



City of San Bruno, California

Comprehensive Annual Financial Report

For the Year Ended June 30, 2018
(with comparative totals for the Year Ended June 30, 2017)



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CITY OF SAN BRUNO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

PREPARED BY:
FINANCE DEPARTMENT

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**CITY OF SAN BRUNO, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

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INTRODUCTORY SECTION

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December 18, 2018

Honorable Mayor and Members of the City Council
City of San Bruno
San Bruno, CA 94066

Dear Mayor and Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) for the City of San Bruno is submitted for the fiscal year ended June 30, 2018. 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, 2018 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, 2018 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 46,085.

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, City Clerk, and the 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 259 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 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 (BART) 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 below 3%. Job growth has led to rising home prices and an 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.

Every year, 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, 2017. 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 Directors should be acknowledged for their continued attention to planning and conducting the City financial operations in a responsible and progressive manner. I would also like to thank the dedicated members of the Finance Department who worked diligently to support all aspects of this audit and on-going operations and projects of the City. Finally, I thank Maze & Associates for their assistance in conducting the audit.

Respectfully submitted,

A handwritten signature in blue ink, consisting of a large, stylized initial 'K' followed by several vertical strokes and a horizontal line extending to the right.

Keith R. DeMartini
Finance Director

Directory of Officials

Elected Officials

Rico E. Medina
Laura Davis
Irene O'Connell
Marty Medina
Michael Salazar

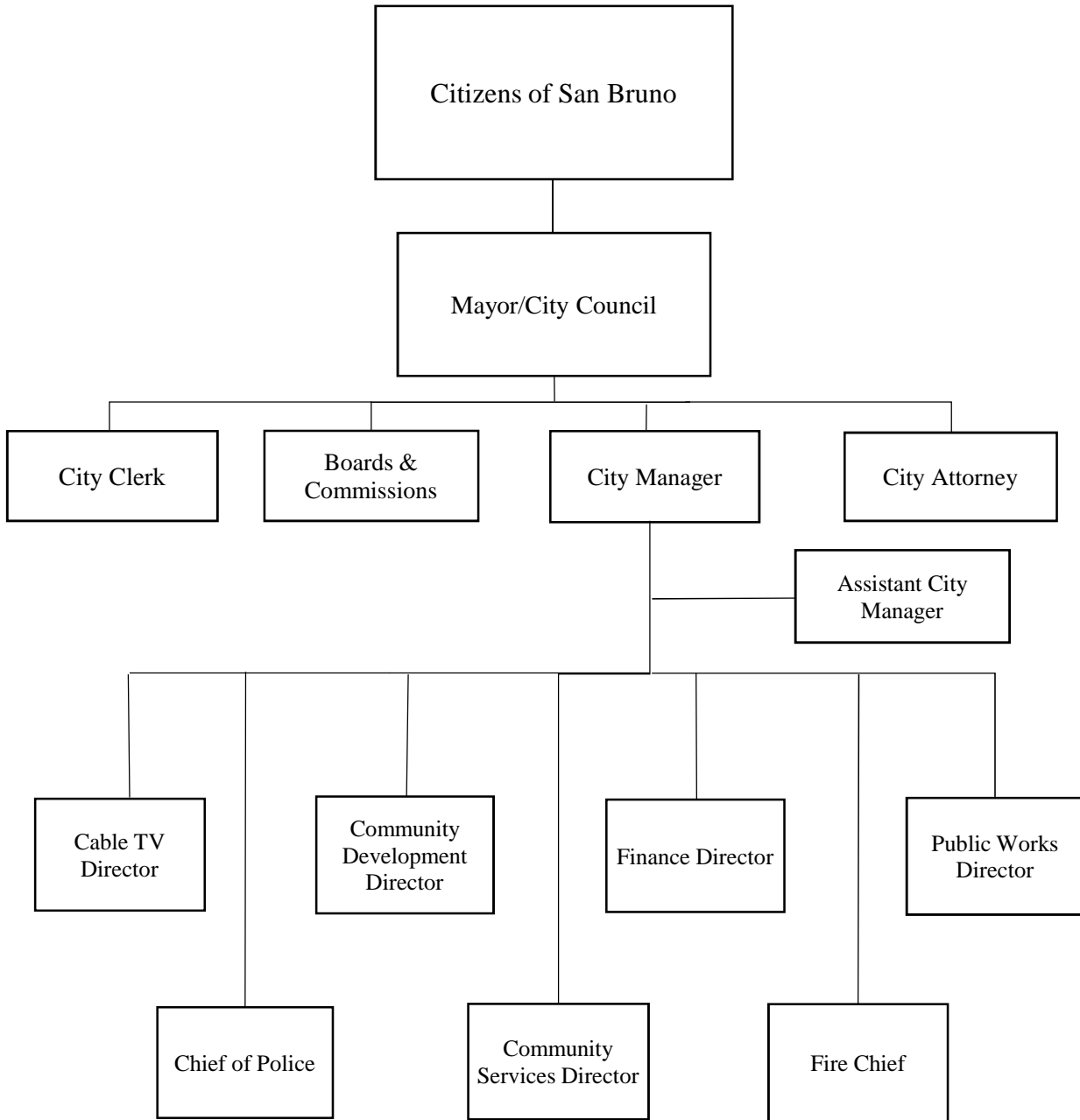
Mayor
Vice Mayor
Council Member
Council Member
Council Member

Administrative Personnel

Jovan D. Grogan
Tami Yuki
Marc Zafferano
Keith DeMartini
Darcy Smith
Joanne Magrini
Dave Cresta
Ed Barberini
Jimmy Tan
Sandeep Krishnamurthy
Melissa Thurman

City Manager
Assistant City Manager
City Attorney
Finance Director
Community Development Director
Community Services Director
Fire Chief
Police Chief
Public Works Director
Cable TV Director
City Clerk

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, 2017

Christopher P. Morrill

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, 2018 and 2017, 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, 2018 and 2017, 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, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 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 18, 2018, 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 18, 2018

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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, 2018

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, 2018. 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 for Fiscal Year 2017-18

- The City's assets and deferred outflow of resources exceed its liabilities and deferred inflow of resources at June 30, 2018 by \$126.2 million. Of this amount, \$(29.3) 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, since fiscal year 2014-15.
- The government-wide net position increased by \$13.6 million during the fiscal year, bringing the total net position to \$126.2 million. The increase in net position is the result of changes in major asset categories – cash and investments, cash and investments with fiscal agent, and capital assets. Of government-wide net position, \$96.3 million is invested in capital assets, \$59.2 million is restricted for specific use, and the balance of \$(29.3) million is unrestricted for the City's operations and capital investments.
- The City's governmental activities program and general revenues of \$60.1 million were greater than expenses of \$52.4 million by \$7.7 million. Modest increases in property taxes, transient occupancy tax, business tax, gasoline tax, and property tax in-lieu of vehicle license fees contributed to the growth. In addition, the City received a \$6.0 million fine from PG&E assessed by the California Public Utilities Commission (CPUC). After transfers in from other funds of \$0.3 million, governmental net position increased by \$8.0 million to \$35.6 million
- The City's business-type activities program and general revenues of \$43.3 million were greater than expenses of \$37.3 million by \$6.0 million. Approved water and sewer rate increases contributed to the growth. After transfers to other funds of \$0.3 million, business-type activities net position increased by \$5.6 million to \$90.6 million.
- At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$49.6 million, an increase of \$6.2 million compared to the prior year. 12% of this amount, or \$6.0 million, is available for spending at the government's discretion (unassigned fund balance). General Fund, which includes the operating and reserve funds, fund balance increased by \$3.6 million bringing the total to \$28.1 million. The increase to fund balance is due to receipt of a \$6.0 million fine from PG&E assessed by the CPUC and modest increases in taxes, intergovernmental revenues, and other revenues.
- The long-term debt for business activities increased by \$38.7 million because the City issued Water and Wastewater Revenue Bonds to fund vital utility projects. See Note 5 for further details.
- The City's reserve fund balances as of June 30, 2018 totaled: General Fund Reserve, \$11.2 million, General Fund Contingency Fund, \$2.1 million, Emergency Disaster Reserve, \$3.1 million, Capital Improvement/One-Time Initiative Reserve, \$7.3 million, Central Garage Reserve, \$0.15 million, and Technology Reserve, \$0.2 million. The General Fund Contingency Fund retained an additional amount of \$0.6 million above the target fund balance of \$1.5 million to pay for ongoing budget enhancements with no dedicated, on-going funding stream. See Note 6 for further details.

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018

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, which is considered to be a major fund. 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, 2018**

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 86 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 \$126.2 million at the close of 2017-18. 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 (\$96.3 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	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 57,045,162	\$ 50,173,265	\$ 71,106,582	\$ 29,426,042	\$ 128,151,744	\$ 79,599,307
Capital assets, net	59,737,884	54,872,722	89,271,243	83,382,707	149,009,127	138,255,429
Other noncurrent assets	-	771,603	-	-	-	771,603
Total assets	116,783,046	105,817,590	160,377,825	112,808,749	277,160,871	218,626,339
Deferred outflows of resources	19,909,892	14,470,991	3,279,474	2,881,990	23,189,366	17,352,981
Current liabilities	9,648,271	9,259,035	7,352,243	4,810,790	17,000,514	14,069,825
Noncurrent liabilities	88,729,624	79,659,192	65,536,559	25,720,301	154,266,183	105,379,493
Total liabilities	98,377,895	88,918,227	72,888,802	30,531,091	171,266,697	119,449,318
Deferred inflows of resources	2,744,505	3,762,398	136,271	156,693	2,880,776	3,919,091
Net Position						
Net investment in capital assets	59,084,356	54,014,157	37,167,066	70,539,432	96,251,422	124,553,589
Restricted	18,264,533	15,727,642	40,979,572	-	59,244,105	15,727,642
Unrestricted	(41,778,351)	(42,133,843)	12,485,588	14,463,523	(29,292,763)	(27,670,320)
Total net position	\$ 35,570,538	\$ 27,607,956	\$ 90,632,226	\$ 85,002,955	\$ 126,202,764	\$ 112,610,911

An additional portion of the City's net position (\$59.2 million) represents resources that are subject to external restrictions on how the funds may be used, such as constructing specified capital projects, debt service, or other community programs. The remaining balance in unrestricted net position amounts to \$(29.3) million. The negative balance is a result of the City's recognition of net pension liability amounting to \$89.2 million, as required by GASB 68.

CITY OF SAN BRUNO, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Governmental activities increased the City's net position by \$8.0 million in 2017-18. Business-type activities increased the City's net position by \$5.6 million. Key elements of these changes are as follows:

	Statement of Activities					
	(In Millions)					
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Charge for services	\$ 9.7	\$ 9.5	\$ 42.7	\$ 41.0	\$ 52.4	\$ 50.5
Operating grants and contributions	13.5	7.4	-	-	13.5	7.4
Capital grants and contributions	1.4	0.1	-	-	1.4	0.1
Property taxes	10.5	10.0	-	-	10.5	10.0
Transient occupancy taxes	3.4	3.3	-	-	3.4	3.3
Franchise taxes	1.8	1.8	-	-	1.8	1.8
Sales taxes	8.3	8.8	-	-	8.3	8.8
Cardroom taxes	1.9	1.8	-	-	1.9	1.8
Other taxes	2.6	2.5	-	-	2.6	2.5
State motor vehicle in-lieu tax, including subvention	4.6	4.3	-	-	4.6	4.3
State highway user tax	1.2	0.9	-	-	1.2	0.9
Use of money and property	1.2	1.2	0.5	0.2	1.7	1.4
Total Revenue	60.1	51.6	43.2	41.2	103.4	92.7
Expenses						
General government	8.2	7.9	-	-	8.2	7.9
Public safety	27.4	25.2	-	-	27.4	25.2
Public works	1.8	1.0	-	-	1.8	1.0
Highways and streets	3.5	4.0	-	-	3.5	4.0
Parks and recreation	6.2	6.0	-	-	6.2	6.0
Library	2.0	1.9	-	-	2.0	1.9
Community development	2.9	2.8	-	-	2.9	2.8
Interest expense	0.4	0.4	-	-	0.4	0.4
Water	-	-	11.4	9.7	11.4	9.7
Stormwater	-	-	1.0	0.6	1.0	0.6
Wastewater	-	-	12.4	12.0	12.4	12.0
Cable Television	-	-	12.5	11.7	12.5	11.7
Total expenses	52.4	49.2	37.3	34.0	89.7	83.2
Increase (Decrease) in net position before transfers	7.7	2.4	5.9	7.2	13.6	9.6
Transfers	0.3	(3.5)	(0.3)	3.5	-	-
Increase (Decrease) in Net Position	8.0	(1.1)	5.6	10.7	13.6	9.6
Net position - Beginning	27.6	28.7	85.0	74.3	112.6	103.0
Net position - Ending	\$ 35.6	\$ 27.6	\$ 90.6	\$ 85.0	\$ 126.2	\$ 112.6

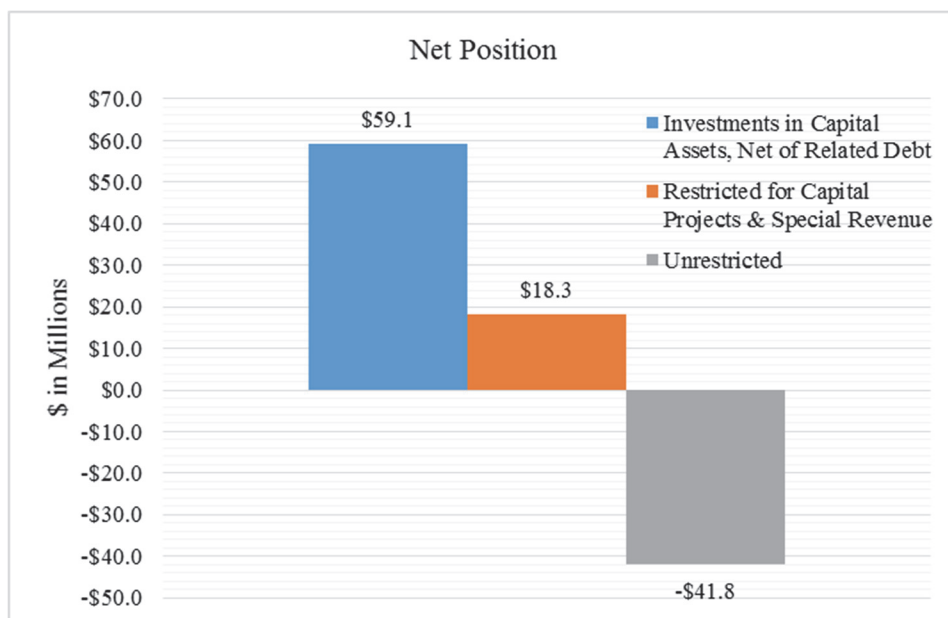
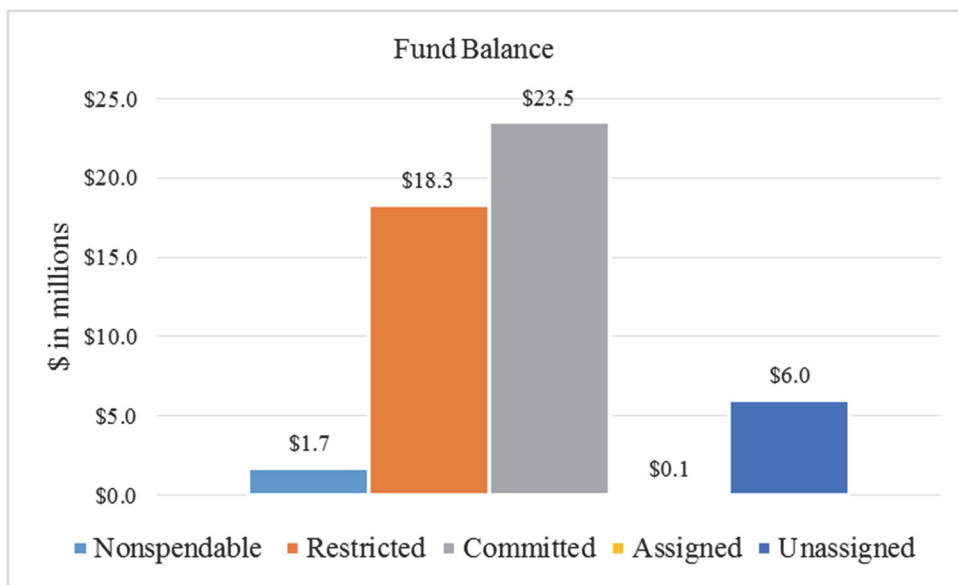
CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

Governmental Activities

The cost of all governmental activities this year was \$52.4 million. As shown in the statement of activities, the amount that general taxpayers paid for these activities with general revenues was \$35.5 million because some of the costs were paid by those specifically benefiting from the programs (\$9.7 million), by other governments and organizations subsidizing programs with grants, and contributions (\$14.9 million) for operations and capital improvement.

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, 2018**

Total resources available during the year to finance governmental operations were \$60.4 million. This consists of \$24.6 million in program revenues and \$35.8 million in general revenues net of transfers. Total governmental activities expenses during the year were \$52.4 million.

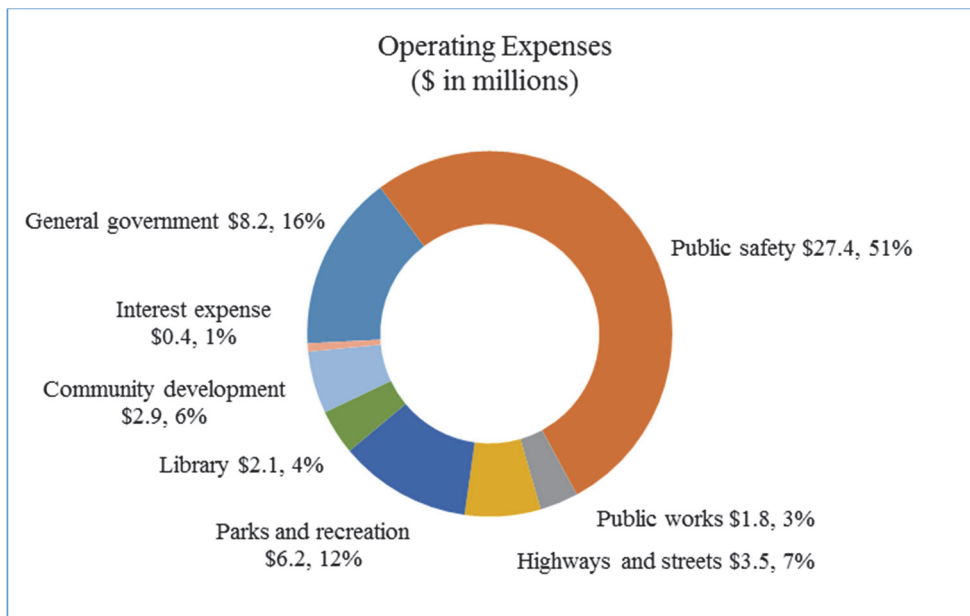
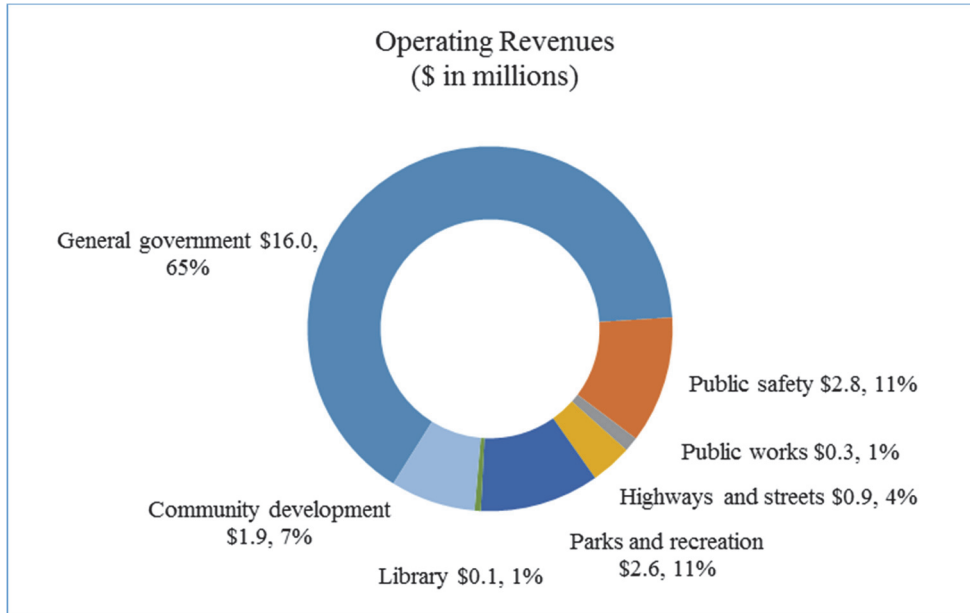
The City’s programs include general government, public safety, public works, highway and streets, parks and recreation, library, and community development. Each program’s net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the financial burden that was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

	Operating Revenues		Operating Expenses		Net Revenue (Expense) and Change in Net Position	
	2018	2017	2018	2017	2018	2017
Governmental activities:						
General government	\$ 16,000,720	\$ 9,562,882	\$ 8,186,106	\$ 7,944,081	\$ 7,814,614	\$ 1,618,801
Public safety	2,768,832	2,655,518	27,448,567	25,201,102	(24,679,735)	(22,545,584)
Public works	320,065	486,904	1,797,113	1,032,599	(1,477,048)	(545,695)
Highways and streets	897,288	234,665	3,512,681	4,001,200	(2,615,393)	(3,766,535)
Parks and recreation	2,597,255	2,092,742	6,156,634	5,929,836	(3,559,379)	(3,837,094)
Library	135,716	122,663	2,094,990	1,937,465	(1,959,274)	(1,814,802)
Community development	1,851,315	1,834,156	2,887,538	2,791,309	(1,036,223)	(957,153)
Interest expense	-	-	380,311	387,374	(380,311)	(387,374)
Total governmental activities	\$ 24,571,191	\$ 16,989,530	\$ 52,463,940	\$ 49,224,966	\$ (27,892,749)	\$ (32,235,436)

CITY OF SAN BRUNO, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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



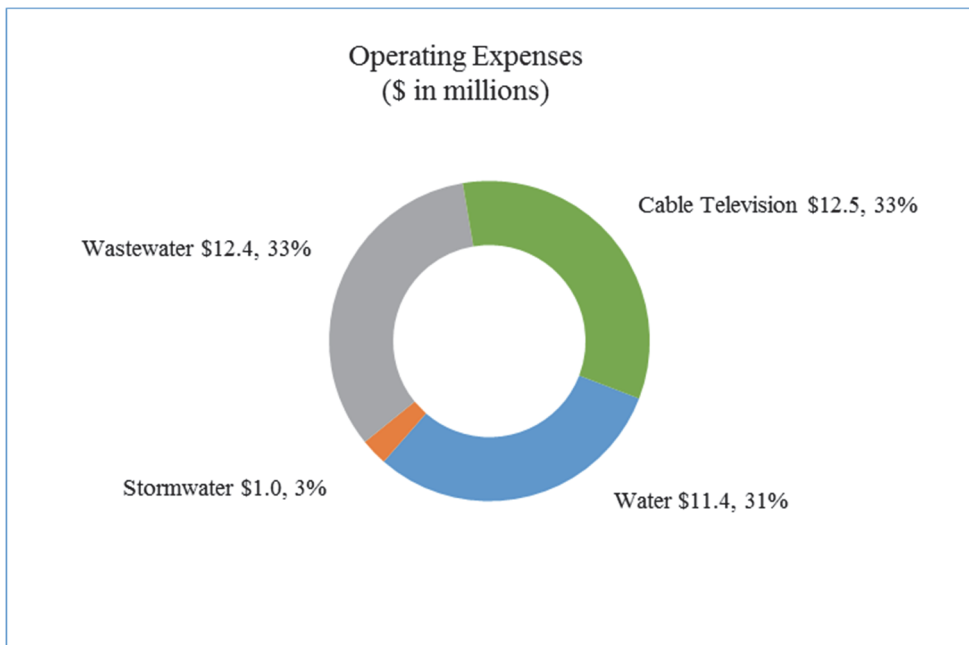
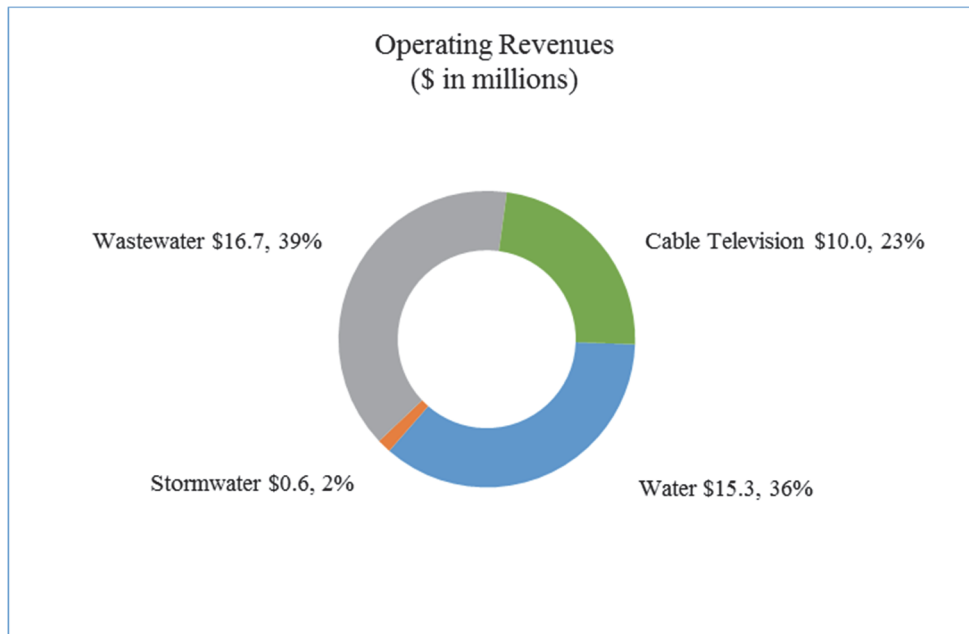
CITY OF SAN BRUNO, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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 \$42.9 million consisting of program revenues, investment income, and transfers. Total business-type activities expenses during the year were \$37.3 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, 2018**

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	
	2018	2017	2018	2017	2018	2017
	Business-type activities:					
Water	\$ 15,312,217	\$ 14,251,650	\$ 11,416,387	\$ 9,717,392	\$ 3,895,830	\$ 4,534,258
Stormwater	645,507	1,035,641	1,011,466	606,627	(365,959)	429,014
Wastewater	16,748,382	15,803,116	12,380,908	12,033,285	4,367,474	3,769,831
Cable Television	9,983,780	9,880,781	12,492,354	11,655,651	(2,508,574)	(1,774,870)
Total business-type activities	\$ 42,689,886	\$ 40,971,188	\$ 37,301,115	\$ 34,012,955	\$ 5,388,771	\$ 6,958,233

Fund Level Financial Analysis

The City uses fund accounting, which focuses 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 Fund Change in Fund Balance:

- General Fund fund balance increased by \$3.6 million to \$28.2 million at June 30, 2018. For financial statement presentation purposes, the General Fund includes the operating fund and reserve funds. The increase is primarily due to an increase in revenues from taxes, intergovernmental, fines and forfeitures, and other revenues.

Enterprise Funds Change in Net Position:

- Water Fund net position increased by \$4.4 million to \$47.8 million as a result of planned rate increases approved by City Council in 2017.
- Wastewater Fund net position increased by \$5.0 million to \$47.4 million as a result of planned rate increases approved by City council in 2017.
- Stormwater Fund net position decreased by \$0.6 million to \$6.1 million due to operating expenses exceeding revenues and transfers out to defer and defund previously funded capital projects.
- Cable Television Fund net position decreased by \$2.5 million to \$(12.8) million. This decline is primarily a result of increased investment in Cable infrastructure and operating expenses exceeding revenues. Measures to reduce the deficit will come from additional revenues expected from offering higher margin cable and internet packages and expense reductions.

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

General Fund Budgetary Highlights

The budget comparison information presented on page 86, 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 amendments to increase the original estimated revenues. However, transfers in to the General Fund Capital Improvement/One-time Initiative Reserve Fund was increased by \$800,000 because Crestmoor Canyon Detention Basin Improvement and City Park Stormwater Improvement capital projects were deferred and prior years funding returned.

Significant adjustments to appropriations totaling \$1.0 million included:

- Re-negotiated labor agreements for the Police Bargaining Unit, Professional Firefighters Association, Mid-Management Bargaining Unit, and Management Employees Association - \$246,000
- Contract services to perform annual pruning and pollarding of street trees - \$152,000
- Police voice call recording system - \$35,000
- Additional transfers out to capital projects such as Florida Avenue Park, Mills Park Neighborhood Streetlight Conversion, Masson and Easton Culvert Repair, Senior Center Deck Replacement, Commodore and Grundy Park Pathways Rehabilitation, and Crestmoor Canyon Slope Improvements feasibility study - \$1,050,000
- Reduction in transfers out to City Park Stormwater Improvement, and Green Infrastructure Development Plan - \$(450,000)

Final Budget Compared to Actual Results:

Total General Fund revenues were \$49.8 million, which is \$7.0 million, or 16%, over the final amended budget. During the year, the City contained departmental budgets through careful management of City resources. As a result, expenditures were \$43.4 million, which is \$1.1 million, or 3% under budget.

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

- Fines and Forfeitures increased significantly because of a receipt of \$6.0 million penalty imposed on PG&E by the CPUC. Aside from the P&GE receipt, fines and forfeiture increased by 26%, or \$162,000, due to filling a vacant citation officer position and implementing a full year of automated citations which increased the volume of parking and street sweeping violation citations.
- Use of Money and Property decreased by 20%, or \$257,000. This was the result of recognizing the fair value of investment income, or the price that would be received to sell an asset at the measurement date.
- Other Revenues category was 30% over estimates, or \$1,078,000. This was mainly the result of fire strike team reimbursements from the State of California, recognition of development related deposits, insurance claims reimbursements, and reimbursements from San Mateo County for interest on advances to the former Redevelopment Agency.

CITY OF SAN BRUNO, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018, net capital assets of the governmental activities totaled \$59.7 million. Depreciation on capital assets is recognized in the government-wide financial statements. During the 2017-18 fiscal year, net capital assets for governmental activities increased by \$4.9 million due to additions in excess of depreciation. For business-type activities, capital assets increased by \$5.9 million to \$89.3 million due to additions in excess of depreciation. Detailed information about capital assets can be found in Note 4 to the financial statements.

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,649,235	\$ 4,011,345	\$ 576,842	\$ 576,842	\$ 5,226,077	\$ 4,588,187
Construction in Progress	12,332,175	5,736,406	12,780,135	7,124,917	25,112,310	12,861,323
Infrastructure	31,843,501	33,346,192	-	-	31,843,501	33,346,192
Sewer Plant	-	-	12,936,619	13,702,106	12,936,619	13,702,106
Buildings & Structures	6,745,065	7,206,016	52,404,077	50,122,071	59,149,142	57,328,087
Machinery & Equipment	4,167,908	4,572,763	10,573,570	11,856,771	14,741,478	16,429,534
Total	\$ 59,737,884	\$ 54,872,722	\$ 89,271,243	\$ 83,382,707	\$ 149,009,127	\$ 138,255,429

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

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 Bonds, and Certificates of Participation. A summary of the City's outstanding debt follows:

	Summary of Long-Term Debt	
	2018	2017
Governmental Activities		
2011 Capital Lease Obligation	\$ 37,396	\$ 73,719
2017 Capital Lease Obligation	616,132	784,846
2013 Pension Obligation Bond	8,644,338	9,454,820
Subtotal Governmental Activities Debt	<u>9,297,866</u>	<u>10,313,385</u>
Business-Type Activities		
Due to South San Francisco - 1997 Loan	2,731,084	3,236,486
Due to South San Francisco - 2007 Loan	3,287,299	3,654,410
2013 Wastewater Revenue Refunding Bond	6,128,133	6,426,008
2017 Wastewater Revenue Bond	27,096,017	-
2017 Water Revenue Bond	12,861,644	-
Subtotal Business-Type Activities Debt	<u>52,104,177</u>	<u>13,316,904</u>
Fiduciary Activities		
2000 Certificates of Participation	<u>5,995,000</u>	<u>6,310,000</u>
Total Long-Term Debt Obligations	<u>\$ 67,397,043</u>	<u>\$ 29,940,289</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 2018-19 budget:

- The adopted budget assumes a 6% increase in total General Fund revenues compared to the prior year amended budget primarily due to the City's various tax categories and departmental revenues.
- Property Taxes - Economic indicators continue to show rising housing values and a relatively high level of property sales activity in San Bruno. As a result, Property Tax revenue is expected to show an increase of about 10% over the estimated year end amount for 2017-18 to \$10,692,000. The Property Tax amount projected for 2018-19 includes \$800,000 of Excess ERAF funds reimbursed to the City each year in increasing amounts over the last 15-years. While the City previously treated this revenue as a one-time resource, this amount can prudently be included in the Operating Budget to avoid the need to reduce regular City services. In 2017-18, the City received a total of \$952,000 in Excess ERAF funds. Property Tax revenue the City receives following dissolution of the San Bruno Redevelopment Agency in 2012 is also included in Property Tax revenue. These Redevelopment "Boomerang" funds total \$1,381,000 in 2018-19. While these funds come to the City as unrestricted Property Tax, this amount does not replace the amount the Redevelopment Agency previously generated for economic development and housing projects.

CITY OF SAN BRUNO, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

- Sales tax of 8.75% is assessed on each sale of taxable goods in San Bruno. Of this amount, the City receives 1%. For 2018-19 total sales tax revenue is anticipated to increase by the relatively modest amount of \$177,884 over the prior year to a total of \$7,817,158.
- 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 \$118,800 over the prior year to \$3,472,000.
- Business License Tax revenue reached a peak of \$2,230,000 in 2014-15 as sizeable new businesses relocated in the City. In recent years, revenue leveled off and is projected to remain fairly flat. For 2018-19, the amount of increase is expected to rise modestly by \$90,476 over the prior year to \$2,562,195.
- Use of Money & Property - The equity transfer from the Cable Enterprise represents a significant portion of this revenue category. To address the accumulated Cable Fund deficit, the City changed its historic practice of making the annual "equity transfer" of 10% Cable revenues into the General Fund beginning in 2015-16. The equity transfer has been gradually reduced from a high of about \$1,000,000 to \$375,000 in the 2018-19 General Fund Operating Budget.
- Departmental Revenue - Three Departments account for 83% of operating Department Revenues in the General Fund. The primary sources of Departmental Revenues are Police Department traffic and parking violation fines, Building Division permit fee revenues and Community Service Department revenues from Recreation programs, classes, and facility rentals. Total Departmental Revenues are projected at \$6,649,200, a 20% increase compared to the 2017-18 Budget.
- General Fund expenditures are projected to increase by 3% compared to the 2017-18 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 2018-19 Budget includes salary adjustments in accordance with employee bargaining unit agreements currently in place.
- The City completed a comprehensive review of operating and capital needs in the Water and Wastewater Enterprises and established a new multi-year utility rate schedule in April 2017. The multi-year Water and Wastewater rate program adopted by the City Council in May, 2017 provides for an annual 5% rate increase through 2021-22. The new rates for 2018-19 are reflected in the revenue projections for the coming year's Budget.
- The Cable Fund is expected to generate about \$10,900,000 in revenue, or a 6% decrease, compared to the 2017-18 Budget. With expenditures anticipated to remain flat, the Cable Enterprise Operating Budget projects a \$130,000 deficit for 2018-19. To reduce the deficit, the Cable Department will implement various cost controls to enable savings and new lower prices for customers, performance improvements to increase internet capacity, speed, and reliability, and new marketing and market leading packages to increase subscriber growth.
- A total of \$5.7 million is set-aside to meet debt service obligations.

CITY OF SAN BRUNO, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018
(with comparative totals for June 30, 2017)

	Governmental Activities	Business-Type Activities	Totals	
			2018	2017
ASSETS				
Current assets:				
Cash and investments	\$40,593,424	\$35,650,947	\$76,244,371	\$67,512,093
Cash and investments with fiscal agent	142,246	40,979,572	41,121,818	615,388
Receivables (net):				
Taxes	1,478,985		1,478,985	1,305,836
Accounts	12,777	4,870,596	4,883,373	4,781,703
Interest	237,861		237,861	133,568
Loans	921,627		921,627	1,076,520
Other	3,256,407		3,256,407	4,086,051
Prepaid Items	7,302		7,302	88,148
Internal balances	10,394,533	(10,394,533)		
Total current assets	<u>57,045,162</u>	<u>71,106,582</u>	<u>128,151,744</u>	<u>79,599,307</u>
Noncurrent assets:				
Loans to fiduciary funds				771,603
Capital assets not being depreciated:				
Land	4,649,235	576,842	5,226,077	4,588,187
Construction in progress	12,332,175	12,780,135	25,112,310	12,861,323
Capital assets net of accumulated depreciation:				
Buildings and improvements	6,745,065	52,404,077	59,149,142	57,328,087
Machinery, improvements and equipment	4,167,908	10,573,570	14,741,478	16,429,534
Infrastructure	31,843,501		31,843,501	33,346,192
Sewer plant		12,936,619	12,936,619	13,702,106
Total capital assets (net)	<u>59,737,884</u>	<u>89,271,243</u>	<u>149,009,127</u>	<u>138,255,429</u>
Total noncurrent assets	<u>59,737,884</u>	<u>89,271,243</u>	<u>149,009,127</u>	<u>139,027,032</u>
Total assets	<u>116,783,046</u>	<u>160,377,825</u>	<u>277,160,871</u>	<u>218,626,339</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount on pensions	19,909,892	3,169,050	23,078,942	17,235,196
Deferred amount on refunding		110,424	110,424	117,785
Total deferred outflows of resources	<u>19,909,892</u>	<u>3,279,474</u>	<u>23,189,366</u>	<u>17,352,981</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	6,988,083	3,750,446	10,738,529	9,335,856
Interest payable	28,875	1,053,929	1,082,804	258,425
Unearned revenue	205,647	777,060	982,707	959,329
Compensated absences - current	436,995	79,014	516,009	525,599
Long-term debt - current	1,044,796	1,691,794	2,736,590	2,185,907
Claims payable - current	943,875		943,875	804,709
Total current liabilities	<u>9,648,271</u>	<u>7,352,243</u>	<u>17,000,514</u>	<u>14,069,825</u>
Noncurrent liabilities:				
Compensated absences - non-current	2,667,481	317,400	2,984,881	2,890,213
Long-term debt - non-current	8,253,070	50,412,383	58,665,453	21,444,382
Claims payable - non-current	3,388,125		3,388,125	2,847,291
Net pension liability	74,420,948	14,806,776	89,227,724	78,197,607
Total noncurrent liabilities	<u>88,729,624</u>	<u>65,536,559</u>	<u>154,266,183</u>	<u>105,379,493</u>
Total liabilities	<u>98,377,895</u>	<u>72,888,802</u>	<u>171,266,697</u>	<u>119,449,318</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amount on pensions	2,744,505	136,271	2,880,776	3,919,091
Total deferred inflows of resources	<u>2,744,505</u>	<u>136,271</u>	<u>2,880,776</u>	<u>3,919,091</u>
NET POSITION				
Net investment in capital assets	59,084,356	37,167,066	96,251,422	124,553,589
Restricted for:				
Capital projects	7,724,793	40,979,572	48,704,365	5,959,577
Debt service	636		636	221
Measure A	1,938,365		1,938,365	1,955,726
Community services	8,600,739		8,600,739	7,812,118
Unrestricted	(41,778,351)	12,485,588	(29,292,763)	(27,670,320)
Total net position	<u>\$35,570,538</u>	<u>\$90,632,226</u>	<u>\$126,202,764</u>	<u>\$112,610,911</u>

See accompanying notes to financial statements

CITY OF SAN BRUNO

Statement of Activities

For the year ended June 30, 2018

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$8,186,106	\$3,693,098	\$12,307,622	
Public safety	27,448,567	2,275,753	493,079	
Public works	1,797,113	308,461	11,604	
Highways and streets	3,512,681	17,092	88,355	\$791,841
Parks and recreation	6,156,634	1,482,588	498,106	616,561
Library	2,094,990	93,014	42,702	
Community development	2,887,538	1,847,569	3,746	
Interest expense	380,311			
Total governmental activities	52,463,940	9,717,575	13,445,214	1,408,402
Business-type activities:				
Water	11,416,387	15,312,217		
Stormwater	1,011,466	645,507		
Wastewater	12,380,908	16,748,382		
Cable television	12,492,354	9,983,780		
Total business-type activities	37,301,115	42,689,886		
Total primary government	\$89,765,055	\$52,407,461	\$13,445,214	\$1,408,402

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	2018	2017
\$7,814,614		\$7,814,614	\$1,618,801
(24,679,735)		(24,679,735)	(22,545,584)
(1,477,048)		(1,477,048)	(545,695)
(2,615,393)		(2,615,393)	(3,766,535)
(3,559,379)		(3,559,379)	(3,837,094)
(1,959,274)		(1,959,274)	(1,814,802)
(1,036,223)		(1,036,223)	(957,153)
(380,311)		(380,311)	(387,374)
(27,892,749)		(27,892,749)	(32,235,436)
	\$3,895,830	3,895,830	4,534,258
	(365,959)	(365,959)	429,014
	4,367,474	4,367,474	3,769,831
	(2,508,574)	(2,508,574)	(1,774,870)
	5,388,771	5,388,771	6,958,233
(27,892,749)	5,388,771	(22,503,978)	(25,277,203)
10,515,309		10,515,309	9,968,404
3,424,660		3,424,660	3,286,913
1,835,943		1,835,943	1,823,810
8,332,044		8,332,044	8,777,377
1,843,532		1,843,532	1,780,208
2,607,258		2,607,258	2,492,886
4,576,283		4,576,283	4,329,287
1,243,782		1,243,782	887,258
1,159,121	557,899	1,717,020	1,498,418
317,399	(317,399)		
35,855,331	240,500	36,095,831	34,844,561
7,962,582	5,629,271	13,591,853	9,568,358
27,607,956	85,002,955	112,610,911	103,042,553
\$35,570,538	\$90,632,226	\$126,202,764	\$112,610,911

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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.

CITY OF SAN BRUNO
Balance Sheet
Governmental Funds
June 30, 2018
(with comparative totals for June 30, 2017)

	General	Non Major	Totals	
		Governmental	2018	2017
		Funds		
ASSETS				
Cash and investments	\$16,202,869	\$21,910,895	\$38,113,764	\$32,351,009
Cash and investments with fiscal agent	50,491	636	51,127	50,640
Receivables:				
Taxes	1,364,868	114,117	1,478,985	1,305,836
Interest	223,095	14,766	237,861	133,568
Loans	831,627	90,000	921,627	1,076,520
Other	1,487,251	1,769,156	3,256,407	4,086,051
Prepaid items	5,032	2,270	7,302	
Due from other funds	11,611,398		11,611,398	9,514,477
Advances to other funds	826,268		826,268	991,728
Loans to Redevelopment Agency				771,603
Total assets	\$32,602,899	\$23,901,840	\$56,504,739	\$50,281,432
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$4,238,853	\$2,418,503	\$6,657,356	\$6,624,094
Due to other funds		2,989	2,989	
Unearned revenue	205,647		205,647	181,853
Total liabilities	4,444,500	2,421,492	6,865,992	6,805,947
Fund balances:				
Nonspendable	1,657,895		1,657,895	2,839,851
Restricted		18,264,533	18,264,533	15,727,642
Committed	20,306,330	3,216,534	23,522,864	18,808,940
Assigned	143,505		143,505	265,888
Unassigned	6,050,669	(719)	6,049,950	5,833,164
Total fund balances	28,158,399	21,480,348	49,638,747	43,475,485
Total liabilities, deferred inflows of resources and fund balances	\$32,602,899	\$23,901,840	\$56,504,739	\$50,281,432

See accompanying notes to financial statements

CITY OF SAN BRUNO
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
at June 30, 2018

Total fund balances - total governmental funds \$49,638,747

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. 59,719,273

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	2,479,660
Cash and investments with trustee	91,119
Accounts receivable	12,777
Capital Assets	18,611
Accounts payable	(330,727)
Liability for claims	(4,332,000)
Compensated absences	(95,946)
Net amount allocated to business-type activities	(2,040,144)

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	(8,644,338)
Leases payable	(653,528)
Accrued interest payable	(28,875)
Compensated absences	(3,008,530)
Net pension liability	(74,420,948)
Deferred outflows of resources related to pensions	19,909,892
Deferred inflows of resources related to pensions	(2,744,505)

Net position of governmental activities	\$35,570,538
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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, 2018
(with comparative totals for the year ended June 30, 2017)

	General	Non Major	Totals	
		Governmental Funds	2018	2017
REVENUES:				
Taxes	\$25,582,177	\$2,254,730	\$27,836,907	\$26,952,603
Licenses and permits	3,711,597	182,048	3,893,645	3,981,683
Intergovernmental	4,632,807	808,650	5,441,457	5,061,978
Charges for services	3,301,524		3,301,524	3,405,255
Fines and forfeitures	6,787,588	222,048	7,009,636	1,132,649
Use of money and property	1,045,990	143,145	1,189,135	1,272,582
Other revenues	4,724,121	6,712,698	11,436,819	10,445,009
Total revenues	49,785,804	10,323,319	60,109,123	52,251,759
EXPENDITURES:				
Current:				
General government	5,518,989	701,540	6,220,529	6,256,661
Public safety	24,748,911	128,178	24,877,089	23,159,049
Public works	984,844		984,844	852,334
Highways and streets	1,426,545	67,458	1,494,003	1,700,057
Parks and recreation	5,571,742	145,473	5,717,215	4,967,443
Library	2,013,399	25,497	2,038,896	1,841,983
Community development	2,812,722	43,396	2,856,118	2,690,910
Capital outlay	288,638	8,387,299	8,675,937	7,844,120
Debt service:				
Principal		1,035,038	1,035,038	1,939,282
Interest and fiscal charges		363,591	363,591	368,929
Total expenditures	43,365,790	10,897,470	54,263,260	51,620,768
REVENUES OVER (UNDER)				
EXPENDITURES	6,420,014	(574,151)	5,845,863	631,001
OTHER FINANCING SOURCES (USES):				
Transfers in	2,355,021	6,375,381	8,730,402	6,354,831
Transfers out	(5,191,973)	(3,221,030)	(8,413,003)	(9,831,158)
Capital lease				1,873,846
Total other financing sources (uses)	(2,836,952)	3,154,351	317,399	(1,602,481)
Net change in fund balances	3,583,062	2,580,200	6,163,262	(971,480)
FUND BALANCES:				
Beginning of year	24,575,337	18,900,148	43,475,485	44,446,965
End of year	\$28,158,399	\$21,480,348	\$49,638,747	\$43,475,485

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, 2018

Net change in fund balances- total governmental funds \$6,163,262

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	8,675,937
Amounts charged to Public Works	(768,725)
Retirements are deducted from fund balance	(2,181)
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.)	(3,027,677)

LONG TERM DEBT PROCEEDS AND PAYMENTS

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

Capital lease obligation principal payments	205,037
Pension obligation bond principal payments and discount amortization	830,000
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	2,798
Compensated absences	(284,876)
Net pension liability, deferred inflows and deferred outflows	(2,845,066)

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	(966,409)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$7,962,582
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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 2018.

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, 2018

(with comparative totals for June 30, 2017)

ASSETS	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
Current assets:			
Cash and investments	\$18,781,556	\$1,852,607	\$15,016,784
Cash and investments with fiscal agent/trustee	12,991,404		27,988,168
Accounts receivable	1,914,455	6,600	2,069,484
Prepaid items			
Total current assets	33,687,415	1,859,207	45,074,436
Noncurrent assets:			
Non-depreciable capital assets	4,105,796	722,965	7,078,164
Depreciable capital assets	28,602,795	4,102,832	40,107,028
Total noncurrent assets	32,708,591	4,825,797	47,185,192
Total assets	66,396,006	6,685,004	92,259,628
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on pension	1,012,375	136,787	912,229
Deferred amount on refunding			110,424
Total deferred outflows of resources	1,012,375	136,787	1,022,653
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,558,984	20,301	1,443,262
Due to other funds			
Interest payable	272,194		781,735
Unearned revenue			
Compensated absences - current	18,990	2,932	17,494
Liability for claims - current			
Long term debt - due within one year	161,555		1,530,239
Total current liabilities	2,011,723	23,233	3,772,730
Noncurrent liabilities:			
Advances from other funds			
Compensated absences - noncurrent	86,192	16,349	79,346
Long term debt - due in more than one year	12,700,089		37,712,294
Liability for claims - non-current			
Net pension liability	4,730,129	639,109	4,262,215
Total noncurrent liabilities	17,516,410	655,458	42,053,855
Total liabilities	19,528,133	678,691	45,826,585
DEFERRED INFLOW OF RESOURCES			
Deferred amount on pension	43,533	5,882	39,226
Total deferred inflows of resources	43,533	5,882	39,226
Net Position			
Net investment in capital assets	19,846,947	4,825,797	7,942,659
Restricted for capital projects	12,991,404		27,988,168
Unrestricted (deficit)	14,998,364	1,311,421	11,485,643
Total net position	\$47,836,715	\$6,137,218	\$47,416,470
Reconciliation to government-wide statement of net position:			
Adjustment to reflect the consolidation of internal service			
fund activities related to enterprise funds	\$1,060,766	\$88,421	\$93,116
Net position of business-type activities	\$48,897,481	\$6,225,639	\$47,509,586

See accompanying notes to financial statements

Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Cable Television	Totals		Totals	
	2018	2017	2018	2017
	\$35,650,947	\$31,919,278	\$2,479,660	\$3,241,806
	40,979,572	473,629	91,119	91,119
\$880,057	4,870,596	4,781,703	12,777	
		85,288		2,860
<u>880,057</u>	<u>81,501,115</u>	<u>37,259,898</u>	<u>2,583,556</u>	<u>3,335,785</u>
1,450,052	13,356,977	7,701,759		
3,101,611	75,914,266	75,680,948	18,611	30,803
<u>4,551,663</u>	<u>89,271,243</u>	<u>83,382,707</u>	<u>18,611</u>	<u>30,803</u>
5,431,720	170,772,358	120,642,605	2,602,167	3,366,588
1,107,659	3,169,050	2,764,205		
	110,424	117,785		
<u>1,107,659</u>	<u>3,279,474</u>	<u>2,881,990</u>		
727,899	3,750,446	2,569,641	330,727	142,121
11,608,409	11,608,409	9,514,477		
	1,053,929	226,751		
777,060	777,060	777,476		
39,598	79,014	66,534	20,350	23,626
			943,875	804,709
	1,691,794	1,170,388		
<u>13,152,966</u>	<u>18,960,652</u>	<u>14,325,267</u>	<u>1,294,952</u>	<u>970,456</u>
826,268	826,268	991,728		
135,513	317,400	495,266	75,596	106,733
	50,412,383	12,146,516		
			3,388,125	2,847,291
5,175,323	14,806,776	13,078,519		
<u>6,137,104</u>	<u>66,362,827</u>	<u>26,712,029</u>	<u>3,463,721</u>	<u>2,954,024</u>
19,290,070	85,323,479	41,037,296	4,758,673	3,924,480
47,630	136,271	156,693		
<u>47,630</u>	<u>136,271</u>	<u>156,693</u>		
4,551,663	37,167,066	70,539,432	18,611	30,803
	40,979,572			
<u>(17,349,984)</u>	<u>10,445,444</u>	<u>11,791,174</u>	<u>(2,175,117)</u>	<u>(588,695)</u>
<u>(\$12,798,321)</u>	<u>\$88,592,082</u>	<u>\$82,330,606</u>	<u>(\$2,156,506)</u>	<u>(\$557,892)</u>
\$797,841	\$2,040,144	\$2,672,349		
<u>(\$12,000,480)</u>	<u>\$90,632,226</u>	<u>\$85,002,955</u>		

CITY OF SAN BRUNO
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2018
(with comparative totals for the year ended June 30, 2017)

	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
OPERATING REVENUES:			
Charges for services:			
Water sales	\$15,189,055		
Sewer service charges			\$16,526,013
Cable television charges			
Other service charges	88,930	\$560,995	118,323
Other operating revenue	34,232	84,512	104,046
Total operating revenues	15,312,217	645,507	16,748,382
OPERATING EXPENSES:			
Water supply	8,819,147		
Distribution		833,602	
Customer accounting			
Treatment			8,431,394
Cable operations			
Central garage			
Insurance expenses			
Technology support			
Facilities maintenance			
Depreciation and amortization	1,819,400	172,381	2,261,898
Total operating expenses	10,638,547	1,005,983	10,693,292
OPERATING INCOME (LOSS)	4,673,670	(360,476)	6,055,090
NONOPERATING REVENUES (EXPENSES):			
Investment income	249,679	24,420	283,800
Interest and debt service expenses	(518,365)		(1,362,507)
Total non-operating revenues (expenses), net	(268,686)	24,420	(1,078,707)
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	4,404,984	(336,056)	4,976,383
Transfers in		742,130	9,471
Transfers out		(1,013,000)	
CHANGE IN NET POSITION	4,404,984	(606,926)	4,985,854
NET POSITION:			
Beginning of year	43,431,731	6,744,144	42,430,616
End of year	\$47,836,715	\$6,137,218	\$47,416,470
Reconciliation to government-wide statement of activities:			
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(\$259,475)	(\$5,483)	(\$325,109)
Change in net position of business-type activities - End of year	\$4,145,509	(\$612,409)	\$4,660,745

See accompanying notes to financial statements

CITY OF SAN BRUNO
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018
(with comparative totals for the year ended June 30, 2017)

	Business Type Activities - Enterprise Funds		
	Water	Stormwater	Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from interfund services provided			
Cash receipts from customers	\$15,135,848	\$1,030,880	\$16,497,413
Cash payments to suppliers for goods and services	(7,894,658)	(856,795)	(8,242,904)
Cash (payments) receipts to employees for services	388,116	63,678	378,047
Net cash provided by (used by) operating activities	7,629,306	237,763	8,632,556
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Advance distributions from other funds			
Advance repayments to other funds			
Transfers received from other funds		742,130	9,471
Transfers paid to other funds		(1,013,000)	
Net cash provided by noncapital financing activities		(270,870)	9,471
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from bond issue	12,861,644		27,096,017
Acquisition and construction of capital assets	(2,840,676)	(1,121,869)	(6,336,908)
Principal payments on long-term debt			(1,152,513)
Interest paid on long-term debt	(246,171)		(818,037)
Net cash (used) by capital and related financing activities	9,774,797	(1,121,869)	18,788,559
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income (expense)	249,679	24,420	283,800
Net cash provided by investing activities	249,679	24,420	283,800
Net increase (decrease) in cash and cash equivalents	17,653,782	(1,130,556)	27,714,386
CASH AND CASH EQUIVALENTS:			
Beginning of year	14,119,178	2,983,163	15,290,566
End of year	\$31,772,960	\$1,852,607	\$43,004,952
Reconciliation of Cash and Cash Equivalents to Statement of Net Position			
Cash and investments	\$18,781,556	\$1,852,607	\$15,016,784
Cash and investments held by trustees	12,991,404		27,988,168
Total Cash and Cash Equivalents, End of Year	\$31,772,960	\$1,852,607	\$43,004,952
Reconciliation of income (loss) from operations to net cash provided by (used for) operating activities:			
Operating income (loss)	\$4,673,670	(\$360,476)	\$6,055,090
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	1,819,400	172,381	2,261,898
(Increase) decrease in current assets:			
Accounts receivable	(176,369)	385,373	(250,969)
Prepaid items			
Due from other funds			
(Increase) decrease in deferred outflows of resources	(129,330)	(17,475)	(116,537)
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	924,489	(23,193)	188,490
Due to other funds			
Unearned revenue			
Compensated absences	(28,133)	7,437	2,973
Net Pension liability	552,103	74,597	497,490
Increase (decrease) in claims liability - noncurrent			
Increase (decrease) in deferred inflows of resources	(6,524)	(881)	(5,879)
Net cash provided by (used for) operating activities	\$7,629,306	\$237,763	\$8,632,556
NON-CASH ACTIVITIES			
Amortization of bond premiums			\$17,875
Amortization of deferred amount of refunding			(7,361)
Total non-cash activities			\$10,514

See accompanying notes to financial statements

Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Cable Television	Totals		Totals	
	2018	2017	2018	2017
\$2,093,932	\$2,093,932	\$2,250,954	\$4,915,369	\$3,690,208
9,936,436	42,600,577	42,423,517		
(11,091,173)	(28,085,530)	(28,500,003)	(5,677,514)	(4,644,506)
307,763	1,137,604	(209,573)		
1,246,958	17,746,583	15,964,895	(762,145)	(954,298)
		(164,595)		
(165,460)	(165,460)			
	751,601	3,551,327		
(56,000)	(1,069,000)	(75,000)		
(221,460)	(482,859)	3,311,732		
	39,957,661			
(1,020,689)	(11,320,142)	(6,835,163)	(1)	
	(1,152,513)	(1,115,752)		
	(1,064,208)	(459,837)		
(1,020,689)	26,420,798	(8,410,752)	(1)	
(4,809)	553,090	243,882		
(4,809)	553,090	243,882		
	44,237,612	11,109,757	(762,146)	(954,298)
	32,392,907	21,283,150	3,332,925	4,287,223
	\$76,630,519	\$32,392,907	\$2,570,779	\$3,332,925
	\$35,650,947	\$31,919,278	\$2,479,660	\$3,241,806
	40,979,572	473,629	91,119	91,119
	\$76,630,519	\$32,392,907	\$2,570,779	\$3,332,925
(\$2,461,627)	\$7,906,657	\$7,732,193	(\$1,598,614)	(\$1,200,475)
1,177,927	5,431,606	4,756,440	12,193	12,193
(46,928)	(88,893)	1,462,345	(12,777)	
85,288	85,288	(32,523)		
(141,503)	(404,845)	(538,562)	2,860	13,488
91,019	1,180,805	15,075	188,606	(142,770)
2,093,932	2,093,932	2,250,954		
(416)	(416)	(10,016)		
(147,663)	(165,386)	(16,200)	(34,413)	8,266
604,067	1,728,257	2,110,946	680,000	355,000
(7,138)	(20,422)	(1,765,757)		
\$1,246,958	\$17,746,583	\$15,964,895	(\$762,145)	(\$954,298)

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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, 2018
(with comparative totals for June 30, 2017)

	Redevelopment Agency Obligation		Agency Funds	
	Retirement Trust Fund			
	2018	2017	2018	2017
ASSETS				
Cash and investments	\$1,869,246	\$1,374,615	\$1,330,788	\$742,337
Cash and investments with fiscal agent/trustee	653,717	650,715		
Accounts receivable			540,595	504,328
Total assets	\$2,522,963	\$2,025,330	\$1,871,383	\$1,246,665
LIABILITIES				
Accounts payable	\$179,545		\$1,077,956	\$1,017,340
Interest payable	131,001	\$137,695		
Other liabilities			793,427	229,325
Loan from the City of San Bruno		771,603		
Certificates of Participation - current	335,000	315,000		
Certificates of Participation - non-current	5,660,000	5,995,000		
Total liabilities	\$6,305,546	\$7,219,298	\$1,871,383	\$1,246,665
NET POSITION				
Restricted net position held in trust	(\$3,782,583)	(\$5,193,968)		

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, 2018
(with comparative totals for June 30, 2017)

	Redevelopment Agency Obligation Retirement Trust Fund	
	2018	2017
ADDITIONS		
Administration allowance	\$42,249	\$40,466
Taxes	1,940,005	2,143,722
Other revenues	5,830	1,242
TOTAL ADDITIONS	1,988,084	2,185,430
DEDUCTIONS		
Community development	252,925	206,511
Interest and fiscal charges	323,774	339,306
TOTAL DEDUCTIONS	576,699	545,817
CHANGES IN NET POSITION	1,411,385	1,639,613
NET POSITION - Beginning of the year	(5,193,968)	(6,833,581)
NET POSITION - End of the year	(\$3,782,583)	(\$5,193,968)

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, 2018

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.

Related Organization

The San Bruno Community Foundation (Foundation) is a California nonprofit corporation which was organized in 2013 as a public benefit 501(c)(3) nonprofit corporation and has been determined to be a Type I supporting organization under Section 509(a)(3) of the Internal Revenue Code. Pursuant to the settlement agreement dated March 12, 2012, between Pacific Gas & Electric Company (PG&E) and the City of San Bruno, both parties agreed to resolve and settle all claims arising out of the September 9, 2010 pipeline incident. The terms required PG&E to contribute a total of \$70 million to the City, which comprised of 1) five vacant plots of land in the Glenview (Crestmoor) neighborhood, which had a total fair market value of \$1,250,000 and 2) \$68,750,000 in cash, to transfer to a tax-exempt, nonprofit public purpose entity. Hence, the Foundation was created from the Settlement Agreement. The Foundation engages primarily in the administration of PG&E restitution funds. The election of the Foundation's Board is controlled by the City. Separate financial statements for the Foundation may be obtained by contacting the San Bruno Community Foundation, 901 Sneath Lane, Ste. 209, San Bruno, CA 94066.

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:

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- a. Total assets, deferred outflows of resources, liabilities, deferred inflow of resources, 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, deferred outflows of resources, liabilities, deferred inflow of resources, 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.

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.

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business-type Activities

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.

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.

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The enterprise and internal service funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Enterprise and internal service fund equity is classified as net position.
- c. Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the City.

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period, considered to be 60 days, or soon enough thereafter to pay current liabilities. Major revenue sources meeting this criterion are property taxes, sales taxes, grants and interest. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

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

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assets, Liabilities, and Equity

Cash Deposits and Investments

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

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

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

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Government-Wide Statements

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

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

Infrastructure	25 – 40 years
Buildings and improvements	20 – 30 years
Machinery and equipment	3 – 15 years
Water	5 – 40 years
Stormwater	5 – 40 years
Wastewater	5 – 40 years
Cable television	5 – 40 years

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Long-Term Debt

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

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

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

Compensated Absences

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

The changes of the compensated absences were as follows:

	Governmental Activities	Business- Type	Total
Beginning Balance	\$2,854,013	\$561,799	\$3,415,812
Additions	759,946	68,811	828,757
Payments	(509,483)	(234,196)	(743,679)
Ending Balance	\$3,104,476	\$396,414	\$3,500,890
Current Portion	\$436,995	\$79,014	\$516,009

Pensions

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

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transfers

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated with internal balances (between governmental and business-type activities) 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.

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, 2018 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.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Fair Value Measurements

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

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

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

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

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

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 - CASH AND INVESTMENTS

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

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

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

A. Classification

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

Cash and investments as of June 30, 2018, consist of the following:

<i>Statement of Net Position</i>	Amount
Cash and investments	\$76,244,371
Restricted cash and investments held by fiscal agents	41,121,818
Total cash and investments in primary government	117,366,189
<i>Statements of Fiduciary Net Position</i>	
Cash and investments:	
Private Purpose Trust Funds	1,869,246
Agency Fund	1,330,788
Restricted cash and investments held by fiscal agents:	
Private Purpose Trust Funds	653,717
Total cash and investments in fiduciary	3,853,751
Total cash and investments	\$121,219,940

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

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 - CASH AND INVESTMENTS (Continued)

B. Investments Authorized by the California Government Code and the City's Investment Policy

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

During the year ended June 30, 2018, 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	15%	None
LAIF	N/A	None	24%	None
Local government investment pools	N/A	None	38%	None

During the year ended June 30, 2018, 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
Municipal Bonds	None	A	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, 2018**

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	\$8,964,040	\$5,935,770	\$1,957,140	\$16,856,950
Federal Home Loan Bank	7,962,490	6,000,000	1,963,160	15,925,650
Federal Home Loan Mortgage		3,669,186	2,941,160	6,610,346
Federal National Mortgage Association	17,871,950			17,871,950
Local Agency Investment Fund	18,690,124			18,690,124
San Mateo County Investment Pool	31,354,651			31,354,651
Money Market Funds	11,145,215			11,145,215
Municipal Bonds		1,997,261		1,997,261
Subtotal Investments	<u>\$95,988,470</u>	<u>\$17,602,217</u>	<u>\$6,861,460</u>	<u>120,452,147</u>
Cash in banks and on hand				<u>767,793</u>
Total Cash and Investments				<u><u>\$121,219,940</u></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, 2018, these investments had a weighted average maturity of 193 days.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 0.99548. 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, 2018:

<i>Investments by Fair Value Level:</i>	Level 2	Total
U.S. Agency Securities:		
Federal Farm Credit Bank	\$16,856,950	\$16,856,950
Federal Home Loan Bank	15,925,650	15,925,650
Federal Home Loan Mortgage Corporation	6,610,346	6,610,346
Federal National Mortgage Association	17,871,950	17,871,950
Municipal Bonds	1,997,261	1,997,261
Total Investments	\$59,262,157	59,262,157
 <i>Investments Measured at Amortized Cost:</i>		
Local Agency Investment Fund (LAIF)		18,690,124
San Mateo County Investment Pool		31,354,651
Money Market Mutual Fund		11,145,215
Cash in banks and on hand		767,793
Total Cash and investments		\$121,219,940

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. 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, 2018**

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, 2018, for each investment type as provided by Moody's investment rating system:

Investment Type	Aaa/Aaa-mf	Aa3	Total
U.S. Agency Securities:			
Federal Farm Credit Bank	\$16,856,950		\$16,856,950
Federal Home Loan Bank	15,925,650		15,925,650
Federal Home Loan Mortgage Corporation	6,610,346		6,610,346
Federal National Mortgage Association	17,871,950		17,871,950
Municipal Bonds		\$1,997,261	1,997,261
Money Market Funds	11,145,215		11,145,215
Totals	\$68,410,111	\$1,997,261	70,407,372
Not Rated:			
Local Agency Investment Fund (LAIF)			18,690,124
San Mateo County Investment Pool			31,354,651
Total Investments			\$120,452,147

F. Concentration of Credit Risk

Investments in any one issuer, other than U. S. Treasury securities, money market mutual funds, San Mateo County Investment Pool and California Local Agency Investment Funds that represent 5% or more of total City-wide investments are as follows at June 30, 2018:

Issuer	Investment Type	Amount
Federal Farm Credit Bank	Federal Agencies Securities	\$16,856,950
Federal Home Loan Bank	Federal Agencies Securities	15,925,650
Federal Home Loan Mortgage Corporation	Federal Agencies Securities	6,610,346
Federal National Mortgage Association	Federal Agencies Securities	17,871,950

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018, were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Non-Major Governmental Funds	\$1,342,021 (A) &(D)
	Stormwater Enterprise Fund	1,013,000 (D)
Non-Major Governmental Funds	General Fund	4,779,473 (B) & (C)
	Non-Major Governmental Funds	1,539,908 (B)
	Cable Enterprise Fund	56,000 (B)
Stormwater Enterprise Fund	General Fund	412,500 (B)
	Non-Major Governmental Funds	329,630 (B)
Wastewater Enterprise Fund	Non-Major Governmental Funds	9,471 (B)
Total Interfund Transfers		\$9,482,003

- (A) Salaries & overhead
- (B) Capital project funding
- (C) Fund debt service expenditure
- (D) Defund capital projects

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, 2018, interfund balances comprised the following:

Due To Other Funds	Due From Other Funds	Amount
General Fund	Cable Enterprise Fund	\$11,608,409
	Federal State Grants Special Revenue Fund	2,989

C. Interfund Advances

Fund Receiving Advance	Fund Making Advance	Amount of Advance
Cable Enterprise Fund	General Fund	\$826,268

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, 2018**

NOTE 4 - CAPITAL ASSETS

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance July 1, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
Governmental activities					
Capital assets not being depreciated:					
Land	\$4,011,345	\$637,890			\$4,649,235
Construction in progress	5,736,406	7,243,802	(\$191,858)	(\$456,175)	12,332,175
Total capital assets not being depreciated	<u>9,747,751</u>	<u>7,881,692</u>	<u>(191,858)</u>	<u>(456,175)</u>	<u>16,981,410</u>
Capital assets being depreciated:					
Buildings and improvements	14,911,982				14,911,982
Machinery, improvements and equipment	14,376,741	217,378	(255,397)	104,354	14,443,076
Infrastructure	81,212,463		(2,289,031)	351,821	79,275,253
Total capital assets being depreciated	<u>110,501,186</u>	<u>217,378</u>	<u>(2,544,428)</u>	<u>456,175</u>	<u>108,630,311</u>
Less accumulated depreciation for:					
Buildings and improvements	7,705,966	460,951			8,166,917
Machinery, improvements and equipment	9,803,978	724,406	(253,216)		10,275,168
Infrastructure	47,866,271	1,854,512	(2,289,031)		47,431,752
Total accumulated depreciation	<u>65,376,215</u>	<u>3,039,869</u>	<u>(2,542,247)</u>		<u>65,873,837</u>
Net governmental-type activities					
Capital assets being depreciated	<u>45,124,971</u>	<u>(2,822,491)</u>	<u>(2,181)</u>	<u>456,175</u>	<u>42,756,474</u>
Governmental activity capital assets, net	<u>\$54,872,722</u>	<u>\$5,059,201</u>	<u>(\$194,039)</u>		<u>\$59,737,884</u>
	Balance July 1, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
Business-type activities:					
Capital assets not being depreciated:					
Land	\$576,842				\$576,842
Construction in progress	7,124,917	\$8,876,770		(\$3,221,552)	12,780,135
Total capital assets not being depreciated	<u>7,701,759</u>	<u>8,876,770</u>		<u>(3,221,552)</u>	<u>13,356,977</u>
Capital assets being depreciated:					
Buildings and improvements	70,032,460	1,412,370		3,221,552	74,666,382
Machinery, improvements and equipment	31,584,369	729,112	(\$40,447)		32,273,034
Sewer plant	26,684,418	301,890			26,986,308
Total capital assets being depreciated	<u>128,301,247</u>	<u>2,443,372</u>	<u>(40,447)</u>	<u>3,221,552</u>	<u>133,925,724</u>
Less accumulated depreciation for:					
Buildings and improvements	19,910,389	2,351,916			22,262,305
Machinery, improvements and equipment	19,727,598	2,012,313	(40,447)		21,699,464
Sewer plant	12,982,312	1,067,377			14,049,689
Total accumulated depreciation	<u>52,620,299</u>	<u>5,431,606</u>	<u>(40,447)</u>		<u>58,011,458</u>
Net capital assets being depreciated	<u>75,680,948</u>	<u>(2,988,234)</u>		<u>3,221,552</u>	<u>75,914,266</u>
Business-type activity capital assets, net	<u>\$83,382,707</u>	<u>\$5,888,536</u>			<u>\$89,271,243</u>

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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	\$374,426
Public safety	490,358
Public works	24,698
Highway and streets	1,833,971
Parks and recreation	272,066
Library	20,879
Community development	11,279
Internal service funds	12,192
Total	<u>\$3,039,869</u>
Business-Type Activities	Amount
Water	\$1,819,400
Stormwater	172,381
Wastewater	2,261,898
Cable television	1,177,927
Total	<u>\$5,431,606</u>

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Amount due within one year
Governmental Activity Debt:					
2013 Pension Obligation Bond	\$9,650,000		(\$830,000)	\$8,820,000	\$855,000
Discount on Pension Obligation Bond	(195,180)		19,518	(175,662)	(19,518)
2011 Capital Lease Obligation	73,719		(36,323)	37,396	37,396
2017 Capital Lease Obligation	784,846		(168,714)	616,132	171,918
Total governmental activities	<u>\$10,313,385</u>		<u>(\$1,015,519)</u>	<u>\$9,297,866</u>	<u>\$1,044,796</u>
Business-Type Activity Debt:					
2017 Water Revenue Bond		\$11,615,000		\$11,615,000	\$120,000
Premium of Revenue Bond		1,246,644		1,246,644	41,555
2017 Wastewater Revenue Bond		24,470,000		24,470,000	245,000
Premium on Revenue Bond		2,626,017		2,626,017	87,534
2013 Wastewater Refunding Revenue Bond	\$6,140,000		(\$280,000)	5,860,000	285,000
Premium on Refunding Bond	286,008		(17,875)	268,133	17,875
Due to City of South San Francisco					
1997 Loan	3,236,486		(505,402)	2,731,084	518,542
2007 Loan	3,654,410		(367,111)	3,287,299	376,288
Total business-type activities	<u>\$13,316,904</u>	<u>\$39,957,661</u>	<u>(\$1,170,388)</u>	<u>\$52,104,177</u>	<u>\$1,691,794</u>

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.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 5 - LONG-TERM DEBT (Continued)

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

For The Year Ending June 30	2013 Pension Obligation Bonds		
	Principal	Interest	Total
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	970,000	207,175	1,177,175
2024-2027	4,270,000	435,400	4,705,400
Subtotal	8,820,000	1,779,681	10,599,681
Less Discount	(175,662)		(175,662)
Total	<u>\$8,644,338</u>	<u>\$1,779,681</u>	<u>\$10,424,019</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
2019	\$37,396	\$1,103	\$38,499
Total	<u>\$37,396</u>	<u>\$1,103</u>	<u>\$38,499</u>

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
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>\$616,132</u>	<u>\$23,508</u>	<u>\$639,640</u>

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 5 - LONG-TERM DEBT (Continued)

Business-Type Activities:

2017 Water Revenue Bonds

In December 2017, the San Bruno Public Financing Authority issued \$11.62 million principal amount of Series 2017 Water Revenue Bonds to finance the construction of certain improvements to the Water System. Principal payments commence on July 1, 2018 and are payable annually on July 1 thereafter. Interest payments are payable on July 1st and January 1st of each year, commencing July 1, 2018.

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

For The Year Ending June 30	2017 Water Revenue		
	Principal	Interest	Total
2019	\$120,000	\$509,394	\$629,394
2020	210,000	471,250	681,250
2021	215,000	464,875	679,875
2022	220,000	457,250	677,250
2023	230,000	448,250	678,250
2024-2028	1,315,000	2,070,925	3,385,925
2029-2033	1,680,000	1,699,500	3,379,500
2034-2038	2,085,000	1,292,600	3,377,600
2039-2043	2,500,000	866,000	3,366,000
2044-2048	3,040,000	313,400	3,353,400
Subtotal	11,615,000	8,593,444	20,208,444
Add Premium	1,246,644		1,246,644
Total	\$12,861,644	\$8,593,444	\$21,455,088

2017 Wastewater Revenue Bonds

In December 2017, the San Bruno Public Financing Authority issued \$24.47 million principal amount of Series 2017 Wastewater Revenue Bonds to finance the construction of certain improvements to the Wastewater System. Principal payments commence on July 1, 2018 and are payable annually on July 1 thereafter. Interest payments are payable on July 1st and January 1st of each year, commencing July 1, 2018.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 5 - LONG-TERM DEBT (Continued)

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

For The Year Ending June 30	2017 Wastewater Revenue		
	Principal	Interest	Total
2019	\$245,000	\$1,073,309	\$1,318,309
2020	440,000	993,100	1,433,100
2021	455,000	979,675	1,434,675
2022	470,000	963,450	1,433,450
2023	485,000	944,350	1,429,350
2024-2028	2,770,000	4,362,975	7,132,975
2029-2033	3,530,000	3,581,750	7,111,750
2034-2038	4,395,000	2,724,697	7,119,697
2039-2043	5,270,000	1,825,600	7,095,600
2044-2048	6,410,000	661,000	7,071,000
Subtotal	24,470,000	18,109,906	42,579,906
Add Premium	2,626,017		2,626,017
Total	\$27,096,017	\$18,109,906	\$45,205,923

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 2018, pledged revenues were the operating income of the Wastewater Enterprise Fund, totaling \$6,055,090. 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 through fiscal year 2033. Pledged revenues represent coverage of 11.23 over fiscal year 2018 debt service (principal and interest.)

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 5 - LONG-TERM DEBT (Continued)

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

For The Year Ending June 30	2013 Wastewater Revenue Refunding		
	Principal	Interest	Total
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	335,000	196,726	531,726
2024-2028	1,920,000	709,874	2,629,874
2029-2033	2,395,000	223,175	2,618,175
Subtotal	5,860,000	2,047,525	7,907,525
Add Premium	268,133		268,133
Total	\$6,128,133	\$2,047,525	\$8,175,658

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.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 5 - LONG-TERM DEBT (Continued)

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
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	\$2,731,084	\$216,668	\$2,947,752

For The Year Ending June 30	2007 Loan South San Francisco		
	Principal	Interest	Total
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	415,352	43,119	458,471
2024-2026	1,309,404	66,009	1,375,413
Total	\$3,287,299	\$380,469	\$3,667,768

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.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 5 - LONG-TERM DEBT (Continued)

	Balance June 30, 2017	Retirements	Balance June 30, 2018	Amount due within one year
2000 Certificates of Participation	\$6,310,000	(\$315,000)	\$5,995,000	\$335,000
Total Fiduciary Activity	<u>\$6,310,000</u>	<u>(\$315,000)</u>	<u>\$5,995,000</u>	<u>\$335,000</u>

The annual debt service requirements to maturity for all fiduciary debt amounts, at June 30, 2018, are as follows:

For The Year Ending June 30	2000 Certificates of Participation	
	Principal	Interest
2019	\$335,000	\$314,402
2020	350,000	297,150
2021	370,000	278,775
2022	390,000	259,350
2023	410,000	238,875
2024 - 2028	2,385,000	849,451
2029 - 2031	1,755,000	187,425
	<u>\$5,995,000</u>	<u>\$2,425,428</u>

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.

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 – NET POSITION AND FUND BALANCES (Continued)

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.

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.

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 – NET POSITION AND FUND BALANCES (Continued)

D. Encumbrances

Encumbrances outstanding by fund as of June 30, 2018 were as follows:

Fund	Encumbrances
Major Funds:	
General Fund	\$143,505
Total Major Funds	143,505
Capital Projects Funds:	
Street Improvement	437,292
Disaster Recovery	2,790,896
General	64,066
Total Capital Projects Funds	3,292,254
Total	\$3,435,759

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 6 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s fund balances, as of June 30, 2018, are below:

Fund Balance Classifications	General Fund	Other Governmental Funds	Total
Nonspendables:			
Items not in spendable form:			
Loans receivable	\$831,627		\$831,627
Advance to other funds	826,268		826,268
Total Nonspendable Fund Balances	1,657,895		1,657,895
Restricted for:			
Disaster recovery		\$1,111,150	1,111,150
Special Revenue Programs		8,832,547	8,832,547
Capital Projects		7,724,793	7,724,793
Affordable Housing Activities		595,407	595,407
Debt Service		636	636
Total Restricted Fund Balances		18,264,533	18,264,533
Committed to:			
General Fund Contingency	1,500,000		1,500,000
General Fund Reserve	11,247,069		11,247,069
Capital Improvement/One-Time Initiative Reserve	7,559,261		7,559,261
Emergency Disaster Reserve		3,126,534	3,126,534
Loans Receivable		90,000	90,000
Total Committed Fund Balances	20,306,330	3,216,534	23,522,864
Assigned to:			
Contractual commitments	143,505		143,505
Total Assigned Fund Balances	143,505		143,505
Unassigned	6,050,669	(719)	6,049,950
Total Unassigned Fund Balances	6,050,669	(719)	6,049,950
Total Fund Balances	\$28,158,399	\$21,480,348	\$49,638,747

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018

NOTE 6 – NET POSITION AND FUND BALANCES (Continued)

F. Net Position Deficits

The City has a deficit net position of \$12,798,321 in the Cable Enterprise Fund, which will be funded through additional revenues expected from offering higher margin cable and internet packages and expense reductions. The City also has a deficit net position of \$2,548,793 in the Self Insurance Internal Service Fund, which will be funded by future cost allocations from other funds.

NOTE 7 - RISK MANAGEMENT

The City participates in the PLAN JPA, a joint powers authority established to provide liability insurance coverage, claims, risk management, and legal defense to its participating members. PLAN JPA provides \$5,000,000 per occurrence of general liability and automobile coverage, \$25,000,000 excess liability coverage per occurrence, \$5,000,000 of catastrophic liability coverage, and is responsible for paying the claims in excess of the City's \$100,000 self-insurance retention. PLAN JPA 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 or property and vehicle loss.

The retained earnings/net position of the Self-Insurance Fund, which is categorized as part of 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, 2018, claims payable are as follows:

Beginning balance of claims payable	\$3,652,000
Changes to estimated claims liability	1,866,579
Claims paid	<u>(1,186,579)</u>
Ending balance of claims payable	<u>\$4,332,000</u>
Current Portion	<u>\$943,875</u>

NOTE 8 - 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.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)

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, 2018, 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	10.443%	10.443%

Beginning in fiscal year 2018, CalPERS collects employer contributions for the miscellaneous plan as a percentage of the 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 or can be prepaid in full no later than July 31. The City's required contribution for the unfunded liability was \$2,084,043 in fiscal year 2018.

Employees Covered – At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	224
Inactive employees entitled to but not yet receiving benefits	169
Active employees	158
Total	551

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.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)

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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2016	\$121,954,192	\$82,524,722	\$39,429,470
Changes in the year:			
Service cost	2,531,862		2,531,862
Interest on the total pension liability	9,108,648		9,108,648
Changes of benefit terms			
Changes in assumptions	7,626,708		7,626,708
Differences between actual and expected experience	(667,604)		(667,604)
Plan to plan resource movement			
Contribution - employer		3,286,539	(3,286,539)
Contribution - employee		1,021,113	(1,021,113)
Net investment income		9,203,409	(9,203,409)
Benefit payments, including refunds of employee contributions	(5,571,094)	(5,571,094)	
Administrative expense		(121,842)	121,842
Net changes	13,028,520	7,818,125	5,210,395
Balance at June 30, 2017	\$134,982,712	\$90,342,847	\$44,639,865

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	6.15%
Net Pension Liability	\$63,178,235
Current Discount Rate	7.15%
Net Pension Liability	\$44,639,865
1% Increase	8.15%
Net Pension Liability	\$29,397,112

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - For the year ended June 30, 2018, the City recognized pension expense of \$3,928,294 at June 30, 2018, 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	\$3,493,688	
Differences between actual and expected experience	186,955	
Changes in assumptions	4,693,359	\$410,833
Net differences between projected and actual earnings on plan investments	1,180,132	
Total	\$9,554,134	\$410,833

A total of \$3,493,688 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	\$2,825,413
2019	2,994,388
2020	504,553
2021	(674,741)

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.

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)

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, 2018, 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	3.0%	2.0%-2.7%
Required employee contribution rates	9.0%	11.5%
Required employer contribution rates	19.723%	11.990%

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 or can be prepaid in full no later than July 31. The City's required contribution for the unfunded liability was \$1,841,291 in fiscal year 2018.

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, 2018, contributions to the Safety Plan were as follows:

	Safety Plans
Contributions - employer	\$3,682,068

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)

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, 2018, 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	\$44,587,859
Total Net Pension Liability	\$44,587,859

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, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2016 and 2017 was as follows:

	Safety Plans
Proportion - June 30, 2016	0.74853%
Proportion - June 30, 2017	0.74621%
Change - Increase (Decrease)	-0.00232%

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)

For the year ended June 30, 2018, the City recognized pension expense of \$219,762 for the Safety Plan. On June 30, 2018, 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	\$3,682,068	
Differences between actual and expected experience	468,698	\$122,202
Changes in assumptions	6,797,297	521,507
Net differences between projected and actual earnings on plan investments	1,482,077	
Differences between actual contributions and proportional contributions		1,728,994
Adjustment due to differences in proportion	1,094,668	97,240
Total	\$13,524,808	\$2,469,943

A total of \$3,682,068 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, 2019. 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
2019	\$1,306,652
2020	4,184,979
2021	2,748,381
2022	(867,215)

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	6.15%
Net Pension Liability	\$67,043,310
Current Discount Rate	7.15%
Net Pension Liability	\$44,587,859
1% Increase	8.15%
Net Pension Liability	\$26,231,647

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - 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, 2017, the total pension liabilities were determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

	All CalPERS Plans
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) 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, 2016 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 found on the CalPERS website.

Change of Assumptions – In fiscal year 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. 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 7.15% percent discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employee's Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

CITY OF SAN BRUNO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
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 9 – DEFINED CONTRIBUTION 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, 2018

NOTE 9 – DEFINED CONTRIBUTION 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, 2018:

Current retirees	91
Active employees	<u>217</u>
Total	<u><u>308</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 2017-18 the City's actual contribution to the Teamsters Local #856 Health and Welfare Fund was \$5,760,268, 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)*. 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 multi-employer health trust should disclose annual trust contributions rather than an Other Post-Employment Benefit (OPEB) liability.

NOTE 10 - 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, 2018, 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 11 - 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.

CITY OF SAN BRUNO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 – SUBSEQUENT EVENTS

On September 25, 2018, the San Bruno City Council adopted a resolution authorizing the City Manager to enter into a lease-purchase agreement with Cisco Capital, Inc. for the internet router replacement equipment for the City network, commercial businesses, School District and San Bruno Cable residential customers in the amount of \$1,629,667. The net lease, under which the City pays all costs, includes insurance, maintenance and taxes, for the entire 5 year term of the lease. The City negotiated an interest rate of 3.75%, and annual lease payments are \$352,027.

On November 13, 2018, the City Council approved a lease financing and issuance and sale of lease revenue bonds by the San Bruno Public Financing Authority to refinance prior obligations of the City. In 2000, the City of San Bruno (City) issued \$9,600,000 City of San Bruno Certificates of Participation, Series 2000 (Police Facility Financing) (the "2000 COPS") to fund the construction of the Police Facility. The lease payments of approximately \$650,000 per year are an obligation of the City's General Fund; however, they are paid by the Successor Agency, formerly the Redevelopment Agency, from tax revenues or formerly tax increment revenues that are included on the Successor Agency's annual Recognized Obligation Payment Schedule (ROPs) per the Reimbursement Agreement between the City and the Redevelopment Agency dated December 1, 2000. It is anticipated that the refunding of the 2000 COPS will produce an annual average reduction in the Successor Agency obligation under the Amended Reimbursement Agreement to make debt service payments of approximately \$128,000. This will result in an average annual increase of approximately \$19,000 of property tax revenues to the City. This reduction in annual debt service will also generate additional property tax revenues for distribution to the other affected taxing entities. Issuance of refunding bonds requires approval by the Successor Agency's Oversight Board and the California Department of Finance with respect to the Successor Agency's obligations under the Reimbursement Agreement being deemed applicable to the refunding bonds. Because the impact of the refunding would be to reduce the amount of property tax revenues required by the Successor Agency to pay debt service, it is anticipated that Department of Finance will not object to the action.

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$25,684,090	\$25,684,090	\$25,582,177	(\$101,913)
Licenses and permits	3,541,635	3,541,635	3,711,597	169,962
Intergovernmental	4,630,419	4,630,419	4,632,807	2,388
Charges for services	3,375,956	3,375,956	3,301,524	(74,432)
Fines and forfeitures	625,500	625,500	6,787,588	6,162,088
Use of money and property	1,303,000	1,303,000	1,045,990	(257,010)
Other revenues	3,645,707	3,645,707	4,724,121	1,078,414
Total revenues	42,806,307	42,806,307	49,785,804	6,979,497
EXPENDITURES:				
Current:				
General government	5,421,797	5,456,734	5,518,989	(62,255)
Public safety	24,733,434	24,991,828	24,748,911	242,917
Public works	961,515	974,437	984,844	(10,407)
Highways and streets	1,694,829	1,706,028	1,426,545	279,483
Parks and recreation	5,579,145	5,759,793	5,571,742	188,051
Library	2,033,204	2,035,109	2,013,399	21,710
Community development	2,767,336	2,788,935	2,812,722	(23,787)
Capital outlay	748,747	783,777	288,638	495,139
Total expenditures	43,940,007	44,496,641	43,365,790	1,130,851
REVENUES OVER (UNDER) EXPENDITURES	(1,133,700)	(1,690,334)	6,420,014	8,110,348
OTHER FINANCING SOURCES (USES):				
Transfers in	980,005	1,932,005	2,355,021	423,016
Transfers out	(4,587,164)	(5,192,373)	(5,191,973)	400
Total other financing sources (uses)	(3,607,159)	(3,260,368)	(2,836,952)	423,416
Net change in fund balances	(4,740,859)	(4,950,702)	3,583,062	8,533,764
FUND BALANCES:				
Beginning of year	24,575,337	24,575,337	24,575,337	
End of year	\$19,834,478	\$19,624,635	\$28,158,399	\$8,533,764

CITY OF SAN BRUNO

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

Prepared for City of San Bruno, an Agent Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2018
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$2,202,577	\$2,097,851	\$2,139,755	\$2,531,862
Interest	7,873,939	8,305,341	8,778,896	9,108,648
Changes of benefit terms				
Differences between expected and actual experience		505,056	934,779	(667,604)
Changes in assumptions		(2,047,078)		7,626,708
Benefit payments, including refunds of employee contributions	(4,768,345)	(5,034,556)	(5,302,771)	(5,571,094)
Net change in total pension liability	5,308,171	3,826,614	6,550,659	13,028,520
Total pension liability - beginning	106,268,748	111,576,919	115,403,533	121,954,192
Total pension liability - ending (a)	\$111,576,919	\$115,403,533	\$121,954,192	\$134,982,712
Plan fiduciary net position				
Contributions - employer	\$2,379,268	\$2,511,337	\$2,864,024	\$3,286,539
Contributions - employee	1,401,279	968,827	995,641	1,021,113
Net investment income	12,458,355	1,866,002	415,562	9,203,409
Benefit payments, including refunds of employee contributions	(4,768,345)	(5,034,556)	(5,302,771)	(5,571,094)
Administration expense	-	(94,139)	(50,953)	(121,842)
Other changes in Fiduciary net position		(4)	(1,791)	
Net change in plan fiduciary net position	11,470,557	217,467	(1,080,288)	7,818,125
Plan fiduciary net position - beginning	71,916,986	83,387,543	83,605,010	82,524,722
Plan fiduciary net position - ending (b)	\$83,387,543	\$83,605,010	\$82,524,722	\$90,342,847
Net pension liability - ending (a)-(b)	\$28,189,376	\$31,798,523	\$39,429,470	\$44,639,865
Plan fiduciary net position as a percentage of the total pension liability	74.74%	72.45%	67.67%	66.93%
Covered payroll	\$11,820,838	\$11,798,276	\$12,099,264	\$13,151,844
Net pension liability as percentage of covered payroll	238.47%	269.52%	325.88%	339.42%

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 2017, the discount rate was changed from 7.65% to 7.15%.

* Fiscal year 2015 was the first year of implementation, additional years will be presented as the information becomes available.

CITY OF SAN BRUNO

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

Prepared for City of San Bruno, an Agent Multiple-Employer Defined Pension Plan
As of Fiscal Year ending June 30, 2018
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal year ended,	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$2,379,268	\$2,751,860	\$3,140,457	\$3,493,688
Contributions in relation to the actuarially determined contributions	<u>(2,379,268)</u>	<u>(2,751,860)</u>	<u>(3,140,457)</u>	<u>(3,493,688)</u>
Contribution deficiency (excess)	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Covered payroll	\$11,798,276	\$12,099,264	\$13,151,844	\$13,518,083
Contributions as a percentage of covered payroll	20.17%	22.74%	23.88%	25.84%
Notes to Schedule				
Valuation date:	6/30/2012	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	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	30 years	30 years	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation	2.75%	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	Varies by Age, Service and Type of Employment
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation	7.5%, net of pension plan investment and administrative expenses, including inflation	7.5%, net of pension plan investment and administrative expenses, including inflation	7.5%, 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	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 2010 CalPERS Experience Study. The table includes 20 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 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 2010 CalPERS Experience Study. The table includes 20 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, additional years will be presented as the information becomes available.

CITY OF SAN BRUNO

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

Cost-Sharing Defined Benefit Pension Plan

As of fiscal year ending June 30, 2018

Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	<u>Safety Plan</u>	<u>Safety Plan</u>	<u>Safety Plan</u>	<u>Safety Plan</u>
Measurement Date,	2014	2015	2016	2017
Plan's Proportion of the Net Pension Liability/Asset	0.40726%	0.72742%	0.74853%	0.74621%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$25,341,888	\$29,972,747	\$38,768,137	\$44,587,859
Plan's Covered Payroll	\$8,296,958	\$8,733,422	\$9,215,379	\$9,360,496
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered Payroll	305.44%	343.20%	420.69%	476.34%
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%	26.71%

* Fiscal year 2015 was the first year of implementation, additional years will be presented as the information becomes available.

CITY OF SAN BRUNO

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

Cost-Sharing Defined Benefit Pension Plan

As of fiscal year ending June 30, 2018

Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended,	Safety Plan	Safety Plan	Safety Plan	Safety Plan
	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Actuarially determined contribution	\$2,600,052	\$1,681,684	\$3,203,722	\$3,682,068
Contributions in relation to the actuarially determined contributions	(2,600,052)	(1,681,684)	(3,203,722)	(3,682,068)
Contribution deficiency (excess)				
Covered payroll	\$8,733,422	\$9,215,379	\$9,360,496	\$8,768,759
Contributions as a percentage of covered payroll	29.77%	18.25%	34.23%	41.99%
Notes to Schedule				
Valuation date:	6/30/2012	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	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	30 years	30 years	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by Age, Service and Type of Employment	Varies by 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	7.65%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Safety, 57 yrs. Tier 2	55 yrs. Safety; 57 yrs. Tier 2	55 yrs. Safety; 57 yrs. Tier 2	55 yrs. Safety; 57 yrs. Tier 2
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2010 CalPERS Experience Study. The table includes 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.	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, additional years will be presented as the information becomes available.

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.

Disaster Recovery – Accounts for funds from Pacific Gas and Electric Company (PG&E) Trust to rebuild the Crestmoor/Glenview neighborhood.

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 2011 and 2017 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, 2018
(with comparative totals for June 30, 2017)

	Special Revenue Funds			
	In-Lieu	Agency on Aging	Federal/State Grants	Gas Tax
ASSETS				
Cash and investments	\$3,536,582	\$11,616		\$50,688
Cash and investments with fiscal agents				
Receivables:				
Taxes				114,117
Interest				
Loans				
Other		34,221		
Prepaid items			\$2,270	
Total assets	<u>\$3,536,582</u>	<u>\$45,837</u>	<u>\$2,270</u>	<u>\$164,805</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$3,100	\$12,462		\$1,744
Due to other funds			\$2,989	
Unearned revenue				
Total liabilities	<u>3,100</u>	<u>12,462</u>	<u>2,989</u>	<u>1,744</u>
Fund Balances:				
Nonspendable				
Restricted	3,533,482	33,375		163,061
Committed				
Unassigned			(719)	
Total fund balances (deficits)	<u>3,533,482</u>	<u>33,375</u>	<u>(719)</u>	<u>163,061</u>
Total liabilities and fund balances	<u>\$3,536,582</u>	<u>\$45,837</u>	<u>\$2,270</u>	<u>\$164,805</u>

Special Revenue Funds

Library Special Revenue	Police Asset Seizure	Police	SB 322 Recycling/Litter Clean-up	Restricted Revenues	Streets
\$89,277	\$588,296	\$112,909	\$329,513	\$1,601,607	\$395,383
	54,339		14,644	49,806	
<u>\$89,277</u>	<u>\$642,635</u>	<u>\$112,909</u>	<u>\$344,157</u>	<u>\$1,651,413</u>	<u>\$395,383</u>
	\$47,478		\$12,479	\$11,553	
	<u>47,478</u>		<u>12,479</u>	<u>11,553</u>	
\$89,277	595,157	\$112,909	331,678	1,639,860	\$395,383
<u>89,277</u>	<u>595,157</u>	<u>112,909</u>	<u>331,678</u>	<u>1,639,860</u>	<u>395,383</u>
<u>\$89,277</u>	<u>\$642,635</u>	<u>\$112,909</u>	<u>\$344,157</u>	<u>\$1,651,413</u>	<u>\$395,383</u>

(Continued)

CITY OF SAN BRUNO
Combining Balance Sheet
Nonmajor Governmental Funds, Continued
June 30, 2018
(with comparative totals for June 30, 2017)

	Special Revenue Funds			
	City as Successor Housing Agency	Emergency Disaster Reserve	Measure A Transportation Tax	Disaster Recovery Fund
ASSETS				
Cash and investments	\$595,407	\$3,111,768	\$1,938,365	\$1,244,202
Cash and investments with fiscal agents				
Receivables:				
Taxes				
Interest		14,766		
Loans	90,000			
Other				1,470,015
Prepaid items				
Total assets	\$685,407	\$3,126,534	\$1,938,365	\$2,714,217
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities				\$1,603,067
Unearned revenue				
Total liabilities				1,603,067
Fund Balances:				
Nonspendable				
Restricted	\$595,407		\$1,938,365	1,111,150
Committed	90,000	\$3,126,534		
Unassigned				
Total fund balances (deficits)	685,407	3,126,534	1,938,365	1,111,150
Total liabilities and fund balances	\$685,407	\$3,126,534	\$1,938,365	\$2,714,217

Capital Projects Funds		Debt Service Fund	Non-major funds	
Street Improvement Capital Projects Fund	General	General	Totals	
			2018	2017
\$5,168,880	\$3,136,402		\$21,910,895	\$18,393,394
		\$636	636	221
			114,117	19,339
			14,766	7,082
			90,000	90,000
146,131			1,769,156	218,533
			2,270	
<u>\$5,315,011</u>	<u>\$3,136,402</u>	<u>\$636</u>	<u>\$23,901,840</u>	<u>\$18,728,569</u>
\$550,092	\$176,528		\$2,418,503	\$600,927
			2,989	
				15,780
<u>550,092</u>	<u>176,528</u>		<u>2,421,492</u>	<u>616,707</u>
4,764,919	2,959,874	\$636	18,264,533	90,000 14,939,356
			3,216,534	3,082,506
			(719)	
<u>4,764,919</u>	<u>2,959,874</u>	<u>636</u>	<u>21,480,348</u>	<u>18,111,862</u>
<u>\$5,315,011</u>	<u>\$3,136,402</u>	<u>\$636</u>	<u>\$23,901,840</u>	<u>\$18,728,569</u>

CITY OF SAN BRUNO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2018
(with comparative totals for the year ended June 30, 2017)

	Special Revenue Funds			
	In-Lieu	Agency on Aging	Federal/State Grants	Gas Tax
REVENUES:				
Taxes				\$1,243,781
Licenses and permits				
Use of money & property	\$41,522	\$516	\$46	1,731
Intergovernmental		133,647	21,246	
Charges for services				
Fines and forfeitures				
Other revenues		56,122		
Total revenues	<u>41,522</u>	<u>190,285</u>	<u>21,292</u>	<u>1,245,512</u>
EXPENDITURES:				
Current:				
General government				
Public safety			23,564	
Highways and streets				1,744
Parks and recreation		133,648		
Library				
Community development	33,100			
Capital outlay				
Debt service:				
Principal				
Interest and fiscal charges				
Total expenditures	<u>33,100</u>	<u>133,648</u>	<u>23,564</u>	<u>1,744</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>8,422</u>	<u>56,637</u>	<u>(2,272)</u>	<u>1,243,768</u>
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out		(56,122)		(1,202,500)
Total other financing sources and uses		<u>(56,122)</u>		<u>(1,202,500)</u>
Net change in fund balances	8,422	515	(2,272)	41,268
FUND BALANCES:				
Beginning of year	<u>3,525,060</u>	<u>32,860</u>	<u>1,553</u>	<u>121,793</u>
End of year	<u><u>\$3,533,482</u></u>	<u><u>\$33,375</u></u>	<u><u>(\$719)</u></u>	<u><u>\$163,061</u></u>

Special Revenue Funds

Library Special Revenue	Police Asset Seizure	Police Special Revenue	SB 322 Recycling/Litter Clean-up	Restricted Revenues	Streets
				\$182,048	
\$1,137	\$6,452	\$1,398 139,415	\$3,802 11,604	18,952	\$3,752
	242,048			(20,000)	
			95,664	199,306	
<u>1,137</u>	<u>248,500</u>	<u>140,813</u>	<u>111,070</u>	<u>380,306</u>	<u>3,752</u>
				73,365	
	91,564			13,050	
			65,714	11,825	
				25,497	
				10,296	
	<u>91,564</u>		<u>65,714</u>	<u>134,033</u>	
<u>1,137</u>	<u>156,936</u>	<u>140,813</u>	<u>45,356</u>	<u>246,273</u>	<u>3,752</u>
(39,000)		(100,000)		(58,005)	
(39,000)		(100,000)		(58,005)	
(37,863)	156,936	40,813	45,356	188,268	3,752
<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>\$89,277</u>	<u>\$595,157</u>	<u>\$112,909</u>	<u>\$331,678</u>	<u>\$1,639,860</u>	<u>\$395,383</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, 2018
(with comparative totals for the year ended June 30, 2017)

	Special Revenue Funds			
	City as Successor Housing Agency	Emergency Disaster Reserve	Measure A Transportation Tax	Disaster Recovery Fund
REVENUES:				
Taxes			\$1,010,949	
Licenses and permits				
Use of money & property		\$44,028	19,098	
Intergovernmental	\$19,843			
Charges for services				
Fines and forfeitures				
Other revenues				\$5,436,098
Total revenues	<u>19,843</u>	<u>44,028</u>	<u>1,030,047</u>	<u>5,436,098</u>
EXPENDITURES:				
Current:				
General government				628,175
Public safety				
Highways and streets				
Parks and recreation				
Library				
Community development				
Capital outlay				4,145,958
Debt service:				
Principal				
Interest and fiscal charges				
Total expenditures				<u>4,774,133</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>19,843</u>	<u>44,028</u>	<u>1,030,047</u>	<u>661,965</u>
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out			(1,047,408)	(339,101)
Total other financing sources and uses			<u>(1,047,408)</u>	<u>(339,101)</u>
Net change in fund balances	19,843	44,028	(17,361)	322,864
FUND BALANCES:				
Beginning of year	665,564	3,082,506	1,955,726	788,286
End of year	<u>\$685,407</u>	<u>\$3,126,534</u>	<u>\$1,938,365</u>	<u>\$1,111,150</u>

Capital Projects Funds		Debt Service Fund	Non-major funds	
Street Improvement Capital Projects Fund	General	General	Totals	
			2018	2017
			\$2,254,730	\$1,831,535
			182,048	276,101
		\$711	143,145	86,009
\$482,895			808,650	675,708
				110,397
			222,048	376,248
308,947	\$616,561		6,712,698	358,565
791,842	616,561	711	10,323,319	3,714,563
			701,540	268,619
			128,178	94,786
			67,458	85,783
			145,473	159,586
			25,497	7,263
			43,396	54,430
2,460,181	1,781,160		8,387,299	2,244,784
		1,035,038	1,035,038	850,282
		363,591	363,591	368,929
2,460,181	1,781,160	1,398,629	10,897,470	4,134,462
(1,668,339)	(1,164,599)	(1,397,918)	(574,151)	(419,899)
3,820,970	1,156,078	1,398,333	6,375,381	5,387,852
(215,575)	(163,319)		(3,221,030)	(1,568,495)
3,605,395	992,759	1,398,333	3,154,351	3,819,357
1,937,056	(171,840)	415	2,580,200	3,399,458
2,827,863	3,131,714	221	18,900,148	14,712,404
\$4,764,919	\$2,959,874	\$636	\$21,480,348	\$18,111,862

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, 2018

	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	\$16,000	\$41,522	\$25,522		\$516	\$516
Intergovernmental				\$140,465	133,647	(6,818)
Charges for services						
Fines and forfeitures						
Other revenues				73,300	56,122	(17,178)
Total revenues	<u>16,000</u>	<u>41,522</u>	<u>25,522</u>	<u>213,765</u>	<u>190,285</u>	<u>(23,480)</u>
EXPENDITURES:						
Current:						
General government						
Public safety						
Public works						
Highways and streets						
Parks and recreation				140,465	133,648	6,817
Library						
Community development	39,500	33,100	6,400			
Capital outlay						
Debt service:						
Principal						
Interest and fiscal charges						
Total expenditures	<u>39,500</u>	<u>33,100</u>	<u>6,400</u>	<u>140,465</u>	<u>133,648</u>	<u>6,817</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(23,500)</u>	<u>8,422</u>	<u>31,922</u>	<u>73,300</u>	<u>56,637</u>	<u>(16,663)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out				(70,000)	(56,122)	13,878
Total other financing sources and uses				<u>(70,000)</u>	<u>(56,122)</u>	<u>13,878</u>
Net change in fund balances	<u>(23,500)</u>	<u>8,422</u>	<u>31,922</u>	<u>3,300</u>	<u>515</u>	<u>(2,785)</u>
FUND BALANCES:						
Beginning of year	3,525,060	3,525,060		32,860	32,860	
End of year	<u>\$3,501,560</u>	<u>\$3,533,482</u>	<u>\$31,922</u>	<u>\$36,160</u>	<u>\$33,375</u>	<u>(\$2,785)</u>

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, 2018

	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	\$400	\$6,452	\$6,052		\$1,398	\$1,398
Intergovernmental				\$120,000	139,415	19,415
Charges for services						
Fines and forfeitures	305,000	242,048	(62,952)			
Other revenues						
Total revenues	<u>305,400</u>	<u>248,500</u>	<u>(56,900)</u>	<u>120,000</u>	<u>140,813</u>	<u>20,813</u>
EXPENDITURES:						
Current:						
General government						
Public safety	109,232	91,564	17,668			
Public works						
Highways and streets						
Parks and recreation						
Library						
Community development						
Capital outlay						
Debt service:						
Principal						
Interest and fiscal charges						
Total expenditures	<u>109,232</u>	<u>91,564</u>	<u>17,668</u>			
REVENUES OVER (UNDER) EXPENDITURES	<u>196,168</u>	<u>156,936</u>	<u>(74,568)</u>	<u>120,000</u>	<u>140,813</u>	<u>20,813</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	196,168	156,936	(74,568)	20,000	40,813	20,813
FUND BALANCES:						
Beginning of year	438,221	438,221		72,096	72,096	
End of year	<u>\$634,389</u>	<u>\$595,157</u>	<u>(\$74,568)</u>	<u>\$92,096</u>	<u>\$112,909</u>	<u>\$20,813</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)
			\$130,000	\$182,048	\$52,048			
\$600	\$3,802	\$3,202		18,952	18,952		\$3,752	\$3,752
11,000	11,604	604						
				(20,000)				
80,320	95,664	15,344	329,000	199,306	(129,694)			
91,920	111,070	19,150	459,000	380,306	(58,694)		3,752	3,752
			75,800	73,365	2,435			
				13,050	(13,050)			
79,527	65,714	13,813						
			10,000	11,825	(1,825)			
			30,000	25,497	4,503			
			28,375	10,296	18,079			
79,527	65,714	13,813	144,175	134,033	10,142			
12,393	45,356	5,337	314,825	246,273	(68,836)		3,752	3,752
			(58,005)	(58,005)				
			(58,005)	(58,005)				
12,393	45,356	5,337	256,820	188,268	(68,836)		3,752	3,752
286,322	286,322		1,451,592	1,451,592		\$391,631	391,631	
\$298,715	\$331,678		\$1,708,412	\$1,639,860	(\$68,836)	\$391,631	\$395,383	\$3,752

(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, 2018

	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					\$44,028	\$44,028
Intergovernmental		\$19,843	\$19,843			
Charges for services						
Fines and forfeitures						
Other revenues						
Total revenues		19,843	19,843		44,028	44,028
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		19,843	19,843		44,028	44,028
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out						
Total other financing sources and uses						
Net change in fund balances		19,843	19,843		44,028	44,028
FUND BALANCES:						
Beginning of year	\$665,564	665,564		\$3,082,506	3,082,506	
End of year	\$665,564	\$685,407	\$19,843	\$3,082,506	\$3,126,534	\$44,028

SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND		
Measure A Transportation Tax			Disaster Recovery			Street Improvement		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$925,000	\$1,010,949	\$85,949						
4,000	19,098	15,098					\$482,895	\$482,895
			\$2,152,143	\$5,436,098	\$3,283,955		308,947	308,947
<u>929,000</u>	<u>1,030,047</u>	<u>101,047</u>	<u>2,152,143</u>	<u>5,436,098</u>	<u>3,283,955</u>		<u>791,842</u>	<u>791,842</u>
			1,645,324	628,175				
			11,174,887	4,145,958	7,028,929	\$10,421,778	2,460,181	7,961,597
			<u>12,820,211</u>	<u>4,774,133</u>	<u>7,028,929</u>	<u>10,421,778</u>	<u>2,460,181</u>	<u>7,961,597</u>
929,000	1,030,047	101,047	(10,668,068)	661,965	11,330,033	(10,421,778)	(1,668,339)	8,753,439
(1,210,255)	(1,047,408)	162,847		(339,101)	(339,101)	4,148,817	3,820,970	327,847
(1,210,255)	(1,047,408)	162,847		(339,101)	(339,101)	4,148,817	(215,575)	(215,575)
(281,255)	(17,361)	263,894	(10,668,068)	322,864	10,990,932	(6,272,961)	1,937,056	8,865,711
1,955,726	1,955,726		788,286	788,286		2,827,863	2,827,863	
<u>\$1,674,471</u>	<u>\$1,938,365</u>	<u>\$263,894</u>	<u>(\$9,879,782)</u>	<u>\$1,111,150</u>	<u>\$10,990,932</u>	<u>(\$3,445,098)</u>	<u>\$4,764,919</u>	<u>\$8,865,711</u>

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Budget and Actual
For the year ended June 30, 2018

	CAPITAL PROJECTS FUND			DEBT SERVICE FUND		
	General			General		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Taxes						
Licenses and permits						
Use of money & property					\$711	\$711
Intergovernmental						
Charges for services						
Fines and forfeitures						
Other revenues	\$2,535,063	\$616,561	(\$1,918,502)			
Total revenues	<u>2,535,063</u>	<u>616,561</u>	<u>(1,918,502)</u>		<u>711</u>	<u>711</u>
EXPENDITURES:						
Current:						
General government						
Public safety						
Public works						
Highways and streets						
Parks and recreation						
Library						
Community development						
Capital outlay	6,606,836	\$1,781,160	4,825,676			
Debt service:						
Principal				\$1,035,037	1,035,038	(1)
Interest and fiscal charges				363,696	363,591	105
Total expenditures	<u>6,606,836</u>	<u>1,781,160</u>	<u>4,825,676</u>	<u>1,398,733</u>	<u>1,398,629</u>	<u>104</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,071,773)</u>	<u>(1,164,599)</u>	<u>2,907,174</u>	<u>(1,398,733)</u>	<u>(1,397,918)</u>	<u>815</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	1,156,078	1,156,078		1,398,733	1,398,333	(400)
Transfers out		(163,319)	(163,319)			
Total other financing sources and uses	<u>1,156,078</u>	<u>992,759</u>	<u>(163,319)</u>	<u>1,398,733</u>	<u>1,398,333</u>	<u>(400)</u>
Net change in fund balances	<u>(2,915,695)</u>	<u>(171,840)</u>	<u>2,743,855</u>		<u>415</u>	<u>415</u>
FUND BALANCES:						
Beginning of year	3,131,714	3,131,714		221	221	
End of year	<u>\$216,019</u>	<u>\$2,959,874</u>	<u>\$2,743,855</u>	<u>\$221</u>	<u>\$636</u>	<u>\$415</u>

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, 2018
(with comparative totals for June 30, 2017)

	Central Garage	Self- Insurance	Technology Development	Facilities Maintenance
ASSETS				
Current assets:				
Cash and investments	\$174,592	\$1,873,740	\$297,647	\$133,681
Cash and investments held by trustees		91,119		
Accounts receivable				12,777
Prepaid items				
Total current assets	<u>174,592</u>	<u>1,964,859</u>	<u>297,647</u>	<u>146,458</u>
Noncurrent assets:				
Capital assets (net)			1,369	17,242
Total noncurrent assets			<u>1,369</u>	<u>17,242</u>
Total assets	<u><u>\$174,592</u></u>	<u><u>\$1,964,859</u></u>	<u><u>\$299,016</u></u>	<u><u>\$163,700</u></u>
LIABILITIES				
Liabilities:				
Current liabilities:				
Accounts payable	\$37,876	\$181,652	\$12,319	\$98,880
Compensated absences	4,015		8,396	7,939
Liability for claims		943,875		
Total current liabilities	<u>41,891</u>	<u>1,125,527</u>	<u>20,715</u>	<u>106,819</u>
Noncurrent liabilities:				
Compensated absences	12,319		18,589	44,688
Liability for claims		3,388,125		
Total noncurrent liabilities	<u>12,319</u>	<u>3,388,125</u>	<u>18,589</u>	<u>44,688</u>
Total liabilities	<u>54,210</u>	<u>4,513,652</u>	<u>39,304</u>	<u>151,507</u>
NET POSITION				
Invested in capital assets, net of related debt			1,369	17,242
Unrestricted net position	120,382	(2,548,793)	258,343	(5,049)
Total net position	<u>120,382</u>	<u>(2,548,793)</u>	<u>259,712</u>	<u>12,193</u>
Total liabilities and net position	<u><u>\$174,592</u></u>	<u><u>\$1,964,859</u></u>	<u><u>\$299,016</u></u>	<u><u>\$163,700</u></u>

Totals

<u>2018</u>	<u>2017</u>
\$2,479,660	\$3,241,806
91,119	91,119
12,777	
	2,860
<u>2,583,556</u>	<u>3,335,785</u>
18,611	30,803
<u>18,611</u>	<u>30,803</u>
<u>\$2,602,167</u>	<u>\$3,366,588</u>
\$330,727	\$142,121
20,350	23,626
943,875	804,709
<u>1,294,952</u>	<u>970,456</u>
75,596	106,733
3,388,125	2,847,291
<u>3,463,721</u>	<u>2,954,024</u>
<u>4,758,673</u>	<u>3,924,480</u>
18,611	30,803
<u>(2,175,117)</u>	<u>(588,695)</u>
<u>(2,156,506)</u>	<u>(557,892)</u>
<u>\$2,602,167</u>	<u>\$3,366,588</u>

CITY OF SAN BRUNO
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2018
(with comparative totals for the year ended June 30, 2017)

	<u>Central Garage</u>	<u>Self- Insurance</u>	<u>Technology Development</u>	<u>Facilities Maintenance</u>
OPERATING REVENUES:				
Charges for services	\$500,336	\$2,078,552	\$739,792	\$1,271,855
Other revenue		359,247		
Total operating revenues	<u>500,336</u>	<u>2,437,799</u>	<u>739,792</u>	<u>1,271,855</u>
OPERATING EXPENSES:				
Central garage	610,160			
Insurance premiums, claims and administration		3,793,452		
Technology			726,100	
Facilities				1,406,491
Depreciation			8,214	3,979
Total operating expenses	<u>610,160</u>	<u>3,793,452</u>	<u>734,314</u>	<u>1,410,470</u>
OPERATING INCOME (LOSS)	<u>(109,824)</u>	<u>(1,355,653)</u>	<u>5,478</u>	<u>(138,615)</u>
Transfer (to) other funds				
Total transfers				
CHANGE IN NET POSITION	<u>(109,824)</u>	<u>(1,355,653)</u>	<u>5,478</u>	<u>(138,615)</u>
NET POSITION:				
Beginning of year	<u>230,206</u>	<u>(1,193,140)</u>	<u>254,234</u>	<u>150,808</u>
End of year	<u><u>\$120,382</u></u>	<u><u>(\$2,548,793)</u></u>	<u><u>\$259,712</u></u>	<u><u>\$12,193</u></u>

Totals	
2018	2017
\$4,590,535	\$3,681,942
359,247	
<u>4,949,782</u>	<u>3,681,942</u>
610,160	588,197
3,793,452	2,419,491
726,100	647,078
1,406,491	1,215,458
12,193	12,193
<u>6,548,396</u>	<u>4,882,417</u>
<u>(1,598,614)</u>	<u>(1,200,475)</u>
(1,598,614)	(1,200,475)
<u>(557,892)</u>	<u>642,583</u>
<u><u>(\$2,156,506)</u></u>	<u><u>(\$557,892)</u></u>

CITY OF SAN BRUNO
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2018
(with comparative amounts for the year ended June 30, 2017)

	<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	\$503,285	\$2,437,799	\$702,228	\$1,272,057
Cash payments to suppliers for goods and services	(588,677)	(3,703,857)	(725,804)	(1,339,176)
Cash reimbursements for loss claims		680,000		
Net cash provided (used) by operating activities	<u>(85,392)</u>	<u>(586,058)</u>	<u>(23,576)</u>	<u>(67,119)</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			(1)	
Net cash provided by capital financing activities			(1)	
Net increase in cash and cash equivalents	<u>(85,392)</u>	<u>(586,058)</u>	<u>(23,577)</u>	<u>(67,119)</u>
CASH AND CASH EQUIVALENTS:				
Beginning of year	259,984	2,550,917	321,224	200,800
End of year	<u>\$174,592</u>	<u>\$1,964,859</u>	<u>\$297,647</u>	<u>\$133,681</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:				
Income (loss) from operations	(\$109,824)	(\$1,355,653)	\$5,478	(\$138,615)
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				(12,777)
Prepaid items			2,860	
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	21,483	89,595	(2,564)	80,092
Compensated absences	2,949		(37,564)	202
Increase (decrease) in claims liability - current & noncurrent		680,000		
Net cash provided (used) by operating activities	<u>(85,392)</u>	<u>(586,058)</u>	<u>(23,576)</u>	<u>(67,119)</u>
Presentation in Statement of Net Position:				
Cash and investments	\$174,592	\$1,873,740	\$297,647	\$133,681
Cash and investments held by trustees		91,119		
Total Cash and Cash Equivalents, End of Year	<u>\$174,592</u>	<u>\$1,964,859</u>	<u>\$297,647</u>	<u>\$133,681</u>

Totals

2018	2017
\$4,915,369	\$3,690,208
(6,357,514)	(4,999,506)
680,000	355,000
<u>(762,145)</u>	<u>(954,298)</u>

--	--

(1)	
(1)	
<u>(762,146)</u>	<u>(954,298)</u>

<u>3,332,925</u>	<u>4,287,223</u>
<u>\$2,570,779</u>	<u>\$3,332,925</u>

(\$1,598,614)	(\$1,200,475)
---------------	---------------

12,193	12,193
(12,777)	
2,860	13,488
188,606	(142,770)
(34,413)	8,266
680,000	355,000
<u>(762,145)</u>	<u>(954,298)</u>

<u>\$2,479,660</u>	<u>\$3,241,806</u>
91,119	91,119
<u>\$2,570,779</u>	<u>\$3,332,925</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, 2018
 (with comparative totals for June 30, 2017)

	Project Development	San Bruno Garbage Company	Totals	
			2018	2017
ASSETS				
Cash and investments	\$841,933	\$488,855	\$1,330,788	\$742,337
Accounts receivable		540,595	540,595	504,328
Total assets	\$841,933	\$1,029,450	\$1,871,383	\$1,246,665
LIABILITIES				
Accounts payable	\$50,354	\$1,027,602	\$1,077,956	\$1,017,340
Other liabilities	791,579	1,848	793,427	229,325
Total liabilities	\$841,933	\$1,029,450	\$1,871,383	\$1,246,665

CITY OF SAN BRUNO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
PROJECT DEVELOPMENT				
ASSETS				
Cash and investments	\$265,727	\$576,206		\$841,933
Total assets	\$265,727	\$576,206		\$841,933
LIABILITIES				
Accounts payable	\$38,105	\$12,249		\$50,354
Other liabilities	227,622	563,957		791,579
Total liabilities	\$265,727	\$576,206		\$841,933
SAN BRUNO GARBAGE COMPANY				
ASSETS				
Cash and investments	\$476,610	\$12,245		\$488,855
Accounts receivable	504,328	36,267		540,595
Total assets	\$980,938	\$48,512		\$1,029,450
LIABILITIES				
Accounts payable	\$979,235	\$48,367		\$1,027,602
Other liabilities	1,703	145		1,848
Total liabilities	\$980,938	\$48,512		\$1,029,450
TOTAL OF ALL AGENCY FUNDS				
ASSETS				
Cash and investments	\$742,337	\$588,451		\$1,330,788
Accounts receivable	504,328	36,267		540,595
Total assets	\$1,246,665	\$624,718		\$1,871,383
LIABILITIES				
Accounts payable	\$1,017,340	\$60,616		\$1,077,956
Other liabilities	229,325	564,102		793,427
Total liabilities	\$1,246,665	\$624,718		\$1,871,383

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STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage:
 - a. Wastewater Certificates of Participation
 - b. 2013 Wastewater Revenue Refunding Bonds
 - c. 2017 Wastewater Revenue Refunding Bonds
 - d. 2017 Water 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 Valuation Adjustment 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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities					
Net investments in capital assets	\$ 38,094,423	\$ 38,157,248	\$ 36,981,386	\$ 48,151,315	\$ 49,191,126
Restricted	805,664	11,757,369	15,666,900	12,461,795	10,637,770
Unrestricted	17,282,898	6,174,871	5,382,344	6,089,202	(5,227,689)
Total governmental activities net position	<u>\$ 56,182,985</u>	<u>\$ 56,089,488</u>	<u>\$ 58,030,630</u>	<u>\$ 66,702,312</u>	<u>\$ 54,601,207</u>
Business-type activities					
Net investments in capital assets	\$ 29,548,513	\$ 29,617,094	\$ 30,706,799	\$ 32,968,582	\$ 36,842,785
Unrestricted	13,642,293	14,951,487	16,048,910	18,311,018	19,519,379
Total business-type activities net position	<u>\$ 43,190,806</u>	<u>\$ 44,568,581</u>	<u>\$ 46,755,709</u>	<u>\$ 51,279,600</u>	<u>\$ 56,362,164</u>
Primary government					
Net investments in capital assets	\$ 67,774,342	\$ 67,688,185	\$ 67,688,185	\$ 81,119,897	\$ 86,033,911
Restricted	11,757,369	15,666,900	15,666,900	12,461,795	10,637,770
Unrestricted	21,126,358	21,431,254	21,431,254	24,400,220	14,291,690
Total primary government net position	<u>\$ 100,658,069</u>	<u>\$ 104,786,339</u>	<u>\$ 104,786,339</u>	<u>\$ 117,981,912</u>	<u>\$ 110,963,371</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities					
Net investments in capital assets	\$ 50,124,094	\$ 47,667,730	\$ 50,836,407	\$ 54,014,157	\$ 59,084,356
Restricted	10,612,672	16,592,413	12,444,902	15,727,642	18,264,533
Unrestricted	(3,967,832)	(35,591,299) *	(34,557,594)	(42,133,843)	(41,778,351)
Total governmental activities net position	<u>\$ 56,768,934</u>	<u>\$ 28,668,844</u>	<u>\$ 28,723,715</u>	<u>\$ 27,607,956</u>	<u>\$ 35,570,538</u>
Business-type activities					
Net investments in capital assets	\$ 46,715,688	\$ 57,076,442	\$ 67,316,388	\$ 70,539,432	\$ 37,167,066
Restricted					40,979,572
Unrestricted	24,822,052	11,218,527	7,002,450	14,463,523	12,485,588
Total business-type activities net position	<u>\$ 71,537,740</u>	<u>\$ 68,294,969</u>	<u>\$ 74,318,838</u>	<u>\$ 85,002,955</u>	<u>\$ 90,632,226</u>
Primary government					
Net investments in capital assets	\$ 96,839,782	\$ 104,744,172	\$ 118,152,795	\$ 124,553,589	\$ 96,251,422
Restricted	10,612,672	16,592,413	12,444,902	15,727,642	59,244,105
Unrestricted	20,854,220	(24,372,772) *	(27,555,144)	(27,670,320)	(29,292,763)
Total primary government net position	<u>\$ 128,306,674</u>	<u>\$ 96,963,813</u>	<u>\$ 103,042,553</u>	<u>\$ 112,610,911</u>	<u>\$ 126,202,764</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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
General activities:										
General government	\$ 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	\$ 8,186,106
Public safety	19,625,779	19,593,501	19,335,496	19,129,336	20,016,150	19,836,376	21,206,573	24,334,371	25,201,102	27,448,567
Public works	1,256,060	862,049	888,426	952,490	954,150	850,759	863,706	929,223	1,032,599	1,797,113
Highways and streets	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	3,512,681
Parks and recreation	4,760,291	4,393,495	4,219,718	4,698,243	4,819,878	4,717,561	5,062,181	5,611,296	5,929,836	6,156,634
Library	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	2,094,990
Community development	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	2,887,538
Interest expense	665,517	672,458	612,570	455,313	931,179	267,977	416,914	403,839	387,374	380,311
Total governmental activities expenses	46,500,207	47,081,140	49,055,213	41,984,636	44,082,472	44,266,977	43,869,267	45,688,615	49,224,966	52,463,940
Business-type activities:										
Water	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	11,416,387
Stormwater	687,278	386,608	438,864	446,020	661,493	739,512	905,074	607,817	606,627	1,011,466
Wastewater	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	12,380,908
Cable Television	10,700,667	11,432,012	11,549,760	10,709,142	10,100,602	10,508,595	11,002,694	11,240,247	11,655,651	12,492,354
Total business-type activities expenses	26,784,509	26,745,332	28,806,601	28,354,226	29,219,476	29,446,740	31,552,700	32,867,358	34,012,955	37,301,115
Total primary government expenses	\$ 73,284,716	\$ 73,826,472	\$ 77,861,814	\$ 70,338,862	\$ 73,301,948	\$ 73,713,717	\$ 77,421,967	\$ 78,555,973	\$ 83,237,921	\$ 89,765,055
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 3,693,098
Public safety	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	2,275,753
Public works	491,886	39,104	149,299	205,501	135,283	104,982	86,752	165,037	475,379	308,461
Highways and streets	18,700	18,700	19,243	9,474	14,649	19,985	17,977	17,204	16,500	17,092
Parks and recreation	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	1,482,588
Library	76,934	104,188	105,247	132,216	94,866	92,227	96,969	86,593	92,709	93,014
Community development	1,905,157	1,084,270	922,255	1,793,825	969,707	988,285	1,759,620	1,547,278	1,832,185	1,847,569
Operating grants and contributions	6,987,198	5,715,274	11,225,060	10,564,539	9,190,570	9,527,246	11,433,248	3,063,574	7,352,434	13,445,214
Capital grants and contributions	-	823,772	79,562	1,897,433	1,143,765	88,658	391,523	227,381	135,241	1,408,402
Total governmental activities program revenues	13,599,102	14,119,430	18,526,343	20,476,535	17,117,301	16,736,910	19,732,509	11,962,168	16,989,530	24,571,191
Business-type activities:										
Charges for services:										
Water	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	15,312,217
Stormwater	618,552	574,796	593,179	612,325	611,886	1,474,221	839,852	652,195	1,035,641	645,507
Wastewater	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	16,748,382
Cable Television	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	9,983,780
Total business-type activities program revenues	27,688,974	29,231,614	30,783,108	32,701,280	34,222,095	41,315,001	37,448,327	38,473,635	40,971,188	42,689,886
Total primary government program revenues	\$ 41,288,076	\$ 43,351,044	\$ 49,309,451	\$ 53,177,815	\$ 51,339,396	\$ 58,051,911	\$ 57,180,836	\$ 50,435,803	\$ 57,960,718	\$ 67,261,077
Net Revenues (Expenses)										
Governmental activities	\$ (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)	\$ (27,892,749)
Business-type activities	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	5,388,771
Total net revenues (expenses)	\$ (31,996,640)	\$ (30,475,428)	\$ (28,552,363)	\$ (17,161,047)	\$ (21,962,552)	\$ (15,661,806)	\$ (20,241,131)	\$ (28,120,170)	\$ (25,277,203)	\$ (22,503,978)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 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	\$ 10,515,309
Property taxes, tax increment for redevelopment purposes	9,163,133	9,308,063	8,900,038	3,607,372	-	-	-	-	-	-
Transient occupancy tax	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	3,424,660
Franchise tax	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	1,835,943
Sales tax, including subvention	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	8,332,044
Cardroom taxes	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	1,843,532
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	2,607,258
Intergovernmental:										
State motor vehicle in-lieu tax, including subvention	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	4,576,283
State highway user tax	-	-	-	-	-	1,370,767	1,270,588	976,525	887,258	1,243,782
Use of money and property	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	1,159,121
Miscellaneous and extraordinary items	-	-	-	1,328,242	(11,968,561)	(204,035)	274,320	-	-	-
Transfers	187,418	(93,482)	(91,576)	(29,493)	58,075	(3,064,452)	(1,768,413)	(258,524)	(3,476,327)	317,399
Total governmental activities	32,542,683	32,868,213	32,470,012	30,179,783	14,864,066	29,697,794	32,388,978	33,781,318	31,119,677	35,855,331
Business-type activities:										
Use of money and property	(291,344)	123,648	119,045	147,344	138,020	242,863	174,855	159,068	249,557	557,899
Transfers	(187,418)	93,482	91,576	29,493	(58,075)	3,064,452	1,768,413	258,524	3,476,327	(317,399)
Total business-type activities	(478,762)	217,130	210,621	176,837	79,945	3,307,315	1,943,268	417,592	3,723,884	240,500
Total primary government	\$ 32,063,921	\$ 33,085,343	\$ 32,680,633	\$ 30,356,620	\$ 14,944,011	\$ 33,005,109	\$ 34,332,246	\$ 34,198,910	\$ 34,843,561	\$ 36,095,831
Change in Net Position										
Governmental activities	\$ (358,422)	\$ (93,497)	\$ 1,941,142	\$ 8,671,682	\$ (12,101,105)	\$ 2,167,727	\$ 6,252,220	\$ 54,871	\$ (1,115,759)	\$ 7,962,582
Business-type activities	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	5,629,271
Total primary government	\$ 67,281	\$ 2,609,915	\$ 4,128,270	\$ 13,195,573	\$ (7,018,541)	\$ 17,343,303	\$ 14,091,115	\$ 6,078,740	\$ 9,568,358	\$ 13,591,853

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

	Fiscal Year June 30,				
	2009	2010	2011	2012	2013
General Fund					
Nonspendable	\$ -	\$ 648,702	\$ 638,512	\$ 624,274	\$ 548,075
Restricted	1,060,558	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	152,533	127,407	110,049	238,060
Unassigned	6,652,186	7,443,638	9,052,945	12,998,096	8,848,896
Total general fund	<u>\$ 7,712,744</u>	<u>\$ 8,244,873</u>	<u>\$ 9,818,864</u>	<u>\$ 13,732,419</u>	<u>\$ 9,635,031</u>
All Other Governmental Funds					
Nonspendable	\$ 90,000	\$ 90,000	\$ 90,000	\$ -	\$ -
Restricted	11,490,283	13,486,013	17,870,653	12,532,914	11,120,226
Committed	-	-	-	-	8,093,269
Unassigned	(986,616)	(1,818,644)	(1,843,753)	(71,119)	(27,028)
Total all other governmental funds	<u>\$ 10,593,667</u>	<u>\$ 11,757,369</u>	<u>\$ 16,116,900</u>	<u>\$ 12,461,795</u>	<u>\$ 19,186,467</u>
	Fiscal year June 30,				
	2014	2015	2016	2017	2018
General fund:					
Nonspendable	\$ 586,650	\$ 690,344	\$ 3,529,925	\$ 2,749,851	\$ 1,657,895
Restricted	-	-	-	-	-
Committed	-	-	19,639,289	15,726,434	20,306,330
Assigned	254,698	188,263	2,130,681	265,888	143,505
Unassigned	10,096,649	11,023,626	3,552,485	5,833,164	6,050,669
Total general fund	<u>\$ 10,937,997</u>	<u>\$ 11,902,233</u>	<u>\$ 28,852,380</u>	<u>\$ 24,575,337</u>	<u>\$ 28,158,399</u>
All other governmental funds:					
Non-spendable	\$ -	\$ -	\$ 90,000	\$ 90,000	\$ -
Restricted	10,612,672	14,762,188	12,444,902	15,727,642	18,264,533
Committed	10,689,500	10,240,271	3,059,683	3,082,506	3,216,534
Unassigned	(42,705)	(80,929)	-	-	(719)
Total all other governmental funds	<u>\$ 21,259,467</u>	<u>\$ 24,921,530</u>	<u>\$ 15,594,585</u>	<u>\$ 18,900,148</u>	<u>\$ 21,480,348</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 27,788,860	\$ 27,863,575	\$ 27,705,514	\$ 24,265,039	\$ 24,954,783	\$ 26,085,900	\$ 26,272,319	\$ 26,952,603	\$ 27,836,907	
Licenses and permits	3,644,640	2,036,968	2,182,177	3,674,707	4,255,888	3,691,818	3,451,841	3,981,683	3,893,645	
Intergovernmental	4,024,517	4,663,260	4,102,933	4,811,636	4,009,117	4,574,638	4,787,432	5,061,978	5,441,457	
Charges for services	2,812,413	3,319,982	4,249,436	4,648,073	3,120,324	3,398,555	3,134,354	3,405,255	3,301,524	
Fines and Forfeitures	649,186	763,221	739,033	759,985	654,000	605,704	698,463	1,132,649	7,009,636	
Use of money and property	1,433,302	1,938,960	1,909,612	1,788,884	1,263,400	1,678,676	1,674,729	1,272,582	1,189,135	
Other revenues	5,601,449	6,151,677	10,199,227	9,409,245	9,147,023	11,324,450	8,467,574	10,445,009	11,436,819	
Total revenues:	45,954,367	46,737,643	51,087,932	49,357,569	49,703,191	50,200,454	48,750,913	52,251,759	60,109,123	
Expenditures										
General Government	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	6,220,529
Public safety	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	24,877,089
Public works	1,228,246	795,138	827,163	954,550	876,159	856,559	1,028,427	895,218	852,334	984,844
Highways and streets	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	1,494,003
Parks and recreation	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	5,717,215
Library	1,903,867	1,752,924	1,669,374	1,635,242	1,631,084	1,631,084	1,724,112	1,758,937	1,841,983	2,038,896
Community Development	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	2,856,118
Capital outlay	696,590	1,071,479	699,463	2,154,326	1,161,609	360,076	225,737	5,137,379	7,844,120	8,675,937
Debt service:										
Principal	523,124	548,219	574,031	365,592	386,409	807,336	818,289	829,272	1,939,282	1,035,038
Interest	702,518	677,464	651,882	219,706	542,606	410,689	399,660	386,635	368,929	363,591
Total expenditures	45,220,306	45,291,812	45,066,237	41,759,202	41,584,980	42,888,154	43,679,476	47,300,284	51,620,758	54,263,260
Reconciliation of Government Revenues										
Less expenditures to fund equity										
Revenues over (under) expenditures	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	5,845,863
Extraordinary item	-	-	-	(6,591,758)	-	-	-	-	-	-
Other financing sources (Transfer in)	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	8,730,402
Other financing sources (Transfer out)	(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)	(8,413,003)
Other financing sources (Capital lease)	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses):	-	-	-	-	-	-	-	-	-	-
Proceeds of debt issued (refunds)	3,380	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	3,380	-	-	-	-	-	-	-	-	-
Net change in fund balances ⁽³⁾	\$ 924,859	\$ 1,695,831	\$ 5,483,522	\$ 708,450	\$ 3,375,966	\$ 7,623,202	\$ 4,626,299	\$ 7,623,202	\$ (971,480)	\$ 6,163,262
Debt service as a percentage of noncapital expenditures	2.8%	2.8%	2.8%	1.5%	2.9%	2.9%	2.8%	2.9%	5.3%	3.1%

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)
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
2018	5,646,827,286	1,357,155,853	77,211,922	72,559,603	7,153,754,664	193,402,416	7,347,157,080	7,347,157,080	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
	Basic Rate	Total Direct	School Districts	Special Districts	Tax Rate
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
FY 17-18	1.0000	1.0000	0.0900	0.0000	1.0900

Source: California Municipal Statistics

City of San Bruno, California
Principal Property Taxpayers
 Current Year and Nine Years Ago

		2017-18				2008-2009			
Property Owner	Primary Land Use	Assessed Valuation	Rank	Total(1)	Property Owner	Primary Land Use	Assessed Valuation	Rank	Total(2)
		\$		% of			\$		% of
Google Inc.	Office Building	397,354,720	1	5.55%	ASN Tanforan Crossing I LLC	Apartments	171,184,357	1	3.21%
Shops at Tanforan Associates LLC	Shopping Center	157,753,229	2	2.21%	The Gap Inc.	Office Building	151,411,824	2	2.84%
ASN Tanforan Crossing I & II LLC	Apartments	147,750,420	3	2.07%	Bayhill Four Associates	Office Building	131,172,000	3	2.46%
Walmart Stores Inc.	Office Building	127,805,690	4	1.79%	Tanforan Park Shopping Center	Shopping Center	93,903,533	4	1.76%
San Bruno III Financing LP	Apartments	91,249,501	5	1.28%	CREA-San Bruno LLC	Office Building	68,500,000	5	1.29%
Gap Inc.	Office Building	64,476,910	6	0.90%	Sears Holdings Corp.	Shopping Center	57,667,461	6	1.08%
Behringer Harvard Acappella LP	Apartments	60,249,941	7	0.84%	Crossing Phase I&II LP	Convalescent Home	45,061,546	7	0.85%
Aimco San Bruno Apartments Partners LP	Apartments	58,259,338	8	0.81%	Landmark Towne Center	Shopping Center	39,970,727	8	0.75%
San Bruno Town Center Partnership	Shopping Center	45,237,828	9	0.63%	Aimco San Bruno Apartments	Apartments	39,031,472	9	0.73%
Crossings Phase I & II LP	Apartments	44,901,656	10	0.63%	FW CA Bay Hill Shopping Center	Shopping Center	35,106,880	10	0.66%
Subtotal		\$ 1,195,039,233		16.71%			833,009,800		15.63%

(1) 2017-18 Local Secured Assessed Valuation: 7,153,754,664

(2) 2008-09 Local Secured Assessed Valuation: 5,329,799,047

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, 2018

Name	Address
All Shores	135 El Camino Real
Allegro Credit	1111 Bayhill Dr. Ste 450
Apex Systems, Inc.	1111 Bayhill Dr. Ste 240
Associated Trucking Inc.	1065 San Mateo Ave.
Automotive Workwear Inc	881 Sneath Ln. Ste 113
Best Buy Store #1896	1250 El Camino Real #111
CBRE Inc.	1111 Bayhill Dr. Ste 270
Century Theaters Inc. #494	1188 El Camino Real
Chili's Grill & Bar #57	899 El Camino Real
Courtyard by Marriott SF Airport	1050 Bayhill Dr.
Cutting Edge Audio & Video Group LLC	1071 Sneath Ln.
CVS/Pharmacy #9807	10 Bayhill Shopping Ctr.
Davita RX, LLC #1685	1178 Cherry Ave.
Dynamic Signal Inc.	1111 Bayhill Dr. Ste 125
Green Creatvie	1200 Bayhill Dr. Ste 220
J.C. Penney Corp. Inc.	1122 El Camino Real
Lowe's Home Centers LLC	1340 El Camino Real
Lucky#748	1322 El Camino Real
Lunardi's Market	2801 San Bruno Ave. W
Marshall's #492	1268 El Camino Real
Melody Toyota	750 El Camino Real
Mollie Stone's Market	851Cherry Ave, Ste 22
Nomis Solutions Inc.	1111 Bayhill Dr. Ste 230
PT Gaming LLC	659 Huntington Ave.
Qumu, Inc.	1100 Grundy Ln. Ste 110
Recology San Bruno	101 Tanforan Ave.
Sam's Club.Com/Walmart Stores Inc.	950 Elm Ave.
San Bruno Kwik Serv	2101 San Bruno Ave W
San Bruno Shell - Gas Station	798 El Camino Real
Sears Operations, LLC#1478	1178 El Camino Real
Splendid By Porvenir	1001 Bayhill Dr. Fl 2
Target Store T1054	1150 El Camino Real
The Permanente Medical Group Tax Dept.	801 Traeger Ave.
The Permanente Medical Group, Inc.	851 Traeger Ave.
Victory Honda of San Bruno	345 El Camino Real
Vincen's Shell Fish Co. Inc.	1063 Montgovery 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
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%
2018	6,783,529	6,783,529	100%	-	6,783,529	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					Fiduciary Funds		Debt As Percent of Personal Income			
	Capital Leases	Pension Obligation Bonds	Capital Lease	Wastewater Participation	Wastewater Revenue Refunding Bond	Wastewater Revenue Bonds	Water Revenue Bonds	Cable TV Capital Lease Obligation	City of South San Francisco Sewer Plant Agreement	Total Primary Government		Certificates of Participation	Population	Debt Per Capita
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%
2018	37,395	8,644,338	616,132	-	6,128,132	27,096,017	12,861,644	-	6,018,384	61,402,042	5,995,000	46,085	1,332	3.3%

Source: City financial records

City of San Bruno, California
Direct and Overlapping Governmental Activities Debt
June 30, 2018

2017-18 Assessed Valuation: \$ 7,347,157,080

Overlapping Tax and Assessment Debt:	Total Debt		City's Share of
	6/30/18	% Applicable (1)	Debt 6/30/18
San Mateo Community College District	\$ 576,424,069	3.551%	\$ 20,468,819
South San Francisco Unified School District	173,124,743	1.147	1,985,741
San Mateo Union High School District	525,549,991	9.811	51,561,710
San Bruno Park School District	8,127,510	89.318	7,259,329
Millbrae School District	55,094,527	2.896	1,595,538
Total overlapping tax and assessment debt			\$ 82,871,137

Ratios to 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.13%

Direct and Overlapping General Fund Debt:

San Mateo County General Fund Obligations	\$ 366,157,077	3.551%	\$ 13,002,238
San Mateo County Board of Education Certificates of Participation	8,745,000	3.551	310,535
San Mateo County Flood Control District Certificates of Participation	17,465,000	6.695	1,169,282
South San Francisco Unified School District Certificates of Participation	3,833,189	1.147	43,967
San Bruno Park School District Lease Revenue Bonds	3,475,000	89.318	3,103,801
City of San Bruno Fire Apparatus Lease	37,395	100.00	37,395
City of San Bruno Fire Apparatus 2017 Lease	616,132	100.00	616,132
City of San Bruno Pension Obligations	8,644,338	100.00	8,644,338
Total direct and overlapping general fund debt			26,927,688

Total Direct Debt 9,297,865

Total Overlapping Debt 100,500,960

Combined Total Debt⁽²⁾ \$ 109,798,825 (2)

Ratios to Adjusted Assessed Valuation:

Total Direct Debt (\$9,297,865) 0.13%

Combined Total Debt 1.49%

State School Building Aid Repayable as of 6/30/18 \$ -

(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 2018 (1)

Assessed Valuation:	\$ 7,347,157,080
Bonded Debt Limit (3.75% of Assessed Value):	\$ 275,518,391
Less Amount of Debt	\$ 61,402,042
	<u>\$ 214,116,349</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 791,361	\$ 748,091	\$ 737,577	\$ 782,820	\$ 798,292	\$ 842,892	\$ 906,586	\$ 967,607	\$ 260,349	\$ 275,518
Total net debt applicable to limit	18,093	17,335	16,546	15,955	27,986	28,679	26,727	27,986	23,630	61,402
Legal debt margin	<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>	<u>\$ 214,116</u>
Total net debt applicable to the limit as a percentage of debt limit	2.34%	2.37%	2.29%	2.08%	3.63%	3.52%	3.04%	2.98%	9.98%	28.68%

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%).

Source: California Municipal Statistics

City of San Bruno, California

Pledged Revenue Coverage

For the last ten fiscal years

Business-type Activities						
Fiscal Year Ended June 30,	Wastewater Certificates of Participation					
	Sewer Revenues & Transfers	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
			Principal	Interest		
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	245,000	-	31.47
2013 Wastewater Revenue Refunding Bonds						
2014*	\$ 16,621,276	\$ 8,911,235	\$ 7,710,041	\$ -	\$ 257,968	29.89
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
2018	16,757,853	10,693,292	6,064,561	280,000	258,975	11.25
2017 Wastewater Revenue Bonds						
2018	\$ 16,757,853	\$ 10,693,292	\$ 6,064,561	\$ -	\$ 573,459	10.58
2017 Water Revenue Bonds						
2018	\$ 15,312,217	\$ 10,638,547	\$ 4,673,670	\$ -	\$ 272,194	17.17

* In Fiscal Year 2013-14, the City authorized the sale of Wastewater Revenue Refunding Bonds to refinance the outstanding 2002 Certificates of Participation

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)
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%
2018	46,085	1,873,078,740	40,644	39.2	3,854	2.2%	2.3%

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

Source: Avenu Insights & Analytics

- 1) Population projections are provided by the State Department of Finance Projections.
- 2) Income data is provided by the U.S. Census Bureau, 2010 American Community Survey
- 3) Median age reflects the U.S. Census data estimation table
- **School enrollment reflects the total number of students enrolled in Capuchino 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	2017-18			2008-09***		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
You Tube, Inc.*	2,000	1	7.43%	309	1	21.43%
Walmart eCommerce	2,000	1	7.43%			
Skyline Colleege	782	3	2.91%			
Artichoke Joe's Casino	415	4	1.54%			
Target Store 1054	300	5	1.12%	300	2	20.80%
San Bruno Park School District**	272	6	1.01%			
City of San Bruno	230	7	0.86%			
Lowe's HIW, Inc.	168	8	0.62%	154	4	10.68%
Sears, Roebuck & Co**	167	9	0.62%	262	3	18.17%
JC Penney Co	154	10	0.57%			
Sears, Roebuck & Co**			0.00%			
Ironport Systems, Inc.			0.00%			
Inquire, Inc.			0.00%	63	10	
Melody Toyota			0.00%	67	9	4.65%
J.C.Penney Corp. Inc #1959-6						
Vantagepoint Venture Partners				70	5	4.85%
Long's Drug Store #09807				N/A	7	N/A
Lash Group, Inc.				268	8	18.59%
Davita Rx, LLC				23	6	1.60%
Total Top Employers	6,488		24.12%	884		100.77%
Total City Labor (1)	26,900			26,400		

Source: Avenu Insights & Analytics

2008-09: Previously published CAFR Report

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

(1) Total City Employment provided by EDD Lablor 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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	0.50
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	3.00	3.00	3.00	3.00	3.00
Human Resources	2.75	1.75	1.75	1.75	2.25	2.25	2.25	2.25	2.25	2.25
Finance										
Administration	5.00	5.00	5.00	5.00	4.50	5.00	5.00	5.00	5.50	5.50
Revenue Services	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	4.50	4.50
Police	66.00	61.00	61.50	59.00	60.00	61.50	62.50	62.50	64.00	65.00
Fire	33.50	33.50	33.50	32.50	32.75	32.75	33.30	33.40	35.00	35.00
PublicWorks										
Admin. & Engineering	7.75	7.75	6.75	6.75	6.75	6.70	6.70	6.70	6.70	6.70
Streets Maintenance	5.60	5.10	5.05	5.05	5.05	5.10	5.70	5.80	5.80	5.80
Community Development										
Planning	2.50	2.00	2.00	1.75	3.50	4.50	4.50	4.25	5.75	5.25
Building	5.00	4.00	4.00	4.25	6.50	6.50	7.50	7.75	8.25	8.75
Parks & Recreation Services										
Recreation	4.35	3.85	4.05	4.05	4.00	4.00	4.75	4.90	4.90	4.90
Parks Maintenance	17.00	15.50	14.35	13.35	13.80	13.80	14.30	13.05	13.05	13.05
Senior Services	2.15	2.15	2.25	1.25	3.35	3.35	3.45	3.75	3.65	3.65
Library Services	10.00	9.00	8.75	8.75	7.65	7.65	7.55	7.75	7.85	7.85
Subtotal	178.60	167.60	165.95	160.45	167.10	170.10	174.50	174.10	179.20	179.70
Special Revenues										
Solid Waste	0.30	0.25	0.35	0.35	0.35	0.35	0.35	0.45	0.45	0.45
RDA Operation	3.60	3.60	3.60	3.60	-	-	-	-	-	-
Successor Agency to SB RDA	N/A	N/A	N/A	N/A	1.00	-	-	-	-	-
RDA Low/Mod Housing	1.90	1.90	1.90	1.90	-	-	-	-	-	-
Subtotal	5.80	5.75	5.85	5.85	1.35	0.35	0.35	0.45	0.45	0.45
Internal Services										
Central Garage	3.95	3.95	3.35	2.85	2.85	2.35	2.35	2.35	2.35	2.35
Buildings and Facilities	7.00	7.00	6.10	6.10	5.70	5.70	6.45	7.05	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	0.50	1.00	1.00	1.00	1.00
Subtotal	14.95	14.95	13.45	12.95	12.55	11.55	12.80	13.40	13.40	13.40
Enterprise Funds										
Water Enterprise	16.90	16.90	17.30	17.30	17.30	16.95	17.45	17.45	17.95	17.95
Stormwater Enterprise	2.95	2.95	3.65	3.65	3.65	3.75	4.15	3.95	3.95	3.95
Wastewater Enterprise	14.60	14.10	14.55	15.55	15.55	15.80	16.30	16.30	16.80	16.80
Cable Enterprise	19.50	19.50	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Subtotal	53.95	53.45	55.50	56.50	56.50	56.50	57.90	57.70	58.70	58.70
Glenview Funds										
Crestmoor (Glenview) Recovery					5.00	4.25	3.70	3.70	2.00	0.50
Subtotal	N/A	N/A	N/A	N/A	5.00	4.25	3.70	3.70	2.00	0.50
Total Positions (all funds)	253.30	241.75	240.75	235.75	242.50	242.75	249.25	249.35	253.75	252.75

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Calls for Service	25,164	23,305	22,275	23,242	24,405	30,131	32,610	36,144	31,333	42,057
Physical arrests	1,585	1,371	1,401	1,371	989	1,071	1,224	1,280	1,311	1,087
Parking violations**	11,706	9,242	10,273	11,683	11,559	8,710	8,794	11,675	15,525	14,205
Traffic collisions	480	387	452	387	380	369	464	452	384	325
Moving citations	2,215	2,128	2,665	2,128	1,422	2,659	2,144	2,221	2,225	2,424
Fire										
Number of stations	2	2	2	2	2	2	2	2	2	2
Number of calls answered	3,539	3,517	3,791	3,809	3,916	3,148	3,159	3,574	4,288	3,874
Number of inspection conducted**	1,428	1,300	1,341	1,381	1,358	1,326	1,375	1,420	1,360	1,307
Public Works										
Street repair (sq. ft.)	*	11,405	8,750	4,304	3,923	4,792	14,697	861,150	145,204	539,343
Potholes repaired	*	1,055	1,055	1,016	2,311	2,670	2,185	1,618	2,333	1,442
Sidewalk repair (sq. ft)	*	4,653	2,478	2,215	896	11,625	14,980	651	262	119,922
Sidewalk curb&gutter repair (ft)	*	481	89	62	85	927	1,397	109	886	26,041
Community Development:										
Plans checks	*	413	389	384	340	340	527	553	445	549
Permits Issued	*	1,178	1,575	1,375	1,284	1,283	1,339	1,622	1,500	1,468
Parks & recreation:										
Picnic rentals	*	*	766	813	673	934	954	859	842	888
Library:										
Library circulation	*	*	374,496	372,162	388,066	358,362	354,047	329,210	337,671	334,711
Library visits	*	*	239,916	239,649	228,835	248,563	219,343	182,263	179,150	190,466
Water										
New service connections	*	353	320	271	265	442	263	285	363	243
Gallons purchased(millions of gallons)			584	796	725	600	477	507	948	950

**Calendar year as of October 31

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Engineering /Public Works										
Pavement	(698,027)	(696,010)	(732,678)	(934,435)	(946,351)	(966,874)	(1,016,316)	(1,036,861)	(1,100,298)	(1,207,082)
Traffic Signal										
Traffic Signal	(43,404)	(54,334)	(54,334)	(53,676)	(60,318)	(71,803)	(71,803)	(71,803)	(69,696)	(68,190)
Streetlights										
Streetlights	(241,541)	(241,541)	(241,541)	(100,642)	-	-	-	-	(4,829)	(57,948)
Housing & Redevelopment										
Roadway in centerline miles										
Sidewalk	(415,587)	(415,488)	(423,538)	(423,538)	(422,886)	(453,714)	(468,913)	(463,397)	(461,957)	(427,237)
Roadway in centerline miles										
Curb & Gutter	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)	(117,235)
Parks and Recreation										
Park Facilities										
Park Facilities	(35,847)	(35,847)	(35,847)	(35,847)	(35,847)	(35,847)	(35,847)	(35,010)	(34,412)	(34,412)
Walkway Paths and Trails Subsystem										
Walkway Paths and Trails Subsystem	(20,507)	(20,507)	(20,507)	(20,507)	(20,507)	(20,507)	(20,507)	(20,453)	(20,414)	(20,414)
Buildings										
Structures	(377,093)	(386,312)	(394,902)	(394,682)	(395,536)	(437,055)	(385,051)	(383,823)	(382,946)	(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.

**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, 2018, and have issued our report thereon dated December 18, 2018.

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 2018-01 and 2018-02 in our separately issued Memorandum on Internal Control dated December 18, 2018, 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 18, 2018, 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 18, 2018