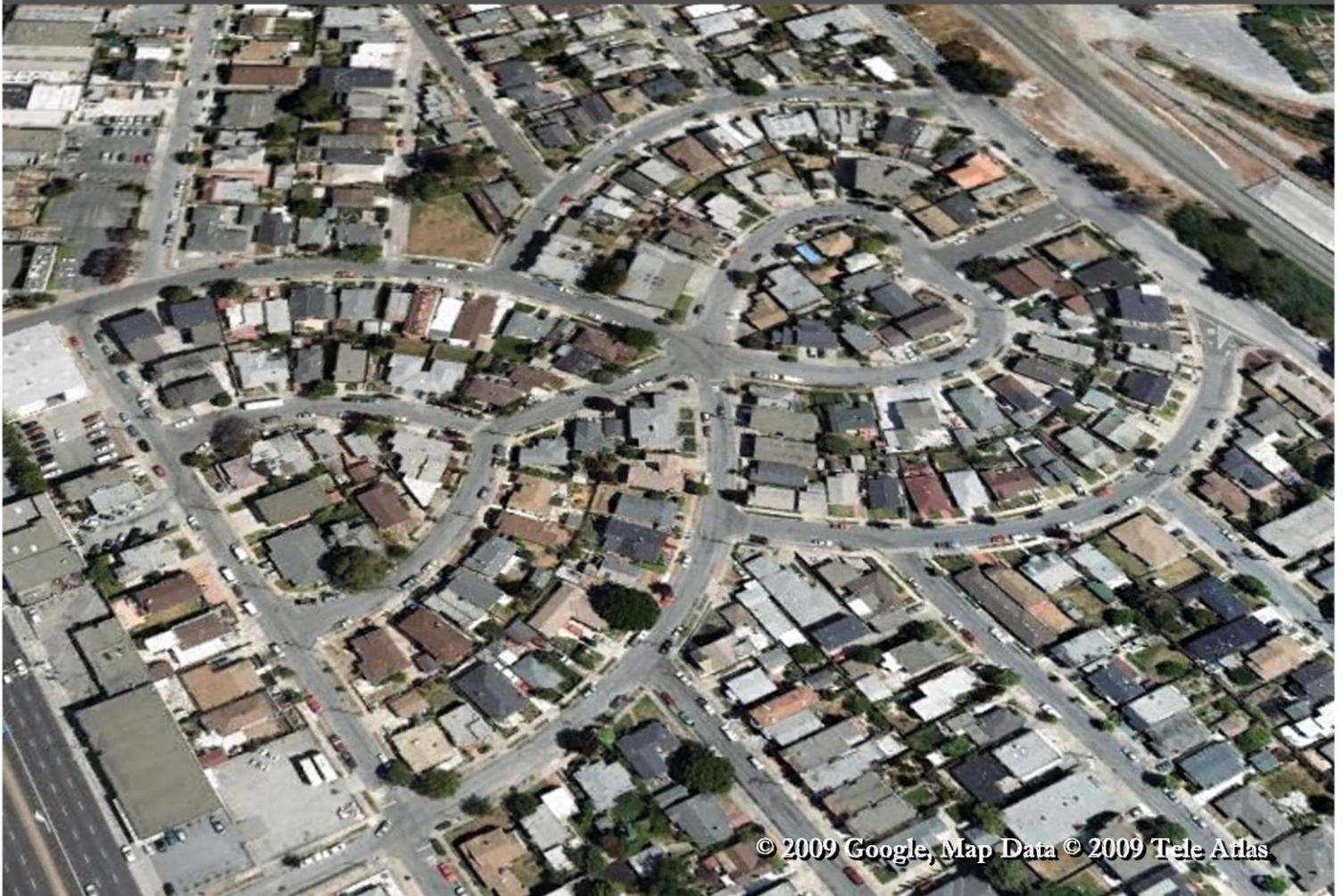




City of San Bruno, California
Comprehensive Annual Financial Reporting
For the Fiscal Year Ending June 30, 2011



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CITY OF SAN BRUNO, CALIFORNIA

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December 22, 2011

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 (the City) for the fiscal year ended June 30, 2011 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, 2011. This section also includes a list of principal 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, 2011 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 an accompanying Independent Auditors' Report for the San Bruno Redevelopment Agency were prepared for the year ended June 30, 2011.

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. Although there has been a modest improvement in the economy that has resulted in gains in sales tax, business tax, and transient occupancy tax revenues, property tax revenues remain flat as sales activity and valuations for the housing market continue to be weak. As a result, the City continues the structural changes implemented in previous years, including the elimination of staff positions and consolidation of operating departments, implementation of shared service delivery with other agencies, and strengthening of budget management policies and practices to contain and control costs. In addition, proposed state takeaways continue to threaten the City's finances with the Governor's proposed legislation (subject to the California Supreme Court stay in August and expected ruling in January) to eliminate redevelopment agencies as a method to assist the State in addressing its ongoing structural budget deficit problem.

SIGNIFICANT INITIATIVES

The event that most significantly affected all aspects of the City's operation in 2010-11 has been the response to, and the aftermath from, the devastating September 9, 2010 Pacific Gas and Electric Company (PG&E) natural gas transmission pipeline explosion and the resulting fire in the San Bruno community. The incident caused the death of eight persons, injured over 60 more, destroyed 38 homes, damaged dozens more, and physically decimated a once quiet and peaceful neighborhood. Despite the devastation that this incident created, the community has emerged with the strength and determination to rebuild, recover, and restore its identity and purpose. The City's response during the past year included the following activities:

- Quickly established emergency management functions and directed the emergency response for the deadly September 9th pipeline explosion and resulting fire in the Glenview neighborhood through activation of all sections of the City's Emergency Operations Center (EOC) according to the National Incident Management System (NIMS) protocols.
- Through the Public Safety Incident Command, coordinated and directed the work of a small army of mutual aid first responders who arrived the night of September 9th and in the days immediately following to fight the fire, evacuated residents, conducted search, rescue and recovery operations, provided security, and assisted residents to access their properties.
- Within hours of the initial explosion and fire, established an overnight shelter/evacuation and resource center, and 24-hour telephone hotline for residents affected by the neighborhood evacuation.
- Established and continues to provide one-to-one liaison services to Glenview area residents through a team of 15 City staff persons, who in addition to their normal duties, are assigned to assist the 55 families whose homes were demolished or seriously damaged.
- Coordinated and hosted five Town Hall meetings and two social gatherings to maintain communications and coordination with Glenview fire victims and the community at large.
- Implemented a streamlined and expedited planning and building permit review process and waived building and planning permit fees to assist families to meet their objectives to rebuild homes destroyed by the Glenview fire.
- Actively participated in and monitored the National Transportation and Safety Board (NTSB) investigation into the cause of the pipeline explosion and the California Public Utilities Commission (CPUC) investigation and rule-making proceedings.

Notwithstanding, the City continued work in a number of important initiatives that are significant in maintaining the community's quality of life and economic vitality. They include:

- Completed the draft Downtown and Transit Corridors Plan that describes the design and type of development that should be encouraged in the downtown and in the San Bruno Avenue and El Camino corridors.
- Initiated preparation of the Environmental Impact Report on the Transit Corridors Plan.
- Implemented first direct sales campaign and special marketing programs designed to bring subscribers back to San Bruno Cable.
- Completed American with Disabilities Act (ADA) improvements at the Library, including upgrading the public restroom and installing a wheelchair lift to the mezzanine level.
- Completed construction of the Crossing/San Bruno retail project and opened Jack's Restaurant, a casual fine dining establishment with private dining/banquet space.
- Broke ground for construction of the San Bruno Caltrain Grade Separation project in October and initiated the two-year construction process with regular oversight and coordination between the City and CalTrain.
- In coordination with the Chamber of Commerce, provided a full year of the weekly Farmer's Market bringing farm fresh produce to downtown San Bruno during the late spring and summer months.
- Conducted continued Emergency Preparedness training and debrief of Glenview Fire emergency operations with staff from all departments.
- Continued analysis and conducted subcommittee review of the process towards consolidation of Fire Departments among the Cities of San Bruno, Millbrae, Burlingame, and the Town of Hillsborough.
- Resurfaced the San Bruno Park Swimming Pool to help extend its life.
- Continued a shared Police Chief relationship with the City of Millbrae and completed analysis of the potential to consolidate Police Departments between the two cities.
- Completed open space vegetation and tree maintenance in several key areas of the community to address hazard conditions.
- Completed recruitment and selection of a new City Attorney and welcomed him to City service.

- Welcomed a delegation of 29 representatives from Sister City Narita, Japan and hosted a weeklong celebration of the 20th anniversary of the San Bruno - Narita Sister City relationship.
- Established agreements between the City and the San Bruno Redevelopment Agency for completion of redevelopment projects in an effort to protect redevelopment revenues in the face of the Governor's proposal to eliminate redevelopment as a State budget strategy.
- Continued delivery of a vibrant and diverse program of activities for older adults delivered through the San Bruno Senior Center.
- Completed traffic calming improvements at the intersection of DeSoto and Santa Lucia.
- Initiated San Bruno Cable's Business Services providing broadband and telephone services to businesses in San Bruno

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, Internal Service 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, 2011, the City has \$7,920,000 outstanding certificates of participation, issued in December 2000, for the police facility for the San Bruno Redevelopment Agency and \$8,260,000 outstanding certificates of participation, issued in May 2002, for wastewater system improvements.

Advances from the Equipment Reserve Fund to the Redevelopment Agency totaled \$2,977,033, as there were no principal repayments made during the year.

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 financial statements for the year ended June 30, 2011 have been audited by Vavrinek, Trine, Day & Co., LLP. The firm's opinion is included in the financial section of this report.

ACKNOWLEDGEMENTS

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

I would like to express my appreciation for the collective team effort of the Finance staff that was necessary for the preparation of the Comprehensive Annual Financial Report (CAFR). Staff's diligent work resulted in the City's receipt of its first Government Finance Officers Association (GFOA) Award of Excellence in Financial Reporting for its CAFR for the fiscal year ending June 30, 2010. 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 Vavrinek, Trine, Day & Co., LLP for their work in conducting the audit.

Respectfully submitted,



Kim Juran
Assistant Finance Director



CITY OF SAN BRUNO CITY COUNCIL

Jim Ruane, Mayor

Rico E. Medina, Vice Mayor

Ken Ibarra

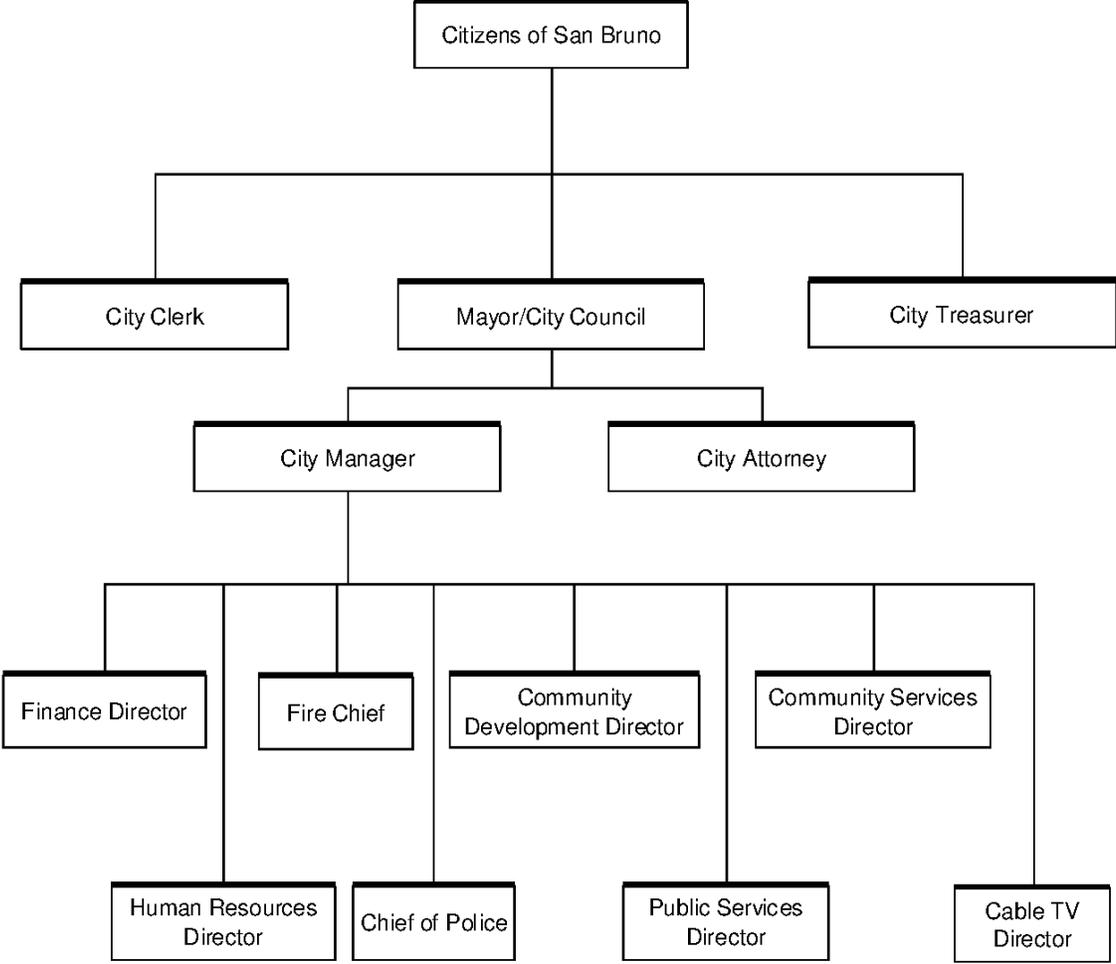
Irene O'Connell

Michael Salazar

CITY MANAGER

Connie Jackson

CITY OF SAN BRUNO





VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of San Bruno, as of and for the year ended June 30, 2011, which collectively comprise the City of San Bruno's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of San Bruno's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bruno as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements as of June 30, 2010, were audited by other auditors whose report, dated December 15, 2010, expressed an unqualified opinion on those statements. The comparative data for the fiscal year ended June 30, 2010, presented as additional analytical data, is derived from the audited financial statements for the year ended June 30, 2010.

As described in Note 1 to the financial statements, City of San Bruno adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the fiscal year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 22, 2011, 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, and grants. 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. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the 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 on inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic statements of the City of San Bruno. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
December 22, 2011

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

The Management's Discussion and Analysis (MD&A) provides an overview of the City of San Bruno's activities and financial performance for the fiscal year ended June 30, 2011. To obtain a complete picture of the City's financial condition, this document should be read in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

Financial Highlights

- The City's government-wide net assets increased by \$4.58 million during 2010-11, bringing the total net assets to \$105.24 million. The 2010-11 increase in net assets marks the eighth straight year that the City has seen positive growth of net assets. Of government-wide net assets, \$67.69 million is invested in capital assets, \$16.1 million is restricted for specific use, and the balance of \$21.4 million is unrestricted for the City's operations and capital investments.
- The City's General Fund fund balance increased by \$1.57 million bringing the total to \$9.82 million. This increase is primarily the result of one-time revenues including excess ERAF tax received from the County and an improvement in the City's operations and capital improvements.
- The City's Governmental activities expenses were \$48.6 million, representing a modest 3.2% increase over 2009-10. This was offset by charges for services of \$7.2 million and Operating and Capital Contributions and Grants of \$11.3 million for a net cost to general revenues (taxes and investment income) of \$30.0 million. General governmental activities revenues totaled \$32.6 million for a gain (revenues greater than expenses) of \$2.4 million.
- The September 9, 2010 Pacific Gas and Electric gas transmission pipeline explosion and resulting fire in San Bruno required the City to make expenditures outside of the City Council adopted operating budget. To ensure that all expenditures related to the incident were segregated, a new Emergency Disaster Fund was created and all expenses were charged to this fund. The City continues to seek reimbursement for its costs and as of June 30, 2011 had an outstanding receivable of \$1.7 million related to expenses not yet reimbursed, but anticipated to be fully recovered.
- Business-type activities expenses of \$28.8 million were offset by charges for services totaling \$30.8 million. Combined with non-program revenues totaling \$.2 million, Net Assets increased by \$2.2 million.

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).

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

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.

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 16 and 17 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 nineteen 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, Measure A Transportation Tax and the Street Improvement Capital Projects Fund, all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on page 20 of this report.

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

Proprietary funds. The City of San Bruno maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for Water, Stormwater, Wastewater and Cable Television.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central garage, self-insurance, general equipment reserve, technology development, and facilities maintenance activities. Because these services 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 page 28 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, the Project Development Fund and the San Bruno Garbage Company Fund. Since agency funds are custodial in nature, (i.e. assets equal liabilities) they do not involve the measurement of results of operations. For this reason, Fiduciary funds are not reflected in the government-wide financial statements.

The basic fiduciary fund financial statements can be found on page 34 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 page 37 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 72 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service and fiduciary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on page 77 of this report.

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

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 \$105.2 million at the close of fiscal year 2010-11. By far the largest portion of the City's net assets (64.3%) 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's Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets:	\$ 38,135,639	\$ 32,148,397	\$ 19,945,656	\$ 18,493,552	\$ 58,081,295	\$ 50,641,949
Noncurrent assets:	45,832,978	47,582,870	53,058,473	53,731,241	98,891,451	101,314,111
Total assets	<u>83,968,617</u>	<u>79,731,267</u>	<u>73,004,129</u>	<u>72,224,793</u>	<u>156,972,746</u>	<u>151,956,060</u>
Current liabilities:	8,047,309	7,058,046	5,639,977	3,345,608	13,687,286	10,403,654
Noncurrent liabilities:	17,440,678	16,583,733	20,608,443	24,310,604	38,049,121	40,894,337
Total liabilities	<u>25,487,987</u>	<u>23,641,779</u>	<u>26,248,420</u>	<u>27,656,212</u>	<u>51,736,407</u>	<u>51,297,991</u>
Net Assets:						
Invested in capital assets, net of related debt	36,981,386	38,157,248	30,706,799	29,617,094	67,688,185	67,774,342
Restricted	16,116,900	11,757,369	-	-	16,116,900	11,757,369
Unrestricted	5,382,344	6,174,871	16,048,910	14,951,487	21,431,254	21,126,358
Total net assets	<u>\$ 58,480,630</u>	<u>\$ 56,089,488</u>	<u>\$ 46,755,709</u>	<u>\$ 44,568,581</u>	<u>\$105,236,339</u>	<u>\$100,658,069</u>

An additional portion of the City's net assets (\$16.1 million or 15.3 percent of Net Assets) represents resources that are subject to external restrictions on how they may be used. The remaining balance in *unrestricted net assets* of \$21.4 million will be used to meet the City's ongoing obligations to citizens and creditors as funded through current revenues.

At the end of fiscal year 2010-11, the City reported a positive balance in 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. An increase in sales tax and transient occupancy tax revenue along with excess ERAF tax contributed for the increase in the governmental activities, while rate increases in the water and wastewater enterprises for recovery of future capital expenditures were primary contributors to the increase in net assets for business activities by \$2.2 million.

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

Changes in Net Assets
For the years ending June 30,
(\$ in millions)

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues						
Change for services	\$ 7.2	\$ 7.6	\$ 30.8	\$ 29.2	\$ 14.8	\$ 38.4
Operating contributions and grants	11.2	5.7	-	-	11.2	5.7
Capital contributions and grants	0.1	0.8	-	-	0.1	0.8
Property taxes	5.0	6.6	-	-	5.0	6.6
Incremental property taxes	8.9	9.3	-	-	8.9	9.3
Transient occupancy taxes	1.8	1.3	-	-	1.8	1.3
Franchise taxes	1.9	1.8	-	-	1.9	1.8
Sales taxes	6.5	5.4	-	-	6.5	5.4
Cardroom taxes	1.5	1.5	-	-	1.5	1.5
Other taxes	1.7	1.5	-	-	1.7	1.5
State motor vehicle in-lieu tax, including subvention	3.4	3.4	-	-	3.4	3.4
Use of money and property	1.9	2.2	0.1	0.1	2.0	2.3
Total Revenue	51.1	47.1	30.9	29.3	58.8	78.0
Expenses						
General government	11.0	5.8	-	-	11.0	5.8
Public safety	19.3	19.6	-	-	19.3	19.6
Public works	0.9	0.9	-	-	0.9	0.9
Highways and streets	3.4	4.8	-	-	3.4	4.8
Parks and recreation	4.2	4.4	-	-	4.2	4.4
Library	1.7	1.7	-	-	1.7	1.7
Community development	7.5	9.2	-	-	7.5	9.2
Interest expense	0.6	0.7	-	-	0.6	0.7
Water	-	-	7.4	6.9	7.4	6.9
Stormwater	-	-	0.4	0.4	0.4	0.4
Wastewater	-	-	9.4	7.9	9.4	7.9
Cable Television	-	-	11.6	11.5	11.6	11.5
Total expenses	48.6	47.1	28.8	26.7	77.4	73.8
Increase (Decrease) in Net assets, before transfers	2.5	-	2.1	2.6	4.6	2.6
Transfers	(0.1)	(0.1)	0.1	0.1	-	-
Increase (Decrease) in Net Assets	2.4	(0.1)	2.2	2.7	4.6	2.6
Beginning Net Assets	56.1	56.2	44.6	41.9	100.7	98.1
Ending Net Assets	\$ 58.5	\$ 56.1	\$ 46.8	\$ 44.6	\$ 105.3	\$ 100.7

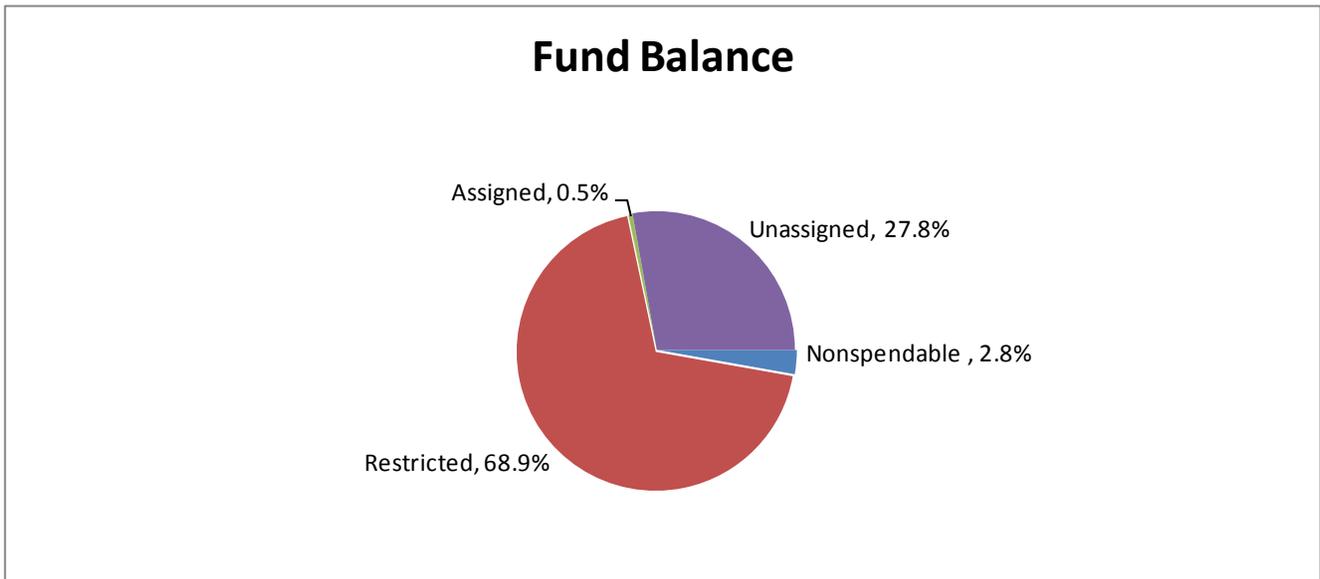
CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

Governmental Activities

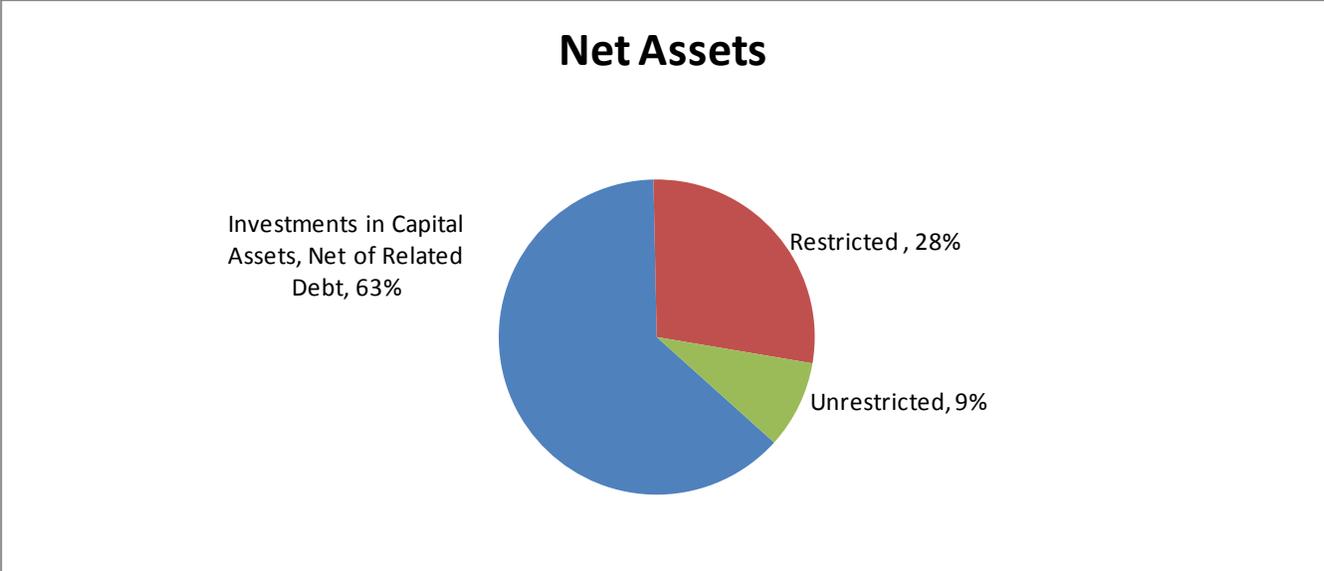
The cost of all Governmental activities this year was \$48.6 million. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City property taxes was only \$30.0 million because some of the cost was paid by those who directly benefited from the programs (\$7.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$11.2 million) for operations and (\$.08 million) for capital. The City paid for the remaining “public benefit” portion of governmental activities with \$32.6 million in other general revenues (some of which could only be used for certain programs), net of transfers.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**



CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

Total resources available during the year to finance governmental operations were \$51.0 million. This consisted of \$18.5 million in program revenues, \$32.4 million in general revenues net of transfers. Total governmental activities operating expenses during the year were \$48.6 million. Thus, net assets at July 1 2010 of \$56.1 million were increased by \$2.4 million to \$58.5 million by June 30, 2011.

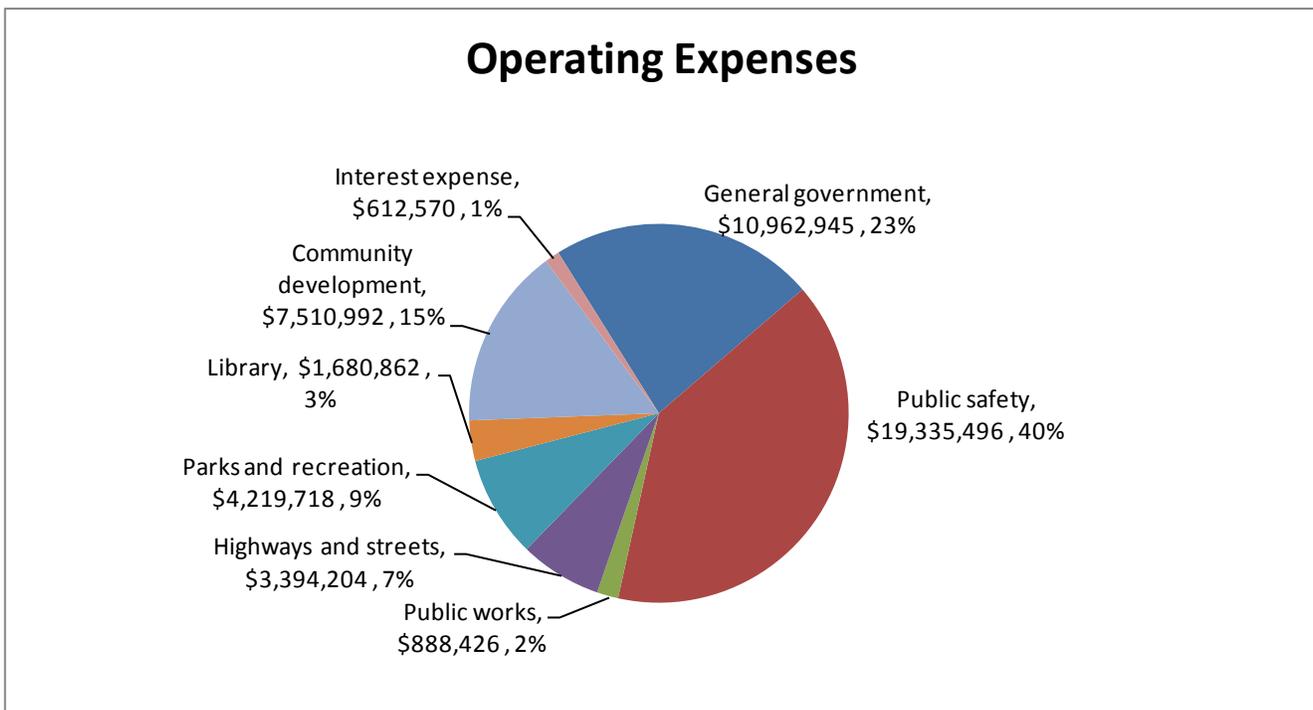
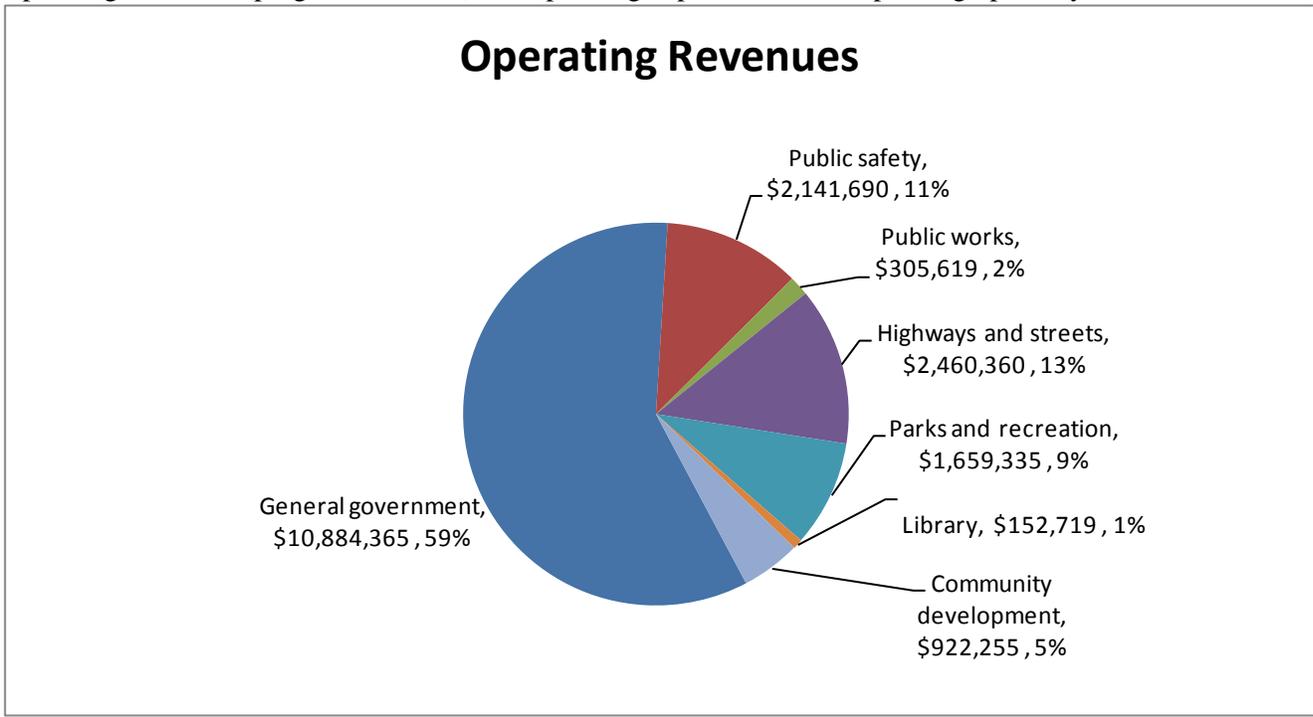
The City's programs include: general government, public safety, public works, highway and streets, parks and recreation, library, and community development. Each program's *net* cost (total cost less revenues generated by the activities) is presented below. The net cost shows the financial burden that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

	Operating Revenues		Operating Expenses		Net (Expense) and Change in Net Assets	
	2011	2010	2011	2010	2011	2010
Governmental activities:						
General government	\$ 10,884,365	\$ 4,899,646	\$ 10,962,945	\$ 5,757,945	\$ (78,580)	\$ (858,299)
Public safety	2,141,690	1,989,354	19,335,496	19,593,501	(17,193,806)	(17,604,147)
Public works	305,619	119,108	888,426	862,049	(582,807)	(742,941)
Highways and streets	2,460,360	3,930,740	3,394,204	4,864,060	(933,844)	(933,320)
Parks and recreation	1,659,335	1,868,831	4,219,718	4,393,495	(2,560,383)	(2,524,664)
Library	152,719	227,481	1,680,862	1,757,550	(1,528,143)	(1,530,069)
Community development	922,255	1,084,270	7,510,992	9,180,082	(6,588,737)	(8,095,812)
Interest expense	-	-	612,570	672,458	(612,570)	(672,458)
Total governmental activities	\$ 18,526,343	\$ 14,119,430	\$ 48,605,213	\$ 47,081,140	\$ (30,078,870)	\$ (32,961,710)

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

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



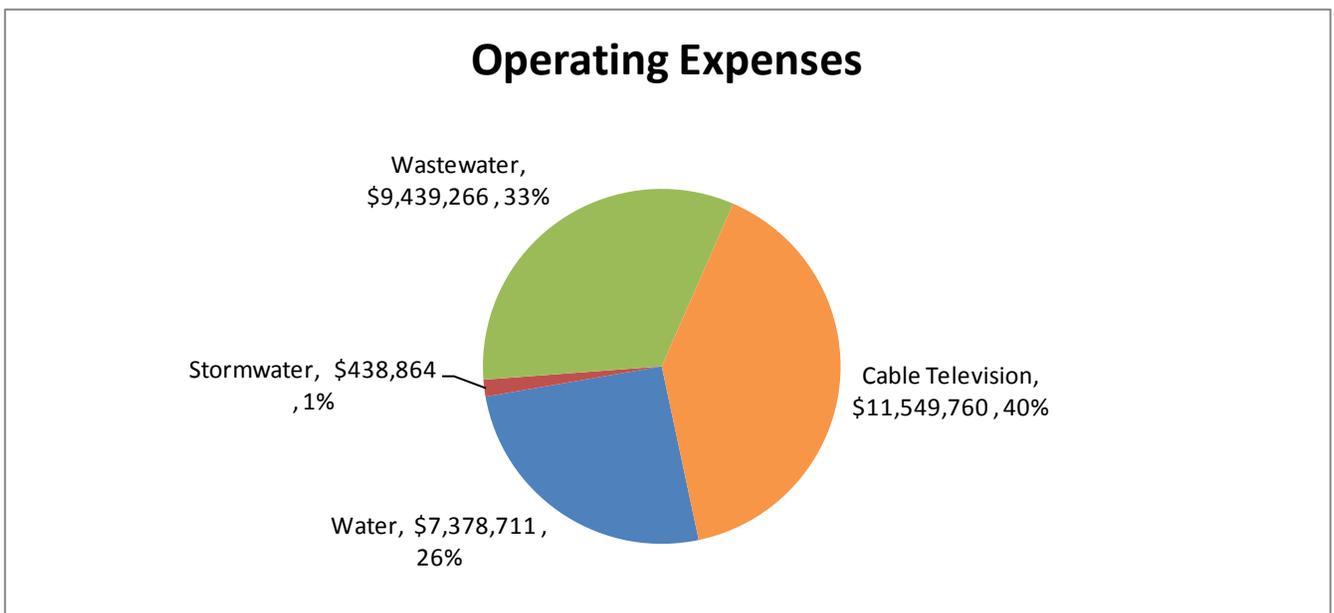
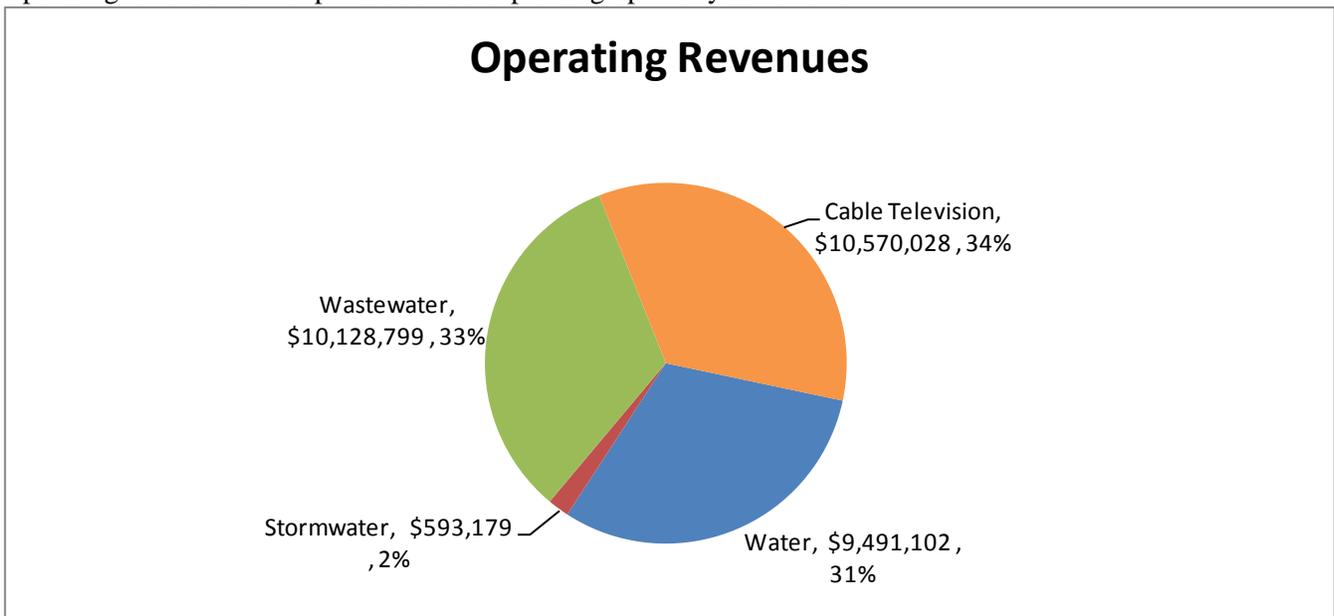
CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

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 \$73 million consisting of net assets at July 1, 2010, of \$44.6 million and program revenues, investment income, and transfers of \$31 million. Total business-type activities expenses during the year were \$28.8 million; thus, net assets were increased by \$2.2 million to \$46.8 million.

Operating revenues and expenses can be depicted graphically as follows:



CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

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 Revenues		Operating Expenses		Net (Expense) and Change in Net Assets	
	2011	2010	2011	2010	2011	2010
	Business-type activities:					
Water	\$ 9,491,102	\$ 8,836,515	\$ 7,378,711	\$ 6,919,121	\$ 2,112,391	\$ 1,917,394
Stormwater	593,179	574,796	438,864	386,608	154,315	188,188
Wastewater	10,128,799	9,566,099	9,439,266	7,987,591	689,533	1,578,508
Cable Television	10,570,028	10,254,204	11,549,760	11,452,012	(979,732)	(1,197,808)
Total business-type activities	\$ 30,783,108	\$ 29,231,614	\$ 28,806,601	\$ 26,745,332	\$ 1,976,507	\$ 2,486,282

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 of priority.

Capital Assets

The capital assets of the City are those assets used in the performance of the City's functions including infrastructure assets. At June 30, 2011, net capital assets of the governmental activities totaled \$45.3 million. Depreciation on capital assets is recognized in the government-wide financial statements. During the 2010-11 fiscal year, capital assets for governmental activities decreased by \$1.75 million due to depreciation in excess of additions. For the business-type activities, capital assets decreased by \$0.7 million to \$52.8 million due to depreciation expense in excess of additions.

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
	Land	\$ 561,197	\$ 561,197	\$ 576,842	\$ 576,842	\$ 1,138,039
Construction in Progress	3,012,003	2,058,731	2,968,887	4,290,864	5,980,890	6,349,595
Infrastructure	30,347,921	32,160,949	-	-	30,347,921	32,160,949
Sewer Plant	-	-	16,263,033	17,136,954	16,263,033	17,136,954
Buildings & Structures	8,546,074	8,940,976	27,816,961	26,672,160	36,363,035	35,613,136
Machinery & Equipment	2,799,783	3,295,017	5,204,005	4,814,784	8,003,788	8,109,801
Total	\$ 45,266,978	\$ 47,016,870	\$ 52,829,728	\$ 53,491,604	\$ 98,096,706	\$ 100,508,474

Debt Administration

Debt, considered a liability of governmental activities, increased by \$2.55 million a result of a OPEB liability increase of \$3.0 million as well as the retirement of debt related to the 2000 Certificates of Participation and Capital Lease obligations amounted to \$225,000 and \$349,031 respectively. Compensated absences decreased by \$68,519.

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the City Budget for fiscal year 2011-2012, the City Council and management used the following criteria:

The key assumptions in our revenue forecast were:

- The adopted 2011-12 General Fund budget includes a .4.6% increase in total revenue, amounting to \$1,413,586 more than in the 2010-11 adopted budget.
- Transient Occupancy Tax revenues are projected to be 16.8% higher than the 2010-11 amended budget and sales tax is anticipated to increase 14% over the 2010-11 amended budget.
- Water and wastewater rates will increase as part of the third year of a three-year rate increase adopted by the City Council in 2009-10.

The adopted budget for all City funds for the new fiscal year of 2011-12 was \$90.9 million and is summarized as follows:

	FY 2011-12
General fund	\$ 31,859,247
Special revenue funds	7,244,078
Enterprise funds	25,906,725
Internal service funds	3,922,285
Capital projects	18,227,767
Total operations and projects	<u>87,160,102</u>
Debt service	3,716,230
Total budget	<u><u>\$ 90,876,332</u></u>

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

Budgeted Expenditures:

- The adopted general fund budget includes an increase of \$838,959 or approximately 2.7%, which is primarily due to an increase in the City's retirement costs.
- The capital improvement program for 2011-12 totals \$18,227,767. This amount includes significant funding for street rehabilitation and infrastructure improvements for the city's utility operations. The breakdown is as follows:

	<u>FY 2011-12</u>
Parks & Facilities	\$ 2,050,899
Redevelopment Agency	-
Street Improvements	7,882,987
Water Enterprise	4,069,338
Wastewater Enterprise	3,064,390
Stormwater Enterprise	302,760
Cable Television	618,526
Technology	<u>238,867</u>
Total	<u><u>\$ 18,227,767</u></u>

A total of \$3,716,230 is set-aside to meet debt service obligations of the City. Of this amount, \$378,501 is budgeted in the general fund (non-departmental), \$1,867,795 is budgeted in the wastewater fund, \$817,796 is budgeted in the cable fund, and \$652,138 is budgeted in redevelopment operations.

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. Questions about this report should be directed to the Finance Department at 567 El Camino Real, San Bruno, CA 94066. This report as well as other financial reports can be viewed on the City of San Bruno's website at www.sanbruno.ca.gov.

BASIC FINANCIAL STATEMENTS

CITY OF SAN BRUNO, CALIFORNIA

STATEMENT OF NET ASSETS

JUNE 30, 2011

(With comparative totals for June 30, 2010)

	Governmental Activities	Business-Type Activities	Totals	
			2011	2010
ASSETS				
Current assets:				
Cash and investments	\$ 32,942,353	\$ 14,864,352	\$ 47,806,705	\$ 41,536,082
Cash and investments with fiscal agent	1,191,184	1,053,962	2,245,146	2,539,716
Receivables (net)	5,102,757	2,926,687	8,029,444	6,566,151
Internal balances	(1,100,655)	1,100,655	-	-
Total current assets	38,135,639	19,945,656	58,081,295	50,641,949
Noncurrent assets:				
Land held for resale	566,000	-	566,000	566,000
Deferred charges, net	-	228,745	228,745	239,637
Capital assets not being depreciated:				
Land	561,197	576,842	1,138,039	1,138,039
Construction in progress	3,012,003	2,968,887	5,980,890	6,349,596
Capital assets net of accumulated depreciation:				
Infrastructure	30,347,921	-	30,347,921	32,160,949
Buildings and improvements	8,546,074	44,079,994	52,626,068	52,750,088
Machinery and equipment	2,799,783	5,204,005	8,003,788	8,109,802
Total capital assets (net)	45,266,978	52,829,728	98,096,706	100,508,474
Total noncurrent assets	45,832,978	53,058,473	98,891,451	101,314,111
Total assets	83,968,617	73,004,129	156,972,746	151,956,060
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	6,034,855	2,276,539	8,311,394	8,864,466
Interest payable	170,682	382,978	553,660	614,173
Unearned revenue	153,148	841,488	994,636	925,015
Due within one year	1,688,624	2,138,972	3,827,596	3,648,154
Total current liabilities	8,047,309	5,639,977	13,687,286	14,051,808
Noncurrent liabilities:				
Due in more than one year	17,440,678	20,608,443	38,049,121	37,246,183
Total liabilities	25,487,987	26,248,420	51,736,407	51,297,991
NET ASSETS				
Invested in capital assets, net of related debt	36,981,386	30,706,799	67,688,185	67,774,342
Restricted for:				
Capital Projects	669,175	-	669,175	164,960
Debt service	806,999	-	806,999	806,652
Special Revenue	14,640,726	-	14,640,726	10,785,757
Unrestricted	5,382,344	16,048,910	21,431,254	21,126,358
Total net assets	\$ 58,480,630	\$ 46,755,709	\$ 105,236,339	\$ 100,658,069
Total liabilities and net assets	\$ 83,968,617	\$ 73,004,129	\$ 156,972,746	\$ 151,956,060

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, 2011**

(With comparative totals for the year ended June 30, 2010)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 10,962,945	\$ 3,397,195	\$ 7,487,170	\$ -
Public safety	19,335,496	1,538,616	603,074	-
Public works	888,426	149,299	76,658	79,662
Highways and streets	3,394,204	19,243	2,441,217	(100)
Parks and recreation	4,219,718	1,089,866	569,469	-
Library	1,680,862	105,247	47,472	-
Community development	7,510,992	922,255	-	-
Interest expense	612,570	-	-	-
Total governmental activities	48,605,213	7,221,721	11,225,060	79,562
Business-type activities:				
Water	7,378,711	9,491,102	-	-
Stormwater	438,864	593,179	-	-
Wastewater	9,439,266	10,128,799	-	-
Cable Television	11,549,760	10,570,028	-	-
Total business-type activities	28,806,601	30,783,108	-	-
Total primary government	\$ 77,411,814	\$ 38,004,829	\$ 11,225,060	\$ 79,562

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
- Other taxes

Intergovernmental, unrestricted:

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

Total general revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets - Beginning

Net assets - Ending

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

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-Type Activities	Totals	
		2011	2010
\$ (78,580)	\$ -	\$ (78,580)	\$ (858,299)
(17,193,806)	-	(17,193,806)	(17,604,147)
(582,807)	-	(582,807)	(742,941)
(933,844)	-	(933,844)	(933,320)
(2,560,383)	-	(2,560,383)	(2,524,664)
(1,528,143)	-	(1,528,143)	(1,530,069)
(6,588,737)	-	(6,588,737)	(8,095,812)
(612,570)	-	(612,570)	(672,458)
<u>(30,078,870)</u>	<u>-</u>	<u>(30,078,870)</u>	<u>(32,961,710)</u>
-	2,112,391	2,112,391	1,917,394
-	154,315	154,315	188,188
-	689,533	689,533	1,578,508
-	(979,732)	(979,732)	(1,197,808)
<u>-</u>	<u>1,976,507</u>	<u>1,976,507</u>	<u>2,486,282</u>
<u>(30,078,870)</u>	<u>1,976,507</u>	<u>(28,102,363)</u>	<u>(30,475,428)</u>
5,035,244	-	5,035,244	6,561,286
8,900,038	-	8,900,038	9,308,063
1,763,680	-	1,763,680	1,344,364
1,916,659	-	1,916,659	1,804,390
6,498,220	-	6,498,220	5,366,248
1,531,232	-	1,531,232	1,496,516
1,632,802	-	1,632,802	1,487,538
3,374,101	-	3,374,101	3,350,849
1,909,612	119,045	2,028,657	2,366,089
<u>32,561,588</u>	<u>119,045</u>	<u>32,680,633</u>	<u>33,085,343</u>
(91,576)	91,576	-	-
<u>32,470,012</u>	<u>210,621</u>	<u>32,680,633</u>	<u>33,085,343</u>
2,391,142	2,187,128	4,578,270	2,609,915
56,089,488	44,568,581	100,658,069	98,048,154
<u>\$ 58,480,630</u>	<u>\$ 46,755,709</u>	<u>\$ 105,236,339</u>	<u>\$ 100,658,069</u>

FUND FINANCIAL STATEMENTS

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CITY OF SAN BRUNO, CALIFORNIA

BALANCE SHEET

JUNE 30, 2011

(With comparative totals for June 30, 2010)

	Major Funds			
	General	Redevelopment Agency		
		Special Revenue	Capital Projects	Debt Service
ASSETS				
Cash and investments	\$ 4,581,918	\$ 8,300,625	\$ 113,336	\$ 156,934
Cash and investments with fiscal agent/trustee	-	450,000	-	650,065
Receivables:				
Taxes	965,263	-	-	-
Interest	85,514	-	-	-
Intergovernmental subventions	-	-	-	-
Intergovernmental grants	-	-	-	-
Loans	638,512	90,000	-	-
Other	805,837	-	-	-
Due from other funds	5,164,993	-	-	-
Land held for resale	-	566,000	-	-
Total assets	\$ 12,242,037	\$ 9,406,625	\$ 113,336	\$ 806,999
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,270,025	\$ 3,075,553	\$ 22,000	\$ -
Due to other funds	-	-	-	-
Deferred revenue	153,148	-	-	-
Vacation and compensated absence obligation	-	24,289	-	-
Advances from other funds	-	1,060,300	1,916,733	-
Total liabilities	2,423,173	4,160,142	1,938,733	-
Fund balances:				
Nonspendable	638,512	90,000	-	-
Restricted	-	5,156,483	-	806,999
Assigned	127,407	-	-	-
Unassigned	9,052,945	-	(1,825,397)	-
Total fund balances	9,818,864	5,246,483	(1,825,397)	806,999
Total liabilities and fund balances	\$ 12,242,037	\$ 9,406,625	\$ 113,336	\$ 806,999

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

Major Funds					
Measure A	Street Improvement	Other			
Transportation Tax	Capital Projects	Governmental	Funds	2011	2010
\$ 325,037	\$ 1,291,423	\$ 10,785,731	\$ 25,555,004	\$ 21,671,792	
-	-	-	1,100,065	1,309,956	
-	-	30,889	996,152	826,098	
-	-	3,569	89,083	66,997	
-	-	11,859	11,859	21,987	
-	171,000	79,414	250,414	45,012	
-	462,966	-	1,191,478	1,535,037	
-	-	1,757,934	2,563,771	1,267,656	
-	-	-	5,164,993	2,493,223	
-	-	-	566,000	566,000	
\$ 325,037	\$ 1,925,389	\$ 12,669,396	\$ 37,488,819	\$ 29,803,758	
\$ -	\$ 59,990	\$ 383,209	\$ 5,810,777	\$ 6,697,593	
-	-	2,587,808	2,587,808	45,252	
-	-	-	153,148	58,278	
-	-	-	24,289	23,360	
-	-	-	2,977,033	2,977,033	
-	59,990	2,971,017	11,553,055	9,801,516	
-	-	-	728,512	738,702	
325,037	1,865,399	9,716,735	17,870,653	13,486,013	
-	-	-	127,407	152,533	
-	-	(18,356)	7,209,192	5,624,994	
325,037	1,865,399	9,698,379	25,935,764	20,002,242	
\$ 325,037	\$ 1,925,389	\$ 12,669,396	\$ 37,488,819	\$ 29,803,758	

CITY OF SAN BRUNO, CALIFORNIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2011**

Total fund balances - total governmental funds \$ 25,935,764

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.

45,266,978

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	\$ 10,455,501	
Accounts payable and accrued liabilities	(224,078)	
Net amount allocated to business-type activities	<u>(3,677,840)</u>	6,553,583

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	(365,592)
Accrued interest payable	(170,682)
Liability for claims	(1,576,264)
Certificates of Participation	(7,920,000)
Compensated absences	(2,260,457)
Net OPEB obligation	<u>(6,982,700)</u>

Net assets of governmental activities \$ 58,480,630

CITY OF SAN BRUNO, CALIFORNIA

**RECONCILIATION OF THE FUND BASIS BALANCE SHEET TO THE STATEMENT OF
NET ASSETS
JUNE 30, 2011**

	Governmental Funds Balance Sheet	Internal Service Balances	Eliminations Reclassifications	Changes in GAAP	Statement of Net Assets
ASSETS					
Current assets:					
Cash and investments	\$ 25,555,004	\$ 7,387,349	\$ -	\$ -	\$ 32,942,353
Cash and investments with fiscal agent/trustee	1,100,065	91,119	-	-	1,191,184
Receivables (net)	5,102,757	-	-	-	5,102,757
Due from other funds	5,164,993	-	(5,164,993)	-	-
Internal balances	-	-	2,577,185	(3,677,840)	(1,100,655)
Total current assets	<u>36,922,819</u>	<u>7,478,468</u>	<u>(2,587,808)</u>	<u>(3,677,840)</u>	<u>38,135,639</u>
Noncurrent assets:					
Advances to other funds	-	2,977,033	(2,977,033)	-	-
Land held for resale	566,000	-	-	-	566,000
Capital assets not being depreciated:					
Land	-	-	-	561,197	561,197
Construction in progress	-	-	-	3,012,003	3,012,003
Capital assets net of accumulated depreciation:					
Infrastructure	-	-	-	30,347,921	30,347,921
Buildings and improvements	-	-	-	8,546,074	8,546,074
Machinery and equipment	-	-	-	2,799,783	2,799,783
Total noncurrent assets	<u>566,000</u>	<u>2,977,033</u>	<u>(2,977,033)</u>	<u>45,266,978</u>	<u>45,832,978</u>
Total assets	<u>\$ 37,488,819</u>	<u>\$ 10,455,501</u>	<u>\$ (5,564,841)</u>	<u>\$ 41,589,138</u>	<u>\$ 83,968,617</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 5,810,777	\$ 224,078	\$ -	\$ -	\$ 6,034,855
Due to other funds	2,587,808	-	(2,587,808)	-	-
Interest payable	-	-	-	170,682	170,682
Deferred revenue	153,148	-	-	-	153,148
Due within one year	-	-	-	605,592	605,592
Compensated absences	24,289	55,277	-	1,003,466	1,083,032
Total current liabilities	<u>8,576,022</u>	<u>279,355</u>	<u>(2,587,808)</u>	<u>1,779,740</u>	<u>8,047,309</u>
Noncurrent liabilities:					
Advances from other funds	2,977,033	-	(2,977,033)	-	-
Compensated absences	-	40,089	-	1,161,625	1,201,714
Due after one year	-	-	-	7,680,000	7,680,000
Liability for claims	-	1,576,264	-	-	1,576,264
Net OPEB obligation	-	-	-	6,982,700	6,982,700
Total noncurrent liabilities	<u>2,977,033</u>	<u>1,616,353</u>	<u>(2,977,033)</u>	<u>15,824,325</u>	<u>17,440,678</u>
Total liabilities	<u>11,553,055</u>	<u>1,895,708</u>	<u>(5,564,841)</u>	<u>17,604,065</u>	<u>25,487,987</u>
NET ASSETS					
Invested in capital assets, net of related debt	-	-	-	36,981,386	36,981,386
Restricted for:					
Capital Projects	669,175	-	-	-	669,175
Debt service	806,999	-	-	-	806,999
Special revenue	14,640,726	-	-	-	14,640,726
Unrestricted (deficit)	9,818,864	8,559,793	-	(12,996,313)	5,382,344
Total net assets	<u>25,935,764</u>	<u>8,559,793</u>	<u>-</u>	<u>23,985,073</u>	<u>58,480,630</u>
Total liabilities and net assets	<u>\$ 37,488,819</u>	<u>\$ 10,455,501</u>	<u>\$ (5,564,841)</u>	<u>\$ 41,589,138</u>	<u>\$ 83,968,617</u>

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

CITY OF SAN BRUNO, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011**

(With comparative totals for June 30, 2010)

	Redevelopment Agency			
	General	Special Revenue	Capital Projects	Debt Service
REVENUES:				
Taxes	\$ 17,016,483	\$ 8,900,038	\$ -	\$ -
Licenses and permits	2,097,713	-	-	-
Intergovernmental	3,374,101	-	-	-
Charges for services	4,178,851	-	-	-
Fines and forfeitures	734,722	-	-	-
Use of money and property	1,750,450	60,288	955	268
Other revenues	3,592,457	-	-	-
Total revenues	32,744,777	8,960,326	955	268
EXPENDITURES:				
Current:				
General government	3,918,992	-	-	-
Public safety	18,537,862	-	-	-
Public works	768,453	-	-	-
Highways and streets	1,065,816	-	-	-
Parks and recreation	3,956,830	-	-	-
Library	1,649,755	-	-	-
Community development	1,087,080	6,163,216	30,070	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	225,000
Interest and fiscal charges	-	200,000	-	422,411
Total expenditures	30,984,788	6,363,216	30,070	647,411
REVENUES OVER (UNDER) EXPENDITURES	1,759,989	2,597,110	(29,115)	(647,143)
OTHER FINANCING SOURCES (USES):				
Transfers in	467,586	-	684,064	647,490
Transfers out	(653,584)	(1,331,554)	(684,064)	-
Total other financing sources (uses)	(185,998)	(1,331,554)	-	647,490
Net change in fund balances	1,573,991	1,265,556	(29,115)	347
FUND BALANCES:				
Beginning of year	8,244,873	3,980,927	(1,796,282)	806,652
End of year	\$ 9,818,864	\$ 5,246,483	\$ (1,825,397)	\$ 806,999

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

Measure A Transportation Tax	Street Improvement Capital Projects	Other Governmental Funds	Totals	
			2011	2010
\$ 717,285	\$ -	\$ 1,071,708	\$ 27,705,514	\$ 27,863,575
-	-	84,464	2,182,177	2,036,968
-	-	728,832	4,102,933	4,663,260
-	-	70,585	4,249,436	3,319,982
-	-	4,311	739,033	763,221
3,985	21,254	72,412	1,909,612	1,938,960
-	(100)	6,606,870	10,199,227	6,151,677
<u>721,270</u>	<u>21,154</u>	<u>8,639,182</u>	<u>51,087,932</u>	<u>46,737,643</u>
-	-	3,814,641	7,733,633	3,432,652
-	-	92,797	18,630,659	19,791,985
-	-	58,710	827,163	795,138
-	762,500	614,305	2,442,621	3,924,441
-	-	149,984	4,106,814	4,319,160
-	-	19,619	1,669,374	1,752,924
-	-	231	7,280,597	8,978,350
-	-	699,463	699,463	1,071,479
-	-	349,031	574,031	548,218
-	-	29,471	651,882	677,465
<u>-</u>	<u>762,500</u>	<u>5,828,252</u>	<u>44,616,237</u>	<u>45,291,812</u>
<u>721,270</u>	<u>(741,346)</u>	<u>2,810,930</u>	<u>6,471,695</u>	<u>1,445,831</u>
-	1,229,185	667,720	3,696,045	5,418,156
(637,010)	-	(928,006)	(4,234,218)	(5,168,156)
<u>(637,010)</u>	<u>1,229,185</u>	<u>(260,286)</u>	<u>(538,173)</u>	<u>250,000</u>
84,260	487,839	2,550,644	5,933,522	1,695,831
<u>240,777</u>	<u>1,377,560</u>	<u>7,147,735</u>	<u>20,002,242</u>	<u>18,306,411</u>
<u>\$ 325,037</u>	<u>\$ 1,865,399</u>	<u>\$ 9,698,379</u>	<u>\$ 25,935,764</u>	<u>\$ 20,002,242</u>

CITY OF SAN BRUNO, CALIFORNIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balances- total governmental funds **\$ 5,933,522**

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

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

Capital asset purchases capitalized	1,375,972
Depreciation expense	(3,125,864)
Net decrease from capital outlay expenses	<u>(1,749,892)</u>

Certain employee benefit obligations are recorded on a pay-as-you-go basis
in the governmental funds, but are accrued as liabilities in the Statement of Net Assets:

Net OPEB obligation	<u>(3,043,300)</u>
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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	349,031
Certificate of participation principal payments	225,000
Total principal payments	<u>574,031</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	39,312
Accrued compensated absences	43,466
Total	<u>82,778</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 \$594,004 attributed to governmental activities	<u>594,004</u>
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Change in net assets of governmental activities	<u><u>\$ 2,391,143</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF SAN BRUNO, CALIFORNIA

**RECONCILIATION OF THE FUND BASIS STATEMENTS TO GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt Service	Depreciation	Capital Asset (Additions)/ Retirements	Internal Service Fund Eliminations	OPEB Obligation	Government- wide Totals
Primary government:							
Governmental activities:							
General government	\$ 7,733,633	\$ (43,466)	\$ 256,279	\$ -	\$ (26,801)	\$ 3,043,300	\$ 10,962,945
Public safety	18,630,659	-	210,534	553,266	(58,963)	-	19,335,496
Public works	827,163	-	66,623	-	(5,360)	-	888,426
Highways and streets	2,442,621	-	1,829,002	(872,059)	(5,360)	-	3,394,204
Parks and recreation	4,106,814	-	390,351	(245,285)	(32,162)	-	4,219,718
Library	1,669,374	-	19,528	-	(8,040)	-	1,680,862
Community development	7,280,597	-	353,547	(112,431)	(10,721)	-	7,510,992
Capital outlay	699,463	-	-	(699,463)	-	-	-
Debt service/Interest expense	1,225,913	(613,343)	-	-	-	-	612,570
Total governmental activities	<u>44,616,237</u>	<u>(656,809)</u>	<u>3,125,864</u>	<u>(1,375,972)</u>	<u>(147,407)</u>	<u>3,043,300</u>	<u>48,605,213</u>
Business-type activities:							
Water	7,434,994	-	-	-	(56,283)	-	7,378,711
Stormwater	465,665	-	-	-	(26,801)	-	438,864
Wastewater	9,444,626	-	-	-	(5,360)	-	9,439,266
Cable Television	11,581,922	-	-	-	(32,162)	-	11,549,760
Total business-type activities	<u>28,927,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,606)</u>	<u>-</u>	<u>28,806,601</u>
Total expenditures/expenses	<u>\$ 73,543,444</u>	<u>\$ (656,809)</u>	<u>\$ 3,125,864</u>	<u>\$ (1,375,972)</u>	<u>\$ (268,013)</u>	<u>\$ 3,043,300</u>	<u>\$ 77,411,814</u>

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

CITY OF SAN BRUNO, CALIFORNIA

**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2011**

(With comparative totals for June 30, 2010)

	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
ASSETS			
Current assets:			
Cash and investments	\$ 9,057,181	\$ 1,307,119	\$ 4,500,052
Cash and investments with fiscal agent/trustee	-	-	1,053,962
Accounts receivable	914,794	-	991,204
Total current assets	<u>9,971,975</u>	<u>1,307,119</u>	<u>6,545,218</u>
Noncurrent assets:			
Advance to City of San Bruno Redevelopment Agency	-	-	-
Deferred charges, net	-	-	228,745
Property, plant and equipment (net)	14,353,948	1,055,199	31,528,061
Total noncurrent assets	<u>14,353,948</u>	<u>1,055,199</u>	<u>31,756,806</u>
Total assets	<u>\$ 24,325,923</u>	<u>\$ 2,362,318</u>	<u>\$ 38,302,024</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 725,441	\$ (14)	\$ 1,091,148
Due to other funds	-	-	-
Interest payable	-	-	380,328
Unearned revenue	-	-	-
Compensated absences - current	61,957	-	31,784
Long term debt - due within one year	-	-	1,155,536
Total current liabilities	<u>787,398</u>	<u>(14)</u>	<u>2,658,796</u>
Noncurrent liabilities:			
Compensated absences - noncurrent	54,440	5,849	65,880
Long term debt - due in more than one year	-	-	19,350,550
Liability for claims - non-current	-	-	-
Other long-term liabilities	-	-	160,000
Total noncurrent liabilities	<u>54,440</u>	<u>5,849</u>	<u>19,576,430</u>
Total liabilities	<u>841,838</u>	<u>5,835</u>	<u>22,235,226</u>
Net Assets			
Invested in capital assets, net of related debt	14,353,948	1,055,199	11,021,975
Unrestricted (deficit)	9,130,137	1,301,284	5,044,823
Total net assets	<u>23,484,085</u>	<u>2,356,483</u>	<u>16,066,798</u>
Total liabilities and net assets	<u>\$ 24,325,923</u>	<u>\$ 2,362,318</u>	<u>\$ 38,302,024</u>
Reconciliation to government-wide statement of net assets:			
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$ 1,714,397	\$ 150,315	\$ 817,460
Net assets of business-type activities	<u>\$ 25,198,482</u>	<u>\$ 2,506,798</u>	<u>\$ 16,884,258</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	
	2011	2010	2011	2010
\$ -	\$ 14,864,352	\$ 13,443,994	\$ 7,387,349	\$ 6,420,296
-	1,053,962	1,138,641	91,119	91,119
1,020,689	2,926,687	2,801,654	-	1,710
<u>1,020,689</u>	<u>18,845,001</u>	<u>17,384,289</u>	<u>7,478,468</u>	<u>6,513,125</u>
-	-	-	2,977,033	2,977,033
-	228,745	239,637	-	-
5,892,520	52,829,728	53,491,604	-	-
<u>5,892,520</u>	<u>53,058,473</u>	<u>53,731,241</u>	<u>2,977,033</u>	<u>2,977,033</u>
<u>\$ 6,913,209</u>	<u>\$ 71,903,474</u>	<u>\$ 71,115,530</u>	<u>\$ 10,455,501</u>	<u>\$ 9,490,158</u>
\$ 459,964	\$ 2,276,539	\$ 2,074,692	\$ 224,078	\$ 68,821
2,577,185	2,577,185	2,447,971	-	-
2,650	382,978	404,179	-	-
841,488	841,488	866,737	-	-
147,104	240,845	248,007	55,277	99,422
742,591	1,898,127	1,751,582	-	-
<u>4,770,982</u>	<u>8,217,162</u>	<u>7,793,168</u>	<u>279,355</u>	<u>168,243</u>
97,472	223,641	188,087	40,089	45,286
874,252	20,224,802	22,122,928	-	-
-	-	-	1,576,264	1,431,446
-	160,000	-	-	-
<u>971,724</u>	<u>20,608,443</u>	<u>22,311,015</u>	<u>1,616,353</u>	<u>1,476,732</u>
<u>5,742,706</u>	<u>28,825,605</u>	<u>30,104,183</u>	<u>1,895,708</u>	<u>1,644,975</u>
4,275,677	30,706,799	29,617,094	-	-
(3,105,174)	12,371,070	11,394,253	8,559,793	7,845,183
<u>1,170,503</u>	<u>43,077,869</u>	<u>41,011,347</u>	<u>8,559,793</u>	<u>7,845,183</u>
<u>\$ 6,913,209</u>	<u>\$ 71,903,474</u>	<u>\$ 71,115,530</u>	<u>\$ 10,455,501</u>	<u>\$ 9,490,158</u>
\$ 995,668	\$ 3,677,840	\$ 3,557,234		
<u>\$ 2,166,171</u>	<u>\$ 46,755,709</u>	<u>\$ 44,568,581</u>		

CITY OF SAN BRUNO, CALIFORNIA

PROPRIETARY FUNDS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

(With comparative totals for the year ended June 30, 2010)

	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
OPERATING REVENUES:			
Charges for services:			
Water sales	\$ 9,316,650	\$ -	\$ -
Sewer service charges	-	-	10,075,426
Cable television charges	-	-	-
Other service charges	94,283	557,228	21,639
Other operating revenue	80,169	35,951	31,734
Insurance cost allocation	-	-	-
Total operating revenues	9,491,102	593,179	10,128,799
OPERATING EXPENSES:			
Water supply	4,043,290	-	-
Distribution	2,440,951	349,014	-
Customer accounting	228,649	-	-
Treatment	-	-	7,287,694
Cable operations	-	-	-
Central garage	-	-	-
Insurance expenses	-	76,260	-
Equipment replacement	-	-	-
Technology support	-	-	-
Facilities maintenance	-	-	-
Depreciation and amortization	722,104	40,391	1,428,926
Total operating expenses	7,434,994	465,665	8,716,620
OPERATING INCOME (LOSS)	2,056,108	127,514	1,412,179
NONOPERATING REVENUES (EXPENSES):			
Investment income	71,445	10,202	37,383
Interest and debt service expenses	-	-	(728,006)
Total non-operating revenues (expenses), net	71,445	10,202	(690,623)
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	2,127,553	137,716	721,556
Transfers in (out)	(10,000)	-	10,000
CHANGE IN NET ASSETS	2,117,553	137,716	731,556
NET ASSETS:			
Beginning of year, as originally reported	21,366,532	2,218,767	15,335,242
Prior period adjustment	-	-	-
Beginning of year, as adjusted	21,366,532	2,218,767	15,335,242
End of year	\$ 23,484,085	\$ 2,356,483	\$ 16,066,798
Reconciliation to government-wide statement of activities:			
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$ 56,283	\$ 26,801	\$ 5,360
Change in net assets of business-type activities - End of year	\$ 2,173,836	\$ 164,517	\$ 736,916

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

Cable Television	Business Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	
	Totals		Totals	
	2011	2010	2011	2010
\$ -	\$ 9,316,650	\$ 8,604,616	\$ -	\$ -
-	10,075,426	9,491,630	-	-
10,558,970	10,558,970	10,094,264	-	-
11,058	684,208	850,522	2,215,964	2,757,474
-	147,854	190,582	-	-
-	-	-	1,578,036	1,578,156
<u>10,570,028</u>	<u>30,783,108</u>	<u>29,231,614</u>	<u>3,794,000</u>	<u>4,335,630</u>
-	4,043,290	4,029,980	-	-
-	2,789,965	2,578,142	-	-
-	228,649	31,791	-	-
-	7,287,694	5,845,007	-	-
9,710,219	9,710,219	9,829,246	-	-
-	-	-	594,564	678,168
-	76,260	78,396	1,374,661	1,251,307
-	-	-	264,958	177,236
-	-	-	448,124	480,194
-	-	-	843,680	1,051,067
1,762,549	3,953,970	3,591,788	-	-
<u>11,472,768</u>	<u>28,090,047</u>	<u>25,984,350</u>	<u>3,525,987</u>	<u>3,637,972</u>
(902,740)	2,693,061	3,247,264	268,013	697,658
15	119,045	123,648	-	-
(109,154)	(837,160)	(887,674)	-	-
(109,139)	(718,115)	(764,026)	-	-
(1,011,879)	1,974,946	2,483,238	268,013	697,658
91,576	91,576	93,482	446,597	(343,482)
(920,303)	2,066,522	2,576,720	714,610	354,176
2,090,806	41,011,347	39,760,264	7,845,183	7,491,007
-	-	(1,325,637)	-	-
<u>2,090,806</u>	<u>41,011,347</u>	<u>38,434,627</u>	<u>7,845,183</u>	<u>7,491,007</u>
<u>\$ 1,170,503</u>	<u>\$ 43,077,869</u>	<u>\$ 41,011,347</u>	<u>\$ 8,559,793</u>	<u>\$ 7,845,183</u>
\$ 32,162	\$ 120,606	\$ 126,692		
<u>\$ (888,141)</u>	<u>\$ 2,187,128</u>	<u>\$ 2,703,412</u>		

CITY OF SAN BRUNO, CALIFORNIA

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011**

(With comparative totals for the year ended June 30, 2010)

	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from interfund services provided	\$ -	\$ -	\$ -
Cash receipts from customers	9,425,410	593,179	10,100,234
Cash payments to suppliers for goods and services	(4,709,025)	(237,682)	(5,646,078)
Cash payments to employees for services	(1,841,780)	(241,589)	(1,304,816)
Net cash provided by operating activities	2,874,605	113,908	3,149,340
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers received from other funds	-	-	-
Transfers paid to other funds	(10,000)	-	10,000
Net cash provided by noncapital financing activities	(10,000)	-	10,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(1,777,899)	(45,940)	(1,162,955)
Proceeds from issuance of debt	-	-	-
Acquisition of capacity rights	-	-	-
Principal payments on long-term debt	-	-	(1,121,572)
Interest paid on long-term debt	-	-	(747,389)
Net cash (used) by capital and related financing activities	(1,777,899)	(45,940)	(3,031,916)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	71,445	10,202	37,383
Net increase (decrease) in cash and cash equivalents	1,158,151	78,170	164,807
CASH AND CASH EQUIVALENTS:			
Beginning of year	7,899,030	1,228,949	5,389,207
End of year	<u>\$ 9,057,181</u>	<u>\$ 1,307,119</u>	<u>\$ 5,554,014</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets			
Cash and investments	\$ 9,057,181	\$ 1,307,119	\$ 4,500,052
Cash and investments held by trustees	-	-	1,053,962
Total Cash and Cash Equivalents, End of Year	<u>\$ 9,057,181</u>	<u>\$ 1,307,119</u>	<u>\$ 5,554,014</u>
Reconciliation of income (loss) from operations to net cash used by operating activities:			
Operating income (loss)	\$ 2,056,108	\$ 127,514	\$ 1,412,179
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation and amortization	722,104	40,391	1,428,926
(Increase) decrease in current assets:			
Accounts receivable	(65,692)	-	(28,565)
Prepaid items	-	-	10,892
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	135,970	(53,776)	176,421
Unearned revenue	-	-	-
Compensated absences	26,115	(221)	(10,513)
Other long-term liabilities	-	-	160,000
Increase (decrease) in claims liability - noncurrent	-	-	-
Net cash provided by operating activities	\$ 2,874,605	\$ 113,908	\$ 3,149,340

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

Cable Television	Totals		Governmental Activities - Internal Service Funds	
	2011	2010	Totals	
			2011	2010
\$ -	\$ -	\$ -	\$ 3,795,710	\$ 4,333,920
10,514,003	30,632,826	29,257,366	-	-
(7,542,401)	(18,135,186)	(18,075,857)	(3,275,254)	(4,141,557)
(2,211,575)	(5,599,760)	(3,961,820)	-	-
760,027	6,897,880	7,219,689	520,456	192,363
129,214	129,214	665,448	628,173	250,000
91,576	91,576	-	(181,576)	(343,482)
220,790	220,790	665,448	446,597	(93,482)
(305,300)	(3,292,094)	(22,903,958)	-	-
-	-	1,609,267	-	-
-	-	17,782,606	-	-
(630,009)	(1,751,581)	(1,590,076)	-	-
(110,972)	(858,361)	(901,884)	-	-
(1,046,281)	(5,902,036)	(6,004,045)	-	-
15	119,045	123,648	-	-
(65,449)	1,335,679	2,004,740	967,053	98,881
65,449	14,582,635	12,577,895	6,511,415	6,412,534
\$ -	\$ 15,918,314	\$ 14,582,635	\$ 7,478,468	\$ 6,511,415
\$ -	\$ 14,864,352	\$ 13,443,994	\$ 7,387,349	\$ 6,420,296
-	1,053,962	1,138,641	91,119	91,119
\$ -	\$ 15,918,314	\$ 14,582,635	\$ 7,478,468	\$ 6,511,415
\$ (902,740)	\$ 2,693,061	\$ 3,247,264	\$ 268,013	\$ 697,658
1,762,549	3,953,970	3,591,788	-	-
(30,776)	(125,033)	(59,170)	1,710	(1,710)
-	10,892	-	-	-
(56,768)	201,847	297,663	155,257	(103,003)
(25,249)	(25,249)	84,922	-	-
13,011	28,392	57,222	(49,342)	11,254
-	160,000	-	-	-
-	-	-	144,818	(411,836)
\$ 760,027	\$ 6,897,880	\$ 7,219,689	\$ 520,456	\$ 192,363

CITY OF SAN BRUNO, CALIFORNIA

**FIDUCIARY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011**

(With comparative totals for the year ended June 30, 2010)

	Agency Funds	
	2011	2010
ASSETS		
Cash and investments	\$ 404,972	\$ 712,390
Accounts receivable	500,644	470,863
Total assets	\$ 905,616	\$ 1,183,253
LIABILITIES		
Accounts payable	\$ 844,131	\$ 904,208
Other liabilities	61,485	279,045
Total liabilities	\$ 905,616	\$ 1,183,253

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SAN BRUNO, CALIFORNIA

**INDEX TO NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

NOTE 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.

The Agency provides services entirely for the benefit of the City of San Bruno, California and the governing body consists solely of members of the City Council; therefore the Agency is treated as a blended component unit. Separate financial statements for the Agency may be obtained at the City of San Bruno's Finance Department.

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 FOR THE YEAR ENDED JUNE 30, 2011

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. However, some funds that have previously met the major fund threshold but fail to do so in the current year continue to be shown as major funds for consistency.

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. The General Fund supports the City's general operating expenditures, fixed charges, and 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 FOR THE YEAR ENDED JUNE 30, 2011

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. The internal services funds are used to account for equipment servicing other funds, central garage, insurance programs, facilities maintenance and technology development. 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, which are Project Development and San Bruno Garbage Company. 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 FOR THE YEAR ENDED JUNE 30, 2011

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.
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.

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Non-Major:

Special Revenue Funds:

In-lieu	Accounts for funds received to substitute for standard fees utilized for particular purposes.
Agency on Aging	Accounts for funds received for senior services.
Gas Tax	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2103, 2105, 2106, 2107 and 2107.5 of the Streets and Highway Code.
Federal/State Grants	Accounts for activities for the City's grants.
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 SB322 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.
Emergency Disaster Fund	Accounts for funds to be used for disaster relief efforts.

Debt Service Funds:

General	Accounts for funds related to City Hall capital lease obligation.
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Capital Projects Funds:

General	Accounts for funds expended on general City projects.
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CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 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, considered to be 60 days, or soon enough thereafter to pay current liabilities. Major revenue sources meeting this criterion are property taxes, sales taxes, grants and interest. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

The enterprise, internal service and agency 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.

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 10 for details of interfund transactions, including receivables and payables at year-end.

Receivables

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

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

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

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.

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

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.

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 capital leases, certificates of participation, compensated absences and a liability for claims.

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

Compensated Absences

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

Equity Classification

Government-Wide Statements

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

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

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the city council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only the city council or city manager may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the city council has provided otherwise in its commitment or assignment actions.

Revenues, Expenditures, and Expenses

Property Tax

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

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

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

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year financial statements, from which this selected data was derived. Certain minor reclassifications of prior year data may have been made in order to enhance their comparability with current year figures.

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.

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011, 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.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except for the Federal and State Grants, Police Asset Seizure and Streets Special Revenue Fund, which is not budgeted.

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 - CASH AND INVESTMENTS

At June 30, 2011, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair market value:

	Maturity (in years)			Deposits	Fair Market Value
	Less than 1	1 to 2	2 to 3		
Cash equivalents and investment pooled					
Cash - First National Bank	\$ -	\$ -	\$ -	\$ 1,876,363	\$ 1,876,363
Cash - Bank of America	-	-	-	91,119	91,119
Cash - Wells Fargo	-	-	-	450,000	450,000
Petty cash	-	-	-	3,632	3,632
Cash held by South San Francisco	-	-	-	(1,596)	(1,596)
Total pooled cash	-	-	-	2,419,518	2,419,518
Interest obligations					
Federal Home Loan Banks	2,027,040	1,002,250	3,011,460	-	6,040,750
Federal Home Loan Mortgage Corporation	-	-	1,003,280	-	1,003,280
Federal Natl. Mortgage Assoc.	-	-	998,270	-	998,270
Federal Natl. Mortgage Corporation	-	-	1,001,080	-	1,001,080
Black Rock Institutional Funds T-Funds	1,055,558	-	-	-	1,055,558
Fiscal agent investments - Money Market Accounts	4,700,095	-	-	-	4,700,095
Morgan Stanley - FDIC Guaranteed Note	1,002,300	-	-	-	1,002,300
County of San Mateo Investment Pool	16,066,138	-	-	-	16,066,138
State of California Local Agency Investment Fund	16,169,834	-	-	-	16,169,834
Total pooled investments-interest obligations	41,020,965	1,002,250	6,014,090	-	48,037,305
Total cash equivalents and investment pooled	\$ 41,020,965	\$ 1,002,250	\$ 6,014,090	\$ 2,419,518	\$ 50,456,823
Amounts reported in:					
Governmental activities					\$ 34,133,537
Business-type activities					15,918,314
Fiduciary activities - Agency funds					404,972
Total					\$ 50,456,823

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.

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 – deposit: For deposits, there 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. The City is not exposed to significant custodial risk.

Custodial credit risk – investments: For investments, there 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.

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Credit risk: As of June 30, 2011, 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.

<u>Investment Types</u>	<u>Amount</u>
AAA rated:	
<i>Available for Operations:</i>	
U.S. Government Agency Obligations	\$ 9,043,380
Corporate Note	1,002,300
<i>Restricted:</i>	
Money Market Funds	5,755,653
Not Rated:	
County of San Mateo Investment Pool	16,066,138
California Local Agency Investment Funds	16,169,834
 Exempt from credit rate disclosure::	
Demand Deposits	<u>2,419,518</u>
Total Cash and Investments	<u><u>\$50,456,823</u></u>

Investment policy: Investments are reported at fair value. California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

During the year ended June 30, 2011, the City’s permissible investments included the following instruments:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	5 years	None	None
U.S. Agency securities	5 years	None	None
Non-negotiable certificates of deposit	1 years	None	None
LAIF	N/A	None	None
Local government investment pools	N/A	None	None
Collateralized negotiable investments	5 years	None	50%

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

During the year ended June 30, 2011, the City’s permissible investments for fiscal agents included the following instruments:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	None	None	None
U.S. Agency securities	None	None	None
Non-negotiable certificates of deposit	1 years	None	None
LAIF	N/A	None	None
Bankers acceptances	1 year	P1/A1	None
Local government securities	None	Highest	None
Commercial paper	None	P1	None
Investment agreements	None	None	None
Certificates of deposits, savings account, and Deposit accounts	None	None	None
Money market accounts	None	Aaa, Aa1	None

The City complied with the provisions of California Government Code (or the City’s investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2011:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Activities</u>	<u>Total</u>
Taxes	\$ 996,152	\$ -	\$ -	\$ 996,152
Interest	89,083	-	-	89,083
Intergovernmental subventions	11,859	-	-	11,859
Intergovernmental grants	250,414	-	-	250,414
Service charges	-	2,926,687	500,644	3,427,331
Loans	1,191,478	-	-	1,191,478
Expense Reimbursements	2,563,771	-	-	2,563,771
	<u>\$ 5,102,757</u>	<u>\$ 2,926,687</u>	<u>\$ 500,644</u>	<u>\$ 8,530,088</u>

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 4 - CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Nondepreciable:						
Land	\$ 561,197	\$ 561,197	\$ 576,842	\$ 576,842	\$ 1,138,039	\$ 1,138,039
Construction in progress	3,012,003	2,058,731	2,968,887	4,290,864	5,980,890	6,349,595
Depreciable property:						
Infrastructure, net	30,347,921	32,160,949	-	-	30,347,921	32,160,949
Sewer Plant	-	-	16,263,033	17,136,954	16,263,033	17,136,954
Building and improvements, net	8,546,074	8,940,976	27,816,961	26,672,160	36,363,035	35,613,136
Machinery and equipment, net	2,799,783	3,295,017	5,204,005	4,814,784	8,003,788	8,109,801
Total	\$ 45,266,978	\$ 47,016,870	\$ 52,829,728	\$ 53,491,604	\$ 98,096,706	\$ 100,508,474

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Capital asset activity for the year ended June 30, 2011 for governmental activities was as follows:

	Balance 1-Jul-10	Additions	Deletions	Balance 30-Jun-11
GOVERNMENTAL ACTIVITIES:				
Cost of property				
Non-depreciable property				
Land:	\$ 561,197	\$ -	\$ -	\$ 561,197
Construction in progress	2,058,731	953,272	-	3,012,003
Depreciable property:				
Infrastructure	67,982,013	-	-	67,982,013
Buildings and improvements	13,736,901	-	-	13,736,901
Machinery and equipment	8,819,430	422,700	-	9,242,130
Total cost	<u>93,158,272</u>	<u>1,375,972</u>	<u>-</u>	<u>94,534,244</u>
Accumulated depreciation				
Infrastructure	(35,821,064)	(1,813,028)	-	(37,634,092)
Buildings and improvements	(4,795,926)	(394,902)	-	(5,190,828)
Machinery and equipment	(5,524,412)	(917,934)	-	(6,442,346)
Total accumulated depreciation	<u>(46,141,402)</u>	<u>(3,125,864)</u>	<u>-</u>	<u>(49,267,266)</u>
Net Book Value				
Non-depreciable property				
Land:	561,197	-	-	561,197
Construction in progress	2,058,731	953,272	-	3,012,003
Depreciable property:				
Infrastructure	32,160,949	(1,813,028)	-	30,347,921
Buildings and improvements	8,940,975	(394,902)	-	8,546,073
Machinery and equipment	3,295,018	(495,234)	-	2,799,784
Net book value	<u>\$ 47,016,870</u>	<u>\$(1,749,892)</u>	<u>\$ -</u>	<u>\$ 45,266,978</u>

Depreciation expense for governmental activities for the year ended June 30, 2011 was as follows:

General government	\$ 256,279
Public Safety	210,534
Public works	66,623
Highway and streets	1,829,002
Parks and recreation	390,351
Library	19,528
Community development	353,547
Total depreciation expense	<u>\$ 3,125,864</u>

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Capital asset activity for the year ended June 30, 2011 for business-type activities was as follows:

	Balance 1-Jul-10	Additions	Deletions	Balance 30-Jun-11
BUSINESS-TYPE ACTIVITIES:				
Cost of property				
Water				
Land	\$ 76,842	\$ -	\$ -	\$ 76,842
Construction in progress	1,084,517	621,436	(177,765)	1,528,188
Buildings and Improvements	17,037,532	1,235,693	-	18,273,225
Machinery and equipment	3,103,721	98,535	-	3,202,256
Total cost	<u>21,302,612</u>	<u>1,955,664</u>	<u>(177,765)</u>	<u>23,080,511</u>
Stormwater				
Construction in progress	225,446	45,940	-	271,386
Buildings and Improvements	685,610	-	-	685,610
Machinery and equipment	490,903	-	-	490,903
Total cost	<u>1,401,959</u>	<u>45,940</u>	<u>-</u>	<u>1,447,899</u>
Wastewater				
Construction in progress	1,347,004	244,084	(421,775)	1,169,313
Sewer plant	23,225,137	55,086	-	23,280,223
Buildings and Improvements	15,784,405	1,092,968	-	16,877,373
Machinery and equipment	423,711	181,700	-	605,411
Total cost	<u>40,780,257</u>	<u>1,573,838</u>	<u>(421,775)</u>	<u>41,932,320</u>
Cable Television				
Land	500,000	-	-	500,000
Construction in progress	1,633,897	-	(1,633,897)	-
Buildings and Improvements	3,030,888	-	-	3,030,888
Machinery and equipment	12,387,627	1,939,197	-	14,326,824
Total cost	<u>17,552,412</u>	<u>1,939,197</u>	<u>(1,633,897)</u>	<u>17,857,712</u>
Total cost of property	<u>\$ 81,037,240</u>	<u>\$ 5,514,639</u>	<u>\$ (2,233,437)</u>	<u>\$ 84,318,442</u>
Total Cost By Category				
Non-depreciable property				
Land:	\$ 576,842	\$ -	\$ -	\$ 576,842
Construction in progress	4,290,864	911,460	(2,233,437)	2,968,887
Depreciable property:				
Sewer plant	23,225,137	55,086	-	23,280,223
Buildings and improvements	36,538,435	2,328,661	-	38,867,096
Machinery and equipment	16,405,962	2,219,432	-	18,625,394
Total cost	<u>\$ 81,037,240</u>	<u>\$ 5,514,639</u>	<u>\$ (2,233,437)</u>	<u>\$ 84,318,442</u>

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Accumulated Depreciation for business-type activities was as follows:

	Balance 1-Jul-10	Additions	Deletions	Balance 30-Jun-11
Accumulated Depreciation				
Water				
Buildings and Improvements	\$ (5,601,627)	\$ (553,800)	\$ -	\$ (6,155,427)
Machinery and equipment	(2,402,832)	(168,304)	-	(2,571,136)
Total	<u>(8,004,459)</u>	<u>(722,104)</u>	<u>-</u>	<u>(8,726,563)</u>
Stormwater				
Buildings and Improvements	(3,336)	(20,410)	-	(23,746)
Machinery and equipment	(348,973)	(19,981)	-	(368,954)
Total	<u>(352,309)</u>	<u>(40,391)</u>	<u>-</u>	<u>(392,700)</u>
Wastewater				
Sewer plant	(6,088,183)	(929,005)	-	(7,017,188)
Buildings and Improvements	(2,543,416)	(464,708)	-	(3,008,124)
Machinery and equipment	(354,626)	(24,321)	-	(378,947)
Total	<u>(8,986,225)</u>	<u>(1,418,034)</u>	<u>-</u>	<u>(10,404,259)</u>
Cable Television				
Buildings and Improvements	(1,717,897)	(144,944)	-	(1,862,841)
Machinery and equipment	(8,484,746)	(1,617,605)	-	(10,102,351)
Total	<u>(10,202,643)</u>	<u>(1,762,549)</u>	<u>-</u>	<u>(11,965,192)</u>
Total accumulated depreciation	<u>\$ (27,545,636)</u>	<u>\$ (3,943,078)</u>	<u>\$ -</u>	<u>\$ (31,488,714)</u>
Total Accumulated Depreciation By Category				
Depreciable property:				
Sewer plant	\$ (6,088,183)	\$ (929,005)	\$ -	\$ (7,017,188)
Buildings and improvements	(9,866,276)	(1,183,862)	-	(11,050,138)
Machinery and equipment	(11,591,177)	(1,830,211)	-	(13,421,388)
Total accumulated depreciation	<u>\$ (27,545,636)</u>	<u>\$ (3,943,078)</u>	<u>\$ -</u>	<u>\$ (31,488,714)</u>
Net Book Value				
Non-depreciable property				
Land:	\$ 576,842	\$ -	\$ -	\$ 576,842
Construction in progress	4,290,864	911,460	(2,233,437)	2,968,887
Depreciable property:				
Sewer plant	17,136,954	(873,919)	-	16,263,035
Buildings and improvements	26,672,159	1,144,799	-	27,816,958
Machinery and equipment	4,814,785	389,221	-	5,204,006
Total net book value	<u>\$ 53,491,604</u>	<u>\$ 1,571,561</u>	<u>\$ (2,233,437)</u>	<u>\$ 52,829,728</u>

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Depreciation and amortization expense for business-type activities for the year ended June 30, 2011 was as follows:

Water	\$ 722,104
Stormwater	40,391
Wastewater	489,029
Cable Television	<u>1,762,549</u>
Total depreciation expense	3,014,073
Wastewater - amortization	<u>929,005</u>
Total depreciation and amortization	<u><u>\$ 3,943,078</u></u>

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2011:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 4,590,410	\$ 1,302,582	\$ 844,131	\$ 6,737,123
Deposits	387,823	100,284	35,773	523,880
Accrued payroll	1,056,622	-	-	1,056,622
Other accrued liabilities	-	873,673	25,712	899,385
Total	<u>\$ 6,034,855</u>	<u>\$ 2,276,539</u>	<u>\$ 905,616</u>	<u>\$ 9,217,010</u>

These amounts resulted in the following concentrations in payables:

Vendors 83% Deposits 4% Employees 9%

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2011:

	Balance July 01, 2010	Additions	Retirements	Balance June 30, 2011	Due within one year
Governmental activities					
2000 Certificates of participation	\$ 8,145,000	\$ -	\$ (225,000)	\$ 7,920,000	\$ 240,000
Capital lease obligations	714,623	-	(349,031)	365,592	365,592
Compensated absences	2,353,265	-	(68,519)	2,284,746	1,083,032
Liability for claims	1,431,445	144,819	-	1,576,264	-
Other post employment benefits	3,939,400	3,043,300	-	6,982,700	-
Total governmental activities	<u>\$ 16,583,733</u>	<u>\$ 3,188,119</u>	<u>\$ (642,550)</u>	<u>\$ 19,129,302</u>	<u>\$ 1,688,624</u>

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 payments are due annually on February 1 and interest payments are due semi-annually on February 1 and August 1. Interest rates range from 5.25% to 7.00%.

The Agency has agreed under a separate agreement to reimburse the City for all costs associated with the construction of the San Bruno/BART Police Station including all debt service costs.

Capital Lease Obligation

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 June 1 and December 1 with an interest rate of 4.69%.

Compensated Absences

Compensated absences at June 30, 2011, amounted to \$2,284,746 and \$464,486 for the governmental activities and business-type activities respectively. The City utilizes a methodology based upon actual vacation and sick leave usage in the fund in which the related compensation is paid. All governmental balances are liquidated through the General Fund. 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 Insurance Issues*” the Self-insurance Internal Service Fund reflects the financial effect of risk financing activities of \$1,576,264 (see Note 11 for further discussion). Claims are paid in the form of internal charges based upon departmental claims activity.

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

The annual debt service requirements to maturity for all Governmental Activity amounts, except compensated absences and claims payable, at June 30, 2011, were as follows:

Year Ending June 30,	Governmental Activities				Totals	
	2000 Certificates of Participation		Capital Lease Obligations			
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 240,000	\$ 409,638	\$ 365,592	\$ 12,909	\$ 605,592	\$ 422,547
2013	250,000	398,358	-	-	250,000	398,358
2014	260,000	386,357	-	-	260,000	386,357
2015	275,000	373,617	-	-	275,000	373,617
2016	285,000	359,868	-	-	285,000	359,868
2017-2021	1,670,000	1,566,413	-	-	1,670,000	1,566,413
2022-2026	2,155,000	1,081,500	-	-	2,155,000	1,081,500
2027-2031	2,785,000	453,600	-	-	2,785,000	453,600
Total	<u>\$ 7,920,000</u>	<u>\$ 5,029,351</u>	<u>\$ 365,592</u>	<u>\$ 12,909</u>	<u>\$ 8,285,592</u>	<u>\$ 5,042,260</u>
Due with in one year	\$ 240,000	\$ 409,638	\$ 365,592	\$ 12,909	\$ 605,592	\$ 422,547
Due after one year	7,680,000	4,619,713	-	-	7,680,000	4,619,713
Total	<u>\$ 7,920,000</u>	<u>\$ 5,029,351</u>	<u>\$ 365,592</u>	<u>\$ 12,909</u>	<u>\$ 8,285,592</u>	<u>\$ 5,042,260</u>

The following is a summary of changes in long-term debt for business-type activities for the year ended June 30, 2011:

	Balance July 01, 2010	Additions	Retirements	Balance June 30, 2011	Due within one year
Business-type activities:					
2002 Certificates of participation	\$ 8,475,000	\$ -	\$ (215,000)	\$ 8,260,000	\$ 225,000
Capital lease obligations	2,246,853	-	(630,010)	1,616,843	742,591
Compensated absences	436,095	-	28,391	464,486	240,845
Due to City of South San Francisco					
1993 Loan	734,015	-	(175,449)	558,566	180,713
1999 Loan	6,433,306	-	(422,287)	6,011,019	433,264
2007 Loan	5,985,338	-	(308,837)	5,676,501	316,559
Other long-term liabilities	-	160,000	-	160,000	-
Total business-type activities	<u>\$ 24,310,607</u>	<u>\$ 160,000</u>	<u>\$(1,723,192)</u>	<u>\$ 22,747,415</u>	<u>\$ 2,138,972</u>

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
FOR THE YEAR ENDED JUNE 30, 2011**

Capital Lease Obligations

At June 30, 2011, Business-type Capital Lease Obligations consisted of the following:

	<u>Balance</u> <u>July 01, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due within</u> <u>one year</u>
Business-type activities:					
Cable TV set-top boxes	\$ 775,365	\$ -	\$ (377,818)	\$ 397,547	\$397,547
Commercial services	1,471,488	-	(252,192)	1,219,296	345,044
Total business-type activities	<u>\$ 2,246,853</u>	<u>\$ -</u>	<u>\$ (630,010)</u>	<u>\$ 1,616,843</u>	<u>\$742,591</u>

Cable TV Set-top boxes

On December 1, 2008 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%.

Commercial Services Project

On August 25, 2009, the City entered into a \$1,609,267 capital lease with Key Government Finance, Inc. to purchase servers, routers, switches, and related equipment for the Commercial Data and Voice Project. Principal and interest payments are due on the 25th of each month with an interest rate of 4.756%.

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

The annual debt service requirements to maturity for all Business-type Activity amounts, except compensated absences and claims payable, at June 30, 2011, were as follows:

Year Ending June 30,	Business-type Activities							
	2002		Capital Lease		Due to		Totals	
	Certificates of Participation		Obligations		South San Francisco			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 225,000	\$ 397,303	\$ 742,590	\$ 75,206	\$ 930,536	\$ 314,956	\$ 1,898,126	\$ 787,465
2013	235,000	388,215	407,040	38,355	955,136	290,356	1,597,176	716,926
2014	245,000	378,493	430,267	15,128	980,389	265,102	1,655,656	658,723
2015	255,000	368,051	36,946	171	808,844	239,178	1,100,790	607,400
2016	265,000	356,803	-	-	829,533	218,489	1,094,533	575,291
2017-2021	1,510,000	1,586,470	-	-	4,477,012	763,098	5,987,012	2,349,568
2022-2026	1,910,000	1,171,390	-	-	3,264,636	206,818	5,174,636	1,378,208
2027-2031	2,455,000	623,819	-	-	-	-	2,455,000	623,819
2032-2033	1,160,000	60,219	-	-	-	-	1,160,000	60,219
Total	\$ 8,260,000	\$ 5,330,762	\$ 1,616,843	\$ 128,860	\$ 12,246,086	\$ 2,297,997	\$ 22,122,929	\$ 7,757,619
Due with in one year	\$ 225,000	\$ 397,303	\$ 742,590	\$ 75,206	\$ 930,536	\$ 314,956	\$ 1,898,126	\$ 787,465
Due after one year	8,035,000	4,933,459	874,253	53,654	11,315,550	1,983,041	20,224,803	6,970,154
Total	\$ 8,260,000	\$ 5,330,762	\$ 1,616,843	\$ 128,860	\$ 12,246,086	\$ 2,297,997	\$ 22,122,929	\$ 7,757,619

NOTE 7 - CITY OF SOUTH SAN FRANCISCO SEWER PLANT AGREEMENT

The City entered into a joint-ownership agreement with the City of South San Francisco (SSF) to 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. There are no separately issued financial statements for this agreement.

The City's share of operating expenses for 2010-11 was \$3,107,883 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 2010-11, the City paid \$1,330,198 to SSF for these improvements.

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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 1-Jul-10	Additions	Deletions	Balance 30-Jun-11
Capital investments				
Financed	\$ 19,170,177	\$ -	\$ -	\$ 19,170,177
Contributed	4,054,960	55,086	-	4,110,046
Total capital investments	<u>23,225,137</u>	<u>55,086</u>	<u>-</u>	<u>23,280,223</u>
Accumulated Depreciation				
Financed	(5,452,136)	(766,807)	-	(6,218,943)
Contributed	(636,047)	(162,198)	-	(798,245)
Total accumulated depreciation	<u>(6,088,183)</u>	<u>(929,005)</u>	<u>-</u>	<u>(7,017,188)</u>
Net Book Value				
Financed	13,718,041	(766,807)	-	12,951,234
Contributed	3,418,913	(107,112)	-	3,311,801
Total net book value	<u>\$ 17,136,954</u>	<u>\$ (873,919)</u>	<u>\$ -</u>	<u>\$ 16,263,035</u>

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

	SSF Original Loan	City's Share	SSF Loan Balance June 30, 2011	City's Share	City's Share %
1993 Capital Project State Water Resource Loan	\$ 8,842,852	\$ 2,918,141	\$ 1,692,622	\$ 558,566	33%
1999 Capital Project State Water Resource Loan	50,553,782	9,104,859	33,375,570	6,011,019	18%
2007 Capital Project State Water Resource Loan	21,856,810	7,147,177	17,359,331	5,676,501	33%
	<u>\$ 81,253,444</u>	<u>\$ 19,170,177</u>	<u>\$ 52,427,523</u>	<u>\$ 12,246,086</u>	

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

NOTE 8 - DEFICIT NET ASSETS/FUND BALANCES

Deficit net assets balances consisted of the following:

Governmental Activities

Major Funds:

Redevelopment Agency Capital Projects Fund (\$1,825,397) to be funded through future property tax increment.

Nonmajor Funds:

Federal/State Grants Special Revenue Fund (\$18,356) will be funded through future revenue on cost-reimbursement grants.

Business-type Activities

Cable Television Enterprise Fund had an unrestricted net assets deficit in the amount of (\$3,105,174) to be eliminated through future service charges.

NOTE 9 - EXCESS EXPENDITURES OVER APPROPRIATIONS

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

Non-major Funds:

Agency on Aging Special Revenue Fund (\$43,595), which was covered by current year revenues.

Police Asset Seizure Special Revenue Fund (\$3,646), which was covered by current year revenues.

Police Special Revenue Fund (\$5,225), which was covered by current year revenues.

Restricted Donations Special Revenue Fund (\$424,002), which was covered by current year revenues.

Traffic Safety Special Revenue Fund (\$74,414), which was covered by current year revenues.

Federal and State Special Revenue Fund (\$9,512), which was covered by current year revenues.

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 10 - INTERFUND TRANSACTIONS

Due to/from other funds

Due to and due from other funds consisted of the following as of June 30, 2011:

	<u>Due from other funds</u>	<u>Due to other funds</u>
Major Funds		
Governmental Activities		
General Fund	\$ 5,164,993	\$ -
Business-type Activities		
Cable Television	-	2,577,185
Nonmajor Funds:		
Governmental Activities		
Special Revenue Funds		
Emergency Disaster Fund	-	2,548,903
Agency on Aging	-	30,061
Federal/State Grants	-	8,844
Total	<u>\$ 5,164,993</u>	<u>\$ 5,164,993</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 Equipment Reserve Internal Service Fund has advanced the Redevelopment Agency Special Revenue Fund and Redevelopment Agency Capital Projects Fund for the financing of Redevelopment operations, which will be repaid through future tax increment revenues.

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
Major Funds		
Governmental Activities		
Special Revenue	\$ -	\$ 1,060,300
Capital Projects	-	1,916,733
Nonmajor Funds:		
Governmental Activities		
Internal Service Fund		
General Equipment Revolving	2,977,033	-
Total	<u>\$ 2,977,033</u>	<u>\$ 2,977,033</u>

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Transfers In/Out other funds

Transfers consisted of the following at June 30, 2011:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Street Improvement Capital Projects	\$ 75,000 d
	Non-Major Governmental Funds	148,000 d
	Internal service funds	430,584 b
		<u>653,584</u>
RDA Special Revenue	RDA Capital Projects	684,064 d
	RDA Debt Service	647,490 c
		<u>1,331,554</u>
RDA Capital Projects	Street Improvement Capital Projects	389,500 d
	Non-Major Governmental Funds	294,564 d
		<u>684,064</u>
Measure A Transportation Tax	Street Improvement Capital Projects	<u>637,010 d</u>
Non-Major Governmental Funds	General Fund	467,586 a
	Street Improvement Capital Projects	127,675 d
	Non-Major Governmental Funds	135,156 d
	Internal service funds	197,589 b
		<u>928,006</u>
Water Fund	Wastewater Fund	<u>10,000 d</u>
Internal Service Fund	Non-Major Governmental Funds	90,000 d
	Cable TV Fund	91,576 d
		<u>181,576</u>
Total funds transferred		<u><u>\$ 4,425,794</u></u>

Interfund transfers were principally used for the following purposes:

- (a) Reimburse Program Expenditure
- (b) Reimburse Equipment Replacement Expenditure
- (c) Reimburse Debt Service Expenditure
- (d) Capital Project Funding

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Transfers In/Out other funds

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

Redevelopment Agency transfers consisted of amounts to General and Streets Capital for El Camino Real Phase 1 Median and Pedestrian Improvement, Street Median and Grand Boulevard Improvements, Transit Corridor Pedestrian Connection, Caltrain Grade Separation project and creation of accessible pedestrian ramps at several locations citywide. In addition to funding capital projects, approximately \$647,000 was transferred to a debt service fund for financing the police facility near Tanforan.

Transfers out from General Fund Reserves and One-Time Revenue Fund were used to support capital projects such as the Diesel Storage Tank Replacement, Wildland Fire Hazard Mitigation Plan, Groundwater Monitoring for Underground Storage Tank, and Bart Closeout.

The Library Special Revenue Fund transfer out to the General Fund was to support library service expenditures. Revenues deposited in this fund come from the California State Library for resource sharing and inter-library loan cooperation. Funds were also used to update Library facilities and installation of a wheelchair lift.

Measure A Transportation, Gas Tax and Traffic Congestion Relief Fund transfers paid for maintaining and repairing City travel ways, which provided a safe and aesthetically pleasing appearance for residents and businesses. Several major projects that received funding from the Streets Special Revenue Fund were Fleetwood Drive and Neighborhood Traffic Calming Programs, Sidewalk Repair Program, Cycle 1 Federal Aid Street Rehabilitation and American Reinvestment and Recovery Act (ARRA) Paving Project.

Other Special Revenue Funds supported General Fund public safety operations and the Senior Center nutrition and transportation programs. A transfer from the Water Fund was made to Wastewater Capital for the shared Renewable Energy Study for Utility Facilities project. Lastly, General Equipment Reserve and Technology Equipment reserve transfers were made to fund the swimming pool for resurfacing and phone system replacement projects, respectively.

NOTE 11 - RISK MANAGEMENT

The City participates in the Association of Bay Area Government Plan Corporation (ABAG Plan), a non-profit benefit corporation established to provide liability insurance coverage, claims, risk management, and legal defense to its participating members. The ABAG Plan provides \$5,000,000 of general liability and automobile coverage, \$20,000,000 excess liability coverage per occurrence, \$25,000,000 of catastrophic liability coverage, and is responsible for paying the claims in excess of the City's \$100,000 self-insurance retention. ABAG Plan also provides for property coverage up to \$1 billion per occurrence subject to lower categorical sub-limits in excess of the City's self-insurance retention of \$5,000 for property and vehicle loss.

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.

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

No claim settlement exceeded either this self-insured amount or the insurance coverage for any of the past three years.

Fiscal Year	Beginning of the Year	Current Year Claims and Charges in Estimates	Claim Payments for Current and Prior Years	End of the Year
2008-2009	\$ 1,345,147	\$ 1,388,318	\$ (890,183)	\$ 1,843,282
2009-2010	1,843,282	649,227	(1,061,063)	1,431,446
2010-2011	1,431,446	491,671	(346,853)	1,576,264

NOTE 12 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

All permanent City employees are eligible to participate in pension plans offered by California Public Employees' Retirement System (CALPERS). The miscellaneous employees of the City are part of an agent multiple-employer defined benefit pension plan. The safety employees are part of a cost-sharing multiple-employer defined benefit plan. CALPERS acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited services, equal to one year of full time employment. Copies of CALPERS' annual financial report may be obtained from their executive office 400 P Street, Sacramento, CA, 95814.

Funding Policy

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of some City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 14.708% for miscellaneous employees, and 30.968% 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

The City's annual pension cost of \$4,415,256 for CALPERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2009 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%.

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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. CALPERS unfunded actuarial accrued liability is being amortized as a percentage of projected payroll on a closed period basis over 30 years.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation
	Safety	Miscellaneous		
June 30, 2009	\$ 2,923,174	\$ 1,542,127	100%	\$ -
June 30, 2010	3,011,105	1,407,892	100%	-
June 30, 2011	2,896,889	1,518,367	100%	-

Funded Status

The information below is the most recent information available from CALPERS for the miscellaneous group.

Actuarial Valuation Date	Accrued Liability	Actuarial Value		Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
		of Assets AVA	Unfunded Liability (UL)			
June 30, 2007	\$ 66,778,802	\$ 58,767,880	\$ 8,010,922	88.00%	\$ 11,019,013	72.70%
June 30, 2008	73,892,565	63,208,726	10,683,839	85.54%	11,779,042	90.70%
June 30, 2009	81,938,381	66,592,530	15,345,851	81.27%	12,051,504	127.34%

As of the actuarial date of June 30, 2003, the City’s public safety plan became part of a CALPERS Risk Pool for employers with less than 100 active plan members. As part of a cost-sharing multiple employer defined benefit plan, disclosure of the schedule of funding progress is not required.

NOTE 13 - POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description: The City of San Bruno contracts with the Teamsters Local #856 Health and Welfare Trust Fund to provide health benefits to both active and retired employees. The City provides no direct financial contribution towards retiree health benefits; however, due to the fact that retirees and active employees are insured in the same pool it indirectly subsidizes their premiums through payments for current employees. At this time, the City has not established a trust for the purpose of holding assets accumulated for plan benefits.

Eligibility: Employees (and their dependents) are eligible for retiree health benefits if they retire from the City on or after age 55 with at least 10 years of service (with 12 continuous months prior to date of retirement) and are eligible for a PERS pension. Membership of the plan consisted of the following at June 30, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	108
Other participants fully eligible for benefits	36
Other participants not yet fully eligible for benefits	198
Total	342

CITY OF SAN BRUNO, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

City's Funding Policy: The Teamsters Local #856 Health and Welfare Trust Fund determine the contribution requirements of the City. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2010-11, the City's estimated benefit payment was \$811,700 to the plan; this amount is different than the City's actual contribution to the Teamsters Local #856 Health and Welfare Fund since this is the calculated benefit cost for the City's retirees and includes the cost of implicit subsidies where applicable.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$ 3,920,800
Interest on net OPEB obligation	157,600
Adjustment to annual required contribution	(223,400)
Annual OPEB cost (expense)	<u>3,855,000</u>
Contributions made (including premium paid)	<u>(811,700)</u>
Increase in net OPEB obligation	3,043,300
Net OPEB obligation, beginning of year	3,939,400
Net OPEB obligation, end of year	<u><u>\$ 6,982,700</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 2,780,700	26.60%	\$ 2,040,700
6/30/2010	2,744,300	30.80%	3,939,400
6/30/2011	3,855,000	21.06%	6,982,700

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 41,558,300
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	41,558,300
Funded Ratio (actuarial value of plan Assets/AAL)	0%
Covered payroll (active plan members)	21,169,200
UAAL as a percentage of covered payroll	196%

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations. The actuarial assumptions included (a) 4% of investment rate of return (net of administrative expenses) and (b) 7.0% to 5% health care trend.

The actuarial cost method used for determining the benefit obligations is the Projected Unit Cost Method. The actuarial assumptions included a 4 percent investment rate of return, which is the expected long-term rate of return on the City's pooled investments (per GASB 43/45 guidelines for this assumption), and a healthcare cost trend rate of 5 percent for all benefit costs. The UAAL is being amortized using a level dollar method on a closed basis over 30 years.

NOTE 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, 2011, 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.

NOTE 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund			
	Original Budget	Amended Budget	Actual	Variance w/ Amended Favorable/(Unfavorable)
REVENUES:				
Taxes	\$ 16,354,971	\$ 16,354,971	\$ 17,016,483	\$ 661,512
Licenses and permits	1,923,000	1,923,000	2,097,713	174,713
Intergovernmental	3,300,000	3,300,000	3,374,101	74,101
Charges for services	2,885,302	2,906,402	4,178,851	1,272,449
Fines and forfeitures	580,100	580,100	734,722	154,622
Use of money and property	2,089,176	2,110,811	1,750,450	(360,361)
Other revenues	3,489,442	3,489,442	3,592,457	103,015
Total revenues	30,621,991	30,664,726	32,744,777	2,080,051
EXPENDITURES:				
Current:				
General government	3,932,098	3,952,098	3,918,992	33,106
Public safety	18,824,191	18,881,991	18,537,862	344,129
Public works	656,405	656,405	768,453	(112,048)
Highways and streets	1,107,543	1,107,543	1,065,816	41,727
Parks and recreation	3,849,764	3,849,764	3,956,830	(107,066)
Library	1,641,075	1,663,075	1,649,755	13,320
Community development	1,064,371	1,064,371	1,087,080	(22,709)
Total expenditures	31,075,447	31,175,247	30,984,788	190,459
REVENUES OVER (UNDER) EXPENDITURES	(453,456)	(510,521)	1,759,989	2,270,510
OTHER FINANCING SOURCES (USES):				
Transfers in	701,000	723,000	467,586	(255,414)
Transfers out	(430,587)	(653,587)	(653,584)	3
Total other financing sources (uses)	270,413	69,413	(185,998)	(255,411)
Net change in fund balances	(183,043)	(441,108)	1,573,991	2,015,099
FUND BALANCES:				
Beginning of year	8,244,873	8,244,873	8,244,873	-
End of year	\$ 8,061,830	\$ 7,803,765	\$ 9,818,864	\$ 2,015,099

See accompanying notes to the required supplementary information.

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
REDEVELOPMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Redevelopment Agency Special Revenue			Variance with Amended Favorable/(Unfavorable)
	Original Budget	Amended Budget	Actual	
REVENUES:				
Taxes	\$ 8,759,599	\$ 8,759,599	\$ 8,900,038	\$ 140,439
Use of money and property	-	-	60,288	60,288
Total revenues	<u>8,759,599</u>	<u>8,759,599</u>	<u>8,960,326</u>	<u>200,727</u>
EXPENDITURES:				
Current:				
Community development	6,510,157	6,510,157	6,163,216	346,941
Debt service:				
Interest and fiscal charges	200,000	200,000	200,000	-
Total expenditures	<u>6,710,157</u>	<u>6,710,157</u>	<u>6,363,216</u>	<u>346,941</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,049,442</u>	<u>2,049,442</u>	<u>2,597,110</u>	<u>547,668</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(647,488)	(1,331,554)	(1,331,554)	-
Net change in fund balances	1,401,954	717,888	1,265,556	547,668
FUND BALANCES:				
Beginning of year	3,980,927	3,980,927	3,980,927	-
End of year	<u>\$ 5,382,881</u>	<u>\$ 4,698,815</u>	<u>\$ 5,246,483</u>	<u>\$ 547,668</u>

See accompanying notes to the required supplementary information.

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
MEASURE A
FOR THE YEAR ENDED JUNE 30, 2011**

	Measure A Transportation Tax			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Favorable/(Unfavorable)</u>
REVENUES:				
Taxes	\$ 700,000	\$ 700,000	\$ 717,285	\$ 17,285
Use of money and property	-	-	3,985	3,985
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>721,270</u>	<u>21,270</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(637,010)	(637,010)	-
Net change in fund balances	<u>700,000</u>	<u>62,990</u>	<u>84,260</u>	<u>21,270</u>
FUND BALANCES:				
Beginning of year	<u>240,777</u>	<u>240,777</u>	<u>240,777</u>	<u>-</u>
End of year	<u>\$ 940,777</u>	<u>\$ 303,767</u>	<u>\$ 325,037</u>	<u>\$ 21,270</u>

See accompanying notes to the required supplementary information.

CITY OF SAN BRUNO, CALIFORNIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - BUDGETARY INFORMATION

The City adopts a budget annually to be effective July 1. Budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the one year period and cannot legally be exceeded except by subsequent amendments of the budget by the City Council.

An operating budget is adopted every year for the General, Special Revenue, Enterprise Funds, and Capital Improvement Program Budget. Public hearings are conducted on the proposed budgets to review all appropriations and sources of financing. Capital projects are budgeted by the City over the term of the individual projects.

Expenditures are controlled at the fund level for all budgeted departments within the City. This is the level at which expenditures may not legally exceed appropriations. Budgeted amounts for the Combined Statement of Revenues, Expenditures and Other Financing Sources (Uses) – Budget and Actual include budget amendments approved by the Agency Board.

The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP).

Any amendments or transfers of appropriations between object group levels within the same department must be authorized by the City Manager. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the City Council. Supplemental appropriations financed by unanticipated revenues during the year must be approved by the City Council.

Formal budgetary integration is employed as a management control device. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute GAAP basis expenditures or liabilities because the commitments will be honored during the subsequent year. The commitments will be re-appropriated and honored in the subsequent year.

***COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES***

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND –
 BUDGET TO ACTUAL
 MAJOR FUND – REDEVELOPMENT CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance w/Final Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 955	\$ 955
EXPENDITURES:				
Current:				
Community development	-	-	30,070	(30,070)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(29,115)	(29,115)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	684,064	684,064	-
Transfers out	-	(684,064)	(684,064)	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(29,115)	(29,115)
FUND BALANCES:				
Beginning of year	(1,796,282)	(1,796,282)	(1,796,282)	-
End of year	<u>\$(1,796,282)</u>	<u>\$(1,796,282)</u>	<u>\$ (1,825,397)</u>	<u>\$ (29,115)</u>

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND –
 BUDGET TO ACTUAL
 MAJOR FUND – REDEVELOPMENT DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance w/Final Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 268	\$ 268
EXPENDITURES:				
Debt service:				
Principal	225,000	225,000	225,000	-
Interest	422,488	422,488	422,411	77
Total expenditures	647,488	647,488	647,411	77
REVENUES OVER (UNDER) EXPENDITURES	(647,488)	(647,488)	(647,143)	345
OTHER FINANCING SOURCES (USES):				
Transfers in	647,488	647,488	647,490	2
Net change in fund balances	-	-	347	347
FUND BALANCES:				
Beginning of year	806,652	806,652	806,652	-
End of year	\$ 806,652	\$ 806,652	\$ 806,999	\$ 347

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND –
BUDGET TO ACTUAL
MAJOR FUND – STREET IMPROVEMENTS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance w/Final Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 21,254	\$ 21,254
Other revenues	-	-	(100)	(100)
Total revenues	-	-	21,154	21,154
EXPENDITURES:				
Current:				
Highways and streets	3,185,843	5,121,882	762,500	4,359,382
REVENUES OVER (UNDER) EXPENDITURES	(3,185,843)	(5,121,882)	(741,346)	4,380,536
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,491,685	1,229,185	(262,500)
Net change in fund balances	(3,185,843)	(3,630,197)	487,839	4,118,036
FUND BALANCES:				
Beginning of year	1,377,560	1,377,560	1,377,560	-
End of year	<u>\$ (1,808,283)</u>	<u>\$ (2,252,637)</u>	<u>\$ 1,865,399</u>	<u>\$ 4,118,036</u>

CITY OF SAN BRUNO, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2011**

	Special Revenue Funds				
	In-Lieu	Agency on Aging	Federal/State Grants	Gas Tax	Library Special Revenue
ASSETS					
Cash and investments	\$ 4,506,866	\$ -	\$ -	\$ 709,086	\$ 449,210
Receivables:					
Taxes	-	-	-	30,889	-
Interest	-	-	-	-	-
Intergovernmental subventions	-	-	-	-	-
Intergovernmental grants	-	54,609	-	-	-
Other	-	-	-	-	-
Total assets	<u>\$ 4,506,866</u>	<u>\$ 54,609</u>	<u>\$ -</u>	<u>\$ 739,975</u>	<u>\$ 449,210</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 9,512	\$ -	\$ -
Due to other funds	-	30,061	8,844	-	-
Total liabilities	<u>-</u>	<u>30,061</u>	<u>18,356</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	4,506,866	24,548		739,975	449,210
Unassigned	-	-	(18,356)	-	-
Total fund balances (deficits)	<u>4,506,866</u>	<u>24,548</u>	<u>(18,356)</u>	<u>739,975</u>	<u>449,210</u>
Total liabilities and fund balances	<u>\$ 4,506,866</u>	<u>\$ 54,609</u>	<u>\$ -</u>	<u>\$ 739,975</u>	<u>\$ 449,210</u>

Special Revenue Funds

<u>Police Asset Seizure</u>	<u>Safety Augmentation</u>	<u>Police Special Revenue</u>	<u>SB 322 Recycling/Litter Clean-up</u>
\$ 74,161	\$ -	\$ -	\$ 153,860
-	-	-	-
-	-	-	11,859
-	-	11,355	-
-	-	-	-
<u>\$ 74,161</u>	<u>\$ -</u>	<u>\$ 11,355</u>	<u>\$ 165,719</u>
\$ 3,510	\$ -	\$ -	\$ 4,240
-	-	-	-
<u>3,510</u>	<u>-</u>	<u>-</u>	<u>4,240</u>
70,651	-	11,355	161,479
-	-	-	-
<u>70,651</u>	<u>-</u>	<u>11,355</u>	<u>161,479</u>
<u>\$ 74,161</u>	<u>\$ -</u>	<u>\$ 11,355</u>	<u>\$ 165,719</u>

CITY OF SAN BRUNO, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS, CONTINUED
AS OF JUNE 30, 2011**

	Special Revenue Funds			
	Restricted Donations	Streets	Traffic Safety	Emergency Disaster Fund
ASSETS				
Cash and investments	\$ 767,593	\$ 304,940	\$ 48,170	\$ 3,007,542
Receivables:				
Taxes	-	-	-	-
Interest	-	-	-	3,569
Intergovernmental subventions	-	-	-	-
Intergovernmental grants	-	-	13,450	-
Other	13,896	-	-	1,714,377
Total assets	<u>\$ 781,489</u>	<u>\$ 304,940</u>	<u>\$ 61,620</u>	<u>\$ 4,725,488</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,217	\$ -	\$ -	\$ 198,939
Due to other funds	-	-	-	2,548,903
Total liabilities	<u>2,217</u>	<u>-</u>	<u>-</u>	<u>2,747,842</u>
Fund Balances:				
Restricted	779,272	304,940	61,620	1,977,646
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>779,272</u>	<u>304,940</u>	<u>61,620</u>	<u>1,977,646</u>
Total liabilities and fund balances	<u>\$ 781,489</u>	<u>\$ 304,940</u>	<u>\$ 61,620</u>	<u>\$ 4,725,488</u>

<u>Special Revenue</u>	<u>Capital Projects Funds</u>	<u>Debt Service</u>	Non-major funds	
			Totals	
<u>Total</u>	<u>General</u>	<u>General</u>	<u>2011</u>	<u>2010</u>
\$ 10,021,428	\$ 764,303	\$ -	\$ 10,785,731	\$ 7,131,089
30,889	-	-	30,889	127,072
3,569	-	-	3,569	-
11,859	-	-	11,859	21,987
79,414	-	-	79,414	45,012
1,728,273	29,661	-	1,757,934	57
<u>\$ 11,875,432</u>	<u>\$ 793,964</u>	<u>\$ -</u>	<u>\$ 12,669,396</u>	<u>\$ 7,325,217</u>
\$ 218,418	\$ 164,791	\$ -	\$ 383,209	\$ 132,230
2,587,808	-	-	2,587,808	45,252
<u>2,806,226</u>	<u>164,791</u>	<u>-</u>	<u>2,971,017</u>	<u>177,482</u>
9,087,562	629,173	-	9,716,735	7,170,097
(18,356)	-	-	(18,356)	(22,362)
<u>9,069,206</u>	<u>629,173</u>	<u>-</u>	<u>9,698,379</u>	<u>7,147,735</u>
<u>\$ 11,875,432</u>	<u>\$ 793,964</u>	<u>\$ -</u>	<u>\$ 12,669,396</u>	<u>\$ 7,325,217</u>

CITY OF SAN BRUNO, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds					
	In-Lieu	Agency on Aging	Federal/State Grants	Gas Tax	Library Special Revenue	Police Asset Seizure
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ 1,071,708	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	148,501	210,090	-	31,887	-
Charges for services	-	70,585	-	-	-	-
Fines and forfeitures	-	-	-	-	-	4,311
Investment income (loss)	35,699	205	265	4,708	4,333	596
Other revenues	306,622	-	-	-	-	-
Total revenues	<u>342,321</u>	<u>219,291</u>	<u>210,355</u>	<u>1,076,416</u>	<u>36,220</u>	<u>4,907</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	9,512	-	-	3,646
Public works	-	-	-	-	-	-
Highways and streets	-	-	-	614,305	-	-
Parks and recreation	-	133,595	-	-	-	-
Library	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>133,595</u>	<u>9,512</u>	<u>614,305</u>	<u>-</u>	<u>3,646</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>342,321</u>	<u>85,696</u>	<u>200,843</u>	<u>462,111</u>	<u>36,220</u>	<u>1,261</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(70,585)	(197,589)	(217,949)	(234,887)	-
Total other financing sources and uses	<u>-</u>	<u>(70,585)</u>	<u>(197,589)</u>	<u>(217,949)</u>	<u>(234,887)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>342,321</u>	<u>15,111</u>	<u>3,254</u>	<u>244,162</u>	<u>(198,667)</u>	<u>1,261</u>
FUND BALANCES:						
Beginning of year	4,164,545	9,437	(21,610)	495,813	647,877	69,390
End of year	<u>\$ 4,506,866</u>	<u>\$ 24,548</u>	<u>\$ (18,356)</u>	<u>\$ 739,975</u>	<u>\$ 449,210</u>	<u>\$ 70,651</u>

Safety Augmentation	Police Special Revenue	SB 322 Recycling/Litter Clean-up
\$ -	\$ -	\$ -
-	-	-
88,526	98,270	76,658
-	-	-
-	-	-
103	13	1,230
-	5,038	-
<u>88,629</u>	<u>103,321</u>	<u>77,888</u>
-	-	-
-	5,225	-
-	-	58,710
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>5,225</u>	<u>58,710</u>
<u>88,629</u>	<u>98,096</u>	<u>19,178</u>
-	-	-
<u>(87,877)</u>	<u>(89,963)</u>	<u>-</u>
<u>(87,877)</u>	<u>(89,963)</u>	<u>-</u>
752	8,133	19,178
(752)	3,222	142,301
<u>\$ -</u>	<u>\$ 11,355</u>	<u>\$ 161,479</u>

CITY OF SAN BRUNO, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds			
	Restricted Donations	Streets	Traffic Safety	Emergency Disaster Fund
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	84,464	-	-	-
Intergovernmental	-	-	74,900	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income (loss)	6,489	2,474	362	11,111
Other revenues	500,885	-	-	5,336,161
Total revenues	<u>591,838</u>	<u>2,474</u>	<u>75,262</u>	<u>5,347,272</u>
EXPENDITURES:				
Current:				
General government	437,763	-	-	3,369,626
Public safety	-	-	74,414	-
Public works	-	-	-	-
Highways and streets	-	-	-	-
Parks and recreation	16,389	-	-	-
Library	19,619	-	-	-
Community development	231	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>474,002</u>	<u>-</u>	<u>74,414</u>	<u>3,369,626</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>117,836</u>	<u>2,474</u>	<u>848</u>	<u>1,977,646</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(29,156)	-	-	-
Total other financing sources and uses	<u>(29,156)</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>88,680</u>	<u>2,474</u>	<u>848</u>	<u>1,977,646</u>
FUND BALANCES:				
Beginning of year	690,592	302,466	60,772	-
End of year	<u>\$ 779,272</u>	<u>\$ 304,940</u>	<u>\$ 61,620</u>	<u>\$ 1,977,646</u>

<u>Special Revenue</u>	<u>Capital Projects Funds</u>	<u>Debt Service</u>	<u>Non-major funds Totals</u>	
<u>Total</u>	<u>General</u>	<u>General</u>	<u>2011</u>	<u>2010</u>
\$ 1,071,708	\$ -	\$ -	\$ 1,071,708	\$ 1,142,924
84,464	-	-	84,464	77,642
728,832	-	-	728,832	522,026
70,585	-	-	70,585	-
4,311	-	-	4,311	4,541
67,588	4,824	-	72,412	61,057
6,148,706	79,662	378,502	6,606,870	1,418,812
<u>8,176,194</u>	<u>84,486</u>	<u>378,502</u>	<u>8,639,182</u>	<u>3,227,002</u>
3,807,389	7,252	-	3,814,641	8,622
92,797	-	-	92,797	61,366
58,710	-	-	58,710	71,659
614,305	-	-	614,305	969,064
149,984	-	-	149,984	141,316
19,619	-	-	19,619	12,487
231	-	-	231	-
-	699,463	-	699,463	1,071,479
-	-	349,031	349,031	333,219
-	-	29,471	29,471	45,282
<u>4,743,035</u>	<u>706,715</u>	<u>378,502</u>	<u>5,828,252</u>	<u>2,714,494</u>
<u>3,433,159</u>	<u>(622,229)</u>	<u>-</u>	<u>2,810,930</u>	<u>512,508</u>
-	667,720	-	667,720	1,105,942
<u>(928,006)</u>	<u>-</u>	<u>-</u>	<u>(928,006)</u>	<u>(1,340,182)</u>
<u>(928,006)</u>	<u>667,720</u>	<u>-</u>	<u>(260,286)</u>	<u>(234,240)</u>
2,505,153	45,491	-	2,550,644	278,268
6,564,053	583,682	-	7,147,735	6,869,467
<u>\$ 9,069,206</u>	<u>\$ 629,173</u>	<u>\$ -</u>	<u>\$ 9,698,379</u>	<u>\$ 7,147,735</u>

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET TO ACTUAL
IN-LIEU SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Investment income	\$ 35,000	\$ 35,699	\$ 699
Other revenues	229,000	306,622	77,622
Total revenues	264,000	342,321	78,321
EXPENDITURES:			
Community development	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	264,000	342,321	78,321
OTHER FINANCING SOURCES (USES):			
Transfers out	-	-	-
Net change in fund balances	264,000	342,321	78,321
FUND BALANCES:			
Beginning of year	4,164,545	4,164,545	-
End of year	<u>\$ 4,428,545</u>	<u>\$ 4,506,866</u>	<u>\$ 78,321</u>

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
AGENCY ON AGING SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Intergovernmental	\$ 90,000	\$ 148,501	\$ 58,501
Charges for services	-	70,585	70,585
Investment income	-	205	205
Total revenues	90,000	219,291	129,291
EXPENDITURES:			
Parks and recreation	90,000	133,595	(43,595)
REVENUES OVER (UNDER) EXPENDITURES			
	-	85,696	85,696
OTHER FINANCING SOURCES (USES):			
Transfers out	-	(70,585)	(70,585)
Net change in fund balances	-	15,111	15,111
FUND BALANCES:			
Beginning of year	9,437	9,437	-
End of year	<u>\$ 9,437</u>	<u>\$ 24,548</u>	<u>\$ 15,111</u>

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
FEDERAL AND STATE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Intergovernmental	\$ 460,089	\$ 210,090	\$ (249,999)
Use of money and property	-	265	265
Other revenues	29,644	-	(29,644)
Total revenues	489,733	210,355	(279,378)
EXPENDITURES:			
Public safety	-	9,512	(9,512)
REVENUES OVER (UNDER) EXPENDITURES	489,733	200,843	(288,890)
OTHER FINANCING SOURCES (USES):			
Transfers out	(460,089)	(197,589)	262,500
Net change in fund balances	29,644	3,254	(26,390)
FUND BALANCES:			
Beginning of year	(21,610)	(21,610)	-
End of year	\$ 8,034	\$ (18,356)	\$ (26,390)

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
GAS TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 1,148,543	\$ 1,071,708	\$ (76,835)
Investment income	-	4,708	4,708
Total revenues	<u>1,148,543</u>	<u>1,076,416</u>	<u>(72,127)</u>
EXPENDITURES:			
Current:			
Highways and streets	<u>753,706</u>	<u>614,305</u>	<u>139,401</u>
REVENUES OVER (UNDER) EXPENDITURES	394,837	462,111	67,274
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(127,675)</u>	<u>(217,949)</u>	<u>(90,274)</u>
Net change in fund balances	267,162	244,162	(23,000)
FUND BALANCES:			
Beginning of year	495,813	495,813	-
End of year	<u>\$ 762,975</u>	<u>\$ 739,975</u>	<u>\$ (23,000)</u>

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
LIBRARY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Intergovernmental	\$ 60,000	\$ 31,887	\$ (28,113)
Investment income	-	4,333	4,333
Total revenues	60,000	36,220	(23,780)
OTHER FINANCING SOURCES (USES):			
Transfers out	(243,000)	(234,887)	8,113
Net change in fund balances	(183,000)	(198,667)	(15,667)
FUND BALANCES:			
Beginning of year	647,877	647,877	-
End of year	<u>\$ 464,877</u>	<u>\$ 449,210</u>	<u>\$ (15,667)</u>

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
POLICE ASSET SEIZURE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Final</u>	<u>Actual</u>	<u>Variance w/Final Favorable (Unfavorable)</u>
REVENUES:			
Fines and forfeitures	\$ -	\$ 4,311	\$ 4,311
Investment income	-	596	596
Total revenues	<u>-</u>	<u>4,907</u>	<u>4,907</u>
EXPENDITURES:			
Public safety	<u>-</u>	<u>3,646</u>	<u>(3,646)</u>
REVENUES OVER (UNDER) EXPENDITURES	-	1,261	1,261
FUND BALANCES:			
Beginning of year	<u>65,049</u>	<u>69,390</u>	<u>4,341</u>
End of year	<u>\$ 65,049</u>	<u>\$ 70,651</u>	<u>\$ 5,602</u>

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
SAFETY AUGMENTATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Intergovernmental	\$ -	\$ 88,526	\$ 88,526
Investment income	-	103	103
Total revenues	-	88,629	88,629
OTHER FINANCING SOURCES (USES):			
Transfers out	(86,000)	(87,877)	(1,877)
Net change in fund balances	(86,000)	752	86,752
FUND BALANCES:			
Beginning of year	(752)	(752)	-
End of year	\$ (86,752)	\$ -	\$ 86,752

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
POLICE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Intergovernmental	\$ 100,000	\$ 98,270	\$ (1,730)
Investment income	-	13	13
Other revenues	-	5,038	5,038
Total revenues	100,000	103,321	3,321
EXPENDITURES:			
Current:			
Public safety	-	5,225	(5,225)
REVENUES OVER (UNDER) EXPENDITURES	100,000	98,096	(1,904)
OTHER FINANCING SOURCES (USES):			
Transfers out	(100,000)	(89,963)	10,037
Net change in fund balances	-	8,133	8,133
FUND BALANCES:			
Beginning of year	3,222	3,222	-
End of year	<u>\$ 3,222</u>	<u>\$ 11,355</u>	<u>\$ 8,133</u>

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
SB 322 RECYCLING/LITTER CLEAN-UP SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Intergovernmental	\$ 71,862	\$ 76,658	\$ 4,796
Investment income	-	1,230	1,230
Total revenues	<u>71,862</u>	<u>77,888</u>	<u>6,026</u>
EXPENDITURES:			
Public works	<u>110,299</u>	<u>58,710</u>	<u>51,589</u>
Net change in fund balances	(38,437)	19,178	57,615
FUND BALANCES:			
Beginning of year	<u>142,301</u>	<u>142,301</u>	-
End of year	<u>\$ 103,864</u>	<u>\$ 161,479</u>	<u>\$ 57,615</u>

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
RESTRICTED DONATIONS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Licenses and permits	\$ -	\$ 84,464	\$ 84,464
Investment income	-	6,489	6,489
Other revenues	-	500,885	500,885
Total revenues	-	591,838	591,838
EXPENDITURES:			
Current:			
General government	-	437,763	(437,763)
Parks and recreation	50,000	16,389	33,611
Library	-	19,619	(19,619)
Community enhancements	-	231	(231)
Total expenditures	50,000	474,002	(424,002)
REVENUES OVER (UNDER) EXPENDITURES	(50,000)	117,836	167,836
OTHER FINANCING SOURCES (USES):			
Transfers out	(29,156)	(29,156)	-
Net change in fund balances	(79,156)	88,680	167,836
FUND BALANCES:			
Beginning of year	690,592	690,592	-
End of year	\$ 611,436	\$ 779,272	\$ 167,836

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
STREETS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Final</u>	<u>Actual</u>	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Investment income	\$ -	\$ 2,474	\$ 2,474
FUND BALANCES:			
Beginning of year	<u>302,466</u>	<u>302,466</u>	<u>-</u>
End of year	<u>\$ 302,466</u>	<u>\$ 304,940</u>	<u>\$ 2,474</u>

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
TRAFFIC SAFETY REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Intergovernmental	\$ -	\$ 74,900	\$ 74,900
Investment income	-	362	362
Total revenues	-	75,262	75,262
EXPENDITURES:			
Current:			
Public safety	-	74,414	(74,414)
Net change in fund balances	-	848	848
FUND BALANCES:			
Beginning of year	60,772	60,772	-
End of year	\$ 60,772	\$ 61,620	\$ 848

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
EMERGENCY DISASTER FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Investment income	\$ -	\$ 11,111	\$ 11,111
Other revenues	2,336,160	5,336,161	3,000,001
Total revenues	2,336,160	5,347,272	3,011,112
EXPENDITURES:			
General government	3,369,625	3,369,626	(1)
REVENUES OVER (UNDER) EXPENDITURES	(1,033,465)	1,977,646	3,011,111
FUND BALANCES:			
Beginning of year	-	-	-
End of year	<u>\$ (1,033,465)</u>	<u>\$ 1,977,646</u>	<u>\$ 3,011,111</u>

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
CAPITAL PROJECTS FUND - GENERAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Investment income	\$ -	\$ 4,824	\$ 4,824
Other revenues	29,644	79,662	50,018
Total revenues	29,644	84,486	54,842
EXPENDITURES:			
Current:			
General government	235,058	7,252	227,806
Capital outlay	2,429,291	699,463	1,729,828
Total expenditures	2,664,349	706,715	1,957,634
REVENUES OVER (UNDER) EXPENDITURES	(2,634,705)	(622,229)	2,012,476
OTHER FINANCING SOURCES (USES):			
Transfers in	667,720	667,720	-
Net change in fund balances	(1,966,985)	45,491	2,012,476
FUND BALANCES:			
Beginning of year	583,682	583,682	-
End of year	<u><u>\$ (1,383,303)</u></u>	<u><u>\$ 629,173</u></u>	<u><u>\$ 2,012,476</u></u>

CITY OF SAN BRUNO, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL
DEBT SERVICE FUND - GENERAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance w/Final Favorable (Unfavorable)
REVENUES:			
Other revenues	\$ 378,501	\$ 378,502	\$ 1
EXPENDITURES:			
Debt service:			
Principal	349,030	349,031	(1)
Interest	29,471	29,471	-
Total expenditures	378,501	378,502	(1)
Net change in fund balances	-	-	-
FUND BALANCES:			
Beginning of year	-	-	-
End of year	\$ -	\$ -	\$ -

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CITY OF SAN BRUNO, CALIFORNIA

**COMBINING STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2011**

(With comparative totals for June 30, 2010)

	<u>Central Garage</u>	<u>Self- Insurance</u>	<u>General Equipment Revolving</u>
ASSETS			
Current assets:			
Cash and investments	\$ 343,309	\$ 2,263,186	\$ 3,385,804
Cash and investments held by trustees	-	91,119	-
Accounts receivable	-	-	-
Total current assets	<u>343,309</u>	<u>2,354,305</u>	<u>3,385,804</u>
Noncurrent assets:			
Advances to Redevelopment Agency	-	-	2,977,033
Total assets	<u>343,309</u>	<u>2,354,305</u>	<u>6,362,837</u>
LIABILITIES			
Current liabilities:			
Accounts payable	37,647	95,420	61,197
Compensated absences	-	-	-
Total current liabilities	<u>37,647</u>	<u>95,420</u>	<u>61,197</u>
Noncurrent liabilities:			
Compensated absences	6,850	-	-
Liability for claims	-	1,576,264	-
Total noncurrent liabilities	<u>6,850</u>	<u>1,576,264</u>	<u>-</u>
Total liabilities	<u>44,497</u>	<u>1,671,684</u>	<u>61,197</u>
NET ASSETS			
Unrestricted net assets	298,812	682,621	6,301,640
Total net assets	<u>\$ 298,812</u>	<u>\$ 682,621</u>	<u>\$ 6,301,640</u>
Total liabilities and net assets	<u>\$ 343,309</u>	<u>\$ 2,354,305</u>	<u>\$ 6,362,837</u>

Technology Development	Facilities Maintenance	Totals	
		2011	2010
\$ 491,547	\$ 903,503	\$ 7,387,349	\$ 6,420,296
-	-	91,119	91,119
-	-	-	1,710
<u>491,547</u>	<u>903,503</u>	<u>7,478,468</u>	<u>6,513,125</u>
-	-	2,977,033	2,977,033
<u>491,547</u>	<u>903,503</u>	<u>10,455,501</u>	<u>9,490,158</u>
8,271	21,543	224,078	68,821
-	55,277	55,277	99,422
<u>8,271</u>	<u>76,820</u>	<u>279,355</u>	<u>168,243</u>
33,239	-	40,089	45,286
-	-	1,576,264	1,431,446
<u>33,239</u>	<u>-</u>	<u>1,616,353</u>	<u>1,476,732</u>
<u>41,510</u>	<u>76,820</u>	<u>1,895,708</u>	<u>1,644,975</u>
450,037	826,683	8,559,793	7,845,183
<u>\$ 450,037</u>	<u>\$ 826,683</u>	<u>\$ 8,559,793</u>	<u>\$ 7,845,183</u>
<u>\$ 491,547</u>	<u>\$ 903,503</u>	<u>\$ 10,455,501</u>	<u>\$ 9,490,158</u>

CITY OF SAN BRUNO, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS**

**INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

(With comparative totals for the year ended June 30, 2010)

	Central Garage	Self- Insurance	General Equipment Revolving
OPERATING REVENUES:			
Charges for services	\$ 623,232	\$ -	\$ 98,233
Insurance cost allocation	-	1,578,036	-
Total operating revenues	623,232	1,578,036	98,233
OPERATING EXPENSES:			
Central garage	594,564	-	-
Insurance premiums, claims and administration	-	1,374,661	-
Equipment	-	-	264,958
Technology	-	-	-
Facilities	-	-	-
Total operating expenses	594,564	1,374,661	264,958
OPERATING INCOME (LOSS)	28,668	203,375	(166,725)
NONOPERATING REVENUE (EXPENSE)			
Transfer from other funds	-	-	628,173
Transfer (to) other funds	-	-	(90,000)
Total non-operating revenue (expense)	-	-	538,173
CHANGE IN NET ASSETS	28,668	203,375	371,448
NET ASSETS:			
Beginning of year	270,144	479,246	5,930,192
End of year	<u>\$ 298,812</u>	<u>\$ 682,621</u>	<u>\$ 6,301,640</u>

Technology Development	Facilities Maintenance	Totals	
		2011	2010
\$ 488,419	\$ 1,006,080	\$ 2,215,964	\$ 2,757,474
-	-	1,578,036	1,578,156
488,419	1,006,080	3,794,000	4,335,630
-	-	594,564	678,168
-	-	1,374,661	1,251,307
-	-	264,958	177,236
448,124	-	448,124	480,194
-	843,680	843,680	1,051,067
448,124	843,680	3,525,987	3,637,972
40,295	162,400	268,013	697,658
-	-	628,173	-
(91,576)	-	(181,576)	(343,482)
(91,576)	-	446,597	(343,482)
(51,281)	162,400	714,610	354,176
501,318	664,283	7,845,183	7,491,007
<u>\$ 450,037</u>	<u>\$ 826,683</u>	<u>\$ 8,559,793</u>	<u>\$ 7,845,183</u>

CITY OF SAN BRUNO, CALIFORNIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

(With comparative totals for the year ended June 30, 2010)

	<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	\$ 623,232	\$ 1,578,036	\$ 98,233
Cash payments to suppliers for goods and services	(604,412)	(1,308,841)	(203,761)
Cash payments for loss claims	-	144,818	-
Net cash provided (used) by operating activities	<u>18,820</u>	<u>414,013</u>	<u>(105,528)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Advance repayments from other funds	-	-	-
Transfers received from other funds	-	-	628,173
Transfers paid to other funds	-	-	(90,000)
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>538,173</u>
Net increase in cash and cash equivalents	<u>18,820</u>	<u>414,013</u>	<u>432,645</u>
CASH AND CASH EQUIVALENTS:			
Beginning of year	<u>324,489</u>	<u>1,940,292</u>	<u>2,953,159</u>
End of year	<u>\$ 343,309</u>	<u>\$ 2,354,305</u>	<u>\$ 3,385,804</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:			
Income (loss) from operations	\$ 28,668	\$ 203,375	\$ (166,725)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
(Increase) decrease in current assets:			
Accounts receivable	-	-	-
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	23,769	65,820	61,197
Compensated absences	(33,617)	-	-
Increase (decrease) in claims liability - noncurrent	-	144,818	-
Net cash provided (used) by operating activities	<u>\$ 18,820</u>	<u>\$ 414,013</u>	<u>\$ (105,528)</u>
Presentation in Statement of Net Assets:			
Cash and investments	\$ 343,309	\$ 2,263,186	\$ 3,385,804
Cash and investments held by trustees	-	91,119	-
Total Cash and Cash Equivalents, End of Year	<u>\$ 343,309</u>	<u>\$ 2,354,305</u>	<u>\$ 3,385,804</u>

	Technology Development	Facilities Maintenance	Totals	
			2011	2010
\$	490,129	\$ 1,006,080	\$ 3,795,710	\$ 4,333,920
	(442,956)	(860,102)	(3,420,072)	(3,729,721)
	-	-	144,818	(411,836)
	<u>47,173</u>	<u>145,978</u>	<u>520,456</u>	<u>192,363</u>
	-	-	-	250,000
	-	-	628,173	-
	(91,576)	-	(181,576)	(343,482)
	<u>(91,576)</u>	<u>-</u>	<u>446,597</u>	<u>(93,482)</u>
	(44,403)	145,978	967,053	98,881
	<u>535,950</u>	<u>757,525</u>	<u>6,511,415</u>	<u>6,412,534</u>
\$	<u><u>491,547</u></u>	<u><u>\$ 903,503</u></u>	<u><u>\$ 7,478,468</u></u>	<u><u>\$ 6,511,415</u></u>
\$	40,295	\$ 162,400	\$ 268,013	\$ 697,658
	1,710	-	1,710	(1,710)
	3,340	1,131	155,257	(103,003)
	1,828	(17,553)	(49,342)	11,254
	-	-	144,818	(411,836)
\$	<u><u>47,173</u></u>	<u><u>\$ 145,978</u></u>	<u><u>\$ 520,456</u></u>	<u><u>\$ 192,363</u></u>
\$	491,547	\$ 903,503	\$ 7,387,349	\$ 6,420,296
	-	-	91,119	91,119
\$	<u><u>491,547</u></u>	<u><u>\$ 903,503</u></u>	<u><u>\$ 7,478,468</u></u>	<u><u>\$ 6,511,415</u></u>

CITY OF SAN BRUNO, CALIFORNIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUNDS

JUNE 30, 2011

(With comparative totals for the year ended June 30, 2010)

	Project Development	San Bruno Garbage Company	Totals	
			2011	2010
ASSETS				
Cash and investments	\$ 63,706	\$ 341,266	\$ 404,972	\$ 712,390
Accounts receivable	-	500,644	500,644	470,863
Total assets	\$ 63,706	\$ 841,910	\$ 905,616	\$ 1,183,253
LIABILITIES				
Accounts payable	\$ 7,435	\$ 836,696	\$ 844,131	\$ 904,208
Other liabilities	56,271	5,214	61,485	279,045
Total liabilities	\$ 63,706	\$ 841,910	\$ 905,616	\$ 1,183,253

CITY OF SAN BRUNO, CALIFORNIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUNDS

JUNE 30, 2011

(With comparative totals for the year ended June 30, 2010)

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
PROJECT DEVELOPMENT				
ASSETS				
Cash and investments	\$ 386,592	\$ 179,876	\$ (502,762)	\$ 63,706
Total assets	\$ 386,592	\$ 179,876	\$ (502,762)	\$ 63,706
LIABILITIES				
Accounts payable	\$ 109,454	\$ 312,623	\$ (414,642)	\$ 7,435
Other liabilities	277,138	233,016	(453,883)	56,271
Total liabilities	\$ 386,592	\$ 545,639	\$ (868,525)	\$ 63,706
SAN BRUNO GARBAGE COMPANY				
ASSETS				
Cash and investments	\$ 325,798	\$ 6,491,484	\$ (6,476,016)	\$ 341,266
Accounts receivable	470,863	6,555,157	(6,525,376)	500,644
Total assets	\$ 796,661	\$ 13,046,641	\$ (13,001,392)	\$ 841,910
LIABILITIES				
Accounts payable	\$ 794,754	\$ 12,276,593	\$ (12,234,651)	\$ 836,696
Other liabilities	1,907	3,431	(124)	5,214
Total liabilities	\$ 796,661	\$ 12,280,024	\$ (12,234,775)	\$ 841,910
TOTAL OF ALL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 712,390	\$ 6,671,360	\$ (6,978,778)	\$ 404,972
Accounts receivable	470,863	6,555,157	(6,525,376)	500,644
Total assets	\$ 1,183,253	\$ 13,226,517	\$ (13,504,154)	\$ 905,616
LIABILITIES				
Accounts payable	\$ 904,208	\$ 12,589,216	\$ (12,649,293)	\$ 844,131
Other liabilities	279,045	236,447	(454,007)	61,485
Total liabilities	\$ 1,183,253	\$ 12,825,663	\$ (13,103,300)	\$ 905,616

STATISTICAL SECTION

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.	115-119
Revenue Capacity	
These schedules contain information to help the reader assess the City's property tax.	120-123
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.	124-128
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.	129-130
Operating Information	
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.	131-132

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 TEN FISCAL YEARS
(Fiscal years ended June 30,)**

	<u>2005 *</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 11,767,003	\$ 13,980,909	\$ 36,889,081	\$ 37,073,294
Restricted	3,295,653	2,790,614	763,192	797,313
Unrestricted	5,146,203	10,409,480	17,200,880	18,670,800
Total governmental activities net assets	<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	\$ 19,803,889	\$ 18,694,375	\$ 26,319,885	\$ 22,821,582
Unrestricted	18,714,365	19,953,475	12,200,816	19,943,521
Total business-type activities net assets	<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	\$ 31,570,892	\$ 32,675,284	\$ 63,208,966	\$ 59,894,876
Restricted	3,295,653	290,614	763,192	797,313
Unrestricted	23,860,568	30,362,955	29,401,696	38,614,321
Total primary government net assets	<u>\$ 58,727,113</u>	<u>\$ 63,328,853</u>	<u>\$ 93,373,854</u>	<u>\$ 99,306,510</u>
	<u>2009</u>	<u>2010</u>	<u>2011</u>	
Governmental activities				
Invested in capital assets, net of related debt	\$ 38,094,423	\$ 38,157,248	\$ 36,981,386	
Restricted	805,664	11,757,369	16,116,900	
Unrestricted	17,282,898	6,174,871	5,382,344	
Total governmental activities net assets	<u>\$ 56,182,985</u>	<u>\$ 56,089,488</u>	<u>\$ 58,480,630</u>	
Business-type activities				
Invested in capital assets, net of related debt	\$ 29,548,513	\$ 29,617,094	\$ 30,706,799	
Unrestricted	13,642,293	14,951,487	16,048,910	
Total business-type activities net assets	<u>\$ 43,190,806</u>	<u>\$ 44,568,581</u>	<u>\$ 46,755,709</u>	
Primary government				
Invested in capital assets, net of related debt	\$ 67,642,936	\$ 67,774,342	\$ 67,688,185	
Restricted	805,664	11,757,369	16,116,900	
Unrestricted	30,925,191	21,126,358	21,431,254	
Total primary government net assets	<u>\$ 99,373,791</u>	<u>\$100,658,069</u>	<u>\$105,236,339</u>	

*Data not available prior to 2005

CITY OF SAN BRUNO, CALIFORNIA

CHANGES IN NET ASSETS LAST TEN FISCAL YEARS (Fiscal years ended June 30,)

	2005 *	2006	2007	2008	2009	2010	2011
Expenses							
Governmental activities:							
General government	\$ 4,133,776	\$ 4,056,039	\$ 3,086,818	\$ 680,412	\$ 5,879,731	\$ 5,757,945	\$ 10,962,945
Public safety	15,156,170	16,143,674	17,005,014	21,497,158	19,625,779	19,593,501	19,335,496
Public works	491,059	679,486	1,017,450	1,766,933	1,256,060	862,049	888,426
Highways and streets	3,077,663	2,699,804	4,330,591	5,993,182	5,391,549	4,864,060	3,394,204
Parks and recreation	3,601,010	3,585,800	4,226,636	4,805,202	4,760,291	4,393,495	4,219,718
Library	1,561,654	1,665,597	1,627,219	2,076,155	1,890,435	1,757,550	1,680,862
Community development	3,804,765	3,858,037	3,027,355	5,727,039	7,030,845	9,180,082	7,510,992
Interest expense	516,465	557,964	575,021	553,486	665,517	672,458	612,570
Total governmental activities expenses	<u>32,342,562</u>	<u>33,246,401</u>	<u>34,896,104</u>	<u>43,099,567</u>	<u>46,500,207</u>	<u>47,081,140</u>	<u>48,605,213</u>
Business-type activities:							
Water	5,952,302	6,893,587	6,868,405	5,857,761	7,341,657	6,919,121	7,378,711
Stormwater	294,261	467,043	502,802	(171,906)	687,278	386,608	438,864
Wastewater	5,868,174	6,084,873	6,904,217	7,859,491	8,054,907	7,987,591	9,439,266
Cable Television	7,977,905	8,055,100	9,489,656	9,324,247	10,700,667	11,452,012	11,549,760
Total business-type activities expenses	<u>20,092,642</u>	<u>21,500,603</u>	<u>23,765,080</u>	<u>22,869,593</u>	<u>26,784,509</u>	<u>26,745,332</u>	<u>28,806,601</u>
Total primary government expenses	<u>\$ 52,435,204</u>	<u>\$ 54,747,004</u>	<u>\$ 58,661,184</u>	<u>\$ 65,969,160</u>	<u>\$ 73,284,716</u>	<u>\$ 73,826,472</u>	<u>\$ 77,411,814</u>
Program revenues							
Governmental activities:							
Charges for services:							
General government	\$ 2,680,758	\$ 3,030,230	\$ 2,913,631	\$ 5,102,298	\$ 2,100,780	\$ 3,831,697	\$ 3,397,195
Public safety	834,458	1,042,823	1,405,736	1,507,685	1,545,769	1,514,350	1,538,616
Public works	-	-	52,157	781,614	49,186	39,104	149,299
Highways and streets	1,710,424	2,091,813	754,080	977,667	18,700	18,700	19,243
Parks and recreation	1,380,947	681,356	751,985	794,097	915,378	988,075	1,089,866
Library	65,336	63,243	63,638	144,703	76,934	104,188	105,247
Community development	1,419,414	2,572,835	1,163,310	2,622,644	1,905,157	1,084,270	922,255
Operating grants and contributions	905,721	757,952	3,924,875	3,537,503	6,987,198	5,715,274	11,225,060
Capital grants and contributions	5,099,422	2,822,419	328,114	2,628,237	-	823,772	79,562
Total governmental activities program revenues	<u>14,096,480</u>	<u>13,062,671</u>	<u>11,357,526</u>	<u>18,096,448</u>	<u>13,599,102</u>	<u>14,119,430</u>	<u>18,526,343</u>
Business-type activities:							
Charges for services:							
Water	6,332,229	6,682,238	7,089,683	8,258,200	8,174,920	8,836,515	9,491,102
Stormwater	546,589	549,708	614,832	531,455	618,552	574,796	593,179
Wastewater	5,918,246	6,079,454	6,261,689	8,413,781	9,061,789	9,566,099	10,128,799
Cable Television	7,288,915	7,867,702	9,162,788	9,036,944	9,833,713	10,254,204	10,570,028
Total business-type activities program revenues	<u>20,085,979</u>	<u>21,179,102</u>	<u>23,128,992</u>	<u>26,240,380</u>	<u>27,688,974</u>	<u>29,231,614</u>	<u>30,783,108</u>
Total primary government program revenues	<u>\$ 34,182,459</u>	<u>\$ 34,241,773</u>	<u>\$ 34,486,518</u>	<u>\$ 44,336,828</u>	<u>\$ 41,288,076</u>	<u>\$ 43,351,044</u>	<u>\$ 49,309,451</u>
Net (Expense)/Revenue							
Governmental activities	\$ (18,246,082)	\$ (20,183,730)	\$ (23,538,578)	\$ (25,003,119)	\$ (32,901,105)	\$ (32,961,710)	\$ (30,078,870)
Business-type activities	(6,663)	(321,501)	(636,088)	3,370,787	904,465	2,486,282	1,976,507
Total primary government net expense	<u>\$ (18,252,745)</u>	<u>\$ (20,505,231)</u>	<u>\$ (24,174,666)</u>	<u>\$ (21,632,332)</u>	<u>\$ (31,996,640)</u>	<u>\$ (30,475,428)</u>	<u>\$ (28,102,363)</u>

*Data not available prior to 2005

CITY OF SAN BRUNO, CALIFORNIA

CHANGES IN NET ASSETS LAST TEN FISCAL YEARS, CONTINUED (Fiscal years ended June 30,)

	2005*	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes:							
Property taxes, levied for general purposes	\$ 4,398,198	\$ 4,944,621	\$ 5,315,026	\$ 5,792,092	\$ 5,609,011	\$ 6,561,286	\$ 5,035,244
Property taxes, tax increment for redevelopment purposes	1,404,122	2,625,615	3,839,579	4,435,080	9,163,133	9,308,063	8,900,038
Transient occupancy tax	932,289	1,139,693	1,276,830	1,478,040	1,339,877	1,344,364	1,763,680
Franchise tax	995,474	1,450,533	1,531,909	1,608,176	1,798,855	1,804,390	1,916,659
Sales tax, including subvention	6,234,499	6,816,036	6,862,845	6,637,010	6,402,912	5,366,248	6,498,220
Cardroom taxes	3,028,003	2,819,988	2,735,107	1,491,812	1,540,728	1,496,516	1,531,232
Other taxes	-	-	316,762	-	1,523,129	1,487,538	1,632,802
Intergovernmental:							
State motor vehicle in-lieu tax, including subvention	2,876,477	2,824,642	3,166,460	3,365,156	3,544,320	3,350,849	3,374,101
Use of money and property	364,665	499,665	1,218,377	2,184,450	1,433,300	2,242,441	1,909,612
Miscellaneous	2,386,324	3,409,259	2,425,997	-	-	-	-
Transfers	-	175,164	-	(300,443)	187,418	(93,482)	(91,576)
Total governmental activities	<u>22,620,051</u>	<u>26,705,216</u>	<u>28,688,892</u>	<u>26,691,373</u>	<u>32,542,683</u>	<u>32,868,213</u>	<u>32,470,012</u>
Business-type activities							
Use of money and property	438,775	513,954	508,939	573,172	(291,344)	123,648	119,045
Transfers	214,752	(62,857)	-	300,443	(187,418)	93,482	91,576
Total business-type activities	<u>653,527</u>	<u>451,097</u>	<u>508,939</u>	<u>873,615</u>	<u>(478,762)</u>	<u>217,130</u>	<u>210,621</u>
Total primary government	<u>\$ 23,273,578</u>	<u>\$ 27,156,313</u>	<u>\$ 29,197,831</u>	<u>\$ 27,564,988</u>	<u>\$ 32,063,921</u>	<u>\$ 33,085,343</u>	<u>\$ 32,680,633</u>
Changes in Net Assets							
Governmental activities	\$ 4,373,969	\$ 6,521,486	\$ 5,150,314	\$ 1,688,254	\$ (358,422)	\$ (93,497)	\$ 2,391,142
Business-type activities	646,864	129,596	(127,149)	4,244,402	425,703	2,703,412	2,187,128
Total primary government	<u>\$ 5,020,833</u>	<u>\$ 6,651,082</u>	<u>\$ 5,023,165</u>	<u>\$ 5,932,656</u>	<u>\$ 67,281</u>	<u>\$ 2,609,915</u>	<u>\$ 4,578,270</u>

*Data not available prior to 2005

CITY OF SAN BRUNO, CALIFORNIA

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Fiscal years ended June 30,)

	<u>2005*</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 648,702	\$ 638,512
Restricted	3,353,515	3,934,669	662,200	826,709	1,060,558	-	-
Assigned	-	-	-	-	-	152,533	127,407
Unassigned	3,245,215	4,462,312	8,041,350	8,670,499	6,652,186	7,443,638	9,052,945
Total general fund	<u>\$ 6,598,730</u>	<u>\$ 8,396,981</u>	<u>\$ 8,703,550</u>	<u>\$ 9,497,208</u>	<u>\$ 7,712,744</u>	<u>\$ 8,244,873</u>	<u>\$ 9,818,864</u>
All Other Governmental Funds							
Nonspendable	\$ -	\$ -	\$ -	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000
Restricted	1,030,184	1,119,897	4,947,910	7,797,724	11,490,283	13,486,013	17,870,653
Unassigned	(2,041,041)	(836,728)	-	-	(986,616)	(1,818,644)	(1,843,753)
Total all other governmental funds	<u>\$(1,010,857)</u>	<u>\$ 283,169</u>	<u>\$ 4,947,910</u>	<u>\$ 7,887,724</u>	<u>\$ 10,593,667</u>	<u>\$ 11,757,369</u>	<u>\$ 16,116,900</u>

*Data not available prior to 2005

CITY OF SAN BRUNO, CALIFORNIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Fiscal years ended June 30,)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Taxes	\$ 13,600,471	\$ 16,810,824	\$ 18,278,498	\$ 21,801,314	\$ 18,835,537	\$ 21,137,455	\$ 23,236,735	\$ 27,788,860	\$ 27,863,575	\$ 27,705,514
Licenses and permits	3,405,934	4,866,084	1,835,250	1,637,527	5,283,072	4,813,087	4,379,092	3,644,640	2,036,968	2,182,177
Intergovernmental	6,279,693	4,410,098	3,960,354	4,538,435	4,726,434	4,976,381	5,555,835	4,024,517	4,663,260	4,102,933
Charges for services	1,827,108	3,800,633	3,936,291	5,302,228	4,998,704	3,458,641	3,534,085	2,812,413	3,319,982	4,249,436
Fines and forfeitures	477,585	428,284	555,133	500,717	570,691	563,836	578,406	649,186	763,221	739,033
Use of money and property	1,719,668	306,424	908,139	364,665	1,583,178	1,149,534	2,287,478	1,433,302	1,938,960	1,909,612
Other revenues	1,511,745	1,882,845	614,131	1,660,831	2,210,719	4,048,911	5,976,311	5,601,449	6,151,677	10,199,227
Total revenues	28,822,204	32,505,192	30,087,796	35,805,717	38,208,335	40,147,845	45,547,942	45,954,367	46,737,643	51,087,932
Expenditures:										
General government	5,277,572	2,891,821	3,587,063	3,830,993	3,750,350	3,449,991	1,114,968	3,831,772	3,432,652	7,733,633
Public safety	13,843,611	13,550,445	13,237,345	14,996,475	16,168,590	16,848,691	20,849,179	19,606,624	19,791,984	18,630,659
Public works	1,135,506	2,929,116	1,943,991	491,059	679,486	1,017,450	1,501,639	1,228,246	795,138	827,163
Highways and streets	3,377,048	2,236,444	1,207,594	5,552,960	4,969,695	2,956,134	4,816,250	4,101,578	3,924,442	2,442,621
Parks and recreation	3,775,558	4,202,653	3,791,251	3,562,029	3,886,525	4,136,082	4,822,377	4,627,648	4,319,160	4,106,814
Library	1,612,191	1,610,702	1,731,081	1,559,864	1,663,807	1,625,429	2,028,271	1,903,867	1,752,924	1,669,374
Capital outlay	5,011,732	3,565,513	3,005,093	3,474,765	3,543,200	3,561,656	4,899,902	7,998,339	8,978,350	7,280,597
Debt service:	7,525,731	3,984,770	1,661,709	773,579	827,974	799,524	906,765	696,590	1,071,479	699,463
Principal	75,000	447,867	474,153	501,323	812,828	479,955	503,713	523,124	548,219	574,031
Interest	622,025	845,104	569,776	516,934	563,591	548,987	526,204	702,518	677,464	651,882
Total expenditures	42,255,974	36,264,435	31,209,056	35,259,981	36,866,046	35,423,899	41,969,268	45,220,306	45,291,812	44,616,237
Reconciliation of Governmental Revenues										
Less Expenditures to Fund Equity:										
Revenues over (under) expenditures	(13,433,770)	(3,759,243)	(1,121,260)	545,736	1,342,289	4,723,946	3,578,674	734,061	1,445,831	6,471,695
Proceed from Loan/Bond	1,360,674	-	-	-	-	-	-	-	-	-
Other financing sources (Transfer In)	-	775,000	355,758	337,000	-	4,299,624	2,963,422	3,504,587	5,418,156	3,696,045
Other financing sources (Transfer Out)	-	-	-	-	-	(4,058,624)	(2,812,004)	(3,317,169)	(5,168,156)	(4,234,218)
Other financing sources (uses):										
Operating transfers from (to) Enterprise Funds:										
Water	465,251	-	-	-	77,500	-	-	-	-	-
Stormwater	219,117	190,400	-	-	25,000	-	-	-	-	-
Wastewater	350,660	-	-	-	72,664	-	-	-	-	-
Cable Television	144,600	606,749	25,000	-	-	-	-	-	-	-
Operating transfers from (to) Internal Service Funds	-	230,601	249,834	211,398	150,000	-	-	-	-	-
Proceeds from sale of fixed assets	-	14,330	-	3,065	-	6,363	3,380	-	-	-
Proceeds of debt issued (refunds)	-	-	-	-	1,229,298	-	-	-	-	-
Total other financing sources (uses)	1,179,628	1,042,080	274,834	214,463	1,554,462	6,363	3,380	-	-	-
Net change in fund balances	\$ (10,893,468)	\$ (3,492,163)	\$ (1,202,184)	\$ 423,199	\$ 2,896,751	\$ 4,971,309	\$ 3,733,472	\$ 921,479	\$ 1,695,831	\$ 5,933,522
Debt service as a percentage of noncapital expenditures	2%	4%	4%	3%	4%	3%	3%	3%	3%	3%

CITY OF SAN BRUNO, CALIFORNIA

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

(In thousands of dollars)

City of San Bruno:	Real Property Secured	Personal Property Unsecured	Total (a)	Total Direct Tax Rate (b)
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
FY 08-09	5,275,742	151,461	5,427,203	1.0000
FY 09-10	4,987,270	158,207	5,145,477	1.0000
FY 10-11	4,917,181	149,425	5,066,606	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 \$100 of assessed value)

	Direct Rates				Total Tax Rate
	Basic Rate	Total Direct	School Districts	Special Districts	
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
FY 08-09	1.0000	1.0000	0.0710	0.0000	1.0710
FY 09-10	1.0000	1.0000	0.0804	0.0000	1.0804
FY 10-11	1.0000	1.0000	0.0834	0.0000	1.0834

Source: California Municipal Statistics

CITY OF SAN BRUNO, CALIFORNIA

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND EIGHT YEARS AGO

Property Owner	Primary Land Use	2010-11			% of Total	Property Owner	Primary Land Use	2002-2003		
		Assessed Valuation	Rank					Assessed Valuation (in thousands of dollars)	Rank	% of Total
ASN Tanforan Crossing I LLC	Apartments	\$ 154,742,167	1	20.24%	The Gap Inc.	Office Building	\$ 286,269	1	43.94%	
Tanforan Park Shopping Center	Shopping Center	123,259,216	2	16.13%	Bayhill Associates	Office Building	125,010	2	19.19%	
The Gap Inc.	Office Building	122,969,315	3	16.09%	Aimco San Bruno Apt.	Apartments	45,406	3	6.97%	
Bayhill Four Associates	Office Building	103,000,000	4	13.48%	San Bruno Seventeen et al	Office Building	36,843	4	5.66%	
SNK SB Crossing LLC	Apartments	74,416,906	5	9.74%	RB Lake Amir Office Et AL	Office Building	29,361	5	4.51%	
CREA-San Bruno LLC	Office Building	43,500,000	6	5.69%	Crystal Springs Associates	Apartments	29,072	6	4.46%	
Landmark Towne Center LLC	Shopping Center	40,673,508	7	5.32%	Tanforan Shopping Center	Shopping Center	27,991	7	4.30%	
Aimco San Bruno Apartments Partners L	Apartments	35,800,308	8	4.68%	JC Penny Co. Inc.	Shopping Center	24,469	8	3.76%	
FW CA Bay Hill Shopping Center	Shopping Center	34,427,813	9	4.50%	Martin/Regis San Bruno Assoc	Apartments	23,705	9	3.64%	
Crystal Springs Associates	Apartments	31,587,382	10	4.13%	Lowes HIW Inc. Lessee	Shopping Center	23,359	10	3.59%	

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

CITY OF SAN BRUNO, CALIFORNIA

SCHEDULE OF TOP 40 RETAIL BUSINESSES FOR THE YEAR ENDED JUNE 30, 2011

(Listed in alphabetical order)

Name	Address
All Shores	135 El Camino Real
Apex System, Inc.	1111 Bayhill Dr., Ste 240
Bayhill 4-7 LLC	950 Elm Ave.
Best Buy Store #1896	1250 El Camino Real
Biocodex Inc.	1250 Bayhill Dr., Ste 200
BJ's Restaurant	1150 El Camino Real Ste 270
Century Theaters Inc.#494	1188 El Camino Real
Cisco Ironport Systems, Inc.	950 Elm Ave.
Cox Digital Solutions	1000 Cherry Ave. Ste 200
CVS/Pharmacy #9807	10 Bayhill Shopping CTR
Davita RX, LLC#1685	1178 Cherry Ave.
Grace Honda	345 El Camino Real
Inquire, Inc.	900 Cherry Ave. Fl 6
J.C. Penney Corp., Inc#1959-6	1122 El Camino Real
James J. Boyle & Co.	1097 Sneath Ln.
Lash Group, Inc.	999 Bayhill Dr.#330
Lohika Systems Inc.	1111 Bayhill Dr. Ste 210
Lowe's HIW, Inc #1019	1340 El Camino Real
Lucky #748	1322 El Camino Real
Lunardi's Market	2801 San Bruno Ave.
Marshall's #492	1268 El Camino Real
Melody Toyota	750 El Camino Real
Mollie Stone's Market	22 Bayhill Shopping CTR
Nomis Solutions Inc.	1111 Bayhill Dr. Ste 230
On Assignment Lab Support & Healthcare	1111 Bayhill Dr. Ste 200
Pacific Bell	1101 San Mateo Ave.
PT Gaming LLC	659 Huntington Ave.
Ramada Limited	500 El Camino Real
Recology San Bruno	101 Tanforan Ave.
Sears Auto Center#6909	1178 El Camino Real
Sears, Roebuck & Co.#1478	1178 El Camino Real
Shelter Creek Condo. Owners Association	701 Shelter Creek Ln.
SNK SB Crossing LLC(Acappella Apts.)	1001 National Ave.
Target Store T1054	1150 El Camino Real
The Permanente Medical Group	801 Traeger Ave.
The Permanente Medical Group	901 El Camino Real
Vantagepoint Venture Partners	1001 Bayhill Dr. Ste 300
Vince's Shell Fish Co, Inc.	1063 Montgomery Ave.
Walgreens #2939	333 El Camino Real
You Tube Inc.	901 Cherry Ave.

Source : City of San Bruno

CITY OF SAN BRUNO, CALIFORNIA

**PROPERTY TAX LEVIES AND COLLECTION
FOR THE LAST TEN YEARS**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2009	4,848,334	4,848,334	100%	-	4,848,334	100%
2010	4,668,992	4,668,992	100%	-	4,668,992	100%
2011	4,596,877	4,596,877	100%	-	4,596,877	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	Debt as a percent of Personal Income
	Capital Leases	Certificates of Participation	Special Assessment Bonds	Wastewater Certificates of Participation			
June 30,							
2002	\$ 2,114,118	\$ 9,600,000	\$ -	\$ 9,800,000	\$ 21,514,118	2.0%	
2003	1,811,251	9,455,000	-	9,645,000	20,911,251	2.0%	
2004	1,492,097	9,300,000	-	9,460,000	20,252,097	1.8%	
2005	1,155,774	9,135,000	-	9,275,000	19,565,774	1.5%	
2006	1,959,633	8,955,000	-	9,275,000	20,189,633	1.5%	
2007	1,669,679	8,765,000	-	9,085,000	19,519,679	1.5%	
2008	1,365,965	8,565,000	-	8,890,000	18,820,965	1.3%	
2009	1,047,841	8,360,000	-	8,685,000	18,092,841	1.2%	
2010	714,622	8,145,000	-	8,475,000	17,334,622	1.1%	
2011	365,592	7,920,000	-	8,260,000	16,545,592	N/A	

N/A Note: Personal income for 2011 is not available

Source: City financial records

CITY OF SAN BRUNO, CALIFORNIA

OVERLAPPING DEBT JUNE 30, 2011

2010-11 Assessed Valuation: 4,221,111,371

	Net Debt		Debt
	Outstanding	% Applicable ⁽¹⁾	
Overlapping Tax and Assessment Debt:			
San Mateo Community College District	\$ 613,779,994	3.306%	\$ 20,291,567
South San Francisco Unified School District	67,015,682	1.816	1,217,005
San Mateo Union High School District	300,047,257	9.154	27,466,326
San Bruno Park School District	16,973,567	84.805	14,393,924
Millbrae School District Maintenance Assessment District	29,999,527	2.179	653,690
Total overlapping tax and assessment debt			64,022,512
Direct and Overlapping General Fund Debt:			
San Mateo County General Fund Obligations	337,584,816	3.306	11,160,554
San Mateo County Board of Education Certificates of Participation	12,420,000	3.306	410,605
San Mateo County Flood Control District Certificates of Participation	23,015,000	6.278	1,444,882
South San Francisco Unified School District Certificates of Participatic	1,522,975	1.816	27,657
San Mateo Union High School District Certificates of Participation	65,946,236	9.154	6,036,718
City of San Bruno 1915 Act Bonds	7,920,000	100.000	7,920,000
Total direct and overlapping general fund debt			27,000,416
Total Direct Debt			7,920,000
Total Overlapping Debt			83,102,928
Combined Total Debt ⁽²⁾			\$ 91,022,928
Ratios to Assessed Valuation:			
Combined Direct Debt			0.19%
Total Overlapping Tax and Assessment Debt			1.25%
Combined Total Debt			2.16%
State School Building Aid Repayable as of 6/30/11			\$ -

⁽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

CITY OF SAN BRUNO, CALIFORNIA

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

(Dollars in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 494,283	\$ 522,753	\$ 585,483	\$ 546,545	\$ 595,032	\$ 680,951	\$ 740,427	\$ 791,361	\$ 748,091	\$ 737,577
Total net debt applicable to limit	21,514	20,911	20,252	19,566	20,190	19,520	18,821	18,093	17,335	16,546
Legal debt margin	<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>	<u>\$ 773,268</u>	<u>\$ 730,756</u>	<u>\$ 721,031</u>
Total net debt applicable to the limit as a percentage of debt limit	4.55%	4.17%	3.58%	3.71%	3.51%	2.95%	2.61%	2.34%	2.37%	2.29%

CITY OF SAN BRUNO, CALIFORNIA

**PLEDGED REVENUE COVERAGE
FOR THE LAST TEN FISCAL YEARS**

Fiscal Year Ended	Business-type Activities					
	Wastewater Certificates of Participation					
	Sewer Revenues & Transfers	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
Principal				Interest		
2002	\$ 5,267,665	\$ 3,681,836	\$ 1,585,829	\$ -	\$ -	N/A
2003	5,324,186	4,567,164	757,022	-	469,618	1.61
2004	5,455,496	4,760,646	694,850	155,000	443,767	1.16
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	185,000	435,165	3.02
2007	6,261,689	5,804,944	456,745	190,000	430,035	0.74
2008	8,413,781	7,063,137	1,350,644	195,000	424,185	2.18
2009	9,061,790	7,275,670	1,786,120	205,000	417,420	2.87
2010	9,566,100	7,235,637	2,330,463	210,000	409,860	3.76
2011	10,138,799	8,716,620	1,422,179	215,000	401,690	2.31

Source: City financial records

CITY OF SAN BRUNO, CALIFORNIA

**DEMOGRAPHIC AND ECONOMIC STATISTICS
FOR THE LAST TEN FISCAL YEARS**

Year	Population	Total Personal Income	Per Capita Personal Income	Median Age	San Mateo County	
					School Enrollment	Unemployment Rate
2002	40,350	\$ 1,063,626,000	\$ 26,360	36.3	3,906	4.5%
2003	40,350	1,063,626,000	26,360	36.3	3,906	4.5%
2004	41,500	1,156,065,500	27,857	36.3	3,906	4.5%
2005	39,752	1,313,962,608	33,054	36.3	3,806	4.5%
2006	39,986	1,321,537,300	33,050	36.3	3,857	3.8%
2007	40,017	1,322,721,918	33,054	36.7	3,793	3.9%
2008	43,286	1,430,602,300	33,050	39.0	3,796	4.8%
2009	43,798	1,490,883,920	34,040	38.3	3,805	8.9%
2010	44,294	1,537,533,328	34,712	36.3	3,789	9.2%
2011	41,842	N/A	N/A	39.4	3,697	8.7%

Source:

Population is provided by the State Department of Finance

Personal income and per capita personal income is provided by U.S. Census, American Comm.Survey 3-year

Estimates and is adjusted for inflation

Median Age is provided by U.S. Census Bureau, American Comm.Survey 3-year Estimates

School Enrollment is provided by Caupuchino High & San Bruno Park

The unemployment rate is provided by the State of California Employment Development Department for

San Mateo County

N/A Note: The recent fiscal year personal income and per capita income figures are not available until the next fiscal year

CITY OF SAN BRUNO, CALIFORNIA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND LAST YEAR**

Employer	2010-11			2009-10		
	Employees	Rank	Percentage of Top 11 Employment	Employees	Rank	Percentage of Top 11 Employment
Cisco Ironport Systems, Inc.	262	1	12.22%	373	1	17.40%
You Tube, Inc.	481	2	22.43%	400	2	18.66%
Target Store T1054	292	3	13.62%	286	3	13.34%
SNK SB Crossing LLC	6	4	0.28%		N/A	0.00%
Davita RX, LLC	52	5	2.43%	32	7	1.49%
Sears, Roebuck & Co.	293	6	13.67%	287	4	13.39%
Lowe's HIW, Inc.	150	7	7.00%	156	5	7.28%
Vantagepoint Capital Partners	57	8	2.66%	62	6	2.89%
Lash Group, Inc.	323	9	15.07%	309	8	14.41%
Inquiria, Inc.	160	10	7.46%	75	10	3.50%
Melody Toyota	68	11	3.17%	67	9	3.13%
JC Penny Corp. Inc.		N/A		237	11	11.00%
Total	2,144			2,284		

Source: City of San Bruno Business License records

* Data for 2002 is not available

CITY OF SAN BRUNO, CALIFORNIA

**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

(Fiscal year ended June 30)

Function/Program	<u>2005-06*</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
General Fund						
City Council	5.00	5.00	5.00	5.00	5.00	5.00
City Clerk	1.50	1.75	1.75	1.75	1.75	1.75
City Treasurer	1.00	1.00	1.00	1.00	1.00	1.00
Legal Services	1.25	1.25	1.25	1.25	1.25	1.25
City Manager	2.00	2.00	2.00	2.00	2.00	2.00
Human Resources	2.00	2.75	2.75	2.75	1.75	1.75
Finance						
Administration	5.00	5.00	5.00	5.00	5.00	5.00
Revenue Services	6.00	6.00	6.00	6.00	6.00	6.00
Police	66.00	66.00	63.00	66.00	61.00	61.50
Fire	36.00	35.00	33.00	33.50	33.50	33.50
Public Works						
Admin. & Engineering	7.75	8.75	7.75	7.75	7.75	6.75
Streets Maintenance	5.60	5.60	5.60	5.60	5.10	5.05
Community Development						
Planning	3.45	3.45	2.60	2.50	2.00	2.00
Building	6.10	6.10	5.30	5.00	4.00	4.00
Parks & Recreation Services						
Recreation	4.05	4.20	3.35	4.35	3.85	4.05
Parks Maintenance	18.75	18.75	15.95	17.00	15.50	14.35
Senior Services	2.45	2.30	2.15	2.15	2.15	2.25
Library Services	10.50	10.50	9.50	10.00	9.00	8.75
Subtotal	<u>184.40</u>	<u>185.40</u>	<u>172.95</u>	<u>178.60</u>	<u>167.60</u>	<u>165.95</u>
Special Revenues						
Solid Waste	0.30	0.30	0.30	0.30	0.25	0.35
RDA Operations	2.80	2.75	1.80	3.60	3.60	3.60
RDA Low/Mod Housing	1.65	1.70	1.25	1.90	1.90	1.90
Subtotal	<u>4.75</u>	<u>4.75</u>	<u>3.35</u>	<u>5.80</u>	<u>5.75</u>	<u>5.85</u>
Internal Services						
Central Garage	3.35	3.95	3.85	3.95	3.95	3.35
Buildings and Facilities	5.75	7.00	5.50	7.00	7.00	6.10
Technology Support	3.00	3.00	3.00	3.00	3.00	3.00
Self-Insurance	1.00	1.00	1.00	1.00	0.75	0.50
Subtotal	<u>13.10</u>	<u>14.95</u>	<u>13.35</u>	<u>14.95</u>	<u>14.70</u>	<u>12.95</u>
Enterprise Funds						
Water Enterprise	15.90	17.90	15.90	16.90	16.90	17.30
Stormwater Enterprise	2.55	2.95	2.95	2.95	2.95	3.65
Wastewater Enterprise	14.60	14.60	12.10	14.60	14.10	14.55
Cable Enterprise	18.50	19.50	19.00	19.50	19.50	20.00
Subtotal	<u>51.55</u>	<u>54.95</u>	<u>49.95</u>	<u>53.95</u>	<u>53.45</u>	<u>55.50</u>
Total Positions (all funds)	<u><u>253.80</u></u>	<u><u>260.05</u></u>	<u><u>239.60</u></u>	<u><u>253.30</u></u>	<u><u>241.50</u></u>	<u><u>240.25</u></u>

Source: City of San Bruno

*Data prior to 2005 not available

CITY OF SAN BRUNO, CALIFORNIA

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST FIVE FISCAL YEARS**

(Fiscal year ended June 30)

Function/Program	2007	2008	2009	2010	2011
Engineering /Public Work					
Pavement	(720,575)	(698,246)	(698,027)	(696,010)	(732,678)
Traffic Signal	17				
Traffic Signal	(42,547)	(42,218)	(43,404)	(54,334)	(54,334)
Streetlights	1,448				
Streetlights	(76,300)	(241,541)	(241,541)	(241,541)	(241,542)
Housing & Redevelopment					
Roadway in centerline miles	145				
Sidewalk	(411,070)	(402,009)	(415,587)	(415,488)	(423,538)
Roadway in centerline miles	131				
Curb & Gutter	(120,158)	(117,235)	(117,235)	(117,235)	(117,235)
Finance and Parks					
Park Facilities	24				
Park Facilities	(35,915)	(35,847)	(35,847)	(35,847)	(35,847)
Walkway Paths and Trails Subsystem	2				
Walkway Paths and Trails Subsystem	(20,944)	(20,507)	(20,507)	(20,507)	(20,507)
Buildings	24				
Structures	(389,213)	(367,380)	(377,093)	(386,312)	(394,902)

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.