



ROGERS, ANDERSON, MALODY & SCOTT, LLP
 CERTIFIED PUBLIC ACCOUNTANTS

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Citizens' Oversight Committee and City Council
 City of San Bernardino, California

**Independent Auditor's Report on the
 Measure Z Public Safety Tax**

We have audited the accompanying schedule of revenues and expenditures of the Measure Z Public Safety Tax of the City of San Bernardino for the year ended June 30, 2008. This financial statement is the responsibility of the City of San Bernardino, California's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the schedule of revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of revenues and expenditures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule of revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying schedule of revenues and expenditures presents only the revenues and expenditures of the Measure Z Public Safety Tax of the City of San Bernardino.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and expenditures of the Measure Z Public Safety Tax of the City of San Bernardino for the year ended June 30, 2008 in conformity with accounting principles generally accepted in the United States of America.

Rogers, Anderson, Malody & Scott, LLP

January 7, 2009

MEMBERS

AMERICAN INSTITUTE OF
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The Honorable City Council
City of San Bernardino
San Bernardino, California

Additional Information Regarding the Audit of the Measure Z Public Safety Tax of the City of San Bernardino

Our audit of the Measure Z Public Safety Tax (Measure Z) of the City of San Bernardino included the procedures identified below, as well as other procedures performed in connection with our audit of the financial statements of the City of San Bernardino (the City) for the year ended June 30, 2008, which resulted in our unqualified opinion that the financial statements of the City were fairly stated in accordance with generally accepted accounting principles. This information regarding our audit of the Measure Z Public Safety Tax has been provided to communicate to the Citizen's Oversight Committee the results of the audit procedures identified below:

1. We analyzed the following documents in order to gain an understanding of the requirements stated in Measure Z:
 - Ordinance No. MC-1229
 - Resolution 2006-286
 - Resolution 2006-287
 - Resolution 2006-288
 - Resolution 2006-289

Results: We noted that the City Council placed before the voters of the City of San Bernardino a Public Safety Transactions and Use Tax Ordinance (the Ordinance) relating to the imposition of a one-quarter of one percent (0.25%) transaction and use tax to fund public safety operations. The election on the Measure was held on November 7, 2006, at which time the voters were asked whether or not the City should implement a quarter-cent sales tax for 15 years to improve public safety, fund anti-gang and anti-crime operations, and fund supervised after-school youth activities. The Measure presented to the voters provided that such funds would be utilized with the creation of a citizen's oversight committee and independent financial audits. At the election on November 7, 2006, the voters passed the Ordinance, identified as Measure Z on the ballot.

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2. We obtained and reviewed a summary revenue detail report from the City's general ledger for the Measure Z Public Safety Tax for the fiscal year ended June 30, 2008. We reviewed supporting cash receipts to test whether the City had properly recorded receipts of the voter approved transaction and use tax in the amount of one-quarter of one percent (0.25% sales tax) in the general fund of the City.

Results: We noted no exceptions as a result of our procedures. All receipts of the voter approved transaction and use tax in the amount of one-quarter of one percent (0.25% sales tax) were properly recorded in the general fund of the City for the fiscal year ended June 30, 2008.

3. We obtained and reviewed a summary expenditure detail from the City's general ledger for the Measure Z Public Safety Tax for the fiscal year ended June 30, 2008. We selected individually significant transactions listed in this expenditure detail report and tested whether adequate supporting documentation (vendor/supplier invoices, receipts, etc.) existed and whether the expenditure related to the specific projects stated in the Measure. We also examined supporting documentation to test whether the amounts agreed to the City's general ledger and that no unallowable costs were charged against the Measure Z Public Safety Tax.

Results: We noted no exceptions as a result of our procedures. Adequate supporting documentation existed for selected items and the expenditures related to the specific projects stated in the Measure. In addition, amounts on the supporting documentation agreed to the City's general ledger and no unallowable costs to Measure Z Public Safety Tax were detected by our testing.

4. We obtained and reviewed selected payroll transactions to test whether the allocation of salaries and benefits to Measure Z Public Safety Tax were reasonable. We obtained an understanding from the City of the methodology used to allocate salaries, as well as reviewed documentation supporting these allocations to Measure Z Public Safety Tax. In addition, we inspected selected transactions charged against Measure Z to determine if the salaries allocated were reasonable based upon the duties performed.

Results: We noted no exceptions as a result of our procedures. Salaries and benefits charged against the Measure Z Public Safety Tax appeared reasonable in relation to the activities and duties performed by the related personnel.

This report is intended solely for the information and use of the City Council, management of the City of San Bernardino and the Citizens' Oversight Committee and is not intended to be and should not be used by anyone other than these specified parties. However, this limitation is not meant to limit the distribution of this report which is a matter of public record.

Roger Anderson Malady & Smith, LLP

January 7, 2009

CITY OF SAN BERNARDINO
 Measure Z Public Safety Tax
 Schedule of Revenues and Expenditures
 For the year ended June 30, 2008

Beginning balance - July 1, 2007	<u>\$ 112,364</u>
Revenues:	
Sales tax (0.25%)	<u>6,511,475</u>
Expenditures:	
Salaries and benefits	3,271,457
Maintenance and operations	221,402
Contractual services	748,465
Internal service charges	55,000
Capital outlay	521,137 **
Debt service:	
Principal	16,906
Interest	<u>2,127</u>
Total expenditures	<u>4,836,494</u>
Ending balance - June 30, 2008	<u>\$ 1,787,345 *</u>

*The ending balance of \$1,787,345 at June 30, 2008 does not reflect the following carryovers from fiscal year 2007/08 to fiscal year 2008/09, approved by the City Council on November 17, 2008:

Encumbrances	<u>\$ 95,300</u>
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**During the fiscal year ended June 30, 2008, the City entered into a capital lease financing agreement for three police vehicles in an amount totaling \$106,630.

**CITY OF SAN BERNARDINO
YEAR END REVENUES AND EXPENDITURES
FISCAL YEAR 2007-2008
MEASURE Z PUBLIC SAFETY TAX**

BEGINNING BALANCE - July 1, 2007

\$ 112,364

REVENUES

District Sales Tax (0.25%)

\$ 6,511,475

EXPENDITURES

Salaries and Benefits

\$ 3,271,457

Safety Overtime-Crime Impact Team \$ 1,199,893
Safety F/T Salary/Benefits 2,061,743
Code Salary/Benefits 9,821

Recruitment & Travel

\$ 134,231

LET Academy Costs \$ 66,500
Lamar Billboards 18,000
Inland Empire Hispanic Newspaper 1,650
Radio (Kfrog, KCLA-KOLA) 24,800
Recruitment Video 22,761
Job Fairs 520

Supplies & Other Operating Expenses

\$ 87,171

Leather Gear \$ 6,553
Gas Masks 3,193
Police Badges 4,000
Kevlar Helmets 4,631
Uniforms 5,047
Vehicle Graphics 3,200
Vehicle Lights, sirens, etc. 19,330
Vehicle Shotguns 1,418
Vehicle Prostraint Seats/Cages 1,665
Vehicle Door Panels 1,744
Extradition Costs 32,577
Flight Suits 1,863
Misc. Supplies/Operating Costs 1,950

Contractual Services

\$ 748,465

Helicopter Services \$ 657,050
Background Investigations 25,200
Install Safety Equipment 22,472
Rafael Rawls-Community Liaison 26,200
Audit Services 3,000
Polygraph Exams & Fingerprints 12,633
State Dept. of Justice 1,910

**CITY OF SAN BERNARDINO
YEAR END REVENUES AND EXPENDITURES
FISCAL YEAR 2007-2008
MEASURE Z PUBLIC SAFETY TAX**

<u>Internal Services-Garage Charges</u>	\$ 55,000
Crime Impact Team vehicles	
Fuel and Vehicle Maintenance	

<u>Capital Outlay</u>	\$ 521,137
Ballistic Vests	153,302
(2) Sedan Vehicles	38,558
Install EVDO connection	6,384
Internet Job Application Program	12,780
10 Laptop Mobile Computers	70,449
17 Motorola Portable Radios	52,381
Motorola Radio chargers	15,639
Motorola VRM 850	10,532
(4) Panasonic Mobile Data Computer	27,493
Stabilized Binnoculars	2,579
17 Digital Voice Recorder	9,824
263 Tasers	90,000
17 H&K .45 Shotguns for vehicles	13,163
23 Lockers and installation	16,129
Misc. Police Equipment Items	1,924

<u>Debt Service</u>	\$ 19,033
Vehicle Lease Payments	

TOTAL EXPENDITURES	\$ 4,836,494
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ENDING BALANCE - June 30, 2008	\$ 1,787,345
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Continue Appropriation/Encum Carryovers

<u>Encumbrance Carryovers</u>	2,100
Vehicle prostraint seats and cages	2,100

<u>Continuing Appropriations</u>	93,200
Parks Operation Phoenix	93,200

TOTAL CARRYOVERS	\$ 95,300
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ENDING BALANCE AFTER CARRYOVERS	\$ 1,692,045
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