

CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
JUNE 30, 2007

City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2007

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For the year ended June 30, 2007

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May 2, 2008

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, 2007 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 condition of the City as of June 30, 2007. 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, 2007 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, 2007.

CITY AND ECONOMIC BACKGROUND

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. 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 2006-07 compared to 2005-06. MBIA, the City's sales tax consultant, reported sales tax increases throughout the state, and by 6% in San Bruno. The number of home sales began dropping during 2006-07, and the median price for homes both in San Bruno and

throughout the region grew at a much slower rate. The local hotel and travel industry improved markedly from the previous year.

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.

A bright area 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

- Agreed to Joint Powers Agreement with agencies of the North Bayside System Unit (NBSU) pertaining to ownership of capacity, operation, maintenance, and capital project cost sharing for Wastewater treatment plant facilities at the South San Francisco-San Bruno Water Quality Control Plant.
- Approved development plan for the 500-unit Tree Tops project (more recently, a revised Pacific Bay Vistas project has proceeded toward approval).
- Became member of the countywide sub-region to locally administer ABAG's Regional Housing Needs Allocation process.
- Deployed Voice Over Internet Protocol (VoIP) digital phone service as an added Cable Television service. Also, began move to all digital broadcasting with acquisition of 20,000 digital set-top boxes.
- Agreed to shared Fire battalion chief and truck service with neighboring City of Millbrae.
- Began design for the Street Median and Grand Boulevard Improvement Project.
- Completed the \$2,000,000 Rollingwood Sewer Basin Improvements-Phase 1 Project.
- Accepted U.S. Department of Homeland Security Assistance to Firefighters and Buffer Zone Protection Plan grants.
- Adopted City Urban Water Management Plan for 2005-10.

- The Village Senior Apartment at the Crossing began leasing and made available 228 affordable units.
- The Paragon Apartment at the Crossing began leasing, including 37 affordable units subsidized by the Redevelopment Agency.
- The Agency's façade improvement program produced further street-visible improvements downtown at two buildings housing restaurants.
- Merimont housing development proceeded with site demolition and pulled building permits for the first 13 of the 70 units.
- Completed first phase of the Park Playground Equipment Replacement Program placing new playground equipment in nine of the City's parks.

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 are made up 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 public improvements and remittance due the San Bruno Garbage Company from utility customer payments collected 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, 2007, the City has \$8,765,000 outstanding certificates of participation for the police facility for the San Bruno Redevelopment Agency and \$9,085,000 outstanding certificates of participation, issued in May 2002, for waste water system improvements.

Advances from Other Funds amounted to \$3,427,733. Of this total, the General Fund has advanced \$200,700 and the Equipment Reserve Fund has advanced \$3,227,033 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

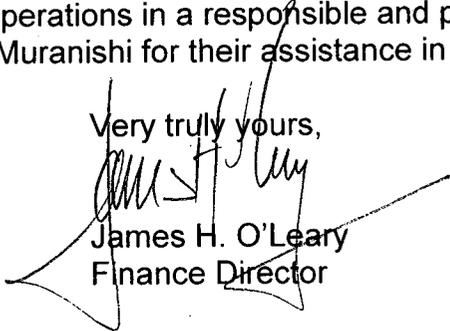
The City's Municipal Code requires an annual audit of the financial records by an independent audit firm selected by the City Council. The general purpose finance statements for the year ended June 30, 2007 have been audited by Odenberg Ullakko Muranishi & Co. LLP. The firm's opinion is included in the 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

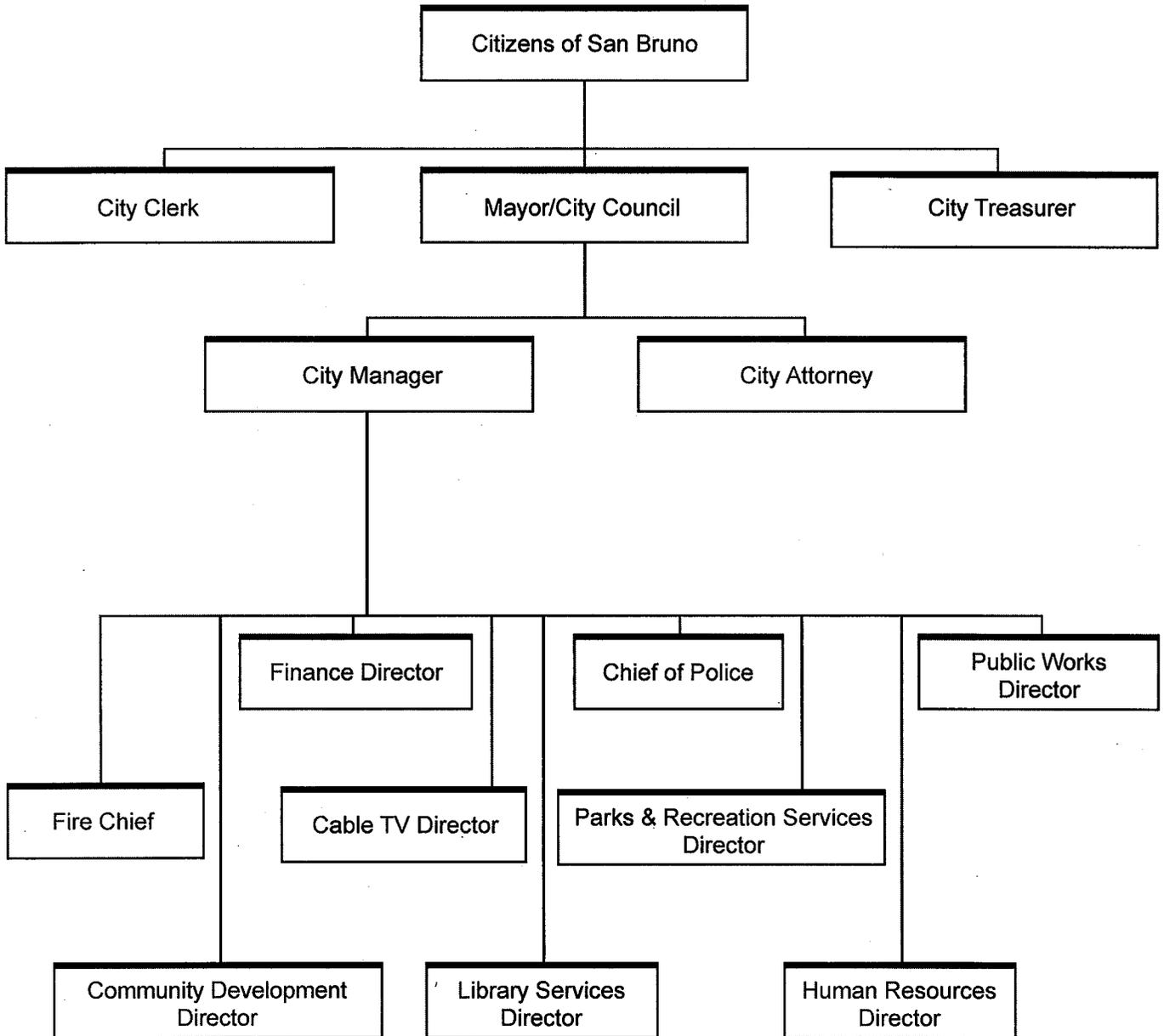
Vacant

Public Works Director

CITY ATTORNEY

Pamela Thompson

CITY OF SAN BRUNO



May 2, 2008

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, 2007, 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, 2007, 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.

In accordance with Government Auditing Standards, we have also issued our report dated May 2, 2008 on our consideration of the 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 important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for

purposes of additional analysis and are 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Odeberg Ullakko Muramshu, LLP

CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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, 2007.

Financial Highlights

- The City's government-wide net assets increased \$5.6 million during 2006-07. In addition, a prior period adjustment in the amount of \$22.5 million for the City's GASB 34 infrastructure valuation brought the total net asset balance to \$93.4 million. Of government-wide net assets, \$63.2 million is invested in capital assets, \$763,192 is restricted for specific use, and the balance of \$29.4 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 \$5.0 million. This surplus is attributed to governmental funds reflecting restrained spending by the General Fund and Special Revenue Funds. The business-type activities reported a deficit of \$127,000.
- The City's Governmental activities expended \$34.9 million, representing a 4.8% increase over 2005-06. This was offset by charges for services of \$7.1 million; Operating and Capital Contributions and Grants of \$4.3 million for a net cost to general revenues (taxes and investment income) of \$23.5 million. General governmental activities revenues totaled \$28.7 million for a surplus (revenue net of expense) of \$5.2 million.
- Business-type activities expended \$23.8 million that was offset by charges for services totaling \$23.1 million and other income of \$509,000.

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, 2007

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 25, 26 and 27 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 31-37 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, 2007

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 40-45 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 46 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 47-75 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 77 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 81-99 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 \$93.4 million at the close of the 2006-07 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, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of San Bruno's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 25,141,048	\$ 20,173,371	\$ 14,708,555	\$ 19,129,273	\$ 39,849,603	\$ 39,302,644
Noncurrent assets	47,889,760	25,737,977	51,139,594	39,794,598	99,029,354	65,532,575
Total assets	<u>73,030,808</u>	<u>45,911,348</u>	<u>65,848,149</u>	<u>58,923,871</u>	<u>138,878,957</u>	<u>104,835,219</u>
Current and other liabilities	4,978,855	4,615,821	2,365,404	1,268,702	7,344,259	5,884,523
Long-term liabilities	13,198,800	14,114,524	24,962,044	19,007,319	38,160,844	33,121,843
Total liabilities	<u>18,177,655</u>	<u>18,730,345</u>	<u>27,327,448</u>	<u>20,276,021</u>	<u>45,505,103</u>	<u>39,006,366</u>
Net assets:						
Invested in capital assets, net of related debt	36,889,081	13,980,909	26,319,885	18,694,375	63,208,966	32,675,284
Restricted	763,192	2,790,614	-	-	763,192	2,790,614
Unrestricted	<u>17,200,880</u>	<u>10,409,480</u>	<u>12,200,816</u>	<u>19,953,475</u>	<u>29,401,696</u>	<u>30,362,955</u>
Total net assets	<u><u>\$ 54,853,153</u></u>	<u><u>\$ 27,181,003</u></u>	<u><u>\$ 38,520,701</u></u>	<u><u>\$ 38,647,850</u></u>	<u><u>\$ 93,373,854</u></u>	<u><u>\$ 65,828,853</u></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 \$29.4 million 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 City's net assets increased individually and overall primarily the result of increases in general and specific revenue sources.

GOVERNMENTAL ACTIVITIES

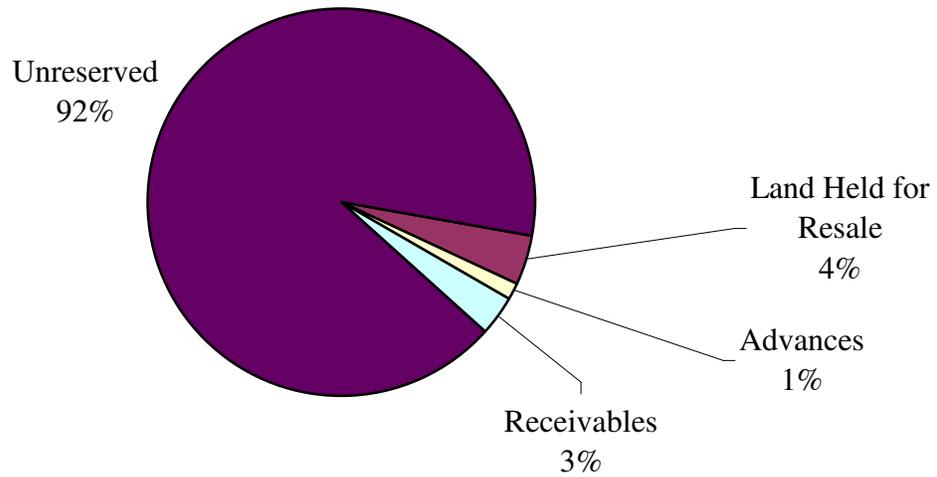
The cost of all Governmental activities this year was \$34.9 million. However, as shown in the Statement of Activities on pages 26 and 27, the amount that our taxpayers ultimately financed for these activities through City property taxes was only \$23.6 million because some of the cost was paid by those who directly benefited from the programs (\$7.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions for operations (\$3.9 million) and for capital (\$328,114). The City paid for the remaining "public benefit" portion of governmental activities with \$23.6 million in other general revenues (some of which could only be used for certain programs) and beginning net assets of \$27.2 million.

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:

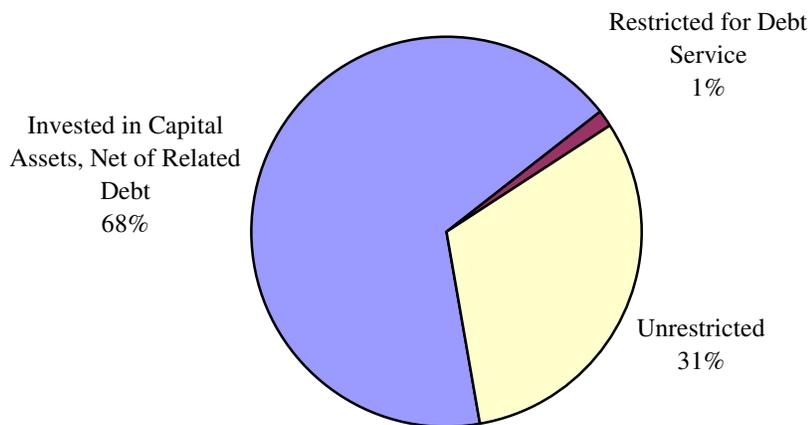
CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Balance



Net Assets



CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

	<u>Adjustments</u>				<u>Net Assets</u>
	<u>Fund Balance</u>	<u>Internal Service Balances</u>	<u>Eliminations Reclassifications</u>	<u>Changes in GAAP</u>	
Governmental activities:					
Invested in capital assets				36,889,081	36,889,081
Debt Service	763,192				763,192
Unrestricted	12,888,268	5,934,607		(1,621,995)	17,200,880
Total governmental activities	<u>\$ 13,651,460</u>	<u>\$ 5,934,607</u>	<u>\$ -</u>	<u>\$ 35,267,086</u>	<u>\$ 54,853,153</u>

Total resources available during the year to finance governmental operations were \$40.0 million. This consisted of \$11.3 million in program revenues and \$28.7 million in general revenues. Total governmental activities operating expenses during the year were \$34.9 million; thus net assets at July 1, 2006 of \$49.7 million (\$27.2 million adjusted to include prior period adjustment of \$22.5 million due to GASB 34 infrastructure valuation) were increased by \$5.1 million to \$54.8 million.

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.

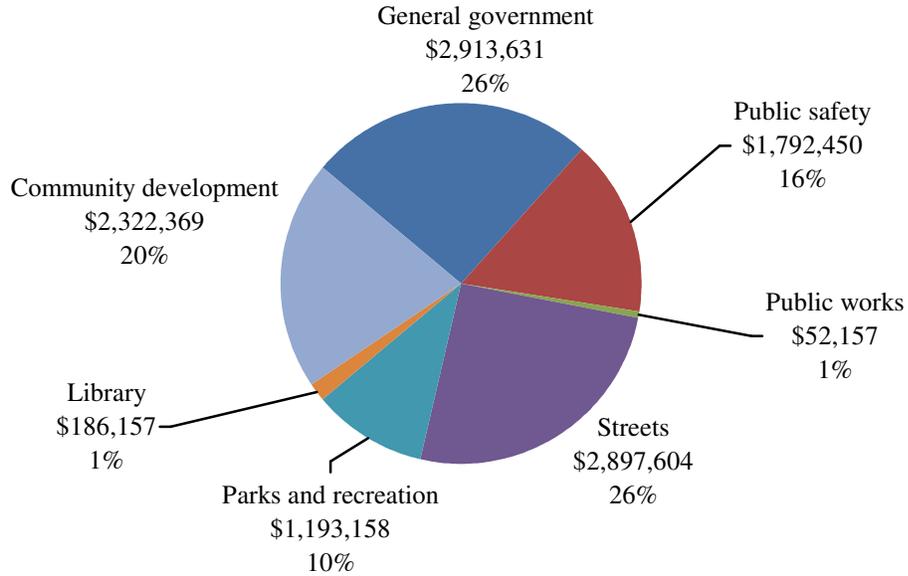
	<u>Operating Revenue</u>		<u>Operating Expenses</u>		<u>Net (Expense) and Changes in Net Assets</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	Governmental activities:					
General government	\$ 2,913,631	\$ 3,098,349	\$ 3,086,818	\$ 4,614,003	\$ (173,187)	\$ (1,515,654)
Public safety	1,792,450	1,405,460	17,005,014	16,143,674	(15,212,564)	(14,738,214)
Public works	52,157	69,737	1,017,450	679,486	(965,293)	(609,749)
Highways and streets	2,897,604	4,875,182	4,330,591	2,699,804	(1,432,987)	2,175,378
Parks and recreation	1,193,158	734,027	4,226,636	3,585,800	(3,033,478)	(2,851,773)
Library	186,157	79,821	1,627,219	1,665,597	(1,441,062)	(1,585,776)
Community development	2,322,369	2,800,095	3,602,376	3,858,037	(1,280,007)	(1,057,942)
Total governmental activities	<u>\$ 11,357,526</u>	<u>\$ 13,062,671</u>	<u>\$ 34,896,104</u>	<u>\$ 33,246,401</u>	<u>\$ (23,538,578)</u>	<u>\$ (20,183,730)</u>

CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

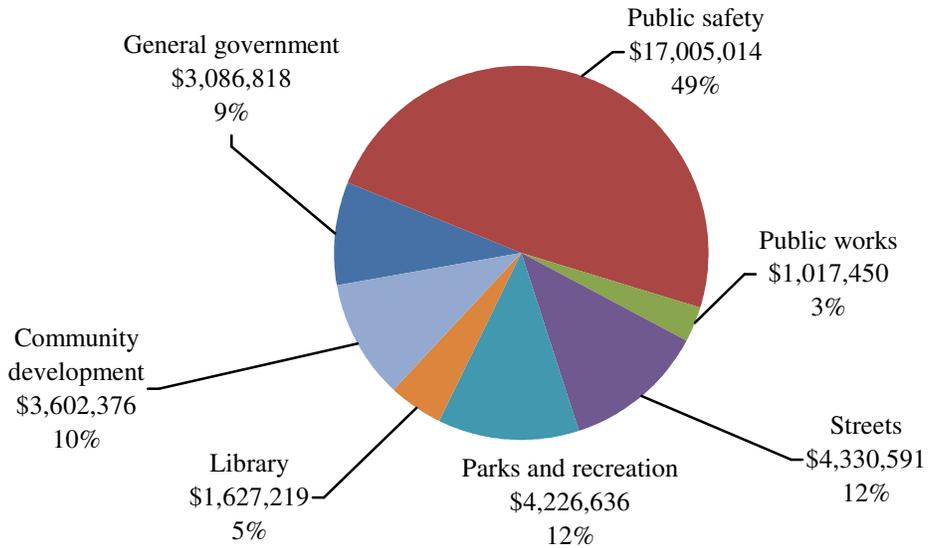
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2007

MANAGEMENT’S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

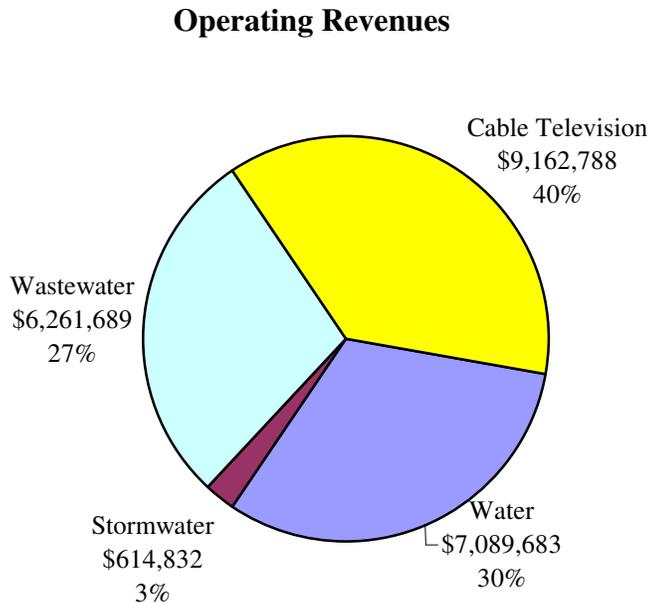
BUSINESS-TYPE ACTIVITIES

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 \$62.3 million consisting of net assets at July 1, 2006, of \$38.6 million, program revenues of \$23.1 million, and general revenues of \$508,939. Total business-type activities expenses during the year were \$23.8 million; thus net assets were decreased by \$127,149 to \$38.5 million.

The cost of all Business-type activities this year was \$23.8 million. However, as shown in the Statement of Activities on pages 26 and 27, the amount that was paid by charges for services (\$23.1 million) left a remaining net cost balance of \$636,088. The City paid for the remaining “public benefit” portion of business-type activities with investment income totaling \$508,939. The result was net assets were decreased by \$127,149. This decrease in net assets is primarily due to the purchase of \$1.8 million in digital boxes in the Cable Television department that the City financed. The proceeds from the loan were not received until the following fiscal year.

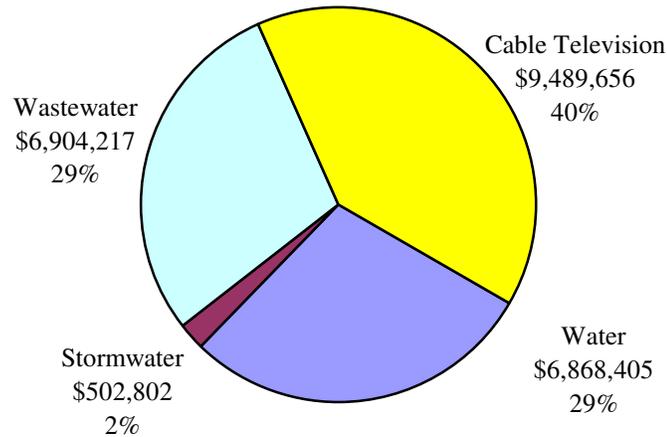
Operating revenues and expenses can be depicted graphically as follows:



CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Expenses



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>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Business-type activities:						
Water	\$ 7,089,683	\$ 6,682,238	\$ 6,868,405	\$ 6,893,587	\$ 221,278	\$ (211,349)
Stormwater	614,832	549,708	502,802	467,043	112,030	82,665
Wastewater	6,261,689	6,079,454	6,904,217	6,084,873	(642,528)	(5,419)
Cable Television.	9,162,788	7,867,702	9,489,656	8,055,100	(326,868)	(187,398)
Total business-type activities	\$ 23,128,992	\$ 21,179,102	\$ 23,765,080	\$ 21,500,603	\$ (636,088)	\$ (321,501)

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, 2007, net capital assets of the governmental activities totaled \$47.3 million. This amount includes a \$22.5 million addition to capital assets from the prior year as a result of the City's compliance with GASB 34 infrastructure valuation requirements. Depreciation on capital assets is recognized in the government-wide financial statements.

CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of San Bruno Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$561,197	\$1,127,197	\$576,842	\$576,842	\$1,138,039	\$1,704,039
Construction in Progress	8,756,697	7,092,872	3,019,703	2,941,570	11,776,400	10,034,442
Infrastructure	26,838,620	1,632,125	0	0	26,838,620	1,632,125
Buildings & Structures	9,195,490	13,130,871	20,722,305	19,255,208	29,917,795	32,386,079
Machinery & Equipment	1,971,756	2,188,912	6,952,248	5,195,755	8,924,004	7,384,667
Total	\$47,323,760	\$25,171,977	\$31,271,098	\$27,969,375	\$78,594,858	\$53,141,352

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

Debt Administration

Debt, considered a liability of governmental activities, decreased by \$2.1 million in 2006-07. Additional information on the City's long-term debt can be found in Note #6 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the City Budget for fiscal year 2007-2008, the City Council and management used the following criteria:

The key assumptions in our revenue forecast were:

1. The adopted General Fund budget includes a 5% increase in revenue, which includes \$200,000 interest payment from the Redevelopment Agency and cost allocation charge backs to capital projects of \$550,000.
2. Stormwater revenues include reimbursements for street sweeping costs on El Camino Real by the state and from AB 1546 for motor vehicle fees through C/CAG.
3. Water and wastewater rates will increase as part of the second year of a three-year rate increase adopted by the City Council in 2006-07.

The adopted budget for all City funds for the new fiscal year of 2007-2008 was \$77.9 million and is summarized as follows:

	FY 2007-08	FY 2006-07	change
General fund	\$ 33,792,779	\$ 31,609,182	6.9%
Special revenue funds	3,803,872	5,817,152	(34.6)%
Enterprise funds	25,691,100	22,521,599	14.1%
Internal service funds	4,129,200	3,747,681	10.2%
Capital projects	7,528,703	10,256,226	(26.6)%
Total operations and projects	74,945,654	73,951,840	1.3%
Debt service	2,969,624	2,861,109	3.8%
Total budget	\$ 77,915,278	\$ 76,812,949	1.4%

CITY OF SAN BRUNO, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Budgeted Expenditures:

1. General Fund - Shows an increase of \$2.2 million or approximately 6.9%. The increase was primarily the result of personnel expenses.
2. Special Revenue Funds - Shows a decrease of \$2.0 million or approximately 34.6%. The decrease was primarily the result of completion of the Airport Noise Insulation Program.
3. Enterprise Funds - Shows an increase of \$3.2 million or approximately 14.1%. The increase was primarily the result of increased transfers to capital project funds.
4. Internal Service Funds - Shows an increase of \$381,519 or approximately 10.2%.
5. Capital Projects - Shows a decrease of \$2.7 million or approximately 26.6%, which breaks down as follows:

	FY 2007-08	FY 2006-07
Parks & Facilities	\$ 780,228	\$ 1,814,499
Redevelopment Agency	214,250	139,500
Streets Improvement	1,403,964	1,400,000
Water Enterprise	2,499,609	1,785,000
Wastewater Enterprise	1,634,451	4,190,000
Stormwater Enterprise	200,000	150,000
Cable Television	606,778	771,227
Technology	199,788	6,000
Totals	\$ 7,539,068	\$ 10,256,226

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

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BASIC FINANCIAL STATEMENTS

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City of San Bruno, California

Statement of Net Assets

June 30, 2007

(with comparative totals for June 30, 2006)

	Governmental Activities	Business-Type Activities	Totals	
			2007	2006
ASSETS				
Current assets:				
Cash and investments	\$ 18,776,945	\$ 10,340,490	\$ 29,117,435	\$ 28,134,420
Cash and investments with fiscal agent/trustee	668,301	3,226,044	3,894,345	3,815,570
Receivables (net)	4,336,303	2,501,520	6,837,823	7,352,654
Internal balances	1,359,499	(1,359,499)	-	-
Total current assets	25,141,048	14,708,555	39,849,603	39,302,644
Noncurrent assets:				
Land held for resale	566,000	-	566,000	566,000
Deferred charges, net	-	272,302	272,302	283,194
Investment in joint venture	-	19,596,194	19,596,194	11,542,029
Capital assets not being depreciated:				
Land	561,197	576,842	1,138,039	1,138,039
Construction in progress	8,756,697	3,019,703	11,776,400	10,034,442
Capital assets net of accumulated depreciation:				
Infrastructure	26,838,620	-	26,838,620	1,632,124
Buildings and improvements	9,195,490	20,722,305	29,917,795	13,130,871
Machinery and equipment	1,971,756	6,952,248	8,924,004	26,639,876
Total capital assets (net)	47,323,760	31,271,098	78,594,858	52,575,352
Total noncurrent assets	47,889,760	51,139,594	99,029,354	64,966,575
Total assets	\$ 73,030,808	\$ 65,848,149	\$ 138,878,957	\$ 104,269,219
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 4,392,486	\$ 1,443,980	\$ 5,836,466	\$ 5,884,523
Deferred revenue	66,122	698,047	764,169	-
Compensated absences	520,247	223,377	743,624	638,970
Total current liabilities	4,978,855	2,365,404	7,344,259	6,523,493
Noncurrent liabilities:				
Compensated absences	992,732	142,335	1,135,067	1,110,796
Due within one year	503,713	1,033,335	1,537,048	1,568,333
Due after one year	9,930,966	23,786,374	33,717,340	28,109,102
Liability for claims	1,771,389	-	1,771,389	1,694,642
Total noncurrent liabilities	13,198,800	24,962,044	38,160,844	32,482,873
Total liabilities	18,177,655	27,327,448	45,505,103	39,006,366
NET ASSETS				
Invested in capital assets, net of related debt	36,889,081	26,319,885	63,208,966	32,109,284
Restricted for:				
Debt service	763,192	-	763,192	21,151
Unrestricted (deficit)	17,200,880	12,200,816	29,401,696	33,132,418
Total net assets	54,853,153	38,520,701	93,373,854	65,262,853
Total liabilities and net assets	\$ 73,030,808	\$ 65,848,149	\$ 138,878,957	\$ 104,269,219

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

City of San Bruno, California

Statement of Activities

For the year ended June 30, 2007

(with comparative totals for the year ended June 30, 2006)

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 3,086,818	\$ 2,913,631	
Public safety	17,005,014	1,405,736	386,714
Public works	1,017,450	52,157	
Highways and streets	4,330,591	754,080	1,815,410
Parks and recreation	4,226,636	751,985	441,173
Library	1,627,219	63,638	122,519
Community development	3,027,355	1,163,310	1,159,059
Interest expense	575,021		
Total governmental activities	<u>34,896,104</u>	<u>7,104,537</u>	<u>3,924,875</u>
Business-type activities:			
Water	6,868,405	7,089,683	-
Stormwater	502,802	614,832	-
Wastewater	6,904,217	6,261,689	-
Cable Television	9,489,656	9,162,788	-
Total business-type activities	<u>23,765,080</u>	<u>23,128,992</u>	<u>-</u>
Total primary government	<u>\$ 58,661,184</u>	<u>\$ 30,233,529</u>	<u>\$ 3,924,875</u>

General revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, tax increment for redevelopment purposes
- Transient occupancy tax
- Franchise tax
- Sales tax, including subvention
- Business license tax
- Airport parking tax

Intergovernmental:

- State motor vehicle in-lieu tax, including subvention
- Use of money and property
- Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets - Beginning

Capital asset valuation adjustment

Net assets - Beginning, as adjusted

Net assets - Ending

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

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		Totals	
	Governmental Activities	Business-Type Activities	2007	2006
\$ -	\$ (173,187)	\$ -	\$ (173,187)	\$ (957,690)
	(15,212,564)	-	(15,212,564)	(14,738,214)
	(965,293)	-	(965,293)	(609,749)
328,114	(1,432,987)	-	(1,432,987)	2,175,378
-	(3,033,478)	-	(3,033,478)	(2,851,773)
-	(1,441,062)	-	(1,441,062)	(1,585,776)
-	(704,986)	-	(704,986)	(1,057,942)
	(575,021)	-	(575,021)	(557,964)
328,114	(23,538,578)	-	(23,538,578)	(20,183,730)
-	-	221,278	221,278	(211,349)
-	-	112,030	112,030	82,665
-	-	(642,528)	(642,528)	(5,419)
-	-	(326,868)	(326,868)	(187,398)
-	-	(636,088)	(636,088)	(321,501)
\$ 328,114	(23,538,578)	(636,088)	(24,174,666)	(20,505,231)
	5,315,026	-	5,315,026	4,944,621
	3,839,579	-	3,839,579	2,625,615
	1,276,830	-	1,276,830	1,139,693
	1,531,909	-	1,531,909	1,450,533
	6,862,845	-	6,862,845	6,816,036
	2,735,107	-	2,735,107	2,819,988
	316,762	-	316,762	-
	3,166,460	-	3,166,460	2,824,642
	1,218,377	508,939	1,727,316	1,013,619
	2,425,997	-	2,425,997	3,521,566
	28,688,892	508,939	29,197,831	27,156,313
	-	-	-	-
	28,688,892	508,939	29,197,831	27,156,313
	5,150,314	(127,149)	5,023,165	6,651,082
	27,181,003	38,647,850	65,828,853	59,177,771
	22,521,836	-	22,521,836	-
	49,702,839	38,647,850	88,350,689	59,177,771
\$	54,853,153	\$ 38,520,701	\$ 93,373,854	\$ 65,828,853

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FUND FINANCIAL STATEMENTS

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City of San Bruno, California
 Balance Sheet
 Governmental Funds
 June 30, 2007
 (with comparative totals for June 30, 2006)

	Major Funds					Other Governmental Funds	2007	2006
	General	Redevelopment Agency	Federal/State Grants	Measure A Transportation Tax	Street Improvement Capital Projects			
ASSETS								
Cash and investments	\$ 4,930,563	\$ 3,973,983	\$ -	\$ 835,039	\$ -	\$ 4,347,860	\$ 14,087,445	\$ 10,556,837
Cash and investments with fiscal agent/trustee	-	668,301	-	-	-	-	668,301	665,112
Receivables:								
Taxes	1,329,374	-	-	-	-	-	1,329,374	585,963
Interest	-	-	-	-	-	1,157	1,157	183,692
Intergovernmental subventions	-	-	-	-	2,297,705	35,245	2,332,950	-
Intergovernmental grants	-	-	194,423	-	-	-	194,423	-
Service charges	-	-	-	-	-	6,568	6,568	3,100,844
Loans	461,500	-	-	-	-	-	461,500	541,500
Due from other funds	3,558,685	-	-	-	-	-	3,558,685	2,334,034
Land held for resale	-	566,000	-	-	-	-	566,000	566,000
Advances to other funds	200,700	-	-	-	-	-	200,700	531,597
Total assets	\$ 10,480,822	\$ 5,208,284	\$ 194,423	\$ 835,039	\$ 2,297,705	\$ 4,390,830	\$ 23,407,103	\$ 19,065,579
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 1,751,845	\$ 2,159,507	\$ 33,365	\$ -	\$ 16,299	\$ 84,361	\$ 4,045,377	\$ 4,110,968
Due to other funds	-	-	274,622	-	1,918,391	6,173	2,199,186	2,334,034
Deferred revenue	25,427	-	33,230	-	-	7,465	66,122	167,476
Vacation and compensated absence obligation	-	17,225	-	-	-	-	17,225	14,321
Advances from other funds	-	3,427,733	-	-	-	-	3,427,733	3,758,630
Total liabilities	1,777,272	5,604,465	341,217	-	1,934,690	97,999	9,755,643	10,385,429
Fund balances:								
Reserved for:								
Loans receivable	461,500	-	-	-	-	-	461,500	-
Encumbrances	-	-	-	-	-	-	-	221,119
Advances	200,700	-	-	-	-	-	200,700	531,597
Land held for resale	-	566,000	-	-	-	-	566,000	-
Unreserved, designated and reported in:								
General fund	8,041,350	-	-	-	-	-	8,041,350	7,669,265
Special revenue funds	-	86,010	(146,794)	835,039	-	2,624,633	3,398,888	771,998
Capital projects funds	-	(1,817,556)	-	-	363,015	1,674,371	219,830	(534,980)
Debt service funds	-	769,365	-	-	-	(6,173)	763,192	21,151
Total fund balances	8,703,550	(396,181)	(146,794)	835,039	363,015	4,292,831	13,651,460	8,680,150
Total liabilities and fund balances	\$ 10,480,822	\$ 5,208,284	\$ 194,423	\$ 835,039	\$ 2,297,705	\$ 4,390,830	\$ 23,407,103	\$ 19,065,579

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

City of San Bruno, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
For the year ended June 30, 2007

Total fund balances - total governmental funds \$ 13,651,460

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 47,323,760

Internal services funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are: (net of amount allocated to business-type activities)

Current assets and advances	\$ 7,926,864	
Accounts payable and accrued liabilities	<u>(347,109)</u>	7,579,755

Long-term liabilities are not due and payable in the current period and therefore they are not reported in the government's fund balance sheets. Includes internal service funds noncurrent liabilities

Leases payable	(1,669,679)
Liability for claims	(1,771,389)
Certificates of Participation	(8,765,000)
Compensated absences	(1,495,754)

Net assets of governmental activities \$ 54,853,153

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

City of San Bruno, California

Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Assets

Governmental Activities

June 30, 2007

	Governmental Funds Balance Sheet	Internal Service Balances	Eliminations Reclassifications	Changes in GAAP	Statement of Net Assets
ASSETS					
Current assets:					
Cash and investments	14,087,445	4,689,500			18,776,945
Cash and investments with fiscal agent/trustee	668,301				668,301
Receivables (net)	4,325,972	10,331			4,336,303
Inventory and prepaid items	-				-
Due from other funds	3,558,685		(3,558,685)		-
Internal balances			1,359,499		1,359,499
Other assets					-
Total current assets	<u>22,640,403</u>	<u>4,699,831</u>	<u>(2,199,186)</u>	<u>-</u>	<u>25,141,048</u>
Noncurrent assets:					
Advances to other funds	200,700	3,227,033	(3,427,733)		-
Land held for resale	566,000				566,000
Deferred charges, net					-
Investment in joint venture					-
Capital assets not being depreciated:					
Land				561,197	561,197
Construction in progress				8,756,697	8,756,697
Capital assets net of accumulated depreciation:					
Infrastructure				26,838,620	26,838,620
Buildings and improvements				9,195,490	9,195,490
Machinery and equipment		-		1,971,756	1,971,756
Total noncurrent assets	<u>766,700</u>	<u>3,227,033</u>	<u>(3,427,733)</u>	<u>47,323,760</u>	<u>47,889,760</u>
Total assets	<u>23,407,103</u>	<u>7,926,864</u>	<u>(5,626,919)</u>	<u>47,323,760</u>	<u>73,030,808</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	4,045,377	122,390		224,719	4,392,486
Due to other funds	2,199,186	-	(2,199,186)		-
Deferred revenue	66,122				66,122
Compensated absences	17,225	74,742		428,280	520,247
Total current liabilities	<u>6,327,910</u>	<u>197,132</u>	<u>(2,199,186)</u>	<u>652,999</u>	<u>4,978,855</u>
Noncurrent liabilities:					
Advances from other funds	3,427,733		(3,427,733)		-
Compensated absences	-	23,736		968,996	992,732
Due within one year	-	-	-	503,713	503,713
Due after one year	-	-		9,930,966	9,930,966
Liability for claims	-	1,771,389			1,771,389
Total noncurrent liabilities	<u>3,427,733</u>	<u>1,795,125</u>	<u>(3,427,733)</u>	<u>11,403,675</u>	<u>13,198,800</u>
Total liabilities	<u>9,755,643</u>	<u>1,992,257</u>	<u>(5,626,919)</u>	<u>12,056,674</u>	<u>18,177,655</u>
NET ASSETS					
Invested in capital assets, net of related debt	-	-		36,889,081	36,889,081
Restricted for:					
Debt service	763,192				763,192
Other purposes	-				-
Unrestricted (deficit)	12,888,268	5,934,607		(1,621,995)	17,200,880
Total net assets	<u>13,651,460</u>	<u>5,934,607</u>	<u>-</u>	<u>35,267,086</u>	<u>54,853,153</u>
Total liabilities and net assets	<u>23,407,103</u>	<u>7,926,864</u>	<u>(5,626,919)</u>	<u>47,323,760</u>	<u>73,030,808</u>

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

City of San Bruno, California
Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the year ended June 30, 2007
 (with comparative totals for the year ended June 30, 2006)

	Major Funds				
	General	Redevelopment Agency	Federal/State Grants	Measure A Transportation Tax	Street Improvement Capital Projects
REVENUES:					
Taxes	\$ 15,303,373	\$ 3,839,579	\$ -	\$ 689,685	\$ -
Licenses and permits	4,813,087	-	-	-	-
Intergovernmental	3,287,563	-	864,693	-	328,114
Charges for services	2,728,963	-	-	-	-
Fines and forfeitures	559,977	-	-	-	-
Use of money and property	1,075,686	73,848	-	-	-
Other revenues	3,792,367	-	-	-	-
Total revenues	31,561,016	3,913,427	864,693	689,685	328,114
EXPENDITURES:					
Current:					
General government	3,449,991	-	-	-	-
Public safety	16,696,097	-	-	-	-
Public works	983,608	-	-	-	-
Highways and streets	1,025,489	-	-	-	1,212,648
Parks and recreation	4,060,561	-	-	-	-
Library	1,625,429	-	-	-	-
Community development	1,298,039	1,376,924	886,693	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	190,000	-	-	-
Interest and fiscal charges	-	460,440	-	-	-
Total expenditures	29,139,214	2,027,364	886,693	-	1,212,648
REVENUES OVER (UNDER) EXPENDITURES	2,421,802	1,886,063	(22,000)	689,685	(884,534)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	6,363	-	-	-	-
Lease proceeds	-	-	-	-	-
Transfers in	43,200	-	-	-	3,064,796
Transfers out	(2,164,796)	(139,500)	-	(950,000)	-
Total other financing sources (uses)	(2,115,233)	(139,500)	-	(950,000)	3,064,796
Net change in fund balances	306,569	1,746,563	(22,000)	(260,315)	2,180,262
FUND BALANCES:					
Beginning of year	8,396,981	(2,142,744)	(124,794)	1,095,354	(1,817,247)
End of year	\$ 8,703,550	\$ (396,181)	\$ (146,794)	\$ 835,039	\$ 363,015

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

Other Governmental Funds	Totals	
	2007	2006
\$ 1,304,818	\$ 21,137,455	\$ 18,835,537
-	4,813,087	5,283,072
496,011	4,976,381	4,726,434
729,678	3,458,641	4,998,704
3,859	563,836	570,691
-	1,149,534	1,583,178
256,544	4,048,911	2,210,719
<u>2,790,910</u>	<u>40,147,845</u>	<u>38,208,335</u>
-	3,449,991	3,750,350
152,594	16,848,691	16,168,590
33,842	1,017,450	679,486
717,997	2,956,134	4,969,695
75,521	4,136,082	3,886,525
-	1,625,429	1,663,807
-	3,561,656	3,543,200
799,524	799,524	827,974
289,955	479,955	812,828
88,546	548,986	563,591
<u>2,157,979</u>	<u>35,423,898</u>	<u>36,866,046</u>
632,931	4,723,947	1,342,289
-	6,363	-
-	-	1,229,298
1,191,628	4,299,624	2,558,887
(804,328)	(4,058,624)	(2,233,723)
<u>387,300</u>	<u>247,363</u>	<u>1,554,462</u>
1,020,231	4,971,310	2,896,751
<u>3,272,600</u>	<u>8,680,150</u>	<u>5,783,399</u>
\$ 4,292,831	\$ 13,651,460	\$ 8,680,150

City of San Bruno, California

Reconciliation of Fund Based Statements to Government-wide Statement of Activities

For the year ended June 30, 2007

Functions/Programs	Fund Based Totals	Compensated absences/ Debt Service	Depreciation	Capital Asset (Additions)/ Retirements	Internal Service Fund Eliminations	Government- wide Totals
Primary government:						
Governmental activities:						
General government	\$ 3,449,991	\$ 7,730	\$ 380,080	\$ (299,326)	\$ (451,657)	\$ 3,086,818
Public safety	16,848,691	-	156,323	-	-	17,005,014
Public works	1,017,450	-	-	-	-	1,017,450
Highways amd streets	2,956,134	-	1,374,457	-	-	4,330,591
Parks and recreation	4,136,082	-	90,554	-	-	4,226,636
Library	1,625,429	-	1,790	-	-	1,627,219
Community development	3,561,656	-	330,000	(864,301)	-	3,027,355
Capital outlay	799,524	-	-	(799,524)	-	-
Debt service	1,028,941	(453,920)	-	-	-	575,021
Total governmental activities	<u>35,423,898</u>	<u>(446,190)</u>	<u>2,333,204</u>	<u>(1,963,151)</u>	<u>(451,657)</u>	<u>34,896,104</u>
Business-type activities:						
Water	6,868,405	-	-	-	-	6,868,405
Stormwater	502,802	-	-	-	-	502,802
Wastewater	6,904,217	-	-	-	-	6,904,217
Cable Television	9,489,656	-	-	-	-	9,489,656
Total business-type activities	<u>23,765,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,765,080</u>
Total expenditures/expenses	<u>\$ 59,188,978</u>	<u>\$ (446,190)</u>	<u>\$ 2,333,204</u>	<u>\$ (1,963,151)</u>	<u>\$ (451,657)</u>	<u>\$ 58,661,184</u>

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

City of San Bruno, California

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, 2007

Net change in fund balances- total governmental funds \$ 4,971,310

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	1,963,151
Capital asset retirements	-
Depreciation expense	(2,333,204)
	<u>(370,053)</u>

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Capital lease obligation principal payments	289,955
Certificate of participation principal payments	190,000
	<u>479,955</u>

Some 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:

Interest payable	(26,035)
Accrued compensated absences	(7,730)
	<u>(33,765)</u>

Internal services funds are used by management to charge the costs of certain activities, such as insurance, to individual funds.

funds. The net revenue (expense) of the internal service funds (\$48,270)

Less: adjustments for depreciation and transfers to other funds \$151,137

102,867

Change in net assets of governmental activities

\$ 5,150,314

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

City of San Bruno, California
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - All Major Funds
For the year ended June 30, 2007

	General Fund			Redevelopment Agency				Federal/State Grants				
	Original Budget	Amended Budget	Actual	Variance w/Amended Positive (Negative)	Original Budget	Amended Budget	Actual	Variance w/Amended Positive (Negative)	Original Budget	Amended Budget	Actual	Variance w/Amended Positive (Negative)
REVENUES:												
Taxes			\$ 15,303,373	\$ 15,303,373			\$ 3,839,579	\$ 3,839,579	\$ -	\$ -	\$ -	\$ -
Licenses and permits			4,813,087	4,813,087	-	-	-	-	-	-	-	-
Intergovernmental			3,287,563	3,287,563	-	-	-	-	-	-	864,693	864,693
Charges for services			2,728,963	2,728,963	-	-	-	-	-	-	-	-
Fines and forfeitures			559,977	559,977	-	-	-	-	-	-	-	-
Use of money and property			1,075,686	1,075,686	-	-	73,848	73,848	-	-	-	-
Other revenues			3,792,367	3,792,367	-	-	-	-	-	-	-	-
Total revenues			31,561,016	31,561,016			3,913,427	3,913,427			864,693	864,693
EXPENDITURES:												
Current:												
General government			3,449,991	(3,449,991)	-	-	-	-	-	-	-	-
Public safety			16,696,097	(16,696,097)	-	-	-	-	-	-	-	-
Public works			983,608	(983,608)	-	-	-	-	-	-	-	-
Highways and streets			1,025,489	(1,025,489)	-	-	-	-	-	-	-	-
Parks and recreation			4,060,561	(4,060,561)	-	-	-	-	-	-	-	-
Library			1,625,429	(1,625,429)	-	-	-	-	-	-	-	-
Community development			1,298,039	(1,298,039)	-	-	1,376,924	(1,376,924)	-	-	886,693	(886,693)
Capital outlay			-	-	-	-	-	-	-	-	-	-
Debt service:												
Principal			-	-	-	-	190,000	(190,000)	-	-	-	-
Interest and fiscal charges			-	-	-	-	460,440	(460,440)	-	-	-	-
Total expenditures			29,139,214	(29,139,214)			2,027,364	(2,027,364)			886,693	(886,693)
REVENUES OVER (UNDER)												
EXPENDITURES			2,421,802	60,700,230			1,886,063	5,940,791			(22,000)	1,751,386
OTHER FINANCING SOURCES (USES):												
Proceeds from sale of assets			6,363	6,363	-	-	-	-	-	-	-	-
Lease proceeds			43,200	43,200	-	-	-	-	-	-	-	-
Transfers in			(2,164,796)	2,164,796	-	-	(139,500)	139,500	-	-	-	-
Transfers out			-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)			(2,115,233)	2,214,359			(139,500)	139,500				
Net change in fund balances			306,569	62,914,589			1,746,563	6,080,291			(22,000)	1,751,386
FUND BALANCES:												
Beginning of year			8,396,981	8,396,981			(2,142,744)	(2,142,744)			(124,794)	(124,794)
End of year			\$ 8,703,550	\$ 71,311,570			\$ (396,181)	\$ 3,937,547			\$ (146,794)	\$ 1,626,592

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

Measure A Transportation Tax				Street Improvement Capital Projects				Totals			
Original Budget	Amended Budget	Actual	Variance w/Amended Positive (Negative)	Original Budget	Amended Budget	Actual	Variance w/Amended Positive (Negative)	Original Budget	Amended Budget	Actual	Variance w/Amended Positive (Negative)
-	-	\$ 689,685	\$ 689,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,832,637	\$ 19,832,637
-	-	-	-	-	-	-	-	-	-	4,813,087	4,813,087
-	-	-	-	-	-	328,114	328,114	-	-	4,480,370	4,480,370
-	-	-	-	-	-	-	-	-	-	2,728,963	2,728,963
-	-	-	-	-	-	-	-	-	-	559,977	559,977
-	-	-	-	-	-	-	-	-	-	1,149,534	1,149,534
-	-	-	-	-	-	-	-	-	-	3,792,367	3,792,367
-	-	689,685	689,685	-	-	328,114	328,114	-	-	37,356,935	37,356,935
-	-	-	-	-	-	-	-	-	-	3,449,991	(3,449,991)
-	-	-	-	-	-	-	-	-	-	16,696,097	(16,696,097)
-	-	-	-	-	-	-	-	-	-	983,608	(983,608)
-	-	-	-	-	-	1,212,648	(1,212,648)	-	-	2,238,137	(2,238,137)
-	-	-	-	-	-	-	-	-	-	4,060,561	(4,060,561)
-	-	-	-	-	-	-	-	-	-	1,625,429	(1,625,429)
-	-	-	-	-	-	-	-	-	-	3,561,656	(3,561,656)
-	-	-	-	-	-	-	-	-	-	190,000	(190,000)
-	-	-	-	-	-	-	-	-	-	460,440	(460,440)
-	-	-	-	-	-	1,212,648	(1,212,648)	-	-	33,265,919	(33,265,919)
-	-	689,685	689,685	-	-	(884,534)	1,540,762	-	-	4,091,016	70,622,854
-	-	-	-	-	-	-	-	-	-	6,363	6,363
-	-	-	-	-	-	3,064,796	3,064,796	-	-	3,107,996	3,107,996
-	-	(950,000)	950,000	-	-	-	-	-	-	(3,254,296)	3,254,296
-	-	(950,000)	950,000	-	-	3,064,796	3,064,796	-	-	(139,937)	6,368,655
-	-	(260,315)	1,639,685	-	-	2,180,262	4,605,558	-	-	3,951,079	76,991,509
-	-	1,095,354	1,095,354	-	-	(1,817,247)	(1,817,247)	-	-	5,407,550	5,407,550
\$ -	\$ -	\$ 835,039	\$ 2,735,039	\$ -	\$ -	\$ 363,015	\$ 2,788,311	\$ -	\$ -	\$ 9,358,629	\$ 82,399,059

City of San Bruno, California

Statement of Net Assets

Proprietary Funds

June 30, 2007

(with comparative totals for June 30, 2006)

	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
ASSETS			
Current assets:			
Cash and investments	\$ 6,225,397	\$ 2,162,473	\$ 1,952,620
Cash and investments with fiscal agent/trustee	-	-	3,226,044
Accounts receivable	954,517	-	775,474
Prepaid items	-	-	-
Total current assets	7,179,914	2,162,473	5,954,138
Noncurrent assets:			
Advance to City of San Bruno Redevelopment Agency	-	-	-
Intangible assets, (net)	-	-	19,868,496
Property, plant and equipment (net)	11,205,071	91,710	11,600,047
Total noncurrent assets	11,205,071	91,710	31,468,543
Total assets	\$ 18,384,985	\$ 2,254,183	\$ 37,422,681
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 609,071	\$ 4,280	\$ 7,317
Due to other funds	-	-	-
Interest payable	-	-	453,330
Deferred revenue	-	-	-
Compensated absences - current	38,704	11,647	77,396
Long term debt - due within one year	-	-	1,033,335
Total current liabilities	647,775	15,927	1,571,378
Noncurrent liabilities:			
Compensated absences - noncurrent	52,724	5,527	24,251
Long term debt - due in more than one year	-	-	23,786,374
Liability for claims - non-current	-	-	-
Total noncurrent liabilities	52,724	5,527	23,810,625
Total liabilities	700,499	21,454	25,382,003
Net Assets			
Invested in capital assets, net of related debt	11,205,071	91,710	6,648,834
Unrestricted	6,479,415	2,141,019	5,391,844
Total net assets	17,684,486	2,232,729	12,040,678
Total liabilities and net assets	\$ 18,384,985	\$ 2,254,183	\$ 37,422,681

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

Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Cable Television	Totals		Totals	
	2007	2006	2007	2006
\$ -	\$ 10,340,490	\$ 13,120,573	\$ 4,598,361	\$ 4,457,010
-	3,226,044	3,068,045	91,139	82,413
771,529	2,501,520	2,940,655	10,331	-
-	-	-	-	-
771,529	16,068,054	19,129,273	4,699,831	4,539,423
-	-	-	3,227,033	3,227,033
-	19,868,496	11,825,223	-	384,408
8,374,270	31,271,098	27,969,375	-	384,408
8,374,270	51,139,594	39,794,598	3,227,033	3,611,441
\$ 9,145,799	\$ 67,207,648	\$ 58,923,871	\$ 7,926,864	\$ 8,150,864
\$ 369,982	\$ 990,650	\$ 1,051,119	\$ 122,390	\$ 138,693
1,359,499	1,359,499	-	-	-
-	453,330	217,583	-	-
698,047	698,047	-	-	-
95,630	223,377	186,636	74,742	73,059
-	1,033,335	726,964	-	-
2,523,158	4,758,238	2,182,302	197,132	211,752
59,833	142,335	141,395	23,736	20,593
-	23,786,374	17,952,324	-	-
-	-	-	1,771,389	1,694,642
59,833	23,928,709	18,093,719	1,795,125	1,715,235
2,582,991	28,686,947	20,276,021	1,992,257	1,926,987
8,374,270	26,319,885	18,694,375	-	384,408
(1,811,462)	12,200,816	19,953,475	5,934,607	5,839,469
6,562,808	38,520,701	38,647,850	5,934,607	6,223,877
\$ 9,145,799	\$ 67,207,648	\$ 58,923,871	\$ 7,926,864	\$ 8,150,864

City of San Bruno, California

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the year ended June 30, 2007

(with comparative totals for the year ended June 30, 2006)

	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
OPERATING REVENUES:			
Charges for services:			
Water sales	\$ 6,778,470	\$ -	\$ -
Sewer service charges	-	-	6,258,194
Cable television charges	-	-	-
Other service charges	52,483	614,832	3,495
Other operating revenue	258,730	-	-
Insurance cost allocation	-	-	-
Total operating revenues	7,089,683	614,832	6,261,689
OPERATING EXPENSES:			
Water supply	3,236,848	-	-
Distribution	2,338,877	357,750	-
Customer accounting	559,083	-	-
Treatment	-	-	4,897,154
Cable operations	-	-	-
Central garage	-	-	-
Insurance expenses	-	78,150	-
Equipment replacement	-	33,834	-
Technology support	-	-	-
Facilities maintenance	-	-	-
Depreciation and amortization	733,597	33,068	907,790
Total operating expenses	6,868,405	502,802	5,804,944
OPERATING INCOME (LOSS)	221,278	112,030	456,745
NONOPERATING REVENUES (EXPENSES):			
Other reimbursements	-	-	-
Investment income	230,579	80,095	198,265
Interest and debt service expenses	-	-	(1,099,273)
Total non-operating revenues (expenses), net	230,579	80,095	(901,008)
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	451,857	192,125	(444,263)
Operating transfers in (out)	-	-	-
CHANGE IN NET ASSETS	451,857	192,125	(444,263)
NET ASSETS:			
Beginning of year	17,232,629	2,040,604	12,484,941
End of year	\$ 17,684,486	\$ 2,232,729	\$ 12,040,678

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

Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds		
Cable Television	Totals		Totals		
	2007	2006	2007	2006	
\$ -	\$ 6,778,470	\$ 6,529,933	\$ -	\$ -	
	6,258,194	5,917,544	-	-	
9,162,788	9,162,788	5,439,032	-	-	
-	670,810	3,292,593	2,642,101	2,639,824	
-	258,730	112,307	-	26,213	
-	-	-	1,697,464	2,116,711	
9,162,788	23,128,992	21,291,409	4,339,565	4,782,748	
-	3,236,848	3,015,467	-	-	
-	2,696,627	1,804,642	-	-	
-	559,083	874,003	-	-	
-	4,897,154	2,370,098	-	-	
8,466,199	8,466,199	5,440,487	-	-	
-	-	-	568,918	478,239	
-	78,150	2,847,873	1,651,133	1,106,783	
-	33,834	804,433	345,934	359,666	
-	-	-	872,406	532,372	
-	-	-	949,444	921,300	
1,023,457	2,697,912	2,465,079	-	-	
9,489,656	22,665,807	19,622,082	4,387,835	3,398,360	
(326,868)	463,185	1,669,327	(48,270)	1,384,388	
-	-	-	-	-	
-	508,939	513,954	-	-	
-	(1,099,273)	(1,878,521)	-	-	
-	(590,334)	(1,364,567)	-	-	
(326,868)	(127,149)	304,760	(48,270)	1,384,388	
-	-	(175,164)	(241,000)	(150,000)	
(326,868)	(127,149)	129,596	(289,270)	1,234,388	
6,889,676	38,647,850	38,518,254	6,223,877	4,989,489	
\$ 6,562,808	\$ 38,520,701	\$ 38,647,850	\$ 5,934,607	\$ 6,223,877	

City of San Bruno, California

Statement of Cash Flows

Proprietary Funds

For the year ended June 30, 2007

(with comparative amounts for the year ended June 30, 2006)

	Business Type Activities - Enterprise Funds			
	Water	Stormwater	Wastewater	Cable Television
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund services provided	\$ -	\$ -	\$ -	\$ -
Cash receipts from customers	7,478,329	614,832	6,882,979	9,290,034
Cash payments to suppliers for goods and services	(6,169,507)	(462,108)	(4,949,052)	(8,365,187)
Cash payments to employees for services	-	-	-	-
Cash payments for loss claims	-	-	-	-
Net cash used by operating activities	1,308,822	152,724	1,933,927	924,847
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers received from other funds	-	-	-	-
Transfers paid to other funds	-	-	-	-
Net cash provided by noncapital financing activities	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(472,393)	-	(4,704,857)	(1,628,150)
Contribution of capital assets	-	-	-	-
Acquisition of capacity rights	-	-	-	-
Principal payments on long-term debt	-	-	-	-
Interest paid on long-term debt	-	-	(645,943)	-
Net cash (used) by capital and related financing activities	(472,393)	-	(5,350,800)	(1,628,150)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	230,579	80,095	198,265	-
Net cash provided by investing activities	230,579	80,095	198,265	-
Net increase (decrease) in cash and cash equivalents	1,067,008	232,819	(3,218,608)	(703,303)
CASH AND CASH EQUIVALENTS:				
Beginning of year	5,158,389	1,929,654	8,397,272	703,303
End of year	<u>\$ 6,225,397</u>	<u>\$ 2,162,473</u>	<u>\$ 5,178,664</u>	<u>\$ -</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets				
Cash and investments	\$ 6,225,397	\$ 2,162,473	\$ 1,952,620	\$ -
Cash and investments held by trustees	-	-	3,226,044	-
Total Cash and Cash Equivalents, End of Year	<u>\$ 6,225,397</u>	<u>\$ 2,162,473</u>	<u>\$ 5,178,664</u>	<u>\$ -</u>
Reconciliation of income (loss) from operations to net cash used by operating activities:				
Operating income (loss)	\$ 221,278	\$ 112,030	\$ 456,745	\$ (326,868)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Prior period adjustments	-	-	-	-
Depreciation and amortization	733,597	33,068	907,790	1,023,457
(Increase) decrease in current assets:				
Accounts receivable	388,646	-	621,290	(570,801)
Prepaid items	-	-	-	-
Due from other funds	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	(43,034)	1,881	(59,205)	39,889
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	698,047
Compensated absences	8,335	5,745	7,307	61,123
Increase (decrease) in claims liability - noncurrent	-	-	-	-
Net cash used by operating activities	<u>\$ 1,308,822</u>	<u>\$ 152,724</u>	<u>\$ 1,933,927</u>	<u>\$ 924,847</u>

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

Totals		Governmental Activities -	
		Internal Service Funds	
2007	2006	2007	2006
\$ -	\$ -	\$ 4,345,274	\$ 4,808,962
24,266,174	20,444,096	-	-
(19,945,854)	(17,059,255)	(4,030,943)	(2,242,049)
-	-	-	-
-	-	76,746	(1,578,466)
4,320,320	3,384,841	391,077	988,447
-	-	1,105,794	-
-	(175,164)	(1,346,794)	(176,212)
-	(175,164)	(241,000)	(176,212)
(6,805,400)	(827,743)	-	-
-	(1,518,042)	-	-
-	(1,238,091)	-	-
(645,943)	(2,025,797)	-	-
(7,451,343)	(5,609,673)	-	-
508,939	513,954	-	-
508,939	513,954	-	-
(2,622,084)	(1,886,042)	150,077	812,235
16,188,618	18,074,660	4,539,423	3,727,188
<u>\$ 13,566,534</u>	<u>\$ 16,188,618</u>	<u>\$ 4,689,500</u>	<u>\$ 4,539,423</u>
\$ 10,340,490	\$ 13,120,573	\$ 4,598,361	\$ 4,457,010
3,226,044	3,068,045	91,139	82,413
<u>\$ 13,566,534</u>	<u>\$ 16,188,618</u>	<u>\$ 4,689,500</u>	<u>\$ 4,539,423</u>
\$ 463,185	\$ 1,590,315	\$ (48,270)	\$ 1,384,388
-	-	-	26,213
2,697,912	2,465,078	320,867	-
439,135	(847,313)	(10,331)	-
-	200,289	-	-
-	-	63,542	-
(60,469)	44,584	(16,303)	1,970
-	-	-	-
698,047	-	-	-
82,510	(68,112)	4,826	19,608
-	-	76,746	(443,732)
<u>\$ 4,320,320</u>	<u>\$ 3,384,841</u>	<u>\$ 391,077</u>	<u>\$ 988,447</u>

City of San Bruno, California

Statement of Net Assets

Fiduciary Funds

June 30, 2007

(with comparative totals for June 30, 2006)

	Agency Funds	
	2007	2006
ASSETS		
Cash and investments	\$ 638,988	\$ 353,562
Accounts receivable	622,784	626,462
Total assets	\$ 1,261,772	\$ 980,024
LIABILITIES		
Accounts payable	\$ 414,252	\$ 432,959
Other liabilities	847,520	547,065
Total liabilities	\$ 1,261,772	\$ 980,024

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

NOTES TO BASIC FINANCIAL STATEMENTS

City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2007

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City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, the City of San Bruno (City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government is accountable and their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City Council acts as the governing body and is able to impose its will on the following organization, establishing financial accountability. As a result, this organization is considered a component unit of the City and is included within the financial statements of the City using the blended method.

Redevelopment Agency of the City of San Bruno

The Redevelopment Agency of the City of San Bruno (Agency) was established July 6, 1999 pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law" and on the same date, the City Council became the governing board. The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation, and redevelopment of blighted areas within the territorial limits of the City of San Bruno. City staff provides management assistance to the Agency. All funds of the Agency have been included in the governmental activities section in the fund financial statements.

Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds and internal service funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and,
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Activities

General Fund

The General Fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the City's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

Special Revenue Funds

The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

Capital Project Funds

The Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Debt Service Funds

The Debt Service Funds account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City other than those serviced by proprietary funds.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Business-type Activities

Proprietary Funds

Enterprise Funds

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

Internal Service Funds

The Internal Service Funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. These funds are eliminated as part of the reconciliation process and treated as governmental activities, since these are the primary funds served.

Fiduciary Funds

Agency Funds

Agency Funds 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.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Major and Non-Major Funds

The funds are further classified as major or non-major as follows:

<u>Fund Type</u>	<u>Brief Description</u>
<i>Major:</i>	
General	Primary operating fund of the City: accounts for all activities except those legally or administratively required to be accounted for in other funds.
<i>Special Revenue Funds:</i>	
Redevelopment Agency	Accounts for the administration and management of the Agency's overall operations for general redevelopment and low/moderate housing activities in the redevelopment project areas.
Federal/State Grants	Accounts for activities for the City's grants.
Measure A Transportation Tax	Accounts for funds received to be used for local transportation purposes.
<i>Capital Projects Funds:</i>	
Street Improvement	Accounts for funds expended for street improvements.
<i>Non-Major:</i>	
<u>Special Revenue Funds:</u>	
In-lieu	Accounts for funds received to substitute for standard fees utilized for particular purposes.
Agency on Aging	Accounts for funds received for senior services.
Gas Tax	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2105,2106, 2107 and 2107.5 of the Streets and Highway Code and Traffic Congestion Relief.
Library	Accounts for funds received for Library programs and operations.
Police Asset Seizure	Accounts for asset seizure funds to be used on Police programs.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

Non-Major:

Special Revenue Funds:
(continued)

Safety Augmentation	Accounts for state augmentation funds to be used for safety programs.
Police	Accounts for Police revenues to be used on special law enforcement programs.
SB322 Recycling/Litter Clean-up	Accounts for SB 322 funds to be used on recycling and litter clean-up programs.
Restricted Donations	Accounts for donations received for specific purposes.
Traffic Safety	Accounts for traffic safety funds.

Debt Service Funds:

General	Accounts for funds related to general City debt.
---------	--

Capital Projects Funds:

General	Accounts for funds expended on general City projects.
---------	---

Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements.

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Measurement Focus, continued

- b. The enterprise and internal service funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Enterprise and internal service fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The enterprise and internal service funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Assets, Liabilities, and Equity

Cash and Investments

The City pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money 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 in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and Investments (continued)

The City indirectly 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 changes in interest rates.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 9 for details of interfund transactions, including receivables and payables at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances of uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, sales and use taxes, transient taxes, franchise taxes, intergovernmental subventions, interest earnings, ambulance fees, and expense reimbursements.

Business-type activities report property taxes, service charges, and expense reimbursements as its major receivables. See Note 3 for additional disclosures. In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, transient tax, franchise tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Intergovernmental accounts receivable comprise the majority of proprietary fund receivables. The City's experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Inventories

The cost of other consumable materials and supplies on hand are immaterial to the financial statements, and the City has therefore chosen to report these items as expenditures/expenses at the time of purchase.

Fixed Assets

The accounting treatment of property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Infrastructure	10 – 50 years
Government buildings and structures	10 – 40 years
Equipment and furnishings	5 – 10 years
Water	5 – 40 years
Stormwater	5 – 40 years
Wastewater	5 – 40 years
Cable Television	5 – 40 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists of a capital lease, certificates of participation, compensated absences and a liability for claims.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The City's policies regarding vacation time and compensatory time permit employees to accumulate earned but unused leave. The current portion of this debt is estimated based on historical trend and funded in the individual fund generating the liability with the long-term portion shown as a long-term liability.

Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. *Invested in capital assets, net of related debt* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net assets* – consists of net assets with constraints placed on the use either by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net assets* – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Equity Classification, continued

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Revenues, Expenditures, and Expenses

Property Tax

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are receivable from the county within sixty days after year end.

Lien Date	March 1
Levy Date	July 1
Delinquent Date	December 10 and April 10

Property taxes attach annually as an enforceable lien as of March 1. Taxes are levied on July 1, are payable in two installments, and are delinquent at December 10 and April 10. All general property taxes are then allocated by the San Mateo County Controller's Office to the various taxing entities in accordance with Proposition 13. Property tax revenues are recognized when levied to the extent that they are measurable and that they will be received in 60 days. Since the County utilizes the Teeter system of allocation, all property tax revenue is allocated to the City and accounted for as revenue in the fiscal year that it is levied.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental funds – by character
- Current (further classified by function)
- Capital outlay
- Debt service

In the fund financial statements, governmental funds report expenditures of financial resources.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued
Interfund Transfers

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated with internal balances (between governmental and business-type activities due to internal service fund eliminations) remaining on the statement of net assets.

Funds Open/Closed

In order to present more concise and easily readable financial statements, the City consolidated and renamed certain funds as follows:

Major Funds:

- Renamed the Federal Aviation Administration Grant Fund to the Federal/State Grants Special Revenue Fund

Nonmajor Funds:

- Renamed the Park in-lieu fund to In-lieu fund.
- Consolidated the Gas Tax and Traffic Congestion Relief Fund into the Gas Tax Fund
- Consolidated the Reimbursement ILL Program and State Library Fund into the Library Special Revenue Fund
- Consolidated the Supplemental Law Enforcement, State Law Enforcement and California Law Enforcement Equipment Program into the Police Special Revenue Fund

Reclassifications

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

Comparative Data

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Implementation of GASB Pronouncements

The City adopted accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 34 allowed for the deferral of infrastructure reporting for its major general infrastructure assets acquired prior to fiscal year 2002-03 until the year ended June 30, 2007. In order to comply with this standard, the City contracted for an asset valuation and recorded the amounts as shown in these financial statements. See Notes 4 and 13 for further information.

Budgetary Policies

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

1. Public meetings are conducted to obtain public comments. The City Council annually adopts the budget for the ensuing fiscal year prior to July 1st.
2. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for all Governmental, Proprietary and Fiduciary Fund Types.
3. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
4. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2007, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
5. Budgeted revenue and expenditure amounts represent the original budget modified by adjustments authorized during the year.
6. Appropriations, except for those encumbered under purchase orders, lapse at the end of the fiscal year. Encumbered amounts are then carried over for the coming year.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Budgetary Policies, continued

7. Budgeted appropriations for the various governmental funds become effective each July 1. The City Council may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund level.

2. CASH AND INVESTMENTS

At June 30, 2007, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair market value:

	Maturities				Deposits	Fair Market Value
	1 to 2	2 to 3	3 to 4	4 to 5		
<u>Cash equivalents and investments pooled</u>						
Pooled cash, at fair value						
Cash - First National Bank	\$ -	\$ -	\$ -	\$ -	\$ 1,901,665	\$ 1,901,665
Petty cash	-	-	-	-	5,856	5,856
Cash held by South San Francisco	-	-	-	-	207,342	207,342
Certificates of deposit	-	-	-	-	-	-
Total pooled items	-	-	-	-	2,114,863	2,114,863
Pooled investments, at fair value						
<u>Interest obligations</u>						
Federal Farm Credit Banks	982,810	-	-	-	-	982,810
Federal Home Loan Bank	1,975,940	-	-	-	-	1,975,940
Federal Home Loan Mortgage Corporation	987,600	-	-	-	-	987,600
Federal Natl. Mortgage Assoc.	1,950,620	-	-	-	-	1,950,620
Fiscal agent investments	-	-	-	-	3,779,599	3,779,599
County of San Mateo Investment Pool	-	-	-	-	19,285,515	19,285,515
State of California Local Agency Investment Fund	-	-	-	-	2,573,821	2,573,821
Total pooled investments - interest obligations	5,896,970	-	-	-	25,638,935	31,535,905
Total cash equivalents and investments pooled	\$ 5,896,970	\$ -	\$ -	\$ -	\$ 27,753,798	\$ 33,650,768
Amounts reported in:						
Governmental activities						\$ 19,445,246
Business-type activities						13,566,534
Fiduciary activities - Agency funds						638,988
Total						\$ 33,650,768

Investment Type	Fair Value	Maturity (Years)
US Government Securities	\$ 5,896,970	1.42
Fiscal agent investments	3,779,599	N/A
Local Agency Investment Fund	2,573,821	N/A
County of San Mateo Investment Pool	19,285,515	N/A
Total fair value	\$ 31,535,905	
Portfolio weighted average maturity		N/A

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

2. CASH AND INVESTMENTS, Continued

Interest rate risk. In accordance with its investment policy, the City manages its exposures to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 2 years.

Credit risk. As of June 30, 2007, the City's investment in the Local Agency Investment Fund was rated AAAM by Standard & Poor's and Aaa by Moody's Investors Service. The City's investments in other interest obligations were rated AAA by Standard & Poor's and Fitch Ratings, and Aaa by Moody's Investors Service.

Concentration of credit risk. The City's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government's total investments. The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City's Investment Policy, which is accepted annually by the City Council.

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City currently has no deposit policy for custodial credit risk. As of June 30, 2007, the City had no balances exposed to custodial credit risk because they exceeded the \$100,000 Federal Deposit Insurance Corporation's insurance limits.

Custodial credit risk – investments. For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the City, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2007:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Activities</u>	<u>Total</u>
Taxes	\$ 1,329,374	\$ -	\$ -	\$ 1,329,374
Interest	1,157	-	-	1,157
Intergovernmental subventions	2,332,950	-	-	2,332,950
Intergovernmental grants	194,423	-	-	194,423
Service charges	6,568	2,501,520	622,784	3,130,872
Assessments	-	-	-	-
Loans	461,500	-	-	461,500
Expense reimbursements	10,331	-	-	10,331
Total accounts receivable	<u>\$ 4,336,303</u>	<u>\$ 2,501,520</u>	<u>\$ 622,784</u>	<u>\$ 7,460,607</u>

These amounts resulted in the following concentrations in receivables:

Other Governments 52% Other 48%

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

4. CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
Land	\$561,197	\$561,197	\$576,842	\$576,842	\$1,138,039	\$1,138,039
Construction in Progress	7,092,872	8,756,697	2,941,570	3,019,703	10,034,442	11,776,400
Infrastructure	28,266,129	26,838,620	-	-	28,266,129	26,838,620
Buildings and improvements	9,584,703	9,195,490	19,255,208	20,722,305	28,839,911	29,917,795
Machinery & equipment	2,188,912	1,971,756	5,195,755	6,952,248	7,384,667	8,924,004
Total	\$47,693,813	\$47,323,760	\$27,969,375	\$31,271,098	\$75,663,188	\$78,594,858

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

	Balance July 1, 2006	Adjustments	Adjusted July 1, 2006	Additions	Deletions	Balance June 30, 2007
Non-depreciable Assets:						
Land	\$1,127,197	(\$566,000)	\$561,197	\$ -	-	\$561,197
Construction in Progress	7,092,872	-	7,092,872	1,663,825	-	8,756,697
	8,220,069	(566,000)	7,654,069	1,663,825	-	9,317,894
Depreciable Assets:						
Infrastructure	1,671,919	56,033,155	57,705,074	-	-	57,705,074
Buildings & Structures	15,568,290	(2,707,659)	12,860,631	-	-	12,860,631
Machinery & Equipment	4,954,771	-	4,954,771	299,326	-	5,254,097
	22,194,980	53,325,496	75,520,476	299,326	-	75,819,802
Less Accumulated Depreciation						
Infrastructure	(39,794)	(29,399,151)	(29,438,945)	(1,427,509)	-	(30,866,454)
Buildings & Structures	(2,437,419)	(838,509)	(3,275,928)	(389,213)	-	(3,665,141)
Machinery & Equipment	(2,765,859)	0	(2,765,859)	(516,482)	-	(3,282,341)
	(5,243,072)	(30,237,660)	(35,480,732)	(2,333,204)	-	(37,813,936)
Total Depreciable Assets	16,951,908	23,087,836	40,039,744	(2,033,878)	-	38,005,866
Total Capital Assets	\$25,171,977	\$22,521,836	\$47,693,813	(\$370,053)	\$ -	\$47,323,760

Depreciation expenses of the governmental activities for the year ended June 30, 2007 are as follows:

General Government	\$380,080
Public Safety	156,323
Highway and Streets	1,374,457
Parks and Recreation	90,554
Library	1,790
Community Development	330,000
	<u>\$2,333,204</u>

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

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, 2006	Additions	Deletions	Balance June 30, 2007
Non-depreciable Assets:				
Land	\$576,842	\$ -	\$ -	\$576,842
Construction in Progress	2,941,570	2,535,346	(2,457,213)	3,019,703
	<u>3,518,412</u>	<u>2,535,346</u>	<u>(2,457,213)</u>	<u>3,596,545</u>
Depreciable Assets:				
Buildings & Structures	25,210,173	2,395,576	-	27,605,749
Machinery & Equipment	10,465,053	2,942,820	-	13,407,873
	<u>35,675,226</u>	<u>5,338,396</u>	<u>-</u>	<u>41,013,622</u>
Less Accumulated Depreciation				
Buildings & Structures	(5,954,965)	(928,479)	-	(6,883,444)
Machinery & Equipment	(5,269,298)	(1,186,327)	-	(6,455,625)
	<u>(11,224,263)</u>	<u>(2,114,806)</u>	<u>-</u>	<u>(13,339,069)</u>
Total Depreciable Assets	24,450,963	3,223,590	-	27,674,553
Total Capital Assets	<u>\$27,969,375</u>	<u>\$5,758,936</u>	<u>(\$2,457,213)</u>	<u>\$31,271,098</u>

Depreciation expenses of the governmental activities for the year ended June 30, 2007 are as follows:

Water	\$733,597
Stormwater	33,068
Wastewater	324,684
Cable Television	1,023,457
	<u>\$2,114,806</u>

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2007:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 3,008,100	\$ 920,763	\$ 951,958	\$ 4,880,821
Interest payable	224,719	453,330	-	678,049
Deposits	360,560	69,887	309,814	740,261
Accrued payroll	799,107	-	-	799,107
Total	\$ 4,392,486	\$ 1,443,980	\$ 1,261,772	\$ 7,098,238

These amounts resulted in the following concentrations in payables:

Vendors 69% Bondholders 10% Deposits 10% Employees 11%

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt for governmental activities for the year ended June 30, 2007:

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007
Governmental activities:				
2000 Certificates of Participation	\$ 8,955,000	\$ -	\$ (190,000)	\$ 8,765,000
Capital Lease Obligations	1,959,633	-	(289,954)	1,669,679
Compensated Absences	1,505,249	76,201	(68,471)	1,512,979
Liability for claims	1,694,642	76,747	-	1,771,389
Total governmental activities	<u>\$ 14,114,524</u>	<u>\$ 152,948</u>	<u>\$ (548,425)</u>	<u>\$ 13,719,047</u>
Compensated absences, current	\$ 588,718	\$ -	\$ (68,471)	\$ 520,247
Total	<u>588,718</u>	<u>-</u>	<u>(68,471)</u>	<u>520,247</u>
Compensated absences, non-current	916,531	76,201	-	992,732
Due within one year	704,985	-	(201,272)	503,713
Due after one year	10,209,648	-	(278,682)	9,930,966
Liability for claims	1,694,642	76,747	-	1,771,389
Total	<u>13,525,806</u>	<u>152,948</u>	<u>(479,954)</u>	<u>13,198,800</u>
Grand Total	<u>\$ 14,114,524</u>	<u>\$ 152,948</u>	<u>\$ (548,425)</u>	<u>\$ 13,719,047</u>

Governmental activities:

2000 Certificates of Participation

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

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

6. LONG-TERM DEBT, Continued

Governmental activities (continued)

2000 Certificates of Participation, continued

Under a separate agreement, the San Bruno Redevelopment Agency has agreed to reimburse the City for all costs associated with the construction of the police facility.

Capital Lease Obligations

At June 30, 2007, Capital Lease Obligations consisted of the following:

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007
Governmental activities:				
City Hall Remodel	\$ 1,959,633	\$ -	\$ (289,954)	\$ 1,669,679
Total governmental activities	<u>\$ 1,959,633</u>	<u>\$ -</u>	<u>\$ (289,954)</u>	<u>\$ 1,669,679</u>

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 a lease for energy conservation improvements and finance City Hall remodeling and improvements. Principal and interest payments are due semi-annually on August 1 and December 1 with an interest rate of 4.69%.

Compensated Absences

Compensated absences at June 30, 2007, amounted to \$1,512,979 and \$365,712 for the governmental activities and business-type activities respectively. The City utilizes a methodology based upon actual vacation and sick leave usage. There is no fixed payment schedule for compensated absences.

Claims Payable

With the implementation of Governmental Accounting Standards Board Statement No. 10, "Accounting for Financial Reporting for Risk Financing and Related Issues" the Self-insurance Internal Service Fund reflects the financial effect of risk financing activities of \$1,771,389 (see note 10 for further discussion).

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

6. LONG-TERM DEBT, Continued

Year Ending June 30,	Governmental activities					
	2000		Capital		Totals	
	Certificates of Participation		Lease Obligations			
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 200,000	\$ 449,438	\$ 303,713	\$ 74,788	\$ 503,713	\$ 524,226
2009	205,000	439,938	318,124	60,377	523,124	500,315
2010	215,000	430,200	333,219	45,282	548,219	475,482
2011	225,000	419,988	349,031	29,470	574,031	449,458
2012	240,000	409,638	365,592	12,909	605,592	422,547
2013-2017	1,370,000	1,863,818	-	-	1,370,000	1,863,818
2018-2022	1,760,000	1,480,146	-	-	1,760,000	1,480,146
2023-2027	2,265,000	968,363	-	-	2,265,000	968,363
2028-2031	2,285,000	307,388	-	-	2,285,000	307,388
Total	<u>\$ 8,765,000</u>	<u>\$ 6,768,917</u>	<u>\$ 1,669,679</u>	<u>\$ 222,826</u>	<u>\$ 10,434,679</u>	<u>\$ 6,991,743</u>
Due within one year	200,000	449,438	303,713	74,788	503,713	524,226
Due after one year	8,565,000	6,319,479	1,365,966	148,038	9,930,966	6,467,517
Total	<u>\$ 8,765,000</u>	<u>\$ 6,768,917</u>	<u>\$ 1,669,679</u>	<u>\$ 222,826</u>	<u>\$ 10,434,679</u>	<u>\$ 6,991,743</u>

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

6. LONG-TERM DEBT, Continued

The following is a summary of changes in long-term debt for business-type activities for the year ended June 30, 2007:

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007
Business-type activities:				
2002 Certificates of Participation	\$ 9,275,000	\$ -	\$ (190,000)	\$ 9,085,000
Compensated Absences	328,030	37,682	-	365,712
Due to City of South San Francisco:				
1993 Loan	1,386,177	-	(155,885)	1,230,292
1999 Loan	8,018,112	-	(381,080)	7,637,032
2007 Loan	-	7,147,177	(279,792)	6,867,385
Total business-type activities	<u>19,007,319</u>	<u>7,184,859</u>	<u>(1,006,757)</u>	<u>25,185,421</u>
Total long-term debt	<u>\$ 19,007,319</u>	<u>\$ 7,184,859</u>	<u>\$ (1,006,757)</u>	<u>\$ 25,185,421</u>
Compensated absences, current	\$ 186,636	\$ 36,741	\$ -	\$ 223,377
Total	<u>186,636</u>	<u>36,741</u>	<u>-</u>	<u>223,377</u>
Compensated absences, non-current	141,394	941	-	142,335
Due within one year	726,964	306,371	-	1,033,335
Due after one year	17,952,325	6,840,806	(1,006,757)	23,786,374
Total	<u>18,820,683</u>	<u>7,148,118</u>	<u>(1,006,757)</u>	<u>24,962,044</u>
Grand Total	<u>\$ 19,007,319</u>	<u>\$ 7,184,859</u>	<u>\$ (1,006,757)</u>	<u>\$ 25,185,421</u>

Business-type activities:

2002 Certificates of Participation

During May 2002 the City issued \$9,800,000 in Series 2002 Certificates of Participation for the construction of various improvements to the City's Wastewater System. Principal and interest payments are due annually on January 1 and July 1. Interest rates range from 2.25% to 5.00%.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

6. LONG-TERM DEBT, Continued

The annual debt service requirements to maturity for all amounts, except compensated absences and claims payable, at June 30, 2007, were as follows:

Year Ending June 30,	Business-type activities		Governmental and Business-type Activities	
	2002 Certificates of Participation		Grand Totals	
	Principal	Interest	Principal	Interest
2008	\$ 195,000	\$ 427,110	\$ 698,713	\$ 951,336
2009	205,000	420,803	728,124	921,118
2010	210,000	413,640	758,219	889,122
2011	215,000	405,775	789,031	855,233
2012	225,000	397,303	830,592	819,850
2013-2017	1,275,000	1,836,346	2,645,000	3,700,164
2018-2022	1,580,000	1,513,100	3,340,000	2,993,246
2023-2027	2,010,000	1,073,563	4,275,000	2,041,926
2028-2032	2,575,000	495,203	4,860,000	802,591
2033	595,000	15,247	595,000	15,247
Total	<u>\$ 9,085,000</u>	<u>\$ 6,998,090</u>	<u>\$ 19,519,679</u>	<u>\$ 13,989,833</u>
Due within one year	\$ 195,000	\$ 427,110	\$ 698,713	\$ 951,336
Due after one year	8,890,000	6,570,980	18,820,966	13,038,497
Total	<u>\$ 9,085,000</u>	<u>\$ 6,998,090</u>	<u>\$ 19,519,679</u>	<u>\$ 13,989,833</u>

7. CITY OF SOUTH SAN FRANCISCO SEWER PLANT AGREEMENT

The City 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 set forth in an agreement dated April 3, 1972. The most recent arrangement indicates that the City shares in 25.82% of the plant capacity.

The City's share of operating expenses for 2006-07 was \$2,580,679 and is included in treatment expenses in the Statement of Revenues, Expenses and Changes in Net Assets in the Fund Financial Statements. The City also shares in the cost of on-going capital improvements, which are capitalized and depreciated over a 25 year period. During 2006-07 the City paid \$1,479,202 to SSF for these improvements.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

7. CITY OF SOUTH SAN FRANCISCO SEWER PLANT AGREEMENT, Continued

To finance the expansion of the water quality control plant, the State Water Resources Control Board issued loans directly to SSF totaling \$81,253,444 (\$8.8 million in October 1994, \$50.5 million in August 2003 and \$21.8 million in April 2007). Loan proceeds were disbursed as the projects progressed and debt service payments commenced one year after project completion. As a result of the joint ownership agreement, the City is obligated to SSF for its portion of the loans and are classified as Due to SSF as shown in Note 6. The City's portion that was financed through this agreement totaled \$19,170,177 depreciable and payable over a 25 year period.

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007
Capital Investment:				
Financed	\$ 13,057,837	\$ 7,147,177	\$ (1,034,837)	\$ 19,170,177
Contributed	1,247,516	2,514,040	-	3,761,556
Total Capital Investment	<u>14,305,353</u>	<u>9,661,217</u>	<u>(1,034,837)</u>	<u>22,931,733</u>
Accumulated Depreciation:				
Financed	(2,493,291)	(480,920)	-	(2,974,211)
Contributed	(270,034)	(91,294)	-	(361,328)
Total Capital Investment	<u>(2,763,325)</u>	<u>(572,214)</u>	<u>-</u>	<u>(3,335,539)</u>
Net Book Value:				
Financed	10,564,546	6,666,257	(1,034,837)	16,195,966
Contributed	977,482	2,422,746	-	3,400,228
Total Net Book Value	<u>\$ 11,542,028</u>	<u>\$ 9,089,003</u>	<u>\$ (2,069,674)</u>	<u>\$ 19,596,194</u>

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

	SSF Original Loan	City's Share	SSF Loan Balance June 30, 2007	City's Share	City's Share %
1993 Capital Project State Water Resources Loan	\$ 8,842,852	\$ 2,918,141	\$ 3,728,159	\$ 1,230,292	33%
1999 Capital Project State Water Resources Loan	50,553,782	9,104,859	42,403,826	7,637,032	18%
2007 Capital Project State Water Resources Loan	<u>21,856,810</u>	<u>7,147,177</u>	<u>21,001,179</u>	<u>6,867,385</u>	33%
Total	<u>\$ 81,253,444</u>	<u>\$ 19,170,177</u>	<u>\$ 67,133,164</u>	<u>\$ 15,734,709</u>	

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

8. DEFICIT NET ASSETS/FUND BALANCES

For 2006-07, there were no deficit balances in net assets.

Deficit fund balances consisted of the following:

Redevelopment Agency Fund (\$396,181) to be funded through future property tax increment.

Federal/State Grants Fund (\$146,794) a cost-reimbursement grant that will be eliminated as costs are claimed.

Street Improvement Capital Projects Fund (\$636,985) also eliminated as costs are claimed for State Transportation Grants.

General Debt Service Fund (\$6,173) will be eliminated through future transfers of revenue for debt service.

Self-Insurance Internal Service Fund (\$359,898) will be eliminated as interdepartmental charges are increased for future claims and claims reserves.

9. INTERFUND TRANSACTIONS

Due to and due from other funds consisted of the following as of June 30, 2007:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Major Funds:</u>		
<u>Governmental Activities</u>		
General Fund	\$ 3,558,685	\$ -
Federal/State Grants	-	274,622
Street Improvement Capital Projects	-	1,918,391
<u>Business-type Activities</u>		
Cable Television	-	1,359,499
<u>Nonmajor Funds:</u>		
<u>Governmental Activities</u>		
General Debt Service		6,173
Total	<u>\$ 3,558,685</u>	<u>\$ 3,558,685</u>

Due to and from balances are a result of uncollected amounts or unreimbursed costs to be received or paid within 90 days of year end.

Advances to/from other funds

The General Fund and General Equipment Reserve Internal Service Fund have also advanced the Redevelopment Agency \$200,700 and \$3,227,033, respectively for the financing of Redevelopment operations, which will be repaid through future tax increment revenues.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

9. INTERFUND TRANSACTIONS, Continued

Operating transfers consisted of the following at June 30, 2007:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds:</u>		
<u>Governmental Activities</u>		
General Fund	\$ 43,200	\$ 2,164,796
Redevelopment Agency	-	139,500
Measure A Transportation Tax	-	950,000
Street Improvement Capital Projects	3,064,796	-
<u>Non-major Funds:</u>		
<u>Governmental Activities</u>		
In-lieu	-	310,000
Gas Tax	-	50,000
Library Special Revenue	-	401,128
Restricted Donations	-	43,200
General Capital Projects	1,191,628	-
General Equipment Revolving	-	241,000
Total	<u>\$ 4,299,624</u>	<u>\$ 4,299,624</u>

Operating transfers reflect amounts of shared projects and costs amongst funds.

10. RISK MANAGEMENT

The City is self-insured for claims arising from employee injuries, general and automobile claims, property and vehicle losses, earthquake damage, and flood and storm water damage.

The City, including the District, purchases several insurance policies to protect against catastrophic loss. (1) Workers' Compensation insurance with a limit of \$25,000,000 per occurrence and a self insured retention of \$750,000 per occurrence. (2) General Liability and Automobile Liability with \$10,000,000 limit per occurrence subject to a \$250,000 self insured retention per occurrence, except Employment Liability Claims are subject to a \$500,000 self insured retention per occurrence. (3) A Master Property Insurance Policy covers the City's real and personal property on a replacement cost basis with a \$10,000 deductible. As respects vehicles and motorized contractor's equipment, only selected high value items are specifically insured with various deductibles.

The retained earnings/net assets of the self-insurance funds, which are categorized as Governmental Activities, represent amounts set aside for possible additional losses after providing for actuarially determined liabilities for claims including claims adjustment expenses.

No claim settlement exceeded either this self-insured amount or the insurance coverage for any of the years shown. The last actuarial valuation was performed on February 15, 2007 for the fiscal year ended June 30, 2006.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

10. RISK MANAGEMENT, Continued

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments for Current and Prior Years	End of Year Liability
2004-2005	\$ 1,560,704	\$ 1,321,955	\$ (699,285)	\$ 2,183,374
2005-2006	2,183,374	105,959	(594,691)	1,694,642
2006-2007	1,694,642	537,832	(461,085)	1,771,389

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The City contributes to the California Public Employees' Retirement System (CALPERS) an agent multiple-employer defined benefit pension plan. CALPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CALPERS 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 CALPERS' annual financial report may be obtained from their executive office 400 P Street, Sacramento, CA, 95814.

Funding Policy

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of some City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 14.680% for miscellaneous employees, and 24.738% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by CALPERS.

Annual Pension Cost

For 2006, the most recent available, the City's annual pension cost of \$3,106,136 for CALPERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% of investment rate of return (net of administrative expenses) and (b) 3.25% to 14.45% projected annual salary increases that vary by age, duration of service and type of employment. Both (a) and (b) included an inflation component of 3%.

The actuarial value of CALPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smooth market value). CALPERS has increased the future rate the City pays to reflect an unfunded condition in the plan.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2004	\$ 996,107	100%	-
June 30, 2005	2,985,446	100%	-
June 30, 2006	4,991,552	100%	-

12. OTHER POST-EMPLOYMENT BENEFITS

The City provided health care benefits for seven retired employees in accordance with agreements with employee bargaining units on a pay-as-you-go basis with the City paying a portion of the costs. 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. The City's expenditures for the fiscal year 2006-07 amounted to \$37,942.

13. PRIOR YEAR RESTATEMENTS

Governmental activity net assets were restated for the valuation of capital assets as follows:

Net assets, as previously reported	\$ 27,181,003
Additions to capital assets	22,521,836
Net Assets, as restated	<u><u>\$ 49,702,839</u></u>

14. CONTINGENCIES

The City participates in a number of Federal, State and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2007, some amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2007

15. LITIGATION

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

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REQUIRED SUPPLEMENTARY INFORMATION

City of San Bruno, California
Required Supplementary Information
For the year ended June 30, 2007

STATE OF CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

MISCELLANEOUS EMPLOYEES

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets (AVA)	Unfunded Liability (UL)	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
June 30, 2004	53,277,047	45,708,866	7,568,181	85.8%	10,215,773	74.1%
June 30, 2005	57,265,439	49,695,390	7,570,049	86.8%	9,934,632	76.2%
June 30, 2006	62,858,380	53,996,669	8,861,711	85.9%	10,545,014	84.0%

SAFETY EMPLOYEES

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets (AVA)	Unfunded Liability (UL)	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
June 30, 2004	5,383,921,942	4,424,586,846	959,335,096	82.2%	575,296,434	166.8%
June 30, 2005	6,367,049,264	5,295,150,375	1,071,898,889	83.2%	664,147,796	161.4%
June 30, 2006	7,278,049,834	6,102,615,567	1,175,434,267	83.8%	754,730,438	155.7%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

City of San Bruno, California

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2007

(with comparative totals for June 30, 2006)

	Special Revenue Funds				
	In-Lieu	Agency on Aging	Gas Tax	Library Special Revenue	Police Asset Seizure
ASSETS					
Cash and investments	\$ 902,315	\$ 6,629	\$ 625,598	\$ 422,493	\$ 9,315
Cash and investments with fiscal agents	-	-	-	-	-
Receivables:					
Taxes	-	-	-	-	-
Fines	-	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental subventions	-	-	-	35,245	-
Intergovernmental grants	-	-	-	-	-
Service charges	-	6,568	-	-	-
Loans	-	-	-	-	-
Expense reimbursements	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 902,315	\$ 13,197	\$ 625,598	\$ 457,738	\$ 9,315
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 4,408	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	-	4,408	-	-	-
Fund Balances:					
Designated					
Donations	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	902,315	8,789	625,598	457,738	9,315
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total fund balances	902,315	8,789	625,598	457,738	9,315
Total liabilities and fund balances	\$ 902,315	\$ 13,197	\$ 625,598	\$ 457,738	\$ 9,315

Special Revenue Funds		
Safety Augmentation	Police Special Revenue	SB 322 Recycling/Litter Clean-up
\$ -	\$ 98,983	\$ 117,062
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ 98,983</u>	<u>\$ 117,062</u>
\$ -	\$ -	\$ 7,311
-	-	-
-	-	-
-	-	7,311
-	-	-
-	98,983	109,751
-	-	-
-	98,983	109,751
<u>\$ -</u>	<u>\$ 98,983</u>	<u>\$ 117,062</u>

City of San Bruno, California

Combining Balance Sheet

Nonmajor Governmental Funds, Continued

June 30, 2007

(with comparative totals for June 30, 2006)

	Special Revenue Funds		
	Restricted Donations	Traffic Safety	Total
ASSETS			
Cash and investments	\$ 401,312	\$ 17,160	\$ 2,600,867
Restricted pooled cash and investments	-	-	-
Receivables:			
Taxes	-	-	-
Fines	-	-	-
Interest	-	1,157	1,157
Intergovernmental subventions	-	-	35,245
Intergovernmental grants	-	-	-
Service charges	-	-	6,568
Loans	-	-	-
Expense reimbursements	-	-	-
Due from other funds	-	-	-
Total assets	<u>\$ 401,312</u>	<u>\$ 18,317</u>	<u>\$ 2,643,837</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 20	\$ -	\$ 11,739
Due to other funds	-	-	-
Deferred revenue	-	7,465	7,465
Compensated absences	-	-	-
Total liabilities	<u>20</u>	<u>7,465</u>	<u>19,204</u>
Fund Balances:			
Designated			
Donations	401,292	-	401,292
Unreserved, reported in:			
Special revenue funds	-	10,852	2,223,341
Capital projects funds	-	-	-
Debt service funds	-	-	-
Total fund balances	<u>401,292</u>	<u>10,852</u>	<u>2,624,633</u>
Total liabilities and fund balances	<u>\$ 401,312</u>	<u>\$ 18,317</u>	<u>\$ 2,643,837</u>

Capital Projects Funds		Debt Service		Non-major funds Totals	
General		General		2007	2006
\$	1,745,536	\$	-	\$ 4,346,403	\$ 3,759,266
	1,457		-	1,457	1,457
	-		-	-	142,685
	-		-	-	-
	-		-	1,157	-
	-		-	35,245	-
	-		-	-	-
	-		-	6,568	-
	-		-	-	-
	-		-	-	-
	-		-	-	-
\$	1,746,993	\$	-	\$ 4,390,830	\$ 3,903,408

\$	72,622	\$	-	\$ 84,361	\$ 499,178
	-		6,173	6,173	26,018
	-		-	7,465	105,612
	-		-	-	-
	72,622		6,173	97,999	630,808

	-		-	401,292	357,696
	-		-	2,223,341	1,611,486
	1,674,371		-	1,674,371	1,282,267
	-		(6,173)	(6,173)	21,151
	1,674,371		(6,173)	4,292,831	3,272,600
\$	1,746,993	\$	-	\$ 4,390,830	\$ 3,903,408

(concluded)

City of San Bruno, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2007

(with comparative totals for the year ended June 30, 2006)

	Special Revenue Funds				
	In-Lieu	Agency on Aging	Gas Tax	Library Special Revenue	Police Asset Seizure
REVENUES:					
Taxes	\$ -	\$ -	\$ 1,125,725	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	72,018	-	116,045	-
Charges for services	729,678	-	-	-	-
Fines and forfeitures	-	-	-	-	3,859
Use of money and property	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	729,678	72,018	1,125,725	116,045	3,859
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Highways and streets	-	-	717,997	-	-
Parks and recreation	-	72,018	-	-	-
Library	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	72,018	717,997	-	-
REVENUES OVER (UNDER) EXPENDITURES	729,678	-	407,728	116,045	3,859
OTHER FINANCING SOURCES (USES):					
Lease proceeds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(310,000)	-	(50,000)	(401,128)	-
Total other financing sources and uses	(310,000)	-	(50,000)	(401,128)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	419,678	-	357,728	(285,083)	3,859
FUND BALANCES:					
Beginning of year	482,637	8,789	267,870	742,821	5,456
End of year	\$ 902,315	\$ 8,789	\$ 625,598	\$ 457,738	\$ 9,315

<u>Safety Augmentation</u>	<u>Police Special Revenue</u>	<u>SB 322 Recycling/Litter Clean-up</u>
\$ -	\$ -	\$ -
87,318	101,346	65,749
-	-	-
-	-	-
-	-	-
<u>87,318</u>	<u>101,346</u>	<u>65,749</u>
-	-	-
100,216	-	-
-	-	33,842
-	-	-
-	-	-
-	-	-
<u>100,216</u>	<u>-</u>	<u>33,842</u>
(12,898)	101,346	31,907
-	-	-
-	-	-
(12,898)	101,346	31,907
12,898	(2,363)	77,844
<u>\$ -</u>	<u>\$ 98,983</u>	<u>\$ 109,751</u>

City of San Bruno, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds, Continued

For the year ended June 30, 2007

(with comparative totals for the year ended June 30, 2006)

	Special Revenue Funds		
	Restricted Donations	Traffic Safety	Total
REVENUES:			
Taxes			\$ 1,125,725
Licenses and permits			-
Intergovernmental	-	53,535	496,011
Charges for services			729,678
Fines and forfeitures	-	-	3,859
Use of money and property			-
Other revenues	84,460	-	84,460
Total revenues	84,460	53,535	2,439,733
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	52,378	152,594
Public works	-	-	33,842
Highways and streets	-	-	717,997
Parks and recreation	3,503		75,521
Library	-		-
Community development	-		-
Capital outlay			-
Debt service:			
Principal			-
Interest and fiscal charges	-	-	-
Total expenditures	3,503	52,378	979,954
REVENUES OVER (UNDER) EXPENDITURES	80,957	1,157	1,459,779
OTHER FINANCING SOURCES (USES):			
Lease proceeds			
Transfers in			-
Transfers out	(43,200)	-	(804,328)
Total other financing sources and uses	(43,200)	-	(804,328)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	37,757	1,157	655,451
FUND BALANCES:			
Beginning of year	363,535	9,695	1,969,182
End of year	<u>\$ 401,292</u>	<u>\$ 10,852</u>	<u>\$ 2,624,633</u>

<u>Capital Projects Funds</u>		<u>Debt Service</u>		<u>Non-major funds Totals</u>	
<u>General</u>	<u>General</u>	<u>2007</u>	<u>2006</u>		
\$ -	\$ 179,093	\$ 1,304,818	\$ 979,399		
	-	-	312,911		
	-	496,011	619,516		
-		729,678	111,944		
-		3,859	2,321		
-		-	4,677		
	172,084	256,544	418,128		
-	351,177	2,790,910	2,448,896		
-	-	-	93,996		
-	-	152,594	210,613		
-	-	33,842	48,453		
-	-	717,997	742,996		
		75,521	93,049		
		-	-		
		-	-		
799,524		799,524	827,974		
-	289,955	289,955	433,385		
	88,546	88,546	87,245		
799,524	378,501	2,157,979	2,537,711		
(799,524)	(27,324)	632,931	(88,815)		
		-	1,229,298		
1,191,628	-	1,191,628	1,311,387		
		(804,328)	(1,120,000)		
1,191,628	-	387,300	1,420,685		
392,104	(27,324)	1,020,231	1,331,870		
1,282,267	21,151	3,272,600	1,940,730		
\$ 1,674,371	\$ (6,173)	\$ 4,292,831	\$ 3,272,600		

(concluded)

CITY OF SAN BRUNO, CALIFORNIA

Combining Statement of Revenues, Expenditures and Changes in Fund Equity - Budget and Actual

Nonmajor Governmental Funds

For the year ended June 30, 2007

	Special Revenue Funds				General Capital Projects Fund			
	Original Budget	Amended Budget	Actual	Variance w/Amended Positive (Negative)	Original Budget	Amended Budget	Actual	Variance w/Amended Positive (Negative)
REVENUES:								
Taxes			\$ 1,125,725	\$ 1,125,725	\$ -	\$ -	\$ -	\$ -
Licenses and permits			-	-	-	-	-	-
Intergovernmental			496,011	496,011	-	-	-	-
Charges for services			729,678	729,678	-	-	-	-
Fines and forfeitures			3,859	3,859	-	-	-	-
Use of money and property			-	-	-	-	-	-
Other revenues			84,460	84,460	-	-	-	-
Total revenues	-	-	2,439,733	2,439,733	-	-	-	-
EXPENDITURES:								
Current:								
General government			-	-			-	-
Public safety			-	-			-	-
Public works			-	-			-	-
Highways and streets			152,594	(152,594)			-	-
Parks and recreation			33,842	-			-	-
Library			717,997	(717,997)			-	-
Community development			75,521	-			-	-
Capital outlay			-	-			799,524	(799,524)
Debt service:								
Principal			-	-			-	-
Interest and fiscal charges			-	-			-	-
Total expenditures	-	-	979,954	(979,954)	-	-	799,524	(799,524)
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,459,779	(1,459,779)	-	-	(799,524)	799,524
OTHER FINANCING SOURCES (USES):								
Operating transfers in			-	-			1,191,628	1,191,628
Operating transfers out			(804,328)	804,328			-	-
Total other financing sources (uses)	-	-	(804,328)	804,328	-	-	1,191,628	(1,191,628)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENSES AND OTHER FINANCING (USES)	-	-	655,451	(655,451)	-	-	392,104	(392,104)
FUND BALANCE:								
Beginning of year			1,969,182	(1,969,182)			1,282,267	-
End of year	\$ -	\$ -	\$ 2,624,633	\$ (2,624,633)	\$ -	\$ -	\$ 1,674,371	\$ (1,674,371)

General Debt Service Fund				Totals			
Original Budget	Amended Budget	Actual	Variance w/Amended Positive (Negative)	Original Budget	Amended Budget	Actual	Variance w/Amended Positive (Negative)
		\$ 179,093	\$ 179,093	\$ -	\$ -	\$ 1,304,818	\$ 1,304,818
		-	-	-	-	-	-
		-	-	-	-	496,011	496,011
		-	-	-	-	729,678	729,678
		-	-	-	-	3,859	-
		-	-	-	-	-	-
		172,084	172,084	-	-	256,544	256,544
		351,177	351,177	-	-	2,790,910	2,790,910
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	152,594	(152,594)
		-	-	-	-	33,842	-
		-	-	-	-	717,997	(717,997)
		-	-	-	-	75,521	-
		-	-	-	-	799,524	(799,524)
		289,955	(289,955)	-	-	289,955	(289,955)
		88,546	(88,546)	-	-	88,546	(88,546)
		378,501	(378,501)	-	-	2,157,979	(2,157,979)
		(27,324)	27,324	-	-	632,931	(632,931)
		-	-	-	-	1,191,628	1,191,628
		-	-	-	-	(804,328)	804,328
		-	-	-	-	387,300	(387,300)
		(27,324)	27,324	-	-	1,020,231	(1,020,231)
		21,151	-	-	-	3,272,600	(3,272,600)
\$	\$	\$ (6,173)	\$ 6,173	\$	\$	\$ 4,292,831	\$ (4,292,831)

City of San Bruno, California

Statement of Fund Net Assets

Internal Service Funds

June 30, 2007

(with comparative totals for June 30, 2006)

	Central Garage	Self- Insurance	General Equipment Revolving	Technology Development
ASSETS				
Current assets:				
Cash and investments	\$ 324,965	\$ 1,355,295	\$ 2,033,189	\$ 529,096
Cash and investments held by trustees	-	91,139	-	-
Accounts receivable	-	-	-	10,331
Total current assets	<u>324,965</u>	<u>1,446,434</u>	<u>2,033,189</u>	<u>539,427</u>
Noncurrent assets:				
Advances to Redevelopment Agency	-	-	3,227,033	-
Capital assets (net)	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,227,033</u>	<u>-</u>
Total assets	<u>\$ 324,965</u>	<u>\$ 1,446,434</u>	<u>\$ 5,260,222</u>	<u>\$ 539,427</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 11,322	\$ 34,943	\$ 11,463	\$ 14,458
Compensated absences	26,137	-	-	-
Total current liabilities	<u>37,459</u>	<u>34,943</u>	<u>11,463</u>	<u>14,458</u>
Noncurrent liabilities:				
Compensated absences	5,728	-	-	13,452
Liability for claims	-	1,771,389	-	-
Total noncurrent liabilities	<u>5,728</u>	<u>1,771,389</u>	<u>-</u>	<u>13,452</u>
Total liabilities	<u>43,187</u>	<u>1,806,332</u>	<u>11,463</u>	<u>27,910</u>
Net Assets:				
Invested in capital assets, net of related debt	-	-	-	-
Unrestricted net assets	281,778	(359,898)	5,248,759	511,517
Total net assets	<u>281,778</u>	<u>(359,898)</u>	<u>5,248,759</u>	<u>511,517</u>
Total liabilities and net assets	<u>\$ 324,965</u>	<u>\$ 1,446,434</u>	<u>\$ 5,260,222</u>	<u>\$ 539,427</u>

Facilities Maintenance	Totals	
	2007	2006
\$ 355,816	\$ 4,598,361	\$ 4,457,010
-	91,139	82,413
	10,331	-
<u>355,816</u>	<u>4,699,831</u>	<u>4,539,423</u>
	3,227,033	3,227,033
-	-	384,408
-	<u>3,227,033</u>	<u>3,611,441</u>
<u>\$ 355,816</u>	<u>\$ 7,926,864</u>	<u>\$ 8,150,864</u>
\$ 50,204	\$ 122,390	\$ 138,693
48,605	74,742	73,059
<u>98,809</u>	<u>197,132</u>	<u>211,752</u>
4,556	23,736	20,593
	1,771,389	1,694,642
<u>4,556</u>	<u>1,795,125</u>	<u>1,715,235</u>
<u>103,365</u>	<u>1,992,257</u>	<u>1,926,987</u>
-	-	384,408
252,451	5,934,607	5,839,469
<u>252,451</u>	<u>5,934,607</u>	<u>6,223,877</u>
<u>\$ 355,816</u>	<u>\$ 7,926,864</u>	<u>\$ 8,150,864</u>

City of San Bruno, California

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Service Funds

For the year ended June 30, 2007

(with comparative totals for the year ended June 30, 2006)

	<u>Central Garage</u>	<u>Self- Insurance</u>	<u>General Equipment Revolving</u>	<u>Technology Development</u>
OPERATING REVENUES:				
Charges for services	\$ 515,067	\$ -	\$ 826,933	\$ 502,196
Insurance cost allocation		1,697,464	-	
Total operating revenues	<u>515,067</u>	<u>1,697,464</u>	<u>826,933</u>	<u>502,196</u>
OPERATING EXPENSES:				
Central garage	568,918		-	
Insurance premiums, claims and administration		1,651,133	-	
Equipment			345,934	
Technology				872,406
Facilities				
Total operating expenses	<u>568,918</u>	<u>1,651,133</u>	<u>345,934</u>	<u>872,406</u>
OPERATING INCOME (LOSS)	<u>(53,851)</u>	<u>46,331</u>	<u>480,999</u>	<u>(370,210)</u>
NONOPERATING REVENUE (EXPENSE)				
Transfer to other funds	-	-	(241,000)	-
Investment Income			-	
Total non-operating revenue (expense)	<u>-</u>	<u>-</u>	<u>(241,000)</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>(53,851)</u>	<u>46,331</u>	<u>239,999</u>	<u>(370,210)</u>
NET ASSETS:				
Beginning of year	<u>335,629</u>	<u>(406,229)</u>	<u>5,008,760</u>	<u>881,727</u>
End of year	<u>\$ 281,778</u>	<u>\$ (359,898)</u>	<u>\$ 5,248,759</u>	<u>\$ 511,517</u>

Facilities Maintenance	Totals	
	2007	2006
\$ 797,905	\$ 2,642,101	\$ 2,639,824
	1,697,464	2,116,711
<u>797,905</u>	<u>4,339,565</u>	<u>4,756,535</u>
	568,918	466,282
	1,651,133	1,080,570
	345,934	359,666
	872,406	462,372
<u>949,444</u>	<u>949,444</u>	<u>784,368</u>
<u>949,444</u>	<u>4,387,835</u>	<u>3,153,258</u>
<u>(151,539)</u>	<u>(48,270)</u>	<u>1,603,277</u>
-	(241,000)	(368,889)
	-	-
<u>-</u>	<u>(241,000)</u>	<u>(368,889)</u>
<u>(151,539)</u>	<u>(289,270)</u>	<u>1,234,388</u>
<u>403,990</u>	<u>6,223,877</u>	<u>4,989,489</u>
<u>\$ 252,451</u>	<u>\$ 5,934,607</u>	<u>\$ 6,223,877</u>

City of San Bruno, California
Combining Statement of Cash Flows

Internal Service Funds

For the year ended June 30, 2007

(with comparative amounts for the year ended June 30, 2006)

	Central Garage	Self- Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from other funds for services	\$ 531,107	\$ 1,697,464
Cash received from loss claim recoveries		
Cash payments to suppliers for goods and services	(563,939)	(1,677,363)
Cash payments for loss claims	-	76,746
Cash payments to other funds for services	-	-
Net cash provided (used) by operating activities	(32,832)	96,847
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received from other funds	243,459	
Transfers paid to other funds	-	-
Net cash provided by noncapital financing activities	243,459	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	-	-
Net increase in cash and cash equivalents	210,627	96,847
CASH AND CASH EQUIVALENTS:		
Beginning of year	114,338	1,349,587
End of year	<u>\$ 324,965</u>	<u>\$ 1,446,434</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (loss) from operations	\$ (53,851)	\$ 46,331
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Prior period adjustments		
Depreciation		
(Increase) decrease in current assets:		
Accounts receivable	-	-
Due from other funds	16,040	-
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(1,411)	(26,230)
Due to other funds		
Compensated absences	6,390	
Increase (decrease) in claims liability - noncurrent		76,746
Net cash provided (used) by operating activities	\$ (32,832)	\$ 96,847

General Equipment Revolving	Technology Development	Facilities Maintenance	Totals	
			2007	2006
\$ 826,933	\$ 491,865	\$ 797,905	\$ 4,345,274	\$ 4,808,962
(337,798)	(573,753)	(878,090)	(4,030,943)	(2,242,049)
-	-	-	76,746	(1,578,466)
-	-	-	-	-
<u>489,135</u>	<u>(81,888)</u>	<u>(80,185)</u>	<u>391,077</u>	<u>988,447</u>
	506,478	355,857	1,105,794	
(1,346,794)	-	-	(1,346,794)	(176,212)
(1,346,794)	506,478	355,857	(241,000)	(176,212)
-	-	-	-	-
(857,659)	424,590	275,672	150,077	812,235
2,890,848	104,506	80,144	4,539,423	3,727,188
<u>\$ 2,033,189</u>	<u>\$ 529,096</u>	<u>\$ 355,816</u>	<u>\$ 4,689,500</u>	<u>\$ 4,539,423</u>
\$ 480,999	\$ (370,210)	\$ (151,539)	\$ (48,270)	\$ 1,384,388
			-	26,213
	320,867		320,867	-
-	(10,331)	-	(10,331)	-
-	5,163	42,339	63,542	-
8,136	(26,850)	30,052	(16,303)	1,970
	(527)	(1,037)	4,826	19,608
			76,746	(443,732)
<u>\$ 489,135</u>	<u>\$ (81,888)</u>	<u>\$ (80,185)</u>	<u>\$ 391,077</u>	<u>\$ 988,447</u>

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City of San Bruno, California
Combining Statement of Net Assets
 Fiduciary Funds
 June 30, 2007
 (with comparative totals for June 30, 2006)

	Development Project	San Bruno Garbage Company	Totals	
			2007	2006
ASSETS				
Cash and investments	\$ 347,079	\$ 291,909	\$ 638,988	\$ 352,714
Accounts receivable:		622,784	622,784	626,462
Payable from developers			-	-
Total assets	<u>\$ 347,079</u>	<u>\$ 914,693</u>	<u>\$ 1,261,772</u>	<u>\$ 979,176</u>
LIABILITIES				
Accounts payable	\$ -	\$ 414,252	\$ 414,252	\$ 432,959
Other liabilities	347,079	500,441	847,520	546,217
Total liabilities	<u>\$ 347,079</u>	<u>\$ 914,693</u>	<u>\$ 1,261,772</u>	<u>\$ 979,176</u>

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CAPITAL ASSETS - GOVERNMENTAL ACTIVITIES

City of San Bruno, California
Schedule of Changes in Capital Assets
For the year ended June 30, 2007

	2006	2006	2006			2007
	As Previously	Valuation	As	Additions	Retirements	
	Reported	Adjustment	Adjusted			2007
CAPITAL ASSETS - GOVERNMENTAL ACTIVITIES:						
Non-depreciable assets:						
Land:	\$ 1,127,197	\$ (566,000)	\$ 561,197	\$ -	\$ -	\$ 561,197
Construction in progress	7,092,872		7,092,872	1,663,825	-	8,756,697
Total Land	8,220,069	(566,000)	7,654,069	1,663,825	-	9,317,894
Infrastructure:						
Roadway:						
Pavement	1,671,919	28,300,399	29,972,318	-	-	29,972,318
Curb and gutter	-	5,036,235	5,036,235	-	-	5,036,235
Sidewalk	-	17,508,813	17,508,813	-	-	17,508,813
Streetlights	-	2,289,031	2,289,031	-	-	2,289,031
Traffic signals	-	1,732,489	1,732,489	-	-	1,732,489
Accumulated depreciation	(39,794)	(29,236,306)	(29,276,100)	(1,370,650)	-	(30,646,750)
Total Roadway	1,632,125	25,630,661	27,262,786	(1,370,650)	-	25,892,136
Recreation and Community Services:						
Park facilities	-	642,573	642,573	-	-	642,573
Bike paths and trails	-	523,615	523,615	-	-	523,615
Accumulated depreciation	-	(162,845)	(162,845)	(56,859)	-	(219,704)
Total Recreation and Community Services	-	1,003,343	1,003,343	(56,859)	-	946,484
Infrastructure (Cost)	1,671,919	56,033,155	57,705,074	-	-	57,705,074
Infrastructure (Accumulated depreciation)	(39,794)	(29,399,151)	(29,438,945)	(1,427,509)	-	(30,866,454)
Total Infrastructure (net)	1,632,125	26,634,004	28,266,129	(1,427,509)	-	26,838,620
Other Depreciable Property:						
Structures and improvements	15,568,290	(2,707,659)	12,860,631	-	-	12,860,631
Machinery and equipment	4,954,771		4,954,771	299,326	-	5,254,097
Accumulated depreciation:						
Structures and improvements	(2,437,419)	(838,509)	(3,275,928)	(389,213)	-	(3,665,141)
Machinery and equipment	(2,765,859)		(2,765,859)	(516,482)	-	(3,282,341)
Total Accumulated depreciation	(5,203,278)	(838,509)	(6,041,787)	(905,695)	-	(6,947,482)
Total Other Depreciable Property (net)	15,319,783	(3,546,168)	11,773,615	(606,369)	-	11,167,246
Total Capital Assets	\$ 25,171,977	\$22,521,836	\$47,693,813	\$ (370,053)	\$ -	\$ 47,323,760
				(3,760,713)		