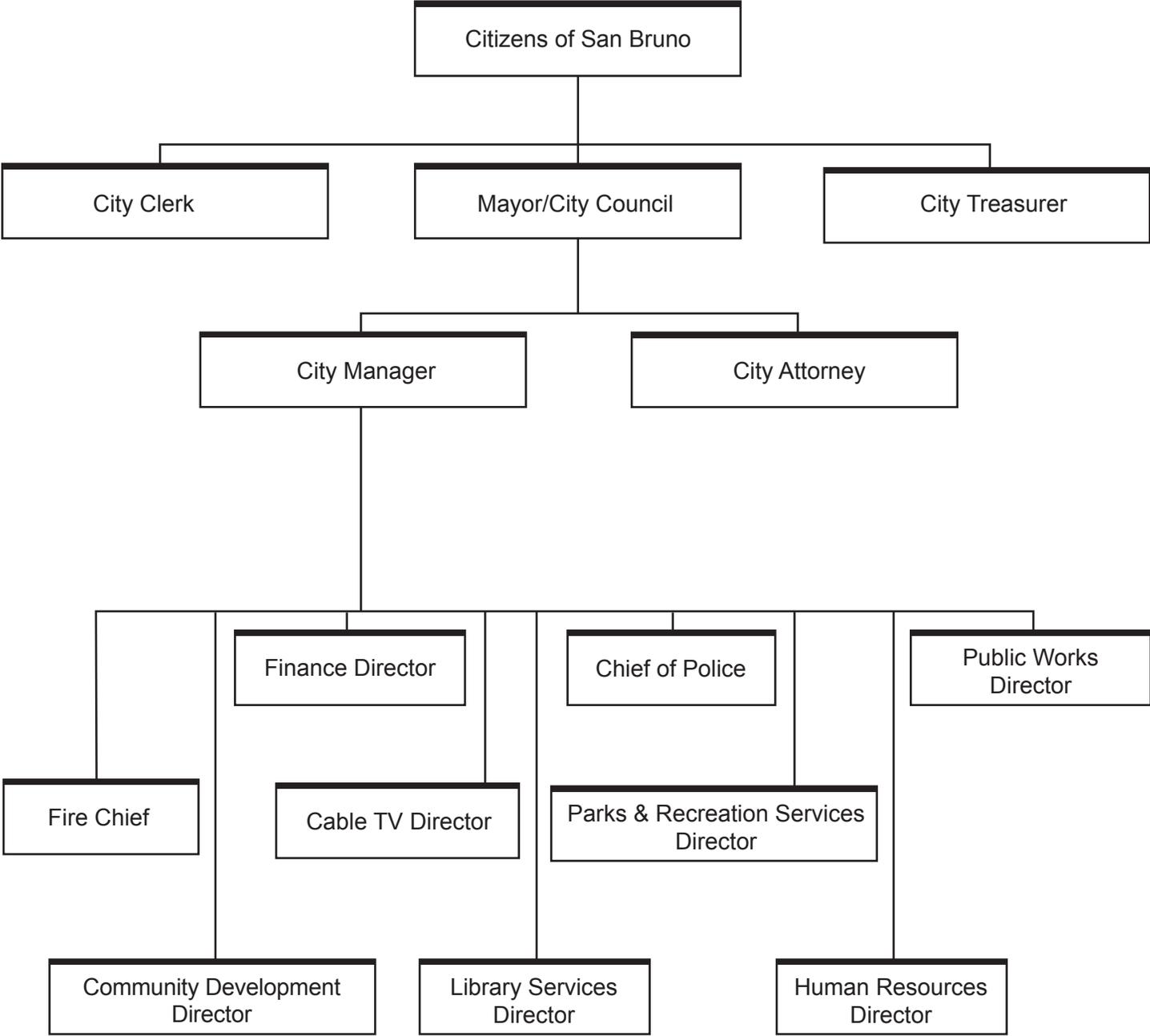
Vacant

Public Works Director

CITY ATTORNEY

Pamela Thompson

CITY OF SAN BRUNO



October 5, 2007

Honorable Mayor and Members of the City Council
of the City of San Bruno
San Bruno, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bruno, California (City), as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the City has elected in accordance Governmental Accounting Standards Board Statement No. 34 to defer recording and reporting of its major general infrastructure assets acquired prior to fiscal year 2002 – 2003. Recording and reporting by the City of these major general infrastructure assets is required by fiscal year 2006 – 2007.

In accordance with Government Auditing Standards, we have issued our report dated October 5, 2007 on our consideration of City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The accompanying required supplementary information, such as management's discussion and analysis and budgetary comparison information and other information listed in the table of contents are not a required part of the basic financial statements but are supplementary

information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Odeberg Ullakko Muraiski & Co LLP

BASIC FINANCIAL STATEMENTS

CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management for the City of San Bruno, we offer readers of the City of San Bruno's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2006.

Financial Highlights

- The City's government-wide net assets increased \$6.7 million during 2005-06 for a total net asset balance of \$65.8 million. Of government-wide net assets, \$32.7 million is invested in capital, \$2.7 million is restricted for specific use, and the balance of \$30.4 million is unrestricted for the City's operations and capital investments.
- The increase in government-wide net assets reflects a surplus (revenues in excess of expense) across all City activities of \$6.6 million. The majority of this surplus is attributed to governmental funds reflecting restrained spending by the General Fund and Special Revenue Funds. The business-type activities reported a surplus of \$129,000.
- The City's Governmental activities expended \$33.2 million, representing a 2.7% increase over 2004-05. This was offset by charges for services of \$9.5 million; Operating and Capital Contributions and Grants of \$3.5 million for a net cost to general revenues (taxes and investment income) of \$20.2 million. General governmental activities revenues totaled \$26.7 million for a surplus (revenue net of expense) of \$6.5 million.
- Business-type activities expended \$21.5 million that was offset by charges for services totaling \$21.1 million and other income of \$451,000.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of San Bruno's basic financial statements. The City of San Bruno's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting similar to a private-sector business.

The *statement of net assets* presents information on all of the City of San Bruno's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of San Bruno is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of San Bruno that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of San Bruno consist of general government, public safety, public works, highways and streets, parks and recreation, library and community development. The business-type activities of the City of San Bruno include Water, Stormwater, Wastewater and Cable Television.

CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF FINANCIAL STATEMENTS, Continued

The government-wide financial statements include not only the City of San Bruno itself (known as the primary government), but also the Redevelopment Agency of San Bruno, a legally separate entity. The operations of the Redevelopment Agency are totally integrated with the legislative, legal, administrative, finance and public works engineering and maintenance functions of the City of San Bruno, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 22, 23 and 24 of this report.

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

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

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

The City of San Bruno maintains twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Redevelopment Agency, Federal Aviation Administration Grant, Measure A Transportation Tax and the Street Improvement Capital Projects Fund, all of which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of San Bruno adopts an annual appropriated budget for its general fund and all governmental funds. A budgetary comparison statement has been provided for all major and non-major funds in Governmental Activities to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 25-26 of this report.

Proprietary funds. The City of San Bruno maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for Water, Stormwater, Wastewater and Cable Television. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central garage, self-insurance, general equipment reserve, technology development and facilities maintenance activities. Because these services predominantly benefit

CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF FINANCIAL STATEMENTS, Continued

governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of the City's proprietary funds as they are all considered to be major funds by the City. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary financial statements. More detailed information for the internal service funds is provided in the form of combining statements elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 31-35 of this report.

Fiduciary funds. Agency Funds are fiduciary funds that account for assets held by the City in a purely custodial capacity. The reporting entity includes two agency funds. Since agency funds are custodial in nature, (i.e. assets equal liabilities), they do not involve the measurement of results of operations. Fiduciary funds are not reflected in the government-wide financial statements for this reason.

The basic fiduciary fund financial statements can be found on page 36 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 43-68 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 42 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service and fiduciary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 69-102 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$65,828,853 at the close of the 2005-06 fiscal year. By far the largest portion of the City's net assets (greater than 50%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, equipment, and vehicles) and, if applicable, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of San Bruno's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005 (as restated)</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005 (as restated)</u>
Current and other assets	\$ 20,173,371	\$ 16,045,172	\$ 19,129,273	\$ 19,939,769	\$ 39,302,644	\$ 35,984,941
Noncurrent assets	<u>25,737,977</u>	<u>22,623,777</u>	<u>39,794,598</u>	<u>40,410,988</u>	<u>65,532,575</u>	<u>63,034,765</u>
Total assets	<u>45,911,348</u>	<u>38,668,949</u>	<u>58,923,871</u>	<u>60,350,757</u>	<u>104,835,219</u>	<u>99,019,706</u>
Current and other liabilities	4,615,821	4,398,566	1,268,702	1,602,495	5,884,523	6,001,061
Long-term liabilities	<u>14,114,524</u>	<u>14,061,524</u>	<u>19,007,319</u>	<u>20,230,008</u>	<u>33,121,843</u>	<u>34,291,532</u>
Total liabilities	<u>18,730,345</u>	<u>18,460,090</u>	<u>20,276,021</u>	<u>21,832,503</u>	<u>39,006,366</u>	<u>40,292,593</u>
Net assets:						
Invested in capital assets, net of related debt	13,980,909	11,767,003	18,694,375	19,803,889	32,675,284	31,570,892
Restricted	2,790,614	3,295,653	-	-	2,790,614	3,295,653
Unrestricted	<u>10,409,480</u>	<u>5,596,861</u>	<u>19,953,475</u>	<u>18,714,365</u>	<u>30,362,955</u>	<u>24,311,226</u>
Total net assets	<u>\$ 27,181,003</u>	<u>\$ 20,659,517</u>	<u>\$ 38,647,850</u>	<u>\$ 38,518,254</u>	<u>\$ 65,828,853</u>	<u>\$ 59,177,771</u>

An additional portion of the City's net assets (less than 1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance in *unrestricted net assets* of \$30,362,955 will be used to meet the City's ongoing obligations to citizens and creditors as funded through current revenues.

At the end of the current fiscal year, the City reports a positive balance in unrestricted governmental net assets and positive balances in the other two categories of net assets for the government as a whole in both governmental and business-type activities. The same situation held true for the prior fiscal year with the positive balance increasing in the current fiscal year.

The City's net assets increased individually and overall primarily the result of increases in general and specific revenue sources.

GOVERNMENTAL ACTIVITIES

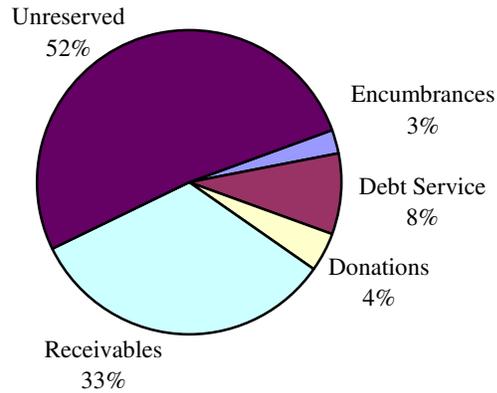
The cost of all Governmental activities this year was \$33,246,401. However, as shown in the Statement of Activities on pages 23 and 24, the amount that our taxpayers ultimately financed for these activities through City property taxes was only \$7,570,236 because some of the cost was paid by those who directly benefited from the programs (\$9,482,300) or by other governments and organizations that subsidized certain programs with grants and contributions (\$757,952) for operations and (\$2,822,419) for capital. The City paid for the remaining "public benefit" portion of governmental activities with \$19,134,980 in other general revenues (some of which could only be used for certain programs) and beginning net assets of \$20,659,517.

Available net assets are those amounts not subject to restriction in the current period, typically classified as fund balance. These amounts are converted to net assets by adding long-term assets and subtracting long-term liabilities. A graphic illustration of this conversion is as follows:

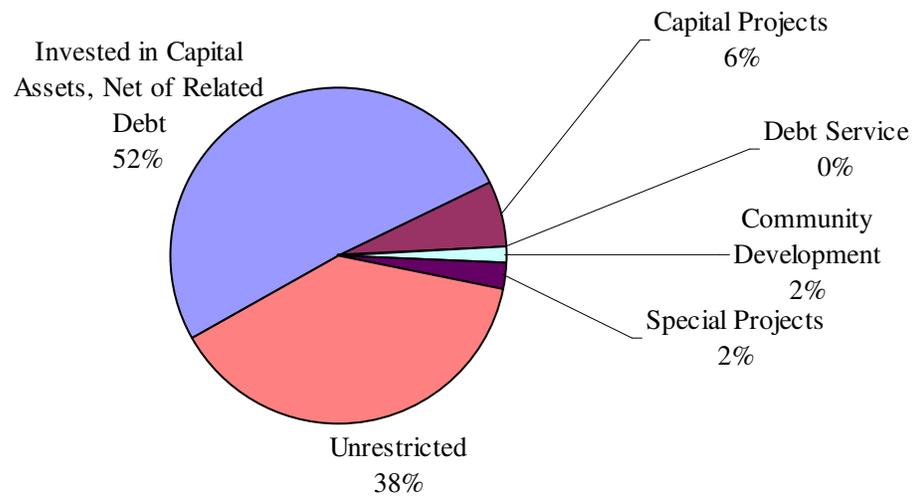
CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Balance



Net Assets



CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

	<u>Adjustments</u>				<u>Net Assets</u>
	<u>Fund Balance</u>	<u>Capital Assets</u>	<u>Internal Service Funds</u>	<u>Elimination of Long-term Liabilities</u>	
Governmental activities:					
Invested in capital assets					\$ 13,980,909
Capital projects					1,613,176
Debt Service					21,151
Community Development					482,637
Special Projects					673,650
Unrestricted					10,409,480
Total governmental activities	\$ 8,680,150	\$ 24,787,569	\$ 6,223,877	\$ (12,510,593)	\$ 27,181,003

Total resources available during the year to finance governmental operations were \$39,767,887. This consisted of \$13,062,671 in program revenues and \$26,705,216 in general revenues. Total governmental activities operating expenses during the year were \$33,246,401; thus net assets at July 1, 2005, of \$20,659,517 were increased by \$6,521,486 to \$27,181,003.

The City's programs include: general government, public safety, public works, highway and streets, parks and recreation, library, and community development. Each program's *net* cost (total cost less revenues generated by the activities) is presented below. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

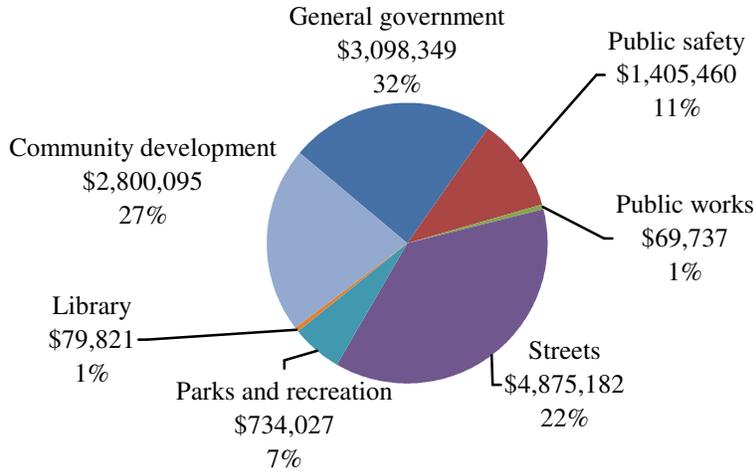
	<u>Operating Revenue</u>		<u>Operating Expenses</u>		<u>Net (Expense) and Changes in Net Assets</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	Governmental activities:					
General government	\$ 3,098,349	\$ 2,817,122	\$ 4,614,003	\$ 4,650,241	\$ (1,515,654)	\$ (1,833,119)
Public safety	1,405,460	1,411,668	16,143,674	15,156,170	(14,738,214)	(13,744,502)
Public works	69,737	68,599	679,486	491,059	(609,749)	(422,460)
Highways and streets	4,875,182	4,984,591	2,699,804	3,077,663	2,175,378	1,906,928
Parks and recreation	734,027	1,487,900	3,585,800	3,601,010	(2,851,773)	(2,113,110)
Library	79,821	81,931	1,665,597	1,561,654	(1,585,776)	(1,479,723)
Community development	2,800,095	3,244,669	3,858,037	3,804,765	(1,057,942)	(560,096)
Total governmental activities	\$ 13,062,671	\$ 14,096,480	\$ 33,246,401	\$ 32,342,562	\$ (20,183,730)	\$ (18,246,082)

CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

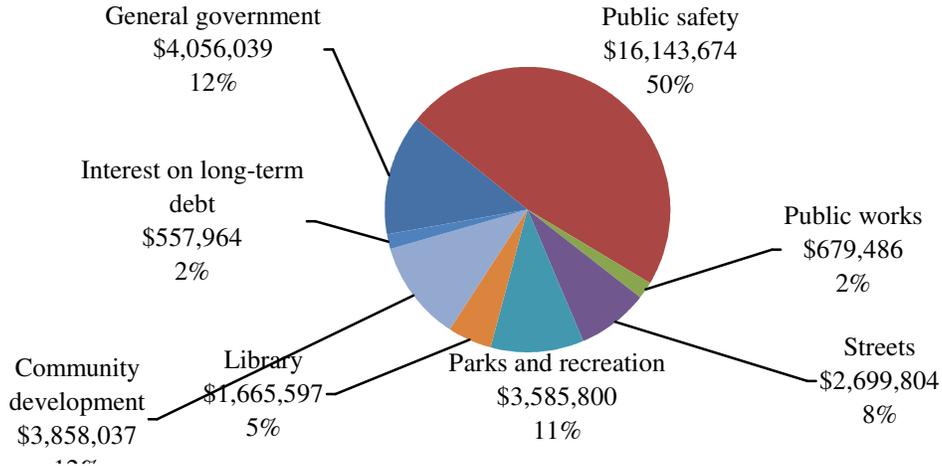
MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating resources (program revenues) and operating expenses can be depicted graphically as follows:

Operating Resources



Operating Expenses



**CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

MANAGEMENT’S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

BUSINESS-TYPE ACTIVITIES

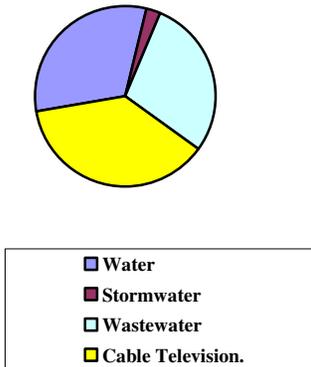
The City’s business-type activities include: Water, Stormwater, Wastewater and Cable Television.

Total resources available during the year to finance business-type activities were \$60,323,617 consisting of net assets at July 1, 2005, of \$38,518,254, program revenues of \$21,179,102, and general revenues of \$626,261. Total business-type activities expenses during the year were \$21,500,603 plus a transfer to governmental activities of \$175,164; thus net assets were increased by \$129,596 to \$38,647,850.

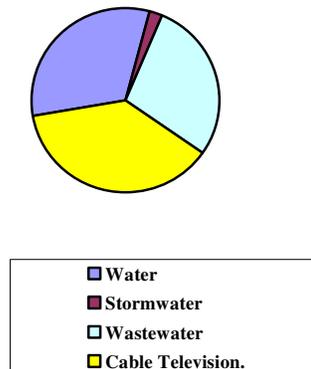
The cost of all Business-type activities this year was \$21,675,767. However, as shown in the Statement of Activities on pages 23 and 24, the amount that was paid by charges for services (\$21,179,102) left a remaining net cost balance of \$321,501. The City paid for the remaining “public benefit” portion of business-type activities with investment income totaling \$513,954, and other income of \$112,307. The result was net assets were increased by \$129,596.

Operating revenues and expenses can be depicted graphically as follows:

Operating Revenues



Operating Expenses



CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Each program's *net* cost (total cost less revenues generated by the activities) is presented below. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

	<u>Operating Revenues</u>		<u>Operating Expense</u>		<u>Net (Expense) and Changes in Net Assets</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Business-type activities:						
Water	\$ 6,682,238	\$ 6,332,229	\$ 6,893,587	\$ 5,952,302	\$ (211,349)	\$ 379,927
Stormwater	549,708	546,589	467,043	294,261	82,665	252,328
Wastewater	6,079,454	5,918,246	6,084,873	5,868,174	(5,419)	50,072
Cable Television.	7,867,702	7,288,915	8,055,100	7,977,905	(187,398)	(688,990)
Total business-type activities	\$ 21,179,102	\$ 20,085,979	\$ 21,500,603	\$ 20,092,642	\$ (321,501)	\$ (6,663)

Cash Management

To obtain flexibility in cash management, the City employs a pooled cash system (Reference Note 2 in the notes to the basic financial statements). Under the pooled cash concept, the City invests the cash of all funds with maturities planned to coincide with cash needs. Idle cash is invested in certain eligible securities as constrained by law and further limited by the City's Investment Policy.

Capital Assets

The capital assets of the City are those assets that are used in the performance of the City's functions including infrastructure assets. At June 30, 2006, net capital assets of the governmental activities totaled \$25,171,977. Depreciation on capital assets is recognized in the government-wide financial statements.

**City of San Bruno Capital Assets
(net of depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$1,127,197	\$1,127,197	\$576,842	\$576,842	\$1,704,039	\$1,704,039
Construction in Progress	7,092,872	4,203,437	2,941,570	2,738,166	10,034,442	6,941,603
Infrastructure	1,632,125	504,053	0	0	1,632,125	504,053
Buildings & Structures	13,130,871	13,602,578	19,255,208	20,112,593	32,386,079	33,715,171
Machinery & Equipment	2,188,912	2,620,512	5,195,755	5,651,288	7,384,667	8,271,800
Total	\$25,171,977	\$22,057,777	\$27,969,375	\$29,078,889	\$53,141,352	\$51,136,666

Additional information on the City's capital assets can be found in Note 4 on pages 57-59 of this report.

Debt Administration

Debt, considered a liability of governmental activities, increased by \$53,000 in 2005-06. In August 2005, the City added a capital lease obligation in the amount of \$803,000. This increase was offset by a decrease in the outstanding

CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

COP balance for the financing of the Police facility, compensated absences and claims payable liabilities. Additional information on the City's long-term debt can be found in Note #5 on pages 59-62 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the City Budget for fiscal year 2006-2007, the City Council and management used the following criteria:

The key assumptions in our revenue forecast were:

1. Property tax revenues for the City are expected to increase by approximately 7.6% and are the fastest growing segment of the City's tax revenue.
2. Sales tax revenues are expected to increase by 3% above the FY 2005-06 projections with \$250,000 of the increase related to the State sales tax (triple flip) payment delay from FY 2005-06.
3. Despite an improving travel/visitor service sector, hotel/motel tax revenues (Transient Occupancy Tax) are projected to increase by only 3% and are only 67% of FY 2000-01 TOT revenues.
4. Water revenues are expected to increase by 8% and wastewater revenues by 16% due to the first year of a three year rate increase to address capital improvement needs over the next 10 years for water and wastewater system rehabilitation.

The adopted budget for all City funds for the new fiscal year of 2006-2007 was \$76,694,669 and is summarized as follows:

	FY 2006-07	FY 2005-06	Percentage change
General fund	\$ 31,609,182	\$ 30,723,959	2.9%
Special revenue funds	5,698,872	4,678,119	21.8%
Enterprise funds	22,521,599	19,280,825	16.8%
Internal service funds	3,747,681	3,680,584	1.8%
Capital projects	10,256,226	7,663,070	33.8%
Total operations and projects	73,833,560	66,026,557	11.8%
Debt service	2,861,109	2,608,840	9.7%
Total budget	\$ 76,694,669	\$ 68,635,397	11.7%

Budgeted Expenditures:

1. General Fund - Shows an increase of \$882,223 or approximately 2.9%. The increase was primarily the result of personnel expenses.
2. Special Revenue Funds - Shows an increase of \$1,020,753 or approximately 21.8%. The increase was primarily the result of personnel expenses.
3. Enterprise Funds - Shows an increase of \$3,240,774 or approximately 16.8%. The increase was primarily the result of increased transfers to capital project funds.
4. Internal Service Funds - Shows an increase of \$67,097 or approximately 1.8%.

CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

5. Capital Projects - Shows a substantial increase of \$2,593,156 or approximately 33.8%, which breaks down as follows:

	FY 2006-07	FY 2005-06
Parks & Facilities	\$ 1,814,499	\$ 675,000
Redevelopment Agency	139,500	347,200
Streets Improvement	1,400,000	1,870,000
Water Enterprise	1,785,000	2,108,870
Wastewater Enterprise	4,190,000	2,285,000
Stormwater Enterprise	150,000	90,000
Cable Television	771,227	120,000
Technology	6,000	167,000
Totals	\$ 10,256,226	\$ 7,663,070

Restricted revenues and grants are funding almost all of the projects. Virtually no unrestricted money is involved.

6. Debt Service - Provides for the lease payment on City Hall and the 2000 and 2002 Certificates of Participation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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 receives. Below is the contact address for questions about this report or if you need any additional financial information.

City of San Bruno
 Finance Department
 567 El Camino Real
 San Bruno, CA 94066
 Phone (650) 616-7080

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SAN BRUNO

**STATEMENT OF NET ASSETS
JUNE 30, 2006**

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Pooled cash and investments	\$ 15,013,847	\$ 13,120,573	\$ 28,134,420
Restricted cash and investments	747,525	3,068,045	3,815,570
Receivables:			
Taxes	585,963	414,989	1,000,952
Accounts	3,100,844		3,100,844
Interest	183,692		183,692
Utilities		2,510,731	2,510,731
Notes and loans	541,500		541,500
Other		14,935	14,935
Land held for resale/development	566,000		566,000
Deferred charges, net of amortization		283,194	283,194
Capital investment in joint venture, net of amortization		11,542,029	11,542,029
Capital assets:			
Non-depreciable	8,220,069	3,518,412	11,738,481
Depreciable, net of accumulated depreciation	16,951,908	24,450,963	41,402,871
Total Assets	<u>45,911,348</u>	<u>58,923,871</u>	<u>104,835,219</u>
LIABILITIES			
Accounts payable	2,995,209	930,210	3,925,419
Interest payable	198,684	217,583	416,267
Accrued salaries and employee benefits	1,085,564		1,085,564
Customer and other deposits	168,888	120,909	289,797
Deferred income	167,476		167,476
Noncurrent liabilities:			
Due within one year	1,293,703	913,600	2,207,303
Due in more than one year	12,820,821	18,093,719	30,914,540
Total Liabilities	<u>18,730,345</u>	<u>20,276,021</u>	<u>39,006,366</u>
NET ASSETS			
Invested in capital assets, net of related debt	13,980,909	18,694,375	32,675,284
Restricted for:			
Capital projects	1,613,176		1,613,176
Debt service	21,151		21,151
Community development	482,637		482,637
Special projects	673,650		673,650
Unrestricted	10,409,480	19,953,475	30,362,955
Total Net Assets	<u>\$ 27,181,003</u>	<u>\$ 38,647,850</u>	<u>\$ 65,828,853</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SAN BRUNO

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	
Governmental Activities:				
General government	\$ 4,056,039	\$ 3,030,230	\$ 68,119	\$ -
Public safety	16,143,674	1,042,823	362,637	
Public works	679,486		69,737	
Highway and streets	2,699,804	2,091,813	188,210	2,595,159
Parks and recreation	3,585,800	681,356	52,671	
Library	1,665,597	63,243	16,578	
Community development	3,858,037	2,572,835		227,260
Interest on long-term debt	557,964			
Total Governmental Activities	<u>\$ 33,246,401</u>	<u>\$ 9,482,300</u>	<u>\$ 757,952</u>	<u>\$ 2,822,419</u>
Business-Type Activities:				
Water	6,893,587	6,682,238		
Stormwater	467,043	549,708		
Wastewater	6,084,873	6,079,454		
Cable Television	8,055,100	7,867,702		
Total Business-Type Activities	<u>\$ 21,500,603</u>	<u>\$ 21,179,102</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

- Property tax, levied for general purpose
- Property tax, Redevelopment Agency tax increment
- Transient occupancy tax
- Franchise tax
- Sales tax, including subvention
- Business and other taxes

Motor vehicle license fee, including subvention

Investment income

Other

Transfers

Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year as Restated

Net Assets at End of Year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (957,690)	\$ -	\$ (957,690)
(14,738,214)		(14,738,214)
(609,749)		(609,749)
2,175,378		2,175,378
(2,851,773)		(2,851,773)
(1,585,776)		(1,585,776)
(1,057,942)		(1,057,942)
(557,964)		(557,964)
(20,183,730)		(20,183,730)
	(211,349)	(211,349)
	82,665	82,665
	(5,419)	(5,419)
	(187,398)	(187,398)
	(321,501)	(321,501)
4,944,621		4,944,621
2,625,615		2,625,615
1,139,693		1,139,693
1,450,533		1,450,533
6,816,036		6,816,036
2,819,988		2,819,988
2,824,642		2,824,642
499,665	513,954	1,013,619
3,409,259	112,307	3,521,566
175,164	(175,164)	
26,705,216	451,097	27,156,313
6,521,486	129,596	6,651,082
20,659,517	38,518,254	59,177,771
\$ 27,181,003	\$ 38,647,850	\$ 65,828,853

CITY OF SAN BRUNO

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2006**

	Special Revenue Funds		
	General	Redevelopment Agency	Federal Aviation Administration Grant
ASSETS			
Pooled cash and investments	\$ 3,797,206	\$ 1,905,011	\$ -
Restricted pooled cash and investments		663,655	
Receivables:			
Taxes	585,963		
Accounts	2,427,395	1,000	129,379
Interest	183,692		
Notes and loans	541,500		
Due from other funds	2,334,034		
Land held for resale		566,000	
Advances to other funds	531,597		
Total Assets	\$ 10,401,387	\$ 3,135,666	\$ 129,379
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 688,090	T\$ 1,505,459	\$ 14,907
Accrued salaries and other accrued liabilities	1,085,564		
Due to other funds			239,266
Compensated absences		14,321	
Advances from other funds		3,758,630	
Customer and other deposits	168,888		
Deferred income	61,864		
Total Liabilities	2,004,406	5,278,410	254,173
FUND BALANCES			
Reserved for:			
Encumbrances	196,119	25,000	
Debt service		737,201	
Donations			
Receivables	3,738,550		
Unreserved, reported in:			
General fund	4,462,312		
Special revenue funds		(2,904,945)	(124,794)
Capital projects funds			
Debt service fund			
Total Fund Balances (deficit)	8,396,981	(2,142,744)	(124,794)
Total Liabilities and Fund Balances	\$ 10,401,387	\$ 3,135,666	\$ 129,379

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Funds</u>			Non-Major	
Measure A	Street Improvement		Governmental	Totals
Transportation Tax	Capital Project Fund		Funds	
\$ 1,095,354	\$ -	\$ 3,759,266	\$ 10,556,837	
		1,457	665,112	
			585,963	
	400,385	142,685	3,100,844	
			183,692	
			541,500	
			2,334,034	
			566,000	
			531,597	
<u>\$ 1,095,354</u>	<u>\$ 400,385</u>	<u>\$ 3,903,408</u>	<u>\$ 19,065,579</u>	
\$ -	\$ 148,882	\$ 499,178	\$ 2,856,516	
			1,085,564	
	2,068,750	26,018	2,334,034	
			14,321	
			3,758,630	
			168,888	
		105,612	167,476	
	<u>2,217,632</u>	<u>630,808</u>	<u>10,385,429</u>	
			221,119	
			737,201	
		357,696	357,696	
			3,738,550	
			4,462,312	
1,095,354		1,611,486	(322,899)	
	(1,817,247)	1,282,267	(534,980)	
		21,151	21,151	
<u>1,095,354</u>	<u>(1,817,247)</u>	<u>3,272,600</u>	<u>8,680,150</u>	
<u>\$ 1,095,354</u>	<u>\$ 400,385</u>	<u>\$ 3,903,408</u>	<u>\$ 19,065,579</u>	

CITY OF SAN BRUNO

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006**

Fund Balances of Governmental Funds	\$ 8,680,150
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital assets of governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	24,787,569
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(198,684)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds.	(12,311,909)
Internal service funds are used by management to charge the costs of certain activities, including equipment and building replacement and employee benefits, to individual funds. The assets and liabilities of the internal service funds are included in the statement of net assets.	<u>6,223,877</u>
Net Assets of Governmental Activities	<u>\$ 27,181,003</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SAN BRUNO

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006**

	General	Special Revenue Funds	
		Redevelopment Agency	Federal Aviation Administration Grant
REVENUES			
Taxes	\$ 14,555,650	\$ 2,625,615	\$ -
Licenses and permits	4,970,161		
Intergovernmental	2,865,977		227,260
Charges for services	3,981,576		
Fines and forfeitures	568,370		
Use of money and property	1,537,298	41,203	
Other	1,790,591	2,000	
Total Revenues	<u>30,269,623</u>	<u>2,668,818</u>	<u>227,260</u>
EXPENDITURES			
Current:			
General government	3,656,354		
Public safety	15,957,977		
Public works	631,033		
Highway and streets	1,120,112		
Parks and recreation	3,793,476	T	
Library	1,663,807		
Community development	1,404,170	1,785,156	353,874
Capital outlay			
Debt service:			
Principal	199,443	180,000	
Interest and fiscal charges		476,346	
Total Expenditures	<u>28,426,372</u>	<u>2,441,502</u>	<u>353,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,843,251</u>	<u>227,316</u>	<u>(126,614)</u>
OTHER FINANCING SOURCES (USES)			
Debt issue			
Transfers in	95,000		
Transfers out	(140,000)	(161,723)	
Total Other Financing Sources (Uses)	<u>(45,000)</u>	<u>(161,723)</u>	
Net Change in Fund Balances	1,798,251	65,593	(126,614)
Fund Balances, (deficit)			
Beginning of Year as restated	6,598,730	(2,208,337)	1,820
Fund Balances, (deficit) End of Year	<u>\$ 8,396,981</u>	<u>\$ (2,142,744)</u>	<u>\$ (124,794)</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Funds</u>			Non-Major	
Measure A	Street Improvement		Governmental	
Transportation Tax	Capital Project Fund		Funds	Total
\$ 674,873	\$ -	\$	979,399	\$ 18,835,537
			312,911	5,283,072
	1,013,681		619,516	4,726,434
	905,184		111,944	4,998,704
			2,321	570,691
			4,677	1,583,178
			418,128	2,210,719
<u>674,873</u>	<u>1,918,865</u>		<u>2,448,896</u>	<u>38,208,335</u>
			93,996	3,750,350
			210,613	16,168,590
			48,453	679,486
1,500	3,105,087		742,996	4,969,695
			93,049	3,886,525
				1,663,807
				3,543,200
			827,974	827,974
			433,385	812,828
			87,245	563,591
<u>1,500</u>	<u>3,105,087</u>		<u>2,537,711</u>	<u>36,866,046</u>
<u>673,373</u>	<u>(1,186,222)</u>		<u>(88,815)</u>	<u>1,342,289</u>
			1,229,298	1,229,298
	1,152,500		1,311,387	2,558,887
(812,000)			(1,120,000)	(2,233,723)
<u>(812,000)</u>	<u>1,152,500</u>		<u>1,420,685</u>	<u>1,554,462</u>
<u>(138,627)</u>	<u>(33,722)</u>		<u>1,331,870</u>	<u>2,896,751</u>
1,233,981	(1,783,525)		1,940,730	5,783,399
<u>\$ 1,095,354</u>	<u>\$ (1,817,247)</u>	<u>\$</u>	<u>3,272,600</u>	<u>\$ 8,680,150</u>

CITY OF SAN BRUNO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

Net Change in Fund Balances - Total Governmental Funds \$ 2,896,751

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized less disposals	3,862,713
Depreciation expense	(1,003,644)

Principal repayments of long-term debt are reported as expenditures in the Governmental Funds, however, they reduce long-term liabilities in the Statement of Net Assets. (515,886)

Interest expense on long-term debt reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the net change in accrued interest for the current period. 5,627

Non-current Compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. 41,537

Internal service funds are used by management to charge the costs of certain activities including equipment and buildings replacement and employee benefits to individual funds. The net revenues/(expenses) of the internal service funds (excluding transfers and interest income) are reported with governmental activities. 1,234,388

Change in Net Assets of Governmental Activities \$ 6,521,486

The accompanying notes are an integral part of these financial statements.

CITY OF SAN BRUNO

**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2006**

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Water	Stormwater	Wastewater	Cable Television	Total	
ASSETS						
Current assets:						
Pooled cash and investments	\$ 5,158,389	\$ 1,929,654	\$ 5,329,227	\$ 703,303	\$ 13,120,573	\$ 4,457,010
Restricted pooled cash and investments			3,068,045		3,068,045	82,413
Receivables:						
Accounts			214,261	200,728	414,989	
Utilities	1,328,228		1,182,503		2,510,731	
Other	14,935				14,935	
Due from other funds						1,105,794
Advance to other funds						3,227,033
Total current assets	6,501,552	1,929,654	9,794,036	904,031	19,129,273	8,872,250
Noncurrent assets:						
Intangible assets, net:						
Bond issuance cost			283,194		283,194	
Capital Investment in joint plant			11,542,029		11,542,029	
Total intangible assets			11,825,223		11,825,223	
Capital assets:						
Nondepreciable	945,399		2,073,013	500,000	3,518,412	
Depreciable, net	10,520,876	124,778	7,850,402	5,954,907	24,450,963	384,408
Total capital assets	11,466,275	124,778	9,923,415	6,454,907	27,969,375	384,408
Total noncurrent assets	11,466,275	124,778	21,748,638	6,454,907	39,794,598	384,408
Total assets	17,967,827	2,054,432	31,542,674	7,358,938	58,923,871	9,256,658
LIABILITIES						
Current liabilities:						
Accounts payable	531,196	2,399	66,522	330,093	930,210	138,693
Refundable deposits/customer refunds	120,909				120,909	
Due to other funds						1,105,794
Interest payable			217,583		217,583	
Claims payable						225,031
Compensated absences current	36,641		63,326	86,669	186,636	73,059
Long-term debt - due within one year			726,964		726,964	
Total current liabilities	688,746	2,399	1,074,395	416,762	2,182,302	1,542,577
Noncurrent liabilities:						
Claims payable Noncurrent						1,469,611
Compensated absences Noncurrent	46,452	11,429	31,014	52,500	141,395	20,593
Long-term debt - due in more than one year			17,952,324		17,952,324	
Total noncurrent liabilities	46,452	11,429	17,983,338	52,500	18,093,719	1,490,204
Total liabilities	735,198	13,828	19,057,733	469,262	20,276,021	3,032,781
NET ASSETS						
Invested in capital assets, net of related debt	11,466,275	124,778	648,415	6,454,907	18,694,375	384,408
Unrestricted	5,766,354	1,915,826	11,836,526	434,769	19,953,475	5,839,469
Total net assets	\$ 17,232,629	\$ 2,040,604	\$ 12,484,941	\$ 6,889,676	\$ 38,647,850	\$ 6,223,877

The accompanying notes are an integral part of these financial statements.

CITY OF SAN BRUNO

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006**

	Business-Type Activities Enterprise Funds		
	Water	Stormwater	Wastewater
OPERATING REVENUES:			
Water sales	\$ 6,529,933	\$ -	\$ -
Sewer charges			5,917,544
Cable television charges			
Charges for current services	152,305	549,708	161,910
Other	111,583		
Total operating revenues	<u>6,793,821</u>	<u>549,708</u>	<u>6,079,454</u>
OPERATING EXPENSES:			
Water supply	3,015,467		
Distribution	1,804,642		
Customer accounting	874,003		
Treatment			2,370,098
Cable operations			
Central garage			
Insurance premiums, claims and administration		311,755	918,589
Equipment replacement	528,007	122,220	66,137
Technology support			
Facilities maintenance			
Depreciation and amortization	671,468	33,068	851,528
Total operating expenses	<u>6,893,587</u>	<u>467,043</u>	<u>4,206,352</u>
OPERATING INCOME (LOSS)	<u>(99,766)</u>	<u>82,665</u>	<u>1,873,102</u>
NONOPERATING REVENUES EXPENSES:			
Interest income	158,353	59,133	273,102
Interest expense and fiscal charges			(1,878,521)
Total nonoperating revenues (expenses)	<u>158,353</u>	<u>59,133</u>	<u>(1,605,419)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>58,587</u>	<u>141,798</u>	<u>267,683</u>
Transfers out	(77,500)	(25,000)	(72,664)
Change in net assets	<u>(18,913)</u>	<u>116,798</u>	<u>195,019</u>
NET ASSETS:			
Beginning of year	17,251,542	1,923,806	12,289,922
End of year	<u>\$ 17,232,629</u>	<u>\$ 2,040,604</u>	<u>\$ 12,484,941</u>

The accompanying notes are an integral part of these financial statements.

Business-Type Activities Enterprise Funds		Governmental Activities Internal Service Funds
Cable Television	Total	
\$ -	\$ 6,529,933	\$ -
	5,917,544	
5,439,032	5,439,032	
2,428,670	3,292,593	4,756,535
724	112,307	26,213
<u>7,868,426</u>	<u>21,291,409</u>	<u>4,782,748</u>
	3,015,467	
	1,804,642	
	874,003	
	2,370,098	
5,440,487	5,440,487	
		478,239
1,617,529	2,847,873	
88,069	804,433	1,106,783
		359,666
		532,372
909,015	2,465,079	921,300
<u>8,055,100</u>	<u>19,622,082</u>	<u>3,398,360</u>
<u>(186,674)</u>	<u>1,669,327</u>	<u>1,384,388</u>
23,366	513,954	
	(1,878,521)	
<u>23,366</u>	<u>(1,364,567)</u>	
(163,308)	304,760	1,384,388
	(175,164)	(150,000)
<u>(163,308)</u>	<u>129,596</u>	<u>1,234,388</u>
7,052,984	38,518,254	4,989,489
<u>\$ 6,889,676</u>	<u>\$ 38,647,850</u>	<u>\$ 6,223,877</u>

CITY OF SAN BRUNO

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

	Business-Type Activities Enterprise Funds	
	Water	Stormwater
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 6,243,007	\$ 549,708
Receipts from interfund services provided		
Payments to suppliers	(6,291,084)	(423,554)
Payments for interfund services provided		
Net cash provided by operating activities	<u>(48,077)</u>	<u>126,154</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
(Acquisition)/disposition of fixed assets	(56,157)	
Bond issue costs		
Due to South San Francisco		
Payments on long term debt		
Interest expense and fiscal charges		
Net cash provided (used) by capital and related financing activities	<u>(56,157)</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer paid to other funds	(77,500)	(25,000)
Net cash provided (used) by non-capital financing activities	<u>(77,500)</u>	<u>(25,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on cash and investments	158,353	59,133
Net cash provided by investing activities	<u>158,353</u>	<u>59,133</u>
Net increase in cash during the year	(23,381)	160,287
Cash and cash equivalents, beginning of year	5,181,770	1,769,367
Cash and cash equivalents, end of year	<u>\$ 5,158,389</u>	<u>\$ 1,929,654</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (99,766)	\$ 82,665
Prior period adjustments		
Depreciation	671,468	33,068
Changes in certain assets and liabilities:		
Accounts receivable		
Utilities receivable	(535,879)	
Other receivable	(14,935)	
Due from other funds		
Prepaid benefits		
Accounts payable	20,644	(1,008)
Interest payable		
Refundable deposits/customer refunds	(82,291)	
Due to other funds		
Claims payable		
Compensated absences payable	(7,318)	11,429
Net cash provided (used) by operating activities	<u>\$ (48,077)</u>	<u>\$ 126,154</u>

The accompanying notes are an integral part of these financial statements.

Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
Wastewater	Cable Television	Total Enterprise	
\$ 5,581,285	\$ 7,841,863	\$ 20,215,863	\$ -
(4,288,113)	(7,168,540)	(18,171,291)	4,808,962
			(3,820,515)
<u>1,293,172</u>	<u>673,323</u>	<u>2,044,572</u>	<u>988,447</u>
(175,267)	(593,500)	(824,924)	
11,072		11,072	
(1,518,042)		(1,518,042)	
(774,313)		(774,313)	
(1,163,197)		(1,163,197)	
<u>(3,619,747)</u>	<u>(593,500)</u>	<u>(4,269,404)</u>	
(72,664)			(150,000)
<u>(72,664)</u>			<u>(150,000)</u>
273,102	23,366	513,954	
<u>273,102</u>	<u>23,366</u>	<u>513,954</u>	
(2,126,137)	103,189	(1,710,878)	838,447
10,523,409	600,114	18,074,660	3,727,188
<u>\$ 8,397,272</u>	<u>\$ 703,303</u>	<u>\$ 16,188,618</u>	<u>\$ 4,565,635</u>
\$ 1,873,102	\$ (186,674)	\$ 1,669,327	\$ 1,384,388
320,707	909,015	1,934,258	26,213
(214,261)	(52,502)	(266,763)	
(500,844)		(1,036,723)	
16,647	25,939	27,651	
			1
200,289		200,289	
(164,645)	(25,374)	(170,383)	1,970
(246,195)		(246,195)	
		(82,291)	
			(1)
			(443,732)
8,372	2,919	15,402	19,608
<u>\$ 1,293,172</u>	<u>\$ 673,323</u>	<u>\$ 2,044,572</u>	<u>\$ 988,447</u>

CITY OF SAN BRUNO

**FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2006**

ASSETS

Pooled cash and investments	\$ 353,562
Accounts receivables	626,462
Total Assets	<u>\$ 980,024</u>

LIABILITIES

Accounts payable	\$ 432,959
Customer and other deposits	18,707
Total Liabilities	<u>\$ 980,024</u>

The accompanying notes are an integral part of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN BRUNO

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$14,033,225	\$14,033,225	\$14,555,650	\$ 522,425
Licenses and permits	5,171,294	5,171,294	4,970,161	(201,133)
Intergovernmental	3,141,000	3,141,000	2,865,977	(275,023)
Charges for services	4,182,265	4,182,265	3,981,576	(200,689)
Fines and forfeitures	469,000	469,000	568,370	99,370
Use of money and property	1,483,000	1,483,000	1,537,298	54,298
Other	37,500	37,500	1,790,591	1,753,091
Total Revenues	28,517,284	28,517,284	30,269,623	1,752,339
EXPENDITURES				
Current:				
General government	4,437,158	4,437,158	3,656,354	780,804
Public safety	16,343,264	16,343,264	15,957,977	385,287
Public works	784,528	784,528	631,033	153,495
Highway and streets	1,146,553	1,146,553	1,120,112	26,441
Parks and recreation	3,767,422	3,767,422	3,793,476	(26,054)
Library	1,645,713	1,645,713	1,663,807	(18,094)
Community development	1,414,758	1,414,758	1,404,170	10,588
Debt service:				
Principal	199,443	199,443	199,443	
Total Expenditures	29,738,839	29,738,839	28,426,372	1,312,467
Excess of Revenues Over (Under) Expenditures	(1,221,555)	(1,221,555)	1,843,251	3,064,806
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets				
Transfers in			95,000	95,000
Transfers out			(140,000)	(140,000)
Total Other Financing Sources (Uses)			(45,000)	(140,000)
Net Change in Fund Balance	(1,221,555)	(1,221,555)	1,798,251	3,019,806
Fund Balance, Beginning of Year as Restated		6,598,730	6,598,730	
Fund Balance, End of Year	\$(1,221,555)	\$ 5,377,175	\$ 8,396,981	\$ 3,019,806

The accompanying notes are an integral part of these financial statements.

CITY OF SAN BRUNO

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes	\$ 1,633,200	\$ 1,633,200	\$ 2,625,615	\$ 992,415
Use of money and property			41,203	41,203
Other			2,000	2,000
Total Revenues	1,633,200	1,633,200	2,668,818	1,035,618
EXPENDITURES				
Current:				
Community development	1,759,558	1,759,558	1,785,156	(25,598)
Debt service:				
Principal	180,000	180,000	180,000	
Interest and fiscal charges	463,900	463,900	476,346	(12,446)
Total Expenditures	2,403,458	2,403,458	2,441,502	(38,044)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(770,258)	(770,258)	227,316	997,574
OTHER FINANCING SOURCES (USES)				
Transfers in	650,000	650,000		(650,000)
Transfers out	(650,000)	(650,000)	(161,723)	488,277
Total Other Financing Sources (Uses)			(161,723)	(161,723)
Net Change in Fund Balance	(770,258)	(770,258)	65,593	835,851
Fund Balances, Beginning of Year as Restated			(2,208,337)	(2,208,337)
Fund Balance, End of Year	\$ (770,258)	\$ (770,258)	\$ (2,142,744)	\$ (1,372,486)

The accompanying notes are an integral part of these financial statements.

CITY OF SAN BRUNO

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FEDERAL AVIATION ADMINISTRATION GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 227,260	\$ 227,260
Other				
Total Revenues			<u>227,260</u>	<u>227,260</u>
EXPENDITURES				
Current:				
Community development	1,782,357	1,782,357	353,874	1,428,483
Total Expenditures	<u>1,782,357</u>	<u>1,782,357</u>	<u>353,874</u>	<u>1,428,483</u>
Net Change in Fund Balance	<u>(1,782,357)</u>	<u>(1,782,357)</u>	<u>(126,614)</u>	<u>1,655,743</u>
Fund Balance, Beginning of Year	<u>(582,998)</u>	<u>1,820</u>	<u>1,820</u>	
Fund Balance, End of Year	<u><u>\$ (2,365,355)</u></u>	<u><u>\$ (1,780,537)</u></u>	<u><u>\$ (124,794)</u></u>	<u><u>\$ 1,655,743</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SAN BRUNO

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
MEASURE A TRANSPORTATION TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 520,000	\$ 520,000	\$ 674,873	\$ 154,873
Total Revenues		520,000	674,873	154,873
EXPENDITURES				
Current:				
Community development				
Total Expenditures			1,500	(1,500)
Excess (Deficiency) of Revenues Over (Under) Expenditures		520,000	673,373	153,373
OTHER FINANCING SOURCES (USES)				
Transfers out			(812,000)	(812,000)
Total Other Financing Sources (Uses)			(812,000)	(812,000)
Net Change in Fund Balance		520,000	(138,627)	(658,627)
Fund Balance, Beginning of Year	7,506,261	1,233,981	1,233,981	
Fund Balance, End of Year	\$ 7,506,261	\$ 1,753,981	\$ 1,095,354	\$ (658,627)

The accompanying notes are an integral part of these financial statements.

CITY OF SAN BRUNO

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
STATE HIGHWAY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING USES				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total Other Financing Uses				
Net Change in Fund Balances				
Fund Balance, Beginning of Year				
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

CITY OF SAN BRUNO

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS
MISCELLANEOUS PLAN TO THE CALIFORNIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM (PERS)**

New Risk Pool and Future Contributions

As a result of having less than 100 active members in the Safety Plan as of June 30, 2003, the City's Safety Plan was required to participate in a risk pool. Mandated pooling is effective with the June 30, 2003 valuation which determines the contribution rate for 2005-2006. The 2005-2006 is the first year under pooling, and therefore, the City's pooled employer contribution rate is the same as the stand-alone employer contribution rate. This is because the difference between the pool's normal cost and the stand-alone normal cost will be phased out over five years, beginning with 2006-2007. For 2005-2006, 100 percent of the difference between the pool's normal costs and the stand-alone normal cost is reflected in the development of the City's Safety Plan pooled employer contribution rate. For 2006-2007, only 80 percent of the difference will be reflected; for 2007-2008, 60 percent will be reflected, and so on, until it is fully subject to the pool's normal costs for 2010-2011 and beyond.

The Schedule of Funding Progress below shows the recent history of the risk pool's actuarial value of assets, accrued liability, and their relationship of the unfunded liability (UL) to payroll for the Miscellaneous Plan and the Safety Plan.

Miscellaneous Plan:

Valuation Date	Entry Age	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Excess Assets as a % of Payroll
	Normal Accrued Liability					
6/30/2003	\$ 48,424,129	\$ 42,921,219	\$ 5,502,910	88.6%	\$ 10,471,357	52.6%
6/30/2004	53,277,047	45,708,866	7,568,181	85.8%	10,215,773	74.1%
6/30/2005	57,265,439	49,695,390	7,570,049	86.8%	9,934,632	76.2%

Safety Plan:

Valuation Date	Entry Age	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Excess Assets as a % of Payroll
	Normal Accrued Liability					
6/30/2003	\$ 4,270,573,982	\$ 3,577,742,166	\$ 692,831,816	83.8%	\$ 476,089,674	145.5%
6/30/2004	5,383,921,942	4,424,586,846	959,335,096	82.2%	575,296,434	166.8%
6/30/2005	6,367,049,264	5,295,150,375	1,071,898,889	83.2%	664,147,796	161.4%

(1) Effective fiscal year 2003-04, the City's Safety Plan had less than 100 active members and therefore was pooled by CalPERS.

NOTES TO FINANCIAL STATEMENTS

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of San Bruno, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of San Bruno (City) was incorporated under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City is governed by an elected five-member City Council. The City operates under a Council-Manager form of government and provides public safety including police protection and fire protection, streets and street lighting, parks, recreation, public improvements, planning and zoning, and general government services. Activities operated similar to a business include the municipal water, sewer/wastewater utilities, and cable television enterprises.

Generally accepted accounting principles require that these basic financial statements present the financial activities of the City (the primary government) and its component units. Component units are legally separate entities for which the City is considered financially accountable.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary Activities of the City are not included in these statements.

The basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. 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.

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

B. Basis of Accounting and Measurement Focus, Continued

Certain types of transactions reported as program revenues for the City are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Government-Wide Financial Statements, Continued

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which 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; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Revenues are recorded when received in cash, except the revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes franchise taxes, etc.); grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Change in Net Assets, and a Statement of Cash Flows for all proprietary funds.

Column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Change in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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 liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Assets. The City's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Use of Restricted/Unrestricted Net Assets

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

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Pooled Cash and Investments

The City pools cash resources from all funds in order to facilitate the management of cash and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Equity in City Treasury Cash in All Funds or Cash and Investments.

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

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

The City also participates in an investment pool managed by the County of San Mateo titled San Mateo County Pooled Investment Fund (Pool) which has invested a portion of the pool funds in Structured Notes and Asset Backed Securities. The Pool's investments are subject to credit risk with collateral being provided based on the specific type of investment as described in the Investment Policy in effect for the Pool. In addition, these Structured Notes and Asset Backed Securities are subject to market risk as to change in interest rates.

The City implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3. This statement modifies the *Deposit and Investment Risk Categorization Disclosures* and requires additional information on the City's portfolio.

E. Property Tax Revenue

Property taxes attach as an enforceable lien on property. Secured and unsecured property taxes are levied on January 1. Secured property taxes are payable in two installments, on November 1 and February 1 of each year, and become delinquent on December 10 and April 10, respectively. Unsecured property tax lien date is January 1 and becomes delinquent on August 31. The County of San Mateo, California (County) bills and collects the property taxes and remits them to the City according to a payment schedule established by the County. City property tax revenues are recognized when received in cash except at year end when they are accrued pursuant to the modified accrual basis of accounting. The County is permitted by State law to levy property taxes at 1% of full market value (at time of purchase) and can increase property assessed value no more than 2% per year.

CITY OF SAN BRUNO

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Land Held for Resale

Land held for resale is recorded at the lower of acquisition cost or net realizable value.

G. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

H. Capital Assets

Capital assets which include land, buildings, improvements, equipment, furniture, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated.

City policy has set the capitalization threshold for reporting capital assets at the following:

General Capital Assets	\$	10,000
Infrastructure Capital Assets	\$	100,000

For capital assets, depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings and improvements	20 to 30 years
Machinery and equipment	3 to 15 years
Infrastructure	25 to 50 years

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Capital Assets, Continued

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has elected to defer recording and reporting of its major general infrastructure assets acquired prior to fiscal year 2002-2003.

J. Interest Payable

In the government-wide financial statements, interest payable of long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

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

K. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, it does not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

Bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

L. Compensated Absences

City employees have vested interest in varying levels of unused vacation, sick, holiday, and compensatory leave accrued during active service with the City. All employees are paid the cash value of unused vacation, holiday, compensatory leave accrued as of date of separation using the final hourly rate of the employee. Upon retirement a qualified PERS retirement, employees may receive payment for up to 800 hours of sick leave in accordance with the Memorandum of Understanding governing the employee's classification. The liabilities for compensated absences are included in the governmental and business-type activities of the Government-wide financial statements.

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets".

N. Fund Balance - Reserves and Designations

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Descriptions of fund reservations are as follows:

Encumbrances - Reserved for purchase orders, contracts, or other commitments for expenditures.

Advance to Other Funds - Reserved for use in repayment of long-term interfund loans.

Donations - Reserved for donations received that were pledged for specific purposes by outside parties.

O. Use of Estimates

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

P. Reclassifications

Certain reclassifications have been made to the prior year totals in order to conform to the current year presentation.

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. New Pronouncements

GASB Statement No. 43 - In April 2004, the GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*. This statement establishes accounting and financial reporting standards for plans that provide postemployment benefits other than pension benefits (known as other postemployment benefits or OPEB). This statement is not effective until June 30, 2007. This statement is not expected to have an impact on the financial statements of the City.

GASB Statement No. 45 - In June 2004, the GASB issued Statement No. 45, *Accounting, and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. This statement is not effective until June 30, 2008. This Statement is not expected to have an impact on the financial statements of the City.

NOTE #2 - CASH AND INVESTMENTS

The City pools its cash and investments of all funds for investing, except for certain restricted funds, which are held and invested by independent outside custodians through contractual agreements. These restricted funds include cash held by fiscal agents.

Cash and investments at June 30, 2006, consisted of the following:

Cash on hand	\$ 5,856
Cash Deposits:	
Demand cash deposits	<u>3,533,822</u>
Investments:	
Local Agency Investment Fund	4,390,326
San Mateo County Pool	11,771,518
Securities of U.S. Governmental Agencies	<u>8,786,460</u>
Total Investments	<u>24,948,304</u>
Total Pooled Cash and Investments	<u>28,487,982</u>
Restricted Pooled Cash and Investments	<u>3,815,570</u>
Total Cash and Investments	<u>\$ 32,303,552</u>

CITY OF SAN BRUNO

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #2 - CASH AND INVESTMENTS, Continued

Cash and investments are reported in the basic financial statements as follows:

	Governmental Activities	Business Type Activities	Total	Fiduciary Funds Statement of Net Assets	Total
Pooled cash and investments	\$15,013,847	\$13,120,573	\$28,134,420	\$ 353,562	\$28,487,982
Pooled restricted cash and investments: Held by Fiscal Agents cash and investments:	\$ 747,525	\$ 3,068,045	\$ 3,815,570	\$ -	\$ 3,815,570

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

A. Authorized Investments

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy. As of June 30, 2006, the only debt agreements of the City pertain to the 2000 Police Facilities Certificate of Participation and the 2002 Wastewater Certificate of Participation.

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #2 - CASH AND INVESTMENTS, Continued

A. Authorized Investments, Continued

Investments Authorized by the California Government Code and the City's Investment Policy, Continued

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	20%	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

* Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years and (2) be laddered and based on cash flow forecasts. The City's investments comply with the established policy.

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE #2 - CASH AND INVESTMENTS, Continued

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investment held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity
U.S. Treasury Obligations	None
U.S. Agency Securities	None
Banker's Acceptance	180 days
Commercial Paper	270 days
Money Market Mutual Funds	N/A
Investment Contracts	30 years

B. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Investment Type	Reported Fair Value	Investment Maturities (in Years)				
		Less than 1	1 to 2	2 to 3	3 to 4	5 to 5
Local Agency Investment Fund	\$ 4,390,326	\$ 4,390,326	\$ -	\$ -	\$ -	\$ -
San Mateo County Pool	11,771,518	11,771,518				
Federal Home Loan Bank	2,958,750		1,988,440		970,310	
Federal Home Loan Mort Corp	970,210				970,210	
FNMA	1,912,500				1,912,500	
Federal Farm Credit Banks	968,750					968,750
Federal Home Loan Bank Bonds	1,976,250	998,750		977,500		
Total	\$24,948,304	\$ 17,160,594	\$1,988,440	\$ 977,500	\$3,853,020	\$ 968,750

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE #2 - CASH AND INVESTMENTS, Continued

C. Credit Risk and Concentration of Credit Risk

Deposits

At June 30, 2006, the carrying amount of the City's deposits was \$3,533,822. Bank balances before reconciling items were \$3,638,830 at the date, the total amount of which was collateralized with securities held by the pledging financial institution's trust department but not in the City's name.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor.

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the City's cash deposits. California law also allows institutions to serve City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

Investments

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code and the actual rating as of year end for each investment type.

The California Government Code places limitations on the amount that can be invested in any one issuer (as detailed above). Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments are as follows:

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Credit Rating</u>	<u>Percentage of Investments</u>
Local Agency Investment Fund	\$ 4,390,326	Not Rated	17.60%
San Mateo County Pool	11,771,518	Not Rated	47.18%
Federal Home Loan Bank	2,958,750	AAA	11.86%
Federal Home Loan Mortgage Corp	970,210	AAA	3.89%
FNMA	1,912,500	AAA	7.67%
Federal Farm Credit Banks	968,750	AAA	3.88%
Federal Home Loan Bank Bonds	1,976,250	AAA	7.92%
Total	<u>\$ 24,948,304</u>		<u>100.00%</u>

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #2 - CASH AND INVESTMENTS, Continued

C. Credit Risk and Concentration of Credit Risk, Continued

Investments, Continued

Investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external pools) that represent 5% or more of total investments by reporting unit (primary government, governmental activities, major fund, non-major funds in the aggregate, etc.) are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	U.S. Agency Securities	\$ 2,958,750
FNMA	U.S. Agency Securities	1,912,500
Federal Home Loan Bank Bonds	U.S. Agency Securities	1,976,250

D. Local Agency Investment Fund (LAIF)

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The City is a voluntary participant in the investment pool.

E. San Mateo County Pooled Investment Fund

The City holds investments in the County Pool that are subject to being adjusted to "fair value". The City is required to disclose its methods and assumptions used to estimate the fair value of its holdings in the County Pool. The City relied upon information provided by the County Treasurer in estimating the City's fair value position of its holdings in the County Pool. The City had a contractual withdrawal value of \$11,771,518 at fiscal year end.

The San Mateo County Pooled Investment Fund is a governmental investment pool managed and directed by the elected San Mateo County Treasurer. The County Pool is not registered with the Securities and Exchange Commission. An oversight committee comprised of local government officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of the Pool fall under the auspices of the County Treasurer's office. The City is a voluntary participant in the investment pool.

CITY OF SAN BRUNO

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #3 - INTERFUND TRANSACTIONS

Due To and From Other Funds

At June 30, 2006, the City had the following due to/from other funds:

Due To Other Funds					
Governmental Activities					
Street					
Federal Aviation Admin Grant	Improvement Capital Project Fund	Non-Major Funds	Internal Service Funds	Total	
Due From Other Funds					
Governmental Activities					
Major Funds:					
General Fund	\$ 239,266	\$ 2,068,750	\$ 26,018	\$ -	\$ 2,334,034
Internal Service Funds			1,105,794		1,105,794
Totals	<u>\$ 239,266</u>	<u>\$ 2,068,750</u>	<u>\$ 26,018</u>	<u>\$ 1,105,794</u>	<u>\$ 3,439,828</u>

At June 30, 2006, the City had the following advances to/from other funds:

Advance To Other Funds		
Governmental Activities		
General Fund	Internal Service Funds	Total
Advances From Other Funds		
Governmental Activities		
Major Funds:		
Redevelopment Agency	\$ 531,597	\$ 3,227,033
Totals	<u>\$ 531,597</u>	<u>\$ 3,758,630</u>

CITY OF SAN BRUNO

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #3 - INTERFUND TRANSACTIONS, Continued

Transfers In and Out

At June 30, 2006, the City had the following transfers in/ out which arise in the normal course of operations.

	Transfers In			Total
	Governmental Activities			
	General Fund	Street Improvement Capital Projects	Non-Major Governmental Funds	
Transfers Out				
Governmental Activities:				
General Fund	\$ -	\$ -	\$ 140,000	\$ 140,000
Redevelopment Agency		100,000	61,723	161,723
Measure A		812,000		812,000
Non-Major Governmental Funds	95,000	215,500	809,500	1,120,000
Enterprise Funds		25,000	150,164	175,164
Internal Service Funds			150,000	150,000
Totals	\$ 95,000	\$ 1,152,500	\$ 1,311,387	\$ 2,558,887

NOTE #4 - CAPITAL ASSETS

At June 30, 2006 the City's Capital Assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable Assets:			
Land	\$ 1,127,197	\$ 576,842	\$ 1,704,039
Construction in Process	7,092,872	2,941,570	10,034,442
Total Non-depreciable Assets	8,220,069	3,518,412	11,738,481
Depreciable Assets:			
Buildings & Structures	15,568,290	25,210,173	40,778,463
Machinery & Equipment	4,954,771	10,465,053	15,419,824
Infrastructure	1,671,919		1,671,919
	22,194,980	35,675,226	57,870,206
Less Accumulated Depreciation	(5,243,072)	(11,224,263)	(16,467,335)
Total Depreciable Assets	16,951,908	24,450,963	41,402,871
Total Capital Assets	\$ 25,171,977	\$ 27,969,375	\$ 53,141,352

CITY OF SAN BRUNO

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #4 - CAPITAL ASSETS, Continued

The following is a summary of changes in Capital Assets for governmental activities during the fiscal year:

	Balance July 1, 2005	Adjustments	Balance July 1, 2005 as Restated	Additions	Deletions	Balance June 30, 2006
Non-depreciable Assets:						
Land	\$ 1,127,197	\$ -	\$ 1,127,197	\$ -	\$ -	\$ 1,127,197
Construction In Process	4,203,437	255,132	4,458,569	2,634,303		7,092,872
Total Non-depreciable Assets	5,330,634	255,132	5,585,766	2,634,303		8,220,069
Depreciable Assets:						
Buildings & Structures	15,568,290		15,568,290			15,568,290
Machinery & Equipment	4,867,699		4,867,699	88,921	(1,849)	4,954,771
Infrastructure	530,582		530,582	1,141,337		1,671,919
	20,966,571		20,966,571	1,230,258	(1,849)	22,194,980
Less Accumulated Depreciation						
Buildings & Structures	(1,965,712)		(1,965,712)	(471,707)		(2,437,419)
Machinery & Equipment	(2,247,187)		(2,247,187)	(518,672)		(2,765,859)
Infrastructure	(26,529)		(26,529)	(13,265)		(39,794)
	(4,239,428)		(4,239,428)	(1,003,644)		(5,243,072)
Total Depreciable Assets	16,727,143		16,727,143	226,614	(1,849)	16,951,908
Total Capital Assets	\$ 22,057,777	\$ 255,132	\$ 22,312,909	\$ 2,860,917	\$ (1,849)	\$ 25,171,977

Depreciation expenses of the governmental activities for the year ended June 30, 2006 are as follows:

Public Safety	\$ 161,695
Highway and Streets	21,306
Parks and Recreation	38,981
Library	1,790
Community Development	330,000
Internal Service Funds	449,872
	<u>\$ 1,003,644</u>

CITY OF SAN BRUNO

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #4 - CAPITAL ASSETS, Continued

The following is a summary of changes in Capital Assets for business-type activities during the fiscal year.

	Balance July 1, 2005	Adjustments	Balance July 1, 2005 as Restated	Additions	Deletions	Balance June 30, 2006
Non-depreciable Assets:						
Land	\$ 576,842	\$ -	\$ 576,842	\$ -	\$ -	\$ 576,842
Construction In Process	2,738,166		2,738,166	203,404		2,941,570
Total Non-depreciable Assets	<u>3,315,008</u>		<u>3,315,008</u>	<u>203,404</u>		<u>3,518,412</u>
Depreciable Assets:						
Buildings & Improvements	25,210,173		25,210,173			25,210,173
Machinery & Equipment	9,843,713		9,843,713	621,340		10,465,053
	<u>35,053,886</u>		<u>35,053,886</u>	<u>621,340</u>		<u>35,675,226</u>
Less Accumulated Depreciation						
Buildings & Improvements	(5,097,580)		(5,097,580)	(857,385)		(5,954,965)
Machinery & Equipment	(4,192,425)		(4,192,425)	(1,076,873)		(5,269,298)
	<u>(9,290,005)</u>		<u>(9,290,005)</u>	<u>(1,934,258)</u>		<u>(11,224,263)</u>
Total Depreciable Assets	25,763,881		25,763,881	(1,312,918)		24,450,963
Total Capital Assets	<u>\$ 29,078,889</u>	<u>\$ -</u>	<u>\$ 29,078,889</u>	<u>\$ (1,109,514)</u>	<u>\$ -</u>	<u>\$ 27,969,375</u>

Depreciation expenses of the business-type activities for the year ended June 30, 2006 are as follows:

Water	\$ 671,468
Stormwater	33,068
Wastewater	320,707
Cable Television	909,015
	<u>\$ 1,934,258</u>

NOTE #5 - LONG-TERM DEBT

A. Governmental Activities

The following is a summary of long-term debt transactions for the year ended June 30, 2006:

Description	Balance July 1, 2005	Additions	Retirements	Balance June 30, 2006	Classification	
					Due Within One Year	Due In More than One Year
Capital Lease Obligations	\$ 1,155,774	\$ 2,253,665	\$ (1,449,806)	\$ 1,959,633	\$ 289,954	\$ 1,669,679
Bonds Payable:						
2000 Certificates of Participation	9,135,000		(180,000)	8,955,000	190,000	8,765,000
Compensated Absences	1,632,376	260,636	(387,763)	1,505,249	588,718	916,531
Claims Payable	2,183,374	105,959	(594,691)	1,694,642	225,031	1,469,611
Total	<u>\$ 14,106,524</u>	<u>\$ 2,620,260</u>	<u>\$ (2,612,260)</u>	<u>\$ 14,114,524</u>	<u>\$ 1,293,703</u>	<u>\$ 12,820,821</u>

CITY OF SAN BRUNO

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #5 - LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

At June 30, 2006, Capital Lease Obligation consisted of the following:

Description	Balance July 1, 2005	Additions	Retirements	Balance June 30, 2006	Classification	
					Due Within One Year	Due In More than One Year
Lighting Improvement	\$ 1,016,421	\$ -	\$ (1,016,421)	\$ -	\$ -	\$ -
Pumper Equipment	34,261		(34,261)			
Ladder Equipment	105,092		(105,092)			
City Hall		2,253,665	(294,032)	1,959,633	289,954	1,669,679
Total	\$ 1,155,774	\$ 2,253,665	\$ (1,449,806)	\$ 1,959,633	\$ 289,954	\$ 1,669,679

Energy Conservation Improvements

During December 2001, the City entered into a \$1,360,674 capital lease with GE Capital Public Finance, Inc. for energy conservation improvements. Principal and interest payments are due June 1 and December 1 annually. The interest rate is 4.69%.

City Hall Remodel and Update Project

During August 2005, the City entered into a \$2,253,665 capital lease with GE Capital Public Finance, Inc. to retire the capital lease for the Energy Conservation Improvements and to finance the City Hall Remodel and Improvements. Principal and interest payments are due August 1 and December 1 annually. The interest rate is 4.69%.

The annual debt service requirements were as follows as of June 30, 2006:

Fiscal Year End	Principal	Interest	Totals
2007	289,954	88,547	378,501
2008	303,713	74,788	378,501
2009	318,124	60,377	378,501
2010	333,219	45,282	378,501
2011	349,031	29,470	378,501
2012	365,592	12,909	378,501
Total	\$ 1,959,633	\$ 311,373	\$ 2,271,006

Pumper Equipment

During January 2001, the City entered into a \$303,183 capital lease with GE Capital Public Finance, Inc. for pumper equipment for the fire department. Principal and interest payments are due monthly. The interest rate is 5.59%. The City made the final payment on the lease during the fiscal year.

During March 2001, the City entered into a \$700,703 capital lease with GE Capital Public Finance, Inc. for aerial ladder equipment for the fire department. Principal and interest payments are due monthly. The interest rate is 5.59%. The City made the final payment on the lease during the fiscal year.

CITY OF SAN BRUNO

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #5 - LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

2000 Certificate of Participation

During December 2000 the City issued \$9,600,000 in Certificates of Participation, Series 2000 for the construction of a police facility. Principal and interest payments are due annually on February 1. The interest rate ranges from 5.25% to 7.00%.

The San Bruno Redevelopment Agency (Agency) has agreed under a separate agreement to reimburse the City for all costs associated with the construction of the police facility.

The annual debt service requirements were as follows as of June 30, 2006:

Fiscal Year End	Principal	Interest	Totals
2007	\$ 190,000	\$ 458,463	\$ 648,463
2008	200,000	449,438	649,438
2009	205,000	439,938	644,938
2010	215,000	430,200	645,200
2011	225,000	419,988	644,988
2012-2016	1,310,000	1,927,838	3,237,838
2017-2021	1,670,000	1,566,413	3,236,413
2022-2026	2,155,000	1,081,500	3,236,500
2027-2031	2,785,000	453,600	3,238,600
Total	<u>\$ 8,955,000</u>	<u>\$ 7,227,378</u>	<u>\$ 16,182,378</u>

B. Business-Type Activities

Description	Balance			Classification		
	July 1, 2005	Additions	Retirements	Balance June 30, 2006	Due Within One Year	Due In More than One Year
Bonds Payable:						
2002 Certificates of Participation	\$ 9,275,000	\$ -	\$ -	\$ 9,275,000	\$ 190,000	\$ 9,085,000
Compensated Absences	312,628	59,012	(43,610)	328,030	186,636	141,394
Due to South San Francisco						
1993 Loan	1,537,521		(151,344)	1,386,177	155,884	1,230,293
1999 Loan	9,104,859		(1,086,747)	8,018,112	381,080	7,637,032
Total	<u>\$ 20,230,008</u>	<u>\$ 59,012</u>	<u>\$(1,281,701)</u>	<u>\$ 19,007,319</u>	<u>\$ 913,600</u>	<u>\$ 18,093,719</u>

2002 Certificates of Participation

During May 2002 the City issued \$9,800,000 in Certificates of Participation, Series 2002 for the construction of various improvements to the City's waste water system. Principal and interest payments are due annually on January and July 1. The interest rate ranges from 2.25% to 5.00%.

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #5 - LONG-TERM DEBT

B. Business-Type Activities, Continued

2002 Certificates of Participation, Continued

The annual debt service requirements were as follows as of June 30, 2006:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 190,000	\$ 435,165	\$ 625,165
2008	195,000	430,035	625,035
2009	205,000	424,185	629,185
2010	210,000	417,420	627,420
2011	215,000	409,860	624,860
2012-2016	1,225,000	1,914,223	3,139,223
2017-2021	1,510,000	1,622,023	3,132,023
2022-2026	1,910,000	1,218,967	3,128,967
2027-2031	2,455,000	686,449	3,141,449
2032-2033	1,160,000	89,944	1,249,944
Total	<u>\$ 9,275,000</u>	<u>\$ 7,648,271</u>	<u>\$ 16,923,271</u>

NOTE #6 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the City is insured through the Association of Bay Area Governments (ABAG) Plan.

ABAG Plan covers general liability claims in an amount up to \$7,000,000. The City has a deductible or uninsured liability of up to \$100,000 per claim. Once the City's deductible is met, ABAG Plan becomes responsible for payment of all claims up to the limit. During the year ended June 30, 2006, the City contributed \$486,989 for current year coverage.

ABAG Plan is governed by a board consisting of representatives from member municipalities. The board controls the operations of ABAG Plan, including selection of management 561 and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #6 - RISK MANAGEMENT, Continued

The City's contributions to ABAG Plan equal the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

The most current audited condensed financial information for ABAG Plan, as audited by other auditors, for the year ended June 30, 2006, is presented below:

<u>Statement of Net Assets</u>	<u>2006</u>
Total Assets	\$ 43,306,059
Total Liabilities	20,606,782
Net Assets	<u>\$ 22,699,277</u>

<u>Statement of Net Assets</u>	<u>2006</u>
Total Income	\$ 10,266,112
Total Expenses	10,643,329
Change in Net Assets	<u>\$ (377,217)</u>

The complete ABAG Plan financial statements may be obtained from ABAG Plan, P.O. Box 2024, Oakland, California, 94604.

The City has a commercial insurance policy for Worker's Compensation claims up to the statutory limits. The City has a \$750,000 deductible or uninsured liability for all accidents.

Liability For Uninsured Claims - The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as expenditure in their financial statements. As discussed in the section above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion, of these claims. GASB Statement No. 10, "Financial Reporting for Risk Financing and Related Insurance Issues," requires that this amount be separately identified and recorded as a liability.

Prior to fiscal year ending 2005, the City of San Bruno had not recorded any liabilities for incurred but not reported claims ("IBNR"). The City revised its practice for the year ending June 2005. To recognize the potential liabilities, the City records 25% of the claims payable reserve. The City's third party claims administrator estimate a claims payable reserve each month for all known claims against the City. The City utilizes the activity associating with these estimates for the basis of arriving at its potential liability exposure. An estimate of IBNR for the City's exposure through an actuarial calculation is not available.

CITY OF SAN BRUNO

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #6 - RISK MANAGEMENT, Continued

The City chooses the above noted approach in estimating its exposure since the City has excess insurance coverage through the Association of Bay Area Governments (ABAG) up to \$7 million per claim. The City has a deductible of \$100,000 per claim. The City has a commercial insurance policy for Worker’s Compensation claims up to the statutory limits with a deductible of \$750,000.

Changes in the balances of claims liabilities during the past two years were as follows:

	2006	2005
Beginning Balance	\$ 2,183,374	\$ 1,560,704
Adjustments		390,101
Beginning Balance, as Restated	2,183,374	1,950,805
Incurred Claims	105,959	931,854
Less Claims Paid	(594,691)	(699,285)
Claims Payable at June 30:	<u>\$ 1,694,642</u>	<u>\$ 2,183,374</u>

Claims incurred but not reported are included in claims liabilities above.

NOTE #7 - POST-EMPLOYMENT HEALTH CARE BENEFITS

The City provided health care benefits for eight retired employees in accordance with agreements with employee bargaining units. San Bruno Management Employees Association members employed prior to February 1, 1990, may become eligible upon retirement for those benefits if they reach the normal retirement age while working for the City. During the 2005-2006 fiscal year, the City paid \$50,524 in post-employment health care benefits.

NOTE #8 - NET ASSETS AND FUND BALANCE DEFICITS

At June 30, 2006, the following funds had net assets or fund balance deficits:

Fund	Fund Type	(Deficit)
Redevelopment Agency Funds	Major Governmental Fund	\$ -
Federal Aviation Administration Grant Fund	Major Governmental Fund	\$ -
Street Improvements Fund	Major Governmental Fund	\$ -
Supplemental Law Enforcement	Non-Major Governmental-Special Revenue Fund	\$ (1,482)
State Law Enforcement	Non-Major Governmental-Special Revenue Fund	\$ (1,524)
Self-Insurance Fund	Governmental Activities-Internal Service Fund	\$ (406,229)

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE #9 - PENSION PLAN

Plan Description - The City of San Bruno contributes to the California Public Employee Retirement System (PERS) an agent multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy - PERS requires City employees to contribute 8% for miscellaneous employees and 9% for safety employees of their annual covered salary. The City forwards the contributions made by City employees on their behalf and for their account, which amounted to \$1,504,826. The City is required to contribute at an actuarially determined rate; the current rate is 14.680% for non-safety employees and 27.63% for safety employees, of annual covered payroll.

During fiscal year 2005-06, PERS required mandatory pooling of plans with less than 100 active members. As a result, the accrued actuarial liability and actuarial value of assets for the City's safety plan have been pooled with other government agencies. As of the date of pooling, differences between the City's normal cost and the pool's normal cost will be amortized over a five year period, at which time; the City's normal cost will approximate the pool's normal cost.

Annual Pension Cost - For 2005-2006, the City's annual pension cost of \$3,486,726 for PERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/ or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at 17 years, was through the year 2023 for prior and current service unfunded liability.

Fiscal Year	Annual Pension Cost	APC Contributed	Net Pension Obligation
2002-2003	\$ 215,841	100%	0
2003-2004	\$ 996,107	100%	0
2004-2005	\$ 2,985,446	100%	0
2005-2006	\$ 4,991,552	100%	0

CITY OF SAN BRUNO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #10 - JOINT POWERS AGREEMENTS

The City participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these JPAs exercise full powers and authorities within the scope of the related Joint Powers Agreement, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the JPAs are not those of the City. Each JPA is governed by a board consisting of representatives from each member agency. Each board controls the operations of its respective JPA, including selection of management and approval of operating budgets, independent of any influence of member agencies beyond their representation on the Board.

NOTE #11 - CITY OF SOUTH SAN FRANCISCO SEWER PLANT AGREEMENT

The City of San Bruno entered into an agreement with the City of South San Francisco ("SSF") to jointly own, maintain, and operate a water quality control plant and appurtenant facilities to service both communities. The agreement was entered into in January 1947 and has numerous subsequent amendments that detail various aspects in sharing the capital investment (including related debt service) and operating expenses related to the joint sewage plant. Operating costs of the enterprise are shared in accordance with a formula and division of operation and maintenance cost as set forth in a certain agreement between the City and SSF dated April 3, 1972. The most recent arrangement indicates that San Bruno shares in 25.82% of the plant capacity.

The City of San Bruno's share of operating expenses for fiscal year 2005-06 was \$2,503,897 and is included in treatment expense in the accompanying statement of Revenues, Expenses, and Changes in Net Assets. The two cities make an annual accounting of operating expenses and future cost sharing of operating expenses are adjusted for actual costs. The City also shares in the cost of on-going capital improvements; these costs are capitalized as depreciable assets and amortized over a 25 year period. During fiscal year 2005-06, the City was not required to make any such payments to SSF.

To finance the expansion of a water quality control plant jointly owned with SSF, the State Water Resources Control Board issued loans directly to SSF totaling \$59,396,634 (\$8.8 million in October 1994 and \$50.5 million in August 2003). Loan proceeds were issued as the projects progressed and debt service payments commenced one year after project completion. Because of the regional benefits and equity interest in this project the City (through a joint construction and ownership agreement with SSF), is obligated to SSF for its portion of the loans as defined in the agreement. The City's portion of capital investment that was financed through this arrangement totaling \$13,057,837 was capitalized and amortized using the straight-line method over 25 years.

CITY OF SAN BRUNO

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #11 - CITY OF SOUTH SAN FRANCISCO SEWER PLANT AGREEMENT, Continued

	Balance July 1, 2005	Additions	Retirements	Balance June 30, 2006
Capital Investment:				
Financed	\$ 12,023,000	\$ 1,034,837	\$ -	\$ 13,057,837
Not Financed	1,247,516			1,247,516
Total Capital Investment	<u>13,270,516</u>	<u>1,034,837</u>		<u>14,305,353</u>
Less Accumulated Depreciation:				
Capital Investment:				
Financed	(2,012,371)	(480,920)		(2,493,291)
Not Financed	(220,133)	(49,901)		(270,034)
Total Accumulated Depreciation	<u>(2,232,504)</u>	<u>(530,821)</u>		<u>(2,763,325)</u>
Net Book Value:				
Capital Investment:				
Financed	10,010,629	553,917		10,564,546
Not Financed	1,027,383	(49,901)		977,482
Total Net Book Value	<u>\$ 11,038,012</u>	<u>\$ 504,016</u>	<u>\$ -</u>	<u>\$ 11,542,028</u>

The City's share of the loan obligations is summarized as follows:

	SSF Original Loan	City's Share Amount	SSF Loan Balance June 30, 2006	City's Share Amount	City's Share Percent
1993 Capital Project State Water Resources Loan	\$ 8,842,852	\$ 2,918,141	\$ 4,200,536	\$ 1,386,177	33%
1999 Capital Project State Water Resources Loan	50,553,782	9,104,859	44,519,734	8,018,112	19%
	<u>\$ 59,396,634</u>	<u>\$ 12,023,000</u>	<u>\$ 48,720,270</u>	<u>\$ 9,404,289</u>	

See Note #4 Capital Assets for changes in capital assets and Note #5 Long-term Debt for changes in loan obligations and debt service requirements related to this arrangement. Also see Note #13 for discussion of prior period adjustment related to this agreement.

NOTE #12 - COMMITMENTS AND CONTINGENCIES

Litigation - The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is no pending litigation, which is likely to have a material adverse effect on the financial position of the City.

CITY OF SAN BRUNO

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #13 - PRIOR PERIOD ADJUSTMENTS

Governmental Funds:

In addition, the net assets of the City's governmental activities have increased approximately \$266,162 to correct errors in accounting for its capital assets.

	<u>Governmental Activities</u>
	Redevelopment Agency Fund
Fund balance at June 30, 2005, as previously reported	\$ (2,403,863)
Restatement due to accounting error	195,526
Fund balance at June 30, 2005, as restated	<u>\$ (2,208,337)</u>

Government-wide Statements:

	Governmental Activities Statement of Net Assets
Net assets at June 30, 2005, as previously reported	\$ 20,208,859
Restatement due to accounting error	450,658
Net assets at June 30, 2005, as restated	<u>\$ 20,659,517</u>

NOTE #14 - SUBSEQUENT EVENTS

A. Jointly Owned Sewage Treatment Plan with the City of San Bruno

To finance an additional expansion of the sewage treatment plan jointly owned with SSF, the State Water Resources Control Board authorized loans directly to SSF totaling \$21,258,529. Loan proceeds were authorized on April 22, 2004 as released to SSF as the construction of improvements progress. Debt service payments had not commenced as of June 30, 2006 and are expected to commence once the improvements are completed on June 30, 2007. Because of the regional benefits and equity interest in this project (through a joint construction and ownership agreement with SSF), the City is obligated to SSF for its portion of the loans as defined by the agreement. The City's portion of capital investment financed through this arrangement is estimated at \$3,800,000 and will be capitalized and amortized using the straight-line method over 25 years.

OTHER SUPPLEMENTARY INFORMATION

CITY OF SAN BRUNO

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2006**

	<u>Special Revenue Funds</u>		
	<u>Park In-Lieu</u>	<u>Agency on Aging</u>	<u>Gas Tax</u>
ASSETS			
Pooled cash and investments	\$ 482,637	\$ -	\$ 79,660
Restricted pooled cash and investments			
Receivables:			
Accounts		27,015	
Total Assets	<u>\$ 482,637</u>	<u>\$ 27,015</u>	<u>\$ 79,660</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 5,459	\$ -
Due to other funds		12,767	
Deferred income			
Total Liabilities		<u>18,226</u>	
 FUND BALANCES			
Reserved for:			
Donations			
Unreserved, reported in:			
Special revenue funds	482,637	8,789	79,660
Capital projects funds			
Debt Service			
Total Fund Balances	<u>482,637</u>	<u>8,789</u>	<u>79,660</u>
Total Liabilities and Fund Balances	<u>\$ 482,637</u>	<u>\$ 27,015</u>	<u>\$ 79,660</u>

Special Revenue Funds

State Gas Reimbursement ILL Program	State Library	Police Asset Seizure	Safety Augmentation	Supplemental Law Enforcement	State Law Enforcement
\$ 405,102	\$ 304,659	\$ 5,456	\$ 3,147	\$ -	\$ -
33,060			9,751		
<u>\$ 438,162</u>	<u>\$ 304,659</u>	<u>\$ 5,456</u>	<u>\$ 12,898</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
				1,482	1,524
				-	
				<u>1,482</u>	<u>1,524</u>
438,162	304,659	5,456	12,898	(1,482)	(1,524)
<u>438,162</u>	<u>304,659</u>	<u>5,456</u>	<u>12,898</u>	<u>(1,482)</u>	<u>(1,524)</u>
<u>\$ 438,162</u>	<u>\$ 304,659</u>	<u>\$ 5,456</u>	<u>\$ 12,898</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SAN BRUNO

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2006**

	Special Revenue Funds		
	SB 322 Recycling/Litter Clean-up	California Law Enforcement Equipment Program	Traffic Congestion Relief
ASSETS			
Pooled cash and investments	\$ 79,473	\$ 643	\$ 135,352
Restricted pooled cash and investments			
Receivables:			
Accounts			52,858
Total Assets	\$ 79,473	\$ 643	\$ 188,210
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,629	\$ -	\$ -
Due to other funds			
Deferred income			
Total Liabilities	1,629		
FUND BALANCES			
Reserved for:			
Donations			
Unreserved, reported in:			
Special revenue funds	77,844	643	188,210
Capital projects funds			
Debt Service			
Total Fund Balances	77,844	643	188,210
Total Liabilities and Fund Balances	\$ 79,473	\$ 643	\$ 188,210

Special Revenue Funds			Debt Service	Capital Projects	Total Non-major Governmental Funds
FEMA Grant	Restricted Donations	Traffic Safety	General	General	
\$ 105,612	\$ 372,088	\$ -	\$ 21,151	\$ 1,764,286 1,457	\$ 3,759,266 1,457
		20,001			142,685
<u>\$ 105,612</u>	<u>\$ 372,088</u>	<u>\$ 20,001</u>	<u>\$ 21,151</u>	<u>\$ 1,765,743</u>	<u>\$ 3,903,408</u>
\$ -	\$ 8,553	\$ 61	\$ -	\$ 483,476	\$ 499,178
		10,245			26,018
105,612					105,612
<u>105,612</u>	<u>8,553</u>	<u>10,306</u>		<u>483,476</u>	<u>630,808</u>
	357,696				357,696
	5,839	9,695			1,611,486
				1,282,267	1,282,267
			21,151		21,151
	<u>363,535</u>	<u>9,695</u>	<u>21,151</u>	<u>1,282,267</u>	<u>3,272,600</u>
<u>\$ 105,612</u>	<u>\$ 372,088</u>	<u>\$ 20,001</u>	<u>\$ 21,151</u>	<u>\$ 1,765,743</u>	<u>\$ 3,903,408</u>

CITY OF SAN BRUNO

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds		
	Park In-Lieu	Agency on Aging	Gas Tax
REVENUES			
Taxes	\$ -	\$ -	\$ 800,345
Licenses and permits			
Intergovernmental		52,671	
Charges for services	10,800		
Fines and forfeitures			
Use of money and property			2,441
Other		14,033	
Total Revenues	<u>10,800</u>	<u>66,704</u>	<u>802,786</u>
EXPENDITURES			
Current:			
General government			
Public safety			
Public works			
Highway and streets			742,996
Parks and recreation		93,049	
Library			
Community development			
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges			
Total Expenditures		<u>93,049</u>	<u>742,996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,800</u>	<u>(26,345)</u>	<u>59,790</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets			
Debt issue			
Transfers in			
Transfers out	(240,000)		(253,000)
Total Other Financing Sources (Uses)	<u>(240,000)</u>		<u>(253,000)</u>
Net Change in Fund Balances	(229,200)	(26,345)	(193,210)
Fund Balances, Beginning of Year	<u>711,837</u>	<u>35,134</u>	<u>272,870</u>
Fund Balances, End of Year	<u>\$ 482,637</u>	<u>\$ 8,789</u>	<u>\$ 79,660</u>

Special Revenue Funds

State Gas Reimbursement ILL Program	State Library	Police Asset Seizure	Safety Augmentation	Supplemental Law Enforcement	State Law Enforcement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
106,260	16,578		106,911	11,030	101,144
		2,321			
<u>106,260</u>	<u>16,578</u>	<u>2,321</u>	<u>106,911</u>	<u>11,030</u>	<u>101,144</u>
			93,996	25,071	118,804
			<u>93,996</u>	<u>25,071</u>	<u>118,804</u>
<u>106,260</u>	<u>16,578</u>	<u>2,321</u>	<u>12,915</u>	<u>(14,041)</u>	<u>(17,660)</u>
<u>(75,000)</u>					
<u>(75,000)</u>					
31,260	16,578	2,321	12,915	(14,041)	(17,660)
<u>406,902</u>	<u>288,081</u>	<u>3,135</u>	<u>(17)</u>	<u>12,559</u>	<u>16,136</u>
<u>\$ 438,162</u>	<u>\$ 304,659</u>	<u>\$ 5,456</u>	<u>\$ 12,898</u>	<u>\$ (1,482)</u>	<u>\$ (1,524)</u>

CITY OF SAN BRUNO

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds		
	SB 322 Recycling/Litter Clean-up	California Law Enforcement Equipment Program	Traffic Congestion Relief
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits			
Intergovernmental	69,737		188,210
Charges for services			
Fines and forfeitures			
Use of money and property			
Other			
Total Revenues	69,737		188,210
EXPENDITURES			
Current:			
General government			
Public safety			
Public works	48,453		
Highway and streets			
Parks and recreation			
Library			
Community development			
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges			
Total Expenditures	48,453		
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,284		188,210
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets			
Gain from sale of property			
Transfers in			
Transfers out			
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	21,284		188,210
Fund Balances, Beginning of Year	56,560	643	
Fund Balances, End of Year	\$ 77,844	\$ 643	\$ 188,210

Special Revenue Funds			Debt Service	Capital Projects	Total Non-major Governmental Funds
FEMA Grant	Restricted Donations	Traffic Safety	General	General	
\$ -	\$ -	\$ -	\$ 179,054	\$ -	\$ 979,399
				312,911	312,911
		68,119			619,516
					111,944
					2,321
				2,236	4,677
	5,839		341,576	56,680	418,128
	5,839	68,119	520,630	371,827	2,448,896
					93,996
		66,738			210,613
					48,453
					742,996
					93,049
		14,679		813,295	827,974
			433,385		433,385
			87,245		87,245
		81,417	520,630	813,295	2,537,711
	5,839	(13,298)		(441,468)	(88,815)
				1,229,298	1,229,298
				1,311,387	1,311,387
				(552,000)	(1,120,000)
				1,988,685	1,420,685
	5,839	(13,298)		1,547,217	1,331,870
	357,696	22,993	21,151	(264,950)	1,940,730
\$ -	\$ 363,535	\$ 9,695	\$ 21,151	\$ 1,282,267	\$ 3,272,600

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARK IN-LIEU SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 10,800	\$ 10,800
Total Revenues			10,800	10,800
OTHER FINANCING SOURCES				
Transfers out			(240,000)	(240,000)
Total Other Financing Sources			(240,000)	(240,000)
Net Change in Fund Balance			(229,200)	(229,200)
Fund Balance, Beginning of Year		711,837	711,837	
Fund Balance, End of Year	\$ -	\$ 711,837	\$ 482,637	\$ (229,200)

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AGENCY ON AGING SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 52,671	\$ 52,671
Other			14,033	14,033
Total Revenues			66,704	66,704
EXPENDITURES				
Current:				
Parks and recreation	100,000	100,000	93,049	6,951
Total Expenditures	100,000	100,000	93,049	6,951
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,000)	(100,000)	(26,345)	73,655
Net Change in Fund Balance	(100,000)	(100,000)	(26,345)	73,655
Fund Balance, Beginning of Year		35,134	35,134	
Fund Balance, End of Year	\$ (100,000)	\$ (64,866)	\$ 8,789	\$ 73,655

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GAS TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 818,000	\$ 818,000	\$ 800,345	\$ (17,655)
Use of money and property			2,441	2,441
Total Revenues	<u>818,000</u>	<u>818,000</u>	<u>802,786</u>	<u>(15,214)</u>
EXPENDITURES				
Current:				
Highway and streets	<u>718,000</u>	<u>718,000</u>	<u>742,996</u>	<u>(24,996)</u>
Total Expenditures	<u>718,000</u>	<u>718,000</u>	<u>742,996</u>	<u>(24,996)</u>
Excess of Revenues Over (Under) Expenditures	<u>100,000</u>	<u>100,000</u>	<u>59,790</u>	<u>(40,210)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out			<u>(253,000)</u>	<u>(253,000)</u>
Total Other Financing Sources (Uses)			<u>(253,000)</u>	<u>(253,000)</u>
Net Change in Fund Balance	<u>100,000</u>	<u>100,000</u>	<u>(193,210)</u>	<u>(293,210)</u>
Fund Balance, Beginning of Year	<u>272,870</u>	<u>272,870</u>	<u>272,870</u>	
Fund Balance, End of Year	<u>\$ 372,870</u>	<u>\$ 372,870</u>	<u>\$ 79,660</u>	<u>\$ (293,210)</u>

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE GAS REIMBURSEMENT ILL PROGRAM SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 48,150	\$ 48,150	\$ 106,260	\$ 58,110
Total Revenues	<u>48,150</u>	<u>48,150</u>	<u>106,260</u>	<u>58,110</u>
OTHER FINANCING USES				
Transfers out	(75,000)	(75,000)	(75,000)	
Total Other Financing Uses	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	
Net Change in Fund Balance	<u>(26,850)</u>	<u>(26,850)</u>	<u>31,260</u>	<u>58,110</u>
Fund Balance, Beginning of Year	<u>406,902</u>	<u>406,902</u>	<u>406,902</u>	
Fund Balance, End of Year	<u>\$ 380,052</u>	<u>\$ 380,052</u>	<u>\$ 438,162</u>	<u>\$ 58,110</u>

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE LIBRARY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 16,595	\$ 16,595	\$ 16,578	\$ (17)
Total Revenues	<u>16,595</u>	<u>16,595</u>	<u>16,578</u>	<u>(17)</u>
 Net Change in Fund Balance	<u>(236,405)</u>	<u>(236,405)</u>	<u>(236,422)</u>	<u>(17)</u>
 Fund Balance, Beginning of Year	<u>288,081</u>	<u>288,081</u>	<u>288,081</u>	
 Fund Balance, End of Year	<u>\$ 51,676</u>	<u>\$ 51,676</u>	<u>\$ 51,659</u>	<u>\$ (17)</u>

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE ASSET SEIZURE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 2,321	\$ 2,321
Total Revenues			2,321	2,321
OTHER FINANCING USES				
Transfers out				
Total Other Financing Uses				
Net Change in Fund Balance			2,321	2,321
Fund Balance, Beginning of Year	3,135	3,135	3,135	
Fund Balance, End of Year	\$ 3,135	\$ 3,135	\$5,456	\$ 2,321

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HIGHWAY EMERGENCY RELIEF SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources				
Net Change in Fund Balance				
Fund Balance, Beginning of Year				
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SAFETY AUGMENTATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 106,911	\$ 106,911
Total Revenues			106,911	106,911
EXPENDITURES				
Current:				
General government		94,000	93,996	4
Total Expenditures		94,000	93,996	4
Excess (Deficiency) of Revenues Over (Under) Expenditures		(94,000)	12,915	106,915
OTHER FINANCING USES				
Transfers out	(116,300)	(116,300)		116,300
Total Other Financing Uses	(116,300)	(116,300)		116,300
Net Change in Fund Balance	(116,300)	(210,300)	12,915	223,215
Fund Balance, Beginning of Year	(17)	(17)	(17)	
Fund Balance, End of Year	\$ (116,317)	\$ (210,317)	\$ 12,898	\$ 223,215

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 11,030	\$ 11,030
Total Revenues			<u>11,030</u>	<u>11,030</u>
EXPENDITURES				
Current:				
Public safety			25,071	(25,071)
Total Expenditures			<u>25,071</u>	<u>(25,071)</u>
Net Change in Fund Balance			<u>(14,041)</u>	<u>(14,041)</u>
Fund Balances, Beginning of Year as Restated	<u>12,559</u>	<u>12,559</u>	<u>12,559</u>	
Fund Balance, End of Year	<u>\$ 12,559</u>	<u>\$ 12,559</u>	<u>\$ (1,482)</u>	<u>\$ (14,041)</u>

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE LAW ENFORCEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 101,144	\$ 101,144
Total Revenues			101,144	101,144
EXPENDITURES				
Current:				
Public safety	100,000	100,000	118,804	(18,804)
Total Expenditures	100,000	100,000	118,804	(18,804)
Net Change in Fund Balance	(100,000)	(100,000)	(17,660)	82,340
Fund Balances, Beginning of Year as Restated	16,136	16,136	16,136	
Fund Balance, End of Year	\$ (83,864)	\$ (83,864)	\$ (1,524)	\$ 82,340

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SB 322 RECYCLING/LITTER CLEAN-UP SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 68,000	\$ 68,000	\$ 69,737	\$ 1,737
Total Revenues	68,000	68,000	69,737	1,737
EXPENDITURES				
Current:				
Public works	67,467	67,467	48,453	19,014
Total Expenditures	67,467	67,467	48,453	19,014
Net Change in Fund Balance	533	533	21,284	20,751
Fund Balance, Beginning of Year	56,560	56,560	56,560	
Fund Balance, End of Year	\$ 57,093	\$ 57,093	\$ 77,844	\$ 20,751

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CALIFORNIA LAW ENFORCEMENT EQUIPMENT PROGRAM REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ -
Total Expenditures				
Net Change in Fund Balance				
Fund Balance, Beginning of Year	643	643	643	
Fund Balance, End of Year	\$ 643	\$ 643	\$ 643	\$ -

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRAFFIC CONGESTION RELIEF SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING USES				
Transfers out	\$ -	\$ -	\$ -	\$ -
Total Other Financing Uses				
 Net Change in Fund Balance			188,210	188,210
 Fund Balance, Beginning of Year				
 Fund Balance, End of Year	\$ -	\$ -	\$ 188,210	\$ 188,210

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEMA GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues				
EXPENDITURES				
Current:				
General government				
Public safety				
Total Expenditures				
Excess (Deficiency) of Revenues				
Net Change in Fund Balance				
OTHER FINANCING USES				
Transfers in				
Transfers out				
Total Other Financing Uses				
Net Change in Fund Balance				
Fund Balance, Beginning of Year				
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REIMBURSED STREET CONSTRUCTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources				
Net Change in Fund Balance				
Fund Balance, Beginning of Year				
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RESTRICTED DONATIONS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other	\$ -	\$ -	\$ 5,839	\$ 5,839
Total Revenues			5,839	5,839
EXPENDITURES				
Current:				
Parks and recreation				
Total Expenditures				
Net Change in Fund Balance			5,839	5,839
Fund Balance, Beginning of Year	357,696	357,696	357,696	
Fund Balance, End of Year	\$ 357,696	\$ 357,696	\$ 363,535	\$ 5,839

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRAFFIC SAFETY GRANT REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 68,119	\$ 68,119
Total Revenues			68,119	68,119
EXPENDITURES				
Current:				
General government				
Total Expenditures			81,417	(66,738)
Net Change in Fund Balance			(13,298)	(13,298)
Fund Balance, Beginning of Year	22,993	22,993	22,993	
Fund Balance, End of Year	\$ 22,993	\$ 22,993	\$ 9,695	\$ (13,298)

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 179,000	\$ 179,000	\$ -	\$ (179,000)
Total Revenues	179,000	179,000	520,630	341,630
EXPENDITURES				
Debt service:				
Principal	433,400	433,400	433,385	15
Interest and fiscal charges	87,300	87,300	87,245	55
Total Expenditures	520,700	520,700	520,630	70
Deficiency of Revenues Under Expenditures	(341,700)	(341,700)		341,700
OTHER FINANCING SOURCES				
Transfers in	142,100	142,100		(142,100)
Total Other Financing Sources	142,100	142,100		(142,100)
Net Change in Fund Balances	(199,600)	(199,600)		199,600
Fund Balance, Beginning of Year	21,151	21,151	21,151	
Fund Balance, End of Year	\$ (178,449)	\$ (178,449)	\$ 21,151	\$ 199,600

CITY OF SAN BRUNO

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 312,911	\$ 312,911
Use of money and property			2,236	2,236
Total Revenues			371,827	371,827
EXPENDITURES				
Current:				
Capital outlay	1,836,157	1,836,157	813,295	1,022,862
Total Expenditures	1,836,157	1,836,157	813,295	1,022,862
Deficiency of Revenues Under Expenditures	(1,836,157)	(1,836,157)	(441,468)	1,394,689
OTHER FINANCING SOURCES				
Transfers in			1,311,387	1,311,387
Total Other Financing Sources			1,988,685	1,988,685
Net Change in Fund Balance	(1,836,157)	(1,836,157)	1,547,217	3,383,374
Fund Balance, Beginning of Year	(264,950)	(264,950)	(264,950)	
Fund Balance, End of Year	<u>\$ (2,101,107)</u>	<u>\$ (2,101,107)</u>	<u>\$ 1,282,267</u>	<u>\$ 3,383,374</u>

CITY OF SAN BRUNO

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2006**

	Central Garage	Self - Insurance	General Equipment Reserve	Technology Development
ASSETS				
Current Assets:				
Pooled cash and investments	\$ 114,338	\$ 1,267,173	\$ 2,890,848	\$ 104,506
Restricted pooled cash and investments		82,413		
Due from other funds	243,459			506,478
Advances to other funds			3,227,033	
Total Current Assets	<u>357,797</u>	<u>1,349,586</u>	<u>6,117,881</u>	<u>610,984</u>
Noncurrent Assets:				
Capital assets:				
Depreciable, net	16,040			326,030
Total Assets	<u>\$ 373,837</u>	<u>\$ 1,349,586</u>	<u>\$ 6,117,881</u>	<u>\$ 937,014</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 12,733	\$ 61,173	\$ 3,327	\$ 41,308
Due to other funds			1,105,794	
Claims payable		225,031		
Compensated absences	22,027			
Total Current Liabilities	<u>34,760</u>	<u>286,204</u>	<u>1,109,121</u>	<u>41,308</u>
Noncurrent Liabilities:				
Claims payable		1,469,611		
Compensated absences	3,448			13,979
Total Noncurrent Liabilities	<u>3,448</u>	<u>1,469,611</u>		<u>13,979</u>
Total Liabilities	<u>38,208</u>	<u>1,755,815</u>	<u>1,109,121</u>	<u>55,287</u>
NET ASSETS				
Invested in capital assets, net of related debt	16,040			326,030
Restricted for special projects				
Unrestricted	319,589	(406,229)	5,008,760	555,697
Total Net Assets	<u>\$ 335,629</u>	<u>\$ (406,229)</u>	<u>\$ 5,008,760</u>	<u>\$ 881,727</u>

Facilities		
Maintenance		Total
\$ 80,145	\$ 4,457,010	
	82,413	
355,857	1,105,794	
	3,227,033	
<u>436,002</u>	<u>8,872,250</u>	
42,338	384,408	
<u>\$ 478,340</u>	<u>\$ 9,256,658</u>	
\$ 20,152	\$ 138,693	
	1,105,794	
	225,031	
51,032	73,059	
<u>71,184</u>	<u>1,542,577</u>	
	1,469,611	
3,166	20,593	
<u>3,166</u>	<u>1,490,204</u>	
<u>74,350</u>	<u>3,032,781</u>	
42,338	384,408	
361,652	5,839,469	
<u>\$ 403,990</u>	<u>\$ 6,223,877</u>	

CITY OF SAN BRUNO

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2006**

	Central Garage	Self - Insurance	General Equipment Reserve
OPERATING REVENUES:			
Charges for services	\$ 535,512	\$ 2,116,711	\$ 802,753
Other		26,213	
Total Operating Revenues	<u>535,512</u>	<u>2,142,924</u>	<u>802,753</u>
OPERATING EXPENSES:			
Central garage	478,239		
Insurance premiums, claims and administration		1,106,783	
Equipment replacement			359,666
Technology support			
Facilities maintenance			
Total Operating Expenses	<u>478,239</u>	<u>1,106,783</u>	<u>359,666</u>
OPERATING INCOME	<u>57,273</u>	<u>1,036,141</u>	<u>443,087</u>
NONOPERATING REVENUES EXPENSES:			
Transfers out			(150,000)
Total Nonoperating Revenues (Expenses)			<u>(150,000)</u>
Change in Net Assets	57,273	1,036,141	293,087
NET ASSETS:			
Beginning of year as Restated	278,356	(1,442,370)	4,715,673
End of year	<u>\$ 335,629</u>	<u>\$ (406,229)</u>	<u>\$ 5,008,760</u>

Technology Development	Facilities Maintenance	Total
\$ 569,883	\$ 731,676	\$ 4,756,535
		26,213
<u>569,883</u>	<u>731,676</u>	<u>4,782,748</u>
		478,239
		1,106,783
		359,666
532,372		532,372
	921,300	921,300
<u>532,372</u>	<u>921,300</u>	<u>3,398,360</u>
<u>37,511</u>	<u>(189,624)</u>	<u>1,384,388</u>
		(150,000)
		(150,000)
<u>37,511</u>	<u>(189,624)</u>	<u>1,234,388</u>
844,216	593,614	4,989,489
<u>\$ 881,727</u>	<u>\$ 403,990</u>	<u>\$ 6,223,877</u>

CITY OF SAN BRUNO

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Central Garage</u>	<u>Self - Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from interfund services provided	\$ 535,513	\$ 2,169,137
Payments for interfund services provided	(470,123)	(1,578,466)
Net cash provided by operating activities	<u>65,390</u>	<u>590,671</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer paid to other funds		
Net cash provided (used) by non-capital financing activities		
Net increase (decrease) in cash during the year	65,390	590,671
Cash and cash equivalents, beginning of year	48,948	785,128
Cash and cash equivalents, end of year	<u>\$ 114,338</u>	<u>\$ 1,375,799</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 57,273	\$ 1,036,141
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Prior period adjustments		26,213
Changes in certain assets and liabilities:		
Due from other funds	1	
Accounts payable	2,205	(27,951)
Due to other funds		
Claims payable		(443,732)
Compensated absences payable	5,911	
Net cash provided by operating activities	<u>\$ 65,390</u>	<u>\$ 590,671</u>

General Equipment Reserve	Technology Development	Facilities Maintenance	Total
\$ 802,753	\$ 569,883	\$ 731,676	\$ 4,808,962
(364,707)	(504,257)	(902,962)	(3,820,515)
438,046	65,626	(171,286)	988,447
(150,000)			(150,000)
(150,000)			(150,000)
288,046	65,626	(171,286)	838,447
2,602,802	38,880	251,430	3,727,188
\$ 2,890,848	\$ 104,506	\$ 80,144	\$ 4,565,635
\$ 443,087	\$ 37,511	\$ (189,624)	\$ 1,384,388
			26,213
			1
(5,040)	29,527	3,229	1,970
(1)			(1)
			(443,732)
	(1,412)	15,109	19,608
\$ 438,046	\$ 65,626	\$ (171,286)	\$ 988,447

CITY OF SAN BRUNO

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

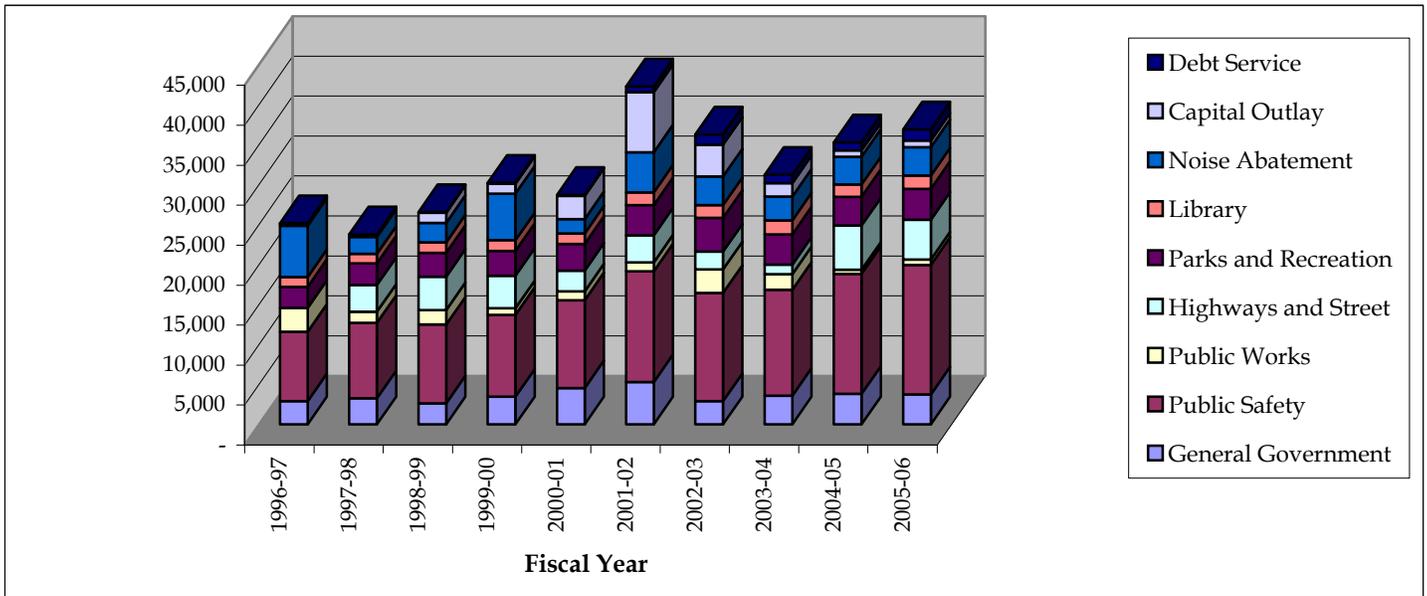
AGENCY FUNDS

JUNE 30, 2006

	Development Project	San Bruno Garbage Company	Total
ASSETS			
Pooled cash and investments	\$ 58,001	\$ 295,561	\$ 353,562
Accounts receivables		626,462	626,462
Total Assets	<u>\$ 58,001</u>	<u>\$ 922,023</u>	<u>\$ 980,024</u>
LIABILITIES			
Accounts payable	\$ 39,294	\$ 393,665	\$ 432,959
Customer and other deposits	18,707		18,707
Payable to others		528,358	528,358
Total Liabilities	<u>\$ 58,001</u>	<u>\$ 922,023</u>	<u>\$ 980,024</u>

STATISTICAL SECTION

City of San Bruno
General Governmental Expenditures by Function
Last Ten Fiscal Years (In thousands)
(Unaudited)

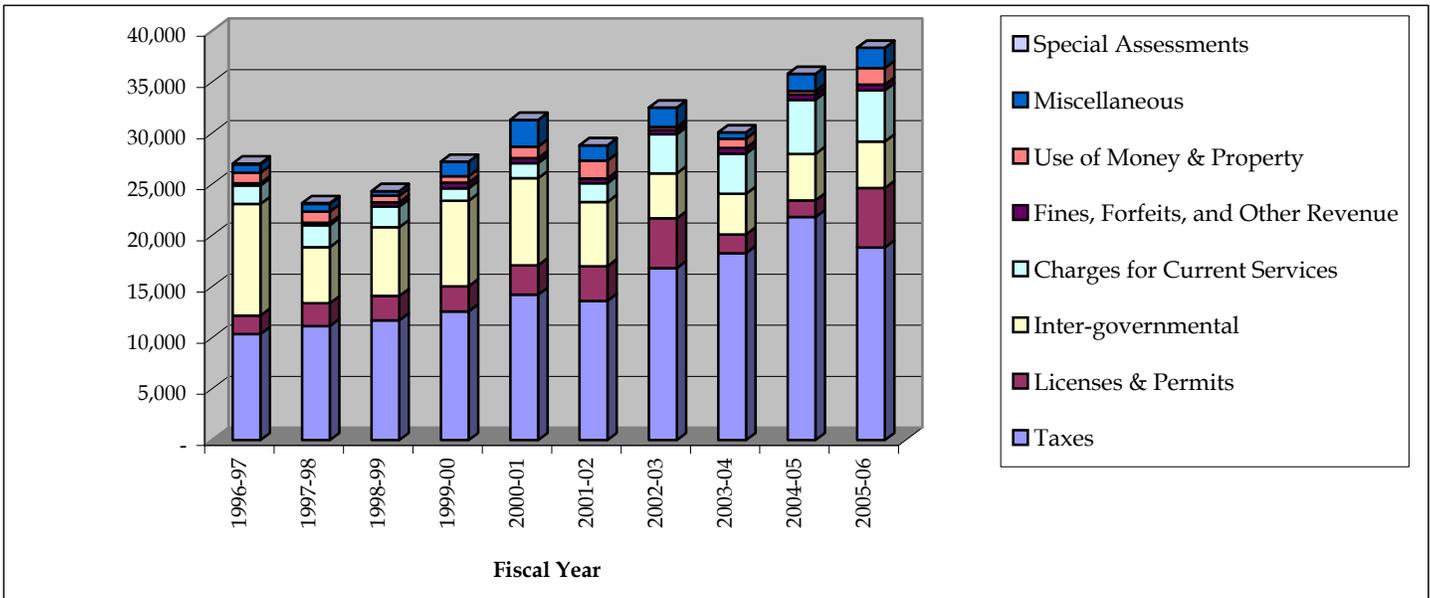


<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Highways and Street</u>	<u>Parks and Recreation</u>	<u>Library</u>	<u>Noise Abatement</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1996-97	2,880	8,689	2,991	-	2,640	1,214	6,415	231	104	25,164
1997-98	3,252	9,438	1,393	3,349	2,719	1,190	2,108	206	96	23,751
1998-99	2,608	9,862	1,819	4,160	2,990	1,309	2,433	1,270	96	26,547
1999-00	3,445	10,251	835	4,058	3,090	1,338	5,813	1,271	98	30,199
2000-01	4,535	10,972	1,137	2,590	3,311	1,313	1,794	2,937	97	28,686
2001-02	5,277	13,844	1,136	3,377	3,775	1,612	5,012	7,526	697	42,256
2002-03	2,892	13,550	2,929	2,236	4,203	1,611	3,566	3,985	1,293	36,265
2003-04	3,587	13,237	1,944	1,208	3,791	1,731	3,005	1,662	1,044	31,209
2004-05	3,831	14,996	491	5,553	3,562	1,560	3,475	774	1,018	35,260
2005-06	3,750	16,168	679	4,969	3,886	1,663	3,543	828	1,393	36,879

Source: City of San Bruno, Basic Financial Statements

Note: Amounts rounded to the nearest thousand

City of San Bruno
General Governmental Revenues by Source
Last Ten Fiscal Years (In thousands)
(Unaudited)



<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses & Permits</u>	<u>Inter-governmental</u>	<u>Charges for Current Services</u>	<u>Fines, Forfeits, and Other Revenue</u>	<u>Use of Money & Property</u>	<u>Miscellaneous</u>	<u>Special Assessments</u>	<u>Total</u>
1996-97	10,350	1,819	10,911	1,802	235	1,012	820	104	27,054
1997-98	11,152	2,217	5,491	2,144	235	1,097	742	96	23,173
1998-99	11,712	2,374	6,724	2,021	426	634	456	-	24,346
1999-00	12,579	2,453	8,379	1,208	551	626	1,419	-	27,215
2000-01	14,210	2,877	8,512	1,481	501	1,117	2,607	-	31,305
2001-02	13,600	3,406	6,280	1,827	477	1,720	1,512	-	28,822
2002-03	16,811	4,866	4,411	3,801	428	306	1,882	-	32,505
2003-04	18,278	1,835	3,960	3,936	555	908	614	-	30,086
2004-05	21,801	1,638	4,538	5,302	501	365	1,661	-	35,806
2005-06	18,836	5,823	4,533	4,998	570	1,604	1,992	-	38,356

Source: City of San Bruno, General Purpose Financial Statements

Note: Amounts rounded to the nearest thousand

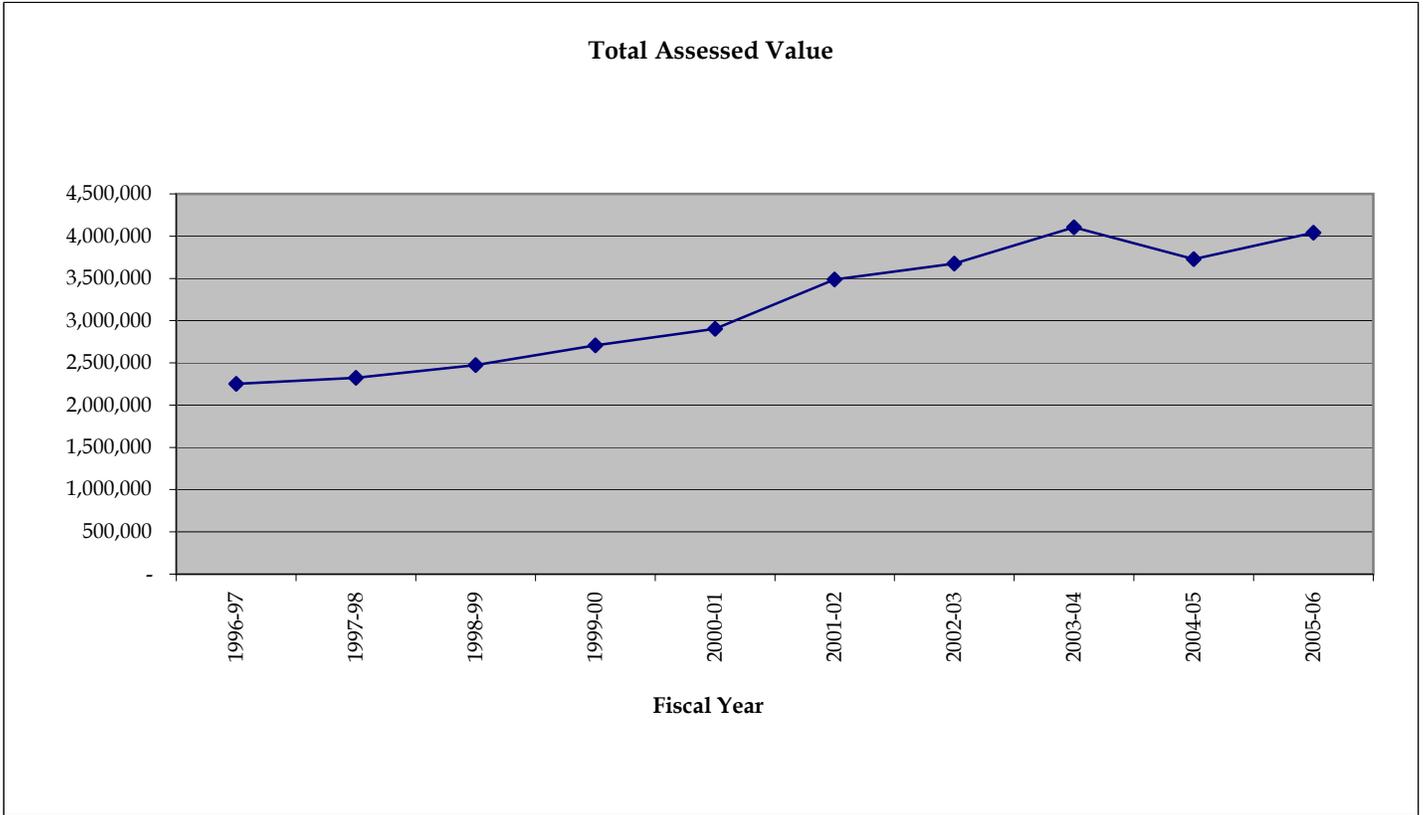
City of San Bruno
Property Tax Levies and Collections
Last Ten Fiscal Years(In thousands)
(Unaudited)

<u>Fiscal Year</u>	<u>Rate</u>	<u>Allocations</u>	<u>Apportionments</u>	<u>Delinquency</u>	<u>Delinquent Taxes as a Percent of Allocations</u>
1996-97	1.00	2,713	2,713	n/a	0.0%
1997-98	1.00	2,767	2,767	n/a	0.0%
1998-99	1.00	2,954	2,954	n/a	0.0%
1999-00	1.00	3,318	3,318	n/a	0.0%
2000-01	1.00	3,041	3,041	n/a	0.0%
2001-02	1.00	3,534	3,534	n/a	0.0%
2002-03	1.00	3,604	3,604	n/a	0.0%
2003-04	1.00	3,823	2,823	n/a	0.0%
2004-05	1.00	3,680	3,680	n/a	0.0%
2005-06	1.00	3,983	3,983	n/a	0.0%

Source: City of San Bruno

Note: Amounts rounded to the nearest thousand
Teeter Plan went into effect 1993-94

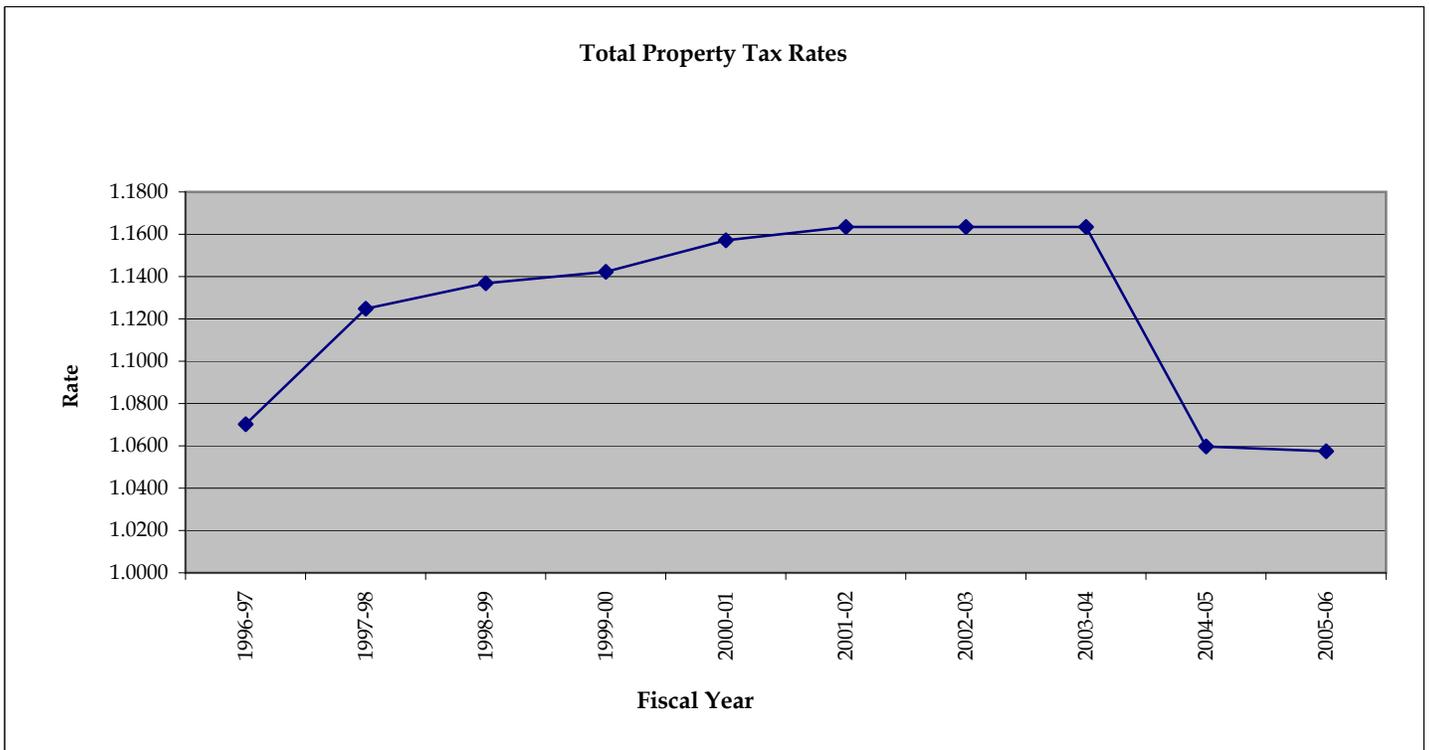
City of San Bruno
Assessed and Estimated Actual Value of Property
Last Ten Fiscal Years (In thousands)
(Unaudited)



<u>Fiscal Year</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Total Assessed Value</u>
1996-97	2,130,488	122,584	2,253,073
1997-98	2,230,050	93,576	2,323,626
1998-99	2,350,986	124,032	2,475,018
1999-00	2,564,566	141,431	2,705,997
2000-01	2,736,431	166,832	2,903,263
2001-02	3,295,218	191,857	3,487,075
2002-03	3,485,019	190,806	3,675,825
2003-04	3,903,221	200,346	4,103,567
2004-05	3,643,634	85,243	3,728,877
2005-06	3,966,877	73,588	4,040,465

Source: San Mateo County Assessor's Office

City of San Bruno
Property Tax Rates - All Overlapping Governments
Last Ten Fiscal Years (In thousands)
(Unaudited)

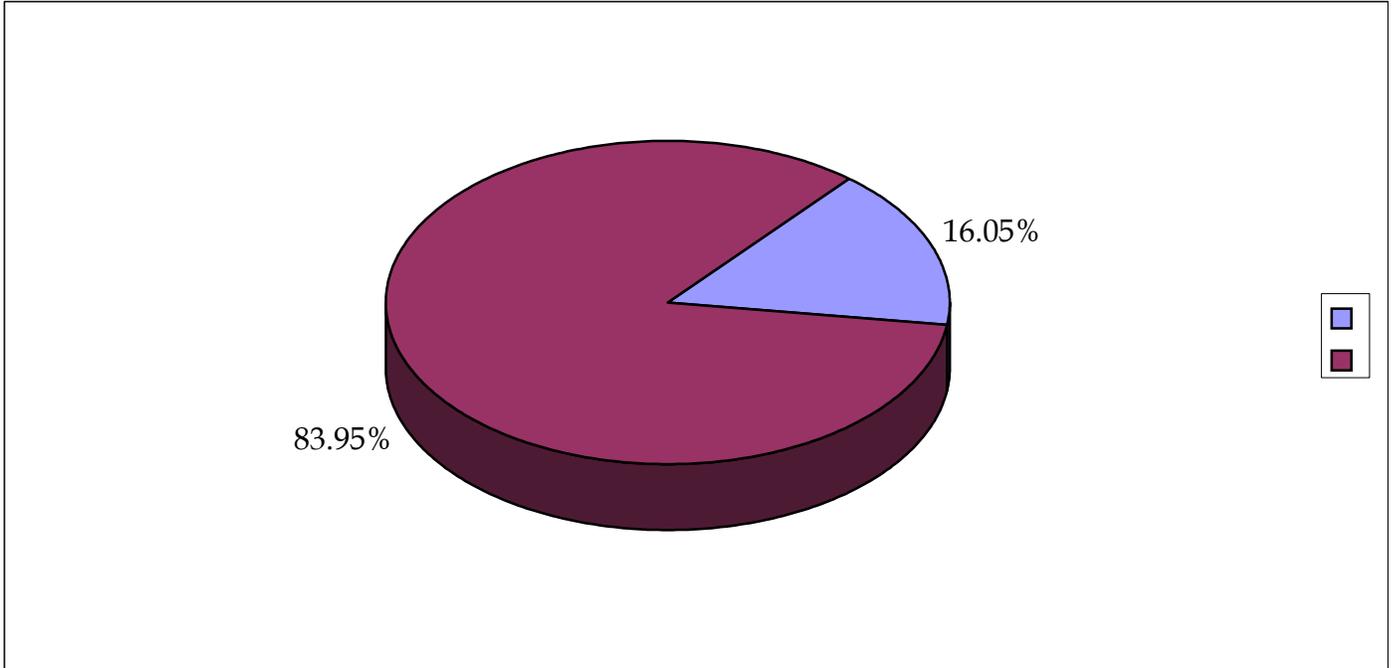


<u>Fiscal Year</u>	<u>City</u>	<u>County</u>	<u>School Districts</u>	<u>Special Districts</u>	<u>Total</u>
1996-97	None	1.0000	0.0702	None	1.0702
1997-98	None	1.0000	0.1248	None	1.1248
1998-99	None	1.0000	0.1368	None	1.1368
1999-00	None	1.0000	0.1423	None	1.1423
2000-01	None	1.0000	0.1571	None	1.1571
2001-02	None	1.0000	0.1634	None	1.1634
2002-03	None	1.0000	0.1634	None	1.1634
2003-04	None	1.0000	0.1634	None	1.1634
2004-05	None	1.0000	0.0597	None	1.0597
2005-06	None	1.0000	0.0574	None	1.0574

Source: City of San Bruno

City of San Bruno
Principal Taxpayers
June 30, 2006, (In thousands)
(Unaudited)

Total Assessed Valuation \$ 3,966,877

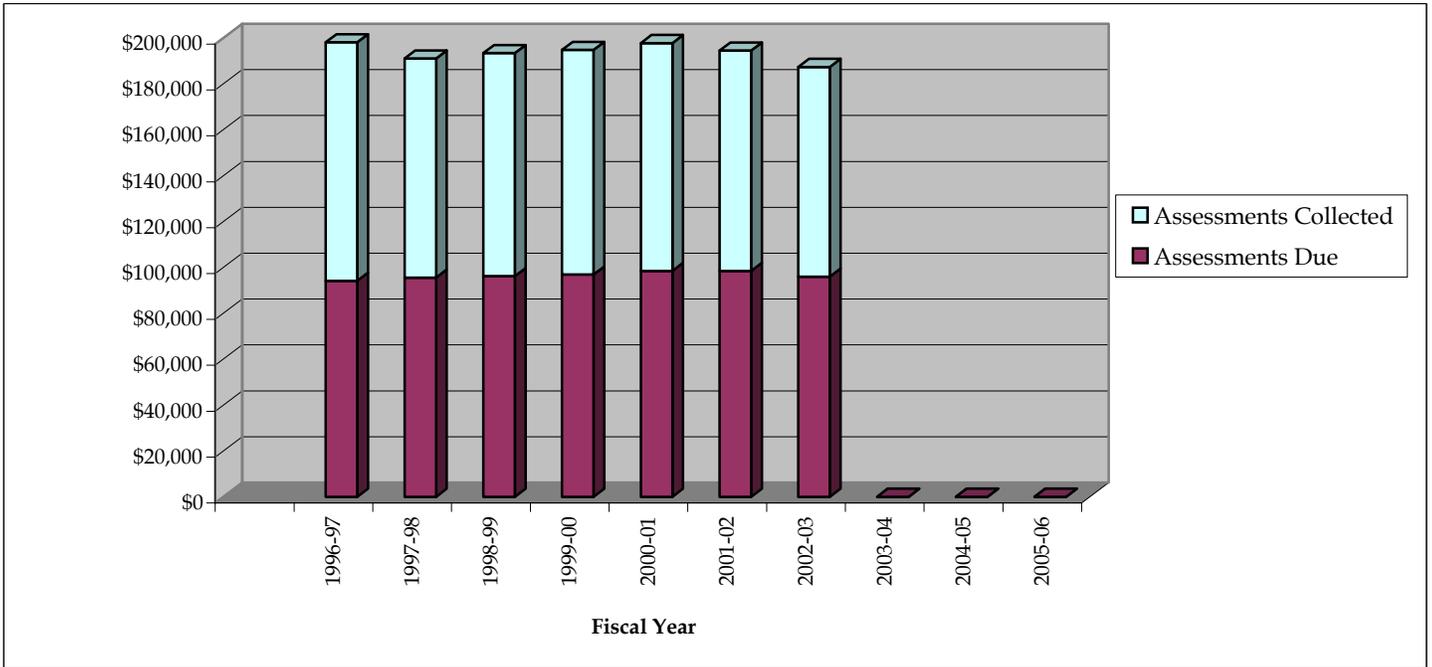


<u>Rank</u>	<u>Taxpayer</u>	<u>Total Assessed Valuation</u>	<u>Cumulative Total</u>	<u>Percent of Total Valuation</u>	<u>Cumulative Percentage</u>
1	The Gap Inc.	\$ 117,899	\$ 117,899	2.97%	2.97%
2	Bayhill Four Associates	77,277	195,176	1.95%	4.92%
3	The Crossing Apts Asso.LLC	47,477	242,653	1.20%	6.12%
4	Aimco San Bruno Apts Partners	45,657	288,310	1.15%	7.27%
5	Landmark Towne Center LLC	37,665	325,975	0.95%	8.22%
6	Crystal Springs Associates	29,218	355,193	0.74%	8.95%
7	Welch Family Partnership	24,609	379,802	0.62%	9.57%
8	J C Penny Co. Inc	23,637	403,439	0.60%	10.17%
9	Lowes HIW Inc. Lessee	23,419	426,858	0.59%	10.76%
10	Sun Life Assurance Co.of Canada	21,850	448,708	0.55%	11.31%

Source: City of San Bruno

Note: Amounts rounded to the nearest thousand

City of San Bruno
Special Assessments Billings and Collections
Last Ten Fiscal Years
(Unaudited)



<u>Fiscal Year</u>	<u>Assessments Due</u>	<u>Assessments Collected</u>
1996-97	94,204	103,914
1997-98	95,529	95,530
1998-99	96,215	97,212
1999-00	96,889	97,896
2000-01	98,500	99,318
2001-02	98,500	96,029
2002-03	96,000	91,359
2003-04	-	-
2004-05	-	-
2005-06	-	-

Source: City of San Bruno

City of San Bruno
Computation of Legal Debt Margin
June 30, 2006
(Unaudited)

Assessed Value	\$ 4,040,465,000
Legal Debt Limit	404,046,500
Less Outstanding Bonded Debt	-
Legal Debt Margin	<u>\$ 404,046,500</u>

Source: City of San Bruno

City of San Bruno
Direct and Estimated Overlapping Bonded Debt
June 30, 2006
(Unaudited)

Jurisdiction	Percentage Applicable to City of San Bruno	Amount Applicable to City of San Bruno
Overlapping Tax and Assessment Debt		
South San Francisco Unified School District	1.47%	\$ 540
San Mateo Union High School District	10.11%	13,091
San Bruno Park School District	83.21%	20,431
Millbrae School District Maintenance Assessment District	2.20%	8
City of San Bruno 1915 Act Bonds	100%	<u>250</u>
Total Overlapping Tax and Assessment Debt		\$ 34,320

Source: City of San Bruno

Note: Amounts rounded to the nearest thousand

**City of San Bruno
Demographic Statistics
Last Ten Fiscal Years
(Unaudited)**

<u>Fiscal Year</u>	<u>Population</u> ¹	<u>Per Capita Income</u> ²	<u>Median Age</u> ²	<u>School Enrollment</u> ³	<u>Unemployment</u> ⁴
1996-97	41,050	18,545	0.0	3,936	2.6%
1997-98	41,500	19,411	0.0	3,975	2.4%
1998-99	41,700	20,217	0.0	3,902	1.9%
1999-00	40,165	21,132	0.0	3,906	1.4%
2000-01	40,165	22,090	36.3	3,906	3.4%
2001-02	40,350	26,360	36.3	3,906	4.5%
2002-03	40,350	26,360	36.3	3,906	4.5%
2003-04	41,500	27,857	36.3	3,906	4.5%
2004-05	39,752	26,360	36.3	3,806	4.5%
2005-06	39,986	26,360	36.3	3,857	4.5%

City of San Bruno
Building Permit Valuation and Bank Deposits
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Building Permit Revenue</u> ¹	<u>Construction Valuation</u> ¹	<u>Bank Deposits</u> ²
1996-97	443,435	23,318,689	585,924,000
1997-98	372,700	15,489,948	538,730,000
1998-99	700,450	33,514,182	532,080,000
1999-00	608,000	42,000,000	557,433,000
2000-01	455,310	25,944,639	630,795,000
2001-02	580,312	29,947,161	671,812,000
2002-03	856,578	44,200,847	715,496,000
2003-04	1,284,424	66,276,278	699,933,000
2004-05	1,078,111	33,811,039	767,048,000
2005-06	2,879,468	117,713,310	775,166,000

¹ City of San Bruno, Community and Economic Development Department

² Federal Deposit Insurance Corporation

Source: City of San Bruno

City of San Bruno
Miscellaneous Statistics
January 1, 2005 to December 31, 2006
(Unaudited)

Date of Incorporation	December 23, 1914
Form of Government	Council (5)/Manager
Number of employees (excluding police and fire)	
Classified	135
Exempt	9
Area in square miles	6.4
Miles of Streets	85
Street Lights	1,972
 Government Facilities and Services	
 Fire Protection:	
Number of stations	2
Number of fire personnel and officers	36
Number of calls answered	3,163
Number of inspections conducted	650
 Police Protection:	
Number of Police Personnel and Officers	48 sworn, 18 non-sworn
Number of Patrol Units	14 market units
Number of Law Violations	
Physical Arrests	1,331
Traffic Violations	3,087
Parking Violations	9,634
 Recreation Services:	
Community centers	4
Parks	18
Park acreage	211
Swimming Pools	1
Tennis courts	4
 Waste Water System:	
Miles of sanitary sewers	150
Miles of storm sewers	69
Number of service connections	11,405
 Water System:	
Miles of water mains	150
Number of service connections	11,405
Number of fire hydrants	1,000

Source: City of San Bruno