



CITY OF SAN BRUNO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2017

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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, 2017**

**PREPARED BY:
FINANCE DEPARTMENT**

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**CITY OF SAN BRUNO, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

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INTRODUCTORY SECTION

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December 11, 2017

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, 2017. The City compiles 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 an internal control framework designed to protect the City assets from loss, theft, or misuse and to compile necessary information for preparing the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). 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, 2017 are free of material misstatements.

Maze & Associates concluded, there is a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2017 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, 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 the Independent Auditor's Report.

City Profile

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 45,200.

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 the City Council consisting of the mayor and four other members. The City has City Council members elected at large for staggered four-year terms and the Mayor is elected for a two-year term. The governing council is responsible for passing ordinances, adopting the budget, appointing committees, and appointing the City Manager and City Attorney.

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing day-to-day operations, and appointing department directors. 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 for City Council 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 last day 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 variances during the year. Budget amendments requiring an increase in appropriations require approval by the City Council and are submitted as needed during the course of the year.

Local Economy and Financial Overview

The City's geographic location significantly impacts 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 Bay Area Rapid Transit and Caltrain stations located within its limits, making it readily accessible using public transportation. In addition, the San Francisco International Airport is immediately adjacent to the City making it a popular destination for business travelers, and tourists.

This geography makes San Bruno a well-liked location for residents, businesses, and retailers. Local economic indicators continue showing an increasing housing values and sales activity in the City and across the region. The City projects that regional economic growth will continue at a moderate pace over the next several years. The City's unemployment rate remains at 3%. Job growth has led to rising home prices and a significant increase in commercial and residential development activity.

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 capital projects were in process or completed during the fiscal year improving 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 for the CAFR for the fiscal year ended June 30, 2016. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The 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 Financial 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,

A handwritten signature in black ink, appearing to read "James H. O'Leary", with a long horizontal line extending to the right.

James H. O'Leary
Interim Finance Director

Directory of Officials

Elected Officials

Jim Ruane
Marty Medina
Irene O'Connell
Rico Medina
Ken Ibarra
Carol Bonner
John Marty

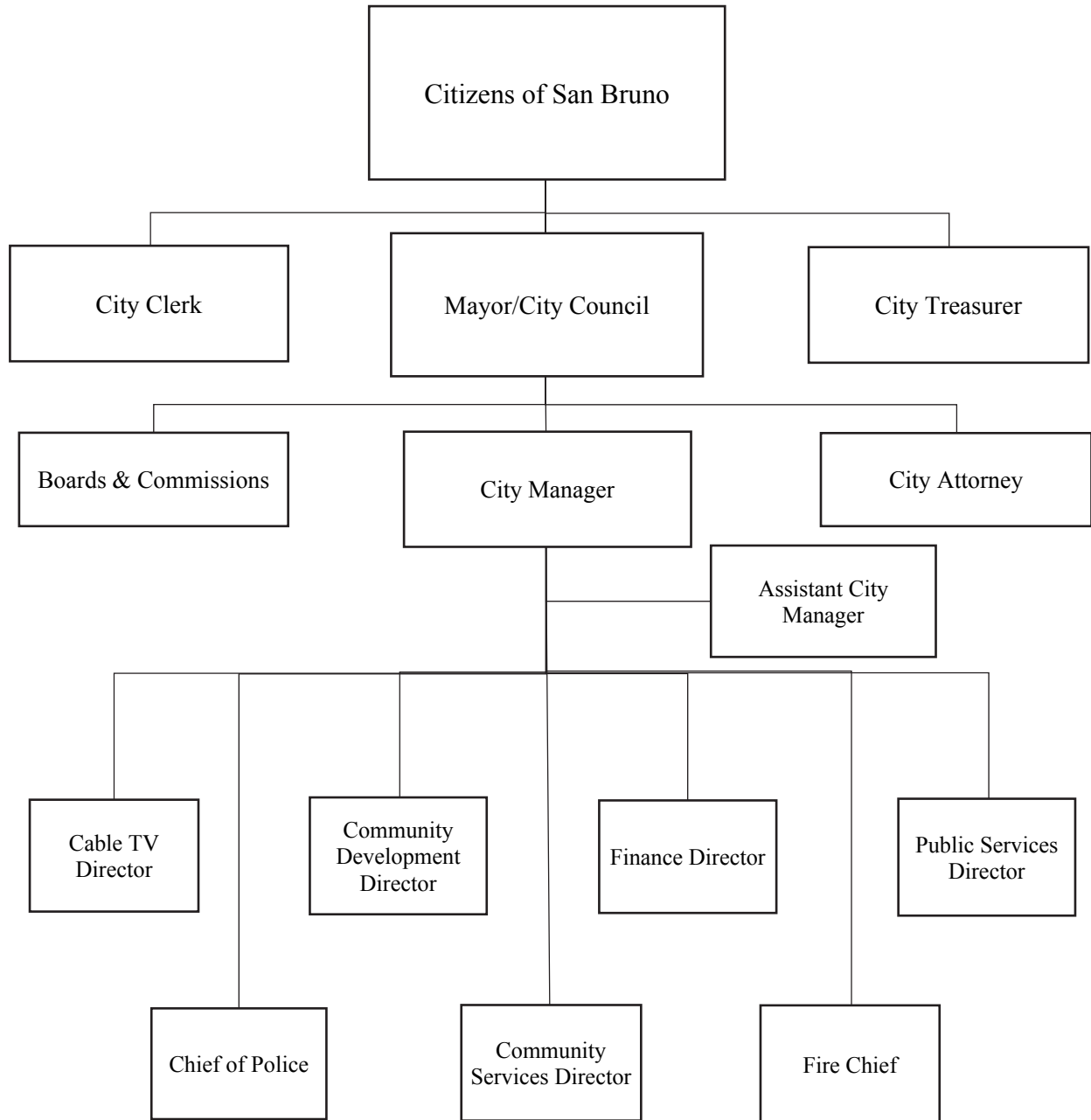
Mayor
Vice Mayor
Council Member
Council Member
Council Member
City Clerk
City Treasurer

Administrative Personnel

Connie Jackson
Tami Yuki
Marc Zafferano
James O'Leary
David Woltering
Kerry Burns
Dave Downing
Ed Barberini
Jimmy Tan
Steve Firpo

City Manager
Assistant City Manager
City Attorney
Finance Director (Acting)
Community Development Director
Community Services Director
Fire Chief (Acting)
Police Chief
Public Services Director
Cable TV 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, 2016

Executive Director/CEO

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 years ended June 30, 2017 and 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, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City's June 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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, Supplementary 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 Supplementary 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 Supplementary 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 11, 2017, 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.

Maze + Associates

Pleasant Hill, California
December 11, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

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, 2017. The intent of this discussion and analysis is presenting a full picture of the City's financial performance. 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 overall understanding.

Financial Highlights

- The City's assets and deferred outflow of resources exceed its liabilities and deferred inflow of resources at June 30, 2017 by \$112.6 million. Of this amount, \$(27.7) million represents unrestricted net position. The negative unrestricted net position is the result of implementing GASB Statement No. 68, Accounting and Financial Reporting for Pensions recognizing the City's net pension liability.
- The government-wide net position increased by \$9.6 million during the fiscal year, bringing the total net position to \$112.6 million. The increase in net position is primarily the result of the City's investments in rehabilitating, replacing, and improving City facilities and infrastructure. Of government-wide net position, \$124.6 million is invested in capital assets, \$15.7 million is restricted for specific use, and the balance of \$(27.7) million is unrestricted for the City's operations and capital investments.
- During the fiscal year, the City's governmental activities program and general revenues of \$51.6 million were greater than expenses of \$49.2 million by \$2.4 million. Modest increases in property taxes, sales taxes, and motor vehicle license fees, in addition to significant reimbursements from the PG&E trust fund for the Crestmoor/Glenview neighborhood reconstruction, contributed to the growth. After transfers to other funds for capital improvement projects, governmental activities net position decreased by \$1.1 million to \$27.6 million.
- The City's business-type activities program and general revenues of \$41.2 million were greater than expenses of \$34.0 million by \$7.2 million. Approved water, sewer, and cable rate increases contributed to the growth. After transfers from other funds for capital improvement projects and reimbursements from the PG&E trust fund for the Crestmoor/Glenview neighborhood reconstruction, business-type activities net position increased by \$10.7 million to \$85 million.
- At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$43.5 million, a decrease of \$0.9 million compared to the prior year. Approximately 13% of this amount, \$5.8 million is available for spending at the government's discretion (unassigned fund balance). General Fund fund balance decreased by \$4.3 million bringing the total to \$24.6 million. The decrease to fund balance is due to transferring Capital Improvement (One-Time Initiative) Reserve funds to support parks and facilities, street improvement, and stormwater capital projects. See Note 3 for further details.
- The City Council adopted a reserve policy to ensure financial stability and sustainability of operations during times of fiscal constraint and emergencies. As of June 30, 2017 the reserve fund balances amounted to: General Fund Reserve, \$10.6 million, General Fund Contingency Fund, \$1.5 million, Emergency Disaster Reserve, \$3.1 million, Capital Improvement/One-Time Initiative Reserve, \$3.4 million, Central Garage Reserve, \$0.15 million, Building and Facilities Reserve, \$0.3 million, and Technology Reserve, \$0.17 million. See Note 6 for further details.

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Overview of Financial Statements

This discussion and analysis serves 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 are designed to provide readers a broad overview of the City finances in a manner 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 an 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 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. Unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

The City maintains eighteen 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, both 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 (with adopted budgets) 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, 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 34 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 two agency funds which are the Project Development Fund and San Bruno Garbage Company Fund. Since agency funds are custodial in nature (i.e. assets equal liabilities) each does not involve 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 a statement of changes in fiduciary net position.

The fiduciary fund financial statements can be found on page 42 of this report.

Notes to the Basic Financial Statements. The notes provide additional information 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 starting on page 45 of this report.

CITY OF SAN BRUNO, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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 84 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 92 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 \$113 million at the close of 2016-17. 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) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets (\$124.5 million) to provide services to its citizens, consequently these assets are not available for future spending. Although the City's investment in 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 cannot be used to liquidate these liabilities.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 50,173,265	\$ 54,249,571	\$ 29,426,042	\$ 22,168,965	\$ 79,599,307	\$ 76,418,536
Capital assets, net	54,872,722	50,945,408	83,382,707	81,303,984	138,255,429	132,249,392
Other noncurrent assets	771,603	1,429,346	-	-	771,603	1,429,346
Total assets	105,817,590	106,624,325	112,808,749	103,472,949	218,626,339	210,097,274
Deferred outflows of resources	14,470,991	6,054,267	2,881,990	2,350,790	17,352,981	8,405,057
Current liabilities	9,259,035	12,680,865	4,810,790	5,139,415	14,069,825	17,820,280
Noncurrent liabilities	79,659,192	64,028,077	25,720,301	24,443,036	105,379,493	88,471,113
Total liabilities	88,918,227	76,708,942	30,531,091	29,582,451	119,449,318	106,291,393
Deferred inflows of resources	3,762,398	7,245,935	156,693	1,922,450	3,919,091	9,168,385
Net Position						
Net investment in capital assets	54,014,157	50,836,407	70,539,432	67,316,388	124,553,589	118,152,795
Restricted	15,727,642	12,444,902	-	-	15,727,642	12,444,902
Unrestricted	(42,133,843)	(34,557,594)	14,463,523	7,002,450	(27,670,320)	(27,555,144)
Total net position	\$ 27,607,956	\$ 28,723,715	\$ 85,002,955	\$ 74,318,838	\$ 112,610,911	\$ 103,042,553

An additional portion of the City's net position (\$15.7 million or 14 percent of net position) represents resources that are subject to external restrictions on use of the funds. The remaining balance in unrestricted net position amounts to \$(27.7) million. The negative balance is a result of the City's recognition of net pension liability amounting to \$78.2 million, as required by GASB 68.

Governmental activities decreased the City's net position by \$1.1 million in 2016-17. Business-type activities increased the City's net position by \$10.7 million. Key elements of these changes are as follows:

CITY OF SAN BRUNO, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

	Statement of Activities					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues						
Charge for services	\$ 9.5	\$ 8.7	\$ 41.0	\$ 38.5	\$ 50.5	\$ 47.2
Operating grants and contributions	7.4	3.1	-	-	7.4	3.1
Capital grants and contributions	0.1	0.2	-	-	0.1	0.2
Property taxes	10.0	9.5	-	-	10.0	9.5
Transient occupancy taxes	3.3	3.3	-	-	3.3	3.3
Franchise taxes	1.8	2.0	-	-	1.8	2.0
Sales taxes	8.8	8.4	-	-	8.8	8.4
Cardroom taxes	1.8	1.7	-	-	1.8	1.7
Other taxes	2.5	2.5	-	-	2.5	2.5
State motor vehicle in-lieu tax, including subvention	4.3	4.0	-	-	4.3	4.0
State highway user tax	0.9	1.0			0.9	1.0
Miscellaneous revenues	-	-	-	-	-	-
Use of money and property	1.2	1.6	0.2	0.2	1.4	1.8
Total Revenue	51.7	46.0	41.2	38.7	92.7	84.6
Expenses						
General government	7.9	6.6	-	-	7.9	6.6
Public safety	25.2	24.3	-	-	25.2	24.3
Public works	1.0	0.9	-	-	1.0	0.9
Highways and streets	4.0	3.5	-	-	4.0	3.5
Parks and recreation	5.9	5.6	-	-	5.9	5.6
Library	1.9	1.8	-	-	1.9	1.8
Community development	2.8	2.5	-	-	2.8	2.5
Interest expense	0.4	0.4	-	-	0.4	0.4
Water	-	-	9.8	10.1	9.8	10.1
Stormwater	-	-	0.6	0.6	0.6	0.6
Wastewater	-	-	12.0	10.9	12.0	10.9
Cable Television	-	-	11.7	11.3	11.7	11.3
Total expenses	49.1	45.6	34.1	32.9	83.2	78.5
Increase (Decrease) in net position before transfers	2.6	0.4	7.1	5.8	9.7	6.2
Transfers	(3.5)	(0.3)	3.5	0.3	-	-
Increase (Decrease) in Net Position	(0.9)	0.1	10.6	6.1	9.7	6.2
Net position - Beginning	28.7	28.7	74.3	68.3	103.0	97.0
Net position - Ending	\$ 27.8	\$ 28.8	\$ 85.0	\$ 74.4	\$ 112.6	\$ 103.0

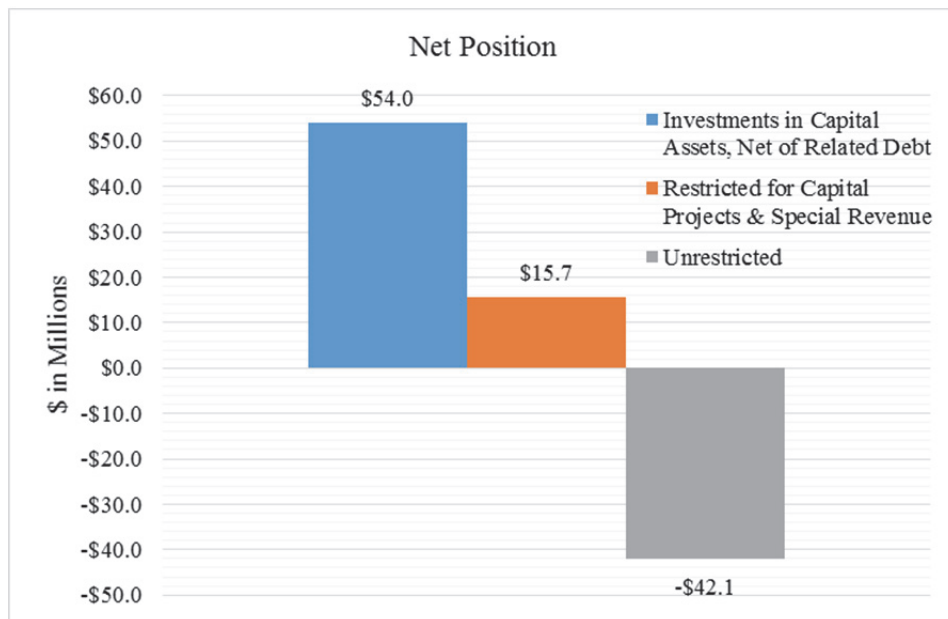
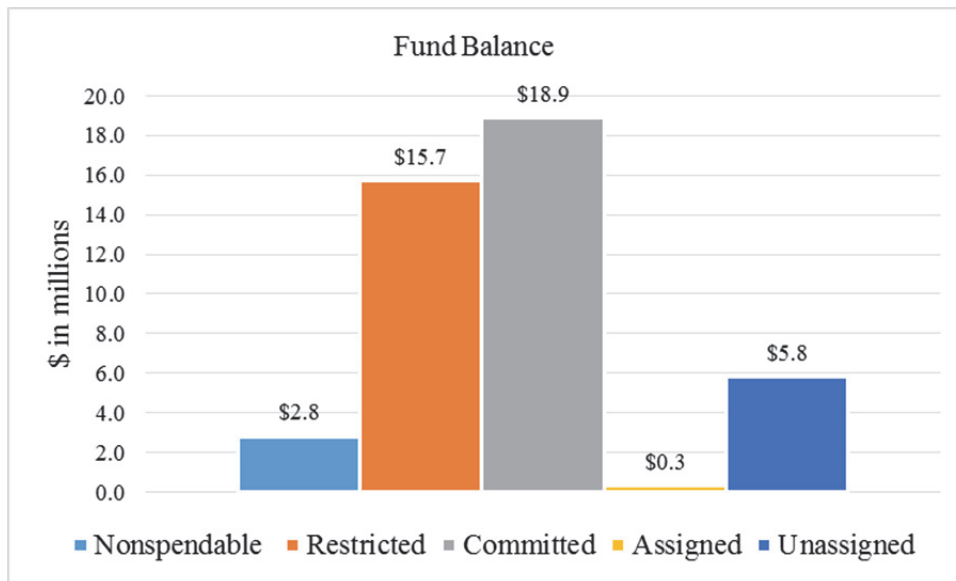
CITY OF SAN BRUNO, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Governmental Activities

The cost of all governmental activities this year was \$49.2 million. As shown in the statement of activities, the amount that general taxpayers paid for these activities with general revenues was \$31.5 million because some of the costs were paid by those specifically benefiting from the programs (\$9.5 million), by other governments and organizations subsidizing programs with grants, and contributions (\$7.5 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, 2017**

Total resources available during the year to finance governmental operations were \$48.1 million. This consists of \$16.9 million in program revenues and \$31.1 million in general revenues net of transfers. Total governmental activities expenses during the year were \$49.2 million.

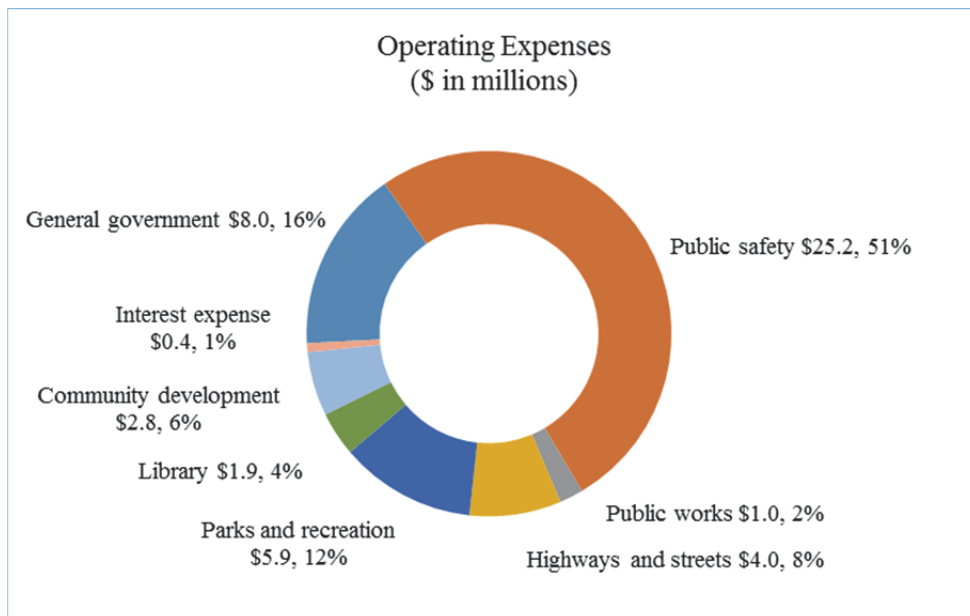
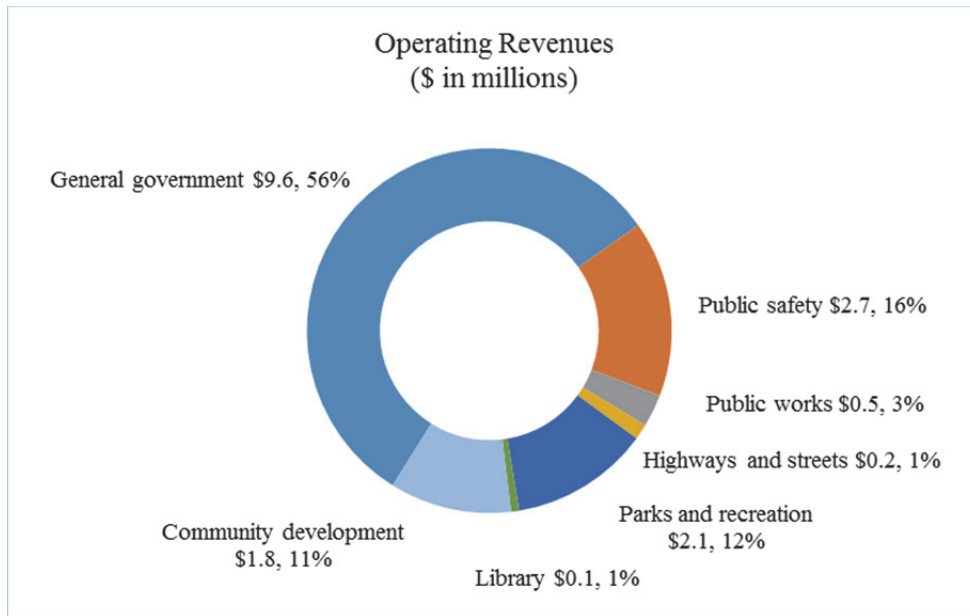
The City’s programs include general government, public safety, public works, highway and streets, parks and recreation, library, and community development. Each program’s net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the financial burden that was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

	Operating Revenues		Operating Expenses		Net Revenue (Expense) and Change in Net Position	
	2017	2016	2017	2016	2017	2016
Governmental activities:						
General government	\$ 9,562,882	\$ 5,284,988	\$ 7,944,081	\$ 6,632,727	\$ 1,618,801	\$ (1,347,739)
Public safety	2,655,518	2,477,148	25,201,102	24,334,371	(22,545,584)	(21,857,223)
Public works	486,904	176,665	1,032,599	929,223	(545,695)	(752,558)
Highways and streets	234,665	322,510	4,001,200	3,450,979	(3,766,535)	(3,128,469)
Parks and recreation	2,092,742	2,058,052	5,929,836	5,611,296	(3,837,094)	(3,553,244)
Library	122,663	93,318	1,937,465	1,799,797	(1,814,802)	(1,706,479)
Community development	1,834,156	1,549,487	2,791,309	2,526,383	(957,153)	(976,896)
Interest expense	-	-	387,374	403,839	(387,374)	(403,839)
Total governmental activities	\$ 16,989,530	\$ 11,962,168	\$ 49,224,966	\$ 45,688,615	\$ (32,235,436)	\$ (33,726,447)

CITY OF SAN BRUNO, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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



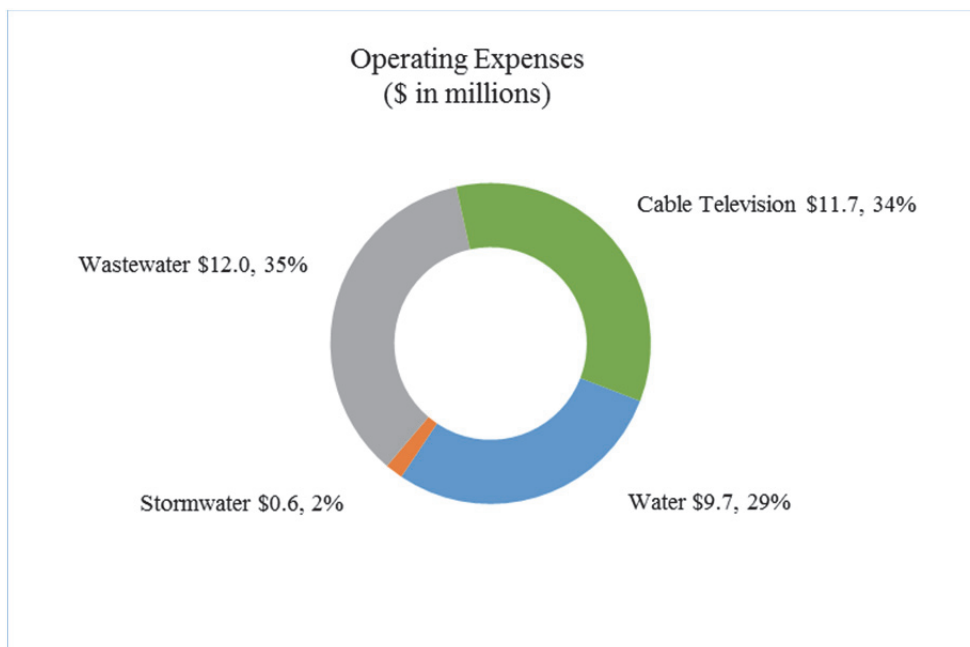
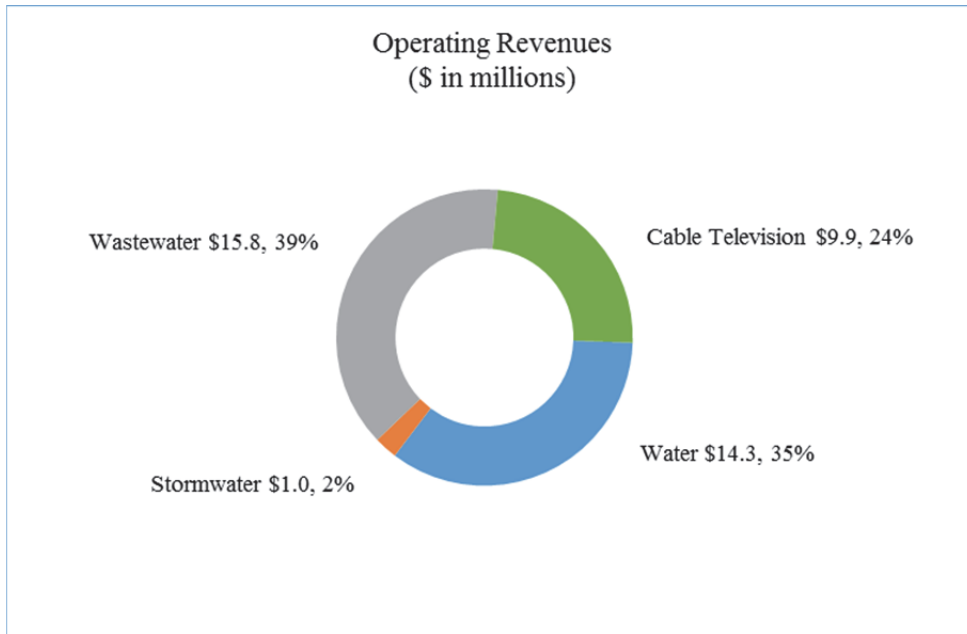
CITY OF SAN BRUNO, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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 \$44.7 million consisting of program revenues, investment income, and transfers. Total business-type activities expenses during the year were \$34 million.

Operating revenues and expenses are depicted graphically as follows:



CITY OF SAN BRUNO, CALIFORNIA

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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

	Operating Revenues		Operating Expenses		Net (Expense) and Change in Net Position	
	2017	2016	2017	2016	2017	2016
	Business-type activities:					
Water	\$ 14,251,650	\$ 12,688,039	\$ 9,717,392	\$ 10,098,091	\$ 4,534,258	\$ 2,589,948
Stormwater	1,035,641	652,195	606,627	607,817	429,014	44,378
Wastewater	15,803,116	15,879,501	12,033,285	10,921,203	3,769,831	4,958,298
Cable Television	9,880,781	9,253,900	11,655,651	11,240,247	(1,774,870)	(1,986,347)
Total business-type activities	\$ 40,971,188	\$ 38,473,635	\$ 34,012,955	\$ 32,867,358	\$ 6,958,233	\$ 5,606,277

Fund Level Financial Analysis

The City uses fund accounting focusing on current financial resources affecting 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 is a strong indicator of uncommitted resources available for future spending.

Major Funds Change in Fund Balance:

- General Fund fund balance decreased by \$4.3 million to \$24.6 million at June 30, 2017. For financial statement presentation purposes, the General Fund includes the operating fund and reserve funds. The decrease is primarily due to transfers from the Capital Improvement (One-Time Initiative) Reserve to fund capital projects.
- Disaster Recovery Fund fund balance decreased by \$0.1 million because the fund reimbursed the Stormwater and Wastewater Funds for costs associated with rebuilding the utility infrastructure in the Crestmoor/Glenview neighborhood.

Enterprise Funds Change in Net Position:

- Water Fund net position increased by \$4.8 million to \$43.4 million as a result of planned rate increases and a rise in water use.
- Wastewater Fund net position increased by \$6 million to \$42.4 million as a result of planned rate increases and an increase in utility infrastructure investments.
- Stormwater Fund net position increased by \$2.0 million to \$6.7 million due to transfers in for funding capital projects and reimbursements for costs associated with rebuilding the stormwater infrastructure in the Crestmoor/Glenview neighborhood.
- Cable Television Fund net position decreased by \$1.7 million to \$(10.3) million. This decline is primarily a result of increased investment in Cable infrastructure and operating expenses exceeding revenues.

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

General Fund Budgetary Highlights

The budget comparison information presented on page 84, 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, there was no need for any significant amendments to increase the original estimated revenues or transfers in.

Significant adjustments to appropriations totaling \$1.7 million included:

- Re-negotiated labor agreements for the Miscellaneous Bargaining Unit and Professional Firefighters Association - \$147,000
- Contract services to perform a public works feasibility study - \$40,000
- Grant reimbursements for public safety related training and equipment - \$44,000
- Additional funding for a Parks division vehicle - \$19,000
- Additional transfers out to fund parks and facilities, streets, and stormwater capital projects - \$1,456,100

Final Budget Compared to Actual Results:

General Fund revenues continued to see improvement in the revenue base, with major categories such as taxes, licenses and permits, charges for services, fines and forfeitures, and other revenues exceeding the final budget estimates. Actual revenues exceeded the final budget by 1.4% or \$593,000. During the year, the City contained departmental budgets through careful management of City resources. As a result, expenditures were at 100% of appropriations.

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

- Licenses and Permit revenue increased by 6% or \$204,000. Large development projects, such as the Plaza Apartments and San Francisco Police Credit Union and an overall increase in construction activity accounted for the increase in this category.
- Revenues collected from Charges for Services exceeded expectations by 5% or \$154,000. Higher enrollment in senior center and recreation programs were key drivers in revenue growth. In addition, an increase in reimbursements for development project plan reviews and senior nutrition and transportation services contributed to the increase.
- Fines and Forfeitures increased by 11%, or \$74,000, due to implementation of automated citation equipment which increased the volume of parking and street sweeping violation citations.
- Use of Money and Property decreased by 21% or \$324,000. This was mainly the result of recognizing fair value of investment income.
- Other Revenues category was 10% over estimates or \$345,000. This was mainly the result of fire strike team reimbursements from the State of California, recognition of development related deposits, and reimbursements for insurance claims.

CITY OF SAN BRUNO, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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 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, 2017, net capital assets of the governmental activities totaled \$54.9 million. Depreciation on capital assets is recognized in the government-wide financial statements. During the 2016-17 fiscal year, net capital assets for governmental activities increased by \$3.98 million due to additions in excess of depreciation. For business-type activities, capital assets increased by \$2.1 million to \$83.4 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	
	2017	2016	2017	2016	2017	2016
Land	\$ 4,011,345	\$ 4,011,345	\$ 576,842	\$ 576,842	\$ 4,588,187	\$ 4,588,187
Construction in Progress	5,736,406	2,733,555	7,124,917	18,061,017	12,861,323	20,794,572
Infrastructure	33,346,192	33,706,320	-	-	33,346,192	33,706,320
Sewer Plant	-	-	13,702,106	14,512,655	13,702,106	14,512,655
Buildings & Structures	7,206,016	7,666,967	50,122,071	41,390,135	57,328,087	49,057,102
Machinery & Equipment	4,572,763	2,827,221	11,856,771	6,763,335	16,429,534	9,590,556
Total	\$ 54,872,722	\$ 50,945,408	\$ 83,382,707	\$ 81,303,984	\$ 138,255,429	\$ 132,249,392

CITY OF SAN BRUNO, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Debt Administration

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

	Summary of Long-Term Debt	
	2017	2016
Governmental Activities		
2011 Capital Lease Obligation, net	\$ 73,719	\$ 109,001
2017 Capital Lease Obligation, net	784,846	
2013 Pension Obligation Bond	9,454,820	10,250,302
Subtotal Governmental Activities Debt	<u>10,313,385</u>	<u>10,359,303</u>
Business-Type Activities		
Due to South San Francisco - 1997 Loan	3,236,486	3,729,081
Due to South San Francisco - 2007 Loan	3,654,410	4,012,567
2013 Wastewater Revenue Refunding Bond, net	6,426,008	6,708,883
Subtotal Business-Type Activities Debt	<u>13,316,904</u>	<u>14,450,531</u>
Fiduciary Activities		
2000 Certificates of Participation	<u>6,310,000</u>	<u>6,610,000</u>
Total Long-Term Debt Obligations	<u>\$ 29,940,289</u>	<u>\$ 31,419,834</u>

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 City Council and management considered the following economic factors in preparation of the fiscal year 2017-18 budget:

- **Property Tax** - The City receives about 12 cents on every property tax dollar collected in San Bruno. The remainder of property taxes paid by San Bruno property owners go to the County, the elementary and secondary school districts, and the special districts providing services to San Bruno residents. Economic indicators continue to show rising housing values and a high level of property sales activity in San Bruno. As a result, property tax revenue is expected to show a strong increase. Property tax revenue for 2017-18 is projected at \$9,958,085 which is approximately 10% more than the estimated year end amount for 2016-17.

The property tax amount projected for 2017-18 also includes \$400,000 of "excess ERAF" funds the City has received on an annual basis for the past 15 years. This amount is half of the total amount the City will receive in the coming year. While the City has historically treated this revenue as a one-time resource, this amount can prudently be included in the annual operating budget to avoid reduction to regular City services.

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Property tax the City receives as a result of the dissolution of the San Bruno Redevelopment Agency is included in Property Tax revenue. These "Redevelopment Boomerang" funds total \$1,332,000 in 2017-18. While these funds come to the City as unrestricted property tax, this amount does not replace the amount previously received for economic development and other projects through the former San Bruno Redevelopment Agency.

- Sales tax of 8.75% is assessed on each sale of taxable goods in San Bruno. Of this amount, the City receives 1%. For 2017-18 total sales tax revenue is anticipated to increase by the relatively modest amount of \$103,998 over the prior year to a total of \$7,639,274.
- Transient Occupancy Tax (TOT) in the amount of 12% is collected on room rentals at the 13 lodging establishments in San Bruno. Total TOT (or hotel/motel tax) revenues are anticipated to increase modestly by \$32,853 over the prior year to \$3,353,200.
- Business License Tax revenue has experienced significant increases in recent years as sizeable new businesses have located in the City. For 2017-18, the previous rate and amount of increase is expected to level out and business license tax is projected to remain flat when compared to the prior year.
- Use of Money & Property - Addressing the accumulated deficit in the Cable Fund, beginning in 2016-17 the City initiated an annual reduction of \$200,000 in the amount of Cable Enterprise revenues that are transferred to the General Fund each year as an equity earnings transfer. The transfer in 2017-18 amounts to \$575,000.
- Departmental Revenue generated by the operating departments is anticipated to decrease 2017-18 by 1% from the amount collected in 2016-17. Three Departments account for 83% of total operating department revenue to the General Fund. These are Police (parking citation revenues), Recreation and Building.
- General Fund expenditures are projected to increase by 3% compared to the 2016-17 amended budget. Employee salary and benefits costs represent the largest category of expenditures in the City's Operating Budget at over 70% of total expenditures. The 2017-18 Budget includes salary adjustments in accordance with employee bargaining unit agreements currently in place. Negotiations are continuing for two bargaining units and the City's agreements with Public Safety bargaining units will expire at the end of the calendar year. Agreed changes to compensation and benefits may be incorporated as an amendment to the Budget once negotiations have concluded.
- The City established a new five-year water rate program that will take effect July 1, 2017 and cover the period through June 30, 2022. The 5% increase from the prior rates reflects decreases in water consumption and the associated decrease in revenues due to increased conservation, scheduled increases in the cost of purchased water from the SFPUC, and the cost of capital project work to be completed as part of the City's aggressive water system infrastructure replacement and improvement program. Overall, total water system revenues are anticipated to remain relatively flat in 2017-18 as compared to the prior year budgeted amount.

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

- The City Council increased most Cable service rates by 7% effective August 1, 2017. This is only the third system rate increase in 6-years. In total, the rate increase is expected to generate about \$400,000 in new system revenue in 2017-18. With this revenue and the \$200,000 reduction in transfers, the Cable Enterprise Operating Budget projects a \$617,626 surplus for 2017-18. This amount is available to cover proposed Enterprise capital costs. For 2017-18, budgeted operating expenditures are anticipated to increase \$368,403 above the 2016-17 amount.
- A total of \$3.8 million is set-aside to meet debt service obligations.

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 revenues it received. 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.

<p style="text-align: center;">STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES</p>

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, 2017
(with comparative totals for June 30, 2016)

	Governmental	Business-Type	Totals	
	Activities	Activities	2017	2016
ASSETS				
Current assets:				
Cash and investments	\$35,592,815	\$31,919,278	\$67,512,093	\$57,655,819
Cash and investments with fiscal agent	141,759	473,629	615,388	604,449
Receivables (net):				
Taxes	1,305,836		1,305,836	2,137,803
Accounts		4,781,703	4,781,703	6,244,048
Interest	133,568		133,568	82,747
Loans	1,076,520		1,076,520	1,034,256
Other	4,086,051		4,086,051	8,590,301
Prepaid Items	2,860	85,288	88,148	69,113
Internal balances	7,833,856	(7,833,856)		
Total current assets	<u>50,173,265</u>	<u>29,426,042</u>	<u>79,599,307</u>	<u>76,418,536</u>
Noncurrent assets:				
Loans to fiduciary funds	771,603		771,603	1,429,346
Capital assets not being depreciated:				
Land	4,011,345	576,842	4,588,187	4,588,187
Construction in progress	5,736,406	7,124,917	12,861,323	20,794,572
Capital assets net of accumulated depreciation:				
Buildings and improvements	7,206,016	50,122,071	57,328,087	49,057,102
Machinery, improvements and equipment	4,572,763	11,856,771	16,429,534	9,590,556
Infrastructure	33,346,192		33,346,192	33,706,320
Sewer plant		13,702,106	13,702,106	14,512,655
Total capital assets (net)	<u>54,872,722</u>	<u>83,382,707</u>	<u>138,255,429</u>	<u>132,249,392</u>
Total noncurrent assets	<u>55,644,325</u>	<u>83,382,707</u>	<u>139,027,032</u>	<u>133,678,738</u>
Total assets	<u>105,817,590</u>	<u>112,808,749</u>	<u>218,626,339</u>	<u>210,097,274</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount on pensions	14,470,991	2,764,205	17,235,196	8,279,910
Deferred amount on refunding		117,785	117,785	125,147
Total deferred outflows of resources	<u>14,470,991</u>	<u>2,881,990</u>	<u>17,352,981</u>	<u>8,405,057</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	6,766,215	2,569,641	9,335,856	11,648,409
Interest payable	31,674	226,751	258,425	277,036
Unearned revenue	181,853	777,476	959,329	1,249,544
Compensated absences - current	459,065	66,534	525,599	1,886,700
Long-term debt - current	1,015,519	1,170,388	2,185,907	1,964,391
Claims payable - current	804,709		804,709	794,200
Total current liabilities	<u>9,259,035</u>	<u>4,810,790</u>	<u>14,069,825</u>	<u>17,820,280</u>
Noncurrent liabilities:				
Compensated absences - non-current	2,394,947	495,266	2,890,213	1,351,600
Long-term debt - non-current	9,297,866	12,146,516	21,444,382	22,845,443
Claims payable - non-current	2,847,291		2,847,291	2,502,800
Net pension liability	65,119,088	13,078,519	78,197,607	61,771,270
Total noncurrent liabilities	<u>79,659,192</u>	<u>25,720,301</u>	<u>105,379,493</u>	<u>88,471,113</u>
Total liabilities	<u>88,918,227</u>	<u>30,531,091</u>	<u>119,449,318</u>	<u>106,291,393</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amount on pensions	3,762,398	156,693	3,919,091	9,168,385
Total deferred inflows of resources	<u>3,762,398</u>	<u>156,693</u>	<u>3,919,091</u>	<u>9,168,385</u>
NET POSITION				
Net investment in capital assets	54,014,157	70,539,432	124,553,589	118,152,795
Restricted for:				
Capital projects	5,959,577		5,959,577	4,082,462
Debt service	221		221	16
Measure A	1,955,726		1,955,726	1,361,832
Community services	7,812,118		7,812,118	7,000,592
Unrestricted	(42,133,843)	14,463,523	(27,670,320)	(27,555,144)
Total net position	<u>\$27,607,956</u>	<u>\$85,002,955</u>	<u>\$112,610,911</u>	<u>\$103,042,553</u>

See accompanying notes to financial statements

CITY OF SAN BRUNO

Statement of Activities

For the year ended June 30, 2017

(with comparative totals for the year ended June 30, 2016)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$7,944,081	\$3,534,173	\$6,028,709	
Public safety	25,201,102	2,019,187	636,331	
Public works	1,032,599	475,379	11,525	
Highways and streets	4,001,200	16,500	84,924	\$133,241
Parks and recreation	5,929,836	1,533,722	559,020	
Library	1,937,465	92,709	29,954	
Community development	2,791,309	1,832,185	1,971	
Interest expense	387,374			
Total governmental activities	49,224,966	9,503,855	7,352,434	133,241
Business-type activities:				
Water	9,717,392	14,251,650		
Stormwater	606,627	1,035,641		
Wastewater	12,033,285	15,803,116		
Cable television	11,655,651	9,880,781		
Total business-type activities	34,012,955	40,971,188		
Total primary government	\$83,237,921	\$50,475,043	\$7,352,434	\$133,241

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

Transfers

 Total general revenues and transfers

Change in net position

Net position - Beginning

Net position - Ending

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position		Totals	
Governmental Activities	Business-Type Activities	2017	2016
\$1,618,801		\$1,618,801	(\$1,347,739)
(22,545,584)		(22,545,584)	(21,857,223)
(545,695)		(545,695)	(752,558)
(3,766,535)		(3,766,535)	(3,128,469)
(3,837,094)		(3,837,094)	(3,553,244)
(1,814,802)		(1,814,802)	(1,706,479)
(957,153)		(957,153)	(976,896)
(387,374)		(387,374)	(403,839)
(32,235,436)		(32,235,436)	(33,726,447)
	\$4,534,258	4,534,258	2,589,948
	429,014	429,014	44,378
	3,769,831	3,769,831	4,958,298
	(1,774,870)	(1,774,870)	(1,986,347)
	6,958,233	6,958,233	5,606,277
(32,235,436)	6,958,233	(25,277,203)	(28,120,170)
9,968,404		9,968,404	9,500,264
3,286,913		3,286,913	3,316,369
1,823,810		1,823,810	1,960,997
8,777,377		8,777,377	8,377,896
1,781,208		1,781,208	1,735,696
2,492,886		2,492,886	2,514,851
4,329,287		4,329,287	4,016,571
887,258		887,258	976,525
1,248,861	249,557	1,498,418	1,799,741
(3,476,327)	3,476,327		
31,119,677	3,725,884	34,845,561	34,198,910
(1,115,759)	10,684,117	9,568,358	6,078,740
28,723,715	74,318,838	103,042,553	96,963,813
\$27,607,956	\$85,002,955	\$112,610,911	\$103,042,553

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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

This fund accounts for funds to be used for rebuilding the Crestmoor/Glenview Neighborhood.

CITY OF SAN BRUNO
Balance Sheet
Governmental Funds
June 30, 2017
(with comparative totals for June 30, 2016)

	General	Disaster	Non Major	Totals	
		Recovery	Governmental	2017	2016
	Fund	Funds			
ASSETS					
Cash and investments	\$12,902,920	\$1,054,695	\$18,393,394	\$32,351,009	\$32,639,500
Cash and investments with fiscal agent	50,419		221	50,640	50,395
Receivables:					
Taxes	1,286,497		19,339	1,305,836	2,137,803
Interest	126,486		7,082	133,568	82,747
Loans	986,520		90,000	1,076,520	1,034,256
Other	1,529,002	2,338,516	218,533	4,086,051	8,590,301
Due from other funds	9,514,477			9,514,477	8,972,209
Advances to other funds	991,728			991,728	1,156,323
Loans to Redevelopment Agency	771,603			771,603	1,429,346
Total assets	\$28,159,652	\$3,393,211	\$18,728,569	\$50,281,432	\$56,092,880
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$3,418,242	\$2,604,925	\$600,927	\$6,624,094	\$8,808,952
Due to other funds					1,708,686
Unearned revenue	166,073		15,780	181,853	462,052
Total liabilities	3,584,315	2,604,925	616,707	6,805,947	10,979,690
Deferred Inflows of Resources:					
Unavailable revenue					666,225
Fund balances:					
Nonspendable	2,749,851		90,000	2,839,851	3,619,925
Restricted		788,286	14,939,356	15,727,642	12,444,902
Committed	15,726,434		3,082,506	18,808,940	22,698,972
Assigned	265,888			265,888	2,130,681
Unassigned	5,833,164			5,833,164	3,552,485
Total fund balances	24,575,337	788,286	18,111,862	43,475,485	44,446,965
Total liabilities, deferred inflows of resources and fund balances	\$28,159,652	\$3,393,211	\$18,728,569	\$50,281,432	\$56,092,880

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, 2017

Total fund balances - total governmental funds \$43,475,485

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. 54,841,919

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	3,241,806
Cash and investments with trustee	91,119
Prepays	2,860
Capital Assets	30,803
Accounts payable	(142,121)
Liability for claims	(3,652,000)
Compensated absences	(130,359)
Net amount allocated to business-type activities	(2,672,349)

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	(9,454,820)
Leases payable	(858,565)
Accrued interest payable	(31,674)
Compensated absences	(2,723,653)
Net pension liability	(65,119,088)
Deferred outflows of resources related to pensions	14,470,991
Deferred inflows of resources related to pensions	(3,762,398)

Net position of governmental activities	\$27,607,956
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See accompanying notes to financial statements

CITY OF SAN BRUNO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	General	Disaster Recovery Fund	Non Major	Totals	
			Governmental Funds	2017	2016
REVENUES:					
Taxes	\$25,121,068		\$1,831,535	\$26,952,603	\$26,272,319
Licenses and permits	3,705,582		276,101	3,981,683	3,451,841
Intergovernmental	4,386,270		675,708	5,061,978	4,787,432
Charges for services	3,294,858		110,397	3,405,255	3,398,555
Fines and forfeitures	756,401		376,248	1,132,649	698,463
Use of money and property	1,186,573		86,009	1,272,582	1,674,729
Other revenues	3,856,015	\$6,230,429	358,565	10,445,009	8,467,574
Total revenues	42,306,767	6,230,429	3,714,563	52,251,759	48,750,913
EXPENDITURES:					
Current:					
General government	4,805,239	1,182,803	268,619	6,256,661	5,966,987
Public safety	23,064,263		94,786	23,159,049	22,978,100
Public works	852,334			852,334	895,218
Highways and streets	1,614,274		85,783	1,700,057	1,537,442
Parks and recreation	4,807,847		159,586	4,967,433	5,301,162
Library	1,834,720		7,263	1,841,983	1,758,937
Community development	2,636,480		54,430	2,690,910	2,509,152
Capital outlay	2,540,142	3,059,194	2,244,784	7,844,120	5,137,379
Debt service:					
Principal	1,089,000		850,282	1,939,282	829,272
Interest and fiscal charges			368,929	368,929	386,635
Total expenditures	43,244,299	4,241,997	4,134,462	51,620,758	47,300,284
REVENUES OVER (UNDER)					
EXPENDITURES	(937,532)	1,988,432	(419,899)	631,001	1,450,629
OTHER FINANCING SOURCES (USES):					
Transfers in	966,979		5,387,852	6,354,831	24,558,269
Transfers out	(6,180,336)	(2,082,327)	(1,568,495)	(9,831,158)	(18,385,696)
Capital lease	1,873,846			1,873,846	
Total other financing sources (uses)	(3,339,511)	(2,082,327)	3,819,357	(1,602,481)	6,172,573
Net change in fund balances	(4,277,043)	(93,895)	3,399,458	(971,480)	7,623,202
FUND BALANCES:					
Beginning of year	28,852,380	882,181	14,712,404	44,446,965	36,823,763
End of year	\$24,575,337	\$788,286	\$18,111,862	\$43,475,485	\$44,446,965

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, 2017

Net change in fund balances- total governmental funds (\$971,480)

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	7,844,120
Amounts charged to Highway and Streets	(433,348)
Amounts charged to Public Safety	(1,959)
Amounts charged to Public Works	(135,226)
Amounts charged to Parks & Recreation	(394,580)
Amounts charged to Community Development	(64,702)
Retirements are deducted from fund balance	(5,327)
Depreciation expense is deducted from the fund balance	
(Depreciation expense is net of internal service fund depreciation of \$12,193 which has already been allocated to internal service funds.)	(2,869,471)

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 other financing sources	(1,873,846)
Capital lease obligation principal payments	1,124,282
Pension obligation bond principal payments and discount amortization	815,000
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	1,073
Unavailable revenue	(666,225)
Compensated absences	(185,446)
Net pension liability, deferred inflows and deferred outflows	(2,415,130)

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	(863,976)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (\$1,115,759)

See accompanying notes to financial statements

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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 2017.

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, 2017
(with comparative totals for June 30, 2016)

	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
ASSETS			
Current assets:			
Cash and investments	\$14,119,178	\$2,983,163	\$14,816,937
Cash and investments with fiscal agent/trustee			473,629
Accounts receivable	1,738,086	391,973	1,818,515
Prepaid items			
Total current assets	<u>15,857,264</u>	<u>3,375,136</u>	<u>17,109,081</u>
Noncurrent assets:			
Non-depreciable capital assets	1,460,493	528,898	5,212,368
Depreciable capital assets	30,226,822	3,347,411	37,897,814
Total noncurrent assets	<u>31,687,315</u>	<u>3,876,309</u>	<u>43,110,182</u>
Total assets	<u>47,544,579</u>	<u>7,251,445</u>	<u>60,219,263</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on pension	883,045	119,312	795,692
Deferred amount on refunding			117,785
Total deferred outflows of resources	<u>883,045</u>	<u>119,312</u>	<u>913,477</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	634,495	43,494	1,254,772
Due to other funds			
Interest payable			226,751
Unearned revenue			
Compensated absences - current	16,629	2,142	15,180
Liability for claims - current			
Long term debt - due within one year			1,170,388
Total current liabilities	<u>651,124</u>	<u>45,636</u>	<u>2,667,091</u>
Noncurrent liabilities:			
Advances from other funds			
Compensated absences - noncurrent	116,686	9,702	78,687
Long term debt - due in more than one year			12,146,516
Liability for claims - non-current			
Net pension liability	4,178,026	564,512	3,764,725
Total noncurrent liabilities	<u>4,294,712</u>	<u>574,214</u>	<u>15,989,928</u>
Total liabilities	<u>4,945,836</u>	<u>619,850</u>	<u>18,657,019</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amount on pension	50,057	6,763	45,105
Total deferred inflows of resources	<u>50,057</u>	<u>6,763</u>	<u>45,105</u>
Net Position			
Net investment in capital assets	31,687,315	3,876,309	30,266,907
Unrestricted (deficit)	11,744,416	2,867,835	12,163,709
Total net position	<u>\$43,431,731</u>	<u>\$6,744,144</u>	<u>\$42,430,616</u>
Reconciliation to government-wide statement of net position:			
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$1,320,241	\$93,904	\$418,225
Net position of business-type activities	<u>\$44,751,972</u>	<u>\$6,838,048</u>	<u>\$42,848,841</u>

See accompanying notes to financial statements

Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Cable Television	Totals		Totals	
	2017	2016	2017	2016
	\$31,919,278	\$20,820,215	\$3,241,806	\$4,196,104
	473,629	462,935	91,119	91,119
\$833,129	4,781,703	6,244,048		
85,288	85,288	52,765	2,860	16,348
918,417	37,259,898	27,579,963	3,335,785	4,303,571
500,000	7,701,759	18,637,859		
4,208,901	75,680,948	62,666,125	30,803	42,996
4,708,901	83,382,707	81,303,984	30,803	42,996
5,627,318	120,642,605	108,883,947	3,366,588	4,346,567
966,156	2,764,205	2,225,643		
	117,785	125,147		
966,156	2,881,990	2,350,790		
636,880	2,569,641	2,554,566	142,121	284,891
9,514,477	9,514,477	7,263,523		
	226,751	244,289		
777,476	777,476	787,492		
32,583	66,534	419,441	23,626	89,215
			804,709	794,200
	1,170,388	1,133,627		
10,961,416	14,325,267	12,402,938	970,456	1,168,306
991,728	991,728	1,156,323		
290,191	495,266	158,559	106,733	32,878
	12,146,516	13,316,904		
			2,847,291	2,502,800
4,571,256	13,078,519	10,967,573		
5,853,175	26,712,029	25,599,359	2,954,024	2,535,678
16,814,591	41,037,296	38,002,297	3,924,480	3,703,984
54,768	156,693	1,922,450		
54,768	156,693	1,922,450		
4,708,901	70,539,432	67,316,388	30,803	42,996
(14,984,786)	11,791,174	3,993,602	(588,695)	599,587
(\$10,275,885)	\$82,330,606	\$71,309,990	(\$557,892)	\$642,583
\$839,979	\$2,672,349	\$3,008,848		
(\$9,435,906)	\$85,002,955	\$74,318,838		

CITY OF SAN BRUNO
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
OPERATING REVENUES:			
Charges for services:			
Water sales	\$14,040,174		
Sewer service charges			\$15,680,064
Cable television charges			
Other service charges	66,914	\$561,045	76,893
Other operating revenue	144,562	474,596	46,159
Insurance cost allocation			
Total operating revenues	<u>14,251,650</u>	<u>1,035,641</u>	<u>15,803,116</u>
OPERATING EXPENSES:			
Water supply	7,926,284		
Distribution		427,849	
Customer accounting	134,817		
Treatment			9,305,503
Cable operations			
Central garage			
Insurance expenses			
Equipment replacement			
Technology support			
Facilities maintenance			
Depreciation and amortization	1,532,713	159,944	2,149,258
Total operating expenses	<u>9,593,814</u>	<u>587,793</u>	<u>11,454,761</u>
OPERATING INCOME (LOSS)	<u>4,657,836</u>	<u>447,848</u>	<u>4,348,355</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	108,680	20,299	120,578
Interest and debt service expenses			(442,299)
Total non-operating revenues (expenses), net	<u>108,680</u>	<u>20,299</u>	<u>(321,721)</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	4,766,516	468,147	4,026,634
Transfers in		1,616,945	1,934,382
Transfers out		(45,000)	
CHANGE IN NET POSITION	4,766,516	2,040,092	5,961,016
NET POSITION:			
Beginning of year	<u>38,665,215</u>	<u>4,704,052</u>	<u>36,469,600</u>
End of year	<u>\$43,431,731</u>	<u>\$6,744,144</u>	<u>\$42,430,616</u>
Reconciliation to government-wide statement of activities:			
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(\$123,578)	(\$18,834)	(\$136,225)
Change in net position of business-type activities - End of year	<u>\$4,642,938</u>	<u>\$2,021,258</u>	<u>\$5,824,791</u>

See accompanying notes to financial statements

Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Cable	Totals		Totals	
Television	2017	2016	2017	2016
	\$14,040,174	\$12,373,942		
	15,680,064	14,645,617		
\$9,848,666	9,848,666	9,212,107		
32,115	736,967	739,867	\$3,681,942	\$4,548,969
	665,317	1,502,102		
<u>9,880,781</u>	<u>40,971,188</u>	<u>38,473,635</u>	<u>3,681,942</u>	<u>4,548,969</u>
	7,926,284	5,673,085		
	427,849	3,687,009		
	134,817	90,023		
	9,305,503	8,355,894		
10,677,589	10,677,589	10,346,201		
			588,197	568,917
			2,419,491	2,642,601
				395,331
			647,078	652,293
			1,215,458	1,261,809
914,525	4,756,440	4,004,257	12,193	9,497
<u>11,592,114</u>	<u>33,228,482</u>	<u>32,156,469</u>	<u>4,882,417</u>	<u>5,530,448</u>
<u>(1,711,333)</u>	<u>7,742,706</u>	<u>6,317,166</u>	<u>(1,200,475)</u>	<u>(981,479)</u>
	249,557	159,068		
(5,675)	(447,974)	(472,976)		
(5,675)	(198,417)	(313,908)		
(1,717,008)	7,544,289	6,003,258	(1,200,475)	(981,479)
	3,551,327	328,549		
(30,000)	(75,000)	(70,025)		(6,431,097)
(1,747,008)	11,020,616	6,261,782	(1,200,475)	(7,412,576)
(8,528,877)	71,309,990	65,048,208	642,583	8,055,159
<u>(\$10,275,885)</u>	<u>\$82,330,606</u>	<u>\$71,309,990</u>	<u>(\$557,892)</u>	<u>\$642,583</u>
(57,862)	(336,499)	(237,913)		
<u>(\$1,804,870)</u>	<u>\$10,684,117</u>	<u>\$6,023,869</u>		

CITY OF SAN BRUNO
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from interfund services provided			
Cash receipts from customers	\$14,067,081	\$803,219	\$17,650,564
Cash payments to suppliers for goods and services	(8,743,554)	(415,731)	(8,478,433)
Cash payments to employees for services	(187,892)	(234,804)	290,574
Net cash provided by (used by) operating activities	5,135,635	152,684	9,462,705
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Advance distributions from other funds			
Advance repayments to other funds			
Advance repayments from other funds			
Transfers received from other funds		1,616,945	1,934,382
Transfers paid to other funds		(45,000)	
Net cash provided by noncapital financing activities		1,571,945	1,934,382
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(595,387)	(406,159)	(4,820,016)
Principal payments on long-term debt			(1,115,752)
Interest paid on long-term debt			(459,837)
Net cash (used) by capital and related financing activities	(595,387)	(406,159)	(6,395,605)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income (expense)	108,680	20,299	120,578
Net cash provided by investing activities	108,680	20,299	120,578
Net increase (decrease) in cash and cash equivalents	4,648,928	1,338,769	5,122,060
CASH AND CASH EQUIVALENTS:			
Beginning of year	9,470,250	1,644,394	10,168,506
End of year	<u>\$14,119,178</u>	<u>\$2,983,163</u>	<u>\$15,290,566</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position			
Cash and investments	\$14,119,178	\$2,983,163	\$14,816,937
Cash and investments held by trustees			473,629
Total Cash and Cash Equivalents, End of Year	<u>\$14,119,178</u>	<u>\$2,983,163</u>	<u>\$15,290,566</u>
Reconciliation of income (loss) from operations to net cash provided by (used for) operating activities:			
Operating income (loss)	\$4,657,836	\$447,848	\$4,337,842
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	1,532,713	159,944	2,149,258
(Increase) decrease in current assets:			
Accounts receivable	(184,569)	(232,422)	1,847,448
Prepaid items			
Due from other funds			
(Increase) decrease in deferred outflows of resources	(163,157)	(5,253)	(184,284)
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	(682,453)	12,118	837,583
Due to other funds			
Unearned revenue			
Compensated absences	(13,790)	940	(23,485)
Net Pension liability	573,545	(112,964)	939,459
Increase (decrease) in claims liability - noncurrent			
Increase (decrease) in deferred inflows of resources	(584,490)	(117,527)	(441,116)
Net cash provided by (used for) operating activities	\$5,135,635	\$152,684	\$9,462,705
NON-CASH ACTIVITIES			
Amortization of bond premiums			\$17,875
Amortization of deferred amount of refunding			(7,362)
Total non-cash activities			<u>\$10,513</u>

See accompanying notes to financial statements

Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Cable Television	Totals		Totals	
	2017	2016	2017	2016
\$2,250,954	\$2,250,954	\$63,091	\$3,690,208	\$4,543,817
9,902,653	42,423,517	36,687,451		
(10,862,285)	(28,500,003)	(30,800,955)	(4,644,506)	(5,125,833)
(77,451)	(209,573)	(192,282)		
1,213,871	15,964,895	5,757,305	(954,298)	(582,016)
		1,156,323		
(164,595)	(164,595)			2,107,255
	3,551,327	328,549		
(30,000)	(75,000)	(70,025)		(6,431,097)
(194,595)	3,311,732	1,414,847		(4,323,842)
(1,013,601)	(6,835,163)	(12,673,860)		(52,493)
	(1,115,752)	(1,100,047)		
	(459,837)	(489,263)		
(1,013,601)	(8,410,752)	(14,263,170)		(52,493)
(5,675)	243,882	158,556		
(5,675)	243,882	158,556		
	11,109,757	(6,932,462)	(954,298)	(4,958,351)
	21,283,150	28,215,612	4,287,223	9,245,574
	<u>\$32,392,907</u>	<u>\$21,283,150</u>	<u>\$3,332,925</u>	<u>\$4,287,223</u>
	\$31,919,278	\$20,820,215	\$3,241,806	\$4,196,104
	473,629	462,935	91,119	91,119
	<u>\$32,392,907</u>	<u>\$21,283,150</u>	<u>\$3,332,925</u>	<u>\$4,287,223</u>
(\$1,711,333)	\$7,732,193	\$6,317,166	(\$1,200,475)	(\$981,479)
914,525	4,756,440	4,004,257	12,193	9,497
31,888	1,462,345	(1,858,910)		4,872
(32,523)	(32,523)	(19,091)		
			13,488	(3,443)
(185,868)	(538,562)	(1,364,185)		
(152,173)	15,075	(2,629,652)	(142,770)	64,561
2,250,954	2,250,954	63,091		
(10,016)	(10,016)	72,726		
20,135	(16,200)	30,104	8,266	(10,024)
710,906	2,110,946	1,197,135		
			355,000	334,000
(622,624)	(1,765,757)	(55,336)		
<u>\$1,213,871</u>	<u>\$15,964,895</u>	<u>\$5,757,305</u>	<u>(\$954,298)</u>	<u>(\$582,016)</u>
	\$17,875			
	(7,362)			
	<u>\$10,513</u>			

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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 San Bruno 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, 2017
(with comparative totals for June 30, 2016)

	Redevelopment Agency Obligation		Agency Funds	
	Retirement Trust Fund			
	2017	2016	2017	2016
ASSETS				
Cash and investments	\$1,374,615	\$876,435	\$742,337	\$498,783
Cash and investments with fiscal agent/trustee	650,715	650,334		
Accounts receivable			504,328	478,620
Total assets	\$2,025,330	\$1,526,769	\$1,246,665	\$977,403
LIABILITIES				
Accounts payable		\$176,997	\$1,017,340	\$900,009
Interest payable	\$137,695	144,007		
Other liabilities			229,325	77,394
Loan from the City of San Bruno	771,603	1,429,346		
Certificates of Participation - current	315,000	300,000		
Certificates of Participation - non-current	5,995,000	6,310,000		
Total liabilities	\$7,219,298	\$8,360,350	\$1,246,665	\$977,403
NET POSITION				
Restricted net position held in trust	(\$5,193,968)	(\$6,833,581)		

See accompanying notes to financial statements

CITY OF SAN BRUNO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2017

	Redevelopment Agency Obligation Retirement Trust Fund	
	2017	2016
ADDITIONS		
Administration allowance	\$40,466	\$61,729
Taxes	2,143,722	1,812,225
Other revenues	1,242	466
TOTAL ADDITIONS	2,185,430	1,874,420
DEDUCTIONS		
Community development	206,511	452,015
Interest and fiscal charges	339,306	353,930
TOTAL DEDUCTIONS	545,817	805,945
CHANGES IN NET POSITION	1,639,613	1,068,475
NET POSITION - Beginning of the year	(6,833,581)	(7,902,056)
NET POSITION - End of the year	(\$5,193,968)	(\$6,833,581)

See accompanying notes to financial statements

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CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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 THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major Special Revenue Fund

The Disaster Recovery Special Revenue Fund is used to account for reimbursements from Pacific Gas and Electric Company (PG&E) Trust. The Trust funds are being used to replace and reconstruct the utilities, streets, streetlights, park replacement and other infrastructure that support the Crestmoor 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 THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 two agency funds, which are Project Development and San Bruno Garbage Company. Since agency funds are custodial in nature, (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

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.

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.

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

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.

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City indirectly participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which invests 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 such as 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.

Business-type activities report service charges and expense reimbursements as its major receivables. In the fund financial statements, significant receivables in governmental funds include revenue accruals such as property tax, sales tax, transient occupancy 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. Customer and 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. Contributed capital assets are valued at their estimated acquisition value on the date contributed. Donated works of art and similar items and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems and are capitalized at \$100,000.

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes of the compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$2,660,300	\$578,000	\$3,238,300
Additions	719,353	107,128	826,481
Payments	(525,641)	(123,328)	(648,969)
Ending Balance	\$2,854,012	\$561,800	\$3,415,812
Current Portion	\$459,065	\$66,534	\$525,599

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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 THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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 THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 1st.
2. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for all Governmental, Proprietary and Fiduciary fund types.
3. Budgets for the General, Major 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, 2017 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 THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Expenditures in Excess of Appropriations:

Fund	Expenditures in Excess of Appropriations
General Fund	\$15,926
Special Revenue Funds:	
Agency on Aging	9,017
Gas Tax	260
Police Asset Seizure	2,317
SB 322 Recycling/Litter Clean-up	6,683
Total Special Revenue Funds	18,277
Debt Service Fund:	
General	1,694
Total	\$35,897

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, 2017.

GASB 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. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. The pronouncement became effective, but did not have a material effect on the financial statements.

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 74 - Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The pronouncement became effective, but did not have a material effect on the financial statements.

GASB 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The pronouncement became effective, but did not have a material effect on the financial statements.

GASB 80 - Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The pronouncement became effective, but did not have a material effect on the financial statements.

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

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.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 2 - CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2017, consist of the following:

<i>Statement of Net Position</i>	Amount
Cash and investments	\$67,512,093
Restricted cash and investments held by fiscal agents	615,388
Total cash and investments in primary government	68,127,481
<i>Statements of Fiduciary Net Position</i>	
Cash and investments:	
Private Purpose Trust Funds	1,374,615
Agency Fund	742,337
Restricted cash and investments held by fiscal agents:	
Private Purpose Trust Funds	650,715
Total cash and investments in fiduciary	2,767,667
Total cash and investments	\$70,895,148

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.

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.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 2 - CASH AND INVESTMENTS (Continued)

During the year ended June 30, 2017, the City's permissible investments included the following instruments:

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

During the year ended June 30, 2017, the City's permissible investments for debt service fiscal agents included the following instruments:

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

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

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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	12 Months or less	13 to 24 Months	25 to 60 Months	Total
U.S. Agency Securities:				
Federal Farm Credit Bank		\$4,978,070	\$3,969,390	\$8,947,460
Federal Home Loan Bank	\$1,997,610			1,997,610
Federal Home Loan Mortgage Corporation	3,997,960		1,983,140	5,981,100
Local Agency Investment Fund	17,511,625			17,511,625
San Mateo County Investment Pool	29,447,012			29,447,012
Money Market Funds	1,591,952			1,591,952
Municipal Bonds		2,014,840		2,014,840
Subtotal Investments	<u>\$54,546,159</u>	<u>\$6,992,910</u>	<u>\$5,952,530</u>	<u>67,491,599</u>
Cash in banks and on hand				<u>3,403,549</u>
Total Cash and Investments				<u>\$70,895,148</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, 2017, these investments had a weighted average maturity of 194 days.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 2 - CASH AND INVESTMENTS (Continued)

The City invests in the San Mateo County Pooled Investment Fund (SMCPIF), an external investment pool. The pool determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and valuations are based on amortized cost or best estimate for those securities where market value is not readily available. The responsibility for managing the SMCPIF resides with the County Treasurer. The County Board of Supervisors, in consultation with the Treasurer, establishes an eight member County Treasury Oversight Committee pursuant to California Government Code Section 27130. The investment program is supervised within the guidelines set forth in the investment policy developed by the Treasurer, reviewed and approved annually by the County Treasury Oversight Committee and the County Board of Supervisors.

The SMCPIF fair value factor is determined by dividing all SMCPIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 0.99889. The financial statements for the San Mateo County are available in the San Mateo County website at www.co.sanmateo.ca.us.

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, 2017:

<i>Investments by Fair Value Level:</i>	Level 2	Total
U.S. Agency Securities:		
Federal Farm Credit Bank	\$8,947,460	\$8,947,460
Federal Home Loan Bank	1,997,610	1,997,610
Federal Home Loan Mortgage Corporation	5,981,100	5,981,100
Municipal Bonds	2,014,840	2,014,840
Total Investments	\$18,941,010	18,941,010
 <i>Investments Measured at Amortized Cost:</i>		
Local Agency Investment Fund (LAIF)		17,511,625
San Mateo County Investment Pool		29,447,012
Money Market Mutual Fund		1,591,952
Cash in banks and on hand		3,403,549
Total Cash and investments		\$70,895,148

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. 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. The California Local Agency Investment Fund (LAIF) and San Mateo County Investment Pool are classified as exempt in the fair value hierarchy, as they are valued at amortized cost, which is exempt from being classified under GASB 72. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 2B, 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, 2017, for each investment type as provided by Moody's investment rating system:

Investment Type	Aaa	Total
U.S. Agency Securities:		
Federal Farm Credit Bank	\$8,947,460	\$8,947,460
Federal Home Loan Bank	1,997,610	1,997,610
Federal Home Loan Mortgage Corporation	5,981,100	5,981,100
Municipal Bonds	2,014,840	2,014,840
Money Market Funds	1,591,952	1,591,952
Totals	\$20,532,962	20,532,962
Not Rated:		
Local Agency Investment Fund (LAIF)		17,511,625
San Mateo County Investment Pool		29,447,012
Total Investments		\$67,491,599

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, 2017:

Issuer	Investment Type	Amount
Federal Home Loan Mortgage Corporation	Federal Agencies Securities	\$5,981,100
Federal Farm Credit Bank	Federal Agencies Securities	8,947,460

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 3 - INTERFUND TRANSACTIONS

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, 2017, were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Non-Major Governmental Funds	\$966,979 (A)
Non-Major Governmental Funds	General Fund	4,711,336 (B) & (C)
	Non-Major Governmental Funds	601,516 (B)
	Stormwater Enterprise Fund	45,000 (B)
	Cable Enterprise Fund	30,000 (B)
Stormwater Enterprise Fund	General Fund	1,469,000 (B)
	Disaster Recovery Fund	147,945 (B)
Wastewater Enterprise Fund	Disaster Recovery Fund	1,934,382 (B)
Total Interfund Transfers		\$9,906,158

- (A) Salaries & overhead
- (B) Capital project funding
- (C) 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, 2017, interfund balances comprised the following:

Due From Other Funds	Due To Other Funds	Amount
General Fund	Cable Enterprise Fund	\$9,514,477

C. Interfund Advances

Fund Receiving Advance	Fund Making Advance	Amount of Advance
Cable Enterprise Fund	General Fund	\$991,728
	Total	\$991,728

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 THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 4 - CAPITAL ASSETS

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance July 1, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Governmental activities					
Capital assets not being depreciated:					
Land	\$4,011,345				\$4,011,345
Construction in progress	2,733,555	\$4,391,328		(\$1,388,477)	5,736,406
Total capital assets not being depreciated	6,744,900	4,391,328		(1,388,477)	9,747,751
Capital assets being depreciated:					
Buildings and improvements	14,911,982				14,911,982
Machinery, improvements and equipment	12,144,683	2,362,742	(\$130,684)		14,376,741
Infrastructure	79,763,751	60,235		1,388,477	81,212,463
Total capital assets being depreciated	106,820,416	2,422,977	(130,684)	1,388,477	110,501,186
Less accumulated depreciation for:					
Buildings and improvements	7,245,015	460,951			7,705,966
Machinery, improvements and equipment	9,317,462	611,873	(125,357)		9,803,978
Infrastructure	46,057,431	1,808,840			47,866,271
Total accumulated depreciation	62,619,908	2,881,664	(125,357)		65,376,215
Net governmental-type activities					
Capital assets being depreciated	44,200,508	(458,687)	(5,327)	1,388,477	45,124,971
Governmental activity capital assets, net	\$50,945,408	\$3,932,641	(\$5,327)		\$54,872,722
	Balance July 1, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Business-type activities:					
Capital assets not being depreciated:					
Land	\$576,842				\$576,842
Construction in progress	18,061,017	\$4,752,610		(\$15,688,710)	7,124,917
Total capital assets not being depreciated	18,637,859	4,752,610		(15,688,710)	7,701,759
Capital assets being depreciated:					
Buildings and improvements	59,285,766	275,303		10,471,391	70,032,460
Machinery, improvements and equipment	24,829,044	1,560,300	(\$22,294)	5,217,319	31,584,369
Sewer plant	26,437,468	246,950			26,684,418
Total capital assets being depreciated	110,552,278	2,082,553	(22,294)	15,688,710	128,301,247
Less accumulated depreciation for:					
Buildings and improvements	17,895,631	2,014,758			19,910,389
Machinery, improvements and equipment	18,065,709	1,684,183	(22,294)		19,727,598
Sewer plant	11,924,813	1,057,499			12,982,312
Total accumulated depreciation	47,886,153	4,756,440	(22,294)		52,620,299
Net capital assets being depreciated	62,666,125	(2,673,887)		15,688,710	75,680,948
Business-type activity capital assets, net	\$81,303,984	\$2,078,723			\$83,382,707

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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:

Governmental Activities	Amount
General government	\$384,701
Public safety	380,876
Public works	24,978
Highway and streets	1,789,397
Parks and recreation	257,361
Library	20,879
Community development	11,279
Internal service funds	12,193
Total	<u>\$2,881,664</u>
Business-Type Activities	Amount
Water	\$1,532,713
Stormwater	159,944
Wastewater	2,149,258
Cable television	914,525
Total	<u>\$4,756,440</u>

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, 2017:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Amount due within one year
Governmental Activity Debt:					
2013 Pension Obligation Bond	\$10,465,000		(\$815,000)	\$9,650,000	\$830,000
Discount on Pension Obligation Bond	(214,698)		19,518	(195,180)	(19,518)
2011 Capital Lease Obligation	109,001		(35,282)	73,719	36,323
2017 Capital Lease Obligation		\$1,873,846	(1,089,000)	784,846	168,714
Total governmental activities	<u>\$10,359,303</u>	<u>\$1,873,846</u>	<u>(\$1,919,764)</u>	<u>\$10,313,385</u>	<u>\$1,015,519</u>
	Balance June 30, 2016	Retirements	Balance June 30, 2017	Amount due within one year	
Business-Type Activity Debt:					
2013 Wastewater Refunding Revenue Bond	\$6,405,000	(\$265,000)	\$6,140,000	\$280,000	
Premium on Refunding Bond	303,883	(17,875)	286,008	17,875	
Due to City of South San Francisco					
1997 Loan	3,729,081	(492,595)	3,236,486	505,402	
2007 Loan	4,012,567	(358,157)	3,654,410	367,111	
Total business-type activities	<u>\$14,450,531</u>	<u>(\$1,133,627)</u>	<u>\$13,316,904</u>	<u>\$1,170,388</u>	

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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
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	940,000	240,075	1,180,075
2023-2027	5,240,000	642,575	5,882,575
Subtotal	9,650,000	2,125,362	11,775,362
Less Discount	(195,180)		(195,180)
Total	<u>\$9,454,820</u>	<u>\$2,125,362</u>	<u>\$11,580,182</u>

Capital Lease Obligations

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
2018	\$36,323	\$2,175	\$38,498
2019	37,396	1,103	38,499
Total	<u>\$73,719</u>	<u>\$3,278</u>	<u>\$76,997</u>

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 5 - LONG-TERM DEBT (Continued)

During April 2017, the City entered into a \$1,873,846 capital lease-purchase agreement with JP Morgan Chase Bank, N.A. to finance a fire engine and a fire truck. Principal and interest payments are due semi-annually on April 28 and October 28 with an interest rate of 1.89%. 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	2017 Capital Lease Obligation		
	Principal	Interest	Total
2018	\$168,714	\$14,040	\$182,754
2019	171,918	10,836	182,754
2020	175,183	7,572	182,755
2021	178,509	4,245	182,754
2022	90,522	855	91,377
Total	<u>\$784,846</u>	<u>\$37,548</u>	<u>\$822,394</u>

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 service 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 2017, pledged revenues were the operating income of the Wastewater Enterprise Fund, totaling \$15,803,116. 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 29.52 over fiscal year 2017 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
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	320,000	211,800	531,800
2023-2027	1,830,000	801,625	2,631,625
2028-2032	2,300,000	316,450	2,616,450
2033	520,000	11,700	531,700
Subtotal	<u>6,140,000</u>	<u>2,306,500</u>	<u>8,446,500</u>
Add Premium	<u>286,008</u>		<u>286,008</u>
Total	<u>\$6,426,008</u>	<u>\$2,306,500</u>	<u>\$8,732,508</u>

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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. 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
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	560,050	29,501	589,551
2023	574,609	14,939	589,548
Total	<u>\$3,236,486</u>	<u>\$300,817</u>	<u>\$3,537,303</u>

For The Year Ending June 30	2007 Loan South San Francisco		
	Principal	Interest	Total
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	405,221	53,250	458,471
2023-2026	1,724,756	109,128	1,833,884
Total	<u>\$3,654,410</u>	<u>\$471,829</u>	<u>\$4,126,239</u>

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2016	Retirements	Balance June 30, 2017	Amount due within one year
2000 Certificates of Participation	\$6,610,000	(\$300,000)	\$6,310,000	\$315,000
Total Fiduciary Activity	\$6,610,000	(\$300,000)	\$6,310,000	\$315,000

The annual debt service requirements to maturity for all fiduciary debt amounts, at June 30, 2017, are as follows:

For The Year Ending June 30	2000 Certificates of Participation	
	Principal	Interest
2018	\$315,000	\$330,468
2019	335,000	314,402
2020	350,000	297,150
2021	370,000	278,775
2022	390,000	259,350
2023 - 2027	2,265,000	968,363
2028 - 2031	2,285,000	307,388
	\$6,310,000	\$2,755,896

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

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 THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017 were as follows:

Fund	Encumbrances
Major Funds:	
General Fund	\$265,889
Disaster Recover Special Revenue Fund	6,957,677
Total Major Funds	7,223,566
Capital Projects Funds:	
Street Improvement	1,534,288
General	1,027,374
Total Capital Projects Funds	2,561,662
Total	\$9,785,228

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 6 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s fund balances, as of June 30, 2017, are below:

Fund Balance Classifications	General Fund	Disaster Recovery Special Revenue Fund	Other Governmental Funds	Total
Nonspendables:				
Items not in spendable form:				
Loans receivable	\$986,520		\$90,000	\$1,076,520
Advance to other funds	991,728			991,728
Loans to Redevelopment Agency	771,603			771,603
Total Nonspendable Fund Balances	2,749,851		90,000	2,839,851
Restricted for:				
Disaster recovery		\$788,286		788,286
Special Revenue Programs			8,403,994	8,403,994
Capital Projects			5,959,577	5,959,577
Affordable Housing Activities			575,564	575,564
Debt Service			221	221
Total Restricted Fund Balances		788,286	14,939,356	15,727,642
Committed to:				
General Fund Contingency	1,500,000			1,500,000
General Fund Reserve	10,579,020			10,579,020
Capital Improvement/One-Time Initiative Reserve	3,647,414			3,647,414
Emergency Disaster Reserve			3,082,506	3,082,506
Total Committed Fund Balances	15,726,434		3,082,506	18,808,940
Assigned to:				
Contractual commitments	265,888			265,888
Total Assigned Fund Balances	265,888			265,888
Unassigned	5,833,164			5,833,164
Total Unassigned Fund Balances	5,833,164			5,833,164
Total Fund Balances	\$24,575,337	\$788,286	\$18,111,862	\$43,475,485

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

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.

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 – NET POSITION AND FUND BALANCES (Continued)

F. Net Position Deficits

The City has a deficit net position of \$10,275,885 in the Cable Enterprise Fund, which will be funded through raising service charge rates and expense reductions. The City also has a deficit net position of \$1,193,140 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, 2017, the balance was \$771,603.

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, 2017, claims payable are as follows:

Beginning balance of claims payable	\$3,297,000
Changes to estimated claims liability	1,141,448
Claims paid	<u>(786,448)</u>
Ending balance of claims payable	<u>\$3,652,000</u>
Current Portion	<u>\$804,709</u>

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017, are summarized as follows:

	Miscellaneous	
	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	25.105%	25.105%

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	219
Inactive employees entitled to but not yet receiving benefits	172
Active employees	151
Total	542

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2015, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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)
Balance at June 30, 2015	\$115,403,533	\$83,605,010	\$31,798,523
Changes in the year:			
Service cost	2,139,755		2,139,755
Interest on the total pension liability	8,778,896		8,778,896
Changes of benefit terms			
Changes in assumptions			
Differences between actual and expected experience	934,779		934,779
Plan to plan resource movement		(1,791)	1,791
Contribution - employer		2,864,024	(2,864,024)
Contribution - employee		995,641	(995,641)
Net investment income		415,562	(415,562)
Benefit payments, including refunds of employee contributions	(5,302,771)	(5,302,771)	
Administrative expense		(50,953)	50,953
Net changes	<u>6,550,659</u>	<u>(1,080,288)</u>	<u>7,630,947</u>
Balance at June 30, 2016	<u>\$121,954,192</u>	<u>\$82,524,722</u>	<u>\$39,429,470</u>

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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	\$55,708,217
Current Discount Rate	7.65%
Net Pension Liability	\$39,429,470
1% Increase	8.65%
Net Pension Liability	\$26,006,488

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - For the year ended June 30, 2017, the City recognized pension expense of \$3,969,006. At June 30, 2017, 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	\$3,140,457	
Differences between actual and expected experience	677,419	
Changes in assumptions		\$472,402
Net differences between projected and actual earnings on plan investments	4,515,726	
Total	\$8,333,602	\$472,402

A total of \$3,140,457 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, 2018. 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
2018	\$654,686
2019	823,578
2020	2,063,183
2021	1,179,296

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017, are summarized as follows:

	Safety	
	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	19.536%	12.082%

Beginning in fiscal year 2017, 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. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$1,488,428 in fiscal year 2017.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017, contributions to the Safety Plan were as follows:

	Safety Plans
Contributions - employer	\$3,203,722

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, 2017, 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	\$38,768,137
Total Net Pension Liability	\$38,768,137

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, 2016, 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, 2015 rolled forward to June 30, 2016 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, 2015 and 2016 was as follows:

	Safety Plans
Proportion - June 30, 2015	0.73%
Proportion - June 30, 2016	0.75%
Change - Increase (Decrease)	0.02%

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 9 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)

For the year ended June 30, 2017, the City recognized pension expense of \$4,596,930 for the Safety Plan. On June 30, 2017, 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	\$3,203,722	
Differences between actual and expected experience		\$235,788
Changes in assumptions		1,028,056
Net differences between projected and actual earnings on plan investments	5,050,789	
Differences between actual contributions and proportional contributions		1,964,056
Adjustment due to differences in proportion	647,083	218,789
Total	\$8,901,594	\$3,446,689

A total of \$3,203,722 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, 2018. 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
2018	(\$655,022)
2019	(491,218)
2020	2,082,556
2021	1,314,867

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	\$58,471,389
Current Discount Rate	7.65%
Net Pension Liability	\$38,768,137
1% Increase	8.65%
Net Pension Liability	\$22,593,787

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2016, the total pension liabilities were determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

	All CalPERS Plans
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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 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.

All other actuarial assumptions used in the June 30, 2015 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.

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 7.65 percent used for the June 30, 2016 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2015 measurement date were the same as those used for the June 30, 2016 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.

In December 2016, CalPERS' Board of Directors voted to lower the discount rate from 7.5% to 7.0% over the next three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates beginning in fiscal year 2019 and result in increases to the normal costs and unfunded actuarial liabilities.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 9 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)

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.

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	20%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	1%	-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, 2017**

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, 2017:

Current retirees	132
Active employees	<u>223</u>
Total	<u><u>355</u></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 2016-17 the City's actual contribution to the Teamsters Local #856 Health and Welfare Fund was \$6,141,818, which includes the calculated benefit cost for the City's retirees and 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.

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.

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, 2017, 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 – SUBSEQUENT EVENT

On October 24, 2017, the City Council declared its intention to issue Water Revenue Bonds and Wastewater Revenue Bonds by the San Bruno Public Financing Authority. The City has \$41 million in authorized but unissued revenue bonds (\$13.5 million for Water and \$27.5 million for Wastewater).

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN BRUNO
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$24,999,000	\$24,999,000	\$25,121,068	\$122,068
Licenses and permits	3,502,000	3,502,000	3,705,582	203,582
Intergovernmental	4,368,000	4,368,000	4,386,270	18,270
Charges for services	3,115,400	3,140,381	3,294,858	154,477
Fines and forfeitures	682,500	682,500	756,401	73,901
Use of money and property	1,511,000	1,511,000	1,186,573	(324,427)
Other revenues	3,499,000	3,511,000	3,856,015	345,015
Total revenues	41,676,900	41,713,881	42,306,767	592,886
EXPENDITURES:				
Current:				
General government	5,181,437	5,207,159	4,805,239	401,920
Public safety	23,592,623	23,666,903	23,064,263	602,640
Public works	996,504	1,044,121	852,334	191,787
Highways and streets	1,614,472	1,621,783	1,614,274	7,509
Parks and recreation	4,869,290	4,891,234	4,807,847	83,387
Library	1,851,895	1,860,210	1,834,720	25,490
Community development	2,768,578	2,778,464	2,636,480	141,984
Capital outlay	2,103,500	2,158,499	2,540,142	(381,643)
Debt service:				
Principal			1,089,000	(1,089,000)
Total expenditures	42,978,299	43,228,373	43,244,299	(15,926)
REVENUES OVER (UNDER) EXPENDITURES	(1,301,399)	(1,514,492)	(937,532)	576,960
OTHER FINANCING SOURCES (USES):				
Transfers in	2,143,600	2,183,600	966,979	(1,216,621)
Transfers out	(4,722,517)	(6,178,658)	(6,180,336)	(1,678)
Capital lease			1,873,846	1,873,846
Total other financing sources (uses)	(2,578,917)	(3,995,058)	(3,339,511)	655,547
Net change in fund balances	(3,880,316)	(5,509,550)	(4,277,043)	1,232,507
FUND BALANCES:				
Beginning of year	28,852,380	28,852,380	28,852,380	
End of year	\$24,972,064	\$23,342,830	\$24,575,337	\$1,232,507

CITY OF SAN BRUNO
DISASTER RECOVERY SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Charges for services				
Other revenues	\$11,885,615	\$11,885,615	\$6,230,429	(\$5,655,186)
Total revenues	<u>11,885,615</u>	<u>11,885,615</u>	<u>6,230,429</u>	<u>(5,655,186)</u>
EXPENDITURES:				
Current:				
General government	\$3,513,942	3,513,942	1,182,803	2,331,139
Capital outlay	9,253,854	9,253,854	3,059,194	6,194,660
Total expenditures	<u>12,767,796</u>	<u>12,767,796</u>	<u>4,241,997</u>	<u>8,525,799</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(882,181)</u>	<u>(882,181)</u>	<u>1,988,432</u>	<u>(14,180,985)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out			(2,082,327)	(2,082,327)
Total other financing sources (uses)			<u>(2,082,327)</u>	<u>(2,082,327)</u>
Net change in fund balances	(882,181)	(882,181)	(93,895)	(16,263,312)
FUND BALANCES:				
Beginning of year	882,181	882,181	882,181	
End of year			<u>\$788,286</u>	<u>(\$16,263,312)</u>

CITY OF SAN BRUNO

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

Prepared for City of San Bruno, an Agent Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2017
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	2014	2015	2016
Total Pension Liability			
Service Cost	\$2,202,577	\$2,097,851	\$2,139,755
Interest	7,873,939	8,305,341	8,778,896
Changes of benefit terms			
Differences between expected and actual experience		505,056	934,779
Changes in assumptions		(2,047,078)	
Benefit payments, including refunds of employee contributions	(4,768,345)	(5,034,556)	(5,302,771)
Net change in total pension liability	5,308,171	3,826,614	6,550,659
Total pension liability - beginning	106,268,748	111,576,919	115,403,533
Total pension liability - ending (a)	<u>\$111,576,919</u>	<u>\$115,403,533</u>	<u>\$121,954,192</u>
Plan fiduciary net position			
Contributions - employer	\$2,379,268	\$2,511,337	\$2,864,024
Contributions - employee	1,401,279	968,827	995,641
Net investment income	12,458,355	1,866,002	415,562
Benefit payments, including refunds of employee contributions	(4,768,345)	(5,034,556)	(5,302,771)
Administration expense	-	(94,139)	(50,953)
Other changes in Fiduciary net position		(4)	(1,791)
Net change in plan fiduciary net position	11,470,557	217,467	(1,080,288)
Plan fiduciary net position - beginning	71,916,986	83,387,543	83,605,010
Plan fiduciary net position - ending (b)	<u>\$83,387,543</u>	<u>\$83,605,010</u>	<u>\$82,524,722</u>
 Net pension liability - ending (a)-(b)	 <u>\$28,189,376</u>	 <u>\$31,798,523</u>	 <u>\$39,429,470</u>
 Plan fiduciary net position as a percentage of the total pension liability	 74.74%	 72.45%	 67.67%
 Covered payroll	 \$11,820,838	 \$11,798,276	 \$12,099,264
 Net pension liability as percentage of covered payroll	 238.47%	 269.52%	 325.88%

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 2015, the discount rate was changed from 7.5% to 7.65%.

* Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

CITY OF SAN BRUNO

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

Prepared for City of San Bruno, an Agent Multiple-Employer Defined Pension Plan
As of Fiscal Year ending June 30, 2017
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal year ended,	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$2,379,268	\$2,751,860	\$3,140,457
Contributions in relation to the actuarially determined contributions	<u>(2,379,268)</u>	<u>(2,751,860)</u>	<u>(3,140,457)</u>
Contribution deficiency (excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Covered payroll	\$11,798,276	\$12,099,264	\$15,812,908
Contributions as a percentage of covered payroll	20.17%	22.74%	19.86%
Notes to Schedule			
Valuation date:	6/30/2013	6/30/2014	6/30/2015
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation	2.75%	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	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	7.65%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 Misc., 62 Tier 2	55 Misc., 62 Tier 2	55 Misc., 62 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 5 years of mortality improvements using the Society of Actuaries Scale AA.	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.

* Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

CITY OF SAN BRUNO

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

Cost-Sharing Defined Pension Plan
As of fiscal year ending June 30, 2017
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date,	Safety Plan	Safety Plan	Safety Plan
	2014	2015	2016
Plan's Proportion of the Net Pension Liability/Asset	0.40726%	0.72742%	0.74853%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$25,341,888	\$29,972,747	\$38,768,137
Plan's Covered Payroll	\$8,296,958	\$8,733,422	\$9,215,379
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered Payroll	305.44%	343.20%	420.69%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	81.42%	21.72%	26.71%

* Fiscal year 2015 was the first year of implementation, therefore only three 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 Revenues – Accounts for donations received for specific purposes.

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

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

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

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, 2017
(with comparative totals for June 30, 2016)

ASSETS	Special Revenue Funds			
	In-Lieu	Agency on Aging	Federal/State Grants	Gas Tax
Cash and investments	\$3,525,060	\$10,373	\$11,954	\$102,454
Cash and investments with fiscal agents				
Receivables:				
Taxes				19,339
Interest				
Loans				
Other		29,372	30,174	
Total assets	\$3,525,060	\$39,745	\$42,128	\$121,793
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities		\$6,885	\$24,795	
Unearned revenue			15,780	
Total liabilities		6,885	40,575	
Fund Balances:				
Nonspendable				
Restricted	\$3,525,060	32,860	1,553	\$121,793
Committed				
Total fund balances (deficits)	3,525,060	32,860	1,553	121,793
Total liabilities and fund balances	\$3,525,060	\$39,745	\$42,128	\$121,793

Special Revenue Funds

Library Special Revenue	Police Asset Seizure	Police	SB 322 Recycling/Litter Clean-up	Restricted Revenues	Streets
\$127,140	\$439,011	\$72,096	\$282,237	\$1,446,867	\$391,631
			8,329	12,562	
<u>\$127,140</u>	<u>\$439,011</u>	<u>\$72,096</u>	<u>\$290,566</u>	<u>\$1,459,429</u>	<u>\$391,631</u>
	\$790		\$4,244	\$7,837	
	<u>790</u>		<u>4,244</u>	<u>7,837</u>	
\$127,140	438,221	\$72,096	286,322	1,451,592	\$391,631
<u>127,140</u>	<u>438,221</u>	<u>72,096</u>	<u>286,322</u>	<u>1,451,592</u>	<u>391,631</u>
<u>\$127,140</u>	<u>\$439,011</u>	<u>\$72,096</u>	<u>\$290,566</u>	<u>\$1,459,429</u>	<u>\$391,631</u>

(Continued)

CITY OF SAN BRUNO
Combining Balance Sheet
Nonmajor Governmental Funds, Continued
June 30, 2017
(with comparative totals for June 30, 2016)

	Special Revenue Funds			Capital Projects Fund
	City as Successor Housing Agency	Emergency Disaster Reserve	Measure A Transportation Tax	Street Improvement Capital Projects Fund
ASSETS				
Cash and investments	\$575,564	\$3,075,424	\$1,955,726	\$2,968,022
Cash and investments with fiscal agents				
Receivables:				
Taxes				
Interest		7,082		
Loans	90,000			
Other				138,096
Total assets	\$665,564	\$3,082,506	\$1,955,726	\$3,106,118
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities				\$278,255
Unearned revenue				
Total liabilities				278,255
Fund Balances:				
Nonspendable	\$90,000			
Restricted	575,564		\$1,955,726	2,827,863
Committed		\$3,082,506		
Total fund balances (deficits)	665,564	3,082,506	1,955,726	2,827,863
Total liabilities and fund balances	\$665,564	\$3,082,506	\$1,955,726	\$3,106,118

<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	Non-major funds	
		Totals	
<u>General</u>	<u>General</u>	<u>2017</u>	<u>2016</u>
\$3,409,835		\$18,393,394	\$15,357,741
	\$221	221	16
		19,339	17,257
		7,082	4,157
		90,000	90,000
		218,533	273,459
<u>\$3,409,835</u>	<u>\$221</u>	<u>\$18,728,569</u>	<u>\$15,742,630</u>
\$278,121		\$600,927	\$976,226
		15,780	54,000
<u>278,121</u>		<u>616,707</u>	<u>1,030,226</u>
		90,000	90,000
3,131,714	\$221	14,939,356	11,562,721
		3,082,506	3,059,683
<u>3,131,714</u>	<u>221</u>	<u>18,111,862</u>	<u>14,712,404</u>
<u>\$3,409,835</u>	<u>\$221</u>	<u>\$18,728,569</u>	<u>\$15,742,630</u>

CITY OF SAN BRUNO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	Special Revenue Funds			
	In-Lieu	Agency on Aging	Federal/State Grants	Gas Tax
REVENUES:				
Taxes				\$887,257
Licenses and permits				
Use of money & property	\$29,119	\$300	\$82	898
Intergovernmental		149,481	89,964	
Charges for services				
Fines and forfeitures				
Other revenues		77,979		
Total revenues	<u>29,119</u>	<u>227,760</u>	<u>90,046</u>	<u>888,155</u>
EXPENDITURES:				
Current:				
General government			38,220	
Public safety			50,273	
Highways and streets				1,760
Parks and recreation		149,482		
Library				
Community development	37,500			
Capital outlay				
Debt service:				
Principal				
Interest and fiscal charges				
Total expenditures	<u>37,500</u>	<u>149,482</u>	<u>88,493</u>	<u>1,760</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(8,381)</u>	<u>78,278</u>	<u>1,553</u>	<u>886,395</u>
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out		(77,979)		(810,000)
Total other financing sources and uses		<u>(77,979)</u>		<u>(810,000)</u>
Net change in fund balances	(8,381)	299	1,553	76,395
FUND BALANCES:				
Beginning of year	3,533,441	32,561		45,398
End of year	<u>\$3,525,060</u>	<u>\$32,860</u>	<u>\$1,553</u>	<u>\$121,793</u>

Special Revenue Funds

Library Special Revenue	Police Asset Seizure	Police Special Revenue	SB 322 Recycling/Litter Clean-up	Restricted Revenues	Streets
				\$201,101	\$75,000
\$1,109	\$3,290	\$783	\$2,342	11,303	2,607
		129,323	11,525		
			8,329	102,068	
	328,296			47,952	
			79,186	199,138	
<u>1,109</u>	<u>331,586</u>	<u>130,106</u>	<u>101,382</u>	<u>561,562</u>	<u>77,607</u>
				230,399	
	17,317			27,196	
			84,023		
				10,104	
				7,263	
				16,930	
	<u>17,317</u>		<u>84,023</u>	<u>291,892</u>	
<u>1,109</u>	<u>314,269</u>	<u>130,106</u>	<u>17,359</u>	<u>269,670</u>	<u>77,607</u>
(39,000)		(100,000)			
(39,000)		(100,000)			
(37,891)	314,269	30,106	17,359	269,670	77,607
<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>\$127,140</u>	<u>\$438,221</u>	<u>\$72,096</u>	<u>\$286,322</u>	<u>\$1,451,592</u>	<u>\$391,631</u>

(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, 2017
(with comparative totals for the year ended June 30, 2016)

	Special Revenue Funds		Capital Projects Fund	
	City as Successor Housing Agency	Emergency Disaster Reserve	Measure A Transportation Tax	Street Improvement Capital Projects Fund
REVENUES:				
Taxes			\$944,278	
Licenses and permits				
Use of money & property		\$22,823	11,132	
Intergovernmental	\$164,435			\$130,980
Charges for services				
Fines and forfeitures				
Other revenues				2,262
Total revenues	<u>164,435</u>	<u>22,823</u>	<u>955,410</u>	<u>133,242</u>
EXPENDITURES:				
Current:				
General government				
Public safety				
Highways and streets				
Parks and recreation				
Library				
Community development				
Capital outlay				1,130,708
Debt service:				
Principal				
Interest and fiscal charges				
Total expenditures				<u>1,130,708</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>164,435</u>	<u>22,823</u>	<u>955,410</u>	<u>(997,466)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			90,000	2,319,236
Transfers out			(451,516)	(90,000)
Total other financing sources and uses			<u>(361,516)</u>	<u>2,229,236</u>
Net change in fund balances	164,435	22,823	593,894	1,231,770
FUND BALANCES:				
Beginning of year	501,129	3,059,683	1,361,832	1,596,093
End of year	<u>\$665,564</u>	<u>\$3,082,506</u>	<u>\$1,955,726</u>	<u>\$2,827,863</u>

<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	Non-major funds	
		Totals	
<u>General</u>	<u>General</u>	<u>2017</u>	<u>2016</u>
		\$1,831,535	\$1,884,132
		276,101	128,937
	\$221	86,009	65,627
		675,708	687,916
		110,397	221,125
		376,248	64,960
		358,565	318,759
	221	3,714,563	3,371,456
		268,619	141,692
		94,786	60,599
		85,783	76,620
		159,586	179,005
		7,263	6,849
		54,430	46,936
1,114,076		2,244,784	5,137,379
	850,282	850,282	829,272
	368,929	368,929	386,635
1,114,076	1,219,211	4,134,462	6,864,987
(1,114,076)	(1,218,990)	(419,899)	(3,493,531)
1,759,421	1,219,195	5,387,852	8,941,878
		(1,568,495)	(14,072,570)
1,759,421	1,219,195	3,819,357	(5,130,692)
645,345	205	3,399,458	(8,624,223)
2,486,369	16	14,712,404	23,336,627
\$3,131,714	\$221	\$18,111,862	\$14,712,404

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, 2017

	SPECIAL REVENUE FUNDS					
	In-Lieu			Agency on Aging		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Taxes						
Licenses and permits						
Use of money & property	\$15,000	\$29,119	\$14,119		\$300	\$300
Intergovernmental				\$140,465	149,481	9,016
Charges for services						
Fines and forfeitures						
Other revenues				74,000	77,979	3,979
Total revenues	<u>15,000</u>	<u>29,119</u>	<u>14,119</u>	<u>214,465</u>	<u>227,760</u>	<u>13,295</u>
EXPENDITURES:						
Current:						
General government						
Public safety						
Public works						
Highways and streets						
Parks and recreation				140,465	149,482	(9,017)
Library						
Community development	39,500	37,500	2,000			
Capital outlay						
Debt service:						
Principal						
Interest and fiscal charges						
Total expenditures	<u>39,500</u>	<u>37,500</u>	<u>2,000</u>	<u>140,465</u>	<u>149,482</u>	<u>(9,017)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(24,500)</u>	<u>(8,381)</u>	<u>16,119</u>	<u>74,000</u>	<u>78,278</u>	<u>4,278</u>
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out				(74,000)	(77,979)	(3,979)
Total other financing sources and uses				<u>(74,000)</u>	<u>(77,979)</u>	<u>(3,979)</u>
Net change in fund balances	(24,500)	(8,381)	16,119		299	299
FUND BALANCES:						
Beginning of year	<u>3,533,441</u>	<u>3,533,441</u>		<u>32,561</u>	<u>32,561</u>	
End of year	<u>\$3,508,941</u>	<u>\$3,525,060</u>	<u>\$16,119</u>	<u>\$32,561</u>	<u>\$32,860</u>	<u>\$299</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)
			\$1,149,005	\$887,257	(\$261,748)			
\$110,282	\$82 89,964	\$82 (20,318)	3,000	898	(2,102)	\$800	\$1,109	\$309
<u>110,282</u>	<u>90,046</u>	<u>(20,236)</u>	<u>1,152,005</u>	<u>888,155</u>	<u>(263,850)</u>	<u>800</u>	<u>1,109</u>	<u>309</u>
65,616	38,220	27,396						
44,666	50,273	(5,607)						
			1,500	1,760	(260)			
<u>110,282</u>	<u>88,493</u>	<u>21,789</u>	<u>1,500</u>	<u>1,760</u>	<u>(260)</u>			
	1,553	(42,025)	1,150,505	886,395	(263,590)	800	1,109	309
			(1,102,500)	(810,000)	(292,500)	(39,000)	(39,000)	
			(1,102,500)	(810,000)	(292,500)	(39,000)	(39,000)	
	1,553	(42,025)	48,005	76,395	(556,090)	(38,200)	(37,891)	309
			45,398	45,398		165,031	165,031	
	<u>\$1,553</u>	<u>(\$42,025)</u>	<u>\$93,403</u>	<u>\$121,793</u>	<u>(\$556,090)</u>	<u>\$126,831</u>	<u>\$127,140</u>	<u>\$309</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, 2017

	SPECIAL REVENUE FUNDS					
	Police Asset Seizure			Police Special Revenue		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Taxes						
Licenses and permits						
Use of money & property	\$200	\$3,290	\$3,090		\$783	\$783
Intergovernmental				\$100,000	129,323	29,323
Charges for services						
Fines and forfeitures	5,000	328,296	323,296			
Other revenues						
Total revenues	<u>5,200</u>	<u>331,586</u>	<u>326,386</u>	<u>100,000</u>	<u>130,106</u>	<u>30,106</u>
EXPENDITURES:						
Current:						
General government						
Public safety	15,000	17,317	(2,317)			
Public works						
Highways and streets						
Parks and recreation						
Library						
Community development						
Capital outlay						
Debt service:						
Principal						
Interest and fiscal charges						
Total expenditures	<u>15,000</u>	<u>17,317</u>	<u>(2,317)</u>			
REVENUES OVER (UNDER) EXPENDITURES	<u>(9,800)</u>	<u>314,269</u>	<u>328,703</u>	<u>100,000</u>	<u>130,106</u>	<u>30,106</u>
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out				(100,000)	(100,000)	
Total other financing sources and uses				<u>(100,000)</u>	<u>(100,000)</u>	
Net change in fund balances	(9,800)	314,269	328,703		30,106	30,106
FUND BALANCES:						
Beginning of year	123,952	123,952		41,990	41,990	
End of year	<u>\$114,152</u>	<u>\$438,221</u>	<u>\$328,703</u>	<u>\$41,990</u>	<u>\$72,096</u>	<u>\$30,106</u>

SPECIAL REVENUE FUNDS

SB 322 Recycling/Litter Clean-up			Restricted Revenues			Streets		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$107,000	\$201,101	\$94,101		\$75,000	\$75,000
\$600	\$2,342	\$1,742	5,000	11,303	6,303	\$1,000	2,607	1,607
11,000	11,525	525						
	8,329	8,329	3,000	102,068	99,068			
				47,952				
72,319	79,186	6,867	305,000	199,138	(105,862)			
83,919	101,382	17,463	420,000	561,562	93,610	1,000	77,607	76,607
			307,800	230,399	77,401			
77,340	84,023	(6,683)		27,196	(27,196)			
				10,104	(10,104)			
				7,263	(7,263)			
			38,500	16,930	21,570			
77,340	84,023	(6,683)	346,300	291,892	54,408			
6,579	17,359	24,146	73,700	269,670	39,202	1,000	77,607	76,607
6,579	17,359	24,146	73,700	269,670	39,202	1,000	77,607	76,607
268,963	268,963		1,181,922	1,181,922		314,024	314,024	
\$275,542	\$286,322		\$1,255,622	\$1,451,592	\$39,202	\$315,024	\$391,631	\$76,607

(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, 2017

	SPECIAL REVENUE FUNDS					
	City as Housing Agency			Emergency Disaster Reserve		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Taxes						
Licenses and permits						
Use of money & property				\$12,400	\$22,823	\$10,423
Intergovernmental		\$164,435	\$164,435			
Charges for services						
Fines and forfeitures						
Other revenues						
Total revenues		<u>164,435</u>	<u>164,435</u>	<u>12,400</u>	<u>22,823</u>	<u>10,423</u>
EXPENDITURES:						
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						
Total expenditures						
REVENUES OVER (UNDER) EXPENDITURES		<u>164,435</u>	<u>164,435</u>	<u>12,400</u>	<u>22,823</u>	<u>10,423</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	\$150,000		(150,000)			
Transfers out						
Total other financing sources and uses	<u>150,000</u>		<u>(150,000)</u>			
Net change in fund balances	150,000	164,435	14,435	12,400	22,823	10,423
FUND BALANCES:						
Beginning of year	\$501,129	501,129		3,059,683	3,059,683	
End of year	<u>\$651,129</u>	<u>\$665,564</u>	<u>\$14,435</u>	<u>\$3,072,083</u>	<u>\$3,082,506</u>	<u>\$10,423</u>

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND					
Measure A Transportation Tax			Street Improvement			General		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$925,000	\$944,278	\$19,278						
6,000	11,132	5,132	\$2,893,620	\$130,980	(\$2,762,640)			
				2,262	2,262	\$200,000		(\$200,000)
<u>931,000</u>	<u>955,410</u>	<u>24,410</u>	<u>2,893,620</u>	<u>133,242</u>	<u>(2,760,378)</u>	<u>200,000</u>		<u>(200,000)</u>
			8,224,624	1,130,708	7,093,916	4,233,828	\$1,114,076	3,119,752
			<u>8,224,624</u>	<u>1,130,708</u>	<u>7,093,916</u>	<u>4,233,828</u>	<u>1,114,076</u>	<u>3,119,752</u>
<u>931,000</u>	<u>955,410</u>	<u>24,410</u>	<u>(5,331,004)</u>	<u>(997,466)</u>	<u>4,333,538</u>	<u>(4,033,828)</u>	<u>(1,114,076)</u>	<u>2,919,752</u>
	90,000	90,000	3,789,372	2,319,236	1,470,136	1,759,421	1,759,421	
<u>(1,629,152)</u>	<u>(451,516)</u>	<u>1,177,636</u>		<u>(90,000)</u>	<u>(90,000)</u>			
<u>(1,629,152)</u>	<u>(361,516)</u>	<u>1,267,636</u>	<u>3,789,372</u>	<u>2,229,236</u>	<u>1,380,136</u>	<u>1,759,421</u>	<u>1,759,421</u>	
<u>(698,152)</u>	<u>593,894</u>	<u>1,292,046</u>	<u>(1,541,632)</u>	<u>1,231,770</u>	<u>5,713,674</u>	<u>(2,274,407)</u>	<u>645,345</u>	<u>2,919,752</u>
<u>1,361,832</u>	<u>1,361,832</u>		<u>1,596,093</u>	<u>1,596,093</u>		<u>2,486,369</u>	<u>2,486,369</u>	
<u>\$663,680</u>	<u>\$1,955,726</u>	<u>\$1,292,046</u>	<u>\$54,461</u>	<u>\$2,827,863</u>	<u>\$5,713,674</u>	<u>\$211,962</u>	<u>\$3,131,714</u>	<u>\$2,919,752</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, 2017

DEBT SERVICE FUND			
General			
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Taxes			
Licenses and permits			
Use of money & property		\$221	\$221
Intergovernmental			
Charges for services			
Fines and forfeitures			
Other revenues			
Total revenues		221	221
EXPENDITURES:			
Current:			
General government			
Public safety			
Public works			
Highways and streets			
Parks and recreation			
Library			
Community development			
Capital outlay			
Debt service:			
Principal	\$850,282	850,282	
Interest and fiscal charges	367,235	368,929	(1,694)
Total expenditures	1,217,517	1,219,211	(1,694)
REVENUES OVER (UNDER)			
EXPENDITURES	(1,217,517)	(1,218,990)	(1,473)
OTHER FINANCING SOURCES (USES):			
Transfers in	1,217,517	1,219,195	1,678
Transfers out			
Total other financing sources and uses	1,217,517	1,219,195	1,678
Net change in fund balances		205	205
FUND BALANCES:			
Beginning of year	16	16	
End of year	\$16	\$221	\$205

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 is 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.

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.

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 Net Position
Internal Service Funds
June 30, 2017
(with comparative totals for June 30, 2016)

	Central Garage	Self- Insurance	Technology Development	Facilities Maintenance
ASSETS				
Current assets:				
Cash and investments	\$259,984	\$2,459,798	\$321,224	\$200,800
Cash and investments held by trustees		91,119		
Prepaid items			2,860	
Total current assets	<u>259,984</u>	<u>2,550,917</u>	<u>324,084</u>	<u>200,800</u>
Noncurrent assets:				
Capital assets (net)			9,582	21,221
Total noncurrent assets			<u>9,582</u>	<u>21,221</u>
Total assets	<u><u>\$259,984</u></u>	<u><u>\$2,550,917</u></u>	<u><u>\$333,666</u></u>	<u><u>\$222,021</u></u>
LIABILITIES				
Liabilities:				
Current liabilities:				
Accounts payable	\$16,393	\$92,057	\$14,883	\$18,788
Compensated absences	3,390		10,336	9,900
Liability for claims		804,709		
Total current liabilities	<u>19,783</u>	<u>896,766</u>	<u>25,219</u>	<u>28,688</u>
Noncurrent liabilities:				
Compensated absences	9,995		54,213	42,525
Liability for claims		2,847,291		
Total noncurrent liabilities	<u>9,995</u>	<u>2,847,291</u>	<u>54,213</u>	<u>42,525</u>
Total liabilities	<u>29,778</u>	<u>3,744,057</u>	<u>79,432</u>	<u>71,213</u>
NET POSITION				
Invested in capital assets, net of related debt			9,582	21,221
Unrestricted net position	230,206	(1,193,140)	244,652	129,587
Total net position	<u>230,206</u>	<u>(1,193,140)</u>	<u>254,234</u>	<u>150,808</u>
Total liabilities and net position	<u><u>\$259,984</u></u>	<u><u>\$2,550,917</u></u>	<u><u>\$333,666</u></u>	<u><u>\$222,021</u></u>

Totals

<u>2017</u>	<u>2016</u>
\$3,241,806	\$4,196,104
91,119	91,119
2,860	16,348
<u>3,335,785</u>	<u>4,303,571</u>
30,803	42,996
<u>30,803</u>	<u>42,996</u>
<u><u>\$3,366,588</u></u>	<u><u>\$4,346,567</u></u>
\$142,121	\$284,891
23,626	89,215
804,709	794,200
<u>970,456</u>	<u>1,168,306</u>
106,733	32,878
<u>2,847,291</u>	<u>2,502,800</u>
<u>2,954,024</u>	<u>2,535,678</u>
<u>3,924,480</u>	<u>3,703,984</u>
30,803	42,996
<u>(588,695)</u>	<u>599,587</u>
<u>(557,892)</u>	<u>642,583</u>
<u><u>\$3,366,588</u></u>	<u><u>\$4,346,567</u></u>

CITY OF SAN BRUNO
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	<u>Central Garage</u>	<u>Self- Insurance</u>	<u>Technology Development</u>	<u>Facilities Maintenance</u>
OPERATING REVENUES:				
Charges for services	\$210,500	\$2,021,970	\$690,972	\$758,500
Total operating revenues	<u>210,500</u>	<u>2,021,970</u>	<u>690,972</u>	<u>758,500</u>
OPERATING EXPENSES:				
Central garage	588,197			
Insurance premiums, claims and administration		2,419,491		
Equipment				
Technology			647,078	
Facilities				1,215,458
Depreciation			8,214	3,979
Total operating expenses	<u>588,197</u>	<u>2,419,491</u>	<u>655,292</u>	<u>1,219,437</u>
OPERATING INCOME (LOSS)	<u>(377,697)</u>	<u>(397,521)</u>	<u>35,680</u>	<u>(460,937)</u>
Transfer (to) other funds				
Total transfers				
CHANGE IN NET POSITION	<u>(377,697)</u>	<u>(397,521)</u>	<u>35,680</u>	<u>(460,937)</u>
NET POSITION:				
Beginning of year	<u>607,903</u>	<u>(795,619)</u>	<u>218,554</u>	<u>611,745</u>
End of year	<u>\$230,206</u>	<u>(\$1,193,140)</u>	<u>\$254,234</u>	<u>\$150,808</u>

Totals	
2017	2016
\$3,681,942	\$4,548,969
3,681,942	4,548,969
588,197	568,917
2,419,491	2,642,601
	395,331
647,078	652,293
1,215,458	1,261,809
12,193	9,497
4,882,417	5,530,448
(1,200,475)	(981,479)
	(6,431,097)
	(6,431,097)
(1,200,475)	(7,412,576)
642,583	8,055,159
(\$557,892)	\$642,583

CITY OF SAN BRUNO
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2017
(with comparative amounts for the year ended June 30, 2016)

	<u>Central Garage</u>	<u>Self- Insurance</u>	<u>Technology Development</u>	<u>Facilities Maintenance</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from other funds for services	\$210,112	\$2,021,970	\$697,699	\$760,427
Cash payments to suppliers for goods and services	(606,391)	(2,513,553)	(631,542)	(1,248,020)
Cash reimbursements for loss claims		355,000		
Net cash provided (used) by operating activities	<u>(396,279)</u>	<u>(136,583)</u>	<u>66,157</u>	<u>(487,593)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Advance repayments from fiduciary funds				
Transfers paid to other funds				
Net cash provided by noncapital financing activities				
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Acquisition of capital assets				
Net cash provided by capital financing activities				
Net increase in cash and cash equivalents	<u>(396,279)</u>	<u>(136,583)</u>	<u>66,157</u>	<u>(487,593)</u>
CASH AND CASH EQUIVALENTS:				
Beginning of year	656,263	2,687,500	255,067	688,393
End of year	<u>\$259,984</u>	<u>\$2,550,917</u>	<u>\$321,224</u>	<u>\$200,800</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:				
Income (loss) from operations	(\$377,697)	(\$397,521)	\$35,680	(\$460,937)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation			8,214	3,979
(Increase) decrease in current assets:				
Accounts receivable				
Prepaid items	7,000		6,488	
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	(25,194)	(94,062)	9,048	(32,562)
Compensated absences	(388)		6,727	1,927
Increase (decrease) in claims liability - current & noncurrent		355,000		
Net cash provided (used) by operating activities	<u>(396,279)</u>	<u>(136,583)</u>	<u>\$66,157</u>	<u>(487,593)</u>
Presentation in Statement of Net Position:				
Cash and investments	\$259,984	\$2,459,798	\$321,224	\$200,800
Cash and investments held by trustees		91,119		
Total Cash and Cash Equivalents, End of Year	<u>\$259,984</u>	<u>\$2,550,917</u>	<u>\$321,224</u>	<u>\$200,800</u>

Totals

<u>2017</u>	<u>2016</u>
\$3,690,208	\$4,543,817
(4,999,506)	(5,459,833)
<u>355,000</u>	<u>334,000</u>
<u>(954,298)</u>	<u>(582,016)</u>
	2,107,255
	<u>(6,431,097)</u>
	<u>(4,323,842)</u>
	(52,493)
	<u>(52,493)</u>
<u>(954,298)</u>	<u>(4,958,351)</u>
<u>4,287,223</u>	<u>9,245,574</u>
<u>\$3,332,925</u>	<u>\$4,287,223</u>
(\$1,200,475)	(\$981,479)
12,193	9,497
	4,872
13,488	(3,443)
(142,770)	64,561
8,266	(10,024)
<u>355,000</u>	<u>334,000</u>
<u>(954,298)</u>	<u>(582,016)</u>
\$3,241,806	\$4,196,104
<u>91,119</u>	<u>91,119</u>
<u>\$3,332,925</u>	<u>\$4,287,223</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.

CITY OF SAN BRUNO
Combining Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2017
(with comparative totals for June 30, 2016)

	Project Development	San Bruno Garbage Company	Totals	
			2017	2016
ASSETS				
Cash and investments	\$265,727	\$476,610	\$742,337	\$498,783
Accounts receivable		504,328	504,328	478,620
Total assets	\$265,727	\$980,938	\$1,246,665	\$977,403
LIABILITIES				
Accounts payable	\$38,105	\$979,235	\$1,017,340	\$900,009
Other liabilities	227,622	1,703	229,325	77,394
Total liabilities	\$265,727	\$980,938	\$1,246,665	\$977,403

CITY OF SAN BRUNO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
PROJECT DEVELOPMENT				
ASSETS				
Cash and investments	\$91,305	\$174,422		\$265,727
Total assets	\$91,305	\$174,422		\$265,727
LIABILITIES				
Accounts payable	\$15,671	\$22,434		\$38,105
Other liabilities	75,634	151,988		227,622
Total liabilities	\$91,305	\$174,422		\$265,727
SAN BRUNO GARBAGE COMPANY				
ASSETS				
Cash and investments	\$407,478	\$69,132		\$476,610
Accounts receivable	478,620	25,708		504,328
Total assets	\$886,098	\$94,840		\$980,938
LIABILITIES				
Accounts payable	\$884,338	\$94,897		\$979,235
Other liabilities	1,760		(\$57)	1,703
Total liabilities	\$886,098	\$94,897	(\$57)	\$980,938
TOTAL OF ALL AGENCY FUNDS				
ASSETS				
Cash and investments	\$498,783	\$243,554		\$742,337
Accounts receivable	478,620	25,708		504,328
Total assets	\$977,403	\$269,262		\$1,246,665
LIABILITIES				
Accounts payable	\$900,009	\$117,331		\$1,017,340
Other liabilities	77,394	151,988	(\$57)	229,325
Total liabilities	\$977,403	\$269,319	(\$57)	\$1,246,665

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the 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, the basic financial statements of the City of San Bruno, California, as of and for the year ended June 30, 2017, and have issued our report thereon dated December 11, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are listed as findings 2017-01 and 2017-02 in our separately issued Memorandum on Internal Control dated December 11, 2017, which is an integral part of our audit and should be read in conjunction with this report.

City's Response to Findings

The City's response to the findings identified in our audit is described in our separately issued Memorandum on Internal Control dated December 11, 2017, which is an integral part of our audit and should be read in conjunction with this report. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze + Associates

Pleasant Hill, California
December 11, 2017

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.

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities					
Net investments in capital assets	\$ 37,073,294	\$ 38,094,423	\$ 38,157,248	\$ 36,981,386	\$ 48,151,315
Restricted	797,313	805,664	11,757,369	15,666,900	12,461,795
Unrestricted	18,670,800	17,282,898	6,174,871	5,382,344	6,089,202
Total governmental activities net position	<u>\$ 56,541,407</u>	<u>\$ 56,182,985</u>	<u>\$ 56,089,488</u>	<u>\$ 58,030,630</u>	<u>\$ 66,702,312</u>
Business-type activities					
Net investments in capital assets	\$ 22,821,582	\$ 29,548,513	\$ 29,617,094	\$ 30,706,799	\$ 32,968,582
Unrestricted	19,943,521	13,642,293	14,951,487	16,048,910	18,311,018
Total business-type activities net position	<u>\$ 42,765,103</u>	<u>\$ 43,190,806</u>	<u>\$ 44,568,581</u>	<u>\$ 46,755,709</u>	<u>\$ 51,279,600</u>
Primary government					
Net investments in capital assets	\$ 67,642,936	\$ 67,774,342	\$ 67,688,185	\$ 67,688,185	\$ 81,119,897
Restricted	805,664	11,757,369	15,666,900	15,666,900	12,461,795
Unrestricted	30,925,191	21,126,358	21,431,254	21,431,254	24,400,220
Total primary government net position	<u>\$ 99,373,791</u>	<u>\$ 100,658,069</u>	<u>\$ 104,786,339</u>	<u>\$ 104,786,339</u>	<u>\$ 117,981,912</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities					
Net investments in capital assets	\$ 49,191,126	\$ 50,124,094	\$ 47,667,730	\$ 50,836,407	\$ 54,014,157
Restricted	10,637,770	10,612,672	16,592,413	12,444,902	15,727,642
Unrestricted	(5,227,689)	(3,967,832)	(35,591,299) *	(34,557,594)	(42,133,843)
Total governmental activities net position	<u>\$ 54,601,207</u>	<u>\$ 56,768,934</u>	<u>\$ 28,668,844</u>	<u>\$ 28,723,715</u>	<u>\$ 27,607,956</u>
Business-type activities					
Net investments in capital assets	\$ 36,842,785	\$ 46,715,688	\$ 57,076,442	\$ 67,316,388	\$ 70,539,432
Unrestricted	19,519,379	24,822,052	11,218,527	7,002,450	14,463,523
Total business-type activities net position	<u>\$ 56,362,164</u>	<u>\$ 71,537,740</u>	<u>\$ 68,294,969</u>	<u>\$ 74,318,838</u>	<u>\$ 85,002,955</u>
Primary government					
Net investments in capital assets	\$ 86,033,911	\$ 96,839,782	\$ 104,744,172	\$ 118,152,795	\$ 124,553,589
Restricted	10,637,770	10,612,672	16,592,413	12,444,902	15,727,642
Unrestricted	14,291,690	20,854,220	(24,372,772) *	(27,555,144)	(27,670,320)
Total primary government net position	<u>\$ 110,963,371</u>	<u>\$ 128,306,674</u>	<u>\$ 96,963,813</u>	<u>\$ 103,042,553</u>	<u>\$ 112,610,911</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)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses										
Governmental activities:										
General government	\$ 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	\$ 7,944,081
Public safety	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	25,201,102
Public works	1,766,933	1,256,060	862,049	888,426	952,496	954,150	850,759	863,706	929,223	1,032,599
Highways and streets	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	4,001,200
Parks and recreation	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	5,929,836
Library	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	1,937,465
Community development	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	2,791,309
Interest expense	553,486	665,517	672,458	612,570	455,313	931,179	267,977	416,914	403,839	387,374
Total governmental activities expenses	<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>	<u>49,224,966</u>
Business-type activities:										
Water	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	9,717,392
Stormwater	(171,906)	687,278	386,608	438,864	446,020	661,493	739,512	905,074	607,817	606,627
Wastewater	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	12,033,285
Cable Television	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	11,655,651
Total business-type activities expenses	<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>	<u>34,012,955</u>
Total primary government expenses	<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>	<u>\$ 83,237,921</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 3,534,173
Public safety	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	2,019,187
Public works	781,614	49,186	39,104	149,299	205,501	135,283	104,982	86,752	165,037	475,379
Highways and streets	977,667	18,700	18,700	19,243	9,474	14,649	19,985	17,977	17,204	16,500
Parks and recreation	794,097	915,378	988,075	1,089,866	1,182,386	1,194,216	1,359,079	1,471,537	1,490,268	1,533,722
Library	144,703	76,934	104,188	105,247	132,216	94,866	92,227	96,969	86,593	92,709
Community development	2,622,644	1,905,157	1,084,270	922,255	1,793,825	969,707	988,285	1,759,620	1,547,278	1,832,185
Operating grants and contributions	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	7,352,434
Capital grants and contributions	2,628,237	-	823,772	79,562	1,897,433	1,143,765	88,658	391,523	227,381	133,241
Total governmental activities program revenues	<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>	<u>16,989,530</u>
Business-type activities:										
Charges for services:										
Water	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	14,251,650
Stormwater	531,455	618,552	574,796	593,179	612,325	611,886	1,474,221	839,852	652,195	1,035,641
Wastewater	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	15,803,116
Cable Television	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	9,880,781
Total business-type activities program revenues	<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>	<u>40,971,188</u>
Total primary government program revenues	<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>	<u>\$ 57,960,718</u>
Net Revenues (Expenses)										
Governmental activities	\$ (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)	\$ (32,235,436)
Business-type activities	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	6,958,233
Total net revenues (expenses)	<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>	<u>\$ (25,277,203)</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 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	\$ 9,968,404
Property taxes, tax increment for redevelopment purposes	4,435,080	9,163,133	9,308,063	8,900,038	3,607,372	-	-	-	-	-
Transient occupancy tax	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	3,286,913
Franchise tax	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	1,823,810
Sales tax, including subvention	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	8,777,377
Cardroom taxes	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	1,781,208
Other taxes	-	1,523,129	1,487,538	1,632,802	2,028,635	2,251,707	3,267,636	2,867,616	2,514,851	2,492,886
Intergovernmental:										
State motor vehicle in-lieu tax, including subvention	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	4,329,287
State highway user tax	-	-	-	-	-	-	1,370,767	1,270,588	976,525	887,258
Use of money and property	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	1,248,861
Miscellaneous and extraordinary items	-	-	-	-	1,328,242	(11,968,561)	(204,035)	274,320	-	-
Transfers	(300,443)	187,418	(93,482)	(91,576)	(29,493)	58,075	(3,064,452)	(1,768,413)	(258,524)	(3,476,327)
Total governmental activities	<u>26,691,373</u>	<u>32,542,683</u>	<u>32,868,213</u>	<u>32,470,012</u>	<u>30,179,783</u>	<u>14,864,066</u>	<u>29,697,794</u>	<u>32,388,978</u>	<u>33,781,318</u>	<u>31,119,677</u>
Business-type activities:										
Use of money and property	573,172	(291,344)	123,648	119,045	147,344	138,020	242,863	174,855	159,068	249,557
Transfers	300,443	(187,418)	93,482	91,576	29,493	(58,075)	3,064,452	1,768,413	258,524	3,476,327
Total business-type activities	<u>873,615</u>	<u>(478,762)</u>	<u>217,130</u>	<u>210,621</u>	<u>176,837</u>	<u>79,945</u>	<u>3,307,315</u>	<u>1,943,268</u>	<u>417,592</u>	<u>3,725,884</u>
Total primary government	<u>\$ 27,564,988</u>	<u>\$ 32,063,921</u>	<u>\$ 33,085,343</u>	<u>\$ 32,680,633</u>	<u>\$ 30,356,620</u>	<u>\$ 14,944,011</u>	<u>\$ 33,005,109</u>	<u>\$ 34,332,246</u>	<u>\$ 34,198,910</u>	<u>\$ 34,845,561</u>
Change in Net Position										
Governmental activities	\$ 1,688,254	\$ (358,422)	\$ (93,497)	\$ 1,941,142	\$ 8,671,682	\$ (12,101,105)	\$ 2,167,727	\$ 6,252,220	\$ 54,871	\$ (1,115,759)
Business-type activities	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	10,684,117
Total primary government	<u>\$ 5,932,656</u>	<u>\$ 67,281</u>	<u>\$ 2,609,915</u>	<u>\$ 4,128,270</u>	<u>\$ 13,195,573</u>	<u>\$ (7,018,541)</u>	<u>\$ 17,343,303</u>	<u>\$ 14,091,115</u>	<u>\$ 6,078,740</u>	<u>\$ 9,568,358</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues										
Taxes	\$ 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	\$ 26,952,603
Licenses and permits	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	3,981,683
Intergovernmental	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	5,061,978
Charges for services	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	3,405,255
Fines and Forfeitures	578,406	649,186	763,221	739,033	759,985	676,421	654,000	605,704	698,463	1,132,649
Use of money and property	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	1,272,582
Other revenues	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	10,445,009
Total revenues:	<u>45,547,942</u>	<u>45,954,367</u>	<u>46,737,643</u>	<u>51,087,932</u>	<u>49,357,569</u>	<u>43,891,853</u>	<u>49,703,191</u>	<u>50,200,454</u>	<u>48,750,913</u>	<u>52,251,759</u>
Expenditures										
General Government	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	6,256,661
Public safety	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	23,159,049
Public works	1,501,639	1,228,246	795,138	827,163	954,550	876,159	856,559	1,028,427	895,218	852,334
Highways and streets	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	1,700,057
Parks and recreation	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	4,967,433
Library	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	1,841,983
Community Development	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	2,690,910
Capital outlay	906,765	696,590	1,071,479	699,463	2,154,326	1,161,609	360,076	225,737	5,137,379	7,844,120
Debt service:										
Principal	503,713	523,124	548,219	574,031	365,592	386,409	807,336	818,289	829,272	1,939,282
Interest	526,204	702,518	677,464	651,882	219,706	542,606	410,689	399,660	386,635	368,929
Total expenditures	<u>41,969,268</u>	<u>45,220,306</u>	<u>45,291,812</u>	<u>45,066,237</u>	<u>41,759,202</u>	<u>41,584,980</u>	<u>42,888,154</u>	<u>43,679,476</u>	<u>47,300,284</u>	<u>51,620,758</u>
Reconciliation of Government Revenues										
Less expenditures to fund equity										
Revenues over (under) expenditures	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	631,001
Extraordinary item	-	-	-	-	(6,591,758)	-	-	-	-	-
Other financing sources (Transfer in)	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	6,354,831
Other financing sources (Transfer out)	(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)	(9,831,158)
Other financing sources (Capital lease)										1,873,846
Other financing sources (uses):										
Proceeds of debt issued (refunds)	6,363	3,380	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>6,363</u>	<u>3,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances ⁽³⁾	<u>\$ 3,736,455</u>	<u>\$ 924,859</u>	<u>\$ 1,695,831</u>	<u>\$ 5,483,522</u>	<u>\$ 708,450</u>	<u>\$ 2,627,284</u>	<u>\$ 3,375,966</u>	<u>\$ 4,626,299</u>	<u>\$ 7,623,202</u>	<u>\$ (971,480)</u>
Debt service as a percentage of noncapital expenditures	2.5%	2.8%	2.8%	2.8%	1.5%	2.3%	2.9%	2.8%	2.9%	5.3%

City of San Bruno, California
Assessed Value and Estimated Actual Value of Taxable Property
For the 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)
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
2017	5,359,750,309	1,226,598,661	75,276,105	68,634,181	6,730,259,256	212,376,474	6,942,635,730	6,942,635,730	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, California

Direct and Overlapping Tax Rates

For the last ten fiscal years

(rate per \$100 of assessed value)

	Direct Rates				Total Tax Rate
	Basic Rate	Total Direct	School Districts	Special Districts	
FY 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
FY 16-17	1.0000	1.0000	0.0910	0.0000	1.0910

Source: California Municipal Statistics

City of San Bruno, California

Principal Property Taxpayers

Current Year and Nine Years Ago

Property Owner	Primary Land Use	2016-17			2007-2008				
		Assessed Valuation	Rank	% of Total(1)	Property Owner	Primary Land Use	Assessed Valuation	Rank	% of Total(2)
Google Inc.	Office Building	\$ 289,052,109	1	4.29%	ASN Tanforan Crossing I LLC	Apartments	\$ 144,755,259	1	2.90%
ASN Tanforan Crossing I LLC	Apartments	144,905,108	2	2.15%	Bayhill Four Associates	Office Building	130,779,389	2	2.62%
Walmart Stores Inc.	Office Building	125,299,697	3	1.86%	The Gap Inc.	Office Building	120,853,815	3	2.42%
Shops at Tanforan Assciates LLC	Shopping Center	117,381,483	4	1.74%	Tanforan Park Shopping Center	Shopping Center	92,049,093	4	1.84%
San Bruno III Financing LP	Apartments	89,460,296	5	1.33%	Sears Holdings Corp.	Shopping Center	48,365,953	5	0.97%
Gap Inc.	Office Building	63,212,658	6	0.94%	Aimco San Bruno Apartments	Apartments	47,501,444	6	0.95%
Welch Family Partnership	Industrial and Commercial	61,160,302	7	0.91%	Landmark Towne Center	Shopping Center	39,186,990	7	0.79%
Behringer Harvard Acappella LP	Apartments	59,102,918	8	0.88%	FW CA Bay Hill Shopping Center	Shopping Center	34,418,512	8	0.69%
Aimco San Bruno Apartments Partners LP	Apartments	57,214,202	9	0.85%	Crossing Phase I&II LP	Convalescent Home	32,762,300	9	0.66%
Crossings Phase I & II LP	Apartments	55,436,457	10	0.82%	Crystal Springs Assciates	Apartments	30,426,580	10	0.61%
Subtotal		<u>\$ 1,062,225,230</u>		<u>15.78%</u>			<u>721,099,335</u>		<u>14.45%</u>

(1) 2016-17 Local Secured Assessed Valuation: 6,730,259,256

(2) 2007-08 Local Secured Assessed Valuation: 4,990,813,327

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

City of San Bruno, California
Schedule of Top 40 Retail Businesses
(Listed in Alphabetical Order)
For the year ended June 30, 2017

Name	Address
All Shores	135 El Camino Real
Allegro Credit	1111 Bayhill Dr. Ste 450
Apex Systems, Inc.	1111 Bayhill Dr. Ste 240
Best Buy Store #1896	1250 El Camino Real#111
Budget Business Class	881 Sneath Ln.#225
Century Theaters Inc.#494	1188 El Camino Real
Clearesult Consulting Inc.	1100 Grundy Ln. Ste 100
Codon Medical	1111 Bayhill Dr Ste 475
Courtyard By Marriot San Francisco Airport	1050 Bayhill Dr.
Crystal Springs Associates	2000 Crystal Springs Rd
Cutting Edge Audio & Video Group LLC	1071 Sneath Ln.
CVS/Pharmacy #9807	10 Bayhill Shopping Ctr
El Camino Velero-Gas	800 El Camino Real
Green Creative	1200 Bayhill Dr. Ste 220
J.C. Penney Corp. Inc.	1122 El Camino Real
Lash Group, Inc.	999 Bayhill Dr.#330
Lohika Systems Inc.	1001 Bayhill Dr Ste 108
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.
Sears Operations, LLC #1478	1178 El Camino Real
Seritage Src Finance LLC	1178 El Camino Real
Shops At Tanforan LLC	1150 El Camino Real Ste 170
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.

Source : City of San Bruno Business Tax

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2017	6,241,601	6,241,601	100%	-	6,241,601	100%

Source: City financial records

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities				Total Primary Government	Fiduciary Funds		Debt Per Capita	Debt As Percent of Personal Income
	Capital Leases	Pension Obligation Bonds	Capital Leases 2017	Wastewater Certificates of Participation	Wastewater Revenue Refunding Bond	Cable TV Capital Lease Obligation	City of South San Francisco Sewer Plant Agreement		Certificates of Participation	Population		
2008	\$ 1,365,965	\$ -	\$ -	\$ 8,890,000	\$ -	\$ -	\$ 14,896,375	\$ 25,152,340	\$ 8,565,000	43,286	761	1.8%
2009	1,047,841	-	-	8,685,000	-	-	14,035,887	23,768,728	8,360,000	43,798	698	1.6%
2010	714,622	-	-	8,475,000	-	1,471,489	13,152,660	23,813,771	8,145,000	44,294	686	1.5%
2011	365,592	-	-	8,260,000	-	1,219,296	12,246,088	22,090,976	7,920,000	41,842	668	1.6%
2012	240,306	-	-	8,035,000	-	874,252	11,315,552	20,465,110	7,680,000	42,451	600	1.4%
2013	208,898	12,549,749	-	7,800,000	-	467,213	10,360,416	31,386,276	7,430,000	42,828	887	2.1%
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%
2017	73,719	9,454,820	784,846	-	6,426,008	-	6,890,896	23,630,289	6,310,000	45,295	522	1.4%

Source: City financial records

City of San Bruno, California
Direct and Overlapping Governmental Activities Debt
June 30, 2017

2016-17 Assessed Valuation:	\$	6,942,635,730		
Redevelopment Incremental Valuation:		<u>1,326,682,191</u>		
Adjusted Assessed Valuation:		5,615,953,539		
		<u>Total Debt</u>		<u>City's Share of</u>
Overlapping Tax and Assessment Debt:		<u>6/30/17</u>	<u>% Applicable (1)</u>	<u>Debt 6/30/17</u>
San Mateo County General Fund Obligations	\$	611,812,998	3.619%	\$ 22,141,512
South San Francisco Unified School District		175,812,364	1.15	2,021,842
San Mateo Union High School District		532,761,586	10.012	53,340,090
San Bruno Park School District		9,137,396	90.166	8,238,824
Millbrae School District		55,589,527	3.119	<u>1,733,837</u>
Total overlapping tax and assessment debt	\$			87,476,105
Ratios to 2016-17 Assessed Valuation:				
Total Overlapping Tax and Assessment Debt				1.26%
Direct and Overlapping General Fund Debt:				
San Mateo County General Fund Obligations	\$	399,389,816	3.619%	\$ 14,453,917
San Mateo County Board of Education Certificates of Participation		9,330,000	3.619	337,653
San Mateo County Flood Control District Certificates of Participation		18,095,000	6.562	1,187,394
South San Francisco Unified School District Certificates of Participation		4,360,746	1.15	50,149
San Bruno Park School District Lease Revenue Bonds		3,795,000	90.166	3,421,800
City of San Bruno Fire Apparatus Lease		73,719	100.00	73,718
City of San Bruno Fire Apparatus 2017 Lease		784,846	100.00	784,846
City of San Bruno Pension Obligations		9,454,820	100.00	9,454,820
Total direct and overlapping general fund debt				<u>29,764,297</u>
Total Direct Debt				10,313,384
Total Overlapping Debt				106,927,018
Combined Total Debt ⁽²⁾				<u>\$ 117,240,402</u> (2)
Ratios to Adjusted Assessed Valuation:				
Total Direct Debt (\$10,313,384)				0.15%
Combined Total Debt				1.69%
State School Building Aid Repayable as of 6/30/17	\$			<u>-</u>

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages 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.

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

Source: California Municipal Statistics & City Financial Statement

City of San Bruno, California

Legal Debt Margin Information

Last Ten Fiscal Years

(in thousands of dollars)

Legal Debt Margin Calculation for Fiscal Year 2017 (1)

Assessed Valuation:	<u>\$6,942,635,730</u>
Bonded Debt Limit (3.75% of Assessed Value):	<u>\$260,348,840</u>
Less Amount of Debt	<u>\$23,630,289</u>
	<u><u>\$236,718,551</u></u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 740,427	\$ 791,361	\$ 748,091	\$ 737,577	\$ 782,820	\$ 798,292	\$ 842,892	\$ 906,586	\$ 967,607	\$ 260,349
Total net debt applicable to limit	18,821	18,093	17,335	16,546	15,955	27,986	28,679	26,727	27,986	23,630
Legal debt margin	<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>\$ 939,621</u>	<u>\$ 236,719</u>
Total net debt applicable to the limit as a percentage of debt limit	2.61%	2.34%	2.37%	2.29%	2.08%	3.63%	3.52%	3.04%	2.98%	9.98%

Note:

(1) California Government Code, Section 43605 sets the debt limit at 15% of gross assessed valuation. The Code section was enacted when assessed valuations were based on 25% of full market value.

This has since changed to 100% of full market value. Thus, the limit shown is 3.75%(one-fourth the limit of 15%).

FY2016-17 and onwards, the debt limit is at 3.75%.

Source: California Municipal Statistics

City of San Bruno, California

Pledged Revenue Coverage

For the last ten fiscal years

Fiscal Year Ended June 30,	Business-type Activities Wastewater Certificates of Participation						Coverage
	Sewer Revenues & Transfers	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2007	\$ 6,261,689	\$ 5,804,944	\$ 456,745	\$ 190,000	\$ 430,035	0.74	
2008	8,413,781	7,063,137	1,350,644	195,000	424,185	2.18	
2009	9,061,790	7,275,670	1,786,120	205,000	417,420	2.87	
2010	9,566,100	7,231,032	2,335,068	210,000	409,860	3.77	
2011	10,128,799	8,716,618	1,412,181	215,000	401,690	2.29	
2012	11,294,768	8,043,233	3,251,535	225,000	392,915	5.26	
2013	12,231,509	8,543,647	3,687,862	235,000	383,515	5.96	
2014	16,621,276	8,911,235	7,710,041	7,800,000	378,493	0.94	
2013 Wastewater Revenue Refunding Bonds							
2015	\$ 15,342,296	\$ 12,093,989	\$ 3,248,307	\$ 290,000	\$ 285,188	5.65	
2016	15,879,502	10,321,427	5,558,075	260,000	277,388	10.34	
2017	15,756,957	11,408,602	4,348,355	265,000	268,775	8.15	

* In Fiscal Year 2013-14, the City authorized the sale of Wastewater Revenue Refunding Bonds to refinance the outstanding 2002 installment payment obligations.

Source: City financial records

City of San Bruno, California
Demographic and Economic Statistics
 Last ten calendar 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)
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	26,234	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%
2017	45,295	1,730,857,835	38,213	39.2	3,774	3.0%	2.9%

Source: 2011-12 and prior, previously published CAFR Report

Source: MuniServices, LLC

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

2) Personal income and per capita personal income is provided by U.S.Census, American Comm.Survey 3-year Estimates and is adjusted for inflation

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

City of San Bruno, California

Principal Employers

Current Year and Nine Years Ago

Employer	2016-17			2007-08***		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
You Tube, Inc.*	1,974	1	7.39%			
Walmart eCommerce	1,400	2	5.24%			
Skyline College	611	3	2.29%			
Artichoke Joe's Casino	411	4	1.54%			
San Bruno Park School District**	280	5	1.05%			
Target Store 1054	280	6	1.05%	320	4	19.68%
City of San Bruno	223	7	0.84%			
Sears, Roebuck & Co**	177	8	0.66%			
Lowe's HIW, Inc.	159	9	0.60%	N/A	3	0.59%
JC Penney Co	150	10	0.56%			
Sears, Roebuck & Co**			0.00%	350	5	0.72%
Ironport Systems, Inc.			0.00%	N/A	1	0.86%
First Databank, Inc.			0.00%	116	2	0.00%
Melody Toyota			0.00%	82	6	0.00%
J.C.Penney Corp. Inc #1959-6				200	7	0.00%
Vantagepoint Venture Partners				86	8	0.00%
Lash Group, Inc.				296	9	0.00%
Lucky #478				108	10	0.00%
Total Top Employers	5,665		21.22%	1,558		21.85%
Total City Labor (1)	26,700			26,400		

Source: MuniServices, LLC

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

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

*Includes FT, TVCs and Interns

**Includes both full and part time employees

***Employers were ranked base on the City's business license gross, not by number of employees

City of San Bruno, California

Full-time Equivalent City Employees by Function/Program

Last Ten Fiscal Years

(Fiscal year ended June 30)

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
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	3.00	3.00	3.00	3.00
Human Resources	2.75	2.75	1.75	1.75	1.75	2.25	2.25	2.25	2.25	2.25
Finance										
Administration	5.00	5.00	5.00	5.00	5.00	4.50	5.00	5.00	5.00	5.50
Revenue Services	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	4.50
Police	63.00	66.00	61.00	61.50	59.00	60.00	61.50	62.50	62.50	64.00
Fire	33.00	33.50	33.50	33.50	32.50	32.75	32.75	33.30	33.40	35.00
PublicWorks										
Admin. & Engineering	7.75	7.75	7.75	6.75	6.75	6.75	6.70	6.70	6.70	6.70
Streets Maintenance	5.60	5.60	5.10	5.05	5.05	5.05	5.10	5.70	5.80	5.80
Community Development										
Planning	2.60	2.50	2.00	2.00	1.75	3.50	4.50	4.50	4.25	5.75
Building	5.30	5.00	4.00	4.00	4.25	6.50	6.50	7.50	7.75	8.25
Parks & Recreation Services										
Recreation	3.35	4.35	3.85	4.05	4.05	4.00	4.00	4.75	4.90	4.90
Parks Maintenance	15.95	17.00	15.50	14.35	13.35	13.80	13.80	14.30	13.05	13.05
Senior Services	2.15	2.15	2.15	2.25	1.25	3.35	3.35	3.45	3.75	3.65
Library Services	9.50	10.00	9.00	8.75	8.75	7.65	7.65	7.55	7.75	7.85
Subtotal	172.95	178.60	167.60	165.95	160.45	167.10	170.10	174.50	174.10	179.20
Special Revenues										
Solid Waste	0.30	0.30	0.25	0.35	0.35	0.35	0.35	0.35	0.45	0.45
RDA Operation	1.80	3.60	3.60	3.60	3.60	-	-	-	-	-
Successor Agency to SB RDA	N/A	N/A	N/A	N/A	N/A	1.00	-	-	-	-
RDA Low/Mod Housing	1.25	1.90	1.90	1.90	1.90	-	-	-	-	-
Subtotal	3.35	5.80	5.75	5.85	5.85	1.35	0.35	0.35	0.45	0.45
Internal Services										
Central Garage	3.85	3.95	3.95	3.35	2.85	2.85	2.35	2.35	2.35	2.35
Buildings and Facilities	5.50	7.00	7.00	6.10	6.10	5.70	5.70	6.45	7.05	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	0.50	1.00	1.00	1.00
Subtotal	13.35	14.95	14.95	13.45	12.95	12.55	11.55	12.80	13.40	13.40
Enterprise Funds										
Water Enterprise	15.90	16.90	16.90	17.30	17.30	17.30	16.95	17.45	17.45	17.95
Stormwater Enterprise	2.95	2.95	2.95	3.65	3.65	3.65	3.75	4.15	3.95	3.95
Wastewater Enterprise	12.10	14.60	14.10	14.55	15.55	15.55	15.80	16.30	16.30	16.80
Cable Enterprise	19.00	19.50	19.50	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Subtotal	49.95	53.95	53.45	55.50	56.50	56.50	56.50	57.90	57.70	58.70
Glenview Funds										
Crestmoor (Glenview) Recovery						5.00	4.25	3.70	3.70	2.00
Subtotal	N/A	N/A	N/A	N/A	N/A	5.00	4.25	3.70	3.70	2.00
Total Positions (all funds)	239.60	253.30	241.75	240.75	235.75	242.50	242.75	249.25	249.35	253.75

Source: Adopted City Budget

City of San Bruno, California
Operating Indicators by Function/Program

Last Ten Fiscal Years
(Fiscal year ended June 30)

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Calls for Service	*	25,164	23,305	22,275	23,242	24,405	30,131	32,610	36,144	31,333
Physical arrests	*	1,585	1,371	1,401	1,371	989	1,071	1,224	1,280	1,311
Parking violations**	11,715	11,706	9,242	10,273	11,683	11,559	8,710	8,794	11,675	15,525
Traffic collisions	*	480	387	452	387	380	369	464	452	384
Moving citations	*	2,215	2,128	2,665	2,128	1,422	2,659	2,144	2,221	2,225
Fire										
Number of stations	2	2	2	2	2	2	2	2	2	2
Number of calls answered	3,493	3,539	3,517	3,791	3,809	3,916	3,148	3,159	3,574	4,288
Number of inspection conducted**	1,647	1,428	1,300	1,341	1,381	1,358	1,326	1,375	1,420	1,360
Public Works										
Street repair (sq. ft.)	*	*	11,405	8,750	4,304	3,923	4,792	14,697	861,150	145,204
Potholes repaired	*	*	1,055	1,055	1,016	2,311	2,670	2,185	1,618	2,333
Sidewalk repair (sq. ft)	*	*	4,653	2,478	2,215	896	11,625	14,980	651	262
Sidewalk curb&gutter repair (ft)	*	*	481	89	62	85	927	1,397	109	886
Community Development:										
Plans checks	*	*	413	389	384	340	340	527	553	445
Permits Issued	*	*	1,178	1,575	1,375	1,284	1,283	1,339	1,622	1,500
Parks & recreation:										
Picnic rentals	*	*	*	766	813	673	934	954	859	842
Library:										
Library circulation	*	*	*	374,496	372,162	388,066	358,362	354,047	329,210	337,671
Library visits	*	*	*	239,916	239,649	228,835	248,563	219,343	182,263	179,150
Water										
New service connections	*	*	353	320	271	265	442	263	285	363
Gallons purchased(millions of gallons)				584	796	725	600	477	507	948

**Calendar year as of October 31

Source: Various City department records. Started tracking by function in 2011

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Engineering /Public Work										
Pavement	(698,246)	(698,027)	(696,010)	(732,678)	(934,435)	(946,351)	(966,874)	(1,016,316)	(1,036,861)	(1,100,298)
Traffic Signal	17									
Traffic Signal	(42,218)	(43,404)	(54,334)	(54,334)	(53,676)	(60,318)	(71,803)	(71,803)	(71,803)	(69,696)
Streetlights	1,448									
Streetlights	(241,541)	(241,541)	(241,541)	(241,541)	(100,642)	-	-	-	-	(4,829)
Housing & Redevelopment										
Roadway in centerline miles	145									
Sidewalk	(402,009)	(415,587)	(415,488)	(423,538)	(423,538)	(422,886)	(453,714)	(468,913)	(463,397)	(461,957)
Roadway in centerline miles	131									
Curb & Gutter	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)
Finance and Parks										
Park Facilities	24									
Park Facilities	(35,847)	(35,847)	(35,847)	(35,847)	(35,847)	(35,847)	(35,847)	(35,847)	(35,010)	(34,412)
Walkway Paths and Trails Subsystem	2									
Walkway Paths and Trails Subsystem	(20,507)	(20,507)	(20,507)	(20,507)	(20,507)	(20,507)	(20,507)	(20,507)	(20,453)	(20,414)
Buildings										
Structures	24									
Structures	(367,380)	(377,093)	(386,312)	(394,902)	(394,682)	(395,536)	(437,055)	(385,051)	(383,823)	(382,946)

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.