



CITY OF SAN BRUNO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2016

*Photo: City Park*

Prepared by the Finance Department



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**CITY OF SAN BRUNO, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2016**

**PREPARED BY:**  
**DEPARTMENT OF FINANCE**

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***INTRODUCTORY SECTION***

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**CITY OF SAN BRUNO, CALIFORNIA  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

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**HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2016**



December 14, 2016

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 Report (CAFR) for the City of San Bruno is submitted for the fiscal year ended June 30, 2016. The City complies and assists in the preparation of the annual financial report covering the financial condition and results of operations for the City. Responsibility for the accuracy of the data and fairness of presentation, including all footnotes and disclosures, rests with the City.

City management has established a thorough internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile necessary information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal control should not outweigh their benefits, the City's comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. City management asserts that to the best of its knowledge this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by the certified public accounting firm of Maze & Associates. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent audit provides reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016 are free of material misstatements.

Maze & Associates concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2016 and are fairly presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

Management has provided a narrative introduction and overview and analysis accompanying the basic financial statements in the Management's Discussion and Analysis (MD&A). This letter of transmittal complements the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following Independent Auditor's Report.

**HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2016**

**Profile of the City**

San Bruno is located on the San Francisco Peninsula in San Mateo County, approximately 12 miles south of San Francisco, and lies immediately adjacent to the San Francisco International Airport. The total land area of San Bruno is 5.5 square miles and serves a residential population of 45,000.

San Bruno is a General Law city incorporated in 1914 that operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the City Manager and City Attorney. The City has four City Council members elected at large for staggered four-year terms and the Mayor is elected for a two-year term.

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and appointing department directors. The City Clerk is elected to a four-year term and serves as elections officer and clerk to the City Council and City. The City Treasurer is also elected to a four-year term and manages the City's investment portfolio. However, with the recent passage of Measures U and R, effective November 2017 both the City Clerk and City Treasurer will become appointed positions.

The City provides a full range of services including police, fire, public works services including streets, water, sewer, and stormwater, community services including parks maintenance, recreation, senior, and library services, and a cable television enterprise. General government activities include city administration, legal services, finance, human resources, and technology. The City employs 254 full-time equivalent positions.

The annual budget serves as the foundation for the City's financial planning and control. All departments and divisions are required to submit requests for appropriations to the City Manager. These requests are used as the starting point for developing a proposed budget. The City Manager and Finance Director then present the proposed budget to the City Council for review. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the end of the fiscal year.

The City Council exercises budgetary control at the fund level. Quarterly financial reports are presented to the City Council to assess and evaluate budget performance during the year. Budget amendments requiring an increase in appropriations require approval by the City Council and are done as needed during the course of the year.

**Local Economy and Financial Overview**

The City's geographic location also has a significant impact on its economic position. The City is located at the intersection of three major interstate freeways (Highway 101, Interstate 380, and Interstate 280), making the City easily accessible from San Francisco to the north and from Silicon Valley to the south. The City also has a Bay Area Rapid Transit station and Caltrain station located within its limits, making it readily accessible via public transportation. In addition, the San Francisco International Airport is immediately adjacent to the City to the east, making it a popular destination for business travelers, and tourists.

This geography makes San Bruno a popular location for residents, businesses, and retailers. Economic indicators are continuing to show an increase in housing values and a high level of sales activity in San Bruno and across the region. The City projects that regional economic growth will continue at a moderate pace over the next couple of years. The City's unemployment rate decreased from the prior year to 3%. This job growth has led to rising home prices and a significant increase in commercial and residential development activity.

**HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2016**

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**Financial Policies and Planning**

The City's long-term financial policies place an emphasis on sufficient reserves ensuring the City has adequate funds available to meet future needs. Through its prudent fiscal management and use of budgetary controls, the City has managed to grow its reserves during the past several years. The City has a formal policy to limit the use of one-time/non-recurring revenues to balance the budget and directs these funds to reserves whenever feasible.

The City develops a five-year Capital Improvement Program (CIP) plan detailing specific budgeted capital projects. Each of the projects are consistent with the overall goals and principles of the City Council. Numerous CIP projects were in process or completed during the fiscal year to improve the City's facilities, parks, stormwater drainage, water and wastewater infrastructure, and maintenance of streets.

**Awards**

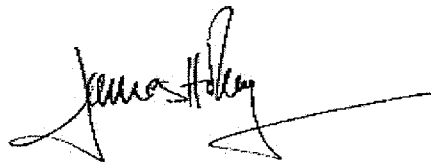
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Bruno for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports and is valid for a period of one year.

To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

**Acknowledgments**

I would like to express my appreciation for the collective effort that was required for the preparation of this Comprehensive Annual Report. I would like to thank the City Council for its 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 Maze & Associates for their assistance in conducting the audit.

Respectfully submitted,



James H. O'Leary  
Interim Finance Director

## Directory of Officials

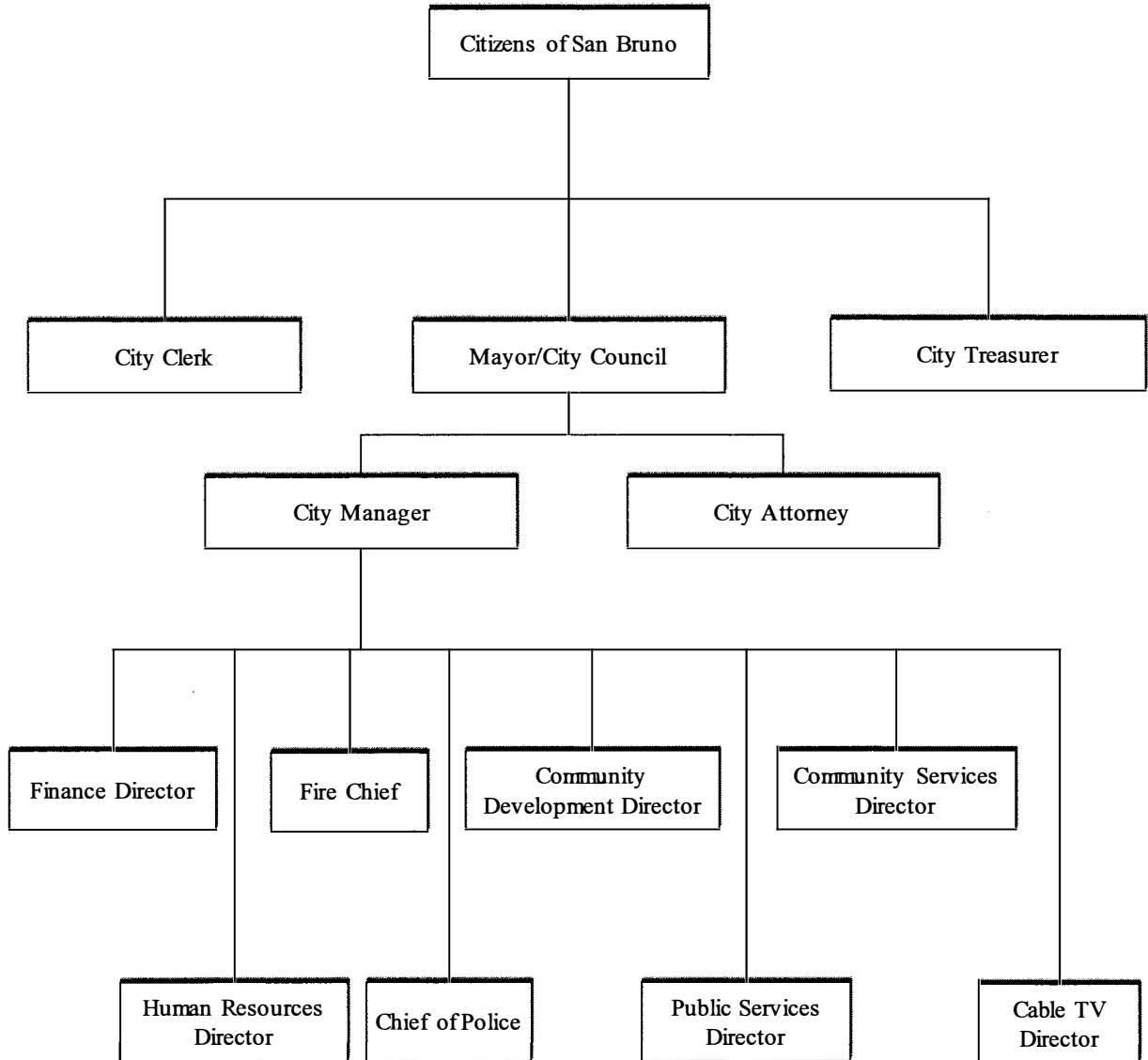
### Elected Officials

Jim Ruane	Mayor
Marty Medina	Vice Mayor
Irene O'Connell	Council Member
Rico Medina	Council Member
Ken Ibarra	Council Member
Carol Bonner	City Clerk
John Marty	City Treasurer

### Administrative Personnel

Connie Jackson	City Manager
Tami Yuki	Assistant City Manager
Marc Zafferano	City Attorney
Angela Kraetsch	Finance Director
David Woltering	Community Development Director
Kerry Burns	Community Services Director
Dave Downing	Fire Chief (Acting)
Ed Barberini	Police Chief
Jimmy Tan	Public Services Director
Steve Firpo	Cable Director

**CITY OF SAN BRUNO  
ORGANIZATION CHART**





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of San Bruno  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

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

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bruno, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

### ***Restatement***

As discussed in Note 13, the City restated the net position of the governmental activities related to the removal of the City's Other Post-Employment Benefits obligation from the financial statements. The emphasis of this matter does not constitute a modification to our opinions.

### ***Change in Accounting Principles***

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 72 – *Fair Value Measurement and Application*, which became effective during the year ended June 30, 2016 and increased disclosure to the financial statements as discussed in Note 1 to the financial statements.

Management early-implemented the provisions of Governmental Accounting Standards Board Statement No. 82 – *Pension Issues – An Amendment of GASB statements No. 67, No. 68 and No. 73* during the year ended June 30, 2016 that effected required supplementary information. See Note 1 to the financial statements for relevant disclosures.

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

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***Summarized Comparative Information***

The summarized comparative information was derived from financial statements as of and for the year ended June 30, 2015, which was audited by other auditors whose report dated December 28, 2015, expressed an unmodified opinion on those statements.

*Mazz + Associates*

Pleasant Hill, California  
December 21, 2016

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***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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## CITY OF SAN BRUNO, CALIFORNIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

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The Management's Discussion and Analysis (MD&A) provides an overview of the City of San Bruno's activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should review the discussion and analysis in conjunction with the basic financial statements, as well as the notes to the financial statements to enhance their understanding of the City's financial statements.

#### Financial Highlights

##### Government-wide:

- The City provides active and retiree healthcare benefits through the Teamsters Local 856 Health and Welfare Fund (Fund), a multi-employer defined contribution OPEB plan, meaning that the City makes negotiated contributions to the Fund but does not directly pay any portion of health benefit costs. Under this Fund, the City is not liable to provide benefits beyond the obligation of the negotiated contributions. In the event that at any time the Fund does not have sufficient assets to continue making payments, the City has no obligation to contribute more than its obligation as determined under each bargaining agreement.

Based on the above, the City's health actuary and City Management determined that it was not required to disclose an OPEB liability for its participation in the Fund because the City pays the required contributions determined by each bargaining agreement and is not liable beyond that contribution. Starting with fiscal year 2014-15, the ending net position has therefore been restated to eliminate the \$17.9 million unfunded OPEB obligation, thereby increasing the beginning net position for fiscal year 2015-16 from \$79.0 million to \$97.0 million.

- The City's net pension liability increased \$8.2 million to \$61.8 million for its agent multiple-employer defined benefit miscellaneous plan and safety risk pool cost-sharing multiple-employer defined benefit plan. See Note 9 for details.
- The change in net position increased by \$6.1 million during 2015-16, bringing the total net position to \$103.0 million. The increase in net position is primarily the result of the City's necessary investment in rehabilitating, replacing, and improving City facilities and infrastructure. Of government-wide net position, \$118.1 million is invested in capital assets, \$12.4 million is restricted for specific use, and the balance of -\$27.6 million is unrestricted for the City's operations and capital investments. The negative balance is a result of recognizing net pension liability.
- Total program and general revenues of \$84.6 million were greater than expenses for governmental and business-type activities of \$78.6 million by \$6.1 million.

##### Fund level:

- General Fund fund balance increased by \$17.0 million bringing the total to \$28.9 million. A total of \$14.4 million of the increase results from consolidating the Capital Improvement/One-Time Initiative Fund and General Equipment Revolving Fund with the General Fund. The remaining increase of \$2.6 million results from ongoing growth in the City's tax base and cost containment across all departments and operating programs. This increase allowed the City to continue to work towards funding its reserves at established target levels. See Note 6 for further details.

## CITY OF SAN BRUNO, CALIFORNIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

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- The General Fund and Internal Service Fund reserves were fully funded in accordance with the City's Reserves Policy. As of June 30, 2016 the reserve fund balances amounted to: General Fund Reserve, \$10.0 million, General Fund Contingency Fund, \$1.5 million, Emergency Disaster Reserve, \$3.0 million, Capital Improvement/One-Time Initiative Reserve, \$7.8 million, Central Garage Reserve, \$0.2 million, Building and Facilities Reserve, \$0.3 million, and Technology Reserve, \$0.2 million.

#### Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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.

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

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

Both of the government-wide financial statements distinguish functions of the City 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 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 include water, stormwater, wastewater and cable television.

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

**Fund financial statements.** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 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.

## CITY OF SAN BRUNO, CALIFORNIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

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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 maintains twenty-three 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 and Disaster Recovery Fund, which are considered to be major funds. Data from the other 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 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 governmental fund financial statements can be found on page 28 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for water, stormwater, wastewater and cable television.

*Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central garage, self-insurance, general equipment reserve, technology development, and facilities maintenance activities. Because these services predominantly benefit 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, but 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 proprietary fund financial statements can be found on page 36 of this report.

**Fiduciary funds.** Trust and agency funds are fiduciary funds that account for assets held by the City in a purely custodial capacity. The reporting entity includes three agency funds which are the Project Development Fund, San Bruno Garbage Company Fund, and the San Bruno Community Foundation 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.

In addition to agency funds, the Successor Agency to the San Bruno Redevelopment Agency Trust Fund was created as a result of the California Supreme Court decision on December 29, 2011 upholding ABx1 26, which eliminated all redevelopment agencies in California and created a process for winding down their operations. Unlike agency funds, trust funds report an "income statement" referred to as statement of revenues, expenses, and changes in fund net position.

**CITY OF SAN BRUNO, CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

The fiduciary fund financial statements can be found on page 44 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 47 of this report.

**Required and 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 88 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. Combining and individual fund statements and schedules can be found on page 94 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows exceeded liabilities and deferred inflows by \$103 million at the close of fiscal year 2015-16. By far the largest portion of the City's net position 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 Position**

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 54,249,571	\$ 52,711,778	\$ 22,168,965	\$ 28,680,753	\$ 76,418,536	\$ 81,392,531
Capital assets, net	50,945,408	48,625,521	81,303,984	72,634,381	132,249,392	121,259,902
Other noncurrent assets	1,429,346	2,107,255	-	-	1,429,346	2,107,255
Total assets	106,624,325	103,444,554	103,472,949	101,315,134	210,097,274	204,759,688
Deferred outflows of resources	6,054,267	4,420,437	2,350,790	993,966	8,405,057	5,414,403
Current liabilities	12,680,865	8,900,012	5,139,415	7,650,594	17,820,280	16,550,606
Noncurrent liabilities	64,028,077	58,205,846 *	24,443,036	24,385,751	88,471,113	82,591,597 *
Total liabilities	76,708,942	67,105,858	29,582,451	32,036,345	106,291,393	99,142,203
Deferred inflows of resources	7,245,935	12,090,289	1,922,450	1,977,786	9,168,385	14,068,075
Net Position						
Net investment in capital assets	50,836,407	47,667,730	67,316,388	57,076,442	118,152,795	104,744,172
Restricted	12,444,902	16,592,413	-	-	12,444,902	16,592,413
Unrestricted	(34,557,594)	(35,591,299) *	7,002,450	11,218,527	(27,555,144)	(24,372,772) *
<b>Total net position</b>	<b>\$ 28,723,715</b>	<b>\$ 28,668,844</b>	<b>\$ 74,318,838</b>	<b>\$ 68,294,969</b>	<b>\$ 103,042,553</b>	<b>\$ 96,963,813</b>

\* In the table above, the information for prior fiscal year 2015 was restated for the elimination of Other Post Employment Benefits (OPEB).

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016

An additional portion of the City's net position (\$12.4 million or 12 percent of Net Position) represents resources that are subject to external restrictions on how the funds may be used. The remaining balance in *unrestricted net position* amounts to -\$27.6 million.

The negative balance is a result of the City's recognition of net pension liability, which amounted to \$61.8 million, as required by GASB 68. Aside from the net pension liability, the City's assets increased primarily because tax revenues exceeded expectations and a high level of investment went to replacing and rehabilitating infrastructure, buildings, and other capital assets.

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues						
Charge for services	\$ 8.7	\$ 7.9	\$ 38.5	\$ 37.4	\$ 47.2	\$ 45.3
Operating grants and contributions	3.1	11.4	-	-	3.1	11.4
Capital grants and contributions	0.2	0.4	-	-	0.2	0.4
Property taxes	9.5	8.8	-	-	9.5	8.8
Transient occupancy taxes	3.3	3.2	-	-	3.3	3.2
Franchise taxes	2.0	2.1	-	-	2.0	2.1
Sales taxes	8.4	8.6	-	-	8.4	8.6
Cardroom taxes	1.7	1.7	-	-	1.7	1.7
Other taxes	2.5	2.9	-	-	2.5	2.9
State motor vehicle in-lieu tax, including subvention	4.0	3.8	-	-	4.0	3.8
State highway user tax	1.0	1.3	-	-	1.0	1.3
Miscellaneous revenues	-	0.3	-	-	-	0.3
Use of money and property	1.6	1.6	0.2	0.2	1.8	1.8
<b>Total Revenue</b>	<b>46.0</b>	<b>53.9</b>	<b>38.7</b>	<b>37.6</b>	<b>84.6</b>	<b>91.5</b>
Expenses						
General government	6.6	10.8	-	-	6.6	10.8
Public safety	24.3	21.2	-	-	24.3	21.2
Public works	0.9	0.9	-	-	0.9	0.9
Highways and streets	3.5	3.0	-	-	3.5	3.0
Parks and recreation	5.6	5.6	-	-	5.6	5.6
Library	1.8	1.7	-	-	1.8	1.7
Community development	2.5	2.3	-	-	2.5	2.3
Interest expense	0.4	0.4	-	-	0.4	0.4
Water	-	-	10.1	9.4	10.1	9.4
Stormwater	-	-	0.6	0.9	0.6	0.9
Wastewater	-	-	10.9	10.3	10.9	10.3
Cable Television	-	-	11.3	11.0	11.3	11.0
<b>Total expenses</b>	<b>45.6</b>	<b>45.9</b>	<b>32.9</b>	<b>31.6</b>	<b>78.5</b>	<b>77.5</b>
Transfers	(0.3)	(1.8)	0.3	1.8	-	-
Increase (Decrease) in Net Position	0.1	6.3	6.1	7.8	6.1	14.1
Beginning Net Position	28.7	56.8	68.3	71.6	97.0	128.3
Pension restatement	-	(52.3)	-	(11.1)	-	(63.4)
OPEB restatement	-	17.9	-	-	-	17.9
Beginning Net Position, as restated	28.7	22.4	68.3	60.5	97.0	82.9
<b>Ending Net Position</b>	<b>\$ 28.8</b>	<b>\$ 28.7</b>	<b>\$ 74.4</b>	<b>\$ 68.3</b>	<b>\$ 103.0</b>	<b>\$ 97.0</b>

\* In the table above, the information for prior fiscal year 2015 was restated for the elimination of Other Post Employment Benefits (OPEB).

CITY OF SAN BRUNO, CALIFORNIA

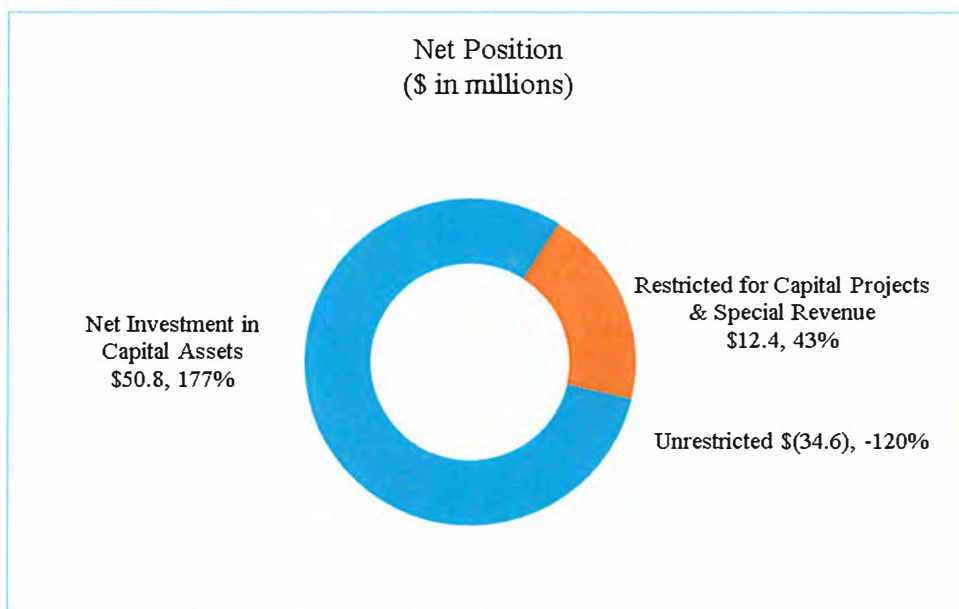
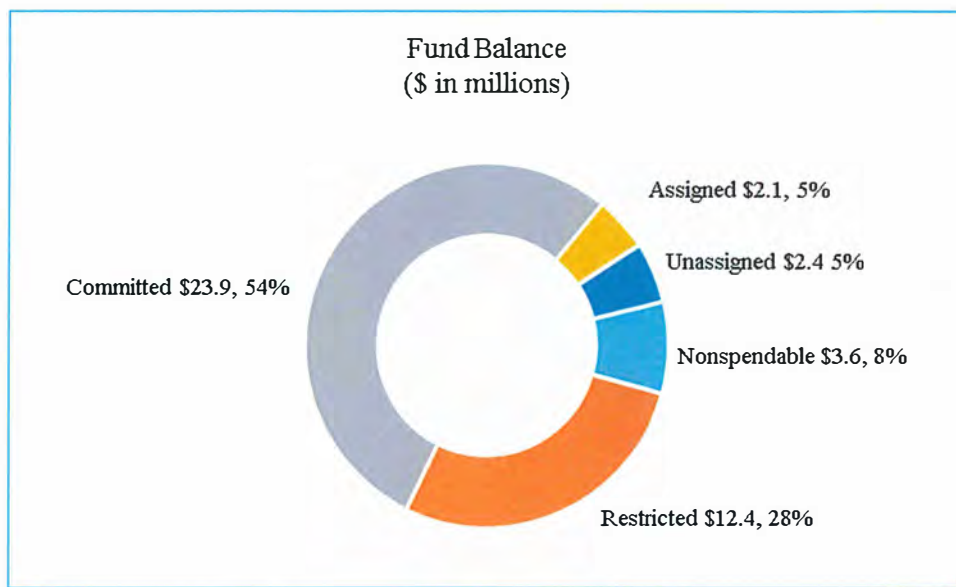
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016

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**Governmental Activities**

The cost of all governmental activities this year was \$45.7 million. However, as shown in the statement of activities, the amount that citizens paid for these activities with general revenues was \$34.0 million because some of the costs were paid by those specifically benefiting from the programs (\$8.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$3.3 million) for operations.

Available net position is an amount not subject to restriction in the current period, typically classified as fund balance. These amounts are converted to net position 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, 2016**

Total resources available during the year to finance governmental operations were \$46.0 million. This consisted of \$12.0 million in program revenues and \$33.8 million in general revenues net of transfers. Total governmental activities expenses during the year were \$45.7 million.

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

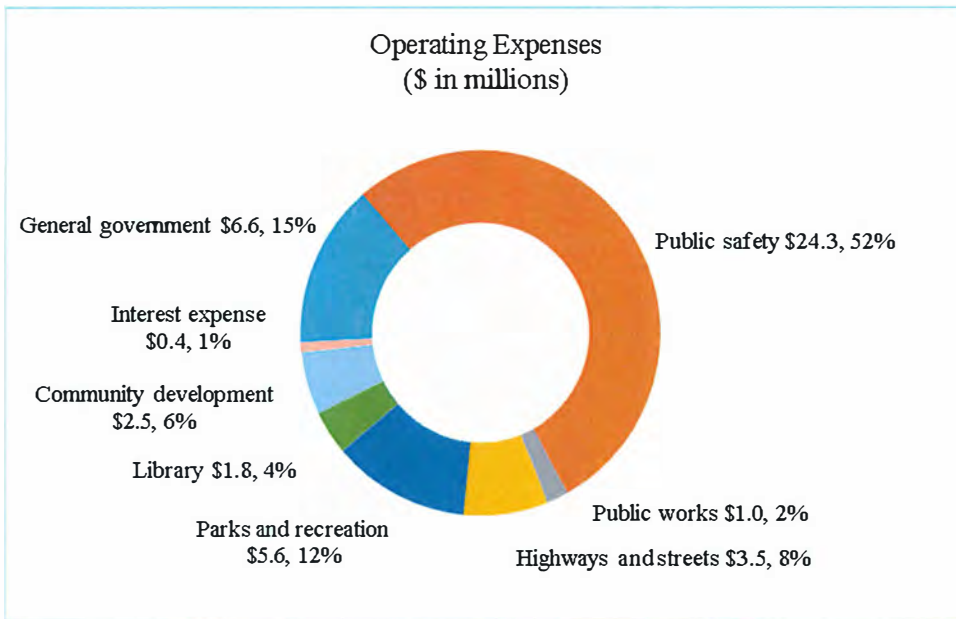
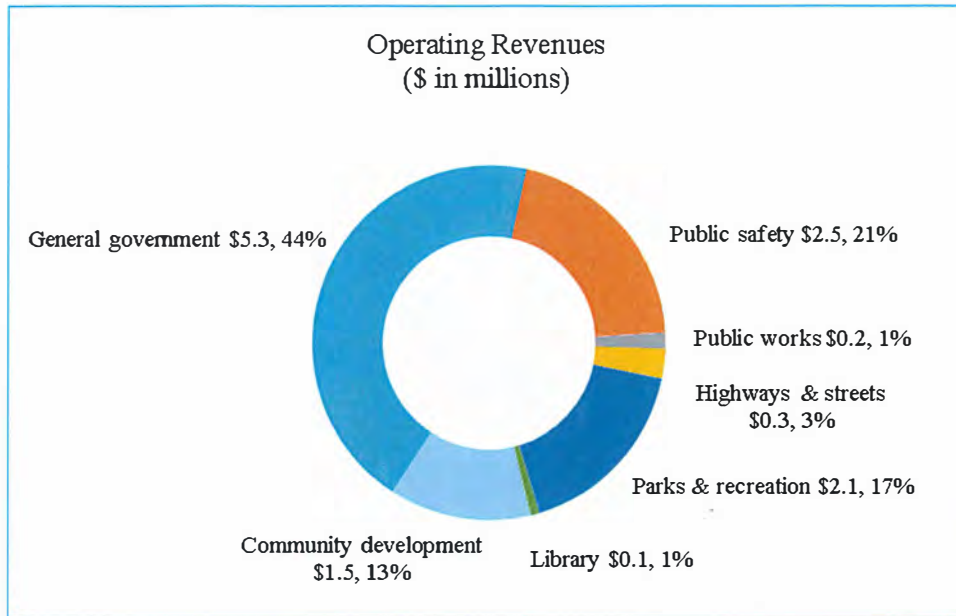
	Operating Revenues		Operating Expenses		Net Revenue (Expense) and Change in Net Position	
	2016	2015	2016	2015	2016	2015
<b>Governmental activities:</b>						
General government	\$ 5,284,988	\$ 13,248,512	\$ 6,632,727	\$ 10,813,390	\$ (1,347,739)	\$ 2,435,122
Public safety	2,477,148	1,990,832	24,334,371	21,206,573	(21,857,223)	(19,215,741)
Public works	176,665	530,251	929,223	863,706	(752,558)	(333,455)
Highways and streets	322,510	90,804	3,450,979	3,009,303	(3,128,469)	(2,918,499)
Parks and recreation	2,058,052	2,008,541	5,611,296	5,562,181	(3,553,244)	(3,553,640)
Library	93,318	103,949	1,799,797	1,731,305	(1,706,479)	(1,627,356)
Community development	1,549,487	1,759,620	2,526,383	2,265,895	(976,896)	(506,275)
Interest expense	-	-	403,839	416,914	(403,839)	(416,914)
<b>Total governmental activities</b>	<b>\$ 11,962,168</b>	<b>\$ 19,732,509</b>	<b>\$ 45,688,615</b>	<b>\$ 45,869,267</b>	<b>\$ (33,726,447)</b>	<b>\$ (26,136,758)</b>

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016

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



CITY OF SAN BRUNO, CALIFORNIA

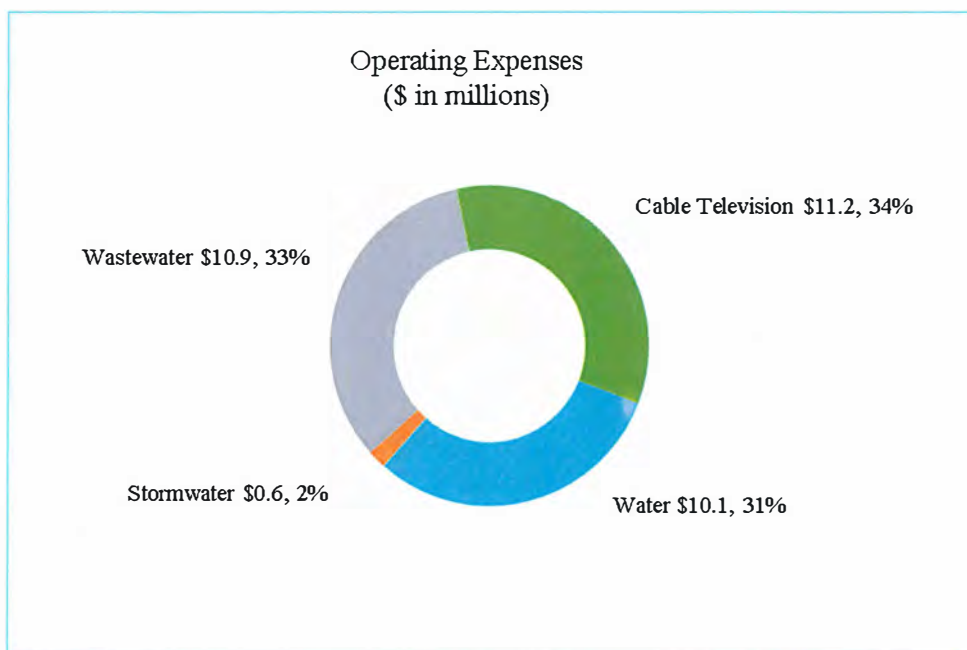
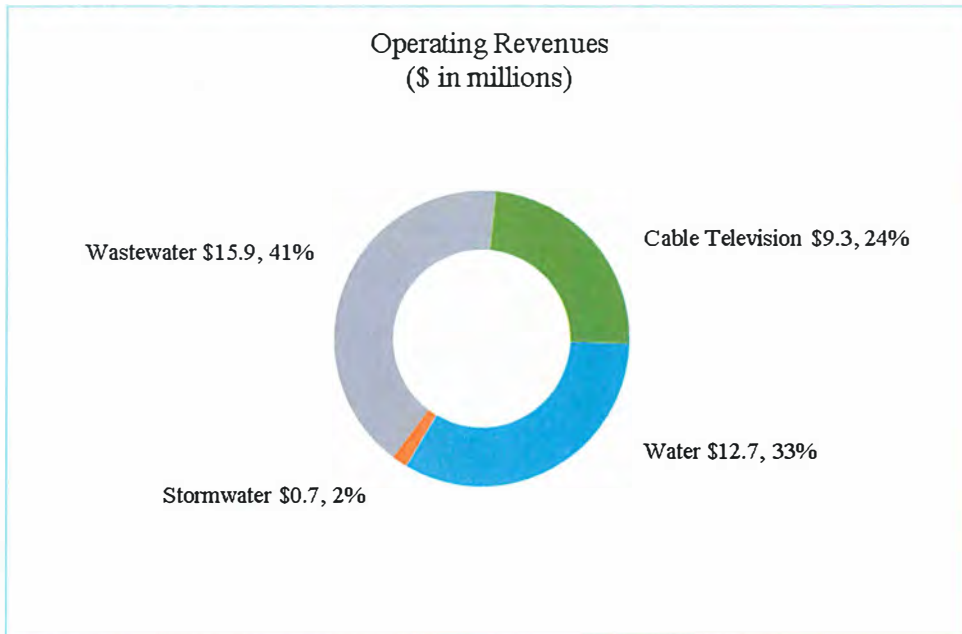
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016

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**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 \$38.9 million consisting of program revenues, investment income, and transfers. Total business-type activities expenses during the year were \$32.9 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, 2016**

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 Position	
	2016	2015	2016	2015	2016	2015
	<b>Business-type activities:</b>					
Water	\$ 12,688,039	\$ 12,304,017	\$ 10,098,091	\$ 9,378,993	\$ 2,589,948	\$ 2,925,024
Stormwater	652,195	839,852	607,817	905,074	44,378	(65,222)
Wastewater	15,879,501	15,016,113	10,921,203	10,265,939	4,958,298	4,750,174
Cable Television	9,253,900	9,288,345	11,240,247	11,002,694	(1,986,347)	(1,714,349)
<b>Total business-type activities</b>	<b>\$ 38,473,635</b>	<b>\$ 37,448,327</b>	<b>\$ 32,867,358</b>	<b>\$ 31,552,700</b>	<b>\$ 5,606,277</b>	<b>\$ 5,895,627</b>

**Fund Level Financial Analysis**

The City uses fund accounting which focuses on current financial resources that affect near-term liquidity. It is also a management tool for segregating certain resources for specific activities or objectives in accordance with special regulations, restrictions, or limitations. Unassigned fund balance or unrestricted net position is a strong indicator of uncommitted resources available for future spending.

**Major Funds Change in Fund Balance:**

- General Fund fund balance increased by \$17 million to \$28.9 million at June 30, 2016. A total of \$14.4 million of the increase results from consolidating the Capital Improvement/One-Time Initiative Reserve and General Equipment Revolving Funds into the General Fund for financial statement presentation. \$2.6 million of the remaining increase was due to higher than expected revenues in the areas of property tax, sales tax, and transient occupancy tax. Of the \$28.9 million ending fund balance, \$3.5 million is non-spendable, \$19.6 million is committed as reserves, \$2.1 million is assigned to contractual commitments, and \$3.6 million is unassigned capital reserves. See Note 6 for details of the fund balance classifications.
- Disaster Recovery Fund fund balance decreased by \$0.7 million because the fund reimbursed the General Fund for staff costs associated with response to and recovery from the 2010 PG&E gas line explosion.

**Enterprise Funds Change in Net Position:**

- Water Fund net position increased by \$2.8 million to \$38.7 million as a result of planned rate increases and an increase in utility infrastructure investments.
- Wastewater Fund net position increased by \$5.1 million to \$36.5 million as a result of planned rate increases and an increase in utility infrastructure investments.
- Stormwater Fund net position increased by \$0.3 million to \$4.7 million due to revenues exceeding expenses and transfers in to fund capital projects.
- Cable Television Fund net position decreased by \$1.9 million to -\$8.5 million. This decline is primarily a result of increased investment in Cable infrastructure and expenses exceeding revenues.

## CITY OF SAN BRUNO, CALIFORNIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

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#### General Fund Budgetary Highlights

The budget comparison information presented on page 32, as Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual shows the initial adopted and final budgets for the General Fund. In this financial statement, the General Fund is comprised of the General Operating fund and General Reserve funds.

#### Original Budget Compared to Final Budget:

During the year, property tax and transient occupancy tax estimates were increased by \$0.3 million and \$0.1 million, respectively, to reflect the actual revenues received. These revenues offset business tax revenue decreases of \$0.4 million due to a lower payment received from one of the City's larger businesses.

Significant adjustments to appropriations were service level enhancements approved by City Council on July 28, 2015. City Council deferred consideration of proposed service level enhancements when the 2015-16 Operating and Capital Improvement Program Budgets were adopted on June 23, 2015 and requested that this item be brought back to the City Council at a Study Session to discuss in more detail. Of the \$1.0 million in service level enhancements, the following were significant amendments:

- Assistant Planner contract services - \$132,000
- Contract services for zoning code update - \$85,000
- Contract services for development impact fee study - \$100,000
- General Fund portion for Internal Service Fund enhancements - \$103,000
- Associate Planner and Executive Assistant for Community Development - \$240,000
- Police officer - \$151,000

#### Final Budget Compared to Actual Results:

General Fund revenues continued to see improvement in its revenue base, with major categories such as intergovernmental revenues, charges for services, fines and forfeitures, use of money and property, and other revenues exceeding the final budget estimates. Actual revenues exceeded the final budget by 3%, or approximately \$1.0 million. During the course of the year, the City contained departmental budgets through careful management of City resources. In addition, cost containment was achieved from salary and benefit savings. Expenditures were 98% of appropriations, or a savings of approximately \$0.8 million.

The most significant differences between estimated and actual results were as follows:

- Tax revenues came in lower by 1%, or \$0.3 million, under estimates. Sales tax revenue decreased because a major business relocated outside of the City to meet their needs for additional space.
- Revenues collected from charges for services exceeded expectations by 6%, or \$0.2 million. Higher enrollment in recreation programs, reservations for facility rentals, and increased charges for police security services were key drivers in revenue growth.
- Use of money and property revenues increased by 16%, or \$0.2 million, over estimates because income from investments came in higher than projected.
- The other revenues category was 20% over estimates, or \$0.7 million. This was mainly the result of a reimbursement received from the State for mandated claims and capital projects cost recovery charges.

**CITY OF SAN BRUNO, CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

- Transfers in exceeded the final budget by \$14.5 million due to consolidating the Capital Improvement/One-Time Initiative Reserve and General Equipment Revolving Funds into the General Fund.

**Cash Management**

The City employs a pooled cash system (Reference Note 2 in the notes to the basic financial statements). To maintain flexibility in cash management 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, 2016, net capital assets of the governmental activities totaled \$50.9 million. Depreciation on capital assets is recognized in the government-wide financial statements. During the 2015-16 fiscal year, net capital assets for governmental activities increased by \$2.3 million due to additions in excess of depreciation. For business-type activities, capital assets increased by \$8.7 million to \$81.3 million due to additions in excess of depreciation. Detailed information about capital assets can be found in Note 4 to the financial statements.

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 4,011,345	\$ 4,011,345	\$ 576,842	\$ 576,842	\$ 4,588,187	\$ 4,588,187
Construction in Progress	2,733,555	1,351,676	18,061,017	20,148,445	20,794,572	21,500,121
Infrastructure	33,706,320	32,542,308	-	-	33,706,320	32,542,308
Sewer Plant	-	-	14,512,655	15,301,226	14,512,655	15,301,226
Buildings & Structures	7,666,967	8,128,795	41,390,135	29,332,299	49,057,102	37,461,094
Machinery & Equipment	2,827,221	2,591,397	6,763,335	7,275,569	9,590,556	9,866,966
<b>Total</b>	<b>\$ 50,945,408</b>	<b>\$ 48,625,521</b>	<b>\$ 81,303,984</b>	<b>\$ 72,634,381</b>	<b>\$ 132,249,392</b>	<b>\$ 121,259,902</b>

**CITY OF SAN BRUNO, CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Debt Administration**

The City and Successor Agency to the Former Redevelopment Agency debt obligations are in the form of capital lease, Pension Obligation Bond, Loans Payable to South San Francisco, Revenue Refunding Bond, and Certificates of Participation. A summary of the City's outstanding debt is as follows:

	<b>Summary of Long-Term Debt</b>	
	<b>2016</b>	<b>2015</b>
<b>Governmental Activities</b>		
2011 Capital Lease Obligation, net	\$ 109,001	\$ 143,273
2013 Pension Obligation Bond	10,250,302	11,025,784
Subtotal Governmental Activities Debt	<u>10,359,303</u>	<u>11,169,057</u>
<b>Business-Type Activities</b>		
Due to South San Francisco - 1997 Loan	3,729,081	4,209,193
Due to South San Francisco - 2007 Loan	4,012,567	4,361,988
2013 Wastewater Revenue Refunding Bond, net	6,708,883	6,986,758
Subtotal Business-Type Activities Debt	<u>14,450,531</u>	<u>15,557,939</u>
<b>Fiduciary Activities</b>		
2000 Certificates of Participation	<u>6,610,000</u>	<u>6,895,000</u>
<b>Total Long-Term Debt Obligations</b>	<b><u>\$ 31,419,834</u></b>	<b><u>\$ 33,621,996</u></b>

Additional information about long-term debt can be found in Note 5 to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

The Operating and Capital Improvement Program (CIP) budgets for fiscal year 2016-17 were approved by the City Council on June 28, 2016 and represents a balanced and responsible approach to meeting the City's short and long-term goals. The budget continues to fund the high quality of services provided to the community, and will invest in the future through capital improvements and maintenance activities. The City Council and management considered the following economic factors in preparation of the fiscal year 2016-17 budget:

- An increase in General Fund tax revenue of 3% is primarily attributable to increases in property tax, transient occupancy tax, and property tax in-lieu of vehicle license fees. Property tax is anticipated to increase by 9% from the prior year and is expected to generate an additional \$0.7 million. Property tax in-lieu of vehicle license fees is anticipated to increase by 10% or \$0.4 million. Economic indicators are continuing to show an increase in housing values and a high level of sales activity in San Bruno and across the region. As a result, property tax revenue is continuing to show a strong increase. Transient occupancy tax revenues is anticipated to increase by 12% or \$0.4 million. This increase can be attributed to increased business travel to San Bruno related to both major corporate offices located within the City and the City's close proximity to the San Francisco Airport. Sales tax revenue is anticipated to decrease over the prior year by 8%, to \$7.4 million. This expected decrease is based on analysis of sales tax revenues in individual business categories with adjustments for known anomalies such as businesses that leave the City or misallocation by the State.

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

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016**

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- General Fund departmental operating revenues are projected to increase by 10% when compared to the 2015-16 amended budget. Most significant in this category is the Planning and Building revenue projection. The anticipated increase of 19% represents ongoing and planned development and building permit activity in the upcoming year.
- General Fund expenditures are projected to increase by 2% when compared to the 2015-16 amended budget. This increase is primarily due to an increase in personnel salary and benefit costs negotiated in 2013. These agreements include modest salary increases along with a health plan restructure that allows for long-term cost containment.
- Planned water and wastewater rates increase annually by 9.8% and 10.3% as part of the City Council approved five-year rate increase program. The last scheduled rate increase under the current five year rate program takes effect July 1, 2016.
- To address the Cable Fund deficit, a rate increase of 5% on most cable services is expected to generate about \$800,000 in new system revenue in 2016-17. With this revenue and a \$250,000 reduction in franchise fee payments, the Cable enterprise Operating Budget projects a \$435,551 surplus at year end for 2016-17.
- A total of \$3.8 million is set-aside to meet debt service obligations of the City.

#### **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 funds 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](http://www.sanbruno.ca.gov).

<p style="text-align: center;"><b>STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES</b></p>
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The Statement of Net Position and the Statement of Activities summarize the City’s financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City’s assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City’s transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The City’s Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City’s Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City’s Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City’s net position. It is also prepared on the full accrual basis, which means it includes all the City’s revenues and all its expenses, regardless of when cash changes hands. This differs from the “modified accrual” basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the City’s expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City’s general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

These financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*.

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**CITY OF SAN BRUNO**  
**Statement of Net Position**  
June 30, 2016  
(with comparative totals for June 30, 2015)

	Governmental Activities	Business-Type Activities	Totals	
			2016	2015
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$36,835,604	\$20,820,215	\$57,655,819	\$69,353,895
Cash and investments with fiscal agent	141,514	462,935	604,449	552,954
Receivables (net):				
Taxes	2,137,803		2,137,803	1,241,809
Accounts		6,244,048	6,244,048	4,390,010
Interest	82,747		82,747	58,588
Loans	1,034,256		1,034,256	780,344
Other	8,590,301		8,590,301	4,968,352
Prepaid Items	16,348	52,765	69,113	46,579
Internal balances	5,410,998	(5,410,998)		
<b>Total current assets</b>	<b>54,249,571</b>	<b>22,168,965</b>	<b>76,418,536</b>	<b>81,392,531</b>
<b>Noncurrent assets:</b>				
Loans to fiduciary funds	1,429,346		1,429,346	2,107,255
Capital assets not being depreciated:				
Land	4,011,345	576,842	4,588,187	4,588,187
Construction in progress	2,733,555	18,061,017	20,794,572	21,500,121
Capital assets net of accumulated depreciation:				
Buildings and improvements	7,666,967	41,390,135	49,057,102	37,461,094
Machinery, improvements and equipment	2,827,221	6,763,335	9,590,556	9,866,966
Infrastructure	33,706,320		33,706,320	32,542,308
Sewer plant		14,512,655	14,512,655	15,301,226
<b>Total capital assets (net)</b>	<b>50,945,408</b>	<b>81,303,984</b>	<b>132,249,392</b>	<b>121,259,902</b>
<b>Total noncurrent assets</b>	<b>52,374,754</b>	<b>81,303,984</b>	<b>133,678,738</b>	<b>123,367,157</b>
<b>Total assets</b>	<b>106,624,325</b>	<b>103,472,949</b>	<b>210,097,274</b>	<b>204,759,688</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amount on pensions	6,054,267	2,225,643	8,279,910	5,281,895
Deferred amount on refunding		125,147	125,147	132,508
<b>Total deferred outflows of resources</b>	<b>6,054,267</b>	<b>2,350,790</b>	<b>8,405,057</b>	<b>5,414,403</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	9,093,843	2,554,566	11,648,409	11,510,474
Interest payable	32,747	244,289	277,036	296,149
Unearned revenue	462,052	787,492	1,249,544	1,065,137
Compensated absences - current	1,467,259	419,441	1,886,700	1,761,685
Long-term debt - current	830,764	1,133,627	1,964,391	1,917,161
Claims payable - current	794,200		794,200	
<b>Total current liabilities</b>	<b>12,680,865</b>	<b>5,139,415</b>	<b>17,820,280</b>	<b>16,550,606</b>
<b>Noncurrent liabilities:</b>				
Compensated absences - non-current	1,193,041	158,559	1,351,600	1,287,497
Long-term debt - non-current	9,528,539	13,316,904	22,845,443	24,809,836
Claims payable - non-current	2,502,800		2,502,800	2,963,000
Net pension liability	50,803,697	10,967,573	61,771,270	53,531,264
<b>Total noncurrent liabilities</b>	<b>64,028,077</b>	<b>24,443,036</b>	<b>88,471,113</b>	<b>82,591,597</b>
<b>Total liabilities</b>	<b>76,708,942</b>	<b>29,582,451</b>	<b>106,291,393</b>	<b>99,142,203</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amount on pensions	7,245,935	1,922,450	9,168,385	14,068,075
<b>Total deferred inflows of resources</b>	<b>7,245,935</b>	<b>1,922,450</b>	<b>9,168,385</b>	<b>14,068,075</b>
<b>NET POSITION</b>				
Net investment in capital assets	50,836,407	67,316,388	118,152,795	104,744,172
Restricted for:				
Capital projects	4,082,462		4,082,462	7,745,645
Debt service	16		16	3
Measure A	1,361,832		1,361,832	2,449,733
Community services	7,000,592		7,000,592	6,397,032
Unrestricted	(34,557,594)	7,002,450	(27,555,144)	(24,372,772)
<b>Total net position</b>	<b>\$28,723,715</b>	<b>\$74,318,838</b>	<b>\$103,042,553</b>	<b>\$96,963,813</b>

See accompanying notes to financial statements

**CITY OF SAN BRUNO**

**Statement of Activities**

For the year ended June 30, 2016

(with comparative totals for the year ended June 30, 2015)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$6,632,727	\$3,468,619	\$1,816,369	
Public safety	24,334,371	1,906,214	570,934	
Public works	929,223	165,037	11,628	
Highways and streets	3,450,979	17,204	87,801	\$217,505
Parks and recreation	5,611,296	1,490,268	557,908	9,876
Library	1,799,797	86,593	6,725	
Community development	2,526,383	1,547,278	2,209	
Interest expense	403,839			
<b>Total governmental activities</b>	<b>45,688,615</b>	<b>8,681,213</b>	<b>3,053,574</b>	<b>227,381</b>
Business-type activities:				
Water	10,098,091	12,688,039		
Stormwater	607,817	652,195		
Wastewater	10,921,203	15,879,501		
Cable television	11,240,247	9,253,900		
<b>Total business-type activities</b>	<b>32,867,358</b>	<b>38,473,635</b>		
<b>Total primary government</b>	<b>\$78,555,973</b>	<b>\$47,154,848</b>	<b>\$3,053,574</b>	<b>\$227,381</b>

General revenues:

Taxes:

    Property taxes, levied for general purposes

    Transient occupancy tax

    Franchise tax

    Sales tax, including subvention

    Cardroom taxes

    Other taxes

Intergovernmental, unrestricted:

    State motor vehicle in-lieu tax, including subvention

    State highway user tax

Use of money and property

Miscellaneous revenues

Transfers

    Total general revenues and transfers

Change in net position

Net position - Beginning

    Prior period restatement (Note 13)

Net position - Ending

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position		Totals	
Governmental Activities	Business-Type Activities	2016	2015
(\$1,347,739)		(\$1,347,739)	\$2,435,122
(21,857,223)		(21,857,223)	(19,215,741)
(752,558)		(752,558)	(333,455)
(3,128,469)		(3,128,469)	(2,918,499)
(3,553,244)		(3,553,244)	(3,553,640)
(1,706,479)		(1,706,479)	(1,627,356)
(976,896)		(976,896)	(506,275)
(403,839)		(403,839)	(416,914)
(33,726,447)		(33,726,447)	(26,136,758)
	\$2,589,948	2,589,948	2,925,024
	44,378	44,378	(65,222)
	4,958,298	4,958,298	4,750,174
	(1,986,347)	(1,986,347)	(1,714,349)
	5,606,277	5,606,277	5,895,627
(33,726,447)	5,606,277	(28,120,170)	(20,241,131)
9,500,264		9,500,264	8,844,431
3,316,369		3,316,369	3,162,479
1,960,997		1,960,997	2,125,938
8,377,896		8,377,896	8,556,002
1,735,696		1,735,696	1,694,580
2,514,851		2,514,851	2,867,616
4,016,571		4,016,571	3,764,990
976,525		976,525	1,270,588
1,640,673	159,068	1,799,741	1,771,302
(258,524)	258,524		274,320
33,781,318	417,592	34,198,910	34,332,246
54,871	6,023,869	6,078,740	14,091,115
28,668,844	68,294,969	96,963,813	64,957,098
			17,915,600
\$28,723,715	\$74,318,838	\$103,042,553	\$96,963,813

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***FUND FINANCIAL STATEMENTS***

Fund Financial Statements are presented by individual major funds, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

***MAJOR GOVERNMENTAL FUNDS***

The funds described below were determined to be Major Funds by the City. Individual non-major funds may be found in the Supplemental section.

***GENERAL FUND***

The General Fund is the primary operating fund of the City, accounting for all activities except those legally or administratively required to be accounted for in other funds.

***DISASTER RECOVERY SPECIAL REVENUE FUND***

To account for funds to be used for rebuilding the Crestmoor/ Glenview Neighborhood.

**CITY OF SAN BRUNO**  
**Balance Sheet**  
Governmental Funds  
June 30, 2016  
(with comparative totals for June 30, 2015)

	<b>General</b>	<b>Disaster Recovery Fund</b>	<b>Non Major Governmental Funds</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>					
Cash and investments	\$17,281,759		\$15,357,741	\$32,639,500	\$32,445,663
Cash and investments with fiscal agent	50,379		16	50,395	
Receivables:					
Taxes	2,120,546		17,257	2,137,803	1,241,809
Interest	78,590		4,157	82,747	58,588
Intergovernmental grants					21,742
Loans	944,256		90,000	1,034,256	780,344
Other	1,529,422	\$6,787,420	273,459	8,590,301	4,946,610
Due from other funds	8,972,209			8,972,209	7,265,244
Advances to other funds	1,156,323			1,156,323	
Loans to Redevelopment Agency	1,429,346			1,429,346	
<b>Total assets</b>	<b>\$33,562,830</b>	<b>\$6,787,420</b>	<b>\$15,742,630</b>	<b>\$56,092,880</b>	<b>\$46,760,000</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$4,302,398	\$3,530,328	\$976,226	\$8,808,952	\$6,105,926
Due to other funds		1,708,686		1,708,686	64,812
Unearned revenue	408,052		54,000	462,052	350,371
<b>Total liabilities</b>	<b>4,710,450</b>	<b>5,239,014</b>	<b>1,030,226</b>	<b>10,979,690</b>	<b>6,521,109</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue		666,225		666,225	3,415,128
<b>Fund balances:</b>					
Nonspendable	3,529,925		90,000	3,619,925	690,344
Restricted		882,181	11,562,721	12,444,902	14,762,188
Committed	19,639,289		3,059,683	22,698,972	10,240,271
Assigned	2,130,681			2,130,681	188,263
Unassigned	3,552,485			3,552,485	10,942,697
<b>Total fund balances</b>	<b>28,852,380</b>	<b>882,181</b>	<b>14,712,404</b>	<b>44,446,965</b>	<b>36,823,763</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$33,562,830</b>	<b>\$6,787,420</b>	<b>\$15,742,630</b>	<b>\$56,092,880</b>	<b>\$46,760,000</b>

See accompanying notes to financial statements

**CITY OF SAN BRUNO**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
For the year ended June 30, 2016

**Total fund balances - total governmental funds** \$44,446,965

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

**CAPITAL ASSETS**

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 50,902,412

**ALLOCATION OF INTERNAL SERVICE FUND NET POSITION**

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:

Cash and investments	4,196,104
Cash and investments with trustee	91,119
Prepays	16,348
Capital Assets	42,996
Accounts payable	(284,891)
Liability for claims	(3,297,000)
Compensated absences	(122,093)
Net amount allocated to business-type activities	(3,008,848)

**ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES**

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 666,225

**LONG-TERM ASSETS AND LIABILITIES**

The asset and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Pension obligation bonds	(10,250,302)
Leases payable	(109,001)
Accrued interest payable	(32,747)
Compensated absences	(2,538,207)
Net pension liability	(50,803,697)
Deferred outflows of resources related to pensions	6,054,267
Deferred inflows of resources related to pensions	(7,245,935)

Net position of governmental activities \$28,723,715

**CITY OF SAN BRUNO**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
For the year ended June 30, 2016  
(with comparative totals for the year ended June 30, 2015)

	General	Disaster Recovery Fund	Non Major Governmental Funds	Totals	
				2016	2015
<b>REVENUES:</b>					
Taxes	\$24,388,187		\$1,884,132	\$26,272,319	\$26,085,900
Licenses and permits	3,322,904		128,937	3,451,841	3,691,818
Intergovernmental	4,099,516		687,916	4,787,432	4,574,638
Charges for services	3,169,287	\$8,143	221,125	3,398,555	3,134,354
Fines and forfeitures	633,503		64,960	698,463	605,704
Use of money and property	1,609,102		65,627	1,674,729	1,618,634
Other revenues	4,227,609	3,921,206	318,759	8,467,574	10,489,406
<b>Total revenues</b>	<b>41,450,108</b>	<b>3,929,349</b>	<b>3,371,456</b>	<b>48,750,913</b>	<b>50,200,454</b>
<b>EXPENDITURES:</b>					
Current:					
General government	4,271,773	1,553,522	141,692	5,966,987	8,091,630
Public safety	22,917,501		60,599	22,978,100	21,894,204
Public works	895,218			895,218	1,028,427
Highways and streets	1,460,822		76,620	1,537,442	1,736,206
Parks and recreation	5,122,157		179,005	5,301,162	5,493,030
Library	1,752,088		6,849	1,758,937	1,724,112
Community development	2,462,216		46,936	2,509,152	2,268,181
Capital outlay			5,137,379	5,137,379	225,737
Debt service:					
Principal			829,272	829,272	818,289
Interest and fiscal charges			386,635	386,635	399,660
<b>Total expenditures</b>	<b>38,881,775</b>	<b>1,553,522</b>	<b>6,864,987</b>	<b>47,300,284</b>	<b>43,679,476</b>
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>2,568,333</b>	<b>2,375,827</b>	<b>(3,493,531)</b>	<b>1,450,629</b>	<b>6,520,978</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	15,616,391		8,941,878	24,558,269	7,893,696
Transfers out	(1,234,577)	(3,078,549)	(14,072,570)	(18,385,696)	(9,788,375)
<b>Total other financing sources (uses)</b>	<b>14,381,814</b>	<b>(3,078,549)</b>	<b>(5,130,692)</b>	<b>6,172,573</b>	<b>(1,894,679)</b>
<b>Net change in fund balances</b>	<b>16,950,147</b>	<b>(702,722)</b>	<b>(8,624,223)</b>	<b>7,623,202</b>	<b>4,626,299</b>
<b>FUND BALANCES:</b>					
Beginning of year	11,902,233	1,584,903	23,336,627	36,823,763	32,197,464
End of year	\$28,852,380	\$882,181	\$14,712,404	\$44,446,965	\$36,823,763

See accompanying notes to financial statements

**CITY OF SAN BRUNO**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Change in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
For the year ended June 30, 2016

**Net change in fund balances- total governmental funds** **\$7,623,202**

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

**CAPITAL ASSETS TRANSACTIONS**

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay asset addition expenditures are therefore added back to fund balance	5,137,379
Amounts charged to Highway and Streets	(111,235)
Retirements are deducted from fund balance	(1,043)
Depreciation expense is deducted from the fund balance	
(Depreciation expense is net of internal service fund depreciation of \$9,497 which has already been allocated to internal service funds.)	(2,748,210)

**LONG TERM DEBT PROCEEDS AND PAYMENTS**

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Capital lease obligation principal payments	34,272
Pension obligation bond principal payments and discount amortization	795,001
Amortization of premium on long-term debt	(19,518)

**ACCRUAL OF NON-CURRENT ITEMS**

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Interest payable	2,314
Unavailable revenue	(2,748,903)
Compensated absences	(169,038)
Net pension liability, deferred inflows and deferred outflows	(564,687)

**ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY**

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Position - All Internal Service Funds	<u>(7,174,663)</u>
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$54,871</u></u>
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See accompanying notes to financial statements

**CITY OF SAN BRUNO**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the year ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variance w/ Amended Positive/(Negative)
<b>REVENUES:</b>				
Taxes	\$24,287,544	\$24,687,544	\$24,388,187	(\$299,357)
Licenses and permits	3,673,750	3,273,750	3,322,904	49,154
Intergovernmental	3,967,000	3,967,000	4,099,516	132,516
Charges for services	2,981,738	2,981,738	3,169,287	187,549
Fines and forfeitures	595,290	595,290	633,503	38,213
Use of money and property	1,390,801	1,390,801	1,609,102	218,301
Other revenues	3,614,982	3,534,982	4,227,609	692,627
<b>Total revenues</b>	<b>40,511,105</b>	<b>40,431,105</b>	<b>41,450,108</b>	<b>1,019,003</b>
<b>EXPENDITURES:</b>				
Current:				
General government	4,714,386	4,835,483	4,271,773	563,710
Public safety	22,450,679	22,888,274	22,917,501	(29,227)
Public works	892,391	1,004,108	895,218	108,890
Highways and streets	1,512,959	1,542,939	1,460,822	82,117
Parks and recreation	4,906,627	5,061,522	5,122,157	(60,635)
Library	1,883,001	1,854,931	1,752,088	102,843
Community development	2,054,347	2,535,711	2,462,216	73,495
<b>Total expenditures</b>	<b>38,414,390</b>	<b>39,722,968</b>	<b>38,881,775</b>	<b>841,193</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,096,715</b>	<b>708,137</b>	<b>2,568,333</b>	<b>1,860,196</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,078,355	1,078,355	15,616,391	14,538,036
Transfers out	(1,214,212)	(1,667,799)	(1,234,577)	433,222
<b>Total other financing sources (uses)</b>	<b>(135,857)</b>	<b>(589,444)</b>	<b>14,381,814</b>	<b>14,971,258</b>
<b>Net change in fund balances</b>	<b>1,960,858</b>	<b>118,693</b>	<b>16,950,147</b>	<b>16,831,454</b>
<b>FUND BALANCES:</b>				
Beginning of year	11,902,233	11,902,233	11,902,233	
End of year	<b>\$13,863,091</b>	<b>\$12,020,926</b>	<b>\$28,852,380</b>	<b>\$16,831,454</b>

**CITY OF SAN BRUNO**  
**DISASTER RECOVERY SPECIAL REVENUE FUND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual**  
For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance w/Final Positive (Negative)
<b>REVENUES:</b>				
Charges for services			\$8,143	\$8,143
Other revenues	\$5,243,037	\$5,243,037	3,921,206	(\$1,321,831)
<b>Total revenues</b>	<b>5,243,037</b>	<b>5,243,037</b>	<b>3,929,349</b>	<b>(1,313,688)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	18,425,285	18,425,285	1,553,522	16,871,763
<b>Total expenditures</b>	<b>18,425,285</b>	<b>18,425,285</b>	<b>1,553,522</b>	<b>16,871,763</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(13,182,248)</b>	<b>(13,182,248)</b>	<b>2,375,827</b>	<b>(18,185,451)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(3,078,549)	(3,078,549)
<b>Total other financing sources (uses)</b>			<b>(3,078,549)</b>	<b>(3,078,549)</b>
<b>Net change in fund balances</b>	<b>(13,182,248)</b>	<b>(13,182,248)</b>	<b>(702,722)</b>	<b>(21,264,000)</b>
<b>FUND BALANCES:</b>				
Beginning of year	1,584,903	1,584,903	1,584,903	
End of year	(\$11,597,345)	(\$11,597,345)	\$882,181	(\$21,264,000)

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## PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City has identified the funds below as major proprietary funds in fiscal year 2016.

### **WATER**

To account for water services provided to the citizens of San Bruno. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, capital improvement, and billing and collections.

### **STORMWATER FUND**

To account for storm drain system maintenance, street sweeping and other related activities to the citizens of San Bruno. Funding comes from customers connected to the City's sewer system, due to extensive infiltration and intrusion to the City's sewer system and street sweeping charges.

### **WASTEWATER FUND**

To account for sanitary sewer services provided to the citizens of San Bruno. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, treatment and capital improvement.

### **CABLE TELEVISION FUND**

To account for operating costs associated with administering the cable television franchise and capital improvement.

**CITY OF SAN BRUNO**  
**Statement of Net Position**  
Proprietary Funds  
June 30, 2016  
(with comparative totals for June 30, 2015)

	<b>Business Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Stormwater</b>	<b>Wastewater</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$9,470,250	\$1,644,394	\$9,705,571
Cash and investments with fiscal agent/trustee			462,935
Accounts receivable	1,553,517	159,551	3,665,963
Prepaid items			
<b>Total current assets</b>	<u>11,023,767</u>	<u>1,803,945</u>	<u>13,834,469</u>
<b>Noncurrent assets:</b>			
Advance to Redevelopment Agency Obligation Retirement Fund			
Non-depreciable capital assets	11,795,377	122,740	6,081,151
Depreciable capital assets	20,829,264	3,507,354	34,358,273
<b>Total noncurrent assets</b>	<u>32,624,641</u>	<u>3,630,094</u>	<u>40,439,424</u>
<b>Total assets</b>	<u>43,648,408</u>	<u>5,434,039</u>	<u>54,273,893</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred amount on pension	719,888	114,059	611,408
Deferred amount on refunding			125,147
<b>Total deferred outflows of resources</b>	<u>719,888</u>	<u>114,059</u>	<u>736,555</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	1,316,948	31,376	417,189
Due to other funds			
Interest payable			244,289
Unearned revenue			
Compensated absences - current	97,569	3,271	64,877
Liability for claims - current			
Long term debt - due within one year			1,133,627
<b>Total current liabilities</b>	<u>1,414,517</u>	<u>34,647</u>	<u>1,859,982</u>
<b>Noncurrent liabilities:</b>			
Advances from other funds			
Compensated absences - noncurrent	49,536	7,633	52,475
Long term debt - due in more than one year			13,316,904
Liability for claims - non-current			
Net pension liability	3,604,481	677,476	2,825,266
<b>Total noncurrent liabilities</b>	<u>3,654,017</u>	<u>685,109</u>	<u>16,194,645</u>
<b>Total liabilities</b>	<u>5,068,534</u>	<u>719,756</u>	<u>18,054,627</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred amount on pension	634,547	124,290	486,221
<b>Total deferred inflows of resources</b>	<u>634,547</u>	<u>124,290</u>	<u>486,221</u>
<b>Net Position</b>			
Net investment in capital assets	32,624,641	3,630,094	26,451,828
Unrestricted (deficit)	6,040,574	1,073,958	10,017,772
<b>Total net position</b>	<u>\$38,665,215</u>	<u>\$4,704,052</u>	<u>\$36,469,600</u>
Total liabilities and net position	<u>\$44,368,296</u>	<u>\$5,548,098</u>	<u>\$55,010,448</u>
Reconciliation to government-wide statement of net position:			
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$1,443,819	\$112,738	\$554,450
Net position of business-type activities	<u>\$40,109,034</u>	<u>\$4,816,790</u>	<u>\$37,024,050</u>

See accompanying notes to financial statements

Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Cable Television	Totals		Totals	
	2016	2015	2016	2015
	\$20,820,215	\$27,753,777	\$4,196,104	\$9,154,455
	462,935	461,835	91,119	91,119
\$865,017	6,244,048	4,385,138		4,872
52,765	52,765	33,674	16,348	12,905
917,782	27,579,963	32,634,424	4,303,571	9,263,351
				2,107,255
638,591	18,637,859			
3,971,234	62,666,125	72,634,381	42,996	
4,609,825	81,303,984	72,634,381	42,996	2,107,255
5,527,607	108,883,947	105,268,805	4,346,567	11,370,606
780,288	2,225,643	861,458		
	125,147	132,508		
780,288	2,350,790	993,966		
789,053	2,554,566	5,184,218	284,891	220,330
7,263,523	7,263,523	7,200,432		
	244,289	261,088		
787,492	787,492	714,766		
253,724	419,441	383,114	89,215	82,279
			794,200	
	1,133,627	1,107,408		
9,093,792	12,402,938	14,851,026	1,168,306	302,609
1,156,323	1,156,323			
48,915	158,559	164,782	32,878	49,838
	13,316,904	14,450,531		
			2,502,800	2,963,000
3,860,350	10,967,573	9,770,438		
5,065,588	25,599,359	24,385,751	2,535,678	3,012,838
14,159,380	38,002,297	39,236,777	3,703,984	3,315,447
677,392	1,922,450	1,977,786		
677,392	1,922,450	1,977,786		
4,609,825	67,316,388	57,076,442	42,996	
(13,138,702)	3,993,602	7,971,766	599,587	8,055,159
(\$8,528,877)	\$71,309,990	\$65,048,208	\$642,583	\$8,055,159
\$6,307,895	\$111,234,737	\$106,262,771	\$4,346,567	\$11,370,606
\$897,841	\$3,008,848	\$3,246,761		
(\$7,631,036)	\$74,318,838	\$68,294,969		

**CITY OF SAN BRUNO**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2016**  
**(with comparative totals for the year ended June 30, 2015)**

	<b>Business Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Stormwater</b>	<b>Wastewater</b>
<b>OPERATING REVENUES:</b>			
Charges for services:			
Water sales	\$12,373,942		
Sewer service charges			\$14,645,617
Cable television charges			
Other service charges	101,500	\$560,458	36,116
Other operating revenue	212,597	91,737	1,197,768
Insurance cost allocation			
<b>Total operating revenues</b>	<u>12,688,039</u>	<u>652,195</u>	<u>15,879,501</u>
<b>OPERATING EXPENSES:</b>			
Water supply	5,673,085		
Distribution	3,219,578	467,431	
Customer accounting	90,023		
Treatment			8,355,894
Cable operations			
Central garage			
Insurance expenses			
Equipment replacement			
Technology support			
Facilities maintenance			
Depreciation and amortization	1,013,642	141,399	1,960,517
<b>Total operating expenses</b>	<u>9,996,328</u>	<u>608,830</u>	<u>10,316,411</u>
<b>OPERATING INCOME (LOSS)</b>	<u>2,691,711</u>	<u>43,365</u>	<u>5,563,090</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income	72,687	11,240	75,141
Interest and debt service expenses			(472,464)
<b>Total non-operating revenues (expenses), net</b>	<u>72,687</u>	<u>11,240</u>	<u>(397,323)</u>
<b>NET INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<u>2,764,398</u>	<u>54,605</u>	<u>5,165,767</u>
Transfers in		250,000	
Transfers out	(11,375)	(45,000)	(6,825)
<b>CHANGE IN NET POSITION</b>	<u>2,753,023</u>	<u>259,605</u>	<u>5,158,942</u>
<b>NET POSITON:</b>			
Beginning of year	35,912,192	4,444,447	31,310,658
Pension restatement			
End of year	<u>\$38,665,215</u>	<u>\$4,704,052</u>	<u>\$36,469,600</u>
Reconciliation to government-wide statement of activities:			
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(\$101,763)	\$1,013	(\$132,328)
Change in net position of business-type activities - End of year	<u>\$2,651,260</u>	<u>\$260,618</u>	<u>\$5,026,614</u>

See accompanying notes to financial statements

Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Cable Television	Totals		Totals	
	2016	2015	2016	2015
	\$12,373,942	\$11,968,127		
	14,645,617	14,116,632		
\$9,212,107	9,212,107	9,234,773		
41,793	739,867	708,586	\$4,548,969	\$2,297,526
	1,502,102	1,420,209		
				2,499,144
9,253,900	38,473,635	37,448,327	4,548,969	4,796,670
	5,673,085	5,129,382		
	3,687,009	3,845,338		
	90,023	492,518		
	8,355,894	7,947,063		
10,346,201	10,346,201	10,223,440		
			568,917	616,768
			2,642,601	1,785,592
			395,331	354,478
			652,293	669,095
			1,261,809	1,053,538
888,699	4,004,257	3,493,034	9,497	
11,234,900	32,156,469	31,130,775	5,530,448	4,479,471
(1,981,000)	6,317,166	6,317,552	(981,479)	317,199
	159,068	174,855		
(512)	(472,976)	(501,278)		
(512)	(313,908)	(326,423)		
(1,981,512)	6,003,258	5,991,129	(981,479)	317,199
78,549	328,549	1,888,663		430,584
(6,825)	(70,025)	(120,250)	(6,431,097)	(30,000)
(1,909,788)	6,261,782	7,759,542	(7,412,576)	717,783
(6,619,089)	65,048,208	68,370,332	8,055,159	7,337,376
		(11,081,666)		
(\$8,528,877)	\$71,309,990	\$65,048,208	\$642,583	\$8,055,159
(\$4,835)	(\$237,913)	\$79,353		
(\$1,914,623)	\$6,023,869	\$7,838,895		

**CITY OF SAN BRUNO**  
**Statement of Cash Flows**  
Proprietary Funds  
For the year ended June 30, 2016  
(with comparative totals for the year ended June 30, 2015)

**Business Type Activities - Enterprise Funds**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

	Water	Stormwater	Wastewater
Cash received from interfund services provided			
Cash receipts from customers	\$12,297,010	\$686,337	\$14,476,991
Cash payments to suppliers for goods and services	(10,701,110)	(449,161)	(9,505,878)
Cash payments to employees for services	(55,766)	(13,817)	(65,592)
<b>Net cash provided by (used by) operating activities</b>	<b>1,540,134</b>	<b>223,359</b>	<b>4,905,521</b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Advance distributions to other funds			
Advance repayments from other funds			
Transfers received from other funds		250,000	
Transfers paid to other funds	(11,375)	(45,000)	(6,825)
<b>Net cash provided by noncapital financing activities</b>	<b>(11,375)</b>	<b>205,000</b>	<b>(6,825)</b>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition and construction of capital assets	(7,722,964)	(122,741)	(4,512,329)
Principal payments on long-term debt			(1,100,047)
Interest paid on long-term debt			(489,263)
<b>Net cash (used) by capital and related financing activities</b>	<b>(7,722,964)</b>	<b>(122,741)</b>	<b>(6,101,639)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Investment income (expense)	72,687	11,240	75,141
<b>Net cash provided by investing activities</b>	<b>72,687</b>	<b>11,240</b>	<b>75,141</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,121,518)</b>	<b>316,858</b>	<b>(1,127,802)</b>

**CASH AND CASH EQUIVALENTS:**

Beginning of year	15,591,768	1,327,536	11,296,308
End of year	<u>\$9,470,250</u>	<u>\$1,644,394</u>	<u>\$10,168,506</u>

**Reconciliation of Cash and Cash Equivalents to Statement of Net Position**

Cash and investments	\$9,470,250	\$1,644,394	\$9,705,571
Cash and investments held by trustees			462,935
<b>Total Cash and Cash Equivalents, End of Year</b>	<u>\$9,470,250</u>	<u>\$1,644,394</u>	<u>\$10,168,506</u>

**Reconciliation of income (loss) from operations to net cash provided by (used for) operating activities:**

Operating income (loss)	\$2,691,711	\$43,365	\$5,563,090
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	1,013,642	141,399	1,960,517
(Increase) decrease in current assets:			
Accounts receivable	(391,029)	34,142	(1,402,510)
Prepaid items			
Due from other funds			
(Increase) decrease in deferred outflows of resources	(435,801)	(58,882)	(392,688)
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	(1,718,424)	18,270	(1,149,984)
Due to other funds			
Unearned revenue			
Compensated absences	15,277	(4,218)	(1,576)
Net Pension liability	382,435	51,672	344,601
Increase (decrease) in claims liability - noncurrent			
Increase (decrease) in deferred inflows of resources	(17,677)	(2,389)	(15,929)
<b>Net cash provided by (used for) operating activities</b>	<u>\$1,540,134</u>	<u>\$223,359</u>	<u>\$4,905,521</u>

**NON-CASH ACTIVITIES**

Amortization of deferred amount of refunding			<u>(\$7,361)</u>
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See accompanying notes to financial statements

Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Cable Television	Totals		Totals	
	2016	2015	2016	2015
\$63,091	\$63,091		\$4,543,817	\$4,791,798
9,227,113	36,687,451	\$41,917,034		
(10,144,806)	(30,800,955)	(18,690,041)	(5,125,833)	(4,775,404)
(57,107)	(192,282)	(6,299,952)		
(911,709)	5,757,305	16,927,041	(582,016)	16,394
1,156,323	1,156,323			
			2,107,255	605,009
78,549	328,549	4,324,724		430,584
(6,825)	(70,025)	(120,250)	(6,431,097)	(30,000)
1,228,047	1,414,847	4,204,474	(4,323,842)	1,005,593
(315,826)	(12,673,860)	(12,700,122)	(52,493)	
	(1,100,047)	(1,146,304)		
	(489,263)	(519,909)		
(315,826)	(14,263,170)	(14,366,335)	(52,493)	
(512)	158,556	174,855		
(512)	158,556	174,855		
	(6,932,462)	6,940,035	(4,958,351)	1,021,987
	28,215,612	21,275,577	9,245,574	8,223,587
	\$21,283,150	\$28,215,612	\$4,287,223	\$9,245,574
	\$20,820,215	\$27,753,777	\$4,196,104	\$9,154,455
	462,935	461,835	91,119	91,119
	\$21,283,150	\$28,215,612	\$4,287,223	\$9,245,574
(\$1,981,000)	\$6,317,166	\$6,317,552	(\$981,479)	\$317,199
888,699	4,004,257	3,493,034	9,497	
(99,513)	(1,858,910)	4,496,222	4,872	(4,872)
(19,091)	(19,091)	33,674		
			(3,443)	
(476,814)	(1,364,185)	(861,458)		(12,905)
220,486	(2,629,652)	2,788,152	64,561	70,352
63,091	63,091			
72,726	72,726	(27,515)		
20,621	30,104	20,819	(10,024)	(30,380)
418,427	1,197,135	666,558		
			334,000	(323,000)
(19,341)	(55,336)			
(\$911,709)	\$5,757,305	\$16,927,038	(\$582,016)	\$16,394

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## **FIDUCIARY FUNDS**

Redevelopment Agency Obligation Retirement Trust Fund accounts for the assets, liabilities and activities of the former Redevelopment Agency of the City in a trustee capacity to pay for enforceable obligations of the former Redevelopment Agency. In accordance with Assembly Bill (AB) X1 26 and AB 1484, the Redevelopment Agency was dissolved February 1, 2012.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the government – wide financial statements, but are presented in separate Fiduciary Fund financial statement.

**City of San Bruno**  
**Statement of Net Position**  
Fiduciary Funds  
June 30, 2016  
(with comparative totals for June 30, 2015)

	<b>Redevelopment Agency Obligation</b>		<b>Agency Funds</b>	
	<b>Retirement Trust Fund</b>			
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>				
Cash and investments	\$876,435	\$773,888	\$498,783	\$70,392,457
Cash and investments with fiscal agent/trustee	650,334	649,998		
Accounts receivable			478,620	411,938
<b>Total assets</b>	<b>\$1,526,769</b>	<b>\$1,423,886</b>	<b>\$977,403</b>	<b>\$70,804,395</b>
<b>LIABILITIES</b>				
Accounts payable	\$176,997	\$173,742	\$900,009	\$904,438
Interest payable	144,007	149,945		
Other liabilities			77,394	154,659
Due to San Bruno Community Foundation				69,745,298
Loan from the City of San Bruno	1,429,346	2,107,255		
Certificates of Participation - current	300,000			
Certificates of Participation - non-current	6,310,000	6,895,000		
<b>Total liabilities</b>	<b>\$8,360,350</b>	<b>\$9,325,942</b>	<b>\$977,403</b>	<b>\$70,804,395</b>
<b>NET POSITION</b>				
Restricted net position held in trust	(\$6,833,581)	(\$7,902,056)		
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$1,526,769</b>	<b>\$1,423,886</b>		

See accompanying notes to financial statements

**CITY OF SAN BRUNO**  
**Statement of Changes in Fiduciary Net Position**  
 Fiduciary Funds  
 June 30, 2016

	<b>Redevelopment            Agency Obligation            Retirement Trust Fund</b>	
	<b>2016</b>	<b>2015</b>
<b>ADDITIONS</b>		
Administration allowance	\$61,729	\$120,126
Taxes	1,812,225	1,081,591
Other revenues	466	69
<b>TOTAL ADDITIONS</b>	<b>1,874,420</b>	<b>1,201,786</b>
<b>DEDUCTIONS</b>		
Community development	452,015	176,170
Administrative expenses		1,318
Interest and fiscal charges	353,930	367,888
Transfers out		274,318
<b>TOTAL DEDUCTIONS</b>	<b>805,945</b>	<b>819,694</b>
<b>CHANGES IN NET POSITION</b>	<b>1,068,475</b>	<b>382,092</b>
<b>NET POSITION - Beginning of the year</b>	<b>(7,902,056)</b>	<b>(8,284,148)</b>
<b>NET POSITION - End of the year</b>	<b>(\$6,833,581)</b>	<b>(\$7,902,056)</b>

See accompanying notes to financial statements

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CITY OF SAN BRUNO

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**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.

*Basis of Presentation*

*Government-Wide Financial Statements*

The statement of net position 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. 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.

*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 balance/net position, 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 are reported as major funds due to the significance to the users of the financial statements.

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.

CITY OF SAN BRUNO

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Major Special Revenue Fund**

The Disaster Recovery Special Revenue Fund accounts for funds to be used for rebuilding the Crestmoor/Glenview Neighborhood.

*Special Revenue Funds*

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

**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.

**Major Enterprise Funds**

The Water Fund accounts for water services provided to the citizens of San Bruno. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, capital improvement, and billing and collections.

The Stormwater Fund accounts for storm drain system maintenance, street sweeping and other related activities to the citizens of San Bruno. Funding comes from customers connected to the City's sewer system, due to extensive infiltration and intrusion to the City's sewer system and street sweeping charges.

The Wastewater Fund accounts for sanitary sewer services provided to the citizens of San Bruno. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, treatment.

CITY OF SAN BRUNO

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CABLE TELEVISION FUND**

The Cable Television Fund accounts for operating costs associated with administering the cable television franchise.

*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 service funds are used to account for equipment servicing other funds, central garage, insurance programs, technology development and facility maintenance. These funds are eliminated as part of the reconciliation process and treated as governmental activities, since these are the primary funds served.

**Fiduciary Funds**

*Agency Funds*

Agency Funds account for assets held by the City in a purely custodial capacity. The reporting entity includes three agency funds, which are Project Development, San Bruno Community Foundation 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.

*Trust Funds*

Trust funds are used to account for the assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the City's own programs. The City's private purpose trust fund is the Redevelopment Agency Obligation Retirement Trust Fund.

**Closed & Combined Funds**

During fiscal year 2016, the City closed the Traffic Safety Grant Fund. It also combined the Capital Improvement/ one-time Initiative Reserve Fund and the General Equipment Revolving Internal Service Fund with the General Fund for financial statement purposes.

CITY OF SAN BRUNO

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus*

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

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type 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 position.
- c. Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the City.

*Basis of Accounting*

In the government-wide Statement of Net Position 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.

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

CITY OF SAN BRUNO

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

*Assets, Liabilities, and Equity*

**Cash Deposits and Investments**

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

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

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

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds."

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3 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, franchise taxes, intergovernmental subventions, interest earnings, paramedic service, and expense reimbursements.

CITY OF SAN BRUNO

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Business-type activities report service charges and expense reimbursements as its major receivables. See Note 3 for additional disclosures. In the fund financial statements, significant 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.

**Inventories**

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

**Capital Assets**

The City's assets are capitalized at historical cost or estimated historical cost if actual is available. Policy has set the capitalization threshold for reporting capital assets at \$10,000, 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) capital 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 Position. 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	25 – 40 years
Buildings and improvements	20 – 30 years
Machinery and equipment	3 – 15 years
Water	5 – 40 years
Stormwater	5 – 40 years
Wastewater	5 – 40 years
Cable television	5 – 40 years

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fund Financial Statements*

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

**Long-Term Debt**

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

All long-term debt to be repaid from governmental and business-type resources is reported as a liability in the government-wide statements. The long-term debt consists of bonds, 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.

The changes of the compensated absences were as follows:

	Governmental Activities	Business- Type	Total
Beginning Balance	\$2,501,286	\$547,896	\$3,049,182
Additions	562,680	66,981	629,661
Payments	(403,666)	(36,877)	(440,543)
Ending Balance	\$2,660,300	\$578,000	\$3,238,300
Current Portion	\$1,467,259	\$419,441	\$1,886,700

**Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF SAN BRUNO

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Net Position/Fund Balance Classification*

*Government-Wide Statements*

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

- a. *Net investment in capital assets* – 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 position* – consists of net position 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 position* – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

*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	January 1
Levy Date	July 1
Due Dates	November 1 and February 1
Delinquent Date	December 10 and April 10

Property taxes attach annually as an enforceable lien as of January 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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 current 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) remaining on the statement of net position.

***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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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 1<sup>st</sup>.
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 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, 2016 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.

**CITY OF SAN BRUNO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Budgetary Expenditures in Excess of Appropriations:*

Fund	Expenditures in Excess of Appropriations
Special Revenue Funds:	
Agency on Aging	\$45,589
Restricted Donations	63,397
Total Special Revenue Funds	108,986
Debt Service Fund:	
General	1,694
Total	\$110,680

*New GASB Pronouncements*

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2016.

*GASB Statement No. 72 – Fair Value Measurement and Application.* The intention of this Statement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. It also enhances fair value application guidance and related disclosures. The pronouncement became effective and affected the notes to the financial statements, but did not have a material effect on the financial statements.

*GASB 79 – Certain External Investment Pools and Pool Participants.* This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The pronouncement became effective and affected the notes to the financial statements, but did not have a material effect on the financial statements.

*GASB Statement No. 82 – Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The pronouncement is effective in fiscal year 2017, but management early-implemented the provisions of the statement in fiscal year 2016. The pronouncement did not have a material effect on the financial statements, and only affected the Pension-Related Required Supplementary Information.

CITY OF SAN BRUNO

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fair Value Measurements*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 2 - CASH AND INVESTMENTS**

The City pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form (except CD's which are maintained by the City).

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end.

**A. Classification**

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Cash and investments as of June 30, 2016, consist of the following:

<i>Statement of Net Position</i>	Amount
Cash and investments	\$57,655,819
Restricted cash and investments held by fiscal agents	604,449
Total cash and investments in primary government	58,260,268
<i>Statements of Fiduciary Net Position</i>	
Cash and investments:	
Private Purpose Trust Funds	876,435
Agency Fund	498,783
Restricted cash and investments held by fiscal agents:	
Private Purpose Trust Funds	650,334
Total cash and investments in fiduciary	2,025,552
Total cash and investments	\$60,285,820

Cash and investments with original maturities of three months or less are treated as cash and equivalents for the purpose of preparing Proprietary Fund statements of cash flows. Also, each Proprietary Funds' portion of the City's overall cash and investment pool is treated as cash and equivalents since these amounts are in substance demand deposits.

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**B. *Investments Authorized by the California Government Code and the City’s 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, and concentration of credit risk.

During the year ended June 30, 2016, 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%

During the year ended June 30, 2016, the City’s permissible investments for debt service fiscal agents included the following instruments:

<u>Authorized Investment Type</u>	<u>Minimum Maximum Credit Maturity</u>	<u>Investment in Quality</u>	<u>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.

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**C. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates which will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments. This allows the City to time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City also manages its interest rate risk by holding most investments to maturity, thus reversing unrealized market gains and losses.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Cash and Investments	less	Months	Months	Total
U.S. Agency Securities:				
Federal Farm Credit Bank			\$5,004,120	\$5,004,120
Federal Home Loan Bank		\$3,004,290	1,000,640	4,004,930
Federal Home Loan Mortgage		4,026,320	1,000,670	5,026,990
Local Agency Investment Fund	\$17,427,595			17,427,595
San Mateo County Investment Pool	19,393,822			19,393,822
Money Market Funds	4,370,438			4,370,438
Municipal Bonds		2,063,100		2,063,100
Subtotal Investments	<u>\$41,191,855</u>	<u>\$9,093,710</u>	<u>\$7,005,430</u>	57,290,995
Cash in banks and on hand				<u>2,994,825</u>
Total Cash and Investments				<u>\$60,285,820</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are U.S. Treasuries, Federal Agency obligations, time deposits, negotiable certificates of deposits, commercial paper, corporate bonds, and security loans. At June 30, 2016, these investments had a weighted average maturity of 167 days.

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**D. Fair Value Hierarchy**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2016:

<i>Investments by Fair Value Level:</i>	Level 2	Total
U.S. Agency Securities:		
Federal Farm Credit Bank	\$5,004,120	\$5,004,120
Federal Home Loan Bank	4,004,930	4,004,930
Federal Home Loan Mortgage Corporation	5,026,990	5,026,990
Local Agency Investment Fund (LAIF)	17,427,595	17,427,595
San Mateo County Investment Pool	19,393,822	19,393,822
Municipal Bonds	2,063,100	2,063,100
Total Investments	\$52,920,557	52,920,557
 <i>Investments Measured at Amortized Cost:</i>		
Money Market Mutual Fund		4,370,438
Cash in banks and on hand		2,994,825
Total Cash and investments		\$60,285,820

Federal Agency Securities, classified in Level 2 of the fair value hierarchy are valued using a quoted price in a non-active market for an identical asset. The California Local Agency Investment Fund (LAIF) and San Mateo County Investment Fund classified in Level 2 are valued based on the fair value factor provided by the Treasurer of the State of California and County, respectively, which is calculated as fair value divided by the amortized cost of the investment pools. Local Municipal Bonds, classified in Level 2 of the fair value hierarchy are valued using yield to maturity quoted price. These prices are obtained from various pricing sources by the custodian bank.

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As disclosed in Note 3B, State law and the City's investment Policy limit the City's investments to certain minimum credit ratings. Minimal credit ratings are also established by the bond indentures in the case of cash and investments held by fiscal agents. Presented below is the actual rating as of June 30, 2016, for each investment type as provided by Moody's investment rating system:

Investment Type	Aaa	Total
U.S. Agency Securities:		
Federal Farm Credit Bank	\$5,004,120	\$5,004,120
Federal Home Loan Bank	4,004,930	4,004,930
Federal Home Loan Mortgage Corporation	5,026,990	5,026,990
Municipal Bonds	2,063,100	2,063,100
Money Market Funds	4,370,438	4,370,438
Totals	\$20,469,578	20,469,578
Not Rated:		
Local Agency Investment Fund (LAIF)		17,427,595
San Mateo County Investment Pool		19,393,822
Total Investments		\$57,290,995

**F. Concentration of Credit Risk**

Investments in any one issuer, other than U. S. Treasury securities, money market mutual funds, and California Local Agency Investment Funds that represent 5% or more of total City-wide investments are as follows at June 30, 2016:

Issuer	Investment Type	Amount
Federal Home Loan Mortgage Corporation	Federal Agencies Securities	\$5,026,990
Federal Farm Credit Bank	Federal Agencies Securities	5,004,120
Federal Home Loan Bank	Federal Agencies Securities	4,004,930

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>NOTE 3 - INTERFUND TRANSACTIONS</b>
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**A. Transfers Among Funds**

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2016, were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Non-Major Governmental Funds Internal Service Fund	\$9,185,294 (A) & (B) 6,431,097 (B)
Non-Major Governmental Funds	General Fund Disaster Recovery Fund Non-Major Governmental Funds Water Enterprise Fund Stormwater Enterprise Fund Wastewater Enterprise Fund Cable Enterprise Fund	1,234,577 (A) & (D) 3,000,000 (C) 4,637,276 (C) 11,375 (C) 45,000 (C) 6,825 (C) 6,825 (C)
Stormwater Enterprise Fund	Non-Major Governmental Funds	250,000 (C)
Cable Enterprise Fund	Disaster Recovery Fund	78,549 (A)
Total Interfund Transfers		\$24,886,818

- (A) Salaries & overhead
- (B) To close the fund for financial statement purposes
- (C) Capital project funding
- (D) Fund debt service expenditure

**B. Current Interfund Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2016, interfund balances comprised the following:

Due From Other Funds	Due To Other Funds	Amount
General Fund	Disaster Recovery Special Revenue Fund Cable Enterprise Fund	\$1,708,686 7,263,523
		\$8,972,209

**C. Interfund Advances**

Fund Receiving Advance	Fund Making Advance	Amount of Advance
Cable Enterprise Fund	General Fund	\$1,156,323
	<b>Total</b>	<b>\$1,156,323</b>

During fiscal year 2016, the General Fund loaned the Cable Television Enterprise Fund \$1,170,000 for a Fiber to Home project at the Shelter Creek Condominiums. The advance accrues interest at a .525% annual interest rate for seven years.

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 4 - CAPITAL ASSETS**

**A. Capital Asset Additions and Retirements**

Capital assets at June 30 comprise:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2016</u>
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$4,011,345				\$4,011,345
Construction in progress	1,351,676	\$1,501,373		(\$119,494)	2,733,555
Total capital assets not being depreciated	<u>5,363,021</u>	<u>1,501,373</u>		<u>(119,494)</u>	<u>6,744,900</u>
Capital assets being depreciated:					
Buildings and improvements	14,911,982				14,911,982
Machinery, improvements and equipment	11,497,690	668,649	(\$141,150)	119,494	12,144,683
Infrastructure	76,862,027	2,908,615	(6,891)		79,763,751
Total capital assets being depreciated	<u>103,271,699</u>	<u>3,577,264</u>	<u>(148,041)</u>	<u>119,494</u>	<u>106,820,416</u>
Less accumulated depreciation for:					
Buildings and improvements	6,783,188	461,827			7,245,015
Machinery, improvements and equipment	8,906,293	551,121	(139,952)		9,317,462
Infrastructure	44,319,719	1,744,759	(7,047)		46,057,431
Total accumulated depreciation	<u>60,009,200</u>	<u>2,757,707</u>	<u>(146,999)</u>		<u>62,619,908</u>
Net governmental-type activities					
Capital assets being depreciated	43,262,499	819,557	(1,042)	119,494	44,200,508
Governmental activity capital assets, net	<u>\$48,625,520</u>	<u>\$2,320,930</u>	<u>(\$1,042)</u>		<u>\$50,945,408</u>
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land	\$576,842				\$576,842
Construction in progress	20,148,446	\$11,583,222		(\$13,670,651)	18,061,017
Total capital assets not being depreciated	<u>20,725,288</u>	<u>11,583,222</u>		<u>(13,670,651)</u>	<u>18,637,859</u>
Capital assets being depreciated:					
Buildings and improvements	45,541,492	73,623		13,670,651	59,285,766
Machinery, improvements and equipment	24,466,397	758,431	(\$395,784)		24,829,044
Sewer plant	26,178,884	258,584			26,437,468
Total capital assets being depreciated	<u>96,186,773</u>	<u>1,090,638</u>	<u>(395,784)</u>	<u>13,670,651</u>	<u>110,552,278</u>
Less accumulated depreciation for:					
Buildings and improvements	16,209,193	1,686,438			17,895,631
Machinery, improvements and equipment	17,190,829	1,270,664	(395,784)		18,065,709
Sewer plant	10,877,658	1,047,155			11,924,813
Total accumulated depreciation	<u>44,277,680</u>	<u>4,004,257</u>	<u>(395,784)</u>		<u>47,886,153</u>
Net capital assets being depreciated	<u>51,909,093</u>	<u>(2,913,619)</u>		<u>13,670,651</u>	<u>62,666,125</u>
Business-type activity capital assets, net	<u>\$72,634,381</u>	<u>\$8,669,603</u>			<u>\$81,303,984</u>

Contributed capital assets are valued at their estimated acquisition value on the date contributed.

**CITY OF SAN BRUNO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 4 - CAPITAL ASSETS (Continued)**

**B. Depreciation Allocation**

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

<b>Governmental Activities</b>	<b>Amount</b>
General government	\$384,700
Public safety	361,088
Public works	22,765
Highway and streets	1,723,707
Parks and recreation	225,081
Library	20,879
Community development	9,990
Internal service funds	9,497
<b>Total</b>	<b><u><u>\$2,757,707</u></u></b>
<b>Business-Type Activities</b>	<b>Amount</b>
Water	\$1,013,642
Stormwater	141,399
Wastewater	1,960,517
Cable television	888,699
<b>Total</b>	<b><u><u>\$4,004,257</u></u></b>

**NOTE 5 - LONG-TERM DEBT**

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

**A. The City's Long-Term Debt**

The following is a summary of long-term debt transactions for the year ended June 30, 2016:

	Balance June 30, 2015	Retirements	Balance June 30, 2016	Amount due within one year
<b>Governmental Activity Debt:</b>				
2013 Pension Obligation Bond	\$11,260,000	(\$795,000)	\$10,465,000	\$815,000
Discount on Pension Obligation Bond	(234,216)	19,518	(214,698)	(19,518)
2011 Capital Lease Obligation	143,273	(34,272)	109,001	35,282
Total governmental activities	<u>\$11,169,057</u>	<u>(\$809,754)</u>	<u>\$10,359,303</u>	<u>\$830,764</u>
	Balance June 30, 2015	Retirements	Balance June 30, 2016	Amount due within one year
<b>Business-Type Activity Debt:</b>				
2013 Wastewater Refunding Revenue Bond	\$6,665,000	(\$260,000)	\$6,405,000	\$265,000
Premium on Refunding Bond	321,758	(17,875)	303,883	17,875
Due to City of South San Francisco				
1997 Loan	4,209,193	(480,112)	3,729,081	492,595
2007 Loan	4,361,988	(349,421)	4,012,567	358,157
Total business-type activities	<u>\$15,557,939</u>	<u>(\$1,107,408)</u>	<u>\$14,450,531</u>	<u>\$1,133,627</u>

**CITY OF SAN BRUNO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 5 - LONG-TERM DEBT (Continued)**

*Governmental Activities:*

**2013 Pension Obligation Bonds**

During January 2013 the City issued \$13,175,000 in Series 2013 Pension Obligation Bonds in order to pay-off amounts owed for the City's CalPERS "side-fund." Principal payments are due annually on June 1 while interest payments are due semi-annually on June 1 and December 1. True interest cost is 4.05%.

The Pension Obligation Bond debt represents a refunding of a debt that the City owed to CalPERS. The issuance of the Pension Obligation Bonds reduced the interest rate on this debt from 7.5% to just over 4%. The debt service payments are funded through savings achieved in the City's employer contribution rate, which decreased from 36.604% to 24.706% after the payoff of the side fund. Payments are made out of the debt service fund.

The annual debt service requirement on the bonds is as follows:

For The Year Ending June 30	2013 Pension Obligation Bonds		
	Principal	Interest	Total
2017	\$815,000	\$364,019	\$1,179,019
2018	830,000	345,681	1,175,681
2019	855,000	324,931	1,179,931
2020	880,000	300,350	1,180,350
2021	905,000	271,750	1,176,750
2022-2026	5,050,000	837,450	5,887,450
2027	1,130,000	45,200	1,175,200
Subtotal	10,465,000	2,489,381	12,954,381
Less Discount	(214,698)		(214,698)
Total	<u>\$10,250,302</u>	<u>\$2,489,381</u>	<u>\$12,739,683</u>

**Capital Lease Obligation**

During August 2011, the City entered into a \$540,306 capital lease-purchase agreement with JP Morgan Chase Bank, N.A. to finance a fire truck. Principal and interest payments are due annually on September 15 with an interest rate of 2.95%. Payments are made out of the debt service fund.

The annual debt service requirement on the capital lease obligation is as follows:

For The Year Ending June 30	2011 Capital Lease Obligation		
	Principal	Interest	Total
2017	\$35,282	\$3,216	\$38,498
2018	36,323	2,175	38,498
2019	37,396	1,103	38,499
Total	<u>\$109,001</u>	<u>\$6,494</u>	<u>\$115,495</u>

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 5 - LONG-TERM DEBT (Continued)**

*Business-Type Activities:*

*2013 Wastewater Revenue Refunding Bonds*

In August 2013, the City paid off the remaining balance or \$7.56 million of 2002 Certificates of Participation by placing the proceeds of new Wastewater Revenue Refunding Bonds in an irrevocable trust to provide for all future debt services payments on the old bonds. All of the amounts held in the escrow fund were applied to pay the prepayment price of the 2002 certificates and, therefore, the 2002 Certificates of Participation were paid-off as of June 30, 2014.

In fiscal year 2016, pledged revenues were the operating income of the Wastewater Enterprise Fund, totaling \$5,558,427. The purpose of the debt secured by the pledged revenues was the refunding of the 2002 Certificates of Participation. The term of the new commitment is fiscal year 2033. Pledged revenues represent coverage of 10.34 over fiscal year 2016 debt service (principal and interest.)

The annual debt service requirement on the bonds is as follows:

For The Year Ending June 30	2013 Wastewater Revenue Refunding		
	Principal	Interest	Total
2017	\$265,000	\$268,775	\$533,775
2018	280,000	258,975	538,975
2019	285,000	247,575	532,575
2020	295,000	235,775	530,775
2021	310,000	222,600	532,600
2022-2026	1,745,000	891,450	2,636,450
2027-2031	2,210,000	426,725	2,636,725
2032-2033	1,015,000	23,400	1,038,400
Subtotal	6,405,000	2,575,275	8,980,275
Add Premium	303,883		303,883
Total	\$6,708,883	\$2,575,275	\$9,284,158

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 5 - LONG-TERM DEBT (Continued)**

*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.

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, \$50.6 million in August 2003 and \$21.9 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 5a. The City's portion that was financed through this agreement totaled \$19,170,177 depreciable and payable over a 25 year period.

The City's annual debt service requirements on the loans are as follows:

For The Year Ending June 30	1997 Loan South San Francisco		
	Principal	Interest	Total
2017	\$492,595	\$96,956	\$589,551
2018	505,402	84,149	589,551
2019	518,542	71,009	589,551
2020	532,025	57,526	589,551
2021	545,858	43,693	589,551
2022-2026	1,134,659	44,440	1,179,099
Total	<u>\$3,729,081</u>	<u>\$397,773</u>	<u>\$4,126,854</u>

For The Year Ending June 30	2007 Loan South San Francisco		
	Principal	Interest	Total
2017	\$358,157	\$100,314	\$458,471
2018	367,111	91,360	458,471
2019	376,288	82,183	458,471
2020	385,696	72,775	458,471
2021	395,338	63,133	458,471
2022-2026	2,129,977	162,378	2,292,355
Total	<u>\$4,012,567</u>	<u>\$572,143</u>	<u>\$4,584,710</u>

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 5 - LONG-TERM DEBT (Continued)**

*Fiduciary Funds:*

*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%.

As of July 1, 2014 the Redevelopment Agency Obligation Retirement Trust Fund has agreed under a separate agreement to assume this obligation which also eliminates the receivable due to the City from the Trust Fund.

	Balance June 30, 2015	Retirements	Balance June 30, 2016	Amount due within one year
2000 Certificates of Participation	\$6,895,000	(\$285,000)	\$6,610,000	\$300,000
Total Fiduciary Activity	<u>\$6,895,000</u>	<u>(\$285,000)</u>	<u>\$6,610,000</u>	<u>\$300,000</u>

The annual debt service requirements to maturity for all fiduciary debt amounts, at June 30, 2016, are as follows:

For The Year Ending June 30	2000 Certificates of Participation	
	Principal	Interest
2017	\$300,000	\$345,617
2018	315,000	330,468
2019	335,000	314,402
2020	350,000	297,150
2021	370,000	278,775
2022 - 2026	2,155,000	1,081,500
2027 - 2031	2,785,000	453,601
	<u>\$6,610,000</u>	<u>\$3,101,513</u>

CITY OF SAN BRUNO

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 6 – NET POSITION AND FUND BALANCES**

Net Position is measured on the full accrual basis while Fund Balance is measured on the modified accrual basis.

**A. Net Position**

Net Position is the excess of all the City’s assets and deferred outflows, if any, over all its liabilities and deferred inflows, if any, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

*Net Investment in Capital Assets* describes the portion of Net Position which is represented by the current net book value of the City’s capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

*Unrestricted* describes the portion of Net Position which is not restricted to use.

**B. Fund Balances**

The City’s fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendables* represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for resale are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

*Committed* fund balances have constraints imposed by resolution of the City Council which may be altered only by resolution of the City Council. Nonspendable amounts subject to council commitments are included along with spendable resources.

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 6 – NET POSITION AND FUND BALANCES (Continued)**

*Assigned* fund balances are amounts constrained by the City’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; Nonspendables, when it is the City’s intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed. Through a Council Resolution, the City council has designated the City Manager to determine the amount of assigned fund balances.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

**C. *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.

**D. *Encumbrances***

Encumbrances outstanding by fund as of June 30, 2016 were as follows:

Fund	Encumbrances
Major Funds:	
General Fund	\$227,835
Disaster Recover Special Revenue Fund	2,227,782
Total Major Funds	2,455,617
Capital Projects Funds:	
Street Improvement	1,106,903
General	80,755
Total Capital Projects Funds	1,187,658
Total	\$3,643,275

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 6 – NET POSITION AND FUND BALANCES (Continued)**

Detailed classifications of the City’s fund balances, as of June 30, 2016, are below:

Fund Balance Classifications	General Fund	Disaster Recovery Special Revenue Fund	Other Governmental Funds	Total
<b>Nonspendables:</b>				
Items not in spendable form:				
Loans receivable	\$944,256		\$90,000	\$1,034,256
Advance to other funds	1,156,323			1,156,323
Loans to Redevelopment Agency	1,429,346			1,429,346
<b>Total Nonspendable Fund Balances</b>	<b>3,529,925</b>		<b>90,000</b>	<b>3,619,925</b>
<b>Restricted for:</b>				
Disaster recovery		\$882,181		882,181
Special Revenue Programs			7,069,114	7,069,114
Capital Projects			4,082,462	4,082,462
Affordable Housing Activities			411,129	411,129
Debt Service			16	16
<b>Total Restricted Fund Balances</b>		<b>882,181</b>	<b>11,562,721</b>	<b>12,444,902</b>
<b>Committed to:</b>				
General Fund Contingency	1,500,000			1,500,000
General Fund Reserve	10,017,298			10,017,298
Capital Improvement/One-Time Initiative Reserve	8,121,991			8,121,991
Emergency Disaster Reserve			3,059,683	3,059,683
<b>Total Committed Fund Balances</b>	<b>19,639,289</b>		<b>3,059,683</b>	<b>22,698,972</b>
<b>Assigned to:</b>				
Contractual commitments	2,130,681			2,130,681
<b>Total Assigned Fund Balances</b>	<b>2,130,681</b>			<b>2,130,681</b>
<b>Unassigned</b>	<b>3,552,485</b>			<b>3,552,485</b>
<b>Total Unassigned Fund Balances</b>	<b>3,552,485</b>			<b>3,552,485</b>
<b>Total Fund Balances</b>	<b>\$28,852,380</b>	<b>\$882,181</b>	<b>\$14,712,404</b>	<b>\$44,446,965</b>

CITY OF SAN BRUNO  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 6 – NET POSITION AND FUND BALANCES (Continued)**

**E. Minimum Fund Balance Policies**

The City established a reserve policy in January 2013 that created reserve funds to ensure the financial stability of the City, provide resources in the event of an emergency, and create a funding source for one-time capital projects and initiatives. The reserve funds are as follows:

**General Fund Reserve** – The General Reserve Fund shall be established with a goal of maintaining a target fund balance of 25% of the budgeted General Fund expenditures. The General Fund Reserve Fund balance shall not fall below 15% of General Fund operating expenditures except in a declaration of emergency.

The General Fund Reserve can only be utilized through resolution of the City Council. Appropriations of these funds will be reserved for the following situations:

- A decrease in revenues in excess of 5% of total budgeted General Fund revenues within one year.
- The loss of revenues from another government entity.
- One-time, non-recurring initiatives of the City Council deemed of significant importance to the City.

**General Fund Contingency Fund** – The General Fund Contingency Fund shall be established with a goal of maintaining a target fund balance of \$1.5 million. This fund can be utilized through resolution of the City Council for any appropriation deemed appropriate.

**Emergency Disaster Reserve** – An Emergency Disaster Reserve shall be established with a goal of maintaining a target fund balance of \$3 million. This fund is intended to be utilized in the event of a declaration of emergency that requires the expenditure of funds outside of the adopted budget.

The Emergency Disaster Reserve can only be utilized through resolution of the City Council declaring an emergency. Upon such declaration, it would be the intent of the City to utilize the Emergency Disaster Reserve for all costs associated with the City's response to the emergency situation prior to any other reserve funds.

**Capital Improvement/One-Time Initiative Reserve** – A Capital Improvement/One-Time Initiative Reserve Fund shall be established with a goal of obtaining an initial fund balance of \$5 million. This fund would be used for projects and initiatives throughout the City that have no other identifiable funding source.

The Capital Improvement/One-Time Initiative Reserve can only be utilized through resolution of the City Council. While this fund has an initial goal of \$5 million, funds shall continue to be added to this fund until it has reached a fund balance of \$8 million. For fiscal year 2016, this fund was combined with the General Fund for financial statement purposes.

CITY OF SAN BRUNO

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 6 – NET POSITION AND FUND BALANCES (Continued)**

*Internal Service Funds: Central Garage, Building and Facilities, Technology Reserves* – The Central Garage, Building and Facilities, and Technology Reserves shall be funded at a target amount of 25% of budgeted department expenditures, not to drop below 15% except in a declaration of emergency. Once the Internal Service Funds Reserves have been funded at the target amount, all fund balance in excess of this amount can be used to fund one-time initiatives and/or to provide a reduction in allocations from departments in times of budget reductions.

**F. Net Position Deficit**

The City has a deficit net position of \$8,528,877 in the Cable Enterprise Fund, which will be funded through raising service charge rates and expense reductions.

The City has a deficit net position of \$795,619 in the Self Insurance Internal Service Fund, which will be funded by future cost allocations from other funds.

**NOTE 7 - LOANS TO FORMER REDEVELOPMENT AGENCY**

**A. Loan to Former Redevelopment Agency**

The General Equipment Reserve advanced funds during the former Redevelopment Agency's inception to improve commercial and residential neighborhoods and to stimulate private investment in the oldest parts of the City. The Redevelopment Agency ceased operations pursuant to ABx1 26 on February 1, 2012. The Department of Finance approved repayment of advances owed the City on December 24, 2013 through the Recognized Obligation Payment Schedule (ROPS) process. As of June 30, 2016, the balance was \$1,429,346.

CITY OF SAN BRUNO

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 8 - 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 per occurrence of general liability and automobile coverage, \$25,000,000 excess liability coverage per occurrence, \$20,000,000 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 position of the self-insurance funds, which are categorized as Governmental Activities, represent amounts set aside for possible additional losses after providing for actuarially determined liabilities for claims including claims adjustment expenses.

No claim settlement exceeded either this self-insured amount or the insurance coverage for any of the past three years. As of June 30, 2016, claims payable are as follows:

Beginning balance of claims payable	\$2,963,000
Changes to estimated claims liability	1,428,183
Claims paid	<u>(1,094,183)</u>
Ending balance of claims payable	<u>\$3,297,000</u>
Current Portion	<u>\$794,200</u>

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 9 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

*CalPERS Miscellaneous*

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and the City’s resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<b>Miscellaneous</b>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	22.811%	22.811%

**Employees Covered** – At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	<b>Miscellaneous</b>
Inactive employees or beneficiaries currently receiving benefits	210
Inactive employees entitled to but not yet receiving benefits	166
Active employees	152
Total	528

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 9 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)**

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**Net Pension Liability** - The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability follows.

**Changes in Net Pension Liability** – The changes in Net Pension Liability for the Miscellaneous Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2014</b>	\$111,576,919	\$83,387,543	\$28,189,376
<b>Changes in the year:</b>			
Service cost	2,097,851		2,097,851
Interest on the total pension liability	8,305,341		8,305,341
Changes of benefit terms			
Changes in assumptions	(2,047,078)		(2,047,078)
Differences between actual and expected experience	505,056		505,056
Plan to plan resource movement		(4)	4
Contribution - employer		2,511,337	(2,511,337)
Contribution - employee		968,827	(968,827)
Net investment income		1,866,002	(1,866,002)
Benefit payments, including refunds of employee contributions	(5,034,556)	(5,034,556)	
Administrative expense		(94,139)	94,139
<b>Net changes</b>	<u>3,826,614</u>	<u>217,467</u>	<u>3,609,147</u>
<b>Balance at June 30, 2015</b>	<u>\$115,403,533</u>	<u>\$83,605,010</u>	<u>\$31,798,523</u>

**CITY OF SAN BRUNO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 9 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)**

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the City’s proportionate share of the net pension liability, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.65%
Net Pension Liability	\$47,390,924
Current Discount Rate	7.65%
Net Pension Liability	\$31,798,523
1% Increase	8.65%
Net Pension Liability	\$18,956,248

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions** - For the year ended June 30, 2016, the City recognized pension expense of \$2,081,412. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$2,751,860	
Differences between actual and expected experience	310,804	
Changes in assumptions		\$1,259,740
Net differences between projected and actual earnings on plan investments	3,535,562	4,279,684
Total	\$6,598,226	\$5,539,424

\$2,751,860 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Year Ended June 30	Annual Amortization
2017	\$1,135,756
2018	898,520
2019	542,671
2020	(883,889)
2021	
Thereafter	

CITY OF SAN BRUNO

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 9 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)**

Actuarial assumptions and information regarding the discount rate are discussed below.

*CalPERS Safety*

The City's Safety Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by CalPERS. PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors two rate plans (two police) within the safety risk pool.

**Plan Description** - All qualified permanent and probationary employees are eligible to participate in the City's Safety Employee Pension Plans, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and the City's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 or 52, depending on hire date, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<b>Safety</b>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55+	50 - 57+
Monthly benefits, as a % of eligible compensation	3.00%	2.0%-2.7%
Required employee contribution rates	9.0%	11.5%
Required employer contribution rates	18.524%	11.153%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the cost-sharing plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability and side fund was \$1,291,237 in fiscal year 2016.

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 9 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)**

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, contributions to the Safety Plan were as follows:

	Plans
Contributions - employer	\$1,681,684

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions –** For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2016, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Safety Plans	\$29,972,747
Total Net Pension Liability	\$29,972,747

The City's net pension liability is measured as the proportionate share of each Plan's net pension liability. The net pension liability is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability as of June 30, 2014 and 2015 was as follows:

	Safety Plans
Proportion - June 30, 2014	0.68%
Proportion - June 30, 2015	0.73%
Change - Increase (Decrease)	0.05%

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 9 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)**

For the year ended June 30, 2016, the City recognized pension expense of \$2,694,436 for the Safety Plans. On June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$1,681,684	
Differences between actual and expected experience		\$330,790
Changes in assumptions		1,521,424
Net differences between projected and actual earnings on plan investments		771,067
Differences between actual contributions and proportional contributions		791,592
Adjustment due to differences in proportion		214,088
<b>Total</b>	<b>\$1,681,684</b>	<b>\$3,628,961</b>

\$1,681,684 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a component of pension expense in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2017	(\$907,240)
2018	(907,240)
2019	(907,240)
2020	(907,241)
2021	
Thereafter	

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the City's proportionate share of the net pension liability, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	Safety
1% Decrease	6.65%
Net Pension Liability	\$48,890,217
Current Discount Rate	7.65%
Net Pension Liability	\$29,972,747
1% Increase	8.65%
Net Pension Liability	\$14,460,769

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 9 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)**

Actuarial assumptions and information regarding the discount rate are discussed below.

Actuarial Assumptions – For the measurement period ended June 30, 2015, the total pension liabilities were determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

	All CalPERS Plans
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5% (1)
Mortality Rate Table	Derived using CalPers Membership Data for all Funds (2)

(1) Net of pension plan investment expenses, including inflation

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**Change of Assumptions** – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 7.65% percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**CITY OF SAN BRUNO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 9 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive Assets	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure & Forestland	2%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% is used this period.

(b) An expected inflation of 3.0% is used this period.

**NOTE 10 - 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 as a defined contribution plan. 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.

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 10 - POST-EMPLOYMENT HEALTHCARE PLAN (Continued)**

*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 CalPERS pension. Membership of the plan consisted of the following at June 30, 2015, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits:	131
Other participants fully eligible for benefits:	61
Other participants not yet fully eligible for benefits:	179
Total	<u>371</u>

*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 2015-16, the City's estimated benefit payment was \$1,251,900 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.

**NOTE 11 - 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, 2016, 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 12 - 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.

**NOTE 13 - RESTATEMENT**

It was determined during fiscal year 2016, the City's participation in a multiemployer health trust should disclose annual trust contributions rather than an Other Post-Employment Benefit (OPEB) liability. The \$17,915,600 OPEB liability was eliminated from the government-wide financial statements as a result, and the Statement of Activities was restated.

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***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF SAN BRUNO**

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

Prepared for City of San Bruno, an Agent Multiple-Employer Defined Pension Plan

As of fiscal year ending June 30, 2016

Last 10 Years\*

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

Measurement Date	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2016
<b>Total Pension Liability</b>		
Service Cost	\$2,202,577	\$2,097,851
Interest	7,873,939	8,305,341
Changes of benefit terms		
Differences between expected and actual experience		505,056
Changes in assumptions		(2,047,078)
Benefit payments, including refunds of employee contributions	(4,768,345)	(5,034,556)
<b>Net change in total pension liability</b>	5,308,171	3,826,614
<b>Total pension liability - beginning</b>	106,268,748	111,576,919
<b>Total pension liability - ending (a)</b>	<u>\$111,576,919</u>	<u>\$115,403,533</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$2,379,268	\$2,511,337
Contributions - employee	1,401,279	968,827
Net investment income	12,458,355	1,866,002
Benefit payments, including refunds of employee contributions	(4,768,345)	(5,034,556)
Administration expense	-	(94,139)
Other changes in Fiduciary net position		(4)
<b>Net change in plan fiduciary net position</b>	11,470,557	217,467
<b>Plan fiduciary net position - beginning</b>	71,916,986	83,387,543
<b>Plan fiduciary net position - ending (b)</b>	<u>\$83,387,543</u>	<u>\$83,605,010</u>
 Net pension liability - ending (a)-(b)	 <u>\$28,189,376</u>	 <u>\$31,798,523</u>
 Plan fiduciary net position as a percentage of the total pension liability	 74.74%	 72.45%
 Covered - employee payroll	 \$11,820,838	 \$11,798,276
 Net pension liability as percentage of covered-employee payroll	 238.47%	 269.52%

**Notes to Schedule:**

**Benefit changes.** In 2016, the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes in assumptions.** In 2016, the discount rate was changed from 7.5% to 7.65%.

\* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

**CITY OF SAN BRUNO**

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

Prepared for City of San Bruno, an Agent Multiple-Employer Defined Pension Plan  
As of Fiscal Year ending June 30, 2016  
Last 10 Years\*

**SCHEDULE OF CONTRIBUTIONS**

	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$2,379,268	\$2,751,860
Contributions in relation to the actuarially determined contributions	(2,379,268)	(2,751,860)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
Covered-employee payroll	\$11,820,838	\$11,798,276
Contributions as a percentage of covered-employee payroll	20.13%	23.32%
<b>Notes to Schedule</b>		
Valuation date:	6/30/2013	6/30/2013
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Inflation	2.75%	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service and type of employment	Varies by Age, Service and Type of Employment
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Safety, 57 yrs. Tier 2	55 yrs. Safety; 57 yrs. Tier 2
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2010 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale AA.

\* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

**CITY OF SAN BRUNO**

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

**Cost-Sharing Defined Pension Plan**  
As of fiscal year ending June 30, 2016  
Last 10 Years\*

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

	<u>Safety Plan</u>	<u>Safety Plan</u>
	<u>6/30/2015</u>	<u>6/30/2016</u>
Plan's Proportion of the Net Pension Liability/Asset	0.40726%	0.72742%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$25,341,888	\$29,972,747
Plan's Covered-Employee Payroll	\$8,998,421	\$9,614,942
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered-Employee Payroll	281.63%	311.73%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	81.42%	21.72%

\* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

**CITY OF SAN BRUNO**

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

**Cost-Sharing Defined Pension Plan  
As of fiscal year ending June 30, 2016  
Last 10 Years\*  
SCHEDULE OF CONTRIBUTIONS**

	<u>Safety Plan</u>	<u>Safety Plan</u>
	<u>6/30/2015</u>	<u>6/30/2016</u>
Actuarially determined contribution	\$2,600,052	\$1,681,684
Contributions in relation to the actuarially determined contributions	<u>(2,600,052)</u>	<u>(1,681,684)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
Covered-employee payroll	\$8,998,421	\$9,614,942
Contributions as a percentage of covered-employee payroll	28.89%	17.49%
<b>Notes to Schedule</b>		
Valuation date:	6/30/2013	6/30/2014
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Inflation	2.75%	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service and type of employment	Varies by Age, Service and Type of Employment
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Safety, 57 yrs. Tier 2 The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.	55 yrs. Safety; 57 yrs. Tier 2 The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2010 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale AA.
Mortality		

\* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

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## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

**In Lieu** – Accounts for funds received to substitute for standard fees utilized for particular purposes.

**Agency on Aging** – Accounts for funds for senior services.

**Federal/State Grants** – Accounts for activities for the City's grants.

**Gas Tax** – Accounts for funds received and expended for street maintenance purposes as defined in sections 2103, 2105, 2106, 2107, 2107.5 of the Streets and Highway Code.

**Library** – Accounts for funds received for Library programs and operations.

**Police Asset Seizure** – 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.

**Streets** – Accounts for funds dedicated to street improvement and mitigation.

**Traffic Safety** – Accounts for traffic safety funds.

**City of San Bruno as Successor Housing Agency** – Accounts for housing assets and functions previously performed by the former Redevelopment Agency.

**Emergency Disaster Reserve** – Accounts for funds committed by City Council to be used in the event of a declaration of emergency that requires the expenditure of funds outside of the adopted budget. There are no major sources of revenues for this fund.

**Measure A Transportation Tax** – Accounts for funds received to be used for local transportation purposes. The revenues consist primarily of revenues received from Measure A sales tax passed to the City by San Mateo County.

### CAPITAL PROJECT FUNDS

**Capital Improvement Reserve** – Accounts for funds committed by City Council to be used for projects and initiatives throughout the City that have no other identifiable funding source. There are no major sources of revenues for this fund.

**Street Improvement** – Accounts for funds expended for transportation infrastructure such as street rehabilitation, streetlights, traffic signals and street medians.

**General** – Accounts for funds expended on the improvement and development of the City's facilities, infrastructure and major equipment used to deliver services to the community.

### DEBT SERVICE FUND

**General** – Accounts for funds related to the fire apparatus lease purchase and 2013 Pension Obligation Bond principal and interest payments.

**CITY OF SAN BRUNO**  
**Combining Balance Sheet**  
Nonmajor Governmental Funds  
June 30, 2016  
(with comparative totals for June 30, 2015)

	Special Revenue Funds			
	In-Lieu	Agency on Aging	Federal/State Grants	Gas Tax
<b>ASSETS</b>				
Cash and investments	\$3,540,941	\$1,645	\$57,056	\$28,141
Cash and investments with fiscal agents				
Receivables:				
Taxes				17,257
Interest				
Intergovernmental grants				
Loans				
Other		40,214	15,444	
<b>Total assets</b>	<u>\$3,540,941</u>	<u>\$41,859</u>	<u>\$72,500</u>	<u>\$45,398</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$7,500	\$9,298	\$18,500	
Due to other funds				
Unearned revenue			54,000	
<b>Total liabilities</b>	<u>7,500</u>	<u>9,298</u>	<u>72,500</u>	
<b>Fund Balances:</b>				
Nonspendable				
Restricted	3,533,441	32,561		\$45,398
Committed				
Unassigned				
<b>Total fund balances (deficits)</b>	<u>3,533,441</u>	<u>32,561</u>		<u>45,398</u>
<b>Total liabilities and fund balances</b>	<u>\$3,540,941</u>	<u>\$41,859</u>	<u>\$72,500</u>	<u>\$45,398</u>

Special Revenue Funds

Library Special Revenue	Police Asset Seizure	Police Special Revenue	SB 322 Recycling/Litter Clean-up	Restricted Donations	Streets
\$165,031	\$123,952	\$41,227	\$261,144	\$1,128,908	\$314,024
		763	7,819	60,781	
<u>\$165,031</u>	<u>\$123,952</u>	<u>\$41,990</u>	<u>\$268,963</u>	<u>\$1,189,689</u>	<u>\$314,024</u>
				\$7,767	
				<u>7,767</u>	
\$165,031	\$123,952	\$41,990	\$268,963	1,181,922	\$314,024
<u>165,031</u>	<u>123,952</u>	<u>41,990</u>	<u>268,963</u>	<u>1,181,922</u>	<u>314,024</u>
<u>\$165,031</u>	<u>\$123,952</u>	<u>\$41,990</u>	<u>\$268,963</u>	<u>\$1,189,689</u>	<u>\$314,024</u>

(Continued)

**CITY OF SAN BRUNO**  
**Combining Balance Sheet**  
Nonmajor Governmental Funds, Continued  
June 30, 2016  
(with comparative totals for June 30, 2015)

	Special Revenue Fund			
	Traffic Safety	City as Successor Housing Agency	Emergency Disaster Reserve	Measure A Transportation Tax
<b>ASSETS</b>				
Cash and investments		\$411,129	\$3,055,526	\$1,361,832
Cash and investments with fiscal agents				
Receivables:				
Taxes				
Interest			4,157	
Intergovernmental grants				
Loans		90,000		
Other				
<b>Total assets</b>		<u>\$501,129</u>	<u>\$3,059,683</u>	<u>\$1,361,832</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities				
Due to other funds				
Unearned revenue				
<b>Total liabilities</b>				
<b>Fund Balances:</b>				
Nonspendable		\$90,000		
Restricted		411,129		\$1,361,832
Committed			\$3,059,683	
Unassigned				
<b>Total fund balances (deficits)</b>		<u>501,129</u>	<u>3,059,683</u>	<u>1,361,832</u>
<b>Total liabilities and fund balances</b>		<u>\$501,129</u>	<u>\$3,059,683</u>	<u>\$1,361,832</u>

Capital Improvement Reserve	Capital Projects Fund		Debt Service Fund	Non-major funds	
	Street Improvement Capital Projects Fund	General	General	Totals	
				2016	2015
	\$2,129,132	\$2,738,053		\$15,357,741	\$8,191,442
			\$16	16	
				17,257	27,844
				4,157	
					21,742
				90,000	90,000
	148,438			273,459	1,336
	<u>\$2,277,570</u>	<u>\$2,738,053</u>	<u>\$16</u>	<u>\$15,742,630</u>	<u>\$8,332,364</u>
	\$681,477	\$251,684		\$976,226	\$72,983
					64,812
				54,000	10,829
	<u>681,477</u>	<u>251,684</u>		<u>1,030,226</u>	<u>148,624</u>
				90,000	
	1,596,093	2,486,369	\$16	11,562,721	8,264,669
				3,059,683	
					(80,929)
	<u>1,596,093</u>	<u>2,486,369</u>	<u>16</u>	<u>14,712,404</u>	<u>8,183,740</u>
	<u>\$2,277,570</u>	<u>\$2,738,053</u>	<u>\$16</u>	<u>\$15,742,630</u>	<u>\$8,332,364</u>

**CITY OF SAN BRUNO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2016**  
(with comparative totals for the year ended June 30, 2015)

	Special Revenue Funds			
	In-Lieu	Agency on Aging	Federal/State Grants	Gas Tax
<b>REVENUES:</b>				
Taxes				\$976,525
Licenses and permits				
Use of money & property	\$25,972	\$6	\$183	2,172
Intergovernmental		159,465	87,789	
Charges for services				
Fines and forfeitures				
Investment income (loss)				
Other revenues		83,334		
<b>Total revenues</b>	<u>25,972</u>	<u>242,805</u>	<u>87,972</u>	<u>978,697</u>
<b>EXPENDITURES:</b>				
Current:				
General government			48,160	
Public safety			36,567	
Public works				
Highways and streets				1,421
Parks and recreation		164,994		
Library				
Community development	37,500			
Capital outlay				
Debt service:				
Principal				
Interest and fiscal charges				
<b>Total expenditures</b>	<u>37,500</u>	<u>164,994</u>	<u>84,727</u>	<u>1,421</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(11,528)</u>	<u>77,811</u>	<u>3,245</u>	<u>977,276</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in			18,674	
Transfers out				(1,607,900)
<b>Total other financing sources and uses</b>			<u>18,674</u>	<u>(1,607,900)</u>
<b>Net change in fund balances</b>	<u>(11,528)</u>	<u>77,811</u>	<u>21,919</u>	<u>(630,624)</u>
<b>FUND BALANCES:</b>				
Beginning of year	3,544,969	(45,250)	(21,919)	676,022
End of year	<u>\$3,533,441</u>	<u>\$32,561</u>		<u>\$45,398</u>

Special Revenue Funds

Library Special Revenue	Police Asset Seizure	Police Special Revenue	SB 322 Recycling/Litter Clean-up	Restricted Donations	Streets
				\$128,937	
\$1,270	\$678	\$467	\$1,932	8,539	\$2,293
		125,052	11,628		
	64,960		7,818	213,307	
			75,809	66,743	
1,270	65,638	125,519	97,187	417,526	2,293
				93,532	
				24,032	
			75,199		
				14,011	
				6,849	
				9,436	
			75,199	147,860	
1,270	65,638	125,519	21,988	269,666	2,293
(39,000)		(100,000)		(20,100)	
(39,000)		(100,000)		(20,100)	
(37,730)	65,638	25,519	21,988	249,566	2,293
202,761	58,314	16,471	246,975	932,356	311,731
\$165,031	\$123,952	\$41,990	\$268,963	\$1,181,922	\$314,024

(Continued)

**CITY OF SAN BRUNO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
 Nonmajor Governmental Funds, Continued  
 For the year ended June 30, 2016  
 (with comparative totals for the year ended June 30, 2015)

	Special Revenue Fund			
	Traffic Safety	City as Successor Housing Agency	Emergency Disaster Reserve	Measure A Transportation Tax
<b>REVENUES:</b>				
Taxes				\$907,607
Licenses and permits				
Use of money & property	\$238		\$12,955	8,393
Intergovernmental		\$169,477		
Charges for services				
Fines and forfeitures				
Investment income (loss)				
Other revenues				
<b>Total revenues</b>	<u>238</u>	<u>169,477</u>	<u>12,955</u>	<u>916,000</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Public safety				
Public works				
Highways and streets				
Parks and recreation				
Library				
Community development				
Capital outlay				
Debt service:				
Principal				
Interest and fiscal charges				
<b>Total expenditures</b>				
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>238</u>	<u>169,477</u>	<u>12,955</u>	<u>916,000</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in				
Transfers out	(62,259)			(2,003,901)
<b>Total other financing sources and uses</b>	<u>(62,259)</u>			<u>(2,003,901)</u>
<b>Net change in fund balances</b>	(62,021)	169,477	12,955	(1,087,901)
<b>FUND BALANCES:</b>				
Beginning of year	62,021	331,652	3,046,728	2,449,733
End of year	<u>62,021</u>	<u>\$501,129</u>	<u>\$3,059,683</u>	<u>\$1,361,832</u>

Capital Improvement Reserve	Capital Projects Fund		Debt Service Fund	Non-major funds Totals	
	Street Improvement Capital Projects Fund	General	General	2016	2015
				\$1,884,132	\$1,270,588
				128,937	134,449
\$512	\$134,505		\$17	65,627	
				687,916	786,806
				221,125	78,147
				64,960	36,142
					43,947
	82,999	\$9,874		318,759	86,223
512	217,504	9,874	17	3,371,456	2,436,302
				141,692	509,414
				60,599	90,283
					56,334
				76,620	1,416
				179,005	785,141
				6,849	14,603
				46,936	32,210
	4,506,095	631,284		5,137,379	225,737
			829,272	829,272	818,289
			386,635	386,635	399,660
	4,506,095	631,284	1,215,907	6,864,987	2,933,087
512	(4,288,591)	(621,410)	(1,215,890)	(3,493,531)	(496,785)
3,000,000	3,421,801	1,285,500	1,215,903	8,941,878	2,555,241
(10,194,055)		(45,355)		(14,072,570)	(1,796,595)
(7,194,055)	3,421,801	1,240,145	1,215,903	(5,130,692)	758,646
(7,193,543)	(866,790)	618,735	13	(8,624,223)	261,861
7,193,543	2,462,883	1,867,634	3	23,336,627	7,921,879
	\$1,596,093	\$2,486,369	\$16	\$14,712,404	\$8,183,740

**CITY OF SAN BRUNO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
Nonmajor Governmental Funds  
Budget and Actual  
For the year ended June 30, 2016

	SPECIAL REVENUE FUNDS					
	In-Lieu			Agency on Aging		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Taxes						
Licenses and permits						
Use of money & property	\$16,500	\$25,972	\$9,472		\$6	\$6
Intergovernmental				\$119,405	159,465	40,060
Charges for services						
Fines and forfeitures						
Other revenues				64,000	83,334	19,334
<b>Total revenues</b>	<u>16,500</u>	<u>25,972</u>	<u>9,472</u>	<u>183,405</u>	<u>242,805</u>	<u>59,400</u>
<b>EXPENDITURES:</b>						
Current:						
General government						
Public safety						
Public works						
Highways and streets						
Parks and recreation				119,405	164,994	(45,589)
Library						
Community development	43,500	37,500	6,000			
Capital outlay						
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total expenditures</b>	<u>43,500</u>	<u>37,500</u>	<u>6,000</u>	<u>119,405</u>	<u>164,994</u>	<u>(45,589)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(27,000)</u>	<u>(11,528)</u>	<u>15,472</u>	<u>64,000</u>	<u>77,811</u>	<u>13,811</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in						
Transfers out				(64,000)		64,000
<b>Total other financing sources and uses</b>				<u>(64,000)</u>		<u>64,000</u>
<b>Net change in fund balances</b>	<u>(27,000)</u>	<u>(11,528)</u>	<u>15,472</u>		<u>77,811</u>	<u>77,811</u>
<b>FUND BALANCES:</b>						
Beginning of year	<u>3,544,969</u>	<u>3,544,969</u>		<u>(45,250)</u>	<u>(45,250)</u>	
End of year	<u>\$3,517,969</u>	<u>\$3,533,441</u>	<u>\$15,472</u>	<u>(\$45,250)</u>	<u>\$32,561</u>	<u>\$77,811</u>

SPECIAL REVENUE FUNDS

Federal/State Grants			Gas Tax			Library Special Revenue		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$940,946	\$976,525	\$35,579			
\$90,000	\$183 87,789	\$183 (2,211)	3,000	2,172	(828)	\$800	\$1,270	\$470
90,000	87,972	(2,028)	943,946	978,697	34,751	800	1,270	470
90,000	48,160 36,567	41,840 (36,567)						
			1,500	1,421	79			
90,000	84,727	5,273	1,500	1,421	79			
	3,245	(7,301)	942,446	977,276	34,672	800	1,270	470
	18,674	18,674	(1,607,900)	(1,607,900)		(39,000)	(39,000)	
	18,674	18,674	(1,607,900)	(1,607,900)		(39,000)	(39,000)	
	21,919	11,373	(665,454)	(630,624)	34,672	(38,200)	(37,730)	470
(21,919)	(21,919)		676,022	676,022		202,761	202,761	
(\$21,919)		\$11,373	\$10,568	\$45,398	\$34,672	\$164,561	\$165,031	\$470

(Continued)

**CITY OF SAN BRUNO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
 Nonmajor Governmental Funds  
 Budget and Actual  
 For the year ended June 30, 2016

	SPECIAL REVENUE FUNDS					
	Police Asset Seizure			Police Special Revenue		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Taxes						
Licenses and permits						
Use of money & property	\$200	\$678	\$478		\$467	\$467
Intergovernmental				\$100,000	125,052	25,052
Charges for services						
Fines and forfeitures		64,960	64,960			
Other revenues						
<b>Total revenues</b>	<u>200</u>	<u>65,638</u>	<u>65,438</u>	<u>100,000</u>	<u>125,519</u>	<u>25,519</u>
<b>EXPENDITURES:</b>						
Current:						
General government						
Public safety						
Public works						
Highways and streets						
Parks and recreation						
Library						
Community development						
Capital outlay						
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total expenditures</b>						
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>200</u>	<u>65,638</u>	<u>65,438</u>	<u>100,000</u>	<u>125,519</u>	<u>25,519</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in						
Transfers out				(100,000)	(100,000)	
<b>Total other financing sources and uses</b>				<u>(100,000)</u>	<u>(100,000)</u>	
<b>Net change in fund balances</b>	<u>200</u>	<u>65,638</u>	<u>65,438</u>		<u>25,519</u>	<u>25,519</u>
<b>FUND BALANCES:</b>						
Beginning of year	58,314	58,314		16,471	16,471	
End of year	<u>\$58,514</u>	<u>\$123,952</u>	<u>\$65,438</u>	<u>\$16,471</u>	<u>\$41,990</u>	<u>\$25,519</u>

SPECIAL REVENUE FUNDS

SB 322 Recycling/Litter Clean-up			Restricted Donation			Streets		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$105,000	\$128,937	\$23,937			
\$600	\$1,932	\$1,332	1,920	8,539	6,619	\$1,000	\$2,293	\$1,293
11,000	11,628	628						
	7,818	7,818	8,000	213,307	205,307			
71,026	75,809	4,783		66,743	66,743			
82,626	97,187	14,561	114,920	417,526	302,606	1,000	2,293	1,293
			9,863	93,532	(83,669)			
			36,600	24,032	12,568			
76,920	75,199	1,721						
				14,011	(14,011)			
			13,000	6,849	6,151			
			25,000	9,436	15,564			
76,920	75,199	1,721	84,463	147,860	(63,397)			
5,706	21,988	12,840	30,457	269,666	366,003	1,000	2,293	1,293
			(9,100)	(20,100)	(11,000)			
			(9,100)	(20,100)	(11,000)			
5,706	21,988	12,840	21,357	249,566	355,003	1,000	2,293	1,293
246,975	246,975		932,356	932,356		311,731	311,731	
\$252,681	\$268,963		\$953,713	\$1,181,922	\$355,003	\$312,731	\$314,024	\$1,293

(Continued)

**CITY OF SAN BRUNO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
 Nonmajor Governmental Funds  
 Budget and Actual  
 For the year ended June 30, 2016

	SPECIAL REVENUE FUNDS					
	Traffic Safety			City as Housing Agency		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>						
Taxes						
Licenses and permits						
Use of money & property		\$238	\$238			
Intergovernmental					\$169,477	\$169,477
Charges for services						
Fines and forfeitures						
Other revenues						
<b>Total revenues</b>		<u>238</u>	<u>238</u>		<u>169,477</u>	<u>169,477</u>
<b>EXPENDITURES:</b>						
Current:						
General government						
Public safety						
Public works						
Highways and streets						
Parks and recreation						
Library						
Community development						
Capital outlay						
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total expenditures</b>						
<b>REVENUES OVER (UNDER) EXPENDITURES</b>		<u>238</u>	<u>238</u>		<u>169,477</u>	<u>169,477</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in						
Transfers out		(62,259)	(62,259)			
<b>Total other financing     sources and uses</b>		<u>(62,259)</u>	<u>(62,259)</u>			
<b>Net change in fund balances</b>		<u>(62,021)</u>	<u>(62,021)</u>		<u>169,477</u>	<u>169,477</u>
<b>FUND BALANCES:</b>						
Beginning of year	\$62,021	62,021		\$331,652	331,652	
End of year	<u>\$62,021</u>		<u>(\$62,021)</u>	<u>\$331,652</u>	<u>\$501,129</u>	<u>\$169,477</u>

SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND		
Emergency Disaster Reserve			Measure A Transportation Tax			Capital Improvement Reserve		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$952,520	\$907,607	(\$44,913)			
\$7,800	\$12,955	\$5,155	5,000	8,393	3,393		\$512	\$512
<u>7,800</u>	<u>12,955</u>	<u>5,155</u>	<u>957,520</u>	<u>916,000</u>	<u>(41,520)</u>		<u>512</u>	<u>512</u>
<u>7,800</u>	<u>12,955</u>	<u>5,155</u>	<u>957,520</u>	<u>916,000</u>	<u>(41,520)</u>		<u>512</u>	<u>512</u>
			(3,160,553)	(2,003,901)	1,156,652	(\$2,016,375)	3,000,000	3,000,000
			(3,160,553)	(2,003,901)	1,156,652	(2,016,375)	(10,194,055)	(8,177,680)
7,800	12,955	5,155	(2,203,033)	(1,087,901)	1,115,132	(2,016,375)	(7,194,055)	(5,177,680)
3,046,728	3,046,728		2,449,733	2,449,733		7,193,543	7,193,543	
<u>\$3,054,528</u>	<u>\$3,059,683</u>	<u>\$5,155</u>	<u>\$246,700</u>	<u>\$1,361,832</u>	<u>\$1,115,132</u>	<u>\$5,177,168</u>		<u>(\$5,177,168)</u>

(Continued)

**CITY OF SAN BRUNO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
Nonmajor Governmental Funds  
Budget and Actual  
For the year ended June 30, 2016

	CAPITAL PROJECTS FUND			CAPITAL PROJECTS FUND		
	Street Improvement		Variance Positive (Negative)	General		Variance Positive (Negative)
	Budget	Actual		Budget	Actual	
<b>REVENUES:</b>						
Taxes						
Licenses and permits						
Use of money & property						
Intergovernmental	\$3,767,395	\$134,505	(\$3,632,890)			
Charges for services						
Fines and forfeitures						
Other revenues		82,999	82,999	\$9,874	\$9,874	
<b>Total revenues</b>	<u>3,767,395</u>	<u>217,504</u>	<u>(3,549,891)</u>	<u>9,874</u>	<u>9,874</u>	
<b>EXPENDITURES:</b>						
Current:						
General government						
Public safety						
Public works						
Highways and streets						
Parks and recreation						
Library						
Community development						
Capital outlay	10,642,212	4,506,095	6,136,117	\$2,904,117	631,284	2,272,833
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total expenditures</b>	<u>10,642,212</u>	<u>4,506,095</u>	<u>6,136,117</u>	<u>2,904,117</u>	<u>631,284</u>	<u>2,272,833</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,874,817)</u>	<u>(4,288,591)</u>	<u>2,586,226</u>	<u>(2,904,117)</u>	<u>(621,410)</u>	<u>2,282,707</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	4,578,453	3,421,801	1,156,652	1,285,500	1,285,500	
Transfers out				(45,355)	(45,355)	
<b>Total other financing sources and uses</b>	<u>4,578,453</u>	<u>3,421,801</u>	<u>1,156,652</u>	<u>1,240,145</u>	<u>1,240,145</u>	
<b>Net change in fund balances</b>	<u>(2,296,364)</u>	<u>(866,790)</u>	<u>3,742,878</u>	<u>(1,663,972)</u>	<u>618,735</u>	<u>2,282,707</u>
<b>FUND BALANCES:</b>						
Beginning of year	2,462,883	2,462,883		1,867,634	1,867,634	
End of year	<u>\$166,519</u>	<u>\$1,596,093</u>	<u>\$3,742,878</u>	<u>\$203,662</u>	<u>\$2,486,369</u>	<u>\$2,282,707</u>

DEBT SERVICE FUND

General

Budget	Actual	Variance Positive (Negative)
	\$17	\$17
	17	17
\$829,271	829,272	(1)
384,941	386,635	(1,694)
1,214,212	1,215,907	(1,695)
(1,214,212)	(1,215,890)	(1,678)
1,214,212	1,215,903	1,691
1,214,212	1,215,903	1,691
	13	13
3	3	
\$3	\$16	\$13

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## INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. For the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments, which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

**Central Garage** – To account for the City’s fleet of vehicles.

**Self-Insurance** – To account for the City’s coverage for Workers Compensation and General Liability insurance.

**General Equipment Revolving** – To account for the City’s equipment replacement funds.

**Technology Development** – To account for the interdepartmental services provided by the Information Technology division.

**Facilities Management** – To account for the interdepartmental services provided by the Facilities Management Division.

City of San Bruno  
Combining Statement of Fund Net Position  
Internal Service Funds  
June 30, 2016  
(with comparative totals for June 30, 2015)

	Central Garage	Self- Insurance	General Equipment Revolving	Technology Development
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$656,263	\$2,596,381		\$255,067
Cash and investments held by trustees		91,119		
Accounts receivable				
Prepaid items	7,000			9,348
Total current assets	<u>663,263</u>	<u>2,687,500</u>		<u>264,415</u>
Noncurrent assets:				
Advances to fiduciary funds				
Capital assets (net)				17,796
Total noncurrent assets				<u>17,796</u>
<b>Total assets</b>	<u><u>\$663,263</u></u>	<u><u>\$2,687,500</u></u>		<u><u>\$282,211</u></u>
<b>LIABILITIES</b>				
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	\$41,587	\$186,119		\$5,835
Compensated absences	4,132			41,920
Liability for claims		794,200		
Total current liabilities	<u>45,719</u>	<u>980,319</u>		<u>47,755</u>
Noncurrent liabilities:				
Compensated absences	9,641			15,902
Liability for claims		2,502,800		
Total noncurrent liabilities	<u>9,641</u>	<u>2,502,800</u>		<u>15,902</u>
<b>Total liabilities</b>	<u><u>55,360</u></u>	<u><u>3,483,119</u></u>		<u><u>63,657</u></u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt				17,796
Unrestricted net position	607,903	(795,619)		200,758
<b>Total net position</b>	<u>607,903</u>	<u>(795,619)</u>		<u>218,554</u>
<b>Total liabilities and net position</b>	<u><u>\$663,263</u></u>	<u><u>\$2,687,500</u></u>		<u><u>\$282,211</u></u>

Facilities Maintenance	Totals	
	2016	2015
\$688,393	\$4,196,104	\$9,154,455
	91,119	91,119
		4,872
	16,348	12,905
<u>688,393</u>	<u>4,303,571</u>	<u>9,263,351</u>
		2,107,255
25,200	42,996	
<u>25,200</u>	<u>42,996</u>	<u>2,107,255</u>
<u>\$713,593</u>	<u>\$4,346,567</u>	<u>\$11,370,606</u>
\$51,350	\$284,891	\$220,330
43,163	89,215	82,279
	794,200	
<u>94,513</u>	<u>1,168,306</u>	<u>302,609</u>
7,335	32,878	49,838
	2,502,800	2,963,000
<u>7,335</u>	<u>2,535,678</u>	<u>3,012,838</u>
<u>101,848</u>	<u>3,703,984</u>	<u>3,315,447</u>
25,200	42,996	
<u>586,545</u>	<u>599,587</u>	<u>8,055,159</u>
<u>611,745</u>	<u>642,583</u>	<u>8,055,159</u>
<u>\$713,593</u>	<u>\$4,346,567</u>	<u>\$11,370,606</u>

**CITY OF SAN BRUNO**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
Internal Service Funds  
For the year ended June 30, 2016  
(with comparative totals for the year ended June 30, 2015)

	<u>Central Garage</u>	<u>Self- Insurance</u>	<u>General Equipment Revolving</u>	<u>Technology Development</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$624,375	\$2,027,497	\$20,785	\$721,611
Insurance cost allocation				
<b>Total operating revenues</b>	<u>624,375</u>	<u>2,027,497</u>	<u>20,785</u>	<u>721,611</u>
<b>OPERATING EXPENSES:</b>				
Central garage	568,917			
Insurance premiums, claims and administration		2,642,601		
Equipment			395,331	
Technology				652,293
Facilities				
Depreciation				6,844
<b>Total operating expenses</b>	<u>568,917</u>	<u>2,642,601</u>	<u>395,331</u>	<u>659,137</u>
<b>OPERATING INCOME (LOSS)</b>	<u>55,458</u>	<u>(615,104)</u>	<u>(374,546)</u>	<u>62,474</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Transfer from other funds				
Transfer (to) other funds			(6,431,097)	
<b>Total non-operating revenue (expense)</b>			<u>(6,431,097)</u>	
<b>CHANGE IN NET POSITION</b>	55,458	(615,104)	(6,805,643)	62,474
<b>NET POSITION:</b>				
Beginning of year	<u>552,445</u>	<u>(180,515)</u>	<u>6,805,643</u>	<u>156,080</u>
End of year	<u>\$607,903</u>	<u>(\$795,619)</u>	<u></u>	<u>\$218,554</u>

Facilities Maintenance	Totals	
	2016	2015
\$1,154,701	\$4,548,969	\$2,297,526
		2,499,144
1,154,701	4,548,969	4,796,670
	568,917	616,768
	2,642,601	1,785,592
	395,331	354,478
	652,293	669,095
1,261,809	1,261,809	1,053,538
2,653	9,497	
1,264,462	5,530,448	4,479,471
(109,761)	(981,479)	317,199
		430,584
	(6,431,097)	(30,000)
	(6,431,097)	400,584
(109,761)	(7,412,576)	717,783
721,506	8,055,159	7,337,376
\$611,745	\$642,583	\$8,055,159

**City of San Bruno**  
**Combining Statement of Cash Flows**  
Internal Service Funds  
For the year ended June 30, 2016  
(with comparative amounts for the year ended June 30, 2015)

	Central Garage	Self- Insurance	General Equipment Revolving	Technology Development
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from other funds for services	\$622,694	\$2,027,497	\$20,785	\$714,943
Cash payments to suppliers for goods and services	(572,510)	(2,524,764)	(442,968)	(654,132)
Cash reimbursements for loss claims		334,000		
<b>Net cash provided (used) by operating activities</b>	<u>50,184</u>	<u>(163,267)</u>	<u>(422,183)</u>	<u>60,811</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Advance repayments from fiduciary funds			2,107,255	
Transfers received from other funds				
Transfers paid to other funds			(6,431,097)	
<b>Net cash provided by noncapital financing activities</b>			<u>(4,323,842)</u>	
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>				
Acquisition of capital assets				(24,640)
<b>Net cash provided by capital financing activities</b>				<u>(24,640)</u>
<b>Net increase in cash and cash equivalents</b>	<u>50,184</u>	<u>(163,267)</u>	<u>(4,746,025)</u>	<u>36,171</u>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	606,079	2,850,767	4,746,025	218,896
End of year	<u>\$656,263</u>	<u>\$2,687,500</u>	<u>\$4,746,025</u>	<u>\$255,067</u>
<b>Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:</b>				
Income (loss) from operations	\$55,458	(\$615,104)	(\$374,546)	\$62,474
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation				6,844
(Increase) decrease in current assets:				
Accounts receivable				4,872
Prepaid items	(7,000)			3,557
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	3,407	117,837	(47,637)	(5,396)
Due to other funds				
Compensated absences	(1,681)			(11,540)
Increase (decrease) in claims liability - current & noncurrent		334,000		
<b>Net cash provided (used) by operating activities</b>	<u>\$50,184</u>	<u>(\$163,267)</u>	<u>(\$422,183)</u>	<u>\$60,811</u>
<b>Presentation in Statement of Net Position:</b>				
Cash and investments	\$656,263	\$2,596,381		\$255,067
Cash and investments held by trustees		91,119		
<b>Total Cash and Cash Equivalents, End of Year</b>	<u>\$656,263</u>	<u>\$2,687,500</u>	<u>\$4,746,025</u>	<u>\$255,067</u>

Facilities Maintenance	Totals	
	2016	2015
\$1,157,898	\$4,543,817	\$4,791,798
(1,265,459)	(5,459,833)	(4,452,404)
	334,000	(323,000)
<u>(107,561)</u>	<u>(582,016)</u>	<u>16,394</u>
	2,107,255	605,009
		430,584
	(6,431,097)	(30,000)
	<u>(4,323,842)</u>	<u>1,005,593</u>
(27,853)	(52,493)	
<u>(27,853)</u>	<u>(52,493)</u>	
(135,414)	(4,958,351)	1,021,987
823,807	9,245,574	8,223,587
<u>\$688,393</u>	<u>\$4,287,223</u>	<u>\$9,245,574</u>
(109,761)	(981,479)	\$317,199
2,653	9,497	
	4,872	(4,872)
	(3,443)	(12,905)
(3,650)	64,561	70,352
3,197	(10,024)	(30,380)
	334,000	(323,000)
<u>(107,561)</u>	<u>(\$582,016)</u>	<u>\$16,394</u>
\$688,393	\$4,196,104	\$9,154,455
	91,119	91,119
<u>\$688,393</u>	<u>\$4,287,223</u>	<u>\$9,245,574</u>

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## AGENCY FUNDS

Agency Funds are presented separately from the Government-wide and Fund financial statements.

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

**Project Development** – Accounts for funds from Developers to reimburse the City for all costs associated with processing project applications.

**San Bruno Garbage Company** – Accounts for funds the City collects on behalf of Recology San Bruno to provide all garbage related services.

**San Bruno Community Foundation** – Accounts for PG&E restitution funds held by the City in custodial accounts for the benefit of the Foundation.

**CITY OF SAN BRUNO**  
**Combining Statement of Assets and Liabilities**  
 Fiduciary Funds  
 June 30, 2016  
 (with comparative totals for June 30, 2015)

	<b>Project Development</b>	<b>San Bruno Garbage Company</b>	<b>Totals</b>	
			<b>2016</b>	<b>2015</b>
<b>ASSETS</b>				
Cash and investments	\$91,305	\$407,478	\$498,783	\$70,392,457
Accounts receivable		478,620	478,620	411,938
<b>Total assets</b>	<b>\$91,305</b>	<b>\$886,098</b>	<b>\$977,403</b>	<b>\$70,804,395</b>
<b>LIABILITIES</b>				
Accounts payable	\$15,671	\$884,338	\$900,009	\$904,438
Due to San Bruno Community Foundation				69,745,298
Other liabilities	75,634	1,760	77,394	154,659
<b>Total liabilities</b>	<b>\$91,305</b>	<b>\$886,098</b>	<b>\$977,403</b>	<b>\$70,804,395</b>

**CITY OF SAN BRUNO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>PROJECT DEVELOPMENT</b>				
<b>ASSETS</b>				
Cash and investments	\$173,338		(\$82,033)	\$91,305
<b>Total assets</b>	<b>\$173,338</b>		<b>(\$82,033)</b>	<b>\$91,305</b>
<b>LIABILITIES</b>				
Accounts payable	\$20,061		(\$4,390)	\$15,671
Other liabilities	153,277		(77,643)	75,634
<b>Total liabilities</b>	<b>\$173,338</b>		<b>(\$82,033)</b>	<b>\$91,305</b>
<b>SAN BRUNO GARBAGE COMPANY</b>				
<b>ASSETS</b>				
Cash and investments	\$473,822		(\$66,344)	\$407,478
Accounts receivable	411,937	\$66,683		478,620
<b>Total assets</b>	<b>\$885,759</b>	<b>\$66,683</b>	<b>(\$66,344)</b>	<b>\$886,098</b>
<b>LIABILITIES</b>				
Accounts payable	\$884,377		(\$39)	\$884,338
Other liabilities	1,382	\$378		1,760
<b>Total liabilities</b>	<b>\$885,759</b>	<b>\$378</b>	<b>(\$39)</b>	<b>\$886,098</b>
<b>SAN BRUNO COMMUNITY FOUNDATION</b>				
<b>ASSETS</b>				
Cash and investments	\$69,745,298		(\$69,745,298)	
<b>Total assets</b>	<b>\$69,745,298</b>		<b>(\$69,745,298)</b>	
<b>LIABILITIES</b>				
Due to San Bruno Community Foundation	\$70,236,329		(\$70,236,329)	
Other liabilities	(491,031)	\$491,031		
<b>Total liabilities</b>	<b>\$69,745,298</b>	<b>\$491,031</b>	<b>(\$70,236,329)</b>	
<b>TOTAL OF ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$70,392,458		(\$69,893,675)	\$498,783
Accounts receivable	411,937	\$66,683		478,620
<b>Total assets</b>	<b>\$70,804,395</b>	<b>\$66,683</b>	<b>(\$69,893,675)</b>	<b>\$977,403</b>
<b>LIABILITIES</b>				
Accounts payable	\$904,438		(\$4,429)	\$900,009
Due to San Bruno Community Foundation	70,236,329		(70,236,329)	
Other liabilities	(336,372)	\$491,409	(77,643)	77,394
<b>Total liabilities</b>	<b>\$70,804,395</b>	<b>\$491,409</b>	<b>(\$70,318,401)</b>	<b>\$977,403</b>

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## STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

### ***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

### ***Revenue Capacity***

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed Value and Actual Value of Taxable Property
2. Direct and Overlapping Property Tax Rates
3. Principal Property Taxpayers
4. Schedule of Top 40 Retail Businesses
5. Property Tax Levies and Collections

### ***Debt Capacity***

These schedules present 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:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage:
  - a. Wastewater Certificates of Participation
  - b. 2013 Wastewater Revenue Refunding Bonds

### ***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:

1. Demographic and Economic Statistics
2. Principal Employers

### ***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:

1. Full-Time Equivalent City Government Employees by Function/Program
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

### ***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 Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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**CITY OF SAN BRUNO**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental activities</b>					
Net investments in capital assets	\$ 36,889,081	\$ 37,073,294	\$ 38,094,423	\$ 38,157,248	\$ 36,981,386
Restricted	763,192	797,313	805,664	11,757,369	15,666,900
Unrestricted	17,200,880	18,670,800	17,282,898	6,174,871	5,382,344
Total governmental activities net position	<u>\$ 54,853,153</u>	<u>\$ 56,541,407</u>	<u>\$ 56,182,985</u>	<u>\$ 56,089,488</u>	<u>\$ 58,030,630</u>
<b>Business-type activities</b>					
Net investments in capital assets	\$ 26,319,885	\$ 22,821,582	\$ 29,548,513	\$ 29,617,094	\$ 30,706,799
Unrestricted	12,200,816	19,943,521	13,642,293	14,951,487	16,048,910
Total business-type activities net position	<u>\$ 38,520,701</u>	<u>\$ 42,765,103</u>	<u>\$ 43,190,806</u>	<u>\$ 44,568,581</u>	<u>\$ 46,755,709</u>
<b>Primary government</b>					
Net investments in capital assets	\$ 63,208,966	\$ 59,894,876	\$ 67,642,936	\$ 67,774,342	\$ 67,688,185
Restricted	763,192	797,313	805,664	11,757,369	15,666,900
Unrestricted	29,401,696	38,614,321	30,925,191	21,126,358	21,431,254
Total primary government net position	<u>\$ 93,373,854</u>	<u>\$ 99,306,510</u>	<u>\$ 99,373,791</u>	<u>\$ 100,658,069</u>	<u>\$ 104,786,339</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental activities</b>					
Net investments in capital assets	\$ 48,151,315	\$ 49,191,126	\$ 50,124,094	\$ 47,667,730	\$ 50,836,407
Restricted	12,461,795	10,637,770	10,612,672	16,592,413	12,444,902
Unrestricted	6,089,202	(5,227,689)	(3,967,832)	(35,591,299) *	(34,557,594)
Total governmental activities net position	<u>\$ 66,702,312</u>	<u>\$ 54,601,207</u>	<u>\$ 56,768,934</u>	<u>\$ 28,668,844</u>	<u>\$ 28,723,715</u>
<b>Business-type activities</b>					
Net investments in capital assets	\$ 32,968,582	\$ 36,842,785	\$ 46,715,688	\$ 57,076,442	\$ 67,316,388
Unrestricted	18,311,018	19,519,379	24,822,052	11,218,527	7,002,450
Total business-type activities net position	<u>\$ 51,279,600</u>	<u>\$ 56,362,164</u>	<u>\$ 71,537,740</u>	<u>\$ 68,294,969</u>	<u>\$ 74,318,838</u>
<b>Primary government</b>					
Net investments in capital assets	\$ 81,119,897	\$ 86,033,911	\$ 96,839,782	\$ 104,744,172	\$ 118,152,795
Restricted	12,461,795	10,637,770	10,612,672	16,592,413	12,444,902
Unrestricted	24,400,220	14,291,690	20,854,220	(24,372,772) *	(27,555,144)
Total primary government net position	<u>\$ 117,981,912</u>	<u>\$ 110,963,371</u>	<u>\$ 128,306,674</u>	<u>\$ 96,963,813</u>	<u>\$ 103,042,553</u>

\* Restated for the elimination of the Other Post-Employment Benefits (OPEB)

**CITY OF SAN BRUNO**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 3,086,818	\$ 680,412	\$ 5,879,731	\$ 5,757,945	\$ 10,962,945	\$ 9,136,147	\$ 10,461,109	\$ 12,129,370	\$ 10,813,390	\$ 6,632,727
Public safety	17,005,014	21,497,158	19,625,779	19,593,501	19,335,496	19,129,330	20,016,150	19,836,376	21,206,573	24,334,371
Public works	1,017,450	1,766,933	1,256,060	862,049	888,426	952,496	954,150	850,759	863,706	929,223
Highways and streets	4,330,591	5,993,182	5,391,549	4,864,060	3,394,204	3,967,555	3,647,648	2,891,219	3,009,303	3,450,979
Parks and recreation	4,226,636	4,805,202	4,760,291	4,393,495	4,219,718	4,698,243	4,819,878	4,717,561	5,562,181	5,611,296
Library	1,627,219	2,076,155	1,890,435	1,757,550	1,680,862	1,693,611	1,695,581	1,685,455	1,731,305	1,799,797
Community development	3,027,355	5,727,039	7,030,845	9,180,082	7,960,992	1,951,941	1,556,777	1,888,260	2,265,895	2,526,383
Interest expense	575,021	553,486	665,517	672,458	612,570	455,313	931,179	267,977	416,914	403,839
Total governmental activities expenses	<u>34,896,104</u>	<u>43,099,567</u>	<u>46,500,207</u>	<u>47,081,140</u>	<u>49,055,213</u>	<u>41,984,636</u>	<u>44,082,472</u>	<u>44,266,977</u>	<u>45,869,267</u>	<u>45,688,615</u>
<b>Business-type activities:</b>										
Water	6,868,405	5,857,761	7,341,657	6,919,121	7,378,711	8,444,001	9,237,239	8,770,677	9,378,993	10,098,091
Stormwater	502,802	(171,906)	687,278	386,608	438,864	446,020	661,493	739,512	905,074	607,817
Wastewater	6,904,217	7,859,491	8,054,907	7,987,591	9,439,266	8,755,063	9,220,142	9,427,956	10,265,939	10,921,203
Cable Television	9,489,656	9,324,247	10,700,667	11,452,012	11,549,760	10,709,142	10,100,602	10,508,595	11,002,694	11,240,247
Total business-type activities expenses	<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>	<u>28,354,226</u>	<u>29,219,476</u>	<u>29,446,740</u>	<u>31,552,700</u>	<u>32,867,358</u>
Total primary government expenses	<u>\$ 58,661,184</u>	<u>\$ 65,969,160</u>	<u>\$ 73,284,716</u>	<u>\$ 73,826,472</u>	<u>\$ 77,861,814</u>	<u>\$ 70,338,862</u>	<u>\$ 73,301,948</u>	<u>\$ 73,713,717</u>	<u>\$ 77,421,967</u>	<u>\$ 78,555,973</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 2,913,631	\$ 5,102,298	\$ 2,100,780	\$ 3,831,697	\$ 3,397,195	\$ 3,171,610	\$ 2,704,082	\$ 2,923,789	\$ 2,837,224	\$ 3,468,619
Public safety	1,405,736	1,507,685	1,545,769	1,514,350	1,538,616	1,719,551	1,670,163	1,632,659	1,637,659	1,906,214
Public works	52,157	781,614	49,186	39,104	149,299	205,501	135,283	104,982	86,752	165,037
Highways and streets	754,080	977,667	18,700	18,700	19,243	9,474	14,649	19,985	17,977	17,204
Parks and recreation	751,985	794,097	915,378	988,075	1,089,866	1,182,386	1,194,216	1,359,079	1,471,537	1,490,268
Library	63,638	144,703	76,934	104,188	105,247	132,216	94,866	92,227	96,969	86,593
Community development	1,163,310	2,622,644	1,905,157	1,084,270	922,255	1,793,825	969,707	988,285	1,759,620	1,547,278
Operating grants and contributions	3,924,875	3,537,503	6,987,198	5,715,274	11,225,060	10,364,539	9,190,570	9,527,246	11,433,248	3,053,574
Capital grants and contributions	328,114	2,628,237	-	823,772	79,562	1,897,433	1,143,765	88,658	391,523	227,381
Total governmental activities program revenues	<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>	<u>20,476,535</u>	<u>17,117,301</u>	<u>16,736,910</u>	<u>19,732,509</u>	<u>11,962,168</u>
<b>Business-type activities:</b>										
Charges for services:										
Water	7,089,683	8,258,200	8,174,920	8,836,515	9,491,102	10,601,609	11,725,402	15,041,156	12,304,017	12,688,039
Stormwater	614,832	531,455	618,552	574,796	593,179	612,325	611,886	1,474,221	839,852	652,195
Wasterwater	6,261,689	8,413,781	9,061,789	9,566,099	10,128,799	11,294,768	12,233,209	15,470,139	15,016,113	15,879,501
Cable Television	9,162,788	9,036,944	9,833,713	10,254,204	10,570,028	10,192,578	9,651,598	9,329,485	9,288,345	9,253,900
Total business-type activities program revenues	<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>	<u>32,701,280</u>	<u>34,222,095</u>	<u>41,315,001</u>	<u>37,448,327</u>	<u>38,473,635</u>
Total primary government program revenues	<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>	<u>\$ 53,177,815</u>	<u>\$ 51,339,396</u>	<u>\$ 58,051,911</u>	<u>\$ 57,180,836</u>	<u>\$ 50,435,803</u>
<b>Net Revenues (Expenses)</b>										
Governmental activities	\$ (23,538,578)	\$ (25,003,119)	\$ (32,901,105)	\$ (32,961,710)	\$ (30,528,870)	\$ (21,508,101)	\$ (26,965,171)	\$ (27,530,067)	\$ (26,136,758)	\$ (33,726,447)
Business-type activities	(636,088)	3,370,787	904,465	2,486,282	1,976,507	4,347,054	5,002,619	11,868,261	5,895,627	5,606,277
Total net revenues (expenses)	<u>\$ (24,174,666)</u>	<u>\$ (21,632,332)</u>	<u>\$ (31,996,640)</u>	<u>\$ (30,475,428)</u>	<u>\$ (28,552,363)</u>	<u>\$ (17,161,047)</u>	<u>\$ (21,962,552)</u>	<u>\$ (15,661,806)</u>	<u>\$ (20,241,131)</u>	<u>\$ (28,120,170)</u>

**CITY OF SAN BRUNO**  
**Changes in Net Position**  
(continued)  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 5,315,026	\$ 5,792,092	\$ 5,609,011	\$ 6,561,286	\$ 5,035,244	\$ 5,641,633	\$ 6,752,943	\$ 8,197,205	\$ 8,844,431	\$ 9,500,264
Property taxes, tax increment for redevelopment purposes	3,839,579	4,435,080	9,163,133	9,308,063	8,900,038	3,607,372	-	-	-	-
Transient occupancy tax	1,276,830	1,478,040	1,339,877	1,344,364	1,763,680	2,183,947	2,412,368	2,790,395	3,162,479	3,316,369
Franchise tax	1,531,909	1,608,176	1,798,855	1,804,390	1,916,659	1,941,385	1,973,837	1,957,795	2,125,938	1,960,997
Sales tax, including subvention	6,862,845	6,637,010	6,402,912	5,366,248	6,498,220	6,861,036	7,345,212	8,547,806	8,556,002	8,377,896
Cardroom taxes	2,735,107	1,491,812	1,540,728	1,496,516	1,531,232	1,572,708	1,616,868	1,652,904	1,694,580	1,735,696
Other taxes	316,762	-	1,523,129	1,487,538	1,632,802	2,028,635	2,251,707	3,267,636	2,867,616	2,514,851
Intergovernmental:										
State motor vehicle in-lieu tax, including subvention	3,166,460	3,365,156	3,544,320	3,350,849	3,374,101	3,255,434	3,158,217	3,503,097	3,764,990	4,016,571
State highway user tax	-	-	-	-	-	-	-	1,370,767	1,270,588	976,525
Use of money and property	1,218,377	2,184,450	1,433,300	2,242,441	1,909,612	1,788,884	1,263,400	1,678,676	1,596,447	1,640,673
Miscellaneous and extraordinary items	-	-	-	-	-	1,328,242	(11,968,561)	(204,035)	274,320	-
Transfers	2,425,997	(300,443)	187,418	(93,482)	(91,576)	(29,493)	58,075	(3,064,452)	(1,768,413)	(258,524)
Total governmental activities	28,688,892	26,691,373	32,542,683	32,868,213	32,470,012	30,179,783	14,864,066	29,697,794	32,388,978	33,781,318
Business-type activities:										
Use of money and property	508,939	573,172	(291,344)	123,648	119,045	147,344	138,020	242,863	174,855	159,068
Transfers	-	300,443	(187,418)	93,482	91,576	29,493	(58,075)	3,064,452	1,768,413	258,524
Total business-type activities	508,939	873,615	(478,762)	217,130	210,621	176,837	79,945	3,307,315	1,943,268	417,592
Total primary government	\$ 29,197,831	\$ 27,564,988	\$ 32,063,921	\$ 33,085,343	\$ 32,680,633	\$ 30,356,620	\$ 14,944,011	\$ 33,005,109	\$ 34,332,246	\$ 34,198,910
<b>Change in Net Position</b>										
Governmental activities	\$ 5,150,314	\$ 1,688,254	\$ (358,422)	\$ (93,497)	\$ 1,941,142	\$ 8,671,682	\$ (12,101,105)	\$ 2,167,727	\$ 6,252,220	\$ 54,871
Business-type activities	(127,149)	4,244,402	425,703	2,703,412	2,187,128	4,523,891	5,082,564	15,175,576	7,838,895	6,023,869
Total primary government	\$ 5,023,165	\$ 5,932,656	\$ 67,281	\$ 2,609,915	\$ 4,128,270	\$ 13,195,573	\$ (7,018,541)	\$ 17,343,303	\$ 14,091,115	\$ 6,078,740



**CITY OF SAN BRUNO**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Taxes	\$ 21,137,455	\$ 23,236,735	\$ 27,788,860	\$ 27,863,575	\$ 27,705,514	\$ 24,265,039	\$ 22,433,688	\$ 24,954,783	\$ 26,085,900	\$ 26,272,319
Licenses and permits	4,813,087	4,379,092	3,644,640	2,036,968	2,182,177	3,674,707	2,834,980	4,255,588	3,691,818	3,451,841
Intergovernmental	4,976,381	5,555,835	4,024,517	4,663,260	4,102,933	4,811,636	4,416,017	4,009,117	4,574,638	4,787,432
Charges for services	3,458,641	3,534,085	2,812,413	3,319,982	4,249,436	4,648,073	3,120,324	2,826,577	3,134,354	3,398,555
Fines and Forfeitures	563,836	578,406	649,186	763,221	739,033	759,985	676,421	654,000	605,704	698,463
Use of money and property	1,149,534	2,287,478	1,433,302	1,938,960	1,909,612	1,788,884	1,263,400	1,678,676	1,618,634	1,674,729
Other revenues	4,048,911	5,976,311	5,601,449	6,151,677	10,199,227	9,409,245	9,147,023	11,324,450	10,489,406	8,467,574
Total revenues:	40,147,845	45,547,942	45,954,367	46,737,643	51,087,932	49,357,569	43,891,853	49,703,191	50,200,454	48,750,913
<b>Expenditures</b>										
General Government	3,449,991	1,114,968	3,831,772	3,432,652	7,733,633	7,659,751	8,683,516	8,955,056	8,091,630	5,966,987
Public safety	16,848,691	20,849,179	19,606,624	19,791,984	18,630,659	19,200,997	19,687,555	19,851,466	21,894,204	22,978,100
Public works	1,017,450	1,501,639	1,228,246	795,138	827,163	954,550	876,159	856,559	1,028,427	895,218
Highways and streets	2,956,134	4,816,250	4,101,578	3,924,442	2,442,621	3,420,294	2,804,070	3,689,780	1,736,206	1,537,442
Parks and recreation	4,136,082	4,822,377	4,627,648	4,319,160	4,106,814	4,245,171	4,310,157	4,453,981	5,493,030	5,301,162
Library	1,625,429	2,028,271	1,903,867	1,752,924	1,669,374	1,635,242	1,628,841	1,631,084	1,724,112	1,758,937
Community Development	3,561,565	4,899,902	7,998,339	8,978,350	7,730,597	1,903,573	1,504,058	1,872,127	2,268,181	2,509,152
Capital outlay	799,524	906,765	696,590	1,071,479	699,463	2,154,326	1,161,609	360,076	225,737	5,137,379
Debt service:										
Principal	479,955	503,713	523,124	548,219	574,031	365,592	386,409	807,336	818,289	829,272
Interest	548,987	526,204	702,518	677,464	651,882	219,706	542,606	410,689	399,660	386,635
Total expenditures	35,423,808	41,969,268	45,220,306	45,291,812	45,066,237	41,759,202	41,584,980	42,888,154	43,679,476	47,300,284
<b>Reconciliation of Government Revenues</b>										
Less expenditures to fund equity										
Revenues over (under) expenditures	4,723,946	3,578,674	734,061	1,445,831	6,021,695	7,598,367	2,306,873	6,815,037	6,520,978	1,450,629
Extraordinary item	-	-	-	-	-	(6,591,758)	-	-	-	-
Other financing sources (Transfer in)	4,299,624	2,963,422	3,504,587	5,418,156	3,696,045	2,572,024	9,588,612	7,977,407	7,893,696	24,558,269
Other financing sources (Transfer out)	(4,058,624)	(2,812,004)	(3,317,169)	(5,168,156)	(4,234,218)	(2,870,183)	(9,268,201)	(11,416,478)	(9,788,375)	(18,385,696)
Other financing sources (uses):										
Operating transfers from (to) Enterprise Funds:										
Water										
Stormwater										
Wastewater										
Operating transfers from (to) Internal Service Funds										
Proceeds from sale of equipment										
Proceeds of debt issued (refunds)	6,363	3,380	-	-	-	-	-	-	-	-
Total other financing sources (uses)	6,363	3,380	-	-	-	-	-	-	-	-
Net change in fund balances (3)	\$ 4,971,309	\$ 3,733,472	\$ 921,479	\$ 1,695,831	\$ 5,483,522	\$ 708,450	\$ 2,627,284	\$ 3,375,966	\$ 4,626,299	\$ 7,623,202
Debt service as a percentage of noncapital expenditures	3.0%	2.5%	2.8%	2.8%	2.8%	1.4%	2.3%	2.9%	2.9%	2.6%

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

Fiscal Year End	Residential Property (a)	Commercial Property (a)	Industrial Property (a)	Other Property (a)	Total Secured Property	Total Unsecured Property	Total Assessed (b)	Estimated Full Market Value (b)	Total Direct Tax Rate (c)
2007	n/a	n/a	n/a	\$ 4,595,232,358	\$ 4,595,232,358	\$ 132,801,940	\$ 4,728,034,298	\$ 4,728,034,298	1.0000
2008	4,140,658,055	786,083,510	45,850,953	18,220,809	4,990,813,327	136,882,557	5,127,695,884	5,127,695,884	1.0000
2009	4,258,133,280	955,388,864	48,730,397	67,546,506	5,329,799,047	151,460,560	5,481,259,607	5,481,259,607	1.0000
2010	3,975,052,139	926,069,917	50,710,726	89,708,468	5,041,541,250	158,207,291	5,199,748,541	5,199,748,541	1.0000
2011	3,983,932,708	873,929,269	50,198,770	63,452,695	4,971,513,442	149,424,723	5,120,938,165	5,120,938,165	1.0000
2012	4,070,537,434	891,421,347	51,219,994	58,079,327	5,071,258,102	147,540,815	5,218,798,917	5,218,798,917	1.0000
2013	4,174,398,109	866,171,661	54,657,760	37,746,851	5,132,974,381	188,968,984	5,321,943,365	5,321,943,365	1.0000
2014	4,364,835,817	945,331,190	55,708,482	61,925,552	5,427,801,041	191,476,425	5,619,277,466	5,619,277,466	1.0000
2015	4,706,427,833	1,030,026,318	57,511,431	63,017,548	5,856,983,130	186,926,223	6,043,909,353	6,043,909,353	1.0000
2016	5,014,371,175	1,104,091,897	58,749,109	63,704,550	6,240,916,731	209,798,255	6,450,714,986	6,450,714,986	1.0000

Source: California Municipal Statistics and County Assessor Data

(a) Other property assessed value included residential, commercial and industrial property before 2008.

(b) 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.

(c) 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**  
**DIRECT AND OVERLAPPING TAX RATES**  
**LAST TEN FISCAL YEARS**  
(Rate per \$100 of assessed value)

	Direct Rates		Overlapping Rates		Total Tax Rate
	Basic Rate	Total Direct	School Districts	Special Districts	
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
FY 11-12	1.0000	1.0000	0.0909	0.0000	1.0909
FY 12-13	1.0000	1.0000	0.0905	0.0000	1.0905
FY 13-14	1.0000	1.0000	0.0864	0.0000	1.0864
FY 14-15	1.0000	1.0000	0.0983	0.0000	1.0983
FY 15-16	1.0000	1.0000	0.0929	0.0000	1.0929

**Source: California Municipal Statistics**

**CITY OF SAN BRUNO  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Property Owner	Primary Land Use	2015-2016			Property Owner	Primary Land Use	2006-2007		
		Assessed Valuation	Rank	% of Total			Assessed Valuation	Rank	% of Total
ASN Tanforan Crossing I & II LLC	Apartments	\$ 142,802,870	1	2.29%	ASN Tanforan Crossing I & II LLC	Apartments	\$ 101,200,000	1	2.23%
Bayhill Four Associates	Office Building	137,117,243	2	2.20%	The Gap Inc.	Office Building	99,270,424	2	2.18%
Tanforan Park Shopping Center LLC	Shopping Center	127,730,186	3	2.05%	Bayhill Four Associates	Office Building	90,208,308	3	1.98%
Walmart Stores Inc.	Office Building	123,417,580	4	1.98%	Tanforan Park Shopping Center LLC	Shopping Center	89,932,248	4	1.98%
San Bruno III Financing LP	Apartments	88,116,520	5	1.41%	Aimco San Bruno Apartments Partne	Apartments	46,570,045	5	1.02%
CREA-San Bruno LLC	Office Building	64,029,524	6	1.03%	Landmark Towne Center LLC	Shopping Center	38,418,621	# #	0.85%
The Gap Inc.	Office Building	62,263,147	7	1.00%	Sears Holdings Corp.	Shopping Center	37,252,920	7	0.82%
Welch Family Partnership	Industrial and Commercial	60,241,687	8	0.97%	FW CA Bay Hill Shopping Center	Shopping Center	33,743,640	8	0.74%
Behringer Harvard Acappella LP	Apartments	58,316,220	9	0.93%	Crystal Springs Associates	Apartments	29,661,162	9	0.65%
Aimco San Bruno Apartments Partners LP	Apartments	56,452,467	10	0.90%	Welch Family Partnership	Hotel	26,358,388	10	0.58%
Subtotal		\$ 920,487,444		14.75%			\$ 592,615,756		13.04%
(1) 2015-16 Local Secured Assessed Valuation:	\$	6,240,916,731							
(2) 2006-07 Local Secured Assessed Valuation	\$	4,545,232,358							

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

**CITY OF SAN BRUNO**  
**SCHEDULE OF TOP 40 RETAIL BUSINESSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
*(Listed in alphabetical order)*

Name	Address
All Shores	135 El Camino Real
Allegro Credit	1111 Bayhill Dr Ste 450
Alpha Flight Guru	881 Sneath Ln#213-220-221-222
Associates Trucking Inc.	1065 San Mateo Ave.
Baythco International Inc	1162 Cherry Ave.
Best Buy Store #1896	1250 El Camino Real #111
CBR Systems Inc.	1200 Bayhill Dr Fl 3
Century Theaters Inc.#494	1188 El Camino Real
CVS/Pharmacy#9807	10 Bayhill Shopping Ctr
Davita Rx, LLC#1685	1178 Cherry Ave.
Devicescape Software, Inc.	1250 Bayhill Dr. Ste 201
Hudson Pacific Properties LP	999-1001 Bayhill Dr.
J.C. Penney Corp. Inc.	1122 El Camino Real
Lohika Systems Inc.	1001 Bayhill Dr Ste 108
Lowe's Home Centers LLC	1340 El Camino Real
Lucky #748	1322 El Camino Real
Lunardi's Market	2801 San Bruno Ave W
Marshall's #492	1268 El Camino Real
Melody Toyota	750 El Camino Real
Melody Toyota	222 San Bruno Ave. E
Mollie Stone's Market	851 Cherry Ave. Ste 22
Nomis Solutions Inc.	1111 Bayhill Dr Ste 230
Provident Funding Associates LP	851 Traeger Ave Ste 100
PT Gaming LLC	659 Huntington Ave.
Qumu, Inc.	1100 Grundy Ln Ste 110
Sam's Club.com/Walmart Stores Inc.	950 Elm Ave.
San Bruno Kwik Service	2101 San Bruno Ave W
San Bruno Shell-Gas Station	798 El Camino Real
Sears Roebuck & Co. #1478	1178 El Camino Real
Shelter Creek Condo Owners Associations	701 Shelter Creek Ln.
Target Store T1054	1150 El Camino Real
The Permanente Medical Group Tax Dept.	801 Traeger Ave.
The Permanente Medical Group Tax Dept.	901 El Camino Real
Vantagepoint Capital Partners	1001 Bayhill Dr Ste 300
Victory Honda of San Bruno	345 El Camino Real
Vince's Shell Fish Co. Inc.	1063 Montgomery Ave.
Walgreens #2939	333 El Camino Real
WalMart.Com USA LLC	850 Cherry Ave.
You Tube Inc.	901 Cherry Ave.
Zenrin USA Inc.	851 Traeger Ave. Ste 210

**Source : City of San Bruno Business Tax**

**CITY OF SAN BRUNO  
PROPERTY TAX LEVIES AND COLLECTION  
FOR THE LAST TEN YEARS**

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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
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%
2012	4,594,121	4,594,121	100%	-	4,594,121	100%
2013	4,821,711	4,821,711	100%	-	4,821,711	100%
2014	5,057,412	5,057,412	100%	-	5,057,412	100%
2015	5,477,246	5,477,246	100%	-	5,477,246	100%
2016	5,812,961	5,812,961	100%	-	5,812,961	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**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**FOR THE LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Government Activities		Business-type Activities				Fiduciary Funds			Debt As a Percent of Personal Income	
	Capital Lease	Pension Obligation Bonds	Wastewater Certificates of Participation	Wastewater Revenue Refunding Bond	Cable TV Capital Lease Obligation	City of South San Francisco Sewer Plant Agreement	Total Primary Government	Certificates of Participation	Population		Debt per Capita
2007	\$ 1,669,679	\$ -	\$ 9,085,000	\$ -	\$ -	\$ 15,734,710	\$ 26,489,389	\$ 8,765,000	40,017	\$ 488	1.5%
2008	1,365,965	-	8,890,000	-	-	14,896,375	25,152,340	8,565,000	43,286	435	1.3%
2009	1,047,841	-	8,685,000	-	-	14,035,887	23,768,728	8,360,000	43,798	413	1.2%
2010	714,622	-	8,475,000	-	1,471,489	13,152,660	23,813,771	8,145,000	44,294	391	1.1%
2011	365,592	-	8,260,000	-	1,219,296	12,246,088	22,090,976	7,920,000	41,842	395	1.2%
2012	240,306	-	8,035,000	-	874,252	11,315,552	20,465,110	7,680,000	42,451	367	1.4%
2013	208,898	12,546,749	7,800,000	-	467,213	10,360,416	31,383,276	7,430,000	42,828	659	2.6%
2014	176,562	11,791,267	-	7,294,634	36,946	9,380,027	28,679,436	7,170,000	42,355	677	1.9%
2015	143,273	11,025,785	-	6,986,758	-	8,571,181	26,726,997	6,895,000	44,409	602	1.7%
2016	109,001	10,250,302	-	6,708,883	-	7,741,648	24,809,834	6,610,000	45,360	547	1.5%

Source: City financial records

**CITY OF SAN BRUNO**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**JUNE 30, 2016**

<b>2015-16 Assessed Valuation:</b>	\$	6,450,714,986		
<b>Redevelopment Incremental Valuation:</b>		1,190,379,096		
<b>Adjusted Assessed Valuation:</b>	\$	5,260,335,890		
		Net Debt		
<b>Overlapping Tax and Assessment Debt:</b>		Outstanding	% Applicable <sup>(1)</sup>	Debt
San Mateo Community College District	\$	644,384,027	3.619%	\$ 23,320,258
South San Francisco Unified School District		181,153,045	1.528	2,768,019
San Mateo Union High School District		544,823,660	9.903	53,953,887
San Bruno Park School District		10,166,499	88.845	9,032,426
Millbrae School District Maintenance Assessment District		56,809,527	3.046	1,730,418
<b>Total overlapping tax and assessment debt</b>				<u>90,805,008</u>
Ratios to 2015-16 Assessed Valuation:				
Total Overlapping Tax and Assessment Debt				1.41%
<b>Direct and Overlapping General Fund Debt:</b>				
San Mateo County General Fund Obligations		432,359,816	3.619%	15,647,102
San Mateo County Board of Education Certificates of Participation		9,890,000	3.619	357,919
San Mateo County Flood Control District Certificates of Participation		18,725,000	6.642	1,243,715
South San Francisco Unified School District Certificates of Participation		493,946	1.528	7,547
San Bruno Park School District Lease Revenue Bonds		4,110,000	88.845	3,651,530
City of San Bruno Fire Apparatus Lease		109,001	100	109,001
City of San Bruno Certificates of Participation		6,610,000	100	6,610,000
City of San Bruno Pension Obligation Bonds		10,250,302	100	10,250,302
<b>Total direct and overlapping general fund debt</b>				<u>37,877,116</u>
<b>Total Direct Debt</b>				16,969,303
Total Overlapping Debt				<u>111,712,821</u>
<b>Combined Total Debt <sup>(2)</sup></b>				<u>\$ 128,682,124</u>
<b>Ratios to Adjusted Assessed Valuation:</b>				
Total Direct Debt (\$16,969,303)				0.26%
Combined Total Debt				1.99%

<sup>(1)</sup> The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentage were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

<sup>(2)</sup> 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 Financial Statement

**CITY OF SAN BRUNO**  
**COMPUTATION OF LEGAL BONDED DEBT MARGIN**  
**LAST TEN FISCAL YEARS**  
(Dollars in thousands)

**Legal Debt Margin Calculation for Fiscal Year 2016(1)**

Assessed value - based on secured roll	6,450,715		This value comes from the Tab "Value of Taxable Property"
Debt limit (15% of assessed value)	967,607		
Debt applicable to limit:			
Capital leases and COP	24,810	24,809,834	This comes from the Tab "Outstanding Debt"
Legal debt margin	<u>942,797</u>		

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 709,205	\$ 769,154	\$ 822,189	\$ 779,962	\$ 768,141	\$ 782,820	\$ 798,292	\$ 842,892	\$ 906,586	\$ 967,607
Total net debt applicable to limit	19,520	18,821	18,093	17,335	16,546	15,955	27,986	28,679	26,727	24,810
Legal debt margin	<u>\$ 661,431</u>	<u>\$ 721,606</u>	<u>\$ 773,268</u>	<u>\$ 730,756</u>	<u>\$ 721,031</u>	<u>\$ 766,865</u>	<u>\$ 770,306</u>	<u>\$ 814,213</u>	<u>\$ 879,859</u>	<u>\$ 942,797</u>
Total net debt applicable to the limit as a percentage of debt limit	2.95%	2.61%	2.34%	2.37%	2.29%	2.08%	3.63%	3.52%	3.04%	2.63%

(1) California Government Code, Section 43605 sets the debt limit at 15% of gross assessed valuation.



**CITY OF SAN BRUNO  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Year	Population(1)	Total Personal Income(2)	Per Capita Personal Income(2)	Median Age(3)	San Mateo County		
					**School Enrollment	County Unemployment Rate(4)	City Unemployment Rate(4)
2007	40,017	\$ 1,322,721,918	\$ 33,054	36.7	3,793	3.9%	N/A
2008	43,286	1,430,602,300	33,050	39.0	3,796	4.8%	N/A
2009	43,798	1,490,883,920	34,040	38.3	3,805	8.9%	N/A
2010	44,294	1,537,533,328	34,712	38.8	3,789	9.2%	N/A
2011	41,842	1,384,677,306	33,093	39.1	3,697	8.7%	N/A
2012	42,451	1,447,664,002	34,102	37.3	3,747	7.1%	N/A
2013	42,828	1,516,154,028	35,401	38.8	3,790	6.7%	5.8%
2014	42,355	1,521,349,245	35,919	38.7	3,888	5.4%	4.7%
2015	44,409	1,609,096,610	36,234	38.5	3,900	3.2%	3.1%
2016	45,360	1,653,734,880	36,458	38.7	3,833	3.4%	3.3%

2011-12 and prior, previously published CAFR Report

**2015-2016 Source:** MuniServices, LLC

1.) Population Projections are provided by the State Department of Finance Projections.

2.) Personal income  
and per capita personal

3.) Median Age reflects the U.S. Census data estimation table

\*\*School Enrollment reflects the total number of students enrolled in Caupuchino High & San Bruno Park

4.) Unemployment Rates are provided by the EDD, Labor Market Information Division

San Mateo County

N/A: Data Not Available

**CITY OF SAN BRUNO  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND LAST YEAR**

Employer	2015-16			2014-15		
	Employees	Rank	Percentage of Total Employment (%)	Employees	Rank	Percentage of Total Employment (%)
You Tube, Inc.	1,732	1	6.56%	1,329	1	5.03%
Skyline College	583	2	2.21%	385	6	0.92%
Artichoke Joe's Casino	393	3	1.49%	300	2	1.46%
San Bruno Park School District	280	4	1.06%	249	5	0.93%
City of San Bruno	234	5	0.89%	245	8	0.76%
Lash Group, Inc.	226	6	0.86%	243	3	1.14%
Target Store	220	7	0.83%	229	4	0.94%
Sears, Roebuck and Co*	190	8	0.72%	200	7	0.87%
Lowe's HIW, Inc.	157	9	0.59%	200	9	0.76%
Capuchino High In San Mateo Union	130	10	0.49%			
BJ's Restaurant and Brewhouse*				160	10	0.61%
<b>Total Top Employers</b>	<b>4,145</b>		<b>15.70%</b>	<b>3,540</b>		<b>13.42%</b>
<b>Total City Labor (1)</b>	<b>26,400</b>					

Source: 2015-16 MuniServices, LLC

Results based on direct correspondence with city's local businesses.

(1.) Total City Employment provided by EDD Labor Force Data.

\*Includes both Full and Part Time Employees

**CITY OF SAN BRUNO**  
**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
(Fiscal year ended June 30)

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General Fund</b>										
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Clerk	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
City Treasurer	1.00	1.00	1.00	1.00	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	1.25	1.25	1.25	1.25
City Manager	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Human Resources	2.75	2.75	2.75	1.75	1.75	1.75	2.25	2.25	2.25	2.25
Finance										
Administration	5.00	5.00	5.00	5.00	5.00	5.00	4.50	5.00	5.00	5.00
Revenue Services	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00
Police	66.00	63.00	66.00	61.00	61.50	59.00	60.00	61.50	62.50	62.50
Fire	35.00	33.00	33.50	33.50	33.50	32.50	32.75	32.75	33.30	33.40
PublicWorks										
Admin. & Engineering	8.75	7.75	7.75	7.75	6.75	6.75	6.75	6.70	6.70	6.70
Streets Maintenance	5.60	5.60	5.60	5.10	5.05	5.05	5.05	5.10	5.70	5.80
Community Development										
Planning	3.45	2.60	2.50	2.00	2.00	1.75	3.50	4.50	4.50	4.25
Building	6.10	5.30	5.00	4.00	4.00	4.25	6.50	6.50	7.50	7.75
Parks & Recreation Services										
Recreation	4.20	3.35	4.35	3.85	4.05	4.05	4.00	4.00	4.75	4.90
Parks Maintenance	18.75	15.95	17.00	15.50	14.35	13.35	13.80	13.80	14.30	13.05
Senior Services	2.30	2.15	2.15	2.15	2.25	1.25	3.35	3.35	3.45	3.75
Library Services	10.50	9.50	10.00	9.00	8.75	8.75	7.65	7.65	7.55	7.75
Subtotal	185.40	172.95	178.60	167.60	165.95	160.45	167.10	170.10	174.50	174.10
<b>Special Revenues</b>										
Solid Waste	0.30	0.30	0.30	0.25	0.35	0.35	0.35	0.35	0.35	0.45
RDA Operation	2.75	1.80	3.60	3.60	3.60	3.60	-	-	-	-
Successor Agency to RDA	N/A	N/A	N/A	N/A	N/A	N/A	1.00	-	-	-
RDA Low/Mod Housing	1.70	1.25	1.90	1.90	1.90	1.90	-	-	-	-
Subtotal	4.75	3.35	5.80	5.75	5.85	5.85	1.35	0.35	0.35	0.45
<b>Internal Services</b>										
Central Garage	3.95	3.85	3.95	3.95	3.35	2.85	2.85	2.35	2.35	2.35
Buildings and Facilities	7.00	5.50	7.00	7.00	6.10	6.10	5.70	5.70	6.45	7.05
Technology Support	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Self-Insurance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50	1.00	1.00
Subtotal	14.95	13.35	14.95	14.95	13.45	12.95	12.55	11.55	12.80	13.40
<b>Enterprise Funds</b>										
Water Enterprise	17.90	15.90	16.90	16.90	17.30	17.30	17.30	16.95	17.45	17.45
Stormwater Enterprise	2.95	2.95	2.95	2.95	3.65	3.65	3.65	3.75	4.15	3.95
Wastewater Enterprise	14.60	12.10	14.60	14.10	14.55	15.55	15.55	15.80	16.30	16.30
Cable Enterprise	19.50	19.00	19.50	19.50	20.00	20.00	20.00	20.00	20.00	20.00
Subtotal	54.95	49.95	53.95	53.45	55.50	56.50	56.50	56.50	57.90	57.70
<b>Glenview Funds</b>										
Crestmoor (Glenview) Recovery							5.00	4.25	3.70	3.70
Subtotal	N/A	N/A	N/A	N/A	N/A	N/A	5.00	4.25	3.70	3.70
<b>Total Positions (all funds)</b>	<b>260.05</b>	<b>239.60</b>	<b>253.30</b>	<b>241.75</b>	<b>240.75</b>	<b>235.75</b>	<b>242.50</b>	<b>242.75</b>	<b>249.25</b>	<b>249.35</b>

Source: Adopted City Budget

**CITY OF SAN BRUNO**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
(Fiscal year ended June 30)

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police</b>										
Calls for Service	*	*	25,164	23,305	22,275	23,242	24,405	30,131	32,610	36,144
Physical arrests	*	*	1,585	1,371	1,401	1,371	989	1,071	1,224	1,280
Parking violations**	10,273	11,715	11,706	9,242	10,273	11,683	11,559	8,710	8,794	11,675
Traffic collisions	*	*	480	387	452	387	380	369	464	452
Moving citations	*	*	2,215	2,128	2,665	2,128	1,422	2,659	2,144	2,221
<b>Fire</b>										
Number of stations	2	2	2	2	2	2	2	2	2	2
Number of calls answered**	3,294	3,493	3,539	3,517	3,791	3,809	3,916	3,148	3,159	3,574
Number of inspection conducted**	1,487	1,647	1,428	1,300	1,341	1,381	1,358	1,326	1,375	1,420
<b>Public Works</b>										
Street repair (sq. ft.)	*	*	*	11,405	8,750	4,304	4,304	4,792	14,697	861,150
Potholes repaired	*	*	*	1,055	1,055	1,016	2,311	2,670	2,185	1,618
Sidewalk repair (sq. ft)	*	*	*	4,653	2,478	2,215	896	11,625.40	14,980	651
Sidewalk curb&gutter repair (ft)	*	*	*	481	89	62	85	927	1,397	109
<b>Community Development:</b>										
Plans checks	*	*	*	413	389	384	340	340	527	553
Permits Issued	*	*	*	1,178	1,575	1,375	1,284	1,283	1,339	1,622
<b>Parks &amp; recreation:</b>										
Picnic rentals	*	*	*	*	766	813	673	934	954	859
<b>Library:</b>										
Library circulation	*	*	*	*	374,496	372,162	388,066	358,362	354,047	329,210
Library visits	*	*	*	*	239,916	239,649	228,835	248,563	219,343	182,263
<b>Water</b>										
New service connections	*	*	*	353	320	271	265	442	264	285
Gallons purchased(millions of gallons)	*	*	*	*	584	796	725	600	477	507

\*Data not available

\*\*Calendar year as of October 31

Source: various city department records. City began tracking by function in 2011

**CITY OF SAN BRUNO**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
(Fiscal year ended June 30)

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Engineering /Public Work</b>										
Pavement	(720,575)	(698,246)	(698,027)	(696,010)	(732,678)	(934,435)	(946,351)	(966,874)	(1,016,316)	(1,036,861)
Traffic Signal	17									
Traffic Signal	(42,547)	(42,218)	(43,404)	(54,334)	(54,334)	(53,676)	(60,318)	(71,803)	(71,803)	(71,803)
Streetlights	1,448									
Streetlights	(76,300)	(241,541)	(241,541)	(241,541)	(241,542)	(100,642)	-	-	-	-
<b>Housing &amp; Redevelopment</b>										
Roadway in centerline miles	145									
Sidewalk	(411,070)	(402,009)	(415,587)	(415,488)	(423,538)	(423,538)	(422,886)	(453,714)	(468,913)	(463,397)
Roadway in centerline miles	131									
Curb & Gutter	(120,158)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)
<b>Finance and Parks</b>										
Park Facilities	24									
Park Facilities	(35,915)	(35,847)	(35,847)	(35,847)	(35,847)	(35,847)	(35,847)	(35,847)	(35,847)	(35,010)
Walkway Paths and Trails Subsystem	2									
Walkway Paths and Trails Subsystem	(20,944)	(20,507)	(20,507)	(20,507)	(20,507)	(20,507)	(20,507)	(20,507)	(20,507)	(20,453)
<b>Buildings</b>	24									
Structures	(389,213)	(367,380)	(377,093)	(386,312)	(394,902)	(394,682)	(395,536)	(437,055)	(385,051)	(383,823)

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.

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