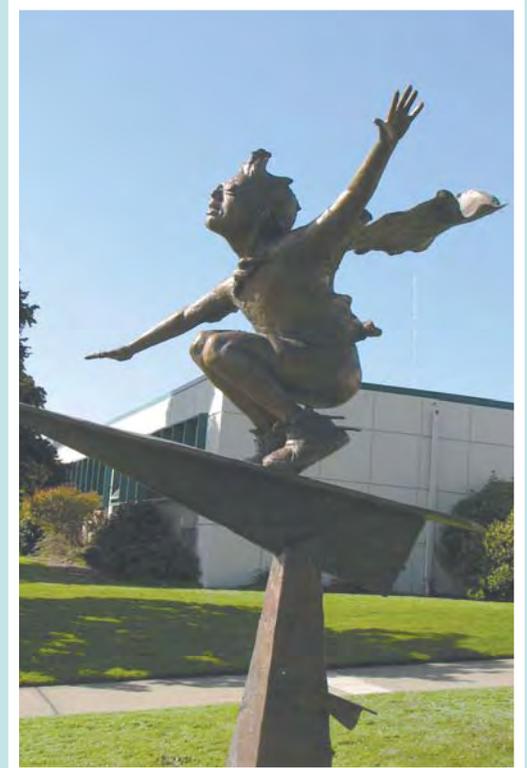


CITY OF SAN BRUNO

COMPREHENSIVE ANNUAL FINANCIAL REPORTING

FOR THE FISCAL YEAR ENDING JUNE 30, 2008



CITY OF SAN BRUNO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

Prepared by:
Finance Department
Jim O'Leary, Finance Director

City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2008

Table of Contents

	<u>Page</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	1
Directory of Officials	7
Organizational Chart.....	8
 II. FINANCIAL SECTION	
Independent Auditor’s Report	9
Management’s Discussion and Analysis (Required Supplementary Information)	11
 Basic Financial Statements:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets	25
Statement of Activities	26
 <i>Fund Financial Statements:</i>	
Governmental Funds:	
Balance Sheet	30
Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Assets	
Governmental Activities	32
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets	33
Statement of Revenues, Expenditures and Changes in Fund Balances	34
Reconciliation of Fund Based Statements to Government-Wide Statement of Activities	36
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	37
Statement of Revenues, Expenditures, and Changes in	
Fund Balances - Budget and Actual – All Major Funds	38
Proprietary Funds:	
Statement of Net Assets	40
Statement of Revenues, Expenses, and Changes	
in Fund Net Assets	42
Statement of Cash Flows	44
Fiduciary Funds:	
Statement of Net Assets	46
 Notes to Basic Financial Statements	 47
 Required Supplementary Information:	
Schedule of Funding Progress	82

City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2008

Table of Contents

	<u>Page</u>
Other Supplemental Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	88
Statement of Fund Net Assets – Internal Service Funds.....	92
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds	94
Combining Statement of Cash Flows – Internal Service Funds	96
Combining Statement of Net Assets – Fiduciary Funds	98
Capital Assets – Governmental Activities Schedule of Changes in Capital Assets.....	100
 III. STATISTICAL SECTION:	
Net Assets by Component	104
Changes in Net Assets	105
Fund Balances, Governmental Funds	107
Changes in Fund Balances, Governmental Funds	108
Table of Assessed Valuations	109
Direct and Overlapping Tax Rates.....	110
Principal Property Taxpayers.....	111
Schedule of Top 40 Retail Businesses	112
Property Tax Levies and Collections	113
Ratios of Outstanding Debt by Type	114
Overlapping Debt.....	115
Legal Debt Margin Information	116
Pledged Revenue Coverage	117
Demographic and Economic Statistics	118
Principal Employers	119
Full-time Equivalent City Employees by Function/Program	120
Capital Asset Statistics by Function/Program	121



December 16, 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, 2008 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, 2008. 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, 2008 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, 2008.

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. Regional conditions remained relatively stable over the past year, and the general fund revenues traditionally received cities, local districts, and counties have remained steady. However, the diversity of San Bruno's General Fund revenue sources has continued to benefit the City.

City property tax and sales tax decreased in 2007-08 while hotel/motel tax revenues increased compared to 2006-07. The continual downturn in the housing market had a major affect on the number of home sales sold in San Bruno, and the median price for homes both in the City and throughout the region grew at a much slower rate. The local hotel and travel industry continued to improve from the previous years.

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 it looking to local governments and taking various revenues that historically have been granted to local governments.

SIGNIFICANT INITIATIVES

- Renovated 6 medians on San Bruno Avenue with new irrigation and landscaping.
- Completed conversion of the municipal cable television services to all-digital platform to assure compliance with FCC standards ahead of required deadline.
- Initiated a sidewalk repair program and repaired over 700 sidewalk trip hazard locations.
- Installed traffic calming improvements in neighborhoods.
- Renovated a vacant City-owned parcel at Jenevein and San Mateo Avenues to provide an attractive landscaped area in Downtown.
- Initiated street realignment safety improvements at San Mateo and San Bruno Avenues as a preliminary phase of the Grade Separation Project.
- Repaved major arterial streets including San Bruno Avenue, Crystal Springs, and Cherry Avenue.
- Completed major phases of the conversion to a new financial management software system, improving financial record keeping, reporting, and management capabilities.
- Construction and opening of the Tanforan cinema project.
- Expanded effective shared delivery of Fire services with the City of Millbrae
- Provided permit and development coordination for construction of the initial phases of the Summerhill Merimont and Skycrest new housing projects.

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 accrual 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, Special Operating Funds, Enterprise Funds, and 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 the 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, 2008, the City has \$8,565,000 outstanding certificates of participation for the police facility for the San Bruno Redevelopment

Agency and \$8,890,000 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

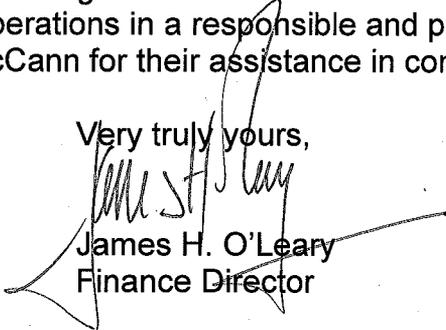
The City's Municipal Code requires an annual audit of the financial records by an independent audit firm selected by the City Council. The general purpose finance statements for the year ended June 30, 2008 have been audited by Mayer, Hoffman, McCann P.C. The firm's opinion is included in the financial 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 Mayer, Hoffman, McCann 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

Irene O'Connell, Vice Mayor

Ken Ibarra

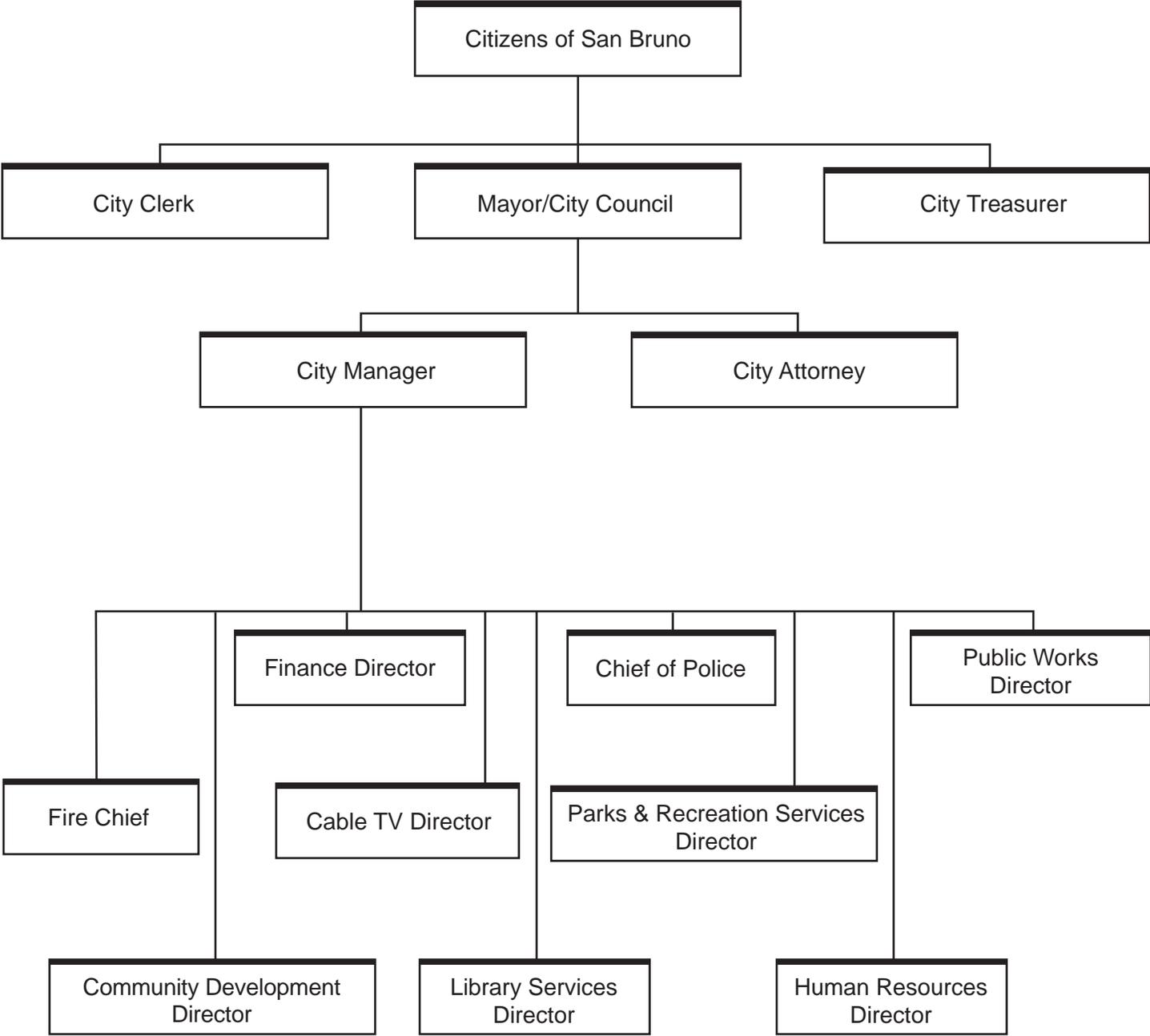
Rico E. Medina

Jim Ruane

CITY MANAGER

Connie Jackson

CITY OF SAN BRUNO





Mayer Hoffman McCann P.C.

An Independent CPA Firm

84 South First Street, Third Floor
San Jose, CA 95113
408-794-3545 ph
408-295-3818 fx
www.mhm-pc.com

City Council
City of San Bruno, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bruno, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of San Bruno. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of San Bruno for the year ended June 30, 2007. Those financial statements were audited by other auditors whose report dated May 2, 2008 expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard 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 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bruno, California as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund and major special revenue funds of the City of San Bruno, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary 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 an opinion on the financial statements that collectively comprise the City of San Bruno's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2008 on our consideration of the City of San Bruno's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman Mc Cann P.C.

San Jose, California
December 16, 2008

City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2008

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, 2008.

Financial Highlights

- The City's government-wide net assets increased \$6.0 million during 2007-08, bringing the total net assets to \$99.3 million. The 2007-08 increase in net assets marks the fifth straight year that the City has seen positive growth of net assets. Of government-wide net assets, \$63.9 million is invested in capital assets, \$797,313 is restricted for specific use, and the balance of \$34.6 million is unrestricted for the City's operations and capital investments.
- The City's unreserved fund balance increased by \$793,658 bringing the total to \$9.5 million. This increase is the result of revenues in excess of the budget and lower expenditures than budgeted.
- The City's Governmental activities expended \$43.2 million, representing a 23.8% increase over 2006-07. This was offset by charges for services of \$11.9 million; Operating and Capital Contributions and Grants of \$6.3 million for a net cost to general revenues (taxes and investment income) of \$25.0 million. General governmental activities revenues totaled \$26.7 million for a surplus (revenue net of expense) of \$1.7 million.
- Business-type activities expended \$22.9 million that was offset by charges for services totaling \$26.2 million and other income of \$574,000.

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, 2008

Management's Discussion and Analysis, Continued

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, whose operations are totally integrated with the legislative, legal, administrative, finance and public works engineering and maintenance functions of the City of San Bruno, and therefore has 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-four 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 Grant Administration, Measure A Transportation Tax and State Highway Special Revenue Funds and the Street Improvement Capital Projects Fund, all of which are considered to be major funds. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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 most governmental funds. A budgetary comparison statement has been provided for all major and nonmajor funds (where budgets are adopted) in Governmental Activities to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30-39 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,

City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2008

Management's Discussion and Analysis, Continued

Overview of Financial Statements, Continued

general equipment reserve, technology development and facilities maintenance activities. Because these services predominately benefit 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 47-79 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 80 of this report.

The combining statements referred to earlier in connection with nonmajor 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 84-98 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 \$99.3 million at the close of the most recent fiscal year. By far the largest portion of the City's net assets (greater than 64%) 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 are 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, 2008

Management's Discussion and Analysis, Continued

City of San Bruno's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 28,060,499	\$ 25,141,048	\$ 19,989,365	\$ 14,708,555	\$ 48,049,864	\$ 39,849,603
Noncurrent assets	47,570,260	47,889,760	52,127,613	51,139,594	99,697,873	99,029,354
Total assets	<u>75,630,759</u>	<u>73,030,808</u>	<u>72,116,978</u>	<u>65,848,149</u>	<u>147,747,737</u>	<u>138,878,957</u>
Current and other liabilities	6,908,907	4,978,855	3,922,495	2,365,404	10,831,402	7,344,259
Long-term liabilities	12,180,445	13,198,800	25,429,380	24,962,044	37,609,825	38,160,844
Total liabilities	<u>19,089,352</u>	<u>18,177,655</u>	<u>29,351,875</u>	<u>27,327,448</u>	<u>48,441,227</u>	<u>45,505,103</u>
Net assets:						
Invested in capital assets, net of related debt	37,073,294	36,889,081	26,865,554	26,319,885	63,938,848	63,208,966
Restricted	797,313	763,192	-	-	797,313	763,192
Unrestricted	<u>18,670,800</u>	<u>17,200,880</u>	<u>15,899,549</u>	<u>12,200,816</u>	<u>34,570,349</u>	<u>29,401,696</u>
Total net assets	<u>\$ 56,541,407</u>	<u>\$ 54,853,153</u>	<u>\$ 42,765,103</u>	<u>\$ 38,520,701</u>	<u>\$ 99,306,510</u>	<u>\$ 93,373,854</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* \$34.6 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 same situation held true for the prior fiscal year with the positive balance increasing in the current fiscal year.

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

Governmental Activities

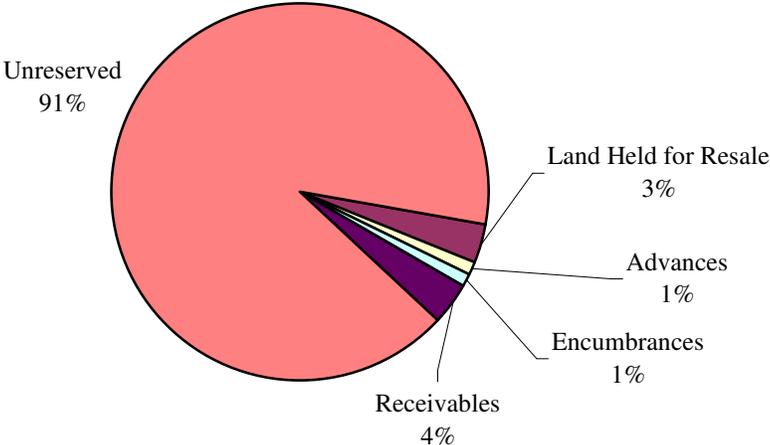
The cost of all Governmental activities this year was \$43.2 million. However, as shown in the Statement of Activities on pages 18 and 19, the amount that our taxpayers ultimately financed for these activities through City property taxes was only \$25.0 because some of the cost was paid by those who directly benefited from the programs (\$11.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$3.7 million) for operations and (\$2.6 million) for capital. The City paid for the remaining "public benefit" portion of governmental activities with \$25.0 million in other general revenues (some of which could only be used for certain programs) and beginning net assets of \$54.9 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:

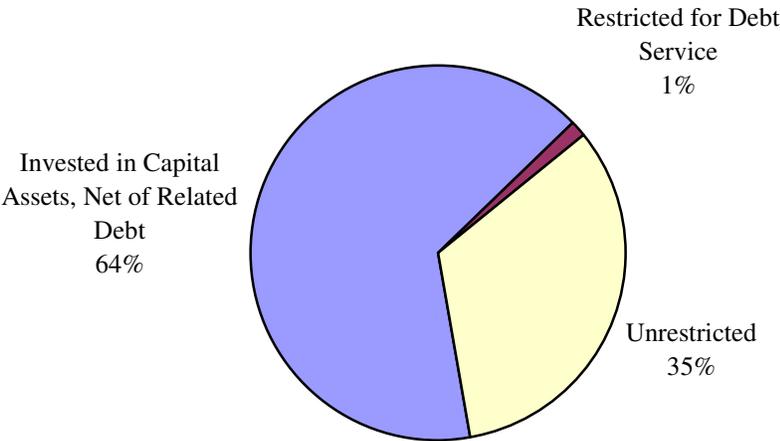
City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2008

Management's Discussion and Analysis, Continued

Fund Balance



Net Assets



City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2008

Management's Discussion and Analysis, Continued

Government-wide Financial Analysis, Continued

Governmental Activities, Continued

Total resources available during the year to finance governmental operations were \$44.9 million. This consisted of \$18.2 million in program revenues and \$26.7 million in general revenues. Total governmental activities operating expenses during the year were \$43.2 million; thus net assets at July 1, 2007, of \$54.9 million were increased by \$1.7 million to \$56.5 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.

	Operating Revenue		Operating Expenses		Net (Expense) and Changes in Net Assets	
	2008	2007	2008	2007	2008	2007
Governmental activities:						
General government	\$ 5,151,235	\$ 2,913,631	\$ 680,412	\$ 3,086,818	\$ 4,470,823	\$ (173,187)
Public safety	1,715,594	1,792,450	21,497,158	17,005,014	(19,781,564)	(15,212,564)
Public works	795,545	52,157	1,766,933	1,017,450	(971,388)	(965,293)
Highways and streets	5,112,949	2,897,604	5,988,182	4,330,591	(875,233)	(1,432,987)
Parks and recreation	1,207,882	1,193,158	4,805,202	4,226,636	(3,597,320)	(3,033,478)
Library	314,431	186,157	2,076,155	1,627,219	(1,761,724)	(1,441,062)
Community development	3,920,734	2,322,369	5,853,961	3,027,355	(1,933,227)	(704,986)
Interest Expense	-	-	553,486	575,021	(553,486)	(575,021)
Total governmental activities	\$ 18,218,370	\$ 11,357,526	\$ 43,221,489	\$ 34,896,104	\$ (25,003,119)	\$ (23,538,578)

General fund revenues exceeded the budget by \$1.7 million during the 2007-08 fiscal year. This was due to building permit revenues exceeding the budget by \$500,000 as well as one-time revenues that were not budgeted for as part of general fund operations. These one-time revenues are not used to fund general fund operations on an annual basis but rather are deposited into general fund reserves/one-time revenue. On the expense side, expenditures exceeded the budget in public safety by \$1.4 million. This overage is the result of salary increases determined over the fiscal year as well as overtime exceeding the budget.

City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2008

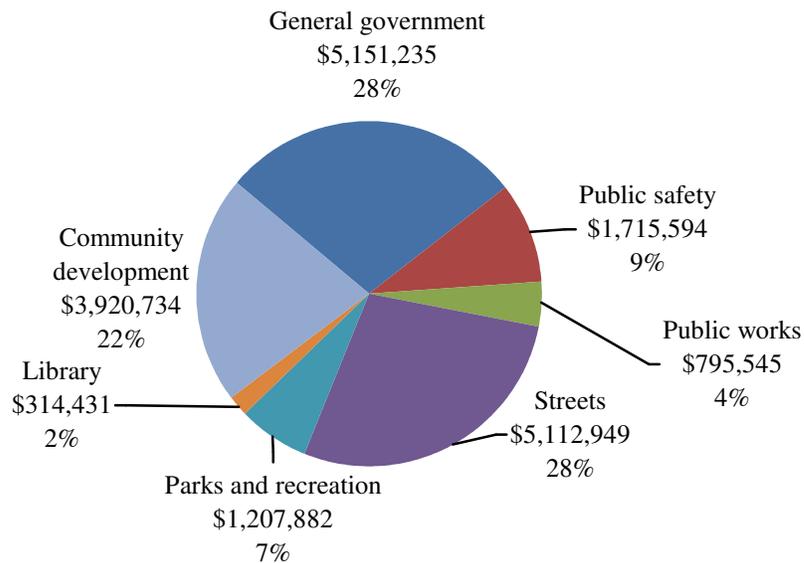
Management’s Discussion and Analysis, Continued

Government-wide Financial Analysis, Continued

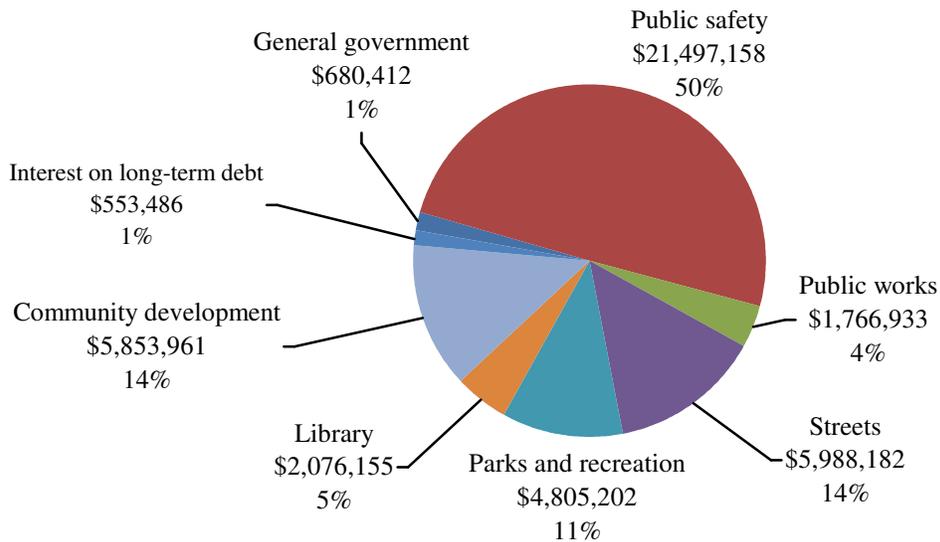
Governmental Activities, Continued

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, 2008

Management's Discussion and Analysis, Continued

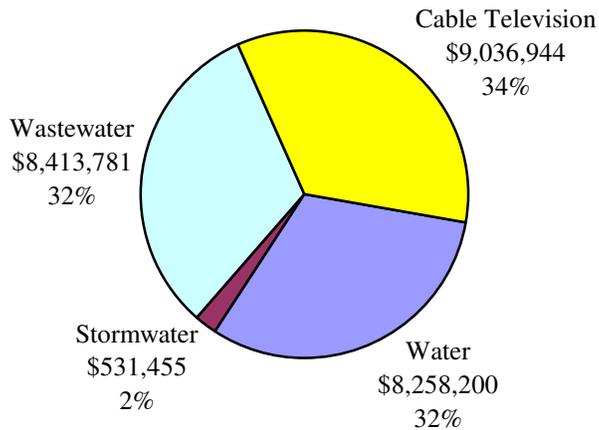
Government-wide Financial Analysis, Continued

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 \$65.3 million consisting of net assets at July 1, 2007, of \$38.5 million, program revenues of \$26.2 million, and general revenues of \$574,000. Total business-type activities expenses during the year were \$22.9 million; thus net assets were increased by \$4.2 million to \$42.8 million.

Operating revenues and expenses can be depicted graphically as follows:

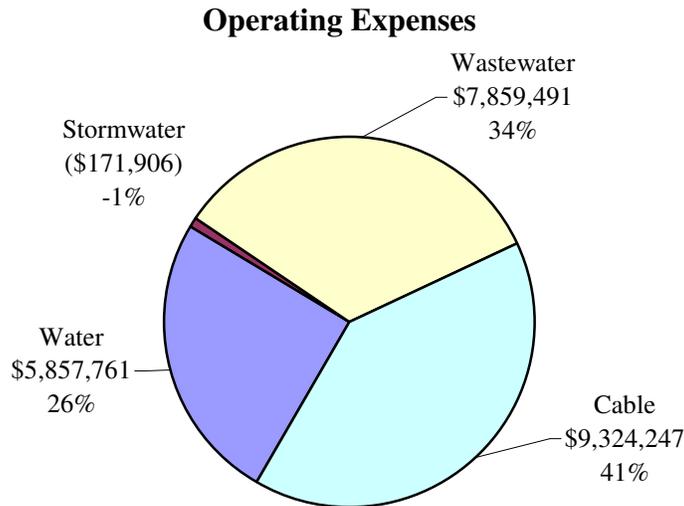
Operating Revenues



City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2008

Management’s Discussion and Analysis, Continued

Government-wide Financial Analysis, Continued



Business-type activities, 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Business-type activities:						
Water	\$ 8,258,200	\$ 7,089,683	\$ 5,857,761	\$ 6,868,405	\$ 2,400,439	\$ 221,278
Stormwater	531,455	614,832	(171,906)	502,802	703,361	112,030
Wastewater	8,413,781	6,261,689	7,859,491	6,904,217	554,290	(642,528)
Cable Television.	9,036,944	9,162,788	9,324,247	9,489,656	(287,303)	(326,868)
Total business-type activities	\$ 26,240,380	\$ 23,128,992	\$ 22,869,593	\$ 23,765,080	\$ 3,370,787	\$ (636,088)

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. The goals of the City's Investment Policy are safety, liquidity, and yield in that order.

City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2008

Management’s Discussion and Analysis, Continued

Government-wide Financial Analysis, Continued

Capital Assets

The capital assets of the City are those assets which are used in the performance of the City’s functions including infrastructure assets. At June 30, 2008, net capital assets of the governmental activities totaled \$47,004,260. Depreciation on capital assets is recognized in the government-wide financial statements. During the 2008 fiscal year, capital assets for governmental activities decreased by \$319,500 due to accumulated depreciation of \$2.5 million and deletions of \$511,742. For the business-type activities, capital assets increased by \$4.0 million mainly as a result of construction in progress, which accounted for \$3.5 million of this total.

Additional information on the City’s capital assets can be found in Note 4 on Pages 64-67 of this report.

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$561,197	\$561,197	\$576,842	\$576,842	\$1,138,039	\$1,138,039
Construction in Progress	9,663,462	8,756,697	6,543,274	3,019,703	16,206,736	11,776,400
Infrastructure	25,282,016	26,838,620	-	-	25,282,016	26,838,620
Buildings & Structures	9,418,184	9,195,490	19,776,271	20,722,305	29,194,455	29,917,795
Machinery & Equipment	2,079,401	1,971,756	6,290,879	6,952,248	8,370,280	8,924,004
Total	\$47,004,260	\$47,323,760	\$33,187,266	\$31,271,098	\$80,191,526	\$78,594,858

Debt Administration

Debt, considered a liability of governmental activities, decreased by \$872,758 as a result of a claims liability decrease of \$426,242 and retirement of debt related to the 2000 Certificate’s of Participation and Capital Lease obligations. Compensated absences increased by \$57,197 to bring the total to \$1,570,176.

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:

- The adopted General Fund budget includes a 2% increase in revenue, which includes a \$664,927 increase in departmental revenues for the 2008-09 fiscal year.
- General fund revenues such as property and sales tax remained the same as 2007-08 in line with economic forecasts.
- Water and wastewater rates will increase as part of the third year of a three-year rate increase adopted by the City Council in 2006-07.

City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2008

Management’s Discussion and Analysis, Continued

The adopted budget for all City funds for the new fiscal year of 2008-09 was \$86.6 million and is summarized as follows:

	<u>FY 2008-09</u>
General fund	\$ 34,017,854
Special revenue funds	5,933,122
Enterprise funds	35,274,246
Internal service funds	4,821,119
Capital projects	<u>9,663,334</u>
Total operations and projects	<u>89,709,675</u>
Debt service	<u>3,298,156</u>
Total budget	<u><u>\$ 93,007,831</u></u>

Budgeted Expenditures:

- The adopted general fund budget includes an increase of \$481,995 or approximately 1%. While personnel expenses were anticipated to rise 4% in line with negotiated agreements, significant cost savings were seen through a city-wide reorganization.
- The capital improvement program for 2008-09 totals \$20,450,380. This amount includes significant funding for street rehabilitation and infrastructure improvements for the city’s utility operations. The breakdown is as follows:

	<u>FY 2008-09</u>
Parks & Facilities	\$ 4,158,481
Redevelopment Agency	215,250
Streets Improvement	3,218,750
Water Enterprise	6,643,429
Wastewater Enterprise	3,939,925
Stormwater Enterprise	750,556
Cable Television	958,167
Technology	<u>565,822</u>
Totals	<u><u>\$ 20,450,380</u></u>

- A total of \$3,298,156 is set-aside to meet debt service obligations of the City. Of this amount, \$378,501 is budgeted in the general fund (non-departmental), \$2,272,217 is budgeted in the wastewater fund, and \$647,438 is budgeted in redevelopment operations.

City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2008

Management's Discussion and Analysis, Continued

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

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

City of San Bruno, California

Statement of Net Assets

June 30, 2008

(with comparative totals for June 30, 2007)

	Governmental Activities	Business-Type Activities	Totals	
			2008	2007
ASSETS				
Current assets:				
Cash and investments	\$ 25,525,605	\$ 13,033,112	\$ 38,558,717	\$ 29,117,435
Cash and investments with fiscal agent/trustee	750,786	1,137,210	1,887,996	3,894,345
Receivables (net)	4,883,922	2,719,229	7,603,151	6,837,823
Internal balances	(3,099,814)	3,099,814	-	-
Total current assets	<u>28,060,499</u>	<u>19,989,365</u>	<u>48,049,864</u>	<u>39,849,603</u>
Noncurrent assets:				
Land held for resale	566,000	-	566,000	566,000
Deferred charges, net	-	261,421	261,421	272,302
Investment in water quality control plant	-	18,678,926	18,678,926	19,596,194
Capital assets not being depreciated:				
Land	561,197	576,842	1,138,039	1,138,039
Construction in progress	9,663,462	6,543,274	16,206,736	11,776,400
Capital assets net of accumulated depreciation:				
Infrastructure	25,282,016	-	25,282,016	26,838,620
Buildings and improvements	9,418,184	19,776,271	29,194,455	29,917,795
Machinery and equipment	2,079,401	6,290,879	8,370,280	8,924,004
Total capital assets (net)	<u>47,004,260</u>	<u>33,187,266</u>	<u>80,191,526</u>	<u>78,594,858</u>
Total noncurrent assets	<u>47,570,260</u>	<u>52,127,613</u>	<u>99,697,873</u>	<u>99,029,354</u>
Total assets	<u>\$ 75,630,759</u>	<u>\$ 72,116,978</u>	<u>\$ 147,747,737</u>	<u>\$ 138,878,957</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 5,739,238	\$ 2,550,107	\$ 8,289,345	\$ 5,158,417
Interest payable	252,001	436,279	688,280	678,049
Unearned revenue	251,824	763,422	1,015,246	764,169
Compensated absences	665,844	172,687	838,531	743,624
Total current liabilities	<u>6,908,907</u>	<u>3,922,495</u>	<u>10,831,402</u>	<u>7,344,259</u>
Noncurrent liabilities:				
Compensated absences	904,332	167,321	1,071,653	1,135,067
Due to SSF - due within one year	-	860,488	860,488	838,334
Due to SSF - due after one year	-	14,035,887	14,035,887	14,896,375
Due within one year	523,124	546,250	1,069,374	698,714
Due after one year	9,407,842	9,819,434	19,227,276	18,820,965
Liability for claims	1,345,147	-	1,345,147	1,771,389
Total noncurrent liabilities	<u>12,180,445</u>	<u>25,429,380</u>	<u>37,609,825</u>	<u>38,160,844</u>
Total liabilities	<u>19,089,352</u>	<u>29,351,875</u>	<u>48,441,227</u>	<u>45,505,103</u>
NET ASSETS				
Invested in capital assets, net of related debt	37,073,294	22,821,582	59,894,876	63,208,966
Restricted for:				
Debt service	797,313	-	797,313	763,192
Unrestricted	18,670,800	19,943,521	38,614,321	29,401,696
Total net assets	<u>56,541,407</u>	<u>42,765,103</u>	<u>99,306,510</u>	<u>93,373,854</u>
Total liabilities and net assets	<u>\$ 75,630,759</u>	<u>\$ 72,116,978</u>	<u>\$ 147,747,737</u>	<u>\$ 138,878,957</u>

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, 2008

(with comparative totals for the year ended June 30, 2007)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 680,412	\$ 5,102,298	\$ 48,937	\$ -
Public safety	21,497,158	1,507,685	207,909	-
Public works	1,766,933	781,614	13,931	-
Highways and streets	5,993,182	977,667	1,573,134	2,562,148
Parks and recreation	4,805,202	794,097	347,696	66,089
Library	2,076,155	144,703	169,728	-
Community development	5,727,039	2,622,644	1,176,168	-
Interest expense	553,486	-	-	-
Total governmental activities	43,099,567	11,930,708	3,537,503	2,628,237
Business-type activities:				
Water	5,857,761	8,258,200	-	-
Stormwater	(171,906)	531,455	-	-
Wastewater	7,859,491	8,413,781	-	-
Cable Television	9,324,247	9,036,944	-	-
Total business-type activities	22,869,593	26,240,380	-	-
Total primary government	\$ 65,969,160	\$ 38,171,088	\$ 3,537,503	\$ 2,628,237
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				
Cardroom taxes				
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.

Net (Expense) Revenue and Changes in Net Assets		Totals	
Governmental Activities	Business-Type Activities	2008	2007
\$ 4,470,823	\$ -	\$ 4,470,823	\$ 2,937,895
(19,781,564)	-	(19,781,564)	(15,212,564)
(971,388)	-	(971,388)	(965,293)
(880,233)	-	(880,233)	(1,432,987)
(3,597,320)	-	(3,597,320)	(3,033,478)
(1,761,724)	-	(1,761,724)	(1,441,062)
(1,928,227)	-	(1,928,227)	(704,986)
(553,486)	-	(553,486)	(575,021)
(25,003,119)	-	(25,003,119)	(20,427,496)
-	2,400,439	2,400,439	221,278
-	703,361	703,361	112,030
-	554,290	554,290	(642,528)
-	(287,303)	(287,303)	(326,868)
-	3,370,787	3,370,787	(636,088)
(25,003,119)	3,370,787	(21,632,332)	(21,063,584)
5,792,092	-	5,792,092	5,315,026
4,435,080	-	4,435,080	3,839,579
1,478,040	-	1,478,040	1,276,830
1,608,176	-	1,608,176	1,531,909
6,637,010	-	6,637,010	6,862,845
1,491,812	-	1,491,812	1,350,100
3,365,156	-	3,365,156	3,166,460
2,184,450	573,172	2,757,622	1,727,316
-	-	-	1,075,897
26,991,816	573,172	27,564,988	26,145,962
(300,443)	300,443	-	-
26,691,373	873,615	27,564,988	26,145,962
1,688,254	4,244,402	5,932,656	5,082,378
54,853,153	38,520,701	93,373,854	65,828,853
-	-	-	22,462,623
54,853,153	38,520,701	93,373,854	88,291,476
<u>\$ 56,541,407</u>	<u>\$ 42,765,103</u>	<u>\$ 99,306,510</u>	<u>\$ 93,373,854</u>

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

City of San Bruno, California

Balance Sheet

Governmental Funds

June 30, 2008

(with comparative totals for June 30, 2007)

	Major Funds				
	General	Redevelopment Agency			Federal/State Grants
		Special Revenue	Capital Projects	Debt Service	
ASSETS					
Cash and investments	\$ 8,259,567	\$ 5,887,130	\$ -	\$ 137,664	\$ 712
Cash and investments with fiscal agent/trustee	-	-	-	659,649	-
Receivables:					
Taxes	973,137	32,026	-	-	-
Interest	268,866	-	-	-	-
Intergovernmental subventions	-	-	-	-	-
Intergovernmental grants	-	-	-	-	-
Service charges	-	-	-	-	-
Loans	543,998	90,000	-	-	-
Expense reimbursements	-	-	-	-	-
Due from other funds	1,411,518	72,801	-	-	-
Land held for resale	-	566,000	-	-	-
Advances to other funds	200,700	-	-	-	-
Total assets	<u>\$ 11,657,786</u>	<u>\$ 6,647,957</u>	<u>\$ -</u>	<u>\$ 797,313</u>	<u>\$ 712</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,949,449	\$ 2,889,442	\$ -	\$ -	\$ 1,187
Due to other funds	-	-	72,801	-	-
Deferred revenue	211,129	-	-	-	33,230
Advances from other funds	-	1,511,000	1,916,733	-	-
Total liabilities	<u>2,160,578</u>	<u>4,400,442</u>	<u>1,989,534</u>	<u>-</u>	<u>34,417</u>
Fund balances:					
Reserved for:					
Loans receivable	543,998	90,000	-	-	-
Encumbrances	82,011	25,834	-	-	-
Advances	200,700	-	-	-	-
Land held for resale	-	566,000	-	-	-
Unreserved, designated and reported in:					
General fund	8,670,499	-	-	-	-
Special revenue funds	-	1,565,681	-	-	(33,705)
Capital projects funds	-	-	(1,989,534)	-	-
Debt service funds	-	-	-	797,313	-
Total fund balances	<u>9,497,208</u>	<u>2,247,515</u>	<u>(1,989,534)</u>	<u>797,313</u>	<u>(33,705)</u>
Total liabilities and fund balances	<u>\$ 11,657,786</u>	<u>\$ 6,647,957</u>	<u>\$ -</u>	<u>\$ 797,313</u>	<u>\$ 712</u>

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

Measure A Transportation Tax	Street Improvement Capital Projects	Other Governmental Funds	2008	2007
\$ 671,089	\$ -	\$ 5,097,947	\$ 20,054,109	\$ 14,087,445
-	-	-	659,649	668,301
-	-	188,479	1,193,642	1,329,374
-	-	-	268,866	1,157
-	2,765,327	9,659	2,774,986	2,332,950
-	-	-	-	194,423
-	-	12,252	12,252	6,568
-	-	-	633,998	461,500
-	-	178	178	-
-	-	-	1,484,319	3,558,685
-	-	-	566,000	566,000
-	-	-	200,700	200,700
<u>\$ 671,089</u>	<u>\$ 2,765,327</u>	<u>\$ 5,308,515</u>	<u>\$ 27,848,699</u>	<u>\$ 23,407,103</u>
\$ -	\$ 167,995	\$ 409,371	\$ 5,417,444	\$ 4,062,602
-	1,292,211	1,754	1,366,766	2,199,186
-	-	7,465	251,824	66,122
-	-	-	3,427,733	3,427,733
-	1,460,206	418,590	10,463,767	9,755,643
-	-	-	633,998	461,500
-	89,001	-	196,846	-
-	-	-	200,700	200,700
-	-	-	566,000	566,000
-	-	-	8,670,499	8,041,350
671,089	-	3,614,689	5,817,754	3,398,888
-	1,216,120	1,275,236	501,822	219,830
-	-	-	797,313	763,192
<u>671,089</u>	<u>1,305,121</u>	<u>4,889,925</u>	<u>17,384,932</u>	<u>13,651,460</u>
<u>\$ 671,089</u>	<u>\$ 2,765,327</u>	<u>\$ 5,308,515</u>	<u>\$ 27,848,699</u>	<u>\$ 23,407,103</u>

City of San Bruno, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
For the year ended June 30, 2008

Total fund balances - total governmental funds \$ 17,384,932

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. 47,004,260

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:

Current assets and advances	\$ 8,789,666	
Accounts payable and accrued liabilities	(388,995)	
Net amount allocated to business-type activities	<u>(3,217,367)</u>	5,183,304

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	(1,365,966)
Accrued interest payable	(252,001)
Liability for claims	(1,345,147)
Certificates of Participation	(8,565,000)
Compensated absences	<u>(1,502,975)</u>

Net assets of governmental activities \$ 56,541,407

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, 2008

	Governmental Funds Balance Sheet	Internal Service Balances	Eliminations Reclassifications	Changes in GAAP	Statement of Net Assets
ASSETS					
Current assets:					
Cash and investments	20,054,109	5,471,496			25,525,605
Cash and investments with fiscal agent/trustee	659,649	91,137			750,786
Receivables (net)	4,883,922	-			4,883,922
Inventory and prepaid items	-				-
Due from other funds	1,484,319		(1,484,319)		-
Internal balances			117,553	(3,217,367)	(3,099,814)
Other assets					-
Total current assets	27,081,999	5,562,633	(1,366,766)	(3,217,367)	28,060,499
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				9,663,462	9,663,462
Capital assets net of accumulated depreciation:					
Infrastructure				25,282,016	25,282,016
Buildings and improvements				9,418,184	9,418,184
Machinery and equipment		-		2,079,401	2,079,401
Total noncurrent assets	766,700	3,227,033	(3,427,733)	47,004,260	47,570,260
Total assets	27,848,699	8,789,666	(4,794,499)	43,786,893	75,630,759
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	5,417,444	321,794		-	5,739,238
Due to other funds	1,366,766	-	(1,366,766)		-
Interest payable	-	-	-	252,001	252,001
Deferred revenue	251,824				251,824
Compensated absences	-	67,201		598,643	665,844
Total current liabilities	7,036,034	388,995	(1,366,766)	850,644	6,908,907
Noncurrent liabilities:					
Advances from other funds	3,427,733		(3,427,733)		-
Compensated absences	-	30,009		874,323	904,332
Due within one year	-	-	-	523,124	523,124
Due after one year	-	-		9,407,842	9,407,842
Liability for claims	-	1,345,147			1,345,147
Total noncurrent liabilities	3,427,733	1,375,156	(3,427,733)	10,805,289	12,180,445
Total liabilities	10,463,767	1,764,151	(4,794,499)	11,655,933	19,089,352
NET ASSETS					
Invested in capital assets, net of related debt	-	-		37,073,294	37,073,294
Restricted for:					
Debt service	797,313				797,313
Other purposes	-				-
Unrestricted (deficit)	16,587,619	7,025,515		(4,942,334)	18,670,800
Total net assets	17,384,932	7,025,515	-	32,130,960	56,541,407
Total liabilities and net assets	27,848,699	8,789,666	(4,794,499)	43,786,893	75,630,759

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, 2008
(with comparative totals for the year ended June 30, 2007)

	Major Funds				
	General	Redevelopment Agency			Federal/State Grants
		Special Revenue	Capital Projects	Debt Service	
REVENUES:					
Taxes	\$ 17,305,240	\$ 4,435,080	\$ -	\$ -	\$ -
Licenses and permits	2,973,910	-	-	-	-
Intergovernmental	3,365,156	-	-	-	137,290
Charges for services	3,534,085	-	-	-	-
Fines and forfeitures	576,878	-	-	-	-
Use of money and property	1,987,796	195,375	-	25,574	-
Other revenues	4,248,464	32,560	-	1,812	-
Total revenues	33,991,529	4,663,015	-	27,386	137,290
EXPENDITURES:					
Current:					
General government	1,114,968	-	-	-	-
Public safety	20,849,179	-	-	-	-
Public works	1,449,992	-	-	-	-
Highways and streets	1,239,686	-	-	-	-
Parks and recreation	4,748,877	-	-	-	-
Library	1,985,820	-	-	-	-
Community development	1,899,600	2,362,510	100,056	-	24,201
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	200,000	-
Interest and fiscal charges	-	-	-	449,438	-
Total expenditures	33,288,122	2,362,510	100,056	649,438	24,201
REVENUES OVER (UNDER) EXPENDITURES	703,407	2,300,505	(100,056)	(622,052)	113,089
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	3,380	-	-	-	-
Transfers in	377,882	-	55,000	650,000	-
Transfers out	(291,011)	(705,000)	(126,922)	-	-
Total other financing sources (uses)	90,251	(705,000)	(71,922)	650,000	-
Net change in fund balances	793,658	1,595,505	(171,978)	27,948	113,089
FUND BALANCES:					
Beginning of year	8,703,550	652,010	(1,817,556)	769,365	(146,794)
End of year	\$ 9,497,208	\$ 2,247,515	\$ (1,989,534)	\$ 797,313	\$ (33,705)

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

			Totals	
Measure A Transportation Tax	Street Improvement Capital Projects	Other Governmental Funds	2008	2007
\$ 716,692	\$ -	\$ 779,723	\$ 23,236,735	\$ 21,137,455
-	-	1,405,182	4,379,092	4,813,087
-	1,602,548	450,841	5,555,835	4,976,381
-	-	-	3,534,085	3,458,641
-	-	1,528	578,406	563,836
19,822	49,411	9,500	2,287,478	1,149,534
-	959,600	733,875	5,976,311	4,048,911
<u>736,514</u>	<u>2,611,559</u>	<u>3,380,649</u>	<u>45,547,942</u>	<u>40,147,845</u>
-	-	-	1,114,968	3,449,991
-	-	-	20,849,179	16,848,691
-	-	51,647	1,501,639	1,017,450
-	2,594,917	981,647	4,816,250	2,956,134
-	-	73,500	4,822,377	4,136,082
-	-	42,451	2,028,271	1,625,429
-	-	513,535	4,899,902	3,561,656
-	-	906,765	906,765	799,524
-	-	303,713	503,713	479,955
-	-	76,766	526,204	548,986
-	<u>2,594,917</u>	<u>2,950,024</u>	<u>41,969,268</u>	<u>35,423,898</u>
<u>736,514</u>	<u>16,642</u>	<u>430,625</u>	<u>3,578,674</u>	<u>4,723,947</u>
-	-	-	3,380	6,363
-	925,464	955,076	2,963,422	4,299,624
<u>(900,464)</u>	<u>-</u>	<u>(788,607)</u>	<u>(2,812,004)</u>	<u>(4,058,624)</u>
<u>(900,464)</u>	<u>925,464</u>	<u>166,469</u>	<u>154,798</u>	<u>247,363</u>
<u>(163,950)</u>	<u>942,106</u>	<u>597,094</u>	<u>3,733,472</u>	<u>4,971,310</u>
<u>835,039</u>	<u>363,015</u>	<u>4,292,831</u>	<u>13,651,460</u>	<u>8,680,150</u>
<u>\$ 671,089</u>	<u>\$ 1,305,121</u>	<u>\$ 4,889,925</u>	<u>\$ 17,384,932</u>	<u>\$ 13,651,460</u>

City of San Bruno, California

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

For the year ended June 30, 2008

Functions/Programs	Fund Based Totals	Compensated absences/ Debt Service	Indirect Costs	Depreciation	Capital Asset (Additions)/ Retirements	Internal Service Fund Eliminations	Government- wide Totals
Primary government:							
Governmental activities:							
General government	\$ 1,114,968	\$ 75,690	\$ 11,849	\$ 238,610	\$ (662,886)	\$ (97,819)	\$ 680,412
Public safety	20,849,179	-	742,382	169,698	(28,576)	(235,525)	21,497,158
Public works	1,501,639	-	200,077	154,139	(62,300)	(26,622)	1,766,933
Highways and streets	4,816,250	-	43,409	1,514,333	(355,727)	(25,083)	5,993,182
Parks and recreation	4,822,377	-	183,406	118,072	(184,987)	(133,666)	4,805,202
Library	2,028,271	-	82,566	15,374	(20,547)	(29,509)	2,076,155
Community development	4,899,902	-	539,174	331,062	-	(43,099)	5,727,039
Capital outlay	906,765	-	-	-	(906,765)	-	-
Debt service/Interest expense	1,029,917	(476,431)	-	-	-	-	553,486
Total governmental activities	41,969,268	(400,741)	1,802,863	2,541,288	(2,221,788)	(591,323)	43,099,567
Business-type activities:							
Water	7,161,392	-	186,866	-	-	(1,490,497)	5,857,761
Stormwater	541,686	-	10,007	-	-	(723,599)	(171,906)
Wastewater	7,880,353	-	110,141	-	-	(131,003)	7,859,491
Cable Television	10,096,668	-	99,847	-	-	(872,268)	9,324,247
Total business-type activities	25,680,099	-	406,861	-	-	(3,217,367)	22,869,593
Total expenditures/expenses	\$ 67,649,367	\$ (400,741)	\$ 2,209,724	\$ 2,541,288	\$ (2,221,788)	\$ (3,808,690)	\$ 65,969,160

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, 2008

Net change in fund balances- total governmental funds \$ 3,733,472

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	2,733,530
Capital asset retirements	(511,742)
Depreciation expense	(2,541,288)
	<u>(319,500)</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	303,713
Certificate of participation principal payments	200,000
	<u>503,713</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	(27,282)
Accrued compensated absences	(75,690)
	<u>(102,972)</u>

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

The net revenue (expense) of the internal service funds \$1,090,908

Less: Ending balance in internal service funds (\$3,217,367) (2,126,459)

Change in net assets of governmental activities \$ 1,688,254

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 - General and Budgeted Major Special Revenue Funds
 For the year ended June 30, 2008

	General Fund			Variance w/Amended Positive (Negative)
	Original Budget	Amended Budget	Actual	
REVENUES:				
Taxes	\$ 15,528,405	\$ 15,528,405	\$ 17,305,240	\$ 1,776,835
Licenses and permits	2,443,400	2,443,400	2,973,910	530,510
Intergovernmental	5,157,203	5,157,203	3,365,156	(1,792,047)
Charges for services	3,572,026	3,572,026	3,534,085	(37,941)
Fines and forfeitures	476,100	476,100	576,878	100,778
Use of money and property	884,121	884,121	1,987,796	1,103,675
Other revenues	4,270,736	4,270,736	4,248,464	(22,272)
Total revenues	<u>32,331,991</u>	<u>32,331,991</u>	<u>33,991,529</u>	<u>1,659,538</u>
EXPENDITURES:				
Current:				
General government	3,630,115	3,630,115	1,114,968	2,515,147
Public safety	19,491,051	19,491,051	20,849,179	(1,358,128)
Public works	1,307,626	1,307,626	1,449,992	(142,366)
Highways and streets	1,334,364	1,334,364	1,239,686	94,678
Parks and recreation	4,762,122	4,762,122	4,748,877	13,245
Library	1,954,432	1,954,432	1,985,820	(31,388)
Community development	2,295,441	2,295,441	1,899,600	395,841
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>34,775,151</u>	<u>34,775,151</u>	<u>33,288,122</u>	<u>1,487,029</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,443,160)</u>	<u>(2,443,160)</u>	<u>703,407</u>	<u>3,146,567</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	3,380	3,380
Lease proceeds	-	-	-	-
Transfers in	-	-	377,882	377,882
Transfers out	(673,111)	(673,111)	(291,011)	382,100
Total other financing sources (uses)	<u>(673,111)</u>	<u>(673,111)</u>	<u>90,251</u>	<u>763,362</u>
Net change in fund balances	<u>(3,116,271)</u>	<u>(3,116,271)</u>	<u>793,658</u>	<u>3,909,929</u>
FUND BALANCES:				
Beginning of year	8,703,550	8,703,550	8,703,550	-
End of year	<u>\$ 5,587,279</u>	<u>\$ 5,587,279</u>	<u>\$ 9,497,208</u>	<u>\$ 3,909,929</u>

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

**Redevelopment Agency
Special Revenue**

Original Budget	Amended Budget	Actual	Variance w/Amended Positive (Negative)
\$ 3,999,415	\$ 3,999,415	\$ 4,435,080	\$ 435,665
-	-	-	-
-	-	-	-
-	-	-	-
-	-	195,375	195,375
-	-	32,560	32,560
<u>3,999,415</u>	<u>3,999,415</u>	<u>4,663,015</u>	<u>663,600</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,671,172	2,671,172	2,362,510	308,662
-	-	-	-
-	-	-	-
<u>2,671,172</u>	<u>2,671,172</u>	<u>2,362,510</u>	<u>308,662</u>
1,328,243	1,328,243	2,300,505	972,262
-	-	-	-
-	-	-	-
-	-	-	-
-	-	(705,000)	(705,000)
-	-	(705,000)	(705,000)
<u>1,328,243</u>	<u>1,328,243</u>	<u>1,595,505</u>	<u>267,262</u>
652,010	652,010	652,010	-
<u>\$ 1,980,253</u>	<u>\$ 1,980,253</u>	<u>\$ 2,247,515</u>	<u>\$ 267,262</u>

City of San Bruno, California

Statement of Net Assets

Proprietary Funds

June 30, 2008

(with comparative totals for June 30, 2007)

	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
ASSETS			
Current assets:			
Cash and investments	\$ 6,678,251	\$ 2,102,325	\$ 4,252,336
Cash and investments with fiscal agent/trustee	-	-	1,137,210
Accounts receivable	1,005,099	-	868,305
Prepaid items	-	-	-
Total current assets	<u>7,683,350</u>	<u>2,102,325</u>	<u>6,257,851</u>
Noncurrent assets:			
Advance to City of San Bruno Redevelopment Agency	-	-	-
Deferred charges, net	-	-	261,421
Investment in water quality control plant	-	-	18,678,926
Property, plant and equipment (net)	12,426,227	201,332	12,839,412
Total noncurrent assets	<u>12,426,227</u>	<u>201,332</u>	<u>31,779,759</u>
Total assets	<u>\$ 20,109,577</u>	<u>\$ 2,303,657</u>	<u>\$ 38,037,610</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,076,260	\$ 708	\$ 885,140
Due to other funds	-	-	-
Interest payable	-	-	436,279
Unearned revenue	-	-	-
Compensated absences - current	37,418	10,981	67,341
Due to SSF - due within one year	-	-	860,488
Long term debt - due within one year	-	-	205,000
Total current liabilities	<u>1,113,678</u>	<u>11,689</u>	<u>2,454,248</u>
Noncurrent liabilities:			
Compensated absences - noncurrent	44,051	7,458	29,988
Due to SSF - due after one year	-	-	14,035,887
Long term debt - due after one year	-	-	8,685,000
Liability for claims - non-current	-	-	-
Total noncurrent liabilities	<u>44,051</u>	<u>7,458</u>	<u>22,750,875</u>
Total liabilities	<u>1,157,729</u>	<u>19,147</u>	<u>25,205,123</u>
Net Assets			
Invested in capital assets, net of related debt	12,426,227	201,332	3,949,412
Unrestricted (deficit)	6,525,621	2,083,178	8,883,075
Total net assets	<u>18,951,848</u>	<u>2,284,510</u>	<u>12,832,487</u>
Total liabilities and net assets	<u>\$ 20,109,577</u>	<u>\$ 2,303,657</u>	<u>\$ 38,037,610</u>
Reconciliation to government-wide statement of net assets:			
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	1,490,497	131,003	723,599
Net assets of business-type activities	<u>\$ 20,442,345</u>	<u>\$ 2,415,513</u>	<u>\$ 13,556,086</u>

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	
	2008	2007	2008	2007
\$ 200	\$ 13,033,112	\$ 10,340,490	\$ 5,471,496	\$ 4,598,361
-	1,137,210	3,226,044	91,137	91,139
845,825	2,719,229	2,501,520	-	10,331
-	-	-	-	-
<u>846,025</u>	<u>16,889,551</u>	<u>16,068,054</u>	<u>5,562,633</u>	<u>4,699,831</u>
-	-	-	3,227,033	3,227,033
-	261,421	272,302	-	-
-	18,678,926	19,596,194	-	-
<u>7,720,295</u>	<u>33,187,266</u>	<u>31,271,098</u>	<u>-</u>	<u>-</u>
<u>7,720,295</u>	<u>52,127,613</u>	<u>51,139,594</u>	<u>3,227,033</u>	<u>3,227,033</u>
<u>\$ 8,566,320</u>	<u>\$ 69,017,164</u>	<u>\$ 67,207,648</u>	<u>\$ 8,789,666</u>	<u>\$ 7,926,864</u>
\$ 587,999	\$ 2,550,107	\$ 990,650	\$ 321,794	\$ 122,390
117,553	117,553	1,359,499	-	-
-	436,279	453,330	-	-
763,422	763,422	698,047	-	-
56,947	172,687	223,377	67,201	74,742
-	860,488	838,334	-	-
<u>341,250</u>	<u>546,250</u>	<u>195,000</u>	<u>-</u>	<u>-</u>
<u>1,867,171</u>	<u>5,446,786</u>	<u>4,758,237</u>	<u>388,995</u>	<u>197,132</u>
85,824	167,321	142,335	30,009	23,736
-	14,035,887	14,896,375	-	-
1,134,434	9,819,434	8,890,000	-	-
-	-	-	1,345,147	1,771,389
<u>1,220,258</u>	<u>24,022,642</u>	<u>23,928,710</u>	<u>1,375,156</u>	<u>1,795,125</u>
<u>3,087,429</u>	<u>29,469,428</u>	<u>28,686,947</u>	<u>1,764,151</u>	<u>1,992,257</u>
6,244,611	22,821,582	22,186,098	-	-
(765,720)	16,726,154	16,334,603	7,025,515	5,934,607
<u>5,478,891</u>	<u>39,547,736</u>	<u>38,520,701</u>	<u>7,025,515</u>	<u>5,934,607</u>
<u>\$ 8,566,320</u>	<u>\$ 69,017,164</u>	<u>\$ 67,207,648</u>	<u>\$ 8,789,666</u>	<u>\$ 7,926,864</u>
872,268	3,217,367	2,717,782		
<u>\$ 6,351,159</u>	<u>\$ 42,765,103</u>	<u>\$ 41,238,483</u>		

City of San Bruno, California

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

Proprietary Funds

For the year ended June 30, 2008

(with comparative totals for the year ended June 30, 2007)

	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
OPERATING REVENUES:			
Charges for services:			
Water sales	\$ 7,934,398	\$ -	\$ -
Sewer service charges	-		7,933,281
Cable television charges	-		-
Other service charges	68,246	493,949	336,565
Other operating revenue	255,556	37,506	143,935
Insurance cost allocation	-	-	-
Total operating revenues	<u>8,258,200</u>	<u>531,455</u>	<u>8,413,781</u>
OPERATING EXPENSES:			
Water supply	3,907,806	-	-
Distribution	1,979,425	402,248	-
Customer accounting	572,352	-	-
Treatment	-	-	5,759,994
Cable operations	-	-	-
Central garage	-	-	-
Insurance expenses	-	88,836	-
Equipment replacement	-	-	-
Technology support	-	-	-
Facilities maintenance	-	-	-
Depreciation and amortization	701,809	50,602	1,303,143
Total operating expenses	<u>7,161,392</u>	<u>541,686</u>	<u>7,063,137</u>
OPERATING INCOME (LOSS)	<u>1,096,808</u>	<u>(10,231)</u>	<u>1,350,644</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	201,972	62,012	258,381
Interest and debt service expenses	-	-	(817,216)
Total non-operating revenues (expenses), net	<u>201,972</u>	<u>62,012</u>	<u>(558,835)</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,298,780	51,781	791,809
Transfers out	(31,418)	-	-
CHANGE IN NET ASSETS	1,267,362	51,781	791,809
NET ASSETS:			
Beginning of year	17,684,486	2,232,729	12,040,678
End of year	<u>\$ 18,951,848</u>	<u>\$ 2,284,510</u>	<u>\$ 12,832,487</u>
Reconciliation to government-wide statement of net assets:			
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	1,490,497	131,003	723,599
Net assets of business-type activities - End of year	<u>\$ 20,442,345</u>	<u>\$ 2,415,513</u>	<u>\$ 13,556,086</u>

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		
	2008	2007	2008	2007	
\$ -	\$ 7,934,398	\$ 6,778,470	\$ -	\$ -	
	7,933,281	6,258,194	-	-	
9,036,944	9,036,944	9,162,788	-	-	
-	898,760	670,810	2,867,075	2,642,101	
-	436,997	258,730	-	-	
-	-	-	2,151,048	1,697,464	
9,036,944	26,240,380	23,128,992	5,018,123	4,339,565	
-	3,907,806	3,236,848	-	-	
-	2,381,673	2,696,627	-	-	
-	572,352	559,083	-	-	
-	5,759,994	4,897,154	-	-	
9,039,659	9,039,659	8,466,199	-	-	
-	-	-	610,483	568,918	
-	88,836	78,150	1,391,562	1,651,133	
-	-	33,834	324,470	345,934	
-	-	-	657,183	872,406	
-	-	-	898,517	949,444	
968,343	3,023,897	2,697,912	-	-	
10,008,002	24,774,217	22,665,807	3,882,215	4,387,835	
(971,058)	1,466,163	463,185	1,135,908	(48,270)	
50,807	573,172	508,939	-	-	
(88,666)	(905,882)	(1,099,273)	-	-	
(37,859)	(332,710)	(590,334)	-	-	
(1,008,917)	1,133,453	(127,149)	1,135,908	(48,270)	
(75,000)	(106,418)	-	(45,000)	(241,000)	
(1,083,917)	1,027,035	(127,149)	1,090,908	(289,270)	
6,562,808	38,520,701	38,647,850	5,934,607	6,223,877	
\$ 5,478,891	\$ 39,547,736	\$ 38,520,701	\$ 7,025,515	\$ 5,934,607	
872,268	1,621,500	2,717,782			
\$ 6,351,159	\$ 42,765,103	\$ 41,238,483			

City of San Bruno, California

Statement of Cash Flows

Proprietary Funds

For the year ended June 30, 2008

(with comparative amounts for the year ended June 30, 2007)

	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from interfund services provided	\$ -	\$ -	\$ -
Cash receipts from customers	8,207,618	531,455	8,320,950
Cash payments to suppliers for goods and services	(4,805,351)	(296,753)	(4,353,477)
Cash payments to employees for services	(1,197,002)	(196,638)	(969,291)
Cash payments for loss claims	-	-	-
Net cash used by operating activities	2,205,265	38,064	2,998,182
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers received from other funds	-	-	-
Transfers paid to other funds	(31,418)	-	-
Net cash provided by noncapital financing activities	(31,418)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(1,922,965)	(160,224)	(1,614,359)
Proceeds from issuance of debt	-	-	-
Principal payments on long-term debt	-	-	(1,033,334)
Interest paid on long-term debt	-	-	(397,988)
Net cash (used) by capital and related financing activities	(1,922,965)	(160,224)	(3,045,681)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	201,972	62,012	258,381
Net cash provided by investing activities	201,972	62,012	258,381
Net increase (decrease) in cash and cash equivalents	452,854	(60,148)	210,882
CASH AND CASH EQUIVALENTS:			
Beginning of year	6,225,397	2,162,473	5,178,664
End of year	<u>\$ 6,678,251</u>	<u>\$ 2,102,325</u>	<u>\$ 5,389,546</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets			
Cash and investments	\$ 6,678,251	\$ 2,102,325	\$ 4,252,336
Cash and investments held by trustees	-	-	1,137,210
Total Cash and Cash Equivalents, End of Year	<u>\$ 6,678,251</u>	<u>\$ 2,102,325</u>	<u>\$ 5,389,546</u>
Reconciliation of income (loss) from operations to net cash used by operating activities:			
Operating income (loss)	\$ 1,096,808	\$ (10,231)	\$ 1,350,644
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation and amortization	701,809	50,602	1,303,143
(Increase) decrease in current assets:			
Accounts receivable	(50,582)	-	(92,831)
Prepaid items	-	-	-
Due from other funds	-	-	-
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	467,189	(3,572)	441,544
Due to other funds	-	-	-
Unearned revenue	-	-	-
Compensated absences	(9,959)	1,265	(4,318)
Increase (decrease) in claims liability - noncurrent	-	-	-
Net cash used by operating activities	<u>\$ 2,205,265</u>	<u>\$ 38,064</u>	<u>\$ 2,998,182</u>

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

Cable Television	Totals		Governmental Activities - Internal Service Funds	
	Totals		Totals	
	2008	2007	2008	2007
\$ -	\$ -	\$ -	\$ 5,028,454	\$ 4,345,274
9,028,023	26,088,046	24,266,174	-	-
(7,235,445)	(16,691,026)	(16,488,334)	(3,684,079)	(4,030,943)
(1,598,889)	(3,961,820)	(3,457,520)	-	-
-	-	-	(426,242)	76,746
193,689	5,435,200	4,320,320	918,133	391,077
117,553	117,553	-	-	1,105,794
(1,434,499)	(1,465,917)	-	(45,000)	(1,346,794)
(1,316,946)	(1,348,364)	-	(45,000)	(241,000)
(314,368)	(4,011,916)	(6,805,400)	-	-
1,800,000	1,800,000	-	-	-
(324,316)	(1,357,650)	-	-	-
(88,666)	(486,654)	(645,943)	-	-
1,072,650	(4,056,220)	(7,451,343)	-	-
50,807	573,172	508,939	-	-
50,807	573,172	508,939	-	-
200	603,788	(2,622,084)	873,133	150,077
-	13,566,534	16,188,618	4,689,500	4,539,423
\$ 200	\$ 14,170,322	\$ 13,566,534	\$ 5,562,633	\$ 4,689,500
\$ 200	\$ 13,033,112	\$ 10,340,490	\$ 5,471,496	\$ 4,598,361
-	1,137,210	3,226,044	91,137	91,139
\$ 200	\$ 14,170,322	\$ 13,566,534	\$ 5,562,633	\$ 4,689,500
\$ (971,058)	\$ 1,466,163	\$ 463,185	\$ 1,135,908	\$ (48,270)
968,343	3,023,897	2,697,912	-	320,867
(74,296)	(217,709)	439,135	10,331	(10,331)
-	-	-	-	-
-	-	-	-	63,542
218,017	1,123,178	(60,469)	199,404	(16,303)
-	-	-	-	-
65,375	65,375	698,047	-	-
(12,692)	(25,704)	82,510	(1,268)	4,826
-	-	-	(426,242)	76,746
\$ 193,689	\$ 5,435,200	\$ 4,320,320	\$ 918,133	\$ 391,077

City of San Bruno, California

Statement of Assets and Liabilities

Fiduciary Funds

June 30, 2008

(with comparative totals for June 30, 2007)

	Agency Funds	
	2008	2007
ASSETS		
Cash and investments	\$ 618,500	\$ 638,988
Accounts receivable	611,520	622,784
Total assets	\$ 1,230,020	\$ 1,261,772
LIABILITIES		
Accounts payable	\$ 931,510	\$ 414,252
Other liabilities	298,510	847,520
Total liabilities	\$ 1,230,020	\$ 1,261,772

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

NOTES TO BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

City of San Bruno, California
Basic Financial Statements
For the year ended June 30, 2008

Index to Notes to Basic Financial Statements

	<u>Page</u>
Note 1 - Summary of Significant Accounting Policies	51
Financial Reporting Entity	51
Basis of Presentation.....	51
Measurement Focus and Basis of Accounting.....	56
Assets, Liabilities, and Equity	57
Revenues, Expenditures and Expenses.....	60
Budgetary Policies	62
Note 2 – Cash and Investments	63
Note 3 – Accounts Receivable	64
Note 4 – Capital Assets	64
Note 5 – Accounts Payable and Accrued Liabilities	68
Note 6 – Long-term Debt	68
Note 7 – City of South San Francisco Sewer Plant Agreement	73
Note 8 – Deficit Net Assets/Fund Balances	74
Note 9 – Excess Expenditures over Appropriations	75
Note 10 – Interfund Transactions	75
Note 11 – Risk Management	77
Note 12 – Public Employee Retirement System	77
Plan Description.....	77
Funding Policy.....	78
Annual Pension Cost.....	78
Note 13 – Other Post-Employment Benefits	79
Note 14 – Contingencies	79
Note 15 – Litigation	79
Note 16 – Subsequent Events	79

This page intentionally left blank.

City of San Bruno, California
Notes to Basic Financial Statements
For the year ended June 30, 2008

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, 2008

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, 2008

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. The percentage contribution by function to these funds was as follows:

Governmental activities:

General government	9%
Public safety	22%
Public works	2%
Highways and streets	2%
Parks and recreation	12%
Library	3%
Community development	4%

Business-type activities:

Water	21%
Stormwater	2%
Wastewater	10%
Cable	13%

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, 2008

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 tax increment revenues received for the operations and 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>	
Redevelopment Agency	Accounts for the administration and management of the Agency's capital projects
Street Improvement	Accounts for funds expended for street improvements.
<i>Debt Service Funds:</i>	
Redevelopment Agency	Accounts for the Agency's issuance and administration of the 2000 Certificates of Participation.
<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.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Non-Major:

Special Revenue Funds:
(continued)

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.
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 City Hall capital lease obligation.
---------	---

Capital Projects Funds:

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

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.
- 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than program revenues. Likewise, general revenues include all taxes.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting, continued

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.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

Assets, Liabilities, and Equity

Cash Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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.

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.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. Policy has set the capitalization threshold for reporting capital assets at \$10,000 if actual is unavailable, except for donated Capital Assets which are recorded at their estimated fair value at the date of donation.

Gifts or contributions of capital assets are recorded at fair market value on the date donated. Public domain (infrastructure) general fixed assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems and are capitalized at \$100,000.

The accounting treatment of property, plant and equipment (Capital 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.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets, continued

Government-Wide Statements

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 Capital 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, Capital Assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital Assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

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.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.”

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

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenues, Expenditures, and Expenses, continued

Property Tax, continued

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.

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.

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, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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, Major Redevelopment Special Revenue, and Capital Project 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, 2008, 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.
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.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

2. CASH AND INVESTMENTS

At June 30, 2008, 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	\$ -	\$ -	\$ -	\$ -	\$ 2,156,025	\$ 2,156,025
Petty cash	-	-	-	-	3,765	3,765
Cash held by South San Francisco	-	-	-	-	236,963	236,963
Certificates of deposit	-	-	-	-	3,000,000	3,000,000
Total pooled items	-	-	-	-	5,396,753	5,396,753
Pooled investments, at fair value						
<u>Interest obligations</u>						
Fiscal agent investments - Money Market Accounts	1,651,033	-	-	-	-	1,651,033
County of San Mateo Investment Pool	28,310,749	-	-	-	-	28,310,749
State of California Local Agency Investment Fund	5,706,678	-	-	-	-	5,706,678
Total pooled investments - interest obligations	35,668,460	-	-	-	-	35,668,460
Total cash equivalents and investments pooled	\$ 35,668,460	\$ -	\$ -	\$ -	\$ 5,396,753	\$ 41,065,213
Amounts reported in:						
Governmental activities						\$ 26,276,391
Business-type activities						14,170,322
Fiduciary activities - Agency funds						618,500
Total						<u>\$ 41,065,213</u>

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, 2008, the City's investments in money market accounts were rated AAA by Standard & Poor's and Fitch Ratings, and Aaa by Moody's Investors Service. The County of San Mateo Investment Pool and State of California Local Agency Investment Fund are not rated.

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.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

2. CASH AND INVESTMENTS, Continued

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, 2008:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Taxes	\$ 1,193,642	\$ -	\$ -	\$ 1,193,642
Interest	268,866	-	-	268,866
Intergovernmental subventions	2,774,986	-	-	2,774,986
Service charges	12,252	2,719,229	611,520	3,343,001
Loans	633,998	-	-	633,998
Expense reimbursements	178	-	-	178
Total accounts receivable	\$ 4,883,922	\$ 2,719,229	\$ 611,520	\$ 8,214,671

These amounts resulted in the following concentrations in receivables:

Other Governments 48% Other 52%

4. CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Land	\$ 561,197	\$ 561,197	\$ 576,842	\$ 576,842	\$ 1,138,039	\$ 1,138,039
Construction in progress	8,756,697	9,663,462	3,019,703	6,543,274	11,776,400	16,206,736
Infrastructure, net	26,838,620	25,282,016	-	-	26,838,620	25,282,016
Buildings and improvements, net	9,195,490	9,418,184	20,722,305	19,776,271	29,917,795	29,194,455
Machinery and equipment, net	1,971,756	2,079,401	6,952,248	6,290,879	8,924,004	8,370,280
Total	\$ 47,323,760	\$ 47,004,260	\$ 31,271,098	\$ 33,187,266	\$ 78,594,858	\$ 80,191,526

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

4. CAPITAL ASSETS, Continued

Capital asset activity for the year ended June 30, 2008 for governmental activities, was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<u>Governmental activities:</u>				
Land	\$ 561,197	\$ -		\$ 561,197
Construction in process	8,756,697	1,406,751	\$ (499,986)	9,663,462
Infrastructure	57,705,074	-	-	57,705,074
Buildings and Improvements	12,860,631	590,074	-	13,450,705
Machinery and equipment	5,254,097	736,705	(93,201)	5,897,601
Total cost	<u>85,137,696</u>	<u>2,733,530</u>	<u>(593,187)</u>	<u>87,278,039</u>
Less: accumulated depreciation				
Infrastructure	(30,866,454)	(1,556,604)	-	(32,423,058)
Buildings and Improvements	(3,665,141)	(367,380)		(4,032,521)
Machinery and equipment	(3,282,341)	(617,304)	81,445	(3,899,645)
Total depreciation	<u>(37,813,936)</u>	<u>(2,541,288)</u>	<u>81,445</u>	<u>(40,355,224)</u>
Net book value				
Land	\$ 561,197	\$ -	\$ -	\$ 561,197
Construction in process	8,756,697	1,406,751	(499,986)	9,663,462
Infrastructure	26,838,620	(1,556,604)	-	25,282,016
Buildings and Improvements	9,195,490	222,694	-	9,418,184
Machinery and equipment	1,971,756	119,401	(11,756)	2,079,401
Net book value	<u>\$ 47,323,760</u>	<u>\$ 192,242</u>	<u>\$ (511,742)</u>	<u>\$ 47,004,260</u>

Depreciation expense for governmental activities for the year ended June 30, 2008 was as follows:

General government	\$ 238,610
Public safety	169,698
Public works	154,139
Highways and streets	1,514,333
Parks and recreation	118,072
Library	15,374
Community development	331,062
Total depreciation expense	<u>\$ 2,541,288</u>

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

4. CAPITAL ASSETS, Continued

Capital asset activity for the year ended June 30, 2008 for business-type activities, was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Business-type activities:				
Water				
Land	\$ 76,842	\$ -	\$ -	\$ 76,842
Construction in process	630,019	1,645,685	-	2,275,704
Buildings and Improvements	14,012,226	-	-	14,012,226
Equipment	2,444,174	277,280	-	2,721,454
Total	<u>17,163,261</u>	<u>1,922,965</u>	<u>-</u>	<u>19,086,226</u>
Stormwater				
Machinery and Equipment	330,679	160,224	-	490,903
Wastewater				
Land	\$ -	\$ -	\$ -	\$ -
Construction in process	2,389,684	1,571,086	-	3,960,770
Buildings and Improvements	10,562,635	-	-	10,562,635
Equipment	350,435	43,273	-	393,708
Total	<u>13,302,754</u>	<u>1,614,359</u>	<u>-</u>	<u>14,917,113</u>
Cable Television				
Land	500,000	-	-	500,000
Construction in process	-	306,800	-	306,800
Buildings and Improvements	3,030,888	-	-	3,030,888
Equipment & Furniture	10,282,584	61,176	(53,608)	10,290,152
Total	<u>13,813,472</u>	<u>367,976</u>	<u>(53,608)</u>	<u>14,127,840</u>
Total cost - Business Activities	<u>\$ 44,610,166</u>	<u>\$ 4,065,524</u>	<u>\$ (53,608)</u>	<u>\$ 48,622,082</u>
Totals by category				
Land	\$ 576,842	\$ -	\$ -	\$ 576,842
Construction in process	3,019,703	3,523,571	-	6,543,274
Total nondepreciable	<u>\$ 3,596,545</u>	<u>\$ 3,523,571</u>	<u>\$ -</u>	<u>\$ 7,120,116</u>
Depreciable:				
Buildings and Improvements	27,605,749	-	-	27,605,749
Machinery and Equipment	13,407,872	541,953	(53,608)	13,896,217
Total depreciable	<u>41,013,621</u>	<u>541,953</u>	<u>(53,608)</u>	<u>41,501,966</u>
Total cost by category	<u>\$ 44,610,166</u>	<u>\$ 4,065,524</u>	<u>\$ (53,608)</u>	<u>\$ 48,622,082</u>

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

4. CAPITAL ASSETS, Continued

Accumulated Depreciation for business-type activities was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Water				
Plant:				
Buildings and Improvements	(4,167,504)	(475,940)	-	(4,643,444)
Machinery and Equipment	(1,790,686)	(225,869)	-	(2,016,555)
Total	(5,958,190)	(701,809)	-	(6,659,999)
Net book value	<u>\$ 11,205,071</u>	<u>\$ 1,221,156</u>	<u>\$ -</u>	<u>\$ 12,426,227</u>
Stormwater				
Machinery and Equipment	(238,969)	(50,602)	-	(289,571)
Net book value	<u>\$ 91,710</u>	<u>\$ 109,622</u>	<u>\$ -</u>	<u>\$ 201,332</u>
Wastewater				
Buildings and Improvements	(1,432,874)	(325,150)	-	(1,758,024)
Machinery and Equipment	(269,833)	(49,844)	-	(319,677)
Total	(1,702,707)	(374,994)	-	(2,077,701)
Net book value	<u>\$ 11,600,047</u>	<u>\$ 1,239,365</u>	<u>\$ -</u>	<u>\$ 12,839,412</u>
Cable Television				
Buildings and Improvements	(1,283,066)	(144,944)	-	(1,428,010)
Machinery and Equipment	(4,156,136)	(823,399)	-	(4,979,535)
Total	(5,439,202)	(968,343)	-	(6,407,545)
Net book value	<u>\$ 8,374,270</u>	<u>\$ (600,367)</u>	<u>\$ (53,608)</u>	<u>\$ 7,720,295</u>
Buildings and Improvements	(6,883,444)	(946,034)	-	(7,829,478)
Machinery and Equipment	(6,455,624)	(1,149,714)	-	(7,605,338)
Total Depreciable	<u>\$ (13,339,068)</u>	<u>\$ (2,095,748)</u>	<u>\$ -</u>	<u>\$ (15,434,816)</u>
Land	\$ 576,842	\$ -	\$ -	576,842
Construction in process	3,019,703	3,523,571	-	6,543,274
Buildings and Improvements	20,722,305	(946,034)	-	19,776,271
Machinery and Equipment	6,952,248	(607,761)	(53,608)	6,290,879
Total Capital Assets	<u>\$ 31,271,098</u>	<u>\$ 1,969,776</u>	<u>\$ (53,608)</u>	<u>\$ 33,187,266</u>

Depreciation and amortization expense for business-type activities for the year ended June 30, 2008 was as follows:

Water	\$ 701,809
Stormwater	50,602
Wastewater	374,994
Cable Television	968,343
Total depreciation expense	2,095,748
Wastewater - amortization	928,149
Total depreciation and amortization expense	<u>\$ 3,023,897</u>

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2008:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 4,150,898	\$ 2,550,107	\$ 931,510	\$ 7,632,515
Deposits	479,513	-	-	479,513
Accrued payroll	1,108,827	-	-	1,108,827
Total	<u>\$ 5,739,238</u>	<u>\$ 2,550,107</u>	<u>\$ 931,510</u>	<u>\$ 9,220,855</u>

These amounts resulted in the following concentrations in payables:

Vendors 83% Deposits 5% Employees 12%

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt for governmental activities for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008
Governmental activities:				
2000 Certificates of Participation	\$ 8,765,000	\$ -	\$ (200,000)	\$ 8,565,000
Capital Lease Obligations	1,669,679	-	(303,713)	1,365,966
Compensated Absences	1,512,979	57,197	-	1,570,176
Liability for claims	1,771,389	-	(426,242)	1,345,147
Total governmental activities	<u>\$ 13,719,047</u>	<u>\$ 57,197</u>	<u>\$ (929,955)</u>	<u>\$ 12,846,289</u>
Compensated absences, current	\$ 520,247	\$ 145,597	\$ -	\$ 665,844
Total	<u>520,247</u>	<u>145,597</u>	<u>-</u>	<u>665,844</u>
Compensated absences, non-current	992,732	-	(88,400)	904,332
Due within one year	503,713	19,411	-	523,124
Due after one year	9,930,966	-	(523,124)	9,407,842
Liability for claims	1,771,389	-	(426,242)	1,345,147
Total	<u>13,198,800</u>	<u>19,411</u>	<u>(1,037,766)</u>	<u>12,180,445</u>
Grand Total	<u>\$ 13,719,047</u>	<u>\$ 165,008</u>	<u>\$ (1,037,766)</u>	<u>\$ 12,846,289</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, 2008

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 Obligation

At June 30, 2008, Capital Lease Obligations consisted of the following:

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008
Governmental activities:				
City Hall Remodel	\$ 1,669,679	-	\$ (303,713)	\$ 1,365,966
Total governmental activities	<u>\$ 1,669,679</u>	<u>-</u>	<u>\$ (303,713)</u>	<u>\$ 1,365,966</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, 2008, amounted to \$1,570,176 and \$340,008 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 \$1,345,147 (see note 10 for further discussion).

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

6. LONG-TERM DEBT, Continued

Year Ending June 30,	Governmental activities					
	2000 Certificates of Participation		Capital Lease Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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	250,000	398,358	-	-	250,000	398,358
2014-2018	1,435,000	1,795,927	-	-	1,435,000	1,795,927
2019-2023	1,855,000	1,388,553	-	-	1,855,000	1,388,553
2024-2028	2,385,000	849,450	-	-	2,385,000	849,450
2029-2031	1,755,000	187,425	-	-	1,755,000	187,425
Total	<u>\$ 8,565,000</u>	<u>\$ 6,319,477</u>	<u>\$ 1,365,966</u>	<u>\$ 148,038</u>	<u>\$ 9,930,966</u>	<u>\$ 6,467,515</u>
Due within one year	\$ 205,000	\$ 439,938	\$ 318,124	\$ 60,377	\$ 523,124	\$ 500,315
Due after one year	8,360,000	5,879,539	1,047,842	87,661	9,407,842	5,967,200
Total	<u>\$ 8,565,000</u>	<u>\$ 6,319,477</u>	<u>\$ 1,365,966</u>	<u>\$ 148,038</u>	<u>\$ 9,930,966</u>	<u>\$ 6,467,515</u>

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

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, 2008:

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008
Business-type activities:				
2002 Certificates of Participation	\$ 9,085,000	\$ -	\$ (195,000)	\$ 8,890,000
Capital Lease Obligation	-	1,800,000	(324,316)	1,475,684
Compensated Absences	365,712	-	(25,704)	340,008
Due to City of South San Francisco:				
1993 Loan	1,230,292	-	(160,560)	1,069,732
1999 Loan	7,637,032	-	(390,988)	7,246,044
2007 Loan	6,867,385	-	(286,786)	6,580,599
Total business-type activities	<u>25,185,421</u>	<u>1,800,000</u>	<u>(1,383,354)</u>	<u>25,602,067</u>
Total long-term debt	<u>\$ 25,185,421</u>	<u>\$ 1,800,000</u>	<u>\$ (1,383,354)</u>	<u>\$ 25,602,067</u>
Compensated absences, current	<u>\$ 223,377</u>	<u>\$ -</u>	<u>\$ (50,690)</u>	<u>\$ 172,687</u>
Total	<u>223,377</u>	<u>-</u>	<u>(50,690)</u>	<u>172,687</u>
Compensated absences, non-current	142,335	24,986	-	167,321
Due within one year	1,033,335	373,403	-	1,406,738
Due after one year	<u>23,786,374</u>	<u>1,800,000</u>	<u>(1,731,053)</u>	<u>23,855,321</u>
Total	<u>24,962,044</u>	<u>2,198,389</u>	<u>(1,731,053)</u>	<u>25,429,380</u>
Grand Total	<u>\$ 25,185,421</u>	<u>\$ 2,198,389</u>	<u>\$ (1,781,743)</u>	<u>\$ 25,602,067</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, 2008

6. LONG-TERM DEBT, Continued

Capital Lease Obligations

At June 30, 2008, Capital Lease Obligations consisted of the following:

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008
Business-type activities:				
Cable TV Set-top boxes	\$ -	\$ 1,800,000	\$ (324,316)	\$ 1,475,684
Total business-type activities	\$ -	\$ 1,800,000	\$ (324,316)	\$ 1,475,684

Cable TV Set-top boxes

On December 1, 2007 the City entered into a \$1,800,000 capital lease with GE Capital Public Finance, Inc. to purchase set-top boxes for the Cable TV enterprise operation. Principal and interest payments are due semi-annually on June 1 and December 1 with an interest rate of 5.15%.

The annual debt service requirements to maturity for all amounts, except compensated absences and claims payable, at June 30, 2008, were as follows:

Year Ending June 30,	Business-type activities							
	2002		Capital Lease		Due to		Totals	
	Certificates of Participation		Obligation		South San Francisco		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 205,000	\$ 420,803	\$ 341,250	\$ 71,732	\$ 860,488	\$ 385,004	\$ 1,406,738	\$ 877,539
2010	210,000	413,640	359,069	53,913	883,228	362,264	1,452,297	829,817
2011	215,000	405,775	377,818	35,164	906,572	338,920	1,499,390	779,859
2012	225,000	397,303	397,546	15,436	930,536	314,956	1,553,082	727,695
2013	235,000	388,215	-	-	955,136	290,356	1,190,136	678,571
2014-2018	1,330,000	1,780,059	-	-	4,342,030	1,095,548	5,672,030	2,875,607
2019-2023	1,655,000	1,435,010	-	-	4,708,981	531,128	6,363,981	1,966,138
2024-2028	2,110,000	970,272	-	-	1,309,404	66,009	3,419,404	1,036,281
2029-2033	2,705,000	359,903	-	-	-	-	2,705,000	359,903
Total	\$ 8,890,000	\$ 6,570,980	\$ 1,475,684	\$ 176,244	\$ 14,896,375	\$ 3,384,185	\$ 25,262,059	\$ 10,131,409
Due within one year	\$ 205,000	\$ 420,803	\$ 341,250	\$ 71,732	\$ 860,488	\$ 385,004	\$ 1,406,738	\$ 877,539
Due after one year	8,685,000	6,150,177	1,134,434	104,512	14,035,887	2,999,181	23,855,321	9,253,870
Total	\$ 8,890,000	\$ 6,570,980	\$ 1,475,684	\$ 176,244	\$ 14,896,375	\$ 3,384,185	\$ 25,262,059	\$ 10,131,409

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

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 2007-08 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 2007-08 the City paid \$1,479,202 to SSF for these improvements.

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, 2007	Additions	Retirements	Balance June 30, 2008
Capital Investment:				
Financed	\$ 19,170,177	\$ -	\$ -	\$ 19,170,177
Contributed	3,761,556	-	-	3,761,556
Total Capital Investment	<u>22,931,733</u>	<u>-</u>	<u>-</u>	<u>22,931,733</u>
Accumulated Depreciation:				
Financed	(2,974,211)	(825,975)	-	(3,800,186)
Contributed	(361,328)	(91,293)	-	(452,621)
Total Capital Investment	<u>(3,335,539)</u>	<u>(917,268)</u>	<u>-</u>	<u>(4,252,807)</u>
Net Book Value:				
Financed	16,195,966	(825,975)	-	15,369,991
Contributed	3,400,228	(91,293)	-	3,308,935
Total Net Book Value	<u>\$ 19,596,194</u>	<u>\$ (917,268)</u>	<u>\$ -</u>	<u>\$ 18,678,926</u>

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

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

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

	SSF Original Loan	City's Share	SSF Loan Balance June 30, 2008	City's Share	City's Share %
1993 Capital Project State Water Resources Loan	\$ 8,842,852	\$ 2,918,141	\$ 3,241,611	\$ 1,069,732	33%
1999 Capital Project State Water Resources Loan	50,553,782	9,104,859	40,232,905	7,246,044	18%
2007 Capital Project State Water Resources Loan	21,856,810	7,147,177	20,124,157	6,580,599	33%
Total	<u>\$ 81,253,444</u>	<u>\$ 19,170,177</u>	<u>\$ 63,598,673</u>	<u>\$ 14,896,375</u>	

8. DEFICIT NET ASSETS/FUND BALANCES

Deficit net assets balances consisted of the following:

Business-type activities

Cable Television Enterprise Fund had an unrestricted net assets deficit in the amount of (\$765,720) to be eliminated through future service charges.

Deficit fund balances consisted of the following:

Major Funds:

Redevelopment Agency Capital Projects Fund (\$1,989,534) to be funded through future property tax increment.

Federal/State Grants Special Revenue Fund (\$33,705) will be funded through future revenue on cost-reimbursement grants.

Nonmajor Funds:

Agency on Aging Special Revenue Fund (\$3,377) will be eliminated through future intergovernmental revenues.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

9. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following major governmental funds had an excess of expenditures over appropriations:

Redevelopment Agency Capital Projects Fund (\$12,728), which was covered by current year transfers from other funds.

Federal/State Grants Special Revenue Fund (\$24,201), which was the result of carryover grants from prior years.

10. INTERFUND TRANSACTIONS

Due to and due from other funds consisted of the following as of June 30, 2008:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Major Funds:</u>		
<u>Governmental Activities</u>		
General Fund	\$ 1,411,518	\$ -
Redevelopment Agency Special Revenue	72,801	
Redevelopment Agency Capital Projects	-	72,801
Street Improvement Capital Projects	-	1,292,211
<u>Business-type Activities</u>		
Cable Television	-	117,553
<u>Nonmajor Funds:</u>		
<u>Governmental Activities</u>		
Area Agency on Aging	-	1,754
Total	<u>\$ 1,484,319</u>	<u>\$ 1,484,319</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 (\$200,700) and General Equipment Reserve Internal Service Fund (\$3,227,033) have advanced the Redevelopment Agency Special Revenue Fund \$1,511,000 and Redevelopment Agency Capital Projects Fund \$1,916,733 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, 2008

10. INTERFUND TRANSACTIONS, Continued

Transfers consisted of the following at June 30, 2008:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds:</u>		
<u>Governmental Activities</u>		
General Fund	\$ 377,882	\$ 291,011
Redevelopment Agency Special Revenue	-	705,000
Redevelopment Agency Capital Projects	55,000	126,922
Redevelopment Agency Debt Service	650,000	-
Measure A Transportation Tax	-	900,464
Street Improvement Capital Projects	925,464	-
Total Governmental Activities	<u>2,008,346</u>	<u>2,023,397</u>
<u>Business-type Activities</u>		
Water	-	31,418
Cable Television	-	75,000
Total Business-Type Activities	<u>-</u>	<u>106,418</u>
Total Major Funds	<u>2,008,346</u>	<u>2,129,815</u>
<u>Non-major Funds:</u>		
<u>Governmental Activities</u>		
In-lieu	-	284,925
Gas Tax	-	20,000
Library Special Revenue	-	75,000
Safety Augmentation	-	95,184
Police	-	199,198
Restricted Donations	-	114,300
General Capital Projects	955,076	-
Technology Development Internal Service	-	45,000
Total	<u>\$ 2,963,422</u>	<u>\$ 2,963,422</u>

Transfers reflect amounts recorded in Special Revenue Funds for shared capital projects or debt service and costs amongst funds, outlined as follows:

Redevelopment Agency transfers remained within the Redevelopment Agency from Special Revenue to Capital Projects and Debt Service.

Measure A Transportation and Gas Tax to Street Improvement Capital Projects.

General Fund, Water, Cable Television, In-lieu, \$114,300 of Restricted Donations and the Technology Development transfers out were transferred to the General Capital Projects Fund for various projects funded by revenues collected in these funds.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

11. 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, 2008.

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments for Current and Prior Years	End of Year Liability
2006-2007	\$ 1,694,642	\$ 537,832	\$ (461,085)	\$ 1,771,389
2007-2008	1,771,389	358,884	(785,126)	1,345,147

12. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The City contributes to the California Public Employees' Retirement System (CALPERS) a cost sharing 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.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

12. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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 14.479% for miscellaneous employees, and 30.784% 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 2007, the most recent available, the City's annual pension cost of \$3,932,467 for CALPERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% 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.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2006	\$ 3,885,600	100%	-
June 30, 2007	3,880,399	100%	-
June 30, 2008	3,932,467	100%	-

13. POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description: The City provides health care benefits through the Teamsters Local #856 Health and Welfare Fund, which is a defined benefit postemployment healthcare plan. Financial statements can be obtained by contacting the plan administrator at

Funding Policy: The City is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 3.5 percent of annual covered payroll.

City of San Bruno, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

13. POST-EMPLOYMENT HEALTHCARE PLAN, Continued

Annual OPEB For 2008, the city's annual cost (expense):for six retired employees was \$24,775 which was equal to the ARC. The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost
June 30, 2006	\$ 50,524
June 30, 2007	37,942
June 30, 2008	24,775

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, 2008, 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.

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.

16. SUBSEQUENT EVENTS

At June 30, 2008, the San Mateo County investment pool, had investments amounting to \$173,300,000 in Lehman Brothers Securities. After year-end \$154,645,980 in Lehman Brothers Securities became worthless and subject to claim in bankruptcy. The County removed the securities from the investment pool at the quarter ended September 30, 2008 and distributed the losses amongst the pool participants according to their respective average daily cash balance. The County set aside \$1,466,567 in a market valuation account for the City's portion of these losses in the event amounts are recovered in the future.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Bruno, California
Required Supplementary Information
For the year ended June 30, 2008

STATE OF CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**MISCELLANEOUS
EMPLOYEES**

Actuarial Valuation Date	Accrued Liability	Actuarial Value of Assets (AVA)	Unfunded Liability (UL)	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
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%
June 30, 2007	66,778,802	58,767,880	8,010,922	88.0%	11,019,013	72.7%

SAFETY EMPLOYEES

Actuarial Valuation Date	Accrued Liability	Actuarial Value of Assets (AVA)	Unfunded Liability (UL)	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
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%
June 30, 2007	7,986,055,176	6,826,599,459	1,159,455,717	85.5%	831607658	139.4%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

City of San Bruno, California
Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008
 (with comparative totals for June 30, 2007)

	Special Revenue Funds				
	In-Lieu	Agency on Aging	Gas Tax	Library Special Revenue	Police Asset Seizure
ASSETS					
Cash and investments	\$ 2,023,112	\$ -	\$ 223,432	\$ 427,765	\$ 10,843
Cash and investments with fiscal agents	-	-	-	-	-
Receivables:					
Taxes	-	-	188,479	-	-
Fines	-	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental subventions	-	-	-	9,659	-
Intergovernmental grants	-	-	-	-	-
Service charges	-	12,252	-	-	-
Loans	-	-	-	-	-
Expense reimbursements	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 2,023,112	\$ 12,252	\$ 411,911	\$ 437,424	\$ 10,843
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 540	\$ 13,875	\$ 1,637	\$ -	\$ -
Due to other funds	-	1,754	-	-	-
Deferred revenue	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	540	15,629	1,637	-	-
Fund Balances:					
Designated					
Donations	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	2,022,572	(3,377)	410,274	437,424	10,843
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total fund balances	2,022,572	(3,377)	410,274	437,424	10,843
Total liabilities and fund balances	\$ 2,023,112	\$ 12,252	\$ 411,911	\$ 437,424	\$ 10,843

Special Revenue Funds		
Safety Augmentation	Police Special Revenue	SB 322 Recycling/Litter Clean-up
\$ -	\$ -	\$ 129,168
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,168</u>
\$ -	\$ -	\$ 945
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>945</u>
-	-	-
-	-	128,223
-	-	-
-	-	128,223
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,168</u>

(continued)

City of San Bruno, California

Combining Balance Sheet

Nonmajor Governmental Funds, Continued

June 30, 2008

(with comparative totals for June 30, 2007)

	Special Revenue Funds		
	Restricted Donations	Traffic Safety	Total
ASSETS			
Cash and investments	\$ 595,628	\$ 21,531	\$ 3,431,479
Restricted pooled cash and investments	-	-	-
Receivables:			
Taxes	-	-	188,479
Fines	-	-	-
Interest	-	-	-
Intergovernmental subventions	-	-	9,659
Intergovernmental grants	-	-	-
Service charges	-	-	12,252
Loans	-	-	-
Expense reimbursements	178	-	178
Due from other funds	-	-	-
Total assets	\$ 595,806	\$ 21,531	\$ 3,642,047
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,142	\$ -	\$ 18,139
Due to other funds	-	-	1,754
Deferred revenue	-	7,465	7,465
Compensated absences	-	-	-
Total liabilities	1,142	7,465	27,358
Fund Balances:			
Designated			
Donations	594,664	-	594,664
Unreserved, reported in:			
Special revenue funds	-	14,066	3,020,025
Capital projects funds	-	-	-
Debt service funds	-	-	-
Total fund balances	594,664	14,066	3,614,689
Total liabilities and fund balances	\$ 595,806	\$ 21,531	\$ 3,642,047

<u>Capital Projects Funds</u>		<u>Debt Service</u>		Non-major funds	
General		General		Totals	
				2008	2007
\$	1,665,011	\$	-	\$ 5,096,490	\$ 4,346,403
	1,457		-	1,457	1,457
	-		-	188,479	-
	-		-	-	-
	-		-	-	1,157
	-		-	9,659	35,245
	-		-	-	-
	-		-	12,252	6,568
	-		-	-	-
	-		-	178	-
	-		-	-	-
<u>\$</u>	<u>1,666,468</u>	<u>\$</u>	<u>-</u>	<u>\$ 5,308,515</u>	<u>\$ 4,390,830</u>
\$	391,232	\$	-	\$ 409,371	\$ 84,361
	-		-	1,754	6,173
	-		-	7,465	7,465
	-		-	-	-
	391,232		-	418,590	97,999
	-		-	594,664	401,292
	-		-	3,020,025	2,223,341
	1,275,236		-	1,275,236	1,674,371
	-		-	-	(6,173)
	1,275,236		-	4,889,925	4,292,831
<u>\$</u>	<u>1,666,468</u>	<u>\$</u>	<u>-</u>	<u>\$ 5,308,515</u>	<u>\$ 4,390,830</u>

(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, 2008

(with comparative totals for the year ended June 30, 2007)

	Special Revenue Funds				
	In-Lieu	Agency on Aging	Gas Tax	Library Special Revenue	Police Asset Seizure
REVENUES:					
Taxes	\$ -	\$ -	\$ 779,723	\$ -	\$ -
Licenses and permits	1,405,182	-	-	-	-
Intergovernmental	-	61,334	-	54,686	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	1,528
Use of money and property	-	-	6,600	-	-
Other revenues	-	-	-	-	-
Total revenues	1,405,182	61,334	786,323	54,686	1,528
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Highways and streets	-	-	981,647	-	-
Parks and recreation	-	73,500	-	-	-
Library	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	73,500	981,647	-	-
REVENUES OVER (UNDER) EXPENDITURES	1,405,182	(12,166)	(195,324)	54,686	1,528
OTHER FINANCING SOURCES (USES):					
Lease proceeds					
Transfers in			-		-
Transfers out	(284,925)	-	(20,000)	(75,000)	-
Total other financing sources and uses	(284,925)	-	(20,000)	(75,000)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	1,120,257	(12,166)	(215,324)	(20,314)	1,528
FUND BALANCES:					
Beginning of year	902,315	8,789	625,598	457,738	9,315
End of year	\$ 2,022,572	\$ (3,377)	\$ 410,274	\$ 437,424	\$ 10,843

Safety Augmentation	Police Special Revenue	SB 322 Recycling/Litter Clean-up
\$ -	\$ -	\$ -
-	-	-
95,184	100,215	70,119
-	-	-
-	-	-
-	-	-
95,184	100,215	70,119
-	-	-
-	-	-
-	-	51,647
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	51,647
95,184	100,215	18,472
(95,184)	(199,198)	-
(95,184)	(199,198)	-
-	(98,983)	18,472
-	98,983	109,751
\$ -	\$ -	\$ 128,223

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, 2008

(with comparative totals for the year ended June 30, 2007)

	Special Revenue Funds		
	Restricted Donations	Traffic Safety	Total
REVENUES:			
Taxes	\$ -	\$ -	\$ 779,723
Licenses and permits	-	-	1,405,182
Intergovernmental	-	3,214	384,752
Charges for services	-	-	-
Fines and forfeitures	-	-	1,528
Use of money and property	2,900	-	9,500
Other revenues	347,223	-	347,223
Total revenues	<u>350,123</u>	<u>3,214</u>	<u>2,927,908</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	51,647
Highways and streets	-	-	981,647
Parks and recreation	-	-	73,500
Library	42,451	-	42,451
Community development	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>42,451</u>	<u>-</u>	<u>1,149,245</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>307,672</u>	<u>3,214</u>	<u>1,778,663</u>
OTHER FINANCING SOURCES (USES):			
Lease proceeds			
Transfers in			-
Transfers out	(114,300)	-	(788,607)
Total other financing sources and uses	<u>(114,300)</u>	<u>-</u>	<u>(788,607)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>193,372</u>	<u>3,214</u>	<u>990,056</u>
FUND BALANCES:			
Beginning of year	401,292	10,852	2,624,633
End of year	<u>\$ 594,664</u>	<u>\$ 14,066</u>	<u>\$ 3,614,689</u>

<u>Capital Projects Funds</u>		<u>Debt Service</u>		Non-major funds	
General		General		Totals	
				2008	2007
\$	-	\$	-	\$ 779,723	\$ 1,304,818
	-		-	1,405,182	434,298
	66,089		-	450,841	496,011
	-		-	-	295,380
	-		-	1,528	3,859
	-		-	9,500	-
			386,652	733,875	256,544
	66,089		386,652	3,380,649	2,790,910
	-		-	-	-
	-		-	-	152,594
	-		-	51,647	33,842
	-		-	981,647	717,997
	-		-	73,500	75,521
	-		-	42,451	-
	513,535		-	513,535	-
	906,765		-	906,765	799,524
	-		303,713	303,713	289,955
	-		76,766	76,766	88,546
	1,420,300		380,479	2,950,024	2,157,979
	(1,354,211)		6,173	430,625	632,931
	955,076		-	955,076	1,191,628
				(788,607)	(804,328)
	955,076		-	166,469	387,300
	(399,135)		6,173	597,094	1,020,231
	1,674,371		(6,173)	4,292,831	3,272,600
\$	1,275,236	\$	-	\$ 4,889,925	\$ 4,292,831

(concluded)

City of San Bruno, California

Statement of Fund Net Assets

Internal Service Funds

June 30, 2008

(with comparative totals for June 30, 2007)

	Central Garage	Self- Insurance	General Equipment Revolving	Technology Development
ASSETS				
Current assets:				
Cash and investments	\$ 307,683	\$ 1,886,716	\$ 2,297,987	\$ 473,331
Cash and investments held by trustees	-	91,137	-	-
Accounts receivable	-	-	-	-
Total current assets	<u>307,683</u>	<u>1,977,853</u>	<u>2,297,987</u>	<u>473,331</u>
Noncurrent assets:				
Advances to Redevelopment Agency	-	-	3,227,033	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,227,033</u>	<u>-</u>
Total assets	<u>\$ 307,683</u>	<u>\$ 1,977,853</u>	<u>\$ 5,525,020</u>	<u>\$ 473,331</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 10,097	\$ 233,118	\$ 26,960	\$ 10,629
Compensated absences	24,459	-	-	-
Total current liabilities	<u>34,556</u>	<u>233,118</u>	<u>26,960</u>	<u>10,629</u>
Noncurrent liabilities:				
Compensated absences	8,348	-	-	18,640
Liability for claims	-	1,345,147	-	-
Total noncurrent liabilities	<u>8,348</u>	<u>1,345,147</u>	<u>-</u>	<u>18,640</u>
Total liabilities	<u>42,904</u>	<u>1,578,265</u>	<u>26,960</u>	<u>29,269</u>
Net Assets:				
Invested in capital assets, net of related debt	-	-	-	-
Unrestricted net assets	264,779	399,588	5,498,060	444,062
Total net assets	<u>264,779</u>	<u>399,588</u>	<u>5,498,060</u>	<u>444,062</u>
Total liabilities and net assets	<u>\$ 307,683</u>	<u>\$ 1,977,853</u>	<u>\$ 5,525,020</u>	<u>\$ 473,331</u>

Facilities Maintenance	Totals	
	2008	2007
\$ 505,779	\$ 5,471,496	\$ 4,598,361
-	91,137	91,139
	-	10,331
<u>505,779</u>	<u>5,562,633</u>	<u>4,699,831</u>
-	3,227,033	3,227,033
-	3,227,033	3,227,033
<u>\$ 505,779</u>	<u>\$ 8,789,666</u>	<u>\$ 7,926,864</u>
\$ 40,990	\$ 321,794	\$ 122,390
42,742	67,201	74,742
<u>83,732</u>	<u>388,995</u>	<u>197,132</u>
3,021	30,009	23,736
	1,345,147	1,771,389
<u>3,021</u>	<u>1,375,156</u>	<u>1,795,125</u>
<u>86,753</u>	<u>1,764,151</u>	<u>1,992,257</u>
-	-	-
419,026	7,025,515	5,934,607
<u>419,026</u>	<u>7,025,515</u>	<u>5,934,607</u>
<u>\$ 505,779</u>	<u>\$ 8,789,666</u>	<u>\$ 7,926,864</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, 2008

(with comparative totals for the year ended June 30, 2007)

	Central Garage	Self- Insurance	General Equipment Revolving	Technology Development
OPERATING REVENUES:				
Charges for services	\$ 593,484	\$ -	\$ 573,771	\$ 634,728
Insurance cost allocation	-	2,151,048	-	-
Total operating revenues	593,484	2,151,048	573,771	634,728
OPERATING EXPENSES:				
Central garage	610,483	-	-	-
Insurance premiums, claims and administration	-	1,391,562	-	-
Equipment	-	-	324,470	-
Technology	-	-	-	657,183
Facilities	-	-	-	-
Total operating expenses	610,483	1,391,562	324,470	657,183
OPERATING INCOME (LOSS)	(16,999)	759,486	249,301	(22,455)
NONOPERATING REVENUE (EXPENSE)				
Transfer from (to) other funds	-	-	-	(45,000)
Total non-operating revenue (expense)	-	-	-	(45,000)
CHANGE IN NET ASSETS	(16,999)	759,486	249,301	(67,455)
NET ASSETS:				
Beginning of year	281,778	(359,898)	5,248,759	511,517
End of year	<u>\$ 264,779</u>	<u>\$ 399,588</u>	<u>\$ 5,498,060</u>	<u>\$ 444,062</u>

Facilities Maintenance	Totals	
	2008	2007
\$ 1,065,092	\$ 2,867,075	\$ 2,642,101
-	2,151,048	1,697,464
<u>1,065,092</u>	<u>5,018,123</u>	<u>4,339,565</u>
-	610,483	568,918
-	1,391,562	1,651,133
-	324,470	345,934
-	657,183	872,406
<u>898,517</u>	<u>898,517</u>	<u>949,444</u>
<u>898,517</u>	<u>3,882,215</u>	<u>4,387,835</u>
<u>166,575</u>	<u>1,135,908</u>	<u>(48,270)</u>
-	(45,000)	(241,000)
-	(45,000)	(241,000)
<u>166,575</u>	<u>1,090,908</u>	<u>(289,270)</u>
<u>252,451</u>	<u>5,934,607</u>	<u>6,223,877</u>
<u>\$ 419,026</u>	<u>\$ 7,025,515</u>	<u>\$ 5,934,607</u>

City of San Bruno, California

Combining Statement of Cash Flows

Internal Service Funds

For the year ended June 30, 2008

(with comparative amounts for the year ended June 30, 2007)

	<u>Central Garage</u>	<u>Self- Insurance</u>	<u>General Equipment Revolving</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from other funds for services	\$ 593,484	\$ 2,151,048	\$ 573,771
Cash received from loss claim recoveries			
Cash payments to suppliers for goods and services	(610,766)	(1,193,387)	(308,973)
Cash payments for loss claims	-	(426,242)	-
Cash payments to other funds for services	-	-	-
Net cash provided (used) by operating activities	<u>(17,282)</u>	<u>531,419</u>	<u>264,798</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers received from other funds	-	-	-
Transfers paid to other funds	-	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	-	-	-
Net increase in cash and cash equivalents	<u>(17,282)</u>	<u>531,419</u>	<u>264,798</u>
CASH AND CASH EQUIVALENTS:			
Beginning of year	324,965	1,446,434	2,033,189
End of year	<u>\$ 307,683</u>	<u>\$ 1,977,853</u>	<u>\$ 2,297,987</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:			
Income (loss) from operations	\$ (16,999)	\$ 759,486	\$ 249,301
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation			
(Increase) decrease in current assets:			
Accounts receivable	-	-	-
Due from other funds	-	-	-
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	(1,225)	198,175	15,497
Due to other funds			
Compensated absences	942		
Increase (decrease) in claims liability - noncurrent		(426,242)	
Net cash provided (used) by operating activities	<u>\$ (17,282)</u>	<u>\$ 531,419</u>	<u>\$ 264,798</u>
Presentation in Statement of Net Assets:			
Cash and investments	\$ 307,683	\$ 1,886,716	\$ 2,297,987
Cash and investments held by trustees	-	91,137	-
Total Cash and Cash Equivalents, End of Year	<u>\$ 307,683</u>	<u>\$ 1,977,853</u>	<u>\$ 2,297,987</u>

	Technology Development	Facilities Maintenance	Totals	
			2008	2007
\$	645,059	\$ 1,065,092	\$ 5,028,454	\$ 4,345,274
		-	-	-
	(655,824)	(915,129)	(3,684,079)	(4,030,943)
	-	-	(426,242)	76,746
	-	-	-	-
	(10,765)	149,963	918,133	391,077
	-	-	-	1,105,794
	(45,000)	-	(45,000)	(1,346,794)
	(45,000)	-	(45,000)	(241,000)
	-	-	-	-
	(55,765)	149,963	873,133	150,077
	529,096	355,816	4,689,500	4,539,423
\$	473,331	\$ 505,779	\$ 5,562,633	\$ 4,689,500
\$	(22,455)	\$ 166,575	\$ 1,135,908	\$ (48,270)
			-	320,867
	10,331	-	10,331	(10,331)
	-	-	-	63,542
	(3,829)	(9,214)	199,404	(16,303)
	5,188	(7,398)	(1,268)	4,826
			(426,242)	76,746
\$	(10,765)	\$ 149,963	\$ 918,133	\$ 391,077
\$	473,331	\$ 505,779	\$ 5,471,496	\$ 4,598,361
	-	-	91,137	91,139
\$	473,331	\$ 505,779	\$ 5,562,633	\$ 4,689,500

City of San Bruno, California
Combining Statement of Assets and Liabilities
 Fiduciary Funds
 June 30, 2008
 (with comparative totals for June 30, 2007)

	Project Development	San Bruno Garbage Company	Totals	
			2008	2007
ASSETS				
Cash and investments	\$ 314,218	\$ 304,282	\$ 618,500	\$ 638,988
Accounts receivable		611,520	611,520	622,784
Total assets	\$ 314,218	\$ 915,802	\$ 1,230,020	\$ 1,261,772
LIABILITIES				
Accounts payable	\$ 15,708	\$ 915,802	\$ 931,510	\$ 414,252
Other liabilities	298,510		298,510	847,520
Total liabilities	\$ 314,218	\$ 915,802	\$ 1,230,020	\$ 1,261,772

CAPITAL ASSETS - GOVERNMENTAL ACTIVITIES

City of San Bruno, California
Schedule of Changes in Capital Assets
For the year ended June 30, 2008

	<u>2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>2008</u>
CAPITAL ASSETS - GOVERNMENTAL ACTIVITIES:				
Non-depreciable assets:				
Land:	\$ 561,197	\$ -	\$ -	\$ 561,197
Construction in progress	8,756,697	1,406,751	(499,986)	9,663,462
Total Land	<u>9,317,894</u>	<u>1,406,751</u>	<u>(499,986)</u>	<u>10,224,659</u>
Infrastructure:				
Roadway:				
Pavement	29,972,318	-	-	29,972,318
Curb and gutter	5,036,235	-	-	5,036,235
Sidewalk	17,508,813	-	-	17,508,813
Streetlights	2,289,031	-	-	2,289,031
Traffic signals	1,732,489	-	-	1,732,489
Accumulated depreciation	(30,646,750)	(1,514,333)	-	(32,161,083)
Total Roadway	<u>25,892,136</u>	<u>(1,514,333)</u>	<u>-</u>	<u>24,377,803</u>
Recreation and Community Services:				
Park facilities	642,573	-	-	642,573
Bike paths and trails	523,615	-	-	523,615
Accumulated depreciation	(219,704)	(42,271)	-	(261,975)
Total Recreation and Community Services	<u>946,484</u>	<u>(42,271)</u>	<u>-</u>	<u>904,213</u>
Infrastructure (Cost)	57,705,074	-	-	57,705,074
Infrastructure (Accumulated depreciation)	<u>(30,866,454)</u>	<u>(1,556,604)</u>	<u>-</u>	<u>(32,423,058)</u>
Total Infrastructure (net)	<u>26,838,620</u>	<u>(1,556,604)</u>	<u>-</u>	<u>25,282,016</u>
Other Depreciable Property:				
Structures and improvements	12,860,631	590,074	-	13,450,705
Machinery and equipment	5,254,097	736,705	(93,201)	5,897,601
Accumulated depreciation:				
Structures and improvements	(3,665,141)	(367,380)	-	(4,032,521)
Machinery and equipment	(3,282,341)	(617,304)	81,445	(3,818,200)
Total Accumulated depreciation	<u>(6,947,482)</u>	<u>(984,684)</u>	<u>81,445</u>	<u>(7,850,721)</u>
Total Other Depreciable Property (net)	<u>11,167,246</u>	<u>342,095</u>	<u>(11,756)</u>	<u>11,497,585</u>
Total Capital Assets	<u>\$47,323,760</u>	<u>\$ 192,242</u>	<u>\$ (511,742)</u>	<u>\$ 47,004,260</u>

STATISTICAL SECTION

This page intentionally left blank.

STATISTICAL SECTION

This part of the City of San Bruno's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, footnotes, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	104-108
Revenue Capacity	
These schedules contain information to help the reader assess the City's property tax.	109-113
Debt Capacity	
These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	114-117
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	118-119
Operating Information	
1) Operating Indicators by Function/Program	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	120-121

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB 34 in 2002-03; schedules presenting government-wide information include information beginning in that year.

City of San Bruno, California

Net Assets by Component

Last Five Fiscal Years

(Fiscal year ended June 30)

	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 7,597,895	\$ 11,767,003	\$ 13,980,909	\$ 36,889,081	\$ 37,073,294
Restricted	3,680,156	3,295,653	2,790,614	763,192	797,313
Unrestricted (deficit)	2,538,542	5,146,203	10,409,480	17,200,880	18,670,800
Total governmental activities net assets	<u>\$ 13,816,593</u>	<u>\$ 20,208,859</u>	<u>\$ 27,181,003</u>	<u>\$ 54,853,153</u>	<u>\$ 56,541,407</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 20,527,344	\$ 19,803,889	\$ 18,694,375	\$ 26,319,885	\$ 22,821,582
Restricted	\$ 11,543,727				
Unrestricted (deficit)	4,484,947	18,714,365	19,953,475	12,200,816	19,943,521
Total business-type activities net assets	<u>\$ 36,556,018</u>	<u>\$ 38,518,254</u>	<u>\$ 38,647,850</u>	<u>\$ 38,520,701</u>	<u>\$ 42,765,103</u>
Primary government					
Invested in capital assets, net of related debt	\$ 28,125,239	\$ 31,570,892	\$ 32,675,284	\$ 63,208,966	\$ 59,894,876
Restricted	15,223,883	3,295,653	2,790,614	763,192	797,313
Unrestricted (deficit)	7,023,489	23,860,568	30,362,955	29,401,696	38,614,321
Total primary government net assets	<u>\$ 50,372,611</u>	<u>\$ 58,727,113</u>	<u>\$ 65,828,853</u>	<u>\$ 93,373,854</u>	<u>\$ 99,306,510</u>

City of San Bruno, California

Changes in Net Assets

Last Five Fiscal Years

(Fiscal year ended June 30)

(accrual basis of accounting)

	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	\$ 3,573,796	\$ 4,133,776	\$ 4,056,039	\$ 3,086,818	\$ 680,412
Public safety	13,748,562	15,156,170	16,143,674	17,005,014	21,497,158
Public works	1,617,595	491,059	679,486	1,017,450	1,766,933
Highways and streets	1,328,866	3,077,663	2,699,804	4,330,591	5,993,182
Parks and recreation	3,833,251	3,601,010	3,585,800	4,226,636	4,805,202
Library	1,768,145	1,561,654	1,665,597	1,627,219	2,076,155
Community development	2,629,160	3,804,765	3,858,037	3,027,355	5,727,039
Interest expense	560,149	516,465	557,964	575,021	553,486
Total governmental activities expenses	<u>29,059,524</u>	<u>32,342,562</u>	<u>33,246,401</u>	<u>34,896,104</u>	<u>43,099,567</u>
Business-type activities:					
Water	6,159,239	5,952,302	6,893,587	6,868,405	5,857,761
Stormwater	522,949	294,261	467,043	502,802	(171,906)
Wastewater	4,760,646	5,868,174	6,084,873	6,904,217	7,859,491
Cable Television	6,923,644	7,977,905	8,055,100	9,489,656	9,324,247
Total business-type activities expenses	<u>18,366,478</u>	<u>20,092,642</u>	<u>21,500,603</u>	<u>23,765,080</u>	<u>22,869,593</u>
Total primary government expenses	<u>\$ 47,426,002</u>	<u>\$ 52,435,204</u>	<u>\$ 54,747,004</u>	<u>\$ 58,661,184</u>	<u>\$ 65,969,160</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,065,110	\$ 2,680,758	\$ 3,030,230	\$ 2,913,631	\$ 5,102,298
Public safety	795,542	834,458	1,042,823	1,405,736	1,507,685
Public works	724,874	-	-	52,157	781,614
Highways and streets	-	1,710,424	2,091,813	754,080	977,667
Parks and recreation	602,110	1,380,947	681,356	751,985	794,097
Library	158,762	65,336	63,243	63,638	144,703
Community development	1,501,685	1,419,414	2,572,835	1,163,310	2,622,644
Operating grants and contributions	949,523	905,721	757,952	3,924,875	3,537,503
Capital grants and contributions	4,113,229	5,099,422	2,822,419	328,114	2,628,237
Total governmental activities program revenues	<u>9,910,835</u>	<u>14,096,480</u>	<u>13,062,671</u>	<u>11,357,526</u>	<u>18,096,448</u>
Business-type activities:					
Charges for services:					
Water	6,415,502	6,332,229	6,682,238	7,089,683	8,258,200
Stormwater	532,322	546,589	549,708	614,832	531,455
Wastewater	5,455,496	5,918,246	6,079,454	6,261,689	8,413,781
Cable Television	7,090,544	7,288,915	7,867,702	9,162,788	9,036,944
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>19,493,864</u>	<u>20,085,979</u>	<u>21,179,102</u>	<u>23,128,992</u>	<u>26,240,380</u>
Total primary government program revenues	<u>\$ 29,404,699</u>	<u>\$ 34,182,459</u>	<u>\$ 34,241,773</u>	<u>\$ 34,486,518</u>	<u>\$ 44,336,828</u>
Net (Expense)/Revenue					
Governmental activities	\$ (19,148,689)	\$ (18,246,082)	\$ (20,183,730)	\$ (23,538,578)	\$ (25,003,119)
Business-type activities	1,127,386	(6,663)	(321,501)	(636,088)	3,370,787
Total primary government net expense	<u>\$ (18,021,303)</u>	<u>\$ (18,252,745)</u>	<u>\$ (20,505,231)</u>	<u>\$ (24,174,666)</u>	<u>\$ (21,632,332)</u>

City of San Bruno, California

Changes in Net Assets

Last Five Fiscal Years

(Fiscal year ended June 30)

(accrual basis of accounting)

	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	\$ 5,943,711	\$ 4,398,198	\$ 4,944,621	\$ 5,315,026	\$ 5,792,092
Property taxes, tax increment for redevelopment purposes		1,404,122	2,625,615	3,839,579	4,435,080
Transient occupancy tax		932,289	1,139,693	1,276,830	1,478,040
Franchise tax		995,474	1,450,533	1,531,909	1,608,176
Sales tax, including subvention	5,778,410	6,234,499	6,816,036	6,862,845	6,637,010
Business license tax	4,309,332	3,028,003	2,819,988	2,735,107	1,491,812
Airport parking tax			-	316,762.00	
Intergovernmental:					
State motor vehicle in-lieu tax, including subvention	1,896,610	2,876,477	2,824,642	3,166,460	3,365,156
Use of money and property	1,101,832	364,665	499,665	1,218,377	2,184,450
Miscellaneous	1,127,610	2,386,324	3,409,259	2,425,997	0
Transfers	(330,758)		175,164	0	(300,443)
Total governmental activities	<u>19,826,747</u>	<u>22,620,051</u>	<u>26,705,216</u>	<u>28,688,892</u>	<u>26,691,373</u>
Business-type activities					
Use of money and property	(11,831)	438,775	513,954	508,939	573,172
Miscellaneous	(704,178)	214,752	112,307	-	-
Transfers	330,758		(175,164)	0	300,443
Total business-type activities	<u>(385,251)</u>	<u>653,527</u>	<u>451,097</u>	<u>508,939</u>	<u>873,615</u>
Total primary government	<u>\$ 19,441,496</u>	<u>\$ 23,273,578</u>	<u>\$ 27,156,313</u>	<u>\$ 29,197,831</u>	<u>\$ 27,564,988</u>
Changes in Net Assets					
Governmental activities	\$ 678,058	\$ 4,373,969	\$ 6,521,486	\$ 5,150,314	\$ 1,688,254
Business-type activities	742,135	646,864	129,596	(127,149)	4,244,402
Total primary government	<u>\$ 1,420,193</u>	<u>\$ 5,020,833</u>	<u>\$ 6,651,082</u>	<u>\$ 5,023,165</u>	<u>\$ 5,932,656</u>

City of San Bruno, California
Fund Balances, Governmental Funds
 Last Five Fiscal Years
 (Fiscal year ended June 30)

	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 656,671	\$ 3,353,515	\$ 3,934,669	\$ 662,200	\$ 826,709
Unreserved (deficit)	3,740,260	3,245,215	4,462,312	8,041,350	8,670,499
Total general fund	<u>\$ 4,396,931</u>	<u>\$ 6,598,730</u>	<u>\$ 8,396,981</u>	<u>\$ 8,703,550</u>	<u>\$ 9,497,208</u>
All Other Governmental Funds					
Reserved	\$ 353,724	\$ 1,030,184	\$ 1,119,897	\$ 566,000	\$ 770,835
Unreserved reported in:					
Special revenue funds	\$ (1,442,442)	\$ (13,717)	(322,899)	3,398,888	5,817,754
Capital projects funds	\$ 181,487	\$ (2,048,475)	(534,980)	219,830	501,822
Debt service funds		21,151	21,151	763,192	797,313
Total all other governmental funds	<u>\$ (907,231)</u>	<u>\$ (1,010,857)</u>	<u>\$ 283,169</u>	<u>\$ 4,947,910</u>	<u>\$ 7,887,724</u>

City of San Bruno, California
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)
(modified accrual basis of accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Taxes	11,712,222	\$ 12,579,310	\$14,194,407	\$ 13,600,471	\$ 16,810,824	\$18,278,498	\$ 21,801,314	\$18,835,537	\$ 21,137,455	\$ 23,236,735
Licenses and permits	2,374,366	2,453,048	2,876,509	3,405,934	4,866,084	1,835,250	1,637,527	5,283,072	4,813,087	4,379,092
Intergovernmental	6,724,063	8,378,961	8,512,433	6,279,693	4,410,098	3,960,354	4,538,435	4,726,434	4,976,381	5,555,835
Charges for services	2,020,522	1,207,739	1,481,108	1,827,108	3,800,633	3,936,291	5,302,228	4,998,704	3,458,641	3,534,085
Fines and forfeitures	426,422	550,713	500,662	477,585	428,284	555,133	500,717	570,691	563,836	578,406
Use of money and property	633,750	626,293	1,116,977	1,719,668	306,424	908,139	364,665	1,583,178	1,149,534	2,287,478
Other revenues	455,511	1,419,335	2,606,880	1,511,745	1,882,845	614,131	1,660,831	2,210,719	4,048,911	5,976,311
Total revenues	\$24,346,856	\$ 27,215,399	\$31,288,976	\$ 28,822,204	\$ 32,505,192	\$30,087,796	\$ 35,805,717	\$38,208,335	\$ 40,147,845	\$ 45,547,942
Expenditures:										
General government	2,067,835	\$ 3,445,293	\$ 4,534,926	\$ 5,277,572	\$ 2,891,821	\$ 3,587,063	\$ 3,830,993	\$ 3,750,350	\$ 3,449,991	\$ 1,114,968
Public safety	9,861,523	10,250,564	10,972,472	13,843,611	13,550,445	13,237,345	14,996,475	16,168,590	16,848,691	20,849,179
Public works	1,818,633	835,810	1,137,312	1,135,506	2,929,116	1,943,991	491,059	679,486	1,017,450	1,501,639
Highways and streets	4,160,113	4,058,162	2,589,601	3,377,048	2,236,444	1,207,594	5,552,960	4,969,695	2,956,134	4,816,250
Parks and recreation	2,989,650	3,089,339	3,310,526	3,775,558	4,202,653	3,791,251	3,562,029	3,886,525	4,136,082	4,822,377
Library	1,309,064	1,337,785	1,312,751	1,612,191	1,610,702	1,731,081	1,559,864	1,663,807	1,625,429	2,028,271
Community development	2,433,069	5,813,270	1,794,249	5,011,732	3,565,513	3,005,093	3,474,765	3,543,200	3,561,656	4,899,902
Capital outlay	1,269,828	1,271,118	2,921,443	7,525,731	3,984,770	1,661,709	773,579	827,974	799,524	906,765
Debt service:										
Principal	60,000	65,000	70,000	75,000	447,867	474,153	501,323	812,828	479,955	503,713
Interest	36,215	32,755	27,167	622,025	845,104	569,776	516,934	563,591	548,987	526,204
Total expenditures	\$26,005,930	\$ 30,199,096	\$28,670,447	\$ 42,255,974	\$ 36,264,435	\$31,209,056	\$ 35,259,981	\$36,866,046	\$ 35,423,899	\$ 41,969,268
Reconciliation of Governmental Revenues										
Less Expenditures to Fund Equity:										
Revenues over (under) expenditures	\$(1,659,074)	\$(2,983,697)	\$ 2,618,529	\$(13,433,770)	\$(3,759,243)	\$(1,121,260)	\$ 545,736	\$ 1,342,289	\$ 4,723,946	\$ 3,578,674
Proceed from Loan/Bond			\$ 9,600,000	\$ 1,360,674						
Other financing sources (Transfer In)	4,122,252	\$ 2,579,552	\$ 2,419,570		\$ 775,000	\$ 355,758	\$ 337,000	\$ -	\$ 4,299,624	\$ 2,963,422
Other financing sources (Transfer Out)									\$(4,058,624)	\$(2,812,004)
Other financing sources (uses):										
Operating transfers from (to) Enterprise Funds:										
Water	1,755,602	639,490	788,600	465,251	-	-	-	77,500	-	-
Stormwater	134,300	132,377	265,400	219,117	190,400	-	-	25,000	-	-
Wastewater	1,527,350	418,309	364,100	350,660	-	-	-	72,664	-	-
Cable Television	1,137,300	1,275,300	857,500	144,600	606,749	25,000	-	-	-	-
Operating transfers from (to) Internal Service Funds			8,900		230,601	249,834	211,398	150,000	241,000	
Proceeds from sale of fixed assets	163,216	605,322	-		14,330	-	3,065	-	6,363	3,380
Proceeds of debt issued (refunds)			(329,737)		-	-	-	1,229,298	-	-
Total other financing sources (uses)	4,717,768	3,070,798	1,954,763	1,179,628	1,042,080	274,834	214,463	1,554,462	247,363	154,798
Net change in fund balances	\$(1,063,558)	\$(2,492,451)	\$11,753,722	\$(10,893,468)	\$(3,492,163)	\$(1,202,184)	\$ 423,199	\$ 2,896,751	\$ 4,971,309	\$ 3,733,472
Debt service as a percentage of noncapital expenditures	0%	0%	0%	2%	4%	4%	3%	4%	3%	3%

City of San Bruno, California
Assessed Value and Actual Value of Taxable Property
 For the last ten fiscal years
 (in thousands of dollars)

City of San Bruno:	Secured	Unsecured	Total (a)	Total Direct Tax Rate (b)
FY 98-99	2,350,986	124,032	2,475,018	1.0000
FY 99-00	2,564,566	141,431	2,705,997	1.0000
FY 00-01	2,736,431	166,832	2,903,263	1.0000
FY 01-02	3,295,218	191,857	3,487,075	1.0000
FY 02-03	3,485,019	190,806	3,675,825	1.0000
FY 03-04	3,903,221	200,346	4,103,567	1.0000
FY 04-05	3,643,634	85,243	3,728,877	1.0000
FY 05-06	3,966,877	73,588	4,040,465	1.0000
FY 06-07	4,539,673	132,802	4,672,475	1.0000
FY 07-08	4,936,181	136,883	5,073,064	1.0000

All above are Full Value (100%)

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California Cities do not set their own direct tax rate. The State Constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to ALL the taxing entities within a tax rate area.

City of San Bruno, California

Direct and Overlapping Tax Rates

For the last ten fiscal years

(rate per \$1,000 of assessed value)

	Direct Rates				Total Tax Rate
	Basic Rate	Total Direct	School Districts	Special Districts	
FY 98-99	1.0000	1.0000	0.1368	0.0000	1.1368
FY 99-00	1.0000	1.0000	0.1423	0.0000	1.1423
FY 00-01	1.0000	1.0000	0.1571	0.0000	1.1571
FY 01-02	1.0000	1.0000	0.1634	0.0000	1.1634
FY 02-03	1.0000	1.0000	0.1634	0.0000	1.1634
FY 03-04	1.0000	1.0000	0.1634	0.0000	1.1634
FY 04-05	1.0000	1.0000	0.0597	0.0000	1.0597
FY 05-06	1.0000	1.0000	0.0574	0.0000	1.0574
FY 06-07	1.0000	1.0000	0.0664	0.0000	1.0664
FY 07-08	1.0000	1.0000	0.0596	0.0000	1.0596

Source: City of San Bruno

City of San Bruno, California

Principal Property Tax Payers,

Current Year and Nine Years Ago

Assessed Valuation in Thousands

Property Owner	Primary Land Use	2007-08			1999-2000				
		Assessed Valuation	Rank	% of Total	Property Owner	Primary Land Use	Assessed Valuation	Rank	% of Total
ASN Tanforan Crossing I LLC	Apartments	\$ 144,755	1	20.07%	GPS Management Services Inc.	Office Building	\$ 69,681	1	17.71%
Bayhill Four Associates	Office Building	130,779	2	18.14%	Bayhill Associates	Office Building	67,023	2	17.03%
The Gap Inc.	Office Building	120,854	3	16.76%	The Gap Inc.	Office Building	63,738	3	16.20%
Tanforan Park Shopping Center	Shopping Center	92,049	4	12.77%	Bayhill Four Associates	Office Building	40,586	4	10.31%
Sears Holdings Corp.	Shopping Center	48,366	5	6.71%	BHI-Dover XVII et al	Office Building	38,727	5	9.84%
Aimco San Bruno Apartments	Apartments	47,501	6	6.59%	San Bruno-Oxford LLP	Office Building	26,480	6	6.73%
Landmark Towne Center LLC	Shopping Center	39,187	7	5.43%	Crystal Springs Associates	Apartments	25,442	7	6.47%
FW CA Bay Hill Shopping Center	Shopping Center	34,419	8	4.77%	Tanforan Shopping Center	Shopping Center	25,266	8	6.42%
Crossing Phase I&II LP	Convalescent Home	32,762	9	4.54%	UGPT-Skypark Ltd Partnership	Office Building	20,371	9	5.18%
Crystal Springs Associates	Apartments	30,427	10	4.22%	Artichoke Enterprises Inc.	Casino	16,170	10	4.11%

Source(s): Financial Statements and California Municipal Statistics, Inc.

City of San Bruno, California
Schedule of Top 40 Retail Businesses
(Listed in Alphabetical Order)
For the year ended June 30, 2008

Name	Address
All Shores	950 Elm Ave
Apex Systems, Inc.	1111 Bayhill Dr Ste 350
Bayhill 4-7 LLC	1340 El Camino Real
BJ's Restaurant	1150 El Camino Real
Bullock & Jones LLC	1178 El Camino Real
Courtyard By Marriott-San Bruno	750 El Camino Real
Evergreen Ridge Apartments	1122 El Camino Real
First Databank, Inc.	1001 Bayhill Dr Ste 300
Formation Enterprises, LP	999 Bayhill Dr #300
Gap Inc.#96588	1322 El Camino Real
Grace Honda	851 Traeger Ave Ste 125
Inquire, Inc.	1063 Montgomery Ave
Ironport Systems, Inc.	1250 Bayhill Dr Ste 101
J.C. Penney Corp, Inc #1959-6	1250 Bayhill Dr Ste 113
James J. Boyle & Co.	851 Traeger Ave Ste 210
Lash Group, Inc.	10 Bayhill Shopping Ctr
Lohika Systems Inc.	345 El Camino Real
Longs Drug Stores #084	1111 Bayhill Dr Ste 205
Lowe's Home Improvement Warehouse, Inc.	999-Bayhill 950 Elm 1100 GR
Lucky #748	22 Bayhill Shopping Ctr
Lunardi's Market	1111 Bayhill Dr Ste 210
Marshall's #492	135 El Camino Real
Melody Toyota	701 Shelter Creek LN
Mollie Stone's Market	1000 Cherry Ave Ste 140
On Assignment Lab Support & Healthcare ST	100 Skycrest Blvd
Pacific Bell	333 El Camino Real
Pacific Biodevelopment LLC	1111 Bayhill Dr Ste 475
Prudential California Realty	1268 El Camino Real
Sear Auto Center#6909	801 Traeger Ave
Sears, Roebuck & Co. #1478	1178 El Camino Real
Shelter Creek Condominium Owners Assoc	1799 El Camino Real
St Gas-Gas Station	1050 Bayhill Dr
Target Store T1054	270 Tanforan Mall
TCG Advisors, LLC	1101 San Mateo Ave
The Permanente Medical Group	3815 Susan Dr
Vantagepoint Venture Partners	1097 Sneath Ln
Vince's Shell Fish Co. Inc.	1250 Bayhill Dr Ste 350
Walgreen #2939	1111 Bayhill Dr Ste 490
Weiss-Rohlig USA LLC	180 El Camino Real
Zenrin USA Inc.	850 Cherry Ave

Source : City of San Bruno

City of San Bruno, California
Property Tax Levies and Collections
For the last ten fiscal years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy			Amount	Percentage of Levy
		Amount	Percentage of Levy			
1999	2,638,434	2,638,434	100%	-	2,638,434	100%
2000	2,985,912	2,985,912	100%	-	2,985,912	100%
2001	3,041,325	3,041,325	100%	-	3,041,325	100%
2002	3,534,432	3,534,432	100%	-	3,534,432	100%
2003	3,662,064	3,662,064	100%	-	3,662,064	100%
2004	3,823,744	3,823,744	100%	-	3,823,744	100%
2005	3,679,828	3,679,828	100%	-	3,679,828	100%
2006	3,983,245	3,983,245	100%	-	3,983,245	100%
2007	4,365,665	4,365,665	100%	-	4,365,665	100%
2008	4,987,275	4,987,275	100%	-	4,987,275	100%

Source: City financial records

Note: Amounts reported and collected under the Teeter Plan in which all taxes are distributed to the City in the year of the levy with the County of San Mateo retaining any interest or penalties on uncollected balances.

City of San Bruno, California
Ratios of Outstanding Debt by Type
For the last ten fiscal years

Fiscal Year Ended	Governmental Activities			Business-type Activities		Total Primary Government	Per Capita Personal Income
	Capital Leases	Certificates of Participation	Special Assessment Bonds	Wastewater Certificates of Participation			
June 30,							
1999	508,765	-	-	-	508,765	\$ 25.17	
2000	134,904	9,600,000	-	-	9,734,904	369.31	
2001	89,936	9,600,000	-	-	9,689,936	438.66	
2002	2,114,118	9,600,000	-	9,800,000	21,514,118	816.17	
2003	1,811,251	9,455,000	-	9,645,000	20,911,251	793.29	
2004	1,492,097	9,300,000	-	9,460,000	20,252,097	727.00	
2005	1,155,774	9,135,000	-	9,275,000	19,565,774	742.25	
2006	1,959,633	8,955,000	-	9,275,000	20,189,633	765.92	
2007	1,669,679	8,765,000	-	9,085,000	19,519,679	740.50	
2008	1,365,965	8,565,000	-	8,890,000	18,820,965	714.00	

Source: City financial records

City of San Bruno, California

Overlapping Debt

June 30, 2008

2007-08 Assessed Valuation: 4,492,802,190

Overlapping Tax and Assessment Debt:

	<u>Net Debt Outstanding</u>	<u>% Applicable (1)</u>	<u>Debt</u>
San Mateo Community College District	\$ 650,619,994	3.744%	\$24,359,213
South San Francisco Unified School District	36,435,170	1.382	503,534
Jefferson Union High School District	73,815,000	0.0001	74
San Mateo Union High School District	184,949,950	10.4	19,234,795
San Bruno Park School District	21,913,567	83.957	18,397,973
Millbrae School District Maintenance Assessment District	100,000	2.173	<u>2,173</u>
Total overlapping tax and assessment debt			\$62,497,762

Direct and Overlapping General Fund Debt:

San Mateo County General Fund Obligations	\$ 390,994,816	3.744%	\$ 14,638,846
San Mateo County Board of Education Certificates of Participation	13,345,000	3.744	499,637
San Mateo County Flood Control District Certificates of Participation	24,015,000	5.88	1,412,082
South San Francisco Unified School District Certificates of Participation	2,000,000	1.382	27,640
San Mateo Union High School District Certificates of Participation	74,516,236	10.4	7,749,689
Millbrae School District Certificates of Participation	3,475,000	2.173	75,512
City of San Bruno 1915 Act Bonds	8,565,000	100.000	8,565,000
San Mateo County Mosquito Abatement District Certificates of Participation	795,000	0.124	<u>986</u>
Total direct and overlapping general fund debt			<u>32,969,392</u>

Combined Total Debt

\$95,467,154

Ratios to Assessed Valuation:

Combined Direct Debt	0.19%
Total Overlapping Tax and Assessment Debt	1.22%
Combined Total Debt	2.12%

State School Building Aid Repayable as of 6/30/08

\$ -

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

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

Source: California Municipal Statistics, Inc.

City of San Bruno, California

Legal Debt Margin Information

Last Ten Fiscal Years

(dollars in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	352,648	384,685	410,465	494,283	522,753	585,483	546,545	595,032	680,951	740,427
Total net debt applicable to limit	508	9,734	9,690	21,514	20,911	20,252	19,566	20,190	19,520	18,821
Legal debt margin	<u>\$ 352,140</u>	<u>\$ 374,951</u>	<u>\$ 400,775</u>	<u>\$ 472,769</u>	<u>\$ 501,842</u>	<u>\$ 565,231</u>	<u>\$ 526,979</u>	<u>\$ 574,842</u>	<u>\$ 661,431</u>	<u>\$ 721,606</u>
Total net debt applicable to the limit as a percentage of debt limit	0.14%	2.60%	2.42%	4.55%	4.17%	3.58%	3.71%	3.51%	2.95%	2.61%

City of San Bruno, California

Pledged Revenue Coverage

For the last ten fiscal years

(dollars in thousands)

Fiscal Year Ended June 30,	Business-type Activities					Coverage
	Wastewater Certificates of Participation					
	Sewer Revenues & Transfers	Less: Operating Expenses	Net Available Revenue	Debt Service		
			Principal	Interest		
1999	4,275,795	2,850,905	1,424,890	-	-	N/A
2000	4,590,988	2,632,120	1,958,868	-	-	N/A
2001	4,996,807	3,531,512	1,465,295	-	-	N/A
2002	5,267,665	3,681,836	1,585,829	-	-	N/A
2003	5,324,186	4,567,164	757,022	155,000	469,618	1.21
2004	5,455,496	4,760,646	694,850	185,000	443,767	1.11
2005	5,943,670	5,150,495	793,175	185,000	439,605	1.27
2006	6,079,454	4,206,352	1,873,102	190,000	435,165	3.00
2007	6,261,689	5,804,944	456,745	195,000	430,035	0.73
2008	8,413,781	7,063,137	1,350,644	205,000	424,185	2.15

Source: City financial records

City of San Bruno, California
Demographic and Economic Statistics

Last ten calendar years

Year	Population	Total Personal Income	Per Capita Personal Income	Median Age	San Mateo County	
					School Enrollment	Unemployment Rate
1999	41,700	725,022,054	20,217	-	3,902	1.9%
2000	40,165	910,524,484	26,360	-	3,906	1.4%
2001	40,165	763,030,571	22,090	36.3	3,906	3.4%
2002	40,350	914,718,360	26,360	36.3	3,906	4.5%
2003	40,350	914,718,360	26,360	36.3	3,906	4.5%
2004	41,500	994,216,330	27,857	36.3	3,906	4.5%
2005	39,752	901,161,939	26,360	36.3	3,806	4.5%
2006	39,986	906,466,626	26,360	36.3	3,857	4.5%
2007	40,017	907,169,383	26,360	36.7	3,793	2.7%
2008	40,165	910,524,484	26,360	39.0	3,796	4.1%

Source: State Department of Finance and U.S. Census Bureau, other years unavailable

City of San Bruno, California

Principal Employers

Current Year and Last Year

Employer	2007-08			2006-07		
	Employees	Rank	Percentage of Top 11 Employment	Employees	Rank	Percentage of Top 11 Employment
Ironport Systems, Inc.	N/A	1	N/A	N/A	1	N/A
First Databank, Inc.	116	2	7.13%	N/A	5	N/A
Lowe's Home Improvement Warehouse, Inc.	N/A	3	N/A	152	3	13.49%
Target Store T1054	320	4	19.68%	310	6	27.51%
Sears, Roebuck & Co, #1478	350	5	N/A	N/A	4	N/A
Melody Toyota	82	6	5.04%	85	2	7.54%
J.C. Penney Corp, Inc.#1959-6	200	7	12.30%	288	7	25.55%
Vantagepoint Venture Partners	86	8	5.29%	59	10	5.24%
Lash Group, Inc.	296	9	18.20%	158	11	14.02%
Luck #478	108	10	6.64%	N/A	9	N/A
Inquira, Inc.	68	11	4.18%			
Grace Honda				75	8	6.65%
Total	1,626			1,127		

Source: City Business License records

City of San Bruno, California
Full-time Equivalent City Employees by Function/Program
 Last Five Fiscal Years
 (Fiscal year ended June 30)

Function/Program	2003-04	2004-05	2005-06	2006-07	2007-08
General Fund					
City Council	5.00	5.00	5.00	5.00	5.00
City Clerk	2.00	1.50	1.50	1.75	1.75
City Treasurer	1.00	1.00	1.00	1.00	1.00
Legal Services	1.25	1.25	1.25	1.25	1.25
City Manager	3.80	3.00	2.00	2.00	2.00
Human Resources	1.00	1.00	2.00	2.75	2.75
Finance					
Administration	6.00	5.00	5.00	5.00	5.00
Revenue Services	7.00	7.00	6.00	6.00	6.00
Police	70.00	64.00	66.00	66.00	63.00
Fire	36.00	36.00	36.00	35.00	33.00
PublicWorks					
Admin. & Engineering	10.98	7.75	7.75	8.75	7.75
Streets Maintenance	8.28	5.60	5.60	5.60	5.60
Community Development					
Planning	3.45	2.45	3.45	3.45	2.60
Building	4.50	4.10	6.10	6.10	5.30
Parks & Recreation Services					
Recreation	7.00	4.05	4.05	4.20	3.35
Parks Maintenance	19.30	17.25	18.75	18.75	15.95
Senior Services	2.00	2.45	2.45	2.30	2.15
Library Services	13.00	10.50	10.50	10.50	9.50
Subtotal	201.56	178.90	184.40	185.40	172.95
Special Revenues					
Solid Waste	0.10	0.30	0.30	0.30	0.30
RDA Operations	3.20	2.80	2.80	2.75	1.80
RDA Low/Mod Housing	1.85	1.65	1.65	1.70	1.25
Subtotal	5.15	4.75	4.75	4.75	3.35
Internal Services					
Central Garage	3.17	3.35	3.35	3.95	3.85
Buildings and Facilities	9.25	6.20	5.75	7.00	5.50
Technology Support	3.00	3.00	3.00	3.00	3.00
Self-Insurance	0.95	1.00	1.00	1.00	1.00
Subtotal	16.37	13.55	13.10	14.95	13.35
Enterprise Funds					
Water Enterprise	14.59	14.90	15.90	17.90	15.90
Stormwater Enterprise	2.25	2.55	2.55	2.95	2.95
Wastewater Enterprise	13.33	14.60	14.60	14.60	12.10
Cable Enterprise	19.50	19.50	18.50	19.50	19.00
Subtotal	49.67	51.55	51.55	54.95	49.95
Total Positions (all funds)	272.75	248.75	253.80	260.05	239.60

Source: City of San Bruno

City of San Bruno, California
Capital Asset Statistics by Function/Program
 Last Three Fiscal Years
 (Fiscal year ended June 30)

Function/Program	2006	2007	2008
Engineering /Public Work			
Pavement	N/A	(720,575)	(698,246)
Traffic Signal		17	
Traffic Signal	N/A	(42,547)	(42,218)
Streetlights		1,448	
Streetlights	N/A	(76,300)	(241,541)
Housing & Redevelopment			
Roadway in centerline miles		145	
Sidewalk	N/A	(411,070)	(402,009)
Roadway in centerline miles		131	
Curb & Gutter	N/A	(120,158)	(117,235)
Finance and Parks			
Park Facilities		24	
Park Facilities	N/A	(35,915)	(35,847)
Walkway Paths and Trails Subsystem		2	
Walkway Paths and Trails Subsystem	N/A	(20,944)	(20,507)
Buildings			
Structures		24	
Structures	N/A	(389,213)	(363,692)

Source: City records and Infrastructure Valuations performed by AMS Consulting, LLC

Note(s): Amounts are additions (reductions) only to show the reader valuation adjustments by program associated with the department.

N/A = Not applicable, first year of valuation.