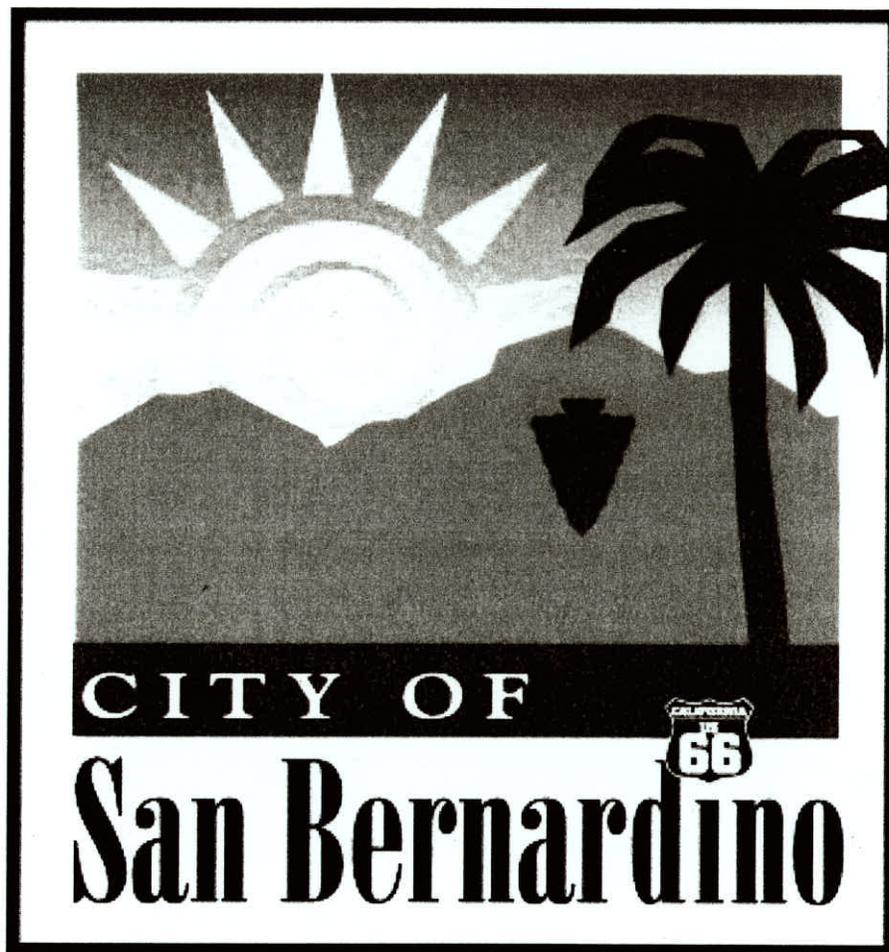


CITY OF SAN BERNARDINO, CALIFORNIA



SM

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2007

CITY OF SAN BERNARDINO, CALIFORNIA

Comprehensive Annual Financial Report

Year Ended June 30, 2007

PREPARED BY

FINANCE DEPARTMENT

CITY OF SAN BERNARDINO CALIFORNIA

(This page intentionally left blank)

Year Ended June 30, 2007

PREPARED BY

FINANCE DEPARTMENT

**City of San Bernardino
Comprehensive Annual Financial Report
Year Ended June 30, 2007**

TABLE OF CONTENTS

	Page
<u>INTRODUCTORY SECTION:</u>	
Letter of Transmittal	i
Roster of City Officials	v
Organization Chart	vi
GFOA Certificate of Achievement for Excellence in Financial Reporting	vii
<u>FINANCIAL SECTION:</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	17
Statement of Activities	18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	25
Statement of Revenues, Expenditures, and Changes in Fund Balances	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Proprietary Funds:	
Statement of Net Assets	30
Statement of Revenues, Expenses, and Changes in Fund Net Assets	34
Statement of Cash Flows	36
Agency Funds:	
Statement of Fiduciary Assets and Liabilities	40
Notes to Basic Financial Statements	41

**City of San Bernardino
Comprehensive Annual Financial Report
Year Ended June 30, 2007**

TABLE OF CONTENTS (CONTINUED)

<u>FINANCIAL SECTION (CONTINUED):</u>	<u>Page</u>
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund	99
Major Special Revenue Funds:	
Federal and State Grants Fund	103
Economic Development Agency Fund	104
Notes to Required Supplementary Information	105
Schedule of Funding Progress	106
Supplementary Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	109
Nonmajor Special Revenue Funds:	
Combining Balance Sheet – Nonmajor Special Revenue Funds	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	116
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Library Fund	121
Cemetery Fund	122
Cable TV Fund	123
Asset Seizure Fund	124
Alternative Transportation Fund	125
Animal Control Fund	126
Traffic Congestion Fund	127
Special Gas Tax Fund	128
Traffic Safety Fund	129
Sewerline Maintenance Fund	130
Sales and Road Fund	131
Baseball Stadium Fund	132
Soccer Field Fund	133
IVDA Fund	134

**City of San Bernardino
Comprehensive Annual Financial Report
Year Ended June 30, 2007**

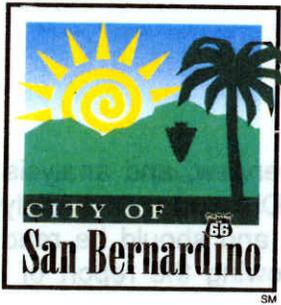
TABLE OF CONTENTS (CONTINUED)

	Page
<u>FINANCIAL SECTION (CONTINUED):</u>	
Major and Nonmajor Debt Service Funds:	
Combining Balance Sheet – Nonmajor Debt Service Funds	136
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds	138
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Assessment District #971 Fund	141
Assessment District #985 Fund	142
Assessment District #987 Fund	143
Assessment District #1015 Fund	144
Verdemont Improvement Loan Fund	145
Fire Station Fund	146
Economic Development Agency Fund	147
Major and Nonmajor Capital Projects Funds:	
Combining Balance Sheet – Nonmajor Capital Projects Funds	150
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	154
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Public Park Extension Fund	159
CIEDB Street Construction Fund	160
Fire Equipment Acquisition Fund	161
Park Construction Fee Fund	162
Cemetery Construction Fund	163
Sewerline Construction Fund	164
Storm Drain Construction Fund	165
Special Assessments Fund	166
Cultural Development Construction Fee Fund	167
Traffic Systems Fund	168
Street Lighting/Sweeping Fund	169
Assessment District #1015 Fund	170
Impact Fees Fund	171
Street Construction Fund	172
Public Improvements Fund	173
Economic Development Agency Fund	174

**City of San Bernardino
Comprehensive Annual Financial Report
Year Ended June 30, 2007**

TABLE OF CONTENTS (CONTINUED)

<u>FINANCIAL SECTION (CONTINUED):</u>	<u>Page</u>
Internal Service Funds:	
Combining Statement of Net Assets	176
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	178
Combining Statement of Cash Flows	180
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities	186
Combining Statement of Changes in Fiduciary Assets and Liabilities	189
 <u>STATISTICAL SECTION:</u>	
Net Assets by Component	194
Changes in Net Assets	195
Fund Balances of Government Funds	197
Changes in Fund Balances of Government Funds	198
Assessed Value and Estimated Actual Value of Taxable Property	199
Principal Property Tax Payers	200
Property Tax Levies and Collections	201
Ratios of Outstanding Debt by Type	202
Ratio of General Bonded Debt Outstanding	203
Schedule of Direct and Overlapping Bonded Debt	204
Legal Debt Margin Information	205
Pledged-Revenue Coverage	206
Demographic and Economic Statistics	207
Principal Employers	208
Full-time and Part-time City Employees	209
Operating Indicators by Function	210
Capital Asset Statistics by Function/Program	211
Water Sold by Type of Customer	212
Water Rates	213
Water Customers	214



October 26, 2007

300 North "D" Street • San Bernardino • CA 92418-0001
www.sbcity.org

To the Mayor, Council Members and Citizens of the City of San Bernardino:

It is the policy of the City of San Bernardino to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the City of San Bernardino ("the City") for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by ROGERS, ANDERSON, MALODY & SCOTT, L.L.P., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2007 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon that audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2007, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.



GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of San Bernardino, incorporated as a Charter City in 1854, is located in Southern California, approximately 60 miles east of Los Angeles and 55 miles west of Palm Springs. The City has a land area of approximately 59.3 square miles and population of approximately 194,100. The City is the County Seat of San Bernardino County, the largest county in the nation. Along with adjacent Riverside County, these two counties comprise what is called the "Inland Empire," so-named because it formerly was a vast agriculture domain (primarily citrus). This area is immediately east of the Los Angeles/Orange County metropolitan area and has one of the fastest growing populations in the United States, a trend that is expected to continue through the next decade.

The City operates under a Mayor/Council form of government. The Mayor is elected by the voters at large. Each of the seven members of the City Council is elected by voters in their respective wards. The Mayor and Councilmembers serve four-year terms. The City Administrator provides overall management and supervision of all City Departments. The City of San Bernardino also has an elected City Attorney, elected City Treasurer and elected City Clerk.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational activities and cultural events. The City is financially accountable for a redevelopment agency and financing authority, both of which are reported separately within the City's financial statements. Additional information regarding all three of these legally separate entities can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between department, however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy. The City currently enjoys a favorable economic environment and local indicators point to continued stability. Competitive land prices continue to draw business to the City and the region. Significant residential development has resulted in the region being one of the fastest growing in the state.

Long-term financial planning. The City Council continues to develop the concept of the "Lakes and Streams" project as the City's signature development, in conjunction with the San Bernardino Valley Municipal Water District. Funding for the project will primarily come from the sale of groundwater.

Funding for additional economic development projects will be obtained from the California State Infrastructure Bank. In some cases, revenues generated by those projects will be used to repay those loans.

Cash management policies and practices. Cash temporarily idle during the year was invested by the City Treasurer in **authorized investments** including obligations of the U.S. Treasury, corporate bonds, investment contracts, and the State Treasurer's investment pool. The maturities of the investments range from current to 5 years, with average days to maturity of 699 at 6/30/06. The average yield on investments was 3.57 percent. **Investment income includes changes in the fair value of investments.** Changes in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

Risk management. The City of San Bernardino is **self-insured for workers' compensation and liability.** The unpaid claims and judgments payable as of June 30, 2007 for these activities is \$14,191,478. Although the City has set aside \$3,339,620 to meet these obligations, prior unfunded losses in addition to unfunded claims will need to be made up with future increased charges or contributions. **Third-party coverage is currently maintained from the Big Independent Cities Excess Pool (BICEP) for individual workers' compensation claims in excess of \$300,000 with limits of \$2 million and excess liability coverage in excess of \$1 million with limits of \$25 million.** Additional information on the City's risk management activity can be found in the notes to the financial statements.

Pension and other postemployment benefits. The City contributes to the California Public Employees Retirement System, an agent multiple-employer public employee defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As of June 30, 2006 (the most recent year for which the calculation is available), the City of San Bernardino has succeeded in funding 87% of the present value of the projected benefits earned by employees. The remaining unfunded actuarial liability associated with employee services rendered to date is being systematically funded over 26 years as part of the annual required contribution calculated by the actuary.

The City also provides postretirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 294 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not currently require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information regarding the City's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the department especially Gary Silvius, Accounting Manager who coordinated the preparation of this report. Credit also must be given to the Mayor and City Council for their unflinching support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Barbara S. Pachon
Finance Director

CITY OF SAN BERNARDINO, CALIFORNIA

ROSTER OF CITY OFFICIALS

JUNE 30, 2007

LEGISLATIVE OFFICIALS

Patrick J. Morris	Mayor*
Esther R. Estrada	Member of Common Council-Ward 1*
Dennis J. Baxter	Member of Common Council-Ward 2*
Tobin Brinker	Member of Common Council-Ward 3*
Neil Derry	Member of Common Council-Ward 4*
Chas Kelley	Member of Common Council-Ward 5*
Rikke Van Johnson	Member of Common Council-Ward 6*
Wendy J. McCammack	Member of Common Council-Ward 7*

CHIEF ADMINISTRATIVE OFFICERS

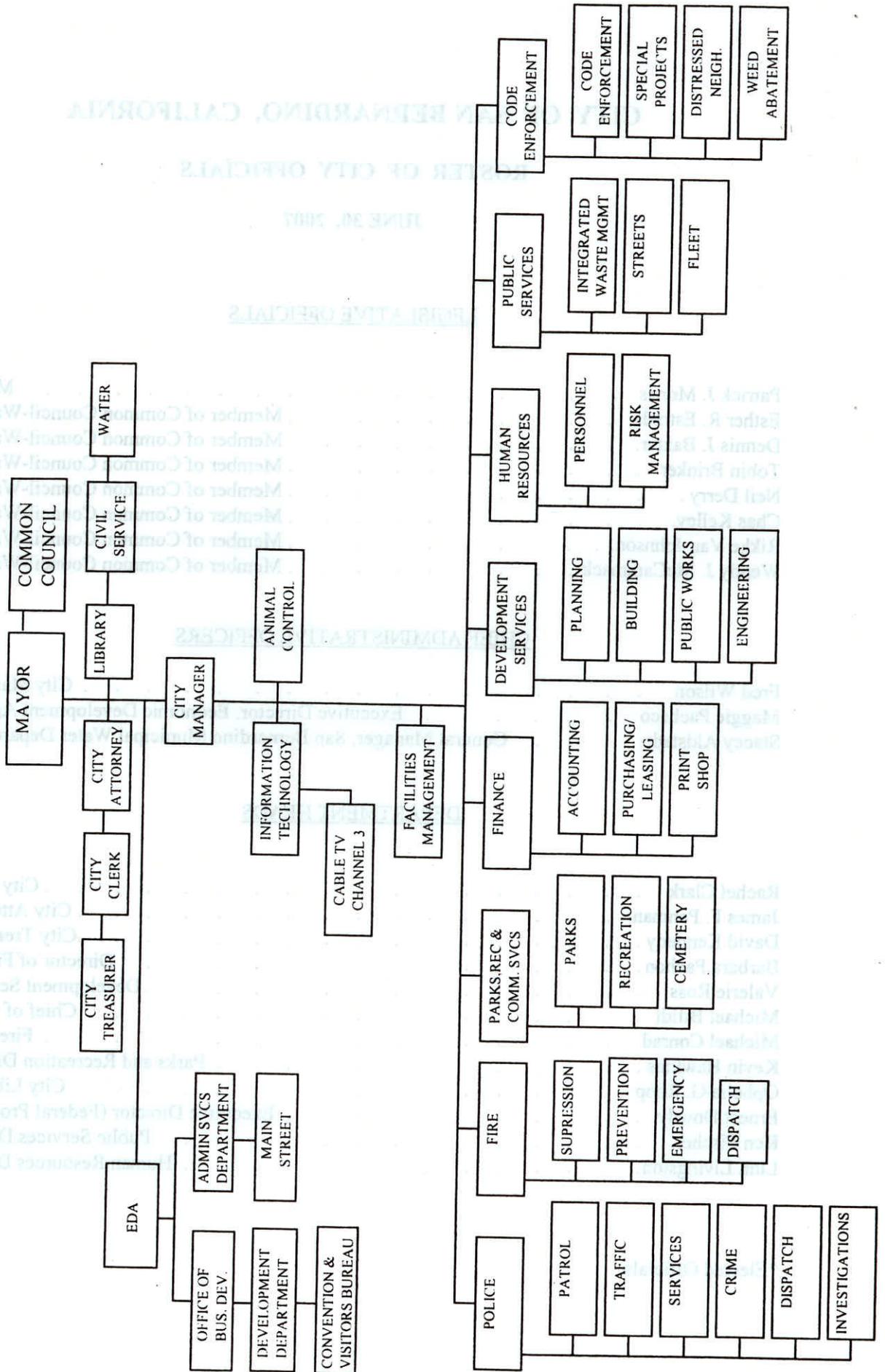
Fred Wilson	City Manager
Maggie Pacheco	Executive Director, Economic Development Agency
Stacey Aldstadt	General Manager, San Bernardino Municipal Water Department

DEPARTMENT HEADS

Rachel Clark	City Clerk*
James F. Penman	City Attorney*
David Kennedy	City Treasurer*
Barbara Pachon	Director of Finance
Valerie Ross	Development Services
Michael Billdt	Chief of Police
Michael Conrad	Fire Chief
Kevin Hawkins	Parks and Recreation Director
Ophelia G. Roop	City Librarian
Ernest Dowdy	Executive Director (Federal Programs)
Ken Fischer	Public Services Director
Linn Livingston	Human Resources Director

*Elected Officials

CITY OF SAN BERNARDINO



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Bernardino
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

(This page intentionally left blank)

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public agencies whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



Executive Director





ROGERS, ANDERSON, MALODY & SCOTT, LLP

CERTIFIED PUBLIC ACCOUNTANTS

JAY H. ZERCHER, C.P.A.
ROBERT B. MEMORY, C.P.A.
PHILLIP H. WALLER, C.P.A.
BRENDA L. ODLE, C.P.A.
TERRY P. SHEA, C.P.A.
KIRK A. FRANKS, C.P.A.
MATTHEW B. WILSON, C.P.A.
SCOTT W. MANNO, C.P.A.
LEENA SHANBHAG, C.P.A.

NANCY O'RAFFERTY, C.P.A.
BRAD A. WELEBIR, C.P.A.
MARION M. HABERKORN, C.P.A.
TIMOTHY P. HORN, C.P.A.

The Honorable Mayor and Council Members City
of San Bernardino, California

INDEPENDENT AUDITORS' REPORT

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 Bernardino, California, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of San Bernardino's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the water and sewer funds contained in the business-type activities of the government-wide financial statements and in the proprietary fund financial statements, which represent 96%, 98% and 74%, respectively, of the assets, net assets, and revenues of the business-type activities and proprietary fund financial statements. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities and proprietary fund financial statements, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bernardino, California, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

PCPS THE AICPA ALLIANCE FOR CPA FIRMS

CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2007 on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of San Bernardino's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the budgetary comparison schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the primary government basic financial statements. The combining, individual nonmajor fund financial statements and the budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to, the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Rogers, Anderson, Malody & Scott, LLP

December 13, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of San Bernardino (the City) provides an overview of the City's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how various services were financed in the year and over their life. Fund financial statements provide information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

(This page intentionally left blank)

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of the following: Management's Discussion and Analysis (this section), the Statement of Net Assets, the Statement of Activities, the Statement of Financial Position, the Statement of Fund Financial Position, the Statement of Fund Financial Operations, and the Statement of Fund Financial Position. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
- The governmental fund statements tell how general government uses services like public safety were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as the water and sewer system.
- Fiduciary fund statements provide information about the fiduciary relationships - like the agency funds of the City - in which the City acts solely as agent or trustee for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that provided additional financial and budgetary information.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of San Bernardino (the City) provides an overview of the City's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an *optional section that presents combining statements* for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* uses services like public safety were financed in the *short-term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates like businesses, such as the water and sewer system.
 - *Fiduciary fund* statements provide information about the fiduciary relationships – like the agency funds of the City – in which the City acts solely as *agent* or *trustee* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provided additional financial and budgetary information.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of the City's Government-wide and Fund Financial Statements

	Government-wide Statements	Government Funds	Proprietary Funds
Scope	Entire City Government (except Fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses
Required financial statements	- Statement of net assets - Statement of activities	- Balance sheet - Statement of revenues, expenditures and changes in fund balances	- Statement of net assets - Statement of revenues, expenses and changes in net assets - Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Reporting the City as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the City of San Bernardino as a whole. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or *financial position*. Over time, *increases and decreases* in the City's net assets are one indicator or whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here. Sales taxes, property taxes, other taxes, state subventions, and other revenues finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of the services accounted for in these funds.

Reporting the City's Most Significant Funds

The **fund financial statements** provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money (like grants received). The City's two kinds of funds – *governmental and proprietary* – use different accounting approaches.

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. **The governmental fund statements provide a detailed short-term view** of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental funds* in a reconciliation at the bottom of the fund financial statements.
- **Proprietary funds** – When the city charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A Summary of the government-wide *statement of net assets* follows:

Table 1 Net Assets June 30, 2007 and 2006 (in millions)						
	----- June 30, 2007 -----			----- June 30, 2006 -----		
	Govt Activities	Business Type Activities	Total	Govt. Activities	Business Type Activities	Total
Current and other assets	\$ 228.0	\$ 139.7	\$ 367.7	\$ 198.0	\$ 135.4	\$ 333.4
Capital assets	481.2	242.7	723.9	486.2	229.2	715.4
Total assets	709.2	382.4	1,091.6	684.2	364.6	1,048.8
Long-term debt outstanding	289.4	63.3	352.7	281.7	61.5	343.2
Other liabilities	14.0	75.9	89.9	11.8	76.4	88.2
Total liabilities	303.4	139.2	442.6	293.5	137.9	431.4
Net assets:						
Invested in capital assets						
net of debt	439.2	188.7	627.9	446.2	176.2	622.4
Restricted	173.0	27.3	200.3	135.2	24.9	160.1
Unrestricted	(206.4)	27.2	(179.2)	(190.7)	25.6	(165.1)
Total net assets	\$ 405.8	\$ 243.2	\$ 649.0	\$ 390.7	\$ 226.7	\$ 617.4

A summary of the government-wide *statement of activities* follows:

	-----June 30, 2007-----			-----June 30, 2006-----		
	Govt. Activities	Business Type Activities	Total	Govt. Activities	Business Type Activities	Total
Revenue						
Program revenues:						
Charges for services	\$ 32.1	\$ 71.3	\$ 103.4	\$ 28.2	\$ 61.9	\$ 90.1
Federal and state grants	26.4	19.2	45.6	25.3	20.4	45.7
General revenue:						
Sales taxes	36.0	-	36.0	36.8	-	36.8
Property taxes	58.1	-	58.1	49.2	-	49.2
Other taxes	38.3	-	38.3	37.4	-	37.4
Other general revenues	18.7	3.7	22.4	15.2	5.7	20.9
Total revenues	209.6	94.2	303.8	192.1	88.0	280.1
Program expenses:						
General government	27.3	-	27.3	23.9	-	23.9
Public safety	93.5	-	93.5	136.7	-	136.7
Streets	27.1	-	27.1	27.1	-	27.1
Culture & recreation	7.6	-	7.6	7.0	-	7.0
Community development	9.0	-	9.0	8.3	-	8.3
Economic development	10.5	-	10.5	13.0	-	13.0
Community service	7.9	-	7.9	8.7	-	8.7
Interest on long-term debt	14.1	-	14.1	13.2	-	13.2
Integrated waste	-	21.5	21.5	-	21.0	21.0
Water	-	28.4	28.4	-	25.2	25.2
Sewer	-	25.3	25.3	-	22.7	22.7
Total expenses	197.0	75.2	272.2	237.9	68.9	306.8
Excess (deficiency) before Special items and transfers	12.6	19.0	31.6	(45.8)	19.1	(26.7)
Transfers	2.5	(2.5)	-	2.8	(2.8)	-
Increase (decrease) in net assets	15.1	16.5	31.6	(43.0)	16.3	(26.7)
Beginning net assets	390.7	226.7	617.4	433.7	210.4	644.1
Ending net assets	\$ 405.8	\$ 243.2	\$ 649.0	\$ 390.7	\$ 226.7	\$ 617.4

The increase or decrease in net assets can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Net assets of the City's governmental activities increased by 3.9 percent (\$405.8 million compared to \$390.7 million). Revenue and expense fluctuations are described below for the governmental and business-type activities of the City. *Unrestricted* net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$206.4 million deficit at the end of this year. The net assets of the City's business-type activities increased by 7.3 percent (\$243.2 million compared to \$226.7 million) in 2006.

Governmental Activities

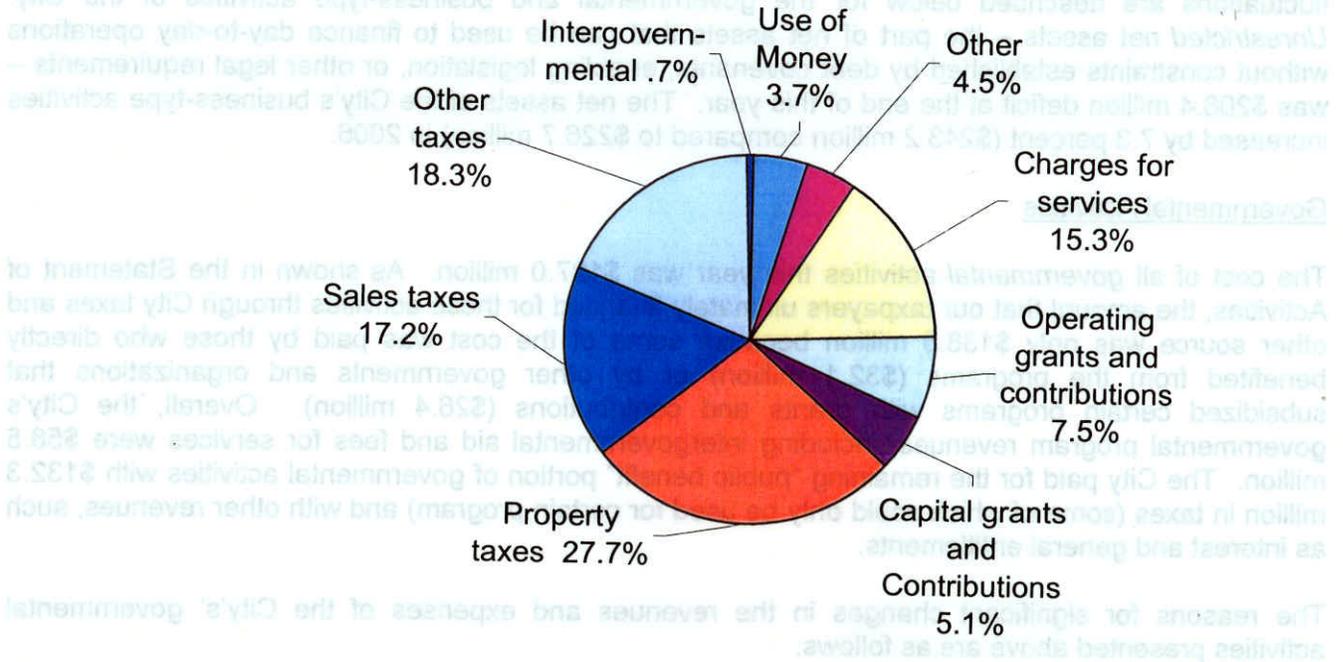
The cost of all *governmental* activities this year was \$197.0 million. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes and other source was only \$138.5 million because some of the cost was paid by those who directly benefited from the programs (\$32.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$26.4 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services were \$58.5 million. The City paid for the remaining "public benefit" portion of governmental activities with \$132.3 million in taxes (some of which could only be used for certain program) and with other revenues, such as interest and general entitlements.

The reasons for significant changes in the revenues and expenses of the City's' governmental activities presented above are as follows:

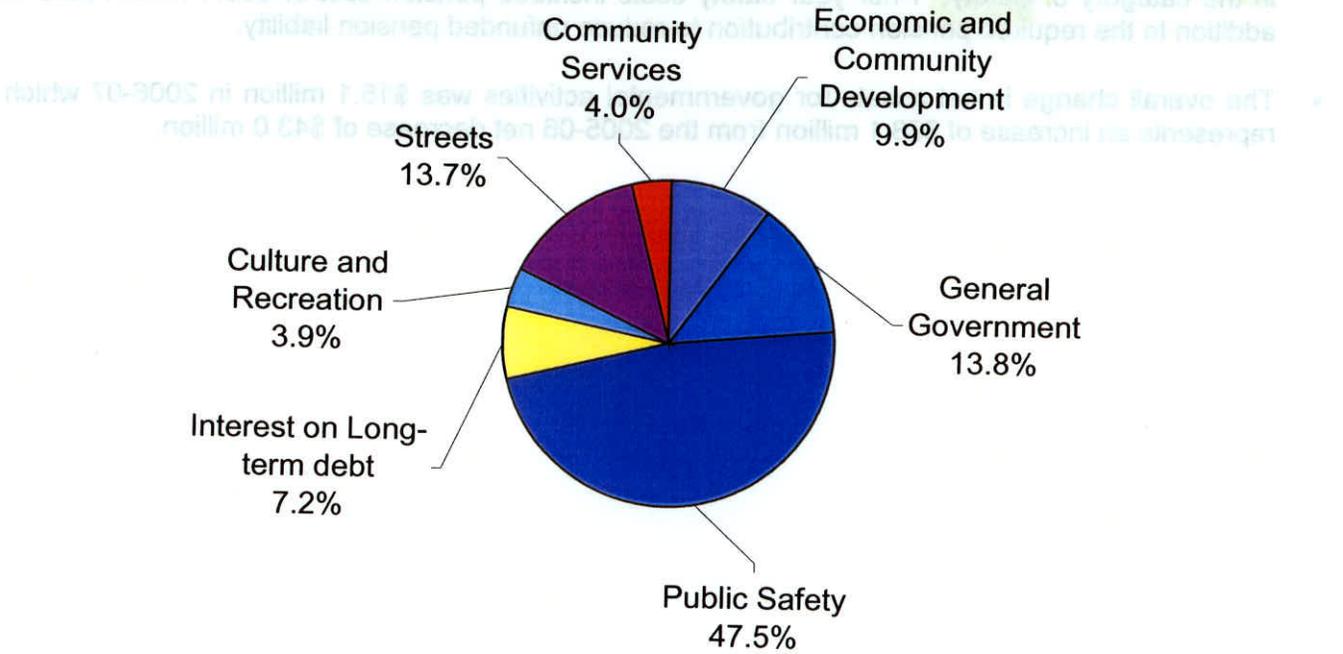
- Total revenues in governmental activities increases by 8.99% (\$212.0 million in 2007 vs \$194.5 million in 2006). Taxes increased \$9.0 million as a result of improving economic conditions and increased economic activity as well as transfers of revenues from the State of California.
- The cost governmental functions/programs decreased by \$40.9 million. The largest decrease was in the category of Safety. Prior year safety costs included pension cost of \$56.1 million paid in addition to the required pension contribution to reduce unfunded pension liability.
- The overall change in net assets for governmental activities was \$15.1 million in 2006-07 which represents an increase of \$58.1 million from the 2005-06 net decrease of \$43.0 million.



Revenue by Source – Governmental Activities



Expenses by Function – Governmental Activities

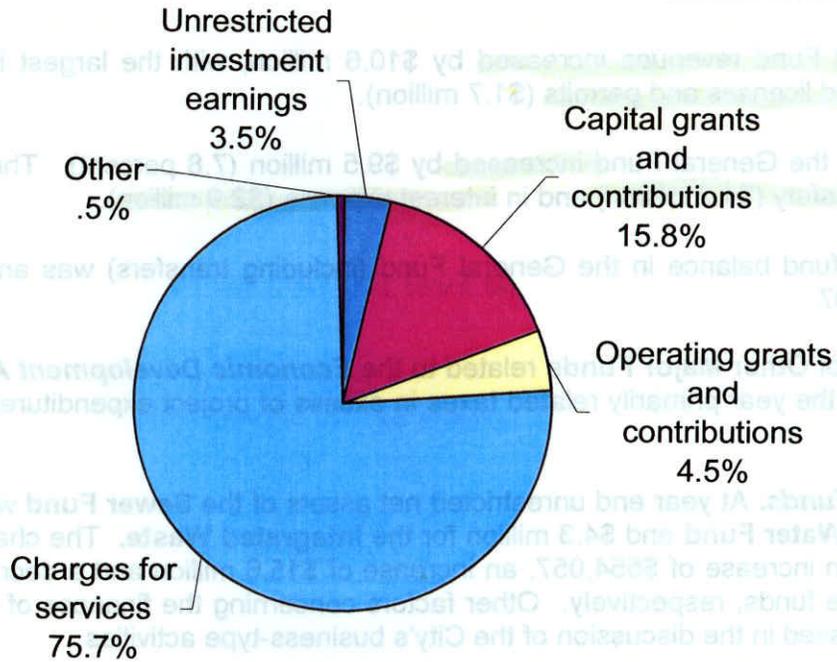


MAJOR FUNDS

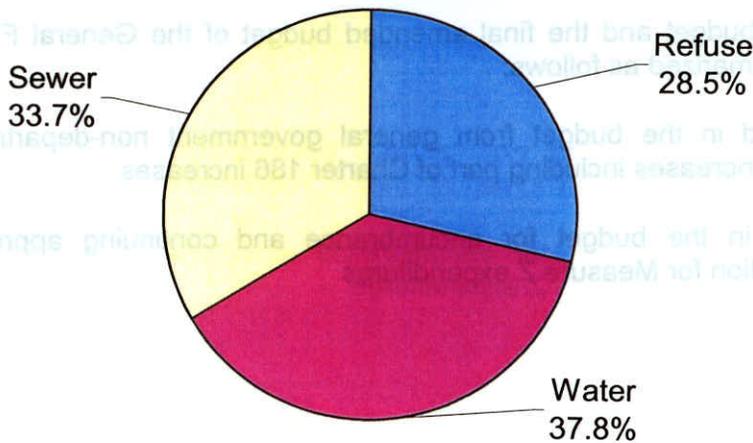
Business-Type Activities

Current years operating revenues of the City's business-type activities increased by 5.6% for Integrated Waste, by 29.7% for Water, and by 3.1% for the Sewer Enterprise. Capital Contributions in Water and Sewer were equal to 42.2 and 14.2 percent of operating revenues, respectively. Net assets increased by 12.7 percent for Water and .6 percent for Sewer. Integrated Waste net assets for the year increased by \$325,193 after non-operating revenues and expenses and transfers.

Revenue by Source – Business-type Activities



Expenses by Function – Business-type Activities



MAJOR FUNDS

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

Major Governmental Funds. The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5.8 million, the designated budget reserve was \$10.8 million while total fund balance decrease by \$1.3 million to \$18.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 4.3 percent of total general fund expenditures, while total fund balance represents 13.9 percent of that same amount.

The reasons for significant changes in the revenues and expenditures of the City's' General Fund from the prior year are as follows:

- Overall **General Fund revenues** increased by \$10.6 million, with the largest increase in **Taxes** (\$5.3 million) and **licenses and permits** (\$1.7 million).
- **Expenditures** in the General Fund increased by \$9.5 million (7.8 percent). The largest increase were in **Public Safety** (\$4.2 million) and in **interest expense** (\$2.9 million).
- The change in fund balance in the General Fund (including transfers) was an increase of \$1.3 million in 2006/07.

Total fund balance of **Other Major Funds** related to the **Economic Development Agency** increased by \$12.3 million for the year primarily related taxes in excess of project expenditures and issuance of bonds.

Major Enterprise Funds. At year end unrestricted net assets of the **Sewer Fund** were \$18.0 million, \$4.9 million for the **Water Fund** and \$4.3 million for the **Integrated Waste**. The change in net assets for the funds was an increase of \$554,057, an increase of \$15.6 million and a decrease of \$325,193 for each of the three funds, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGET

Differences between the original budget and the final amended budget of the General Fund were \$5,546,000 and can be briefly summarized as follows:

- \$1.9 million transferred in the budget from general government non-departmental to departments for salary increases including part of Charter 186 increases
- \$1.0 million increase in the budget for encumbrance and continuing appropriations carryovers and \$1.5 million for Measure Z expenditures

Major deviations between the final budget of the General Fund and its actual operating results were as follows:

- Property Tax was \$28.2 million which was \$3.0 million more than budgeted
- Utility Users Tax was \$1.3 million greater than budget
- Total revenues were \$3.4 million more than budget
- Total expenditures were \$8.1 million less than budget

These deviations did not significantly affect the City's liquidity or ability to provide future government services.

CAPITAL ASSETS

Capital Assets (net of depreciation) June 30, 2007 and 2006 (in millions)						
	-----June 30, 2007-----			-----June 30, 2006-----		
	Business			Business		
	Govt Activities	Type Activities	Total	Govt Activities	Type Activities	Total
Land	\$ 127.6	\$ 15.4	\$ 143.0	\$ 129.7	\$ 15.4	\$ 145.1
Infrastructure	304.3	-	304.3	304.7	-	304.7
Buildings & improv.	28.9	85.1	114.0	30.5	88.6	119.1
Machinery & equip	11.9	95.2	107.1	12.0	85.8	97.8
Construction in progress	8.4	47.0	55.4	9.3	39.4	48.7
Total	\$ 481.1	\$ 242.7	\$ 723.8	\$ 486.2	\$ 229.2	\$ 715.4

The major additions to capital assets during the year ended June 30, 2007 were as follows:

- \$14.0 million of infrastructure expenditures including \$13.0 million increase in construction improvements
- \$4.3 million of capital assets related to governmental activities
- Water Department acquired capital assets of \$11.5 million, primarily distribution system and capacity improvements

LONG-TERM DEBT

At the end of the current fiscal year, the City had bonded debt outstanding of \$255.3 million and additional debt of \$94.6 million. Of the bonded indebtedness \$149.8 million relates to tax allocation bonds \$50.4 is pension obligation bonds, \$16.0 million is revenue bonds and \$38.7 million in certificates of participation and \$.4 million is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment.

Outstanding Debt June 30, 2007 and 2006 (in millions)						
	----- June 30, 2007 -----			----- June 30, 2006 -----		
	Govt Activities	Business Type Activities	Total	Govt Activities	Business Type Activities	Total
Tax Allocation Bonds	\$ 149.8	\$ -	\$ 149.8	\$ 155.2	\$ -	\$ 155.2
Revenue Bonds	15.9	0.1	16.0	17.4	0.1	17.5
Notes Payable	13.4	25.7	39.1	5.6	28.0	33.6
Cert. of Part.	12.8	25.9	38.7	13.3	27.7	41.0
Pension Obligation Bonds	50.4	-	50.4	50.4	-	50.4
Assmt Dist Bonds	0.4		0.4	0.5	-	0.5
Other	46.7	8.8	55.5	39.3	3.4	42.7
Total	\$ 289.4	\$ 60.5	\$ 349.9	\$ 281.7	\$ 59.2	\$ 340.9

The City's total debt increased by \$9.0 million (2.6 percent) during the current fiscal year.

State statutes limit the amount of general obligation debt a city may issue to 15 percent of its total assessed valuation. The current debt limitation for the City is \$212,879,234 which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in the notes to the accompanying financial statements.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Finance Director, City of San Bernardino at 300 N. "D" St. San Bernardino, California 92418.

BASIC FINANCIAL STATEMENTS

(T) (s) (q) (s) (n) (i) (n) (e) (l) (d)

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank)

City of San Bernardino
Statement of Net Assets
June 30, 2007
(with prior year data for comparative purposes only)

	Governmental Activities	Business-type Activities	Totals	
			2007	2006
ASSETS				
Cash and investments	\$101,395,908	\$ 75,106,100	\$ 176,502,008	\$ 153,493,558
Cash and investments with fiscal agents	34,153,500	3,021,993	37,175,493	49,888,295
Receivables:				
Accounts, net	3,614,875	10,306,947	13,921,822	13,221,412
Interest	1,377,190	959,203	2,336,393	1,358,599
Notes	15,076,850	1,719,250	16,796,100	16,502,223
Other	2,973,636	-	2,973,636	1,260,499
Inventory	267,340	1,637,686	1,905,026	1,845,461
Prepays	453,500	45,259,053	45,712,553	47,674,555
Due from other governments	15,299,848	1,019,813	16,319,661	15,795,905
Land held for resale	51,752,297	-	51,752,297	28,188,719
Deferred charges	1,031,655	-	1,031,655	1,087,829
Other assets	675,077	665,043	1,340,120	3,056,941
Capital assets:				
Land, improvements, and construction in progress	136,020,051	62,406,308	198,426,359	193,816,518
Other capital assets, net of depreciation	345,130,154	180,328,538	525,458,692	521,595,801
Total assets	709,221,881	382,429,934	1,091,651,815	1,048,786,315
LIABILITIES				
Accounts payable and accrued expenses	8,058,449	9,179,638	17,238,087	13,651,443
Accrued interest	3,780,059	756,015	4,536,074	236,570
Retentions payable	247,513	40,405	287,918	65,542,018
Deposits payable	20,000	2,030,522	2,050,522	1,216,609
Unearned revenue	1,756,529	63,901,948	65,658,477	5,295,230
Due to other governments	97,828	-	97,828	2,254,020
Noncurrent liabilities:				
Due within one year	25,327,606	7,266,166	32,593,772	29,774,803
Due in more than one year	264,099,487	56,083,821	320,183,308	313,410,099
Total liabilities	303,387,471	139,258,515	442,645,986	431,380,792
NET ASSETS				
Invested in capital assets, net of related debt	439,241,654	188,668,410	627,910,064	622,459,562
Restricted for:				
Streets	21,213,459	-	21,213,459	19,469,934
Economic development	137,190,427	-	137,190,427	86,416,001
Capital related fees	-	27,280,333	27,280,333	24,859,169
Other purposes	14,571,296	-	14,571,296	29,269,930
Unrestricted	(206,382,426)	27,222,676	(179,159,750)	(165,069,073)
Total net assets	\$405,834,410	\$243,171,419	\$ 649,005,829	\$617,405,523

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

City of San Bernardino
Statement of Activities
For the year ended June 30, 2007
(with prior year data for comparative purposes only)

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 27,262,344	\$ 3,049,407	\$ 1,286,345	\$ -
Public safety	93,515,654	6,830,785	4,442,481	-
Streets	27,069,798	13,220,302	-	9,702,504
Culture and recreation	7,641,107	2,264,397	587,509	950,000
Community development	9,035,671	5,035,631	5,559,600	90,175
Economic development	10,484,282	-	-	-
Community service	7,859,979	1,665,858	3,798,364	-
Interest on long-term debt	14,091,476	-	-	-
Total governmental activities	196,960,311	32,066,380	15,674,299	10,742,679
Business-type activities:				
Integrated waste	21,484,555	24,035,457	-	-
Water	28,410,534	26,281,951	4,287,943	11,931,117
Sewer	25,357,620	21,002,484	-	2,973,713
Total business-type activities	75,252,709	71,319,892	4,287,943	14,904,830
Total primary government	\$272,213,020	\$103,386,272	\$ 19,962,242	\$ 25,647,509

General revenues:

Taxes:

Sales tax

Property tax

Other taxes

Franchise tax

Unrestricted investment earnings

Other

Intergovernmental (unrestricted)

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

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

**Net (Expense) Revenue and
Changes in Net Assets**

Governmental Activities	Business-type Activities	Totals	
		2007	2006
\$ (22,926,592)	\$ -	\$ (22,926,592)	\$ (20,394,921)
(82,242,388)	-	(82,242,388)	(128,407,502)
(4,146,992)	-	(4,146,992)	(8,194,667)
(3,839,201)	-	(3,839,201)	(4,529,703)
1,649,735	-	1,649,735	6,326,428
(10,484,282)	-	(10,484,282)	(13,049,495)
(2,395,757)	-	(2,395,757)	(2,981,701)
(14,091,476)	-	(14,091,476)	(13,196,169)
<u>(138,476,953)</u>	<u>-</u>	<u>(138,476,953)</u>	<u>(184,427,730)</u>
-	2,550,902	2,550,902	1,742,488
-	14,090,477	14,090,477	10,215,820
-	(1,381,423)	(1,381,423)	1,428,262
<u>-</u>	<u>15,259,956</u>	<u>15,259,956</u>	<u>13,386,570</u>
36,011,631	-	36,011,631	36,753,095
58,061,978	-	58,061,978	49,242,321
34,952,626	-	34,952,626	34,033,797
3,348,564	-	3,348,564	3,343,990
7,723,375	3,270,023	10,993,398	12,891,748
9,455,462	463,980	9,919,442	6,495,664
1,529,664	-	1,529,664	1,541,439
2,533,000	(2,533,000)	-	-
<u>153,616,300</u>	<u>1,201,003</u>	<u>154,817,303</u>	<u>144,302,054</u>
15,139,347	16,460,959	31,600,306	(26,739,106)
<u>390,695,063</u>	<u>226,710,460</u>	<u>617,405,523</u>	<u>644,144,629</u>
<u>\$ 405,834,410</u>	<u>\$ 243,171,419</u>	<u>\$ 649,005,829</u>	<u>\$ 617,405,523</u>

**City of San Bernardino
Balance Sheet
Governmental Funds
June 30, 2007**

(with prior year data for comparative purposes only)

	2007	Special Revenue Funds	
		Federal and State Programs	Economic Development Agency
ASSETS			
Cash and investments	\$ 4,157,228	\$ 30,224	\$ 20,820,095
Cash and investments with fiscal agents	41,195	-	-
Deposits	-	-	5,000
Receivables, net:			
Accounts	3,363,985	57,531	-
Interest	321,947	20,379	277,226
Leases	-	-	-
Taxes	-	-	-
Special assessments	-	-	-
Notes	-	-	-
Other	-	-	13,032,105
Inventory	19,583	-	4,396
Prepays	58,845	1,386	-
Due from other governments	9,426,277	2,183,606	1,653,417
Due from other funds	2,964,000	-	195,812
Advances to other funds	-	-	601,690
Property held for resale	-	-	31,135,640
Other assets	-	-	22,668
Total assets	\$ 20,353,060	\$ 2,293,126	\$ 67,748,049

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

City of San Bernardino
Balance Sheet
Governmental Funds
June 30, 2007

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total	
			2007	2006
Economic Development Agency	Economic Development Agency			
\$ -	\$34,417,694	\$ 36,945,248	\$ 96,370,489	\$ 75,758,960
33,851,956	-	159,531	34,052,682	49,787,477
-	228,698	-	233,698	233,698
-	-	189,299	3,610,815	3,106,755
-	319,617	403,413	1,342,582	1,026,199
-	159,978	-	159,978	201,063
-	1,304,571	-	1,304,571	951,514
-	-	907,289	907,289	1,446,933
-	2,044,745	-	15,076,850	15,716,973
-	597,402	-	601,798	107,922
-	-	-	19,583	20,461
-	-	-	60,231	24,679
-	-	1,935,884	15,199,184	13,959,410
-	-	-	3,159,812	4,380,850
-	10,935,682	262,400	11,799,772	10,121,350
-	20,616,657	-	51,752,297	28,188,719
-	204,010	214,671	441,349	381,320
<u>\$33,851,956</u>	<u>\$70,829,054</u>	<u>\$ 41,017,735</u>	<u>\$236,092,980</u>	<u>\$ 205,414,283</u>

**City of San Bernardino
Balance Sheet
Governmental Funds
June 30, 2007**

LIABILITIES AND FUND BALANCES	Special Revenue Funds		
	General	Federal and State Programs	Economic Development Agency
Liabilities:			
Accounts payable	\$ 1,531,934	\$ 507,844	\$ 1,045,215
Due to other funds	195,812	562,021	-
Retentions payable	8,700	-	-
Deferred revenues	-	2,499,439	2,681,793
Deposits	-	-	20,000
Advances from other funds	-	-	8,272,582
Due to other governments	19,966	77,862	-
Other	-	-	-
Total liabilities	1,756,412	3,647,166	12,019,590
Fund balances:			
Reserved for:			
Encumbrances	832,600	29,400	-
Deposits	-	-	5,000
Notes receivable	-	-	13,032,105
Inventory	19,583	-	-
Prepaid items	58,845	-	-
Debt service	-	-	-
Advances to other funds	-	-	682,538
Property held for resale	-	-	31,135,640
Sewer capacity rights	-	-	-
Petty cash	4,975	-	-
Unreserved:			
General Fund:			
Designated for continuing appropriations	1,131,800	-	-
Designated for budget reserve	10,779,300	-	-
Undesignated	5,769,545	-	-
Special revenue funds:			
Designated for continuing appropriations	-	-	-
Undesignated	-	(1,383,440)	10,873,176
Debt service funds:			
Designated	-	-	-
Undesignated	-	-	-
Capital projects funds:			
Designated for continuing appropriations	-	-	-
Undesignated	-	-	-
Total fund balances (deficit)	18,596,648	(1,354,040)	55,728,459
Total liabilities and fund balances	\$ 20,353,060	\$ 2,293,126	\$ 67,748,049

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

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total	
			2007	2006
Economic Development Agency	Economic Development Agency			
\$ -	\$ 479,842	\$ 2,148,800	\$ 5,713,635	\$ 4,451,117
-	-	2,401,979	3,159,812	4,380,850
-	-	238,813	247,513	236,570
-	-	1,401,816	6,583,048	9,645,620
-	-	-	20,000	-
-	601,690	2,925,500	11,799,772	10,121,350
-	-	-	97,828	79,329
-	-	-	-	64,907
-	1,081,532	9,116,908	27,621,608	28,979,743
-	-	613,300	1,475,300	497,500
-	228,698	-	233,698	233,698
-	2,870,508	-	15,902,613	16,616,973
-	-	-	19,583	20,461
-	-	-	58,845	24,679
33,851,956	-	1,112,621	34,964,577	50,581,128
-	8,272,582	131,200	9,086,320	10,121,350
-	20,616,657	-	51,752,297	28,188,719
-	204,010	214,671	418,681	381,320
-	-	975	5,950	1,225
-	-	-	1,131,800	576,100
-	-	-	10,779,300	7,659,200
-	-	-	5,769,545	8,656,600
-	-	90,500	90,500	6,300
-	-	12,843,731	22,333,467	15,917,838
-	-	-	-	-
-	-	(782,226)	(782,226)	(2,806,294)
-	26,182,746	-	26,182,746	17,674,796
-	11,372,321	17,676,055	29,048,376	22,082,947
33,851,956	69,747,522	31,900,827	208,471,372	176,434,540
\$33,851,956	\$70,829,054	\$ 41,017,735	\$ 236,092,980	\$ 205,414,283

City of San Bernardino
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
June 30, 2007

23

Fund balances of governmental funds

\$ 208,471,372

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

475,756,263

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in funds.

Bonds payable	\$(152,395,000)	
Certificates of participation	(12,850,000)	
Notes payable	(13,370,299)	
Pension obligation bond payable	(50,401,583)	
Lease revenue bonds	(15,585,000)	
Capital leases payable	(1,451,699)	
Compensated absences	(18,412,088)	
Accrued interest payable	(3,780,059)	
Other long-term liabilities	(7,182,392)	(275,428,120)

Internal service funds are used by management to charge the costs of equipment usage to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.

Capital assets, net	\$ 5,393,972	
Long-term liabilities	(16,747,377)	
Other assets and liabilities	3,561,781	(7,791,624)

Certain assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

4,826,519

Net assets of governmental activities

\$ 405,834,410

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

City of San Bernardino
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2007
(with prior year data for comparative purposes only)

	Special Revenue Funds		
	General	Federal and State Programs	Economic Development Agency
REVENUES			
Taxes	\$ 97,662,553	\$ -	\$ -
Licenses and permits	11,140,659	-	-
Impact fees	-	-	-
Fines and forfeitures	1,258,249	-	-
Investment income	1,668,011	4,742	1,422,880
Intergovernmental	7,431,144	8,062,111	8,293,708
Charges for services	7,018,926	-	-
Other revenues	4,075,181	-	424,200
Total revenues	130,254,723	8,066,853	10,140,788
EXPENDITURES			
Current:			
General government	23,715,236	55,544	-
Public safety	86,506,000	3,373,715	-
Streets	9,353,561	336,064	-
Culture and recreation	5,878,224	400,714	-
Community development	2,164,742	170,198	6,228,185
Community service	-	3,498,068	-
Economic development	-	-	5,010,706
Debt Service:			
Principal	917,697	-	-
Interest	3,396,857	-	-
Bond issuance costs	-	-	-
Payment to refunded escrow	-	-	-
Total expenditures	131,932,317	7,834,303	11,238,891
Excess (deficiency) of revenues over (under) expenditures	(1,677,594)	232,550	(1,098,103)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	7,500,000
Pension bonds issued	-	-	-
Discount on pension bonds issued	-	-	-
Payment to refunded escrow agent	-	-	-
Transfers in	9,850,940	-	22,934,404
Transfers out	(6,841,438)	-	(2,578,679)
Total other financing sources (uses)	3,009,502	-	27,855,725
Net change in fund balances	1,331,908	232,550	26,757,622
Fund balances (deficit), beginning of year	17,264,740	(1,586,590)	28,970,837
Fund balances (deficit), end of year	\$ 18,596,648	\$ (1,354,040)	\$ 55,728,459

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

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals	
			2007	2006
Economic Development Agency	Economic Development Agency			
\$ -	\$ 29,822,071	\$ 1,575,558	\$ 129,060,182	\$ 120,977,254
-	-	1,358,919	12,499,578	10,277,240
-	-	3,450,896	3,450,896	843,458
-	-	1,924,759	3,183,008	2,554,720
2,345,710	2,881,137	1,652,331	9,974,811	5,312,423
-	-	10,441,486	34,228,449	29,179,616
-	-	7,249,569	14,268,495	16,296,784
-	3,103,022	1,403,809	9,006,212	6,926,240
<u>2,345,710</u>	<u>35,806,230</u>	<u>29,057,327</u>	<u>215,671,631</u>	<u>192,367,735</u>
-	-	584,886	24,355,666	23,405,697
-	-	2,099,017	91,978,732	134,891,847
-	-	16,865,804	26,555,429	24,060,239
-	-	1,982,247	8,261,185	6,898,492
-	-	-	8,563,125	10,695,256
-	-	3,048,953	6,547,021	8,485,029
-	5,167,298	-	10,178,004	12,469,103
7,449,999	362,414	219,308	8,949,418	12,546,394
10,684,197	440,241	154,894	14,676,189	12,067,597
-	-	-	-	1,267,051
-	-	-	-	5,497,751
<u>18,134,196</u>	<u>5,969,953</u>	<u>24,955,109</u>	<u>200,064,769</u>	<u>252,284,456</u>
<u>(15,788,486)</u>	<u>29,836,277</u>	<u>4,102,218</u>	<u>15,606,862</u>	<u>(59,916,721)</u>
-	606,637	5,518,315	13,624,952	107,337,383
-	-	-	-	62,095,000
-	-	-	-	(10,155,317)
-	-	-	-	(71,407,249)
17,040,438	-	3,690,831	53,516,613	34,251,343
<u>(16,970,000)</u>	<u>(18,140,556)</u>	<u>(6,180,922)</u>	<u>(50,711,595)</u>	<u>(31,773,743)</u>
<u>70,438</u>	<u>(17,533,919)</u>	<u>3,028,224</u>	<u>16,429,970</u>	<u>90,347,417</u>
<u>(15,718,048)</u>	<u>12,302,358</u>	<u>7,130,442</u>	<u>32,036,832</u>	<u>30,430,696</u>
<u>49,570,004</u>	<u>57,445,164</u>	<u>24,770,385</u>	<u>176,434,540</u>	<u>146,003,844</u>
<u>\$ 33,851,956</u>	<u>\$ 69,747,522</u>	<u>\$ 31,900,827</u>	<u>\$ 208,471,372</u>	<u>\$ 176,434,540</u>

Agency	Development	Economic	Project Fund	Capital	Agency	Development	Economic	Project Fund	Capital
2	-	-	2,282,071	2,282,071	2	1,358,912	1,358,912	-	-
3,242,710	-	-	2,881,131	2,881,131	3,242,710	1,450,888	1,450,888	-	-
-	-	-	-	-	-	1,032,317	1,032,317	-	-
-	-	-	-	-	-	8,914,811	8,914,811	-	-
-	-	-	-	-	-	34,328,449	34,328,449	-	-
-	-	-	-	-	-	14,288,482	14,288,482	-	-
-	-	-	-	-	-	8,098,212	8,098,212	-	-
5,242,710	-	-	38,808,230	38,808,230	5,242,710	29,021,021	29,021,021	-	-
-	-	-	-	-	-	24,028,882	24,028,882	-	-
-	-	-	-	-	-	5,098,017	5,098,017	-	-
-	-	-	-	-	-	18,852,804	18,852,804	-	-
-	-	-	-	-	-	1,921,247	1,921,247	-	-
-	-	-	-	-	-	3,048,823	3,048,823	-	-
-	-	-	8,187,293	8,187,293	-	10,128,004	10,128,004	-	-
10,524,181	2,442,888	-	480,041	582,414	10,524,181	14,618,189	14,618,189	-	-
-	-	-	-	-	-	1,281,021	1,281,021	-	-
-	-	-	-	-	-	8,488,028	8,488,028	-	-
-	-	-	-	-	-	10,888,288	10,888,288	-	-
-	-	-	-	-	-	8,888,482	8,888,482	-	-
-	-	-	-	-	-	24,080,238	24,080,238	-	-
-	-	-	-	-	-	81,918,732	81,918,732	-	-
-	-	-	-	-	-	24,028,882	24,028,882	-	-
18,124,189	-	-	3,888,823	24,882,109	18,124,189	100,044,288	100,044,288	-	-
(12,168,482)	-	-	28,202,271	16,035,789	(12,168,482)	18,602,802	18,602,802	-	-
-	-	-	888,823	888,823	-	12,824,823	12,824,823	-	-
11,040,438	(18,140,882)	(8,180,022)	2,880,823	(2,880,823)	11,040,438	20,816,813	20,816,813	-	-
(10,810,000)	-	-	-	-	(10,810,000)	(81,711,282)	(81,711,282)	-	-
10,438	11,228,210	2,628,224	11,228,210	2,628,224	10,438	12,120,210	12,120,210	-	-
(12,120,210)	12,120,210	1,120,442	1,120,442	1,120,442	(12,120,210)	22,028,422	22,028,422	-	-
48,820,024	81,442,184	24,710,288	24,710,288	179,424,240	48,820,024	252,244,240	252,244,240	-	-
2,328,823	2,328,823	2,328,823	2,328,823	2,328,823	2,328,823	2,328,823	2,328,823	-	-

(This page intentionally left blank)

City of San Bernardino
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2007

27

Net change in fund balance – total governmental funds \$ 32,036,832

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay was exceeded by depreciation, net of disposals.

Capital outlay	\$ 12,675,216	
Depreciation	<u>(17,510,201)</u>	(4,834,985)

Revenues that are measurable but not available. Amounts are not recorded as revenues under the modified accrual basis of accounting. (3,719,972)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increase long-term liabilities and does not affect the statement of activities. Similarly, repayment of debt principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets.

Debt issued:	\$ (13,624,952)	
Principal payments on debt	<u>8,454,418</u>	(5,170,534)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	\$ (1,572,392)	
Accrued interest payable	708,239	
Amortization	<u>(179,700)</u>	(1,043,853)

Internal service funds are used by management to charge the costs of equipment usage to individual funds. The net revenue of the internal service funds are reported with governmental activities. (2,128,141)

Changes in net assets of governmental activities		<u>\$ 15,139,347</u>
--	--	----------------------

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

City of San Bernardino
Statement of Net Assets
Proprietary Funds
June 30, 2007
(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Funds			Totals
	Integrated Waste	Water	Sewer	
ASSETS				
Current assets:				
Cash and investments	\$ 1,264,058	\$ 5,112,337	\$ 16,626,905	\$ 23,003,300
Cash and investments with fiscal agents	3,021,993	-	-	3,021,993
Receivables:				
Accounts, net	2,516,413	4,603,425	3,187,109	10,306,947
Interest	12,743	-	-	12,743
Other	-	-	-	-
Inventories	-	1,637,686	-	1,637,686
Prepays	-	14,523	1,070,662	1,085,185
Due from other governments	-	650,991	368,822	1,019,813
Due from other funds	-	144,327	-	144,327
Total current assets	<u>6,815,207</u>	<u>12,163,289</u>	<u>21,253,498</u>	<u>40,231,994</u>
Noncurrent assets:				
Cash and investments				
Restricted for capital related fees	-	11,294,440	15,985,893	27,280,333
Restricted for deposits	-	2,393,628	-	2,393,628
Restricted for debt service	-	22,870	3,578,642	3,601,512
Restricted for consent decree	-	2,109,594	-	2,109,594
Guaranteed investment contract	-	16,717,733	-	16,717,733
Interest receivable	-	865,695	80,765	946,460
Prepaid insurance - consent decree	-	44,173,868	-	44,173,868
Note proceeds held by State	-	934,000	-	934,000
Total restricted assets	<u>-</u>	<u>78,511,828</u>	<u>19,645,300</u>	<u>98,157,128</u>
Note receivable	<u>-</u>	<u>785,250</u>	<u>-</u>	<u>785,250</u>
Capital assets:				
Land and easements	-	2,944,972	12,470,740	15,415,712
Construction in progress	-	41,651,088	5,339,508	46,990,596
Capital assets being depreciated, net	<u>6,477,525</u>	<u>86,265,261</u>	<u>87,585,753</u>	<u>180,328,539</u>
Total capital assets	<u>6,477,525</u>	<u>130,861,321</u>	<u>105,396,001</u>	<u>242,734,847</u>
Other assets	<u>-</u>	<u>-</u>	<u>665,042</u>	<u>665,042</u>
Total noncurrent assets	<u>6,477,525</u>	<u>210,158,399</u>	<u>125,706,343</u>	<u>342,342,267</u>
Total assets	<u>13,292,732</u>	<u>222,321,688</u>	<u>146,959,841</u>	<u>382,574,261</u>

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

City of San Bernardino
Statement of Net Assets
Proprietary Funds
June 30, 2007
(With prior year data for comparative purposes only)

Governmental Activities - Internal Service Funds	Totals		
	2007	2006	
\$ 5,025,419	\$ 28,028,719	\$ 29,413,884	LIABILITIES
100,818	3,122,811	100,818	Current liabilities
-	10,306,947	9,338,641	Accounts payable
34,608	47,351	33,451	Accrued liabilities
4,060	4,060	3,323	Interest payable
247,757	1,885,443	1,825,000	Due to other funds
393,269	1,478,454	1,172,857	Retiree's payable
100,664	1,120,477	1,836,495	Deposits payable
321,171	465,498	447,828	Claims and judgments payable
6,227,766	46,459,760	44,172,297	current
-	27,280,333	24,859,169	Compensated absences - current
-	2,393,628	2,128,718	Capital lease payable - current
-	3,601,512	3,570,921	Notes payable - current
-	2,109,594	1,279,867	Lease revenue bonds - current
-	16,717,733	16,482,039	Water bonds payable - current
-	946,460	298,949	Liabilities of participation - current
-	44,173,868	46,477,019	Total current liabilities
-	934,000	934,000	Noncurrent liabilities
-	98,157,128	96,030,682	Consumer deposits
-	785,250	785,250	Claims and judgments payable
-	15,415,712	15,415,712	Compensated absences
-	46,990,596	39,416,027	Deferred revenue - current
5,393,972	185,722,511	179,989,333	Capital lease payable
5,393,972	248,128,819	234,821,072	Notes payable
-	665,042	747,548	Lease revenue bonds
5,393,972	347,736,239	332,384,552	Water bonds payable
11,621,738	394,195,999	376,556,849	Liabilities of participation
			Total noncurrent liabilities
			Total liabilities
			NET ASSETS
			Invested in capital assets, net of
			related debt
			Restricted for
			Capital related fees
			Unrestricted (deficit)
			Total net assets (deficit)

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

**City of San Bernardino
Statement of Net Assets
Proprietary Funds
June 30, 2007**

(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Funds			Totals
	Integrated Waste	Water	Sewer	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,548,545	\$ 4,199,574	\$ 2,259,797	\$ 8,007,916
Accrued liabilities	-	806,439	365,283	1,171,722
Interest payable	-	121,292	634,723	756,015
Due to other funds	-	-	144,327	144,327
Retentions payable	40,405	-	-	40,405
Deposits payable	352,718	1,677,234	570	2,030,522
Claims and judgments payable - current	-	411,449	25,640	437,089
Compensated absences - current	501,879	993,075	407,053	1,902,007
Capital lease payable - current	919,340	73,843	-	993,183
Notes payable - current	-	457,056	1,917,200	2,374,256
Lease revenue bonds - current	-	-	-	-
Water bonds payable - current	-	10,000	-	10,000
Certificates of participation - current	-	-	1,986,720	1,986,720
Total current liabilities	<u>3,362,887</u>	<u>8,749,962</u>	<u>7,741,313</u>	<u>19,854,162</u>
Noncurrent liabilities:				
Consumer deposits	-	2,454,703	-	2,454,703
Claims and judgments payable	-	-	-	-
Compensated absences	39,434	502,135	199,071	740,640
Deferred revenue - consent decree	-	63,901,948	-	63,901,948
Capital lease payable	5,086,270	96,626	-	5,182,896
Notes payable	-	8,258,542	15,095,221	23,353,763
Lease revenue bonds	-	-	-	-
Water bonds payable	-	55,000	-	55,000
Certificates of participation	-	-	23,859,730	23,859,730
Total noncurrent liabilities	<u>5,125,704</u>	<u>75,268,954</u>	<u>39,154,022</u>	<u>119,548,680</u>
Total liabilities	<u>8,488,591</u>	<u>84,018,916</u>	<u>46,895,335</u>	<u>139,402,842</u>
NET ASSETS				
Invested in capital assets, net of related debt	471,915	122,080,723	66,115,772	188,668,410
Restricted for:				
Capital related fees	-	11,294,440	15,985,893	27,280,333
Unrestricted (deficit)	4,332,226	4,927,609	17,962,841	27,222,676
Total net assets (deficit)	<u>\$ 4,804,141</u>	<u>\$138,302,772</u>	<u>\$100,064,506</u>	<u>\$243,171,419</u>

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

City of San Bernardino
Statement of Revenue, Expenses, and
Changes in Fund Net Assets
Proprietary Funds
For the year ended June 30, 2007
(With prior year data for comparative purposes only)

Governmental Activities – Internal Service Funds	Totals		Integrated Waste	
	2007	2006		
\$ 2,344,814	\$ 10,352,730	\$ 8,532,986	\$ 24,027,478	OPERATING REVENUES
-	1,171,722	1,294,327		Charges for services
-	756,015	806,932		Other operating revenues
321,171	465,498	447,828	\$ 18,822,473	Total operating revenues
-	40,405	-	\$ 2,027,728	OPERATING EXPENSES
-	2,030,522	2,254,020		Cost of sales and service
3,900,000	4,337,089	4,259,251		Administration
448,992	2,350,999	2,274,144		Engineering, operations and distribution administration
717,946	1,711,129	1,177,207		Plant operations
-	2,374,256	2,294,001		Maintenance
35,000	35,000	495,000		Environmental control
-	10,000	10,000		Distribution
-	1,986,720	1,885,753		Engineering
				Claims expense
				Depreciation and amortization
7,767,923	27,622,085	25,731,449	\$ 21,422,083	Total operating expenses
			\$ 2,605,413	Operating income (loss)
-	2,454,703	2,219,862		NONOPERATING REVENUES
10,291,478	10,291,478	8,845,545		(EXPENSES)
296,790	1,037,430	870,697	\$ 70,820	Investment income
-	63,901,948	64,442,890		Noncapital grants
822,171	6,005,067	1,489,774	\$ (98,492)	Interest expense and fiscal charges
-	23,353,763	25,727,735		Gain (loss) on disposal of capital assets
-	-	270,000	\$ 1,981	Net increase (decrease) in investment fair value
-	55,000	65,000		Miscellaneous
235,000	24,094,730	25,846,920	\$ 238,471	Total non-operating revenues (expenses)
11,645,439	131,194,119	129,778,423	\$ 288,780	Income before contributions and transfers
19,413,362	158,816,204	155,509,872	\$ 1,028,193	CONTRIBUTIONS AND TRANSFERS
3,583,856	192,252,266	179,351,052		Capital contributions
-	27,280,333	24,859,169	\$ 88,000	Transfers in
(11,375,480)	15,847,196	16,836,756	\$ (2,288,000)	Transfers out
\$ (7,791,624)	\$235,379,795	\$221,046,977	\$ (2,288,000)	Total contributions and transfers
			\$ 322,193	Change in net assets
			\$ 4,478,348	Net assets (deficit), beginning of year
			\$ 4,800,541	Net assets (deficit), end of year

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

City of San Bernardino
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Proprietary Funds
For the year ended June 30, 2007
(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Funds			Totals
	Integrated Waste	Water	Sewer	
OPERATING REVENUES				
Charges for services	\$ 24,027,476	\$ 26,244,574	\$ 20,083,001	\$ 70,355,051
Other operating revenues	-	1,987,792	919,483	2,907,275
Total operating revenues	<u>24,027,476</u>	<u>28,232,366</u>	<u>21,002,484</u>	<u>73,262,326</u>
OPERATING EXPENSES				
Cost of sales and service	16,822,473	6,757,263	-	23,579,736
Administration	3,037,725	1,533,762	1,541,193	6,112,680
Engineering, operations and distribution administration	-	851,721	1,639,517	2,491,238
Plant operations	-	6,887,003	9,755,331	16,642,334
Maintenance	-	1,994,341	3,088,137	5,082,478
Environmental control	-	-	633,141	633,141
Distribution	-	3,645,736	-	3,645,736
Engineering	-	2,334,538	45,794	2,380,332
Claims expense	-	-	-	-
Depreciation and amortization	1,564,865	4,065,028	5,338,372	10,968,265
Total operating expenses	<u>21,425,063</u>	<u>28,069,392</u>	<u>22,041,485</u>	<u>71,535,940</u>
Operating income (loss)	<u>2,602,413</u>	<u>162,974</u>	<u>(1,039,001)</u>	<u>1,726,386</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	70,820	1,263,733	1,935,470	3,270,023
Noncapital grants	-	2,300,151	-	2,300,151
Interest expense and fiscal charges	(59,492)	(341,142)	(2,065,164)	(2,465,798)
Gain (loss) on disposal of capital assets	7,981	37,377	(2,037)	43,321
Net increase (decrease) in investment fair value	-	-	-	-
Miscellaneous	236,471	227,509	(1,248,934)	(784,954)
Total nonoperating revenues (expenses)	<u>255,780</u>	<u>3,487,628</u>	<u>(1,380,665)</u>	<u>2,362,743</u>
Income before contributions and transfers	<u>2,858,193</u>	<u>3,650,602</u>	<u>(2,419,666)</u>	<u>4,089,129</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	-	11,931,117	2,973,713	14,904,830
Transfers in	65,000	-	-	65,000
Transfers out	(2,598,000)	-	-	(2,598,000)
Total contributions and transfers	<u>(2,533,000)</u>	<u>11,931,117</u>	<u>2,973,713</u>	<u>12,371,830</u>
Change in net assets	325,193	15,581,719	554,047	16,460,959
Net assets (deficit), beginning of year	4,478,948	122,721,053	99,510,459	226,710,460
Net assets (deficit), end of year	<u>\$ 4,804,141</u>	<u>\$138,302,772</u>	<u>\$100,064,506</u>	<u>\$243,171,419</u>

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

City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2007
(with prior year data for comparative purposes only)

Governmental Activities - Internal Service Funds	Business-type Activities - Enterprise Funds	
	2007	2006
\$ 24,084,795	\$ 94,439,846	\$ 85,390,378
-	2,907,275	2,928,952
<u>24,084,795</u>	<u>97,347,121</u>	<u>88,319,330</u>
18,470,640	42,050,376	39,915,653
-	6,112,680	6,161,299
-	2,491,238	2,403,158
-	16,642,334	14,729,196
-	5,082,478	4,508,766
-	633,141	532,086
-	3,645,736	3,479,171
-	2,380,332	1,873,653
5,700,030	5,700,030	4,117,453
1,847,495	12,815,760	12,089,821
<u>26,018,165</u>	<u>97,554,105</u>	<u>89,810,256</u>
(1,933,370)	(206,984)	(1,490,926)
120,313	3,390,336	1,181,833
-	2,300,151	1,983,509
(94,145)	(2,559,943)	(2,786,164)
-	43,321	231,992
-	-	(51,778)
<u>51,079</u>	<u>(733,875)</u>	<u>1,628,296</u>
77,247	2,439,990	2,187,688
<u>(1,856,123)</u>	<u>2,233,006</u>	<u>696,762</u>
-	14,904,830	18,430,146
800,000	865,000	398,300
(1,072,018)	(3,670,018)	(2,875,900)
<u>(272,018)</u>	<u>12,099,812</u>	<u>15,952,546</u>
(2,128,141)	14,332,818	16,649,308
(5,663,483)	221,046,977	204,397,669
<u>\$ (7,791,624)</u>	<u>\$235,379,795</u>	<u>\$221,046,977</u>

City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2007
(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Funds			Totals
	Integrated Waste	Water	Sewer	
Cash flows from operating activities:				
Cash received from customers	\$ 23,867,964	\$ 28,238,484	\$ 20,741,277	\$ 72,847,725
Cash received from user departments	-	-	-	-
Cash payments to suppliers for goods and services	(14,242,834)	(12,112,439)	(5,634,001)	(31,989,274)
Cash payments for claims	-	-	-	-
Cash payments to employees for services	(5,639,083)	(7,999,404)	(11,431,818)	(25,070,305)
Cash received from other activities	236,471	1,247,830	(21,867)	1,462,434
Net cash provided by operating activities	<u>4,222,518</u>	<u>9,374,471</u>	<u>3,653,591</u>	<u>17,250,580</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	65,000	-	-	65,000
Transfer to other funds	(2,598,000)	-	-	(2,598,000)
Construction of road to fix facility	-	-	(1,200,000)	(1,200,000)
Purchase of insurance policy to fund future projects	-	-	-	-
Net cash (used for) capital and related financing activities	<u>(2,533,000)</u>	<u>-</u>	<u>(1,200,000)</u>	<u>(3,733,000)</u>
Cash flows from capital and related financing activities:				
Cash paid for acquisition of capital assets	(2,942,832)	(19,735,887)	(1,288,680)	(23,967,399)
Proceeds from sale of capital assets	7,981	-	-	7,981
Charges to property owners for capital projects	-	11,892,394	2,973,713	14,866,107
Grant proceeds received	-	38,723	-	38,723
Principal payments on long-term debt	(1,474,062)	(523,644)	(3,761,442)	(5,759,148)
Cash received from issuance of debt	6,509,597	-	-	6,509,597
Interest paid on long-term debt	(59,492)	(582,772)	(2,003,864)	(2,646,128)
Net cash provided by (used for) capital and related financing activities	<u>2,041,192</u>	<u>(8,911,186)</u>	<u>(4,080,273)</u>	<u>(10,950,267)</u>
Cash flows from investing activities:				
Purchase of investments	-	-	-	-
Interest received	62,671	1,180,790	1,906,369	3,149,830
Net cash provided (used for) by investing activities	<u>62,671</u>	<u>1,180,790</u>	<u>1,906,369</u>	<u>3,149,830</u>
Net increase (decrease) in cash and investments	3,793,381	1,644,075	279,687	5,717,143
Cash and investments, beginning of year	492,670	19,288,794	32,333,111	52,114,575
Cash and investments, end of year	<u>\$ 4,286,051</u>	<u>\$ 20,932,869</u>	<u>\$ 32,612,798</u>	<u>\$ 57,831,718</u>

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

City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2007
(with prior year data for comparative purposes only)

Governmental Activities - Internal Service Funds	Totals	
	2007	2006
\$ -	\$ 72,847,725	\$ 68,310,541
23,860,235	23,860,235	23,451,849
(13,938,317)	(45,927,591)	(51,119,782)
(4,094,849)	(4,094,849)	(5,059,306)
(3,940,770)	(29,011,075)	(26,081,099)
51,079	1,513,513	5,433,147
<u>1,937,378</u>	<u>19,187,958</u>	<u>14,935,350</u>
800,000	865,000	398,300
(1,072,018)	(3,670,018)	(2,875,900)
-	(1,200,000)	-
<u>-</u>	<u>-</u>	<u>1,983,509</u>
(272,018)	(4,005,018)	(494,091)
(1,007,783)	(24,975,182)	(26,437,719)
-	7,981	13,149
-	14,866,107	14,051,459
-	38,723	4,378,687
(1,316,809)	(7,075,957)	(7,977,274)
-	6,509,597	-
(94,145)	(2,740,273)	(2,713,715)
<u>(2,418,737)</u>	<u>(13,369,004)</u>	<u>(18,685,413)</u>
-	-	(16,482,039)
114,562	3,264,392	1,157,979
<u>114,562</u>	<u>3,264,392</u>	<u>(15,324,060)</u>
(638,815)	5,078,328	(19,568,214)
5,765,052	57,879,627	77,447,841
<u>\$ 5,126,237</u>	<u>\$ 62,957,955</u>	<u>\$ 57,879,627</u>

City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2007
(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Funds			Totals
	Integrated Waste	Water	Sewer	
Reconciliation of cash and cash equivalents to amounts reported on statement of net assets:				
Reported on statement of net assets:				
Cash and investments	\$ 4,286,051	\$ 5,112,337	\$ 16,626,905	\$ 26,025,293
Restricted assets	-	78,511,828	19,645,300	98,157,128
Less restricted assets not meeting the definition of cash equivalents:				
Investment agreements	-	(16,717,733)	(3,578,642)	(20,296,375)
Prepaid insurance	-	(44,173,868)	-	(44,173,868)
Interest and other receivables	-	(865,695)	(80,765)	(946,460)
Note proceeds held by State	-	(934,000)	-	(934,000)
Cash and cash equivalents at end of year	<u>\$ 4,286,051</u>	<u>\$ 20,932,869</u>	<u>\$ 32,612,798</u>	<u>\$ 57,831,718</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 2,602,413	\$ 162,974	\$ (1,039,001)	\$ 1,726,386
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	1,564,865	4,065,028	5,338,372	10,968,265
Other nonoperating revenues (expenses)	236,471	2,104,790	(21,867)	2,319,394
Net increase (decrease) in investment fair value	-	-	-	-
(Increase) decrease in assets:				
Accounts receivable	(176,099)	(526,736)	(265,471)	(968,306)
Notes receivable	-	-	-	-
Other receivables	-	-	-	-
Inventories	-	72,224	-	72,224
Prepays	3,869	18,261	65,541	87,671
Due from other governments	-	831,132	(53,928)	777,204
Due from other funds	-	(58,192)	-	(58,192)
Other assets	-	78,472	(313,297)	(234,825)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(79,533)	859,110	(91,022)	688,555
Due to other funds	-	-	58,192	58,192
Deposits payable	16,588	(5,245)	-	11,343
Claims and judgments payable	-	101,766	(23,928)	77,838
Retentions payable	40,405	-	-	40,405
Notes payable	-	2,303,152	-	2,303,152
Deferred revenue	-	(632,265)	-	(632,265)
Compensated absences	13,539	-	-	13,539
Net cash provided by operating activities	<u>\$ 4,222,518</u>	<u>\$ 9,374,471</u>	<u>\$ 3,653,591</u>	<u>\$ 17,250,580</u>
Noncash, investing, capital and financing activities:				
Acquisition of capital asset through capital lease	\$ -	\$ -	\$ -	\$ -
Developer contributions	-	5,907,230	-	5,907,230

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

City of San Bernardino
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2007
(with prior data for comparative purposes only)

Governmental Activities - Internal Service Funds	Totals	
	2007	2006
\$ 5,126,237	\$ 31,151,530	\$ 29,514,702
-	98,157,128	96,030,682
-	(20,296,375)	(19,955,789)
-	(44,173,868)	(46,477,019)
-	(946,460)	-
-	(934,000)	(1,232,949)
<u>\$ 5,126,237</u>	<u>\$ 62,957,955</u>	<u>\$ 57,879,627</u>
\$ (1,933,370)	\$ (206,984)	\$ (1,490,926)
1,847,495	12,815,760	12,089,821
51,079	2,370,473	1,847,139
-	-	(51,778)
-	(968,306)	6,116,901
-	-	(185,250)
(68,266)	(68,266)	12,270
(132,667)	(60,443)	(208,646)
(393,269)	(305,598)	86,955
6,344	783,548	327,153
40,522	(17,670)	2,944,275
-	(234,825)	2,220,086
1,011,865	1,700,420	(1,689,502)
(40,522)	17,670	123,839
-	11,343	(4,907,512)
1,445,933	1,523,771	(2,149,742)
-	40,405	-
-	2,303,152	-
-	(632,265)	-
102,234	115,773	(149,733)
<u>\$ 1,937,378</u>	<u>\$ 19,187,958</u>	<u>\$ 14,935,350</u>
\$ 609,326	\$ 609,326	\$ -
-	5,907,230	-

City of San Bernardino
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2007
(with prior year data for comparative purposes only)

ASSETS

Cash and investments
Cash and investments with fiscal agents
Receivables, net:
 Accounts
 Interest
Due from other governmental agencies

Total assets

LIABILITIES

Accounts payable
Deposits payable
Due to bond holders

Total liabilities

	2007	2006
Cash and investments	\$ 11,393,304	\$ 10,245,988
Cash and investments with fiscal agents	464,032	367,316
Receivables, net:		
Accounts	85,654	3,560
Interest	7,107	125,025
Due from other governmental agencies	40,411	14,470
Total assets	\$ 11,990,508	\$ 10,756,359
LIABILITIES		
Accounts payable	\$ 97,398	\$ 1,161,816
Deposits payable	10,920,117	7,583,417
Due to bond holders	972,993	2,011,126
Total liabilities	\$ 11,990,508	\$ 10,756,359

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 1: Summary of Significant Accounting Policies

The City of San Bernardino, California (City) was incorporated on April 13, 1854, as a Charter City. The City operates under a Mayor/Council form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, community development (planning, building and zoning), public utilities (water and sewage), and general administrative services.

a. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the activities of the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the organization is able to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if an organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and data from these units are combined with data of the primary government. Based on the criteria above, the City has two component units, both of which are considered to be blended component units. These component units are described as follows:

The Economic Development Agency (Agency) of the City serves all the citizens of the City and is governed by a board composed of the City's elected council. The activity of the Agency is reported as separate special revenue, debt service and capital projects funds. Complete component unit financial statements of the Agency can be obtained directly from their administrative offices: Economic Development Agency, 201 North "E" Street, Third Floor, San Bernardino, California, 92401.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 1: Summary of Significant Accounting Policies (continued)

a. Reporting Entity (continued)

The San Bernardino Joint Powers Financing Authority was established pursuant to a Joint Exercise of Powers Agreement dated August 21, 1989, by and between the City and the Agency. The Authority was created for the purpose of providing financing for redevelopment activities for the City, the Agency, or other local agencies in the State of California, the acquisition, construction or installation by the Authority of public capital improvements and/or the purchase by the Authority of public obligations within the meaning of the Marks-Roos Act. The Authority is authorized pursuant to the Marks-Roos Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, the City, the Agency, or such other local agencies to provide financing for redevelopment activities of the City or the Agency. The Authority is governed by a board composed of the City's elected council. There are no individual financial statements issued for the Authority.

b. Basis of Accounting and Measurement Focus

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as direct expenses to the various functions of the City.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 1: Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements (continued)

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges for goods or services provided by one fund to another. Elimination of these would distort the direct costs and program revenues reported for the various functions concerned.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 1: Summary of Significant Accounting Policies (continued)

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. **The City uses an availability period of 60 days.**

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 1: Summary of Significant Accounting Policies (continued)

Governmental Funds (continued)

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* have been recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets.

Recognition of governmental fund type revenue represented by non-current receivables is deferred until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such as long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 1: Summary of Significant Accounting Policies (continued)

Governmental Funds (continued)

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary and Fiduciary Funds

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, proprietary funds and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds and fiduciary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses for the enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Non-operating revenues, such as subsidies, taxes and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the proprietary funds are reported as a reduction of the related liability, rather than as an expenditure. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 1: Summary of Significant Accounting Policies (continued)

Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB 34. The City reports the following major governmental funds:

General Fund. This is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

Federal and State Programs. Combined activity of various grants awarded to the City by the Federal, State and local governments not otherwise accounted for in the General Fund or Capital Projects Funds. A detailed report by program is available under a separate report meeting the criteria of the Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations for all federal grants received by the City.

Economic Development Agency Special Revenue Fund. For the Low and Moderate Housing Portion of redevelopment tax increment as required by State Law as well as the Neighborhood Revitalization Program, Community Development Block Grant, Emergency Shelter Program and the Home Program administered by the Economic Development Agency.

Economic Development Agency Debt Service Fund. For the receipt of tax increment revenues which, per California state law regulating redevelopment agencies, must be used for repayment of debt.

Economic Development Agency Capital Projects Fund. For all redevelopment projects authorized under provisions of the California Community Redevelopment Law. Principal sources of funding for these projects are property tax increment, bond proceeds and developer advances.

The City reports the following major enterprise funds:

Integrated Waste. For the provision of refuse collection to the residential, commercial and industrial segments of the City.

Water. For the provision of water services to the residential, commercial and industrial segments of the City.

Sewer. For the provision of wastewater collection and treatment to residential, commercial and industrial segments of the City.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 1: Summary of Significant Accounting Policies (continued)

Fund Classifications (continued)

The City's fund structure also includes the following fund types:

Internal Service Funds. These funds are used to account for the financing of special activities that provide services within the City. Such activities include: unemployment insurance, workers' compensation, liability insurance, self-insurance health plans, motorpool, telephone support, information systems, utility and central services.

Agency Funds. These funds are used to account for money and property held by the City as trustee or custodian. Such funds include Special Deposits, Industrial Revenue Bonds, Cemetery Perpetual Care and Payroll Trust. They are also used to account for various assessment districts for which the City acts as an agent for debt service activity, as the City is prohibited from levying additional taxes for these districts. Such funds include Assessment District #961, #977A, #977B, and #1003 and Community Facilities District #995.

c. Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except for investment income associated with funds not legally required to receive pooled investment income which has been assigned to and recorded as revenue of the general fund, as provided by California Government Code Section 53647.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 1: Summary of Significant Accounting Policies (continued)

d. Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City of San Bernardino. Cash equivalents have an original maturity date of three months or less from the date of purchase.

e. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$500 are capitalized if they have an expected useful life of three years or more. Infrastructure projects individually exceeding \$200,000 are capitalized if the project does not represent routine ordinary maintenance to keep the infrastructure assets in the condition necessary to perform its intended function, but rather improves the asset beyond its original condition or functionally, or extraordinarily extends the life of the asset beyond its original condition of functionally, or extraordinarily extends the life of the asset beyond original expectations. Generally, street slurry seals and repairs adding one inch or less of asphalt are considered to be routine maintenance regardless of the cost of the project.

Capital assets include additions to public domain (infrastructure) capital assets consisting of certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, streetlights, and right-of-way corridors within the City.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 1: Summary of Significant Accounting Policies (continued)

e. Capital Assets (continued)

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the proprietary funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The ranges of lives used for depreciation purposes for each capital asset class are:

	Years
Buildings and improvements	15 - 40
Wells, pumping plants, reservoirs, and distribution system	8 - 50
Interceptor lines	50
Disposal plant	35 - 50
Leasehold improvements	5 - 25
Shops, offices, stores, and yards	10 - 20
Tools and equipment	4 - 20
Office equipment	5 - 20
Communication equipment	8 - 10
Computer equipment	5 - 10
Automotive equipment	3 - 8

Contributed capital assets are recorded in the proprietary funds at fair market value at the time received.

f. Long-Term Receivables

Noncurrent portions of long-term receivables due to governmental fund types are reported in their respective balance sheets despite their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered available spendable resources, since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term loans receivable are offset by fund balance reserve accounts.

g. Inventories

Inventories are valued on the average cost method, which approximates the first-in-first-out (FIFO) method. Inventory balances represent expendable supplies held for consumption. Reported expenditures reflecting the purchase of supplies have been restated to reflect the consumption method of recognizing inventory-related expenditures. A reserve of fund balance has been reported in the General Fund to show that inventories do not constitute "available spendable resources," even though they are a component of net current assets.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 1: Summary of Significant Accounting Policies (continued)

h. Property Held for Resale

Property held for resale represents land, structures, and their related improvements that were acquired for resale in accordance with the objective of the Redevelopment Project. These costs will be charged to current year project expenditures when the related land and structures are sold. Property held for resale are valued at the lower of cost or the sales price per contract with the developer. A portion of fund balance is reserved for property held for resale to indicate that a portion of fund balance is not available for future expenditures.

i. Deferred Charges

Bond discounts and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which materially approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as an asset, unamortized debt issuance costs. Unamortized refunding costs represent the difference between the reacquisition price of debt (outstanding principal of the debt, as well as the call premium) and its net carrying value (face value of the debt, adjusted for unamortized premiums, discounts or issuance costs). The difference is amortized over the shorter of 1) the life of the refunding debt or 2) the life of the refunded debt. The amortization is treated as an adjustment to interest expense of the current period. The remaining unamortized refunding costs are presented as a reduction of the face amount of the new debt.

j. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary funds' contributed capital represent equity through capital grants and capital contributions from developers, customers or other funds.

k. Property Taxes

Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of San Bernardino, California, bills and collects the property taxes and remits them to the City in installments during the year.

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the assessed values no more than 2%. The City receives a share of this basic levy proportionate to what was received in the 1976 to 1978 period.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 1: Summary of Significant Accounting Policies (continued)

l. Comparative Data

Comparative total data for the prior year have been presented in the accompanying basic financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

m. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2007 as follows:

Statement of net assets	
Cash and investments	\$ 176,502,008
Statement of fiduciary assets and liabilities	
Cash and investments	<u>11,393,304</u>
Total cash and investments	<u>187,895,312</u>
Statement of net assets	
Cash and investments with fiscal agents	37,175,493
Statement of fiduciary assets and liabilities	
Cash and investments with fiscal agents	<u>464,032</u>
Total cash and investments with fiscal agents	<u>37,639,525</u>
Total cash and investments	<u><u>\$ 225,534,837</u></u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 2: Cash and Investments (continued)

Cash and investments at June 30, 2007 consisted of the following:

Petty cash	\$ 54,548
Demand deposits	(4,543,233)
Investments	230,023,522
Total cash and investments	\$ 225,534,837

Investments Authorized by the California Government Code and the City's Investment Policies

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policies. The table also identifies certain provisions of the California Government Code (or the City's investment policies, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policies.

Investment types authorized by state law	Authorized by investment policy	*Maximum maturity	*Maximum percentage of portfolio	*Maximum investment in one issuer
Local agency bonds	No	5 years	None	None
U.S. treasury obligations	Yes	5 years	None	None
U.S. agency securities	Yes	5 years	None	None
Banker's acceptances	Yes	180 days	40%	30%
Commercial paper	Yes	270 days	25%	10%
Negotiable certificates of deposit	Yes	5 years	30%	None
Repurchase agreements	No [^]	1 year	None	None
Reverse repurchase agreements	No	92 days	20% of base value	None
Medium-term notes	Yes [^]	5 years	30%	None
Mutual funds	Yes [^]	N/A	20%	10%
Money market mutual funds	Yes [^]	N/A	20%	10%
Mortgage pass-through securities	Yes [^]	5 years	20%	None
County pooled investment funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

* Based on state law requirements or City investment policy requirements, whichever is more restrictive.

[^] Authorizations stated are based on City investment policy. Per EDA investment policy, repurchase agreements are permitted and medium-term notes, mutual funds, money market mutual funds and mortgage pass-through securities are not permitted.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 2: Cash and Investments (continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by fiscal agent are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policies. The table below identifies the investment types that are authorized for investments held by fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
U.S. treasury obligations	None	None	None
U.S. agency securities	None	None	None
Banker's acceptances	180 - 360 days	None	None
Commercial paper	92 - 180 days	None	None
Money market mutual funds	N/A	None	None
Municipal obligations	None	None	None
General obligations of States	None	None	None
Corporate notes	None	None	None
Repurchase agreements	1 year	None	None
Investment contracts	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. For purposes of the schedule shown below, any callable securities are assumed to be held to maturity.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 2: Cash and Investments (continued)

Investment type	Total	Remaining maturity (in months)		
		12 months or less	13 to 24 months	25 to 60 months
Federal agency securities	\$ 99,224,555	\$30,449,901	\$ 22,001,547	\$ 46,773,107
U.S. Treasury securities	4,415,233	-	-	4,415,233
Corporate debt securities	8,141,141	1,945,090	5,277,514	918,537
Sweep account (money market fund)	4,446,011	4,446,011	-	-
Money market mutual funds	4,983,078	4,983,078	-	-
State investment pool	44,975,153	44,975,153	-	-
Guaranteed investment contract	16,717,733	-	-	16,717,733
Commercial paper	3,581,931	3,581,931	-	-
Repurchase agreement	2,405,000	2,405,000	-	-
Held by bond trustee:				
US Treasury note	990,000	990,000	-	-
Federal agency issues	3,828,242	-	249,600	3,578,642
Investment contract	5,147,000	-	-	5,147,000
FNMA medium term notes	2,625,986	-	2,625,986	-
Money market funds	28,542,459	28,542,459	-	-
Total	\$230,023,522	\$122,318,623	\$ 30,154,647	\$ 77,550,252

Disclosures Relating to Credit Risk

Generally, 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policies, or debt agreements, and the actual rating as of year end for each investment type.

Reported amount	Investment type	Issuer
45,888,000	Federal agency securities	Federal Home Loan Bank
30,077,533	Federal agency securities	Mortgage Corporation

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 2: Cash and Investments (continued)

Investment Type	Total	Minimum legal rating	Ratings as of year end	Exempt from rating	Not rated
Federal agency securities	\$ 99,224,555	AA/Aa2	Aaa	\$ -	\$ -
U.S. Treasury securities	4,415,233	N/A	Not rated	4,415,223	-
Corporate debt securities:					
Credit Suisse First Boston USA	1,103,034	AA//Aa2	Aa3	-	-
Home Depot Note	1,003,600	AA//Aa2	Aa3	-	-
HSBC Finance Note	1,243,557	AA//Aa2	Aa3	-	-
Remaining	4,790,950	AA//Aa2	Aa2	-	-
Sweep account (money market fund)	4,446,011	A	Not rated	-	4,446,011
Money market mutual funds	4,983,078	A	Not rated	-	4,983,078
State investment pool	44,975,153	N/A	Not rated	-	44,975,153
Guaranteed investment contract	16,717,733	N/A	Not rated	-	16,717,733
Commercial paper	3,581,931	A-1	A-1	-	-
Repurchase agreement	2,405,000	N/A	Not rated	-	2,405,000
Held by bond trustee:					
US Treasury note	990,000	N/A	Not rated	990,000	-
Federal agency issues	3,828,242	AA/Aa2	Aaa	-	-
Investment contract	5,147,000	N/A	Not rated	-	5,147,000
FNMA medium term notes	2,625,986	AA/Aa2	Aaa	-	-
Money market funds	28,542,459	A	Not rated	-	28,542,459
	<u>\$230,023,522</u>			<u>\$ 5,405,223</u>	<u>\$107,216,434</u>

Concentration of Credit Risk

The investment policies of the City contain no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment type	Reported amount
FNMA	Federal agency securities	\$ 42,693,243
Federal Home Loan Bank	Federal agency securities	22,599,000
Federal Home Loan Mortgage Corporation	Federal agency securities	30,077,232

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 2: Cash and Investments (continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policies do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 3: Interfund Receivables, Payables and Transfers

Current interfund receivables and payables at June 30, 2007, are as follows:

	Amount
Due to General Fund from:	
Federal and State Programs Special Revenue Fund	\$ 562,021
Nonmajor governmental funds	2,401,979
Total due to General Fund from other funds	\$ 2,964,000
Due to Economic Development Agency Special Revenue Fund from:	
General Fund	\$ 195,812
Due to Water Enterprise Fund from:	
Sewer Enterprise Fund	\$ 144,327
Due to internal service funds from:	
Other internal services funds	\$ 321,171

The interfund balances above resulted from loans to cover cash overdrafts, except for the amount due to the Water Enterprise fund, which resulted from operating services provided.

Long-term interfund receivables and payables at June 30, 2007, are as follows:

Advances from Economic Development Agency Special Revenue Fund to:	
Economic Development Agency Capital Projects Fund	\$ 601,690
Advances from Economic Development Agency Capital Projects Fund to:	
Economic Development Agency Special Revenue Fund	\$ 8,272,582
Nonmajor governmental funds	2,663,100
Total advances from Economic Development Agency Capital Projects Fund to other funds	\$ 10,935,682
Advances from nonmajor governmental funds to:	
Other nonmajor governmental funds	\$ 262,400

The interfund advances above resulted from loans to fund infrastructure and other capital improvements.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 3: Interfund Receivables, Payables and Transfers (continued)

Terms of the advances from the Economic Development Agency Capital Projects fund to nonmajor governmental funds are as follows:

Assessment District No. 987, Verdemon Improvements

Interest at 5%, annual payment on January 15 representing principal and accrued interest payable from all funds received through the levy of developer's fees. Payments are due each January 15 until the debt is paid in full. \$ 1,556,000

Assessment District No. 1015

Interest is set at 6%. The principal amount of the loan shall be due, together with accrued interest thereon, thirty days after the collection of the annual levy or after the sale of each home, within the District. 207,100

Interfund transfers during the year ended June 30, 2007 were as follows:

Transfers to General Fund from:		
Integrated Waste Fund	\$	2,598,000
Nonmajor governmental funds		6,180,922
Internal service funds		1,072,018
Total transfers to General Fund	\$	9,850,940
Transfers in to Economic Development Agency Special Revenue Fund from:		
Economic Development Agency Capital Projects Fund	\$	5,964,404
Economic Development Agency Debt Service Fund		16,970,000
Total transfers in to Economic Development Agency Special Revenue Fund	\$	22,934,404
Transfers in to Economic Development Agency Debt Service Fund from:		
General Fund	\$	2,285,607
Economic Development Agency Special Revenue Fund		12,176,152
Economic Development Agency Capital Projects Fund		2,578,679
Total transfers in to Economic Development Agency Debt Service Fund	\$	17,040,438

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 3: Interfund Receivables, Payables and Transfers (continued)

Transfers in to Integrated Waste Enterprise Fund from:		
General Fund	\$	65,000
Transfers in to Internal Service Funds from:		
General Fund	\$	800,000
Transfers in to nonmajor governmental funds from:		
General Fund	\$	3,690,831

Interfund transfers were principally used for operations, deficit repayment and general fund administration charges.

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities:				
Capital assets, not being depreciated:				
Land (1)	\$129,657,170	\$ 377,405	\$ (2,456,488)	\$127,578,087
Construction in progress	9,327,609	13,991,938	(14,877,583)	8,441,964
Total capital assets, not being depreciated	138,984,779	14,369,343	(17,334,071)	136,020,051
Capital assets, being depreciated:				
Infrastructure	498,617,208	13,038,014	(122,993)	511,532,229
Buildings and improvements	80,960,263	468,872	-	81,429,135
Machinery, vehicles and equipment	57,189,072	3,764,374	(390,964)	60,562,482
Total capital assets, being depreciated	636,766,543	17,271,260	(513,957)	653,523,846
Less accumulated depreciation for:				
Infrastructure	(193,894,046)	(13,483,977)	111,904	(207,266,119)
Buildings and improvements	(50,500,714)	(1,971,011)	-	(52,471,725)
Machinery, vehicles and equipment	(45,140,957)	(3,902,708)	387,817	(48,655,848)
Total accumulated depreciation	(289,535,717)	(19,357,696)	499,721	(308,393,692)
Total capital assets, being depreciated, net	347,230,826	(2,086,436)	(14,236)	345,130,154
Governmental activities capital assets, net	\$486,215,605	\$ 12,282,907	\$(17,348,307)	\$481,150,205

(1) The land balance reflected above includes various parcels that include certain restrictions that may impact the subsequent sale of those parcels.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 4: Capital Assets (continued)

	Beginning balance	Additions	Deletions	Ending balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and easements	\$ 15,415,712	\$ -	\$ -	\$ 15,415,712
Construction in progress	39,416,027	15,644,857	(8,070,288)	46,990,596
Total capital assets, not being depreciated	54,831,739	15,644,857	(8,070,288)	62,406,308
Capital assets, being depreciated:				
Water rights, wells and pumping plants	50,386,639	1,025,845	-	51,412,484
Distribution systems	65,937,908	10,468,037	(3,028,959)	73,376,986
Building, plants and store yards	152,501,308	1,338,321	(9,113)	153,830,516
Machinery, vehicles and equipment	24,224,037	4,119,736	(409,449)	27,934,324
Office leasehold improvements	1,919,987	-	-	1,919,987
Office, computer, engineering equipment	4,236,683	32,606	-	4,269,289
Radio and interoffice communication equipment	382,940	-	-	382,940
Telemetry system and equipment	1,231,464	36,905	-	1,268,369
Miscellaneous	426,549	-	-	426,549
Total capital assets, being depreciated	301,247,515	17,021,450	(3,447,521)	314,821,444
Less accumulated depreciation for:				
Water rights, wells and pumping plants	(20,420,474)	(1,703,821)	-	(22,124,295)
Distribution systems	(23,455,344)	(1,497,656)	2,965,961	(21,987,039)
Building, plants and store yards	(63,888,210)	(4,782,878)	6,408	(68,664,680)
Machinery, vehicles and equipment	(15,499,081)	(2,213,415)	385,097	(17,327,399)
Office leasehold improvements	(82,913)	(125,580)	-	(208,493)
Office, computer, engineering equipment	(2,723,970)	(414,550)	433	(3,138,087)
Radio and interoffice communication equipment	(269,127)	(14,519)	-	(283,646)
Telemetry system and equipment	(302,481)	(203,524)	-	(506,005)
Miscellaneous	(240,940)	(12,322)	-	(253,262)
Total accumulated depreciation	(126,882,540)	(10,968,265)	3,357,899	(134,492,906)
Total capital assets, being depreciated, net	174,364,975	6,053,185	(89,622)	180,328,538
Business-type activities capital assets, net	<u>\$229,196,714</u>	<u>\$21,698,042</u>	<u>\$ (8,159,910)</u>	<u>\$242,734,846</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 4: Capital Assets (continued)

Depreciation expense was charged to functions of the City as follows:

	Governmental activities	Business-type activities
Governmental activities:		
General government	\$ 1,016,948	\$ -
Public safety	1,683,928	-
Streets	12,340,716	-
Culture and recreation	413,412	-
Community development	413,286	-
Economic development	25,901	-
Community services	1,616,010	-
Integrated Waste	-	1,564,865
Water	-	4,065,028
Sewer	-	5,338,372
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,847,495</u>	<u>-</u>
Total depreciation expense	<u>\$ 19,357,696</u>	<u>\$ 10,968,265</u>

Note 5: Long-Term Liabilities - Governmental Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2007:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Governmental activities:					
<i>Capital leases payable</i>	\$ 3,992,744	\$ 609,326	\$ 1,610,254	\$ 2,991,816	\$ 1,259,116
<i>Claims and judgments</i>	12,745,545	5,036,839	3,590,906	14,191,478	3,900,000
<i>Compensated absences</i>	17,483,244	10,274,940	8,600,314	19,157,870	10,274,940
<i>Participation agreements:</i> Yellow Freight	570,227	-	55,958	514,269	-

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<i>Notes payable:</i>					
HUD Section 108:					
Cinema project	\$ 5,560,000	\$ -	\$ 300,000	\$ 5,260,000	\$ 320,000
Arden Guthrie	-	7,500,000	-	7,500,000	-
Reynolds	-	606,637	-	606,637	-
Bobbitt	10,118	-	6,456	3,662	3,662
Total notes payable	5,570,118	8,106,637	306,456	13,370,299	323,662
<i>Lease revenue bonds:</i>					
Public Facilities Lease (Lease Revenues Refunding 1997A, Series A)	6,100,000	-	640,000	5,460,000	670,000
City Hall Lease (Refunding Bonds, Series 1996)	11,260,000	-	865,000	10,395,000	420,000
Total lease revenue bonds	17,360,000	-	1,505,000	15,855,000	1,090,000
<i>California Infrastructure</i>					
Fire station lease	2,464,117	68,078	74,816	2,457,379	77,001
Street construction	-	5,450,237	-	5,450,237	1,009,887
Harriman place street extension lease	1,823,775	-	91,843	1,731,932	94,424
Total California infrastructure	4,287,892	5,518,315	166,659	9,639,548	1,181,312
<i>Tax allocation bonds:</i>					
Refunding Bonds, 2002	27,130,000	-	870,000	26,260,000	910,000
Bonds 2002A	3,405,000	-	55,000	3,350,000	60,000
Refunding Bonds, 1998A	14,560,000	-	660,000	13,900,000	695,000
Refunding Bonds, 1998B	6,830,000	-	270,000	6,560,000	285,000
Taxable 2006	28,665,000	-	1,000,000	27,665,000	1,070,000
Refunding Bonds, 2005A	55,800,000	-	1,920,000	53,880,000	2,025,000
Refunding Bonds, 2005B	21,105,000	-	745,000	20,360,000	780,000
Less: deferred charges	(2,277,096)	-	(123,526)	(2,153,570)	-
Total tax allocation bonds	155,217,904	-	5,396,474	149,821,430	5,825,000
<i>Assessment District bonds:</i>					
Assessment District No. 985	245,000	-	40,000	205,000	45,000
Assessment District No. 987	250,000	-	35,000	215,000	40,000
Total assessment district bonds	495,000	-	75,000	420,000	85,000

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<i>Certificates of Participation:</i>					
1999 Certificates of participation	\$ 13,275,000	\$ -	\$ 425,000	\$ 12,850,000	\$ 445,000
<i>Pension obligation bonds payable:</i>					
Taxable Pension Obligation Bonds, 2005 Series A	50,401,583	-	-	50,401,583	836,676
<i>Purchase agreement:</i>					
Foundation for California State University, San Bernardino	320,700	-	106,900	213,800	106,900
Governmental activities long-term liabilities	\$ 281,719,957	\$ 29,546,057	\$ 21,838,921	\$ 289,427,093	\$ 25,327,606

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$745,782 of compensated absences, \$14,191,478 of claims and judgments payable, \$1,540,117 of capital leases payable, and \$270,000 of lease revenue bonds for internal service funds are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

Amount
outstanding at
June 30, 2007

Capital Leases Payable

The City has entered into several lease agreements for the financing of fire equipment, print shop equipment, air conditioning, lighting equipment, and police vehicles. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception.

\$ 2,991,816

Assets acquired through capital leases are as follows:

	Governmental activities
Machinery, vehicles and equipment	\$ 6,174,772
Less: accumulated depreciation	(3,396,104)
Total	\$ 2,778,668

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

The following schedule summarizes the debt to maturity payments for capital leases:

Year ending June 30,	Governmental activities	
	Principal	Interest
2008	\$ 1,259,116	\$ 101,049
2009	908,502	57,476
2010	502,771	25,042
2011	195,842	12,104
2012	48,687	4,730
2013 – 2017	76,898	3,225
Total	<u>\$ 2,991,816</u>	<u>\$ 203,626</u>

Amount
outstanding at
June 30, 2007

Participation Agreements

Yellow Freight

On January 22, 2001, the Agency entered into a Property Owner Redevelopment Agreement with Yellow Freight Systems. As part of the agreement, the Agency agreed to provide public assistance to the offset costs associated with acquisition and development of a freight terminal. Only Agency funds directly generated by net tax increments amounts upon maturity of the note have been pledged. Payments will be from time to time as funds are available with the full balance to be paid by January 2010. No interest shall accrue on the note.

\$ 514,269

Notes Payable

Section 108 Notes:

Cinema Project

The Economic Development Agency of City of San Bernardino (the "Agency") and MDA-San Bernardino Associates, LLC ("MDA") entered into a HUD Section 108 Loan Agreement in December of 1998. The proceeds of the Agency Loan, together with other sources of funds, were used and applied by MDA for the payment of the costs of the development, construction, improvement and financing of a multi-screen cinema complex and related common area improvements. The maximum amount of the Loan is \$7,000,000.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Amount
outstanding at
June 30, 2007

Notes Payable (continued)

Section 108 Notes (continued):

Cinema Project (continued)

In order for the Agency to be able to make the Loan, the Agency entered into a Contract for Loan Guarantee Assistance, a Master Fiscal Agency Agreement, and executed promissory notes with the United States of America through its Department of Housing and Urban Development pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended.

Interest is payable from the date of each advance to the "Public Offering Date" and shall accrue on the unpaid principal balance of the Note and shall be paid in quarterly installments on the first day of March, June, September and December, "Interim Payment Date." The amount of interest payable on each Interim Payment Date will represent interest accrued on the unpaid balance during the three-month period ending before the Interim Payment Date, or in the case of the first Interim Payment Date, the period from the date of this Note to the day before the first Interim Payment date. The initial interest rate will be set on the date of such advance at a rate per annum equal to 20 basis points (.2%) above the Applicable LIBO Rate on such Reset Date.

The Permanent Interest Rate after the Public Offering Date, shall be the interest rate which the underwriters selected by the Secretary of HUD to conduct the public offering determine will enable them to sell the HUD Notes under then prevailing market conditions as of the Public Offering Date at one hundred percent (100%) of the aggregate principal amount owing thereunder. Principal payments are to be made annually on June 1 through June 1, 2010.

\$ 5,260,000

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Amount
Outstanding at
June 30, 2007

Notes Payable (continued)

Section 108 Notes (continued):

Arden-Guthrie Focused Neighborhood Revitalization Project

The City of San Bernardino entered into a Contract for Loan Guarantee Assistance, a Master Fiscal Agency Agreement, and executed a promissory note with the United States Department of Housing and Urban Development pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended. The proceeds of the loan were then loaned to that Agency to be used for the Arden-Guthrie Focused Neighborhood Revitalization Project. The source of funds available for the repayment of the Loan is the CDBG Program Revenues of the City. The maximum amount of the Loan is \$7,500,000.

During the initial phase interest is payable from the date of each advance to the "Public Offering Date" and shall accrue on the unpaid principal balance of the Note and shall be paid in quarterly installments on the first day of February, May, August and November, "Interim Payment Date". The amount of interest payable on each Interim Payment Date will represent interest accrued on the unpaid balance during the three month period ending before the Interim Payment Date, of in the case of the first Interim Payment Date, the period from the date of this Note to the day before the first Interim Payment Date. The initial interest rate will be set on the date of such advance at a rate per annum equal to 20 basis points (.2%) above the Applicable LIBO Rate on such Reset Date.

On the Conversion Date a fixed rate of interest will be determined and interest payments will be due semiannually on February 1 and August 1 beginning February 1, 2007 through August 1, 2025. Principal payments are to be made annually on August 1, beginning August 1, 2011 through August 1, 2025.

\$ 7,500,000

Reynolds of San Bernardino, a California Corporation

On December 5, 2006, the Agency entered into an Installment Note (Note) for the purchase of property with Reynolds of San Bernardino, a California Corporation for \$606,637. The Note matures on January 1, 2010. Interest only payments of \$3,000 per month at 5.93436% are due on the first day of the month commencing on February 1, 2007 through January 1, 2010. The Note is secured by a deed of trust.

606,637

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Bobbitt

On July 1, 1999, the Agency entered into an agreement with the Gary and Patricia Bobbitt Revocable Trust to reimburse the property owner (Bobbitt's), a sum not to exceed \$90,000, for the cost and installation of certain off-site improvements. The loan was evidenced by an Agency Promissory Note. The term of the note is ten years with installments of principal and interest being made in an amount of level debt payments amortized over the term of the agreement. Interest accrues at 5% per annum. Tax increment revenue derived from this project has been pledged for repayment.

\$ 3,662

Total notes payable

\$ 13,370,299

The annual requirements to amortize notes payable outstanding as of June 30, 2007 are as follows:

Year ending June 30,	Principal	Interest
2008	\$ 323,662	\$ 836,707
2009	340,000	812,440
2010	966,637	772,212
2011	380,000	724,105
2012	744,000	686,183
2013 - 2017	4,385,000	2,626,920
2018 - 2022	3,655,000	1,200,128
2023 - 2027	2,576,000	294,040
Totals	<u>\$ 13,370,299</u>	<u>\$ 7,952,735</u>

Lease Revenue Bonds

Public Facilities Lease Revenue Refunding Bonds, 1997 Series A

\$10,370,000 of Public Facilities Lease Revenue Refunding Bonds, issue of 1997, Series A, were issued for the purpose of refunding the Agency's Public Facilities Lease Revenue Bonds, 1989 Series A and to provide funds for the construction and leasing of a fueling station. The bonds consist of \$5,580,000 of serial bonds with interest rates varying from 3.850% to 4.750%, maturing annually on September 1 through September 1, 2007 and \$4,790,000 of term bonds due September 1, 2013, bearing interest at 5.000%. Interest is payable semiannually on March 1, and September 1. The term bonds shall be redeemed prior to maturity beginning September 1, 2008 to September 1, 2013 from the Term Bond Sinking Fund. The amount outstanding at June 30, 2007 is \$5,460,000.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Lease Revenue Bonds (continued)

Bonds maturing on or after September 1, 2008 are subject to redemption before maturity, at the option of the Agency, from available funds, on any date after September 1, 2007. Such bonds will be redeemed at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2007 the reserve requirement was \$946,345 and the amount actually held in the reserve account was \$967,052.

The bonds are secured by and payable from the lease revenue payments received by the Agency as lessor, under lease agreements with the City of San Bernardino.

Lease Revenue Refunding Bonds (City Hall Project), Series 1996

\$16,320,000 of Lease Revenue Refunding Bonds (City Hall Project), Series 1996, were issued to refund the Central City Project, \$12,000,000 Certificates of Participation (Series 1992) and to finance the acquisition of certain equipment and other capital improvements by the City. These bonds consisted of: \$4,235,000 of serial bonds with interest rates varying from 4.15% to 5.00%; and \$1,690,000 of term bonds bearing interest at 5.10%; \$865,000 of term bonds, bearing interest of 5.30%; \$3,215,000 of term bonds, bearing interest at 5.60% and \$6,315,000 of term bonds, bearing interest at 5.70%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on January 1, 1999 through January 1, 2006. Term bonds are due January 1, 2007, January 1, 2009, January 1, 2015 and January 1, 2023 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund. The amount outstanding at June 30, 2007 is \$10,395,000.

The Bonds are subject to optional redemption as a whole or in part on any date on or after January 1, 2007, at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2007 the reserve requirement was \$1,497,030 and the amount actually held in the reserve account was \$1,509,011.

The Bonds and the interest thereon are payable from, and secured by a pledge of, lease payments to be paid by the City of San Bernardino pursuant to a Lease Purchase Agreement between the Agency as lessor and the City as lessee. In order for the City to secure its obligations pursuant to the lease Agreement, the City will grant to the Agency, which will be assigned to First Trust of California National Association, as trustee its interest in the Lease Agreement which includes its rights to acquire the Leased Premises, upon payment of principal of and interest on the Bonds.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Lease Revenue Bonds (continued)

The annual requirements to amortize lease revenue bonds outstanding as of June 30, 2007 are as follows:

Year ending June 30,	Principal	Interest
2008	\$ 1,090,000	\$ 841,253
2009	1,150,000	785,455
2010	1,205,000	725,745
2011	1,265,000	661,830
2012	1,335,000	594,640
2013 – 2017	4,825,000	2,050,125
2018 – 2022	4,035,000	986,385
2022 – 2027	950,000	54,150
Totals	\$ 15,855,000	\$ 6,699,583

Fire Station Lease

On August 2, 2004, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a lease agreement in regard to the purchase of a Fire Station. Subject to the provisions of the lease, the City agrees to pay to the CIEDB as rental for use and occupancy of the Fire Station lease payments on February 1 and August 1 of each year. During fiscal year ended June 30, 2007, the City had drawn down \$2,464,117 of the \$2,550,000 lease. An additional \$68,078 was drawn during fiscal year ended June 30, 2007. The lease amount outstanding at June 30, 2007 is \$2,457,379.

On August 28, 2001, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a lease agreement in regard to the Harriman Place Street Extension Project (Project). The Project will be located on real property owned by the City. Subject to the provisions of the lease, the City agrees to pay to the CIEDB as rental for use and occupancy of the Harriman Street Extension lease payments on February 1 and August 1 of each year. The lease amount outstanding at June 30, 2007 is \$1,731,932.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Lease Revenue Bonds (continued)

Street Construction

On September 27, 2005, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a financing agreement for the pavement reconstruction and 25.5 miles of pavement rehabilitation projects on public streets throughout the City. The City agrees to pay the CIEDB on August 1 and February 1, beginning in fiscal year 2008. During the fiscal year ended June 30, 2007, the City had drawn a total of \$5,450,237 of the \$10,000,000 available. The lease amount outstanding at June 30, 2007 was \$5,450,237. Since the full amount of the debt has not been drawn, there is no set debt service schedule.

The annual requirements to amortize the leases as of June 30, 2007 are as follows:

Year ending June 30,	Principal	Interest
2008	\$ 171,425	\$ 118,492
2009	176,327	113,520
2010	181,368	108,406
2011	186,555	103,146
2012	191,889	97,735
2013 - 2017	1,044,963	401,936
2018 - 2022	1,203,169	241,467
2023 - 2027	628,524	108,681
2028 - 2032	405,091	18,760
Totals	\$ 4,189,311	\$ 1,312,143

Does not include \$5,450,237 CIEDB since the City has not completely drawn down the debt, there is no debt service schedule.

Tax Allocation Bonds

2002 Tax Allocation Refunding Bonds

In April 2002, the San Bernardino Joint Powers Financing Authority issued \$30,330,000 in tax allocation refunding bonds to refund the 1995 Tax Allocation Bonds, to finance certain redevelopment activities of the Agency's project areas, to fund a reserve fund for the bonds, fund the interest account, and pay costs of issuance of the bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Tax Allocation Bonds (continued)

The bonds consist of serial bonds of \$9,125,000 maturing from 2004 to 2012 in annual installments of \$775,000 to \$1,125,000, and term bonds of \$8,290,000, due in 2018, term bonds of \$3,475,000 due in 2020, and term bonds of \$9,440,000 in 2026. Interest is payable semi-annually on October 1 and April 1, commencing on October 1, 2003, at rates ranging from 3.25% to 5.625%.

The term bonds maturing on April 2018, are subject to mandatory prepayment, on each April 1, commencing on April 1, 2013 through April 1, 2018. Term bonds maturing on April 1, 2020, are subject to mandatory prepayment, on April 1, 2019 and April 1, 2020. Term bonds maturing on April 1, 2026, are subject to mandatory prepayment on each April 1, commencing on April 1, 2021 through April 1, 2026.

The Agency has agreed to pay the Authority principal and interest payments solely from the Agency's Surplus Tax Revenues from the Central City North, State College No. 4, Southeast Industrial Park, Northwest, South Valle, Uptown and Tri-City Redevelopment Project Areas.

A reserve account is required to be maintained in the amount of \$2,683,230. The balance held in the reserve account as of June 30, 2007 was \$2,708,148. At June 30, 2007, \$26,260,000 of the bonds were outstanding.

Tax Allocation Bonds, Series 2002A

In January 2002, the San Bernardino Joint Powers Financing Authority issued \$3,635,000 in tax allocation bonds to fund certain capital improvement projects in the Mount Vernon Project Area, to fund a reserve fund, and to pay costs of issuance of the bonds. Interest on the bonds is payable June 1, 2002 and semi-annually thereafter on June 1 and December 1 of each year at rates ranging from 4.7% to 6.2% per annum. The bonds consist of term bonds ranging in amounts from \$285,000 to \$2,025,000 maturing from 2007 to 2031. Principal installments are payable annually ranging in amount from \$50,000 to \$445,000 through December 1, 2031.

The term bonds maturing on December 1, 2007, are subject to mandatory prepayment, on each December 1, commencing on December 1, 2002 through December 1, 2007. Term bonds maturing on December 1, 2012, are subject to mandatory prepayment, on each December 1, commencing on December 1, 2007 through December 1, 2012. Term bonds maturing on December 1, 2021, are subject to mandatory prepayment on each December 1, commencing on December 1, 2013 through December 1, 2021. Term bonds maturing on December 1, 2031, are subject to mandatory prepayment, on each December 1, commencing on December 1, 2022.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Tax Allocation Bonds (continued)

A reserve account is required to be maintained in the amount of \$263,625. The balance held in the reserve account as of June 30, 2007 was \$267,028. At June 30, 2007, \$3,350,000 of the bonds were outstanding.

Refunding Bonds, Series 1998A

The \$19,000,000 of tax allocation refunding bonds, issue of 1998, Series A, consist of serial bonds with varying interest rates from 3.600% to 5.750%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on July 1 through July 1, 2020. The amount outstanding at June 30, 2007 is \$13,900,000.

The Series A bonds are not subject to optional redemption. The bonds are secured by a pledge of property tax apportionments from the Central City Project Area. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2007 the reserve requirement was \$1,456,515 and the amount actually held in the reserve account was \$1,496,443.

The proceeds of the 1998 Series A Tax Allocation Refunding Bonds along with the proceeds of the 1998 Series B Subordinated Tax Allocation Refunding Bonds were used to advance refund \$20,990,000 of outstanding Central City Project Tax Allocation Refunding Bonds, 1991 Series A and \$4,005,000 of outstanding Central City Project Subordinated Tax Allocation Bonds 1991 Series B.

Subordinate Refunding Bonds, Series 1998B

The \$8,590,000 of subordinated tax allocation refunding bonds, issue of 1998, consist of \$4,815,000 of serial bonds with varying interest rates from 4.500% to 5.875% and \$3,775,000 of term bonds, bearing interest at 6.000%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on July 1 through July 1, 2014. Term bonds are due July 1, 2020 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund on July 1, 2015 to July 1, 2020 without premium. The amount outstanding at June 30, 2007 is \$6,560,000.

Bonds maturing on or after July 1, 2009 are subject to redemption before maturity, at the option of the Agency, from available funds, on any date after July 1, 2008. Such bonds will be redeemed at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Tax Allocation Bonds (continued)

Subordinate Refunding Bonds, Series 1998B (continued)

The bonds are secured by a pledge of property tax apportionments from the Central City Project Area. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2007 the reserve requirement was \$639,012 and the amount actually held in the reserve account was \$656,529.

The proceeds of the 1998 Series B subordinated Tax Allocation Refunding Bonds along with the 1998 Series A Tax Allocation Refunding Bonds were used to advance refund \$20,990,000 of outstanding Central City Project Tax Allocation Refunding Bonds, 1991 Series A and \$4,005,000 of outstanding Central City Project Subordinated Tax Allocation Bonds, 1991 Series B.

Tax Allocation Revenue Refunding Bonds, Series 2005A

In September 2005, the San Bernardino Joint Powers Financing Authority issued \$55,800,000 in tax allocation refunding bonds to current refund \$55,800,000 of the outstanding 1995A Tax Allocation Refunding Bonds. The remaining portion of the 1995A Bonds was refunded with the proceeds of the Authority's Tax Allocation Refunding Bonds, Series 2005B (see below). As a result, the 1995A Tax Allocation Refunding Bonds are considered to be defeased and the liability has been removed from the financial statements.

The Series 2005A bonds consist of serial bonds with varying interest rates from 5.15% to 5.75%. Interest is payable semi-annually on April 1 and October 1, commencing on April 1, 2006. Serial bonds mature annually on October 1, 2006 through October 1, 2025.

The Series 2005A bonds are not subject to optional redemption. The Agency has agreed to pay the Authority principal and interest payments solely from the Agency's Tax Revenues from the Central City North, State College Project No. 4, Southeast Industrial Park, Northwest, South Valle, Uptown and Tri-City Redevelopment Project Areas.

A reserve account is required to be maintained in the amount of \$5,097,677. The balance held in the reserve account as of June 30, 2007 was \$5,139,457. At June 30, 2007, \$53,880,000 of the bonds were outstanding.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,116,000. This amount is being netted against the new debt and being amortized over the life of the new debt. The advance refunding resulted in an increase in debt service payments over the next 20 years of \$18,089 and resulted in an economic gain of \$1,940,000.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Tax Allocation Bonds (continued)

Tax Allocation Revenue Refunding Bonds, Series 2005B

In September 2005, the San Bernardino Joint Powers Financing Authority issued \$21,105,000 in tax allocation refunding bonds to current refund \$21,105,000 of the outstanding 1995A Tax Allocation Refunding Bonds. The remaining portion of the 1995A Bonds was refunded with the proceeds of the Authority's Tax Allocation Refunding Bonds, Series 2005A (see above). As a result, the 1995A Tax Allocation Refunding Bonds are considered to be defeased and the liability has been removed from the financial statements.

The Series 2005B bonds consist of serial bonds with varying interest rates from 5.15% to 5.75%. Interest is payable semi-annually on April 1 and October 1, commencing on April 1, 2006. Serial bonds mature annually on October 1, 2006 through October 1, 2025.

The Series 2005B bonds are not subject to optional redemption. The Agency has agreed to pay the Authority principal and interest payments solely from the Agency's Tax Revenues from the Central City North, State College Project No. 4, Southeast Industrial Park, Northwest, South Valle, Uptown and Tri-City Redevelopment Project Areas.

A reserve account is required to be maintained in the amount of \$1,946,566. The balance held in the reserve account as of June 30, 2007 was \$1,956,540. At June 30, 2007, \$20,360,000 of the bonds were outstanding.

The reacquisition price exceeded the net carrying amount of the old debt by \$422,100. This amount is being netted against the new debt and being amortized over the life of the new debt.

Tax Allocation Bonds (20% Set Aside), Taxable Series 2006

In April 2006, the San Bernardino Joint Powers Financing Authority issued \$28,665,000 in tax allocation bonds to fund the acquisition, demolition and relocation of certain occupants of the Central City North Project Area and provide for other redevelopment activities within the City of San Bernardino, as provided in the Redevelopment Plan, fund the Reserve Fund, and pay costs of issuance associated with the Bonds.

The 2006 bonds consist of serial bonds of \$5,630,000 maturing from 2007 to 2011 in annual installments of \$1,000,000 to 1,250,000, and term bonds of \$7,370,000, due May 1, 2016, and term bonds of \$15,665,000 due May 1, 2027. Interest is payable semi-annually on May 1 and November 1, commencing on November 1, 2006, at rates ranging from 5.20% to 6.15%.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Tax Allocation Bonds (continued)

The Bonds maturing on or prior to May 1, 2016, shall not be subject to call and redemption prior to maturity. The Bonds maturing on or after May 1, 2017, shall be subject to redemption on or after May 1, 2016, and any date thereafter as a whole or in part by lot, at the option of the Agency, at par, plus accrued interest, without premium.

The Agency has agreed to pay the Authority principal and interest payments solely from the Agency's Housing Revenues from the Central City North, Central City Merged, Central City West, Mount Vernon, State College Project No. 4, Southeast Industrial Park, Northwest, South Valle, Uptown, 40th Street and Tri-City Redevelopment Project Areas.

A reserve account is required to be maintained in the amount of \$2,698,116. The balance held in the reserve account as of June 30, 2007 was \$2,739,945. At June 30, 2007, \$27,665,000 of the bonds were outstanding.

The annual requirements to amortize tax allocation debt outstanding as of June 30, 2007 are as follows:

Year ending June 30,	Principal	Interest
2008	\$ 5,825,000	\$ 8,705,748
2009	6,130,000	8,390,844
2010	6,460,000	8,052,758
2011	6,810,000	7,697,083
2012	7,190,000	7,319,343
2013 – 2017	42,515,000	29,876,568
2018 – 2022	50,100,000	15,767,014
2023 – 2027	25,695,000	4,110,467
2028 – 2032	1,250,000	227,540
Totals	\$ 151,975,000	\$ 90,147,365

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Assessment District Bonds

Assessment District No. 985 Bonds Payable

\$1,102,000 of Assessment District No. 985 bonds, issue of 1991, were issued on February 28, 1990. The bonds consist of coupon bonds from 6.10% to 7.70%. Interest is payable semiannually on March 2 and September 2. Serial Bonds mature annually on September 2 through September 2, 2010. The bonds were issued to provide funds, acquire and construct the work and improvements authorized by the City in the legal proceedings of Assessment District No. 985 located in the City and to pay the authorized incidental expenses of the Assessment District Project and improvement bond financing. The outstanding balance at June 30, 2007 was \$205,000.

The bonds are subject to redemption on any March 2 or September 2 in advance of maturity at the option of the City Treasurer, upon giving 60 days prior notice and upon payment of the principal and interest accrued thereon to the date of redemption, plus a redemption premium of 5% of the principal amount thereof.

Assessment District No. 987 Bonds Payable

\$709,000 of Assessment District No. 987 bonds, issue of 1991, were issued on December 2, 1991. The bonds consist of coupon bonds from 5.75% to 7.30%. Interest is payable semiannually on March 2 and September 2. Serial Bonds mature annually on September 2 through September 2, 2011. The bonds were issued to provide funds, acquire and construct the work and improvements authorized by the City in the legal proceedings for Assessment District No. 987 located in the City and to pay the Authorized incidental expenses of the Assessment District Project and improvement bond financing. The outstanding balance at June 30, 2007 was \$215,000.

The bonds are subject to redemption on any March 2 or September 2 in advance of maturity at the option of the City Treasurer, upon giving 60 days prior notice and upon payment of the principal and interest accrued thereon to the date of redemption, plus a redemption premium of 1% of the principal amount thereof.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Assessment District Bonds (continued)

The following schedule summarizes the annual debt service requirements to maturity for assessment district bonds:

Year ending June 30,	Principal	Interest
2008	\$ 85,000	\$ 29,090
2009	85,000	22,578
2010	95,000	15,649
2011	105,000	7,929
2012	50,000	1,938
Totals	\$ 420,000	\$ 77,184

Certificates of Participation

1999 Certificates of Participation

On September 23, 1999, the San Bernardino Joint Powers Financing Authority issued \$15,480,000 of Refunding Certificates of Participation (Police Station, South Valle Refunding and 201 Building Projects). The Certificates were issued to retire \$2,325,000 outstanding of Refunding Certificates of Participation (South Valle Public Improvement Project) dated April 1, 1987, and \$5,910,000 outstanding of Certificates of Participation (1995 Police Station Financing Project) dated April 1, 1995, and to provide funds for capital improvements.

The Certificates mature on September 1 of each year, beginning September 1, 2001 through September 1, 2024, in amounts ranging from \$330,000 to \$1,080,000. The interest represented by the Certificates will be calculated, on the basis of a 360-day year of twelve 30-day months, from September 1, 1999, at the rates per annum set forth in the bond documents and will represent the sum of the portions of the Lease Payments designated as interest coming due during the six months preceding each Interest Payment Date. The interest rates will range approximately from 3.70% to 5.50%. The outstanding balance at June 30, 2007 was \$12,850,000.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Certificates of Participation (continued)

The Certificates maturing on September 1, 2020 are subject to mandatory sinking fund redemption in part on September 1 in each year on or after September 1, 2010, from the principal components of the Lease Payments required to be paid by the City pursuant to the Lease Agreements with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium, in accordance with the terms identified in the bond documents. The Certificates maturing on September 1, 2024 are subject to mandatory sinking fund redemption in part on September 1, 2021, from the principal components of the Lease Payments required to be paid by the City pursuant to the Lease Agreements with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium, in accordance with the terms identified in the bond documents.

The Certificates represent direct, undivided fractional interest in lease payments to be made by the City under the lease agreements. A reserve fund is required to be maintained in an amount equal to the maximum annual debt service. At June 30, 2007, the reserve requirement was \$1,147,000 and the amount actually held in the reserve account was \$1,171,536.

The following schedule summarizes the annual debt service requirements to maturity for certificates of participation:

Year ending June 30,	Principal	Interest
2008	\$ 445,000	\$ 685,944
2009	470,000	664,435
2010	485,000	641,511
2011	510,000	615,725
2012	540,000	586,850
2013 – 2017	3,185,000	2,440,213
2018 – 2022	4,145,000	1,438,387
2023 – 2025	3,070,000	259,600
Totals	\$ 12,850,000	\$ 7,332,665

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Pension Obligation Bonds

2006 Taxable Pension Obligation Bonds

In October 2006, the City issued City of San Bernardino Taxable Pension Obligation Bonds, 2005 Series A, consisting of \$36,050,000 principal amount of Taxable Pension Obligation Bonds, Series A-1 (standard bonds) and \$14,351,583 principal amount of Taxable Pension Obligation Bonds, 2005 Series A-2 (capital appreciation bonds). The City issued the bonds in order to prepay its unfunded accrued actuarial liability related to the City's safety retirement plan.

The standard bonds are dated October 1, 2006, with an interest rate of 5.628%, maturing annually commencing October 1, 2024 through October 1, 2035. Interest is due annually commencing on October 1, 2006 through October 1, 2035.

The capital appreciation bonds are dated October 1, 2006, with interest rates varying from 4.993% to 5.877%, maturing annually commencing October 1, 2007 through October 1, 2024.

The following schedule summarizes the annual debt service requirements to maturity for the Pension Obligation Bonds:

Year ending June 30,	Principal	Interest
2008	\$ 836,676	\$ 2,028,894
2009	833,818	2,028,894
2010	829,038	2,028,894
2011	826,800	2,028,894
2012	934,391	2,028,894
2013 - 2017	4,374,892	10,144,470
2018 - 2022	3,810,786	10,144,470
2023 - 2027	4,415,182	9,845,623
2028 - 2032	13,605,000	7,248,854
2033 - 2037	19,935,000	1,943,775
Totals	\$ 50,401,583	\$ 49,471,662

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 5: Long-Term Liabilities - Governmental Activities (continued)

Purchase Agreement

In July 2005, the City entered into a purchase agreement with The Foundation for California State University, San Bernardino (Foundation) to purchase certain television broadcast equipment from the Foundation for \$427,600. The payment is due in 4 equal installments of \$106,900, with the 1st payment due within 30 days of the execution of the agreement. The remaining payments shall be each made on or before July 30 of each year beginning in 2006, with the final payment being made by July 30, 2008. The amount outstanding at June 30, 2007, was \$213,800.

The following schedule summarizes the annual debt service requirements to maturity for the Purchase Agreement:

Fiscal year ending June 30,	Principal	Interest
2008	\$ 106,900	\$ -
2009	106,900	-
Total	<u>\$ 213,800</u>	<u>\$ -</u>

Note 6: Long-Term Liabilities - Business-type Activities

The following is a summary of changes in business-type long-term liabilities for the year ended June 30, 2007:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Business-type activities:					
<i>Capital leases payable:</i>	\$ 914,381	\$ 6,807,129	\$ 1,545,431	\$ 6,176,079	\$ 993,183
<i>Compensated absences</i>	2,501,293	629,695	488,341	2,642,647	1,902,007
<i>Notes payable</i>	28,021,736	-	2,293,717	25,728,019	2,374,256
<i>Certificates of Participation:</i>					
Refunding sewer revenue COPS	27,955,000	-	1,910,000	26,045,000	2,010,000
Less: deferred charges	(222,327)	-	(23,777)	(198,550)	(23,280)
	<u>27,732,673</u>	<u>-</u>	<u>1,886,223</u>	<u>25,846,450</u>	<u>1,986,720</u>
<i>Water bonds payable</i>	75,000	-	10,000	65,000	10,000
Business-type activities long-term liabilities	<u>\$ 59,245,083</u>	<u>\$ 7,436,824</u>	<u>\$ 6,223,712</u>	<u>\$ 60,458,195</u>	<u>\$ 7,266,166</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 6: Long-Term Liabilities – Business-type Activities (continued)

Capital Leases Payable

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

Amount
outstanding at
June 30, 2007

Integrated Waste Equipment

The City entered into several lease purchase agreements for the financing of the acquisition of refuse trucks and street sweepers. The terms of leases vary from 48 to 84 months with individual semi-annual payments ranging from \$22,432 to \$464,913.

\$ 6,005,610

Water Equipment

The City entered into a lease purchase agreements for the financing of furniture and equipment. The terms of the leases are for 60 months with quarterly payments of \$19,772.

170,469

Total capital leases payable

\$ 6,176,079

Year ending
June 30,

Business-Type Activities

Principal

Interest

2008

\$ 993,183

\$ 220,861

2009

985,914

183,267

2010

917,091

147,910

2011

931,500

113,730

2012

933,452

78,440

2013 – 2014

1,414,939

52,888

Totals

\$ 6,176,079

\$ 797,096

Water Bonds Payable

Waterworks Bonds, Series C

During the year ended June 30, 1992, the South San Bernardino Water District merged with the Water Department. The department assumed all bonds. The bonds were initially issued March 1, 1988, for \$150,000 and mature annually commencing September 1, 1993, through September 1, 2013 in principal amounts ranging from \$5,000 to \$15,000. Interest accrues at 7.75%. The outstanding balance at June 30, 2007 is \$65,000.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 6: Long-Term Liabilities – Business-type Activities (continued)

Water Bonds Payable (continued)

The annual requirements to amortize bonds payable subsequent to June 30, 2007 are as follows:

Year ending June 30,	Principal	Interest
2008	\$ 10,000	\$ 5,038
2009	10,000	4,263
2010	10,000	3,488
2011	10,000	2,713
2012	10,000	1,938
2013 – 2016	15,000	1,163
Totals	\$ 65,000	\$ 18,603

Certificates of Participation

Refunding Sewer Revenue Certificates of Participation

\$36,230,000 of refunding sewer revenue certificates of participation, 1998, were issued consisting of \$29,855,000 of serial certificates with variable interest rates ranging from 3.95% to 5.25% and \$6,375,000 of term certificates, bearing interest at 5.00%. Interest is payable semiannually of February 1, and August 1. Serial certificates mature annually on February 1 through February 1, 2015. Term certificates are due February 1, 2017, and are subject to mandatory sinking fund prepayments beginning February 1, 2016. The outstanding balance at June 30, 2007, net of deferred charges of \$198,550, is \$25,846,450.

Certificates maturing on or after February 1, 2010, are subject to prepayment before maturity, at the option of the City, on any date after February 1, 2009. Such certificates will be redeemed at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents.

The Certificates were issued to refinance the acquisition and construction of certain capital improvements that were originally financed by the 1992 Certificates of Participation, dated February 1, 1992. The proceeds of the 1998 Certificates were invested and used to pay interest on the 1998 issue until February 1, 2001. The 1992 Certificates were called on February 1, 2001 at a prepayment premium of two percent. The funds from the 1998 issue were used to pay off the 1992 Certificates. The Department will now begin paying the installment payments on the 1998 Certificates from the net revenues of the Sewer system. The Department has covenanted that it will budget amounts sufficient to make all installment payments due.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 6: Long-Term Liabilities – Business-type Activities (continued)

Certificates of Participation (continued)

The required reserve for the 1998 Refunding Sewer Revenue Certificates of Participation is \$1,910,000. As of June 30, 2007, the reserve was fully funded.

Costs related to the issuance of the 1998 Certificates have been paid out of the proceeds of the issue.

It has been determined that the amount of \$102,310 was due under Internal Revenue Code Section 148(f)(4)(B) for the temporary investments of the 1998 Refinancing Sewer Revenue Certificates of Participation and for arbitrage rebate.

The annual requirements to amortize certificates of participation subsequent to June 30, 2007 are as follows:

Year ending June 30,	Principal	Interest
2008	\$ 2,010,000	\$ 1,275,055
2009	2,125,000	1,174,555
2010	2,240,000	1,078,930
2011	2,365,000	973,650
2012	2,510,000	855,400
2013 – 2016	14,795,000	2,297,988
Subtotals	26,045,000	7,655,578
Less: deferred charges	(198,550)	-
Totals	<u>\$ 25,846,450</u>	<u>\$ 7,655,578</u>

Notes Payable

California Infrastructure and Economic Development Bank

San Bernardino Valley Municipal Water District note is to be repaid in annual principal and interest payment ranging from \$776,905 to \$750,319, matures in 2022, and bears interest at 3.34%. The outstanding balance at June 30, 2007 is \$8,715,598.

State Water Resources Control Board

State Water Resources Control Board (SWRCB) note is to be repaid over a 20-year period at 3.30% interest with the first payment due one year after completion of construction on the demonstration project. Annual principal and interest payments of \$279,293 are to be made over the 20-year period. The note matures in 2011. The outstanding balance at June 30, 2007 is \$1,030,755.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 6: Long-Term Liabilities – Business-type Activities (continued)

Notes Payable (continued)

San Bernardino Valley Municipal Water District

San Bernardino Valley Municipal Water District note is to be repaid in annual principal and interest payment of \$456,250, matures in 2013, and bears interest at 7.25%. The outstanding balance at June 30, 2007 is \$2,158,050.

State Water Resources Board

A loan from the State Water Resources Control Board was provided for the construction of the San Bernardino/Colton Rapid Infiltration Extraction (RIX) project. Twenty annual principal and interest payments of \$1,761,739 began in 1997. The loan matures in 2016, and bears interest at 2.80%. The loan requires the Department to establish a Wastewater Capital Reserve Fund (WCRF) for expansion, major repair or replacement of wastewater treatment works at one-half of one percent of the total loan amount for a period of ten years. The outstanding balance at June 30, 2007 is \$13,823,616.

The annual requirements to amortize notes payable subsequent to June 30, 2007 are as follows:

Year ending June 30,	Principal	Interest
2008	\$ 2,374,256	\$ 894,482
2009	2,457,461	809,906
2010	2,544,396	721,554
2011	2,634,928	629,558
2012	2,449,946	533,733
2013 - 2017	9,874,047	1,435,923
2018 - 2021	3,392,985	378,959
Totals	\$ 25,728,019	\$ 5,404,115

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 7: Compensated Absences Liability

The City employees receive from 10 to 25 vacation days each year depending upon length of service. An employee may accumulate earned vacation time to a maximum not to exceed 25 days. Upon termination, employees are paid the full value of their unused vacation time at their existing salary. The City employees receive 12 personal necessity/sick leave days each year. Upon termination or retirement, employees are paid one-half the value of their unused personal necessity/sick leave time at their existing salary, for management employees, and a maximum of 60 days for all other employees. At June 30, 2007, \$19,157,870 and \$2,642,647 have been recorded, respectively, for governmental and business-type activities accrued vacation and sick leave.

Note 8: Prior Year Defeasance of Debt

In prior years, the City defeased certain debt issuances by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt issuances. Accordingly, the trust account assets and the liability for the defeased debt issuances are not included in the accompanying financial statements. At June 30, 2007, \$21,383,000 of debt issuances outstanding are considered defeased. The defeased debt consisted of the following:

1995	Police Station Financing Project Certificates of Participation	\$ 5,105,000
1995b	Subordinated Tax Allocation Bonds	15,045,000
1990	Water Facilities Certificates of Participation	<u>1,233,000</u>
Total		<u><u>\$ 21,383,000</u></u>

Note 9: Claims and Judgments Payable

The City of San Bernardino is self-insured for its liability, unemployment and long-term disability programs. The accrued liability for estimated claims represents an estimate of the eventual loss on claims arising prior to year-end including claims incurred but not yet reported.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 9: Claims and Judgments Payable (continued)

Changes in the funds' claims liability for the years ended June 30, 2007 and 2006, are as follows:

	Liability beginning of year	Claims and changes in estimates	Claims Paid	Liability end of year
2005-2006				
Workers' Comp	\$ 7,735,849	\$ 2,356,387	\$ (2,423,891)	\$ 7,668,345
Liability	6,210,500	1,653,692	(2,786,992)	5,077,200
Total 2005-2006	\$ 13,946,349	\$ 4,010,079	\$ (5,210,883)	\$12,745,545
2006-2007				
Workers' Comp	\$ 7,668,345	\$ 3,360,353	\$ (2,487,220)	\$ 8,541,478
Liability	5,077,200	1,676,486	(1,103,686)	5,650,000
Total 2006-2007	\$ 12,745,545	\$ 5,036,839	\$ (3,590,906)	\$14,191,478

The City has obtained excess liability coverage with limits of \$25,000,000 in excess of \$2,000,000 through the Big Independent Cities Excess Pool (BICEP). BICEP pools catastrophic general liability, automobile liability, and public officials' errors and omissions losses. BICEP intends to pool covered catastrophic losses incurred by its members, thereby eliminating the need for excess commercial insurance protection. As a result, each member's share of pooled costs will depend on the catastrophic losses of all the members. In addition, the cost to a member city will also depend on that member's own loss experience. Entities with a consistent record of costly claims will pay more than entities with a consistent record of limited serious claims activity. The following public entities are members of BICEP: Huntington Beach, Oxnard, Pomona, San Bernardino and Santa Ana.

Settled claims for general liability and workers' compensation have not exceeded insurance coverage during the past three years.

Estimated claims liabilities at June 30, 2007, including estimates for claims incurred but not reported, have been recorded by BICEP and the City's corresponding share of cost (Premium) is included in claims expense in the Liability Insurance Internal Service Fund.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 10: Short-Term Debt

The following is a schedule of changes in short-term debt for the year ended June 30, 2007:

	Beginning balance	Increases	Decreases	Ending balance
Anticipation notes	\$ -	\$ 9,000,000	\$(9,000,000)	\$ -

The City issued \$9,000,000 of tax revenue anticipation notes during the fiscal year for the purpose of providing cash flow financing and allowing for prepayment of annual pension costs.

Note 11: Fund Deficits/Accumulated Deficits and Expenditures in Excess of Appropriations

At June 30, 2007, the following governmental funds have deficits that are anticipated to be funded from future grants, other revenues and operating transfers:

	Deficit Amount
Special Revenue Funds:	
Federal and State Programs	\$ 1,354,040
Debt Service Funds:	
Assessment District #1015	467,126
Verdemont Improvement Loan	315,100
Capital Projects Funds:	
CIEDB Street Construction	1,742,182
Street Construction	1,669,310

At June 30, 2007, the following proprietary funds have accumulated deficits that are anticipated to be recovered in future periods from user charges and/or operating transfers, as follows:

	Deficit Amount
Internal Service Funds:	
Workers' Compensation	\$ 8,972,210
Liability Insurance	3,018,300
Utility	408,481

As of June 30, 2007, the General Fund does not have the financial capacity to fund such accumulated deficits. Therefore, management expects that funding for the accumulated deficits will take years to accomplish. The accumulated deficit of the workers' compensation Internal Service Fund, of which accounts for self-insurance activities, is due to higher claims experienced versus amounts charged to the various departments.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 11: Fund Deficits/Accumulated Deficits and Expenditures in Excess of Appropriations (continued)

The following funds/departments reported an excess of expenditures over appropriations at June 30, 2007:

	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
<i>General fund:</i>			
Common Council – personnel salaries and benefits	\$ 412,600	\$ 445,044	\$ (32,444)
City attorney – other	879,500	897,215	(17,715)
City administrator – other	84,000	85,441	(1,441)
Personnel - other	61,900	66,314	(4,414)
Finance – other	227,300	283,982	(56,682)
Civil service – other	63,500	72,811	(9,311)
Fire – personnel salaries and benefits	27,728,400	28,223,094	(494,694)
Development services – personnel salaries and benefits	2,402,400	2,504,844	(102,444)
Public services - other	3,272,300	3,658,452	(386,152)
Park, recreation and community services - other	2,310,500	2,594,790	(284,290)
<i>Special revenue funds:</i>			
Federal and state programs	7,514,800	7,834,303	(319,503)
Library – other	2,881,600	2,884,880	(3,280)
Cemetery	163,300	164,073	(773)
<i>Debt service funds:</i>			
Assessment District No. 985	63,700	66,294	(2,594)
Assessment District No. 987	55,000	62,907	(7,907)
Assessment District No. 1015	35,500	55,906	(20,406)

Note 12: Defined Benefit Pension Plan

The City of San Bernardino contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95814.

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and town contract with employee bargaining groups.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 12: Defined Benefit Pension Plan (continued)

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2006 to June 30, 2007 has been determined by an actuarial valuation of the plan as of June 30, 2004. The contribution rate indicated for the period is 18.934% of payroll for the safety plan and 8.947% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2007, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2006 to June 30, 2007.

A summary of principle assumptions and methods used to determine the ARC is shown below.

Valuation Date	June 30, 2004
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	32 Years as of the Valuation Date (13 years for miscellaneous)
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization period may not be lower than the payment calculated over a 30-year amortization period.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 12: Defined Benefit Pension Plan (continued)

Assembly Bill 1974, which added Sections 20840-20842 to the California Government Code allowed PERS to create risk pools and mandate public agency participation in those pools. Commencing with the valuation of June 30, 2003, mandatory pooling was established for plans with less than 100 active members. As a result, the Agency was required to participate in a risk pool of other Agencies/Districts with less than 100 employees. The valuation report as of June 30, 2004, contained two sections: 1) the specific information of the plan including the development of the pooled contribution rate, and 2) the report of the Risk Pool Actuarial Valuation as of June 30, 2004.

At the time of joining a risk pool (valuation of June 30, 2003), a side fund was created to account for the difference between the funded status of the pool and funded status of the Agency's plan. The side fund for the Agency's plan as of the June 30, 2004, valuation was a negative \$413,744.

The side fund will be credited, on an annual basis, with the actuarial investment return assumption. This assumption is currently 7.75%. The negative side fund will cause the Agency's required employer contribution rate to be increased by the Amortization of the side fund. In the absence of subsequent contract amendments or funding changes, the side fund will disappear at the end of the amortization period. The amortization period remaining as of June 30, 2005, was 12 years.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll.

Three-year Trend Information for PERS (\$ in thousands)

City

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$ 15,823	100%	\$ -
6/30/06	13,103	100%	-
6/30/07	11,390	100%	-

Agency

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$ 66	100%	\$ -
6/30/06	169	100%	-
6/30/07	224	100%	-

The annual pension cost as of June 30, 2004 was not available.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007**

Note 13: Other Post-Employment Benefits

In addition to the pension benefits described in Note 11, the City provides post-retirement health care benefits, in accordance with Common Council approval, to all employees who retire from the City on or after reaching age 50 or over with at least five years of PERS-credited service. Currently, 294 retirees meet eligibility requirements and are receiving some type of benefit whether it be health, dental or life insurance. The amount the City provides on the behalf of retirees is dictated in the contracts or MOU's. Expenditures for post-retirement health care benefits are recognized as incurred. The City incurred expenditures totaling \$228,126 for the year ended June 30, 2007.

Note 14: Special Assessment Debt Without Government Commitment

Assessment District No. 961 issued \$12,450,000 of Improvement Refunding Bonds on December 15, 1986, Assessment District No. 977A issued \$683,000 Improvement Bonds on April 2, 1990, Assessment District No. 977B issued \$1,013,000 Improvement Bonds on April 2, 1991, and Assessment District No. 1003 issued \$857,000 on July 1, 1992; all under the Refunding Act of 1984, for 1915 Improvement Act Bonds. The Bonds are payable from the annual installments collected on the regular property tax bills sent to owners of property having unpaid assessments levied against land benefited by the projects. Neither the faith, credit nor taxing power of the City is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the financial statements. At June 30, 2007, \$885,000 of Improvement Bonds remain outstanding.

Note 15: Mortgage Revenue and Industrial Development Revenue Bonds

Not included in the accompanying financial statements are mortgage revenue bonds and industrial development revenue bonds issued by the Agency. The bonds are special obligations payable solely from payments made on and secured by a pledge of the acquired mortgage loans and certain reserve funds and other monies in connection therewith, all pledged under the resolution authorizing the issuance of the bonds. The bonds are not payable from any other revenues or assets of the Agency. Neither the faith nor credit of the taxing powers of the City of San Bernardino, California, the State of California or any political subdivision thereof, or the Agency is pledged to the payment of the principal of or the interest on the bonds. Mortgage revenue bonds outstanding as of June 30, 2007 include the Multifamily Housing Revenue Bonds (Highland Lutheran Senior Housing Project) 1995 Series for \$1,515,000 and the Multifamily Housing Revenue Bonds (Ramona Senior Complex Project) Series 1995 for \$1,305,000.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 16: Contingencies

Amounts received or receivable from grantor agencies are subject to audit or adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the City. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

In the normal course of operations, the City has been named as a defendant in other various claims and legal actions. In the opinion of legal counsel, the ultimate liability for these other legal actions and claims will not have a materially adverse effect on the City's financial statements.

Note 17: Jointly Governed Organizations

Inland Valley Development Agency

In January 1990, the City entered into a joint powers agreement with the Cities of Colton and Loma Linda and the County of San Bernardino to form the Inland Valley Development Agency (IVDA). The IVDA adopted a redevelopment plan, and its primary purpose is to promote the redevelopment of the former Norton Air Force Base and other areas within its project area. The IVDA board is comprised of three members from the City and two each from the other members. The primary sources of funding are tax increment and lease income. As of June 30, 2007, the outstanding balance due from IVDA is \$23,702. Additional financial information can be obtained by contacting IVDA at 294 S. Leland Norton Way, Suite 1, San Bernardino, CA 92408.

San Bernardino International Airport Authority

In May 1992, the City entered into a joint powers agreement with the Cities of Colton, Loma Linda, Highland and Redlands and the County of San Bernardino to form the San Bernardino International Airport Authority (SBIAA). SBIAA was created primarily for the purpose of acquiring, operating, repairing, maintaining and administering the aviation related portions of the former Norton Air Force Base property located in San Bernardino. Effective April 19, 1996 the City of Redlands withdrew from its membership in SBIAA. The board is comprised of two members from the City and one each from the other members. The primary sources of funding are loans, federal grants and lease income. Additional financial information can be obtained by contacting SBIAA at 294 S. Leland Norton Way, Suite 1, San Bernardino, CA 92408.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 17: Jointly Governed Organizations (continued)

San Bernardino Regional Water Resource Authority

In August 1998, the City entered into a joint powers agreement with the Inland Valley Development Agency (IVDA) and the San Bernardino Valley Municipal Water District (the District) to form the San Bernardino Regional Water Resources Authority (the Authority). The Authority was created primarily for the purpose of conducting a water resource and storage project. The Authority board is comprised of three members from the City, one member from IVDA and two from the District. The primary sources of funding are loans and grants. As of June 30, 2007, the outstanding balance due from the Authority is \$785,450. Additional financial information can be obtained by contacting the Authority at 201 North "E" Street, Third Floor, San Bernardino, CA 92401.

Note 18: Consent Decree

In 1996, the City's Water Department filed a complaint against the United States of America, Department of the Army to recover damages, response costs and other available remedies relating to contamination alleged to have originated at a World War II Army installation known as Camp Ono. On March 15, 2006, the United States District Court, Central District, ordered entry of the consent decree in the matter of *City of San Bernardino v. United States of America*. The consent decree settles the City's and the state's claims arising from groundwater contamination allegedly caused by the United States' Department of the Army. The consent decree contains a number of provisions obligating the City (the City of San Bernardino Municipal Water Department) to operate and maintain the Newark Groundwater Superfund site.

The consent decree provided for the payment of \$69 million from the United States' Department of the Army (Army) to the City of San Bernardino for performance of the work outlined in the consent decree. Essentially, upon entry of the consent decree, the City of San Bernardino, through its Water Department, received title to all of the facilities constructed by the United States' Environmental Protection Agency (EPA) for the Newark Groundwater Superfund Site and agreed to operate and maintain the groundwater extraction and treatment system (the Newark Groundwater Superfund Site), for a period of fifty (50) years. The \$69 million dollar payment by the Army consisted of \$59 million for operation and maintenance (O&M) and \$10 million for construction of certain capital facilities needed in the future.

The funds received are subject to strict limitations how they may be spent.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 18: Consent Decree (continued)

Pursuant to the consent decree, the Construction funds in the amount of \$10 million, including interest or other returns actually earned on that account, have been set aside to be used only for (i) funding construction of treatment and directly related transmission systems that expanded the Department's capacity to deliver potable water to its residents, and (ii) funding for work performed by the Department to complete construction of the Muscoy Operable Unit extraction system. The Department shall complete the construction of the Muscoy Operable Unit extraction system, first using \$6,249,000 currently obligated by the EPA for that purpose, and then using consent decree funds. Consent decree funds cannot be used for costs incurred by the Department to operate, maintain, repair or retrofit components of the Newmark Groundwater Superfund Site extraction and treatment systems that were constructed by EPA.

At the time of receipt, the Department recorded the consent decree proceeds as deferred revenue. Revenue associated with the consent decree are recognized at the time that eligible expenses are incurred.

With the \$69 million dollar payment from the Federal government, the Department used \$50+ to purchase a blended insurance policy from AIG Insurance. This policy provides both pollution legal liability coverage and a financial vehicle/insurance policy blend that provides cost cap coverage for the first 30 years of the Department's 50-year obligations. This policy pays the Department back for itemized expenses and, when appropriate, for the capital expenses that will be incurred. The payment made to purchase this insurance has been recorded as prepaid insurance on the balance sheet of the Department's Water Fund. This asset is amortized over the period of benefit as costs are incurred. In the prior year (after the purchase of the AIG Insurance), approximately \$18 million of the remaining consent decree funds were invested in a LAIF (Local Agency Investment Fund) account in the investment pool maintained by the State of California.

During the fiscal year, the Department entered into the Guaranteed Investment Contract (GIC) on March 17, 2007 with AIG Match Funding Corporation (AIGMFC). The Department transferred \$16,482,039 of the excess consent decree funds held in the LAIF account into the interest bearing Escrow Fund investment with AIGMFC. An interest rate of 4.95% per annum is calculated based on the average balance of the amount outstanding of the investment. All calculations of interest due are computed on the basis of a 360-day year composed of twelve thirty-day months beginning on July 1, 2007. AIGMFC will pay out to the Department years 31-50 of the obligations based on the calculated repayment of principal and interest schedule of the GIC. The repayments begin annually from the year 2035 through 2056.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2007

Note 18: Consent Decree (continued)

The County of San Bernardino (County) paid to the Department a sum of \$1,000,000, which the Department must use solely to perform obligations under the consent decree, including use to help purchase a long term financial instrument. The amount is a settlement between the County and Department for the joint defense of the Newmark Ground Water Contamination lawsuit with the Army. Based on the claim of the Army, the Cajon Landfill contributed to the contamination, which is owned and operated by the County. The County had an interest in the outcome of the lawsuit and entered into in the joint defense agreement with the Department. At the fiscal year end, the settlement amount has been invested into the LAIF account to be pooled with the excess consent decree funds.

Note 19: Other Retirement Plan (PARS)

Effective January 1, 2004, pursuant to sections 4041(a) and 501(a) of the Internal Revenue Code, the City adopted a tax-qualified governmental defined benefit plan, the City of San Bernardino Public Agency Retirement System (PARS) – Retirement Enhancement Plan (the Plan). The Plan is administered by the City and was established to provide certain police safety or management employees employed as of January 1, 2004, meeting specific requirements as outlined in the Plan document, supplemental retirement benefits in addition to the benefits employees will receive from the Public Employees Retirement System (PERS). The Plan is entirely funded through City contributions amounting to 1.30% of employee salaries. The City's contributions to the plan amounted to \$364,068 in 2007 and \$329,387 in 2006.

Note 20: Construction Commitments

Commitments in the form of signed contracts for costs to complete construction projects or other improvements amounted to \$6,370,307 and \$7,397,958 at June 30, 2007 and June 30, 2006 respectively.

(The page intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

**Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2007**

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Taxes:					
Sales and use	\$ 39,525,000	\$ 41,175,000	\$ 36,988,204	\$ (4,186,796)	\$37,656,578
Utility users	23,850,000	23,850,000	25,106,729	1,256,729	24,093,906
Property	25,140,400	25,216,400	28,239,908	3,023,508	23,093,719
Franchise	3,374,900	3,374,900	3,348,563	(26,337)	3,343,989
Transient occupancy	3,000,000	3,000,000	3,032,994	32,994	2,907,811
Property transfer	900,000	900,000	946,155	46,155	1,211,862
Total taxes	95,790,300	97,516,300	97,662,553	146,253	92,307,865
Licenses and permits:					
Business registration	6,007,000	6,007,000	5,866,752	(140,248)	5,820,218
Building permits	985,000	985,000	1,020,470	35,470	1,011,971
Mechanical permits	300,000	300,000	332,636	32,636	284,854
Onsite permits	365,000	365,000	1,602,834	1,237,834	436,516
Onsite plan check fees	500,000	500,000	712,369	212,369	501,117
Public works construction permit	220,000	220,000	326,522	106,522	209,560
Paramedic/EMS subscription	18,000	18,000	16,504	(1,496)	17,155
Street cut permit	100,000	100,000	145,407	45,407	192,084
Other	703,200	918,200	1,117,165	198,965	918,724
Total licenses and permits	9,198,200	9,413,200	11,140,659	1,727,459	9,392,199
Fines and forfeitures:					
General fines	130,000	130,000	169,238	39,238	137,959
Parking citation	950,000	1,004,000	917,069	(86,931)	967,033
Code admin. citations	70,000	70,000	90,550	20,550	68,699
Fire citation	75,000	75,000	81,392	6,392	79,606
Vehicle abatement	3,000	3,000	-	(3,000)	2,090
Total fines and forfeitures	1,228,000	1,282,000	1,258,249	(23,751)	1,255,387
Investment income:					
Investment income	900,000	900,000	1,073,620	173,620	521,987
Land and building rental	315,000	315,000	474,154	159,154	342,197
Other	76,000	76,000	120,237	44,237	43,631
Total investment income	1,291,000	1,291,000	1,668,011	377,011	907,815

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule - General Fund
For the year ended June 30, 2007
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Intergovernmental:					
Motor vehicle in lieu tax	\$ 1,178,100	\$ 1,180,600	\$ 1,381,205	\$ 200,605	\$ 1,387,034
Homeowners exemption	151,200	151,200	149,123	(2,077)	151,359
State police training grants	130,000	130,000	132,146	2,146	155,903
State grants	150,000	450,000	581,015	131,015	416,117
Booking fee subvention	-	354,700	354,658	(42)	-
Other	4,049,900	4,376,800	4,832,997	456,197	3,508,344
Total intergovernmental	5,659,200	6,643,300	7,431,144	787,844	5,618,757
Charges for services:					
Plan check fees	725,000	725,000	536,764	(188,236)	740,971
Paramedics/emergency medical services	709,100	745,100	529,715	(215,385)	607,105
Board up/demolition assessment	800,000	800,000	897,547	97,547	997,521
Storm drain utility fee	270,000	270,000	283,836	13,836	268,070
Weed abatement	290,000	290,000	247,674	(42,326)	268,847
Planning development projects	270,000	270,000	467,409	197,409	269,658
Sale of photos	130,000	130,000	116,639	(13,361)	126,658
Alarm system fee	84,000	84,000	77,488	(6,512)	86,185
Engineering fees	40,000	40,000	47,940	7,940	37,983
Miscellaneous police receipts	885,000	885,000	839,549	(45,451)	814,838
Swimming pool fees	68,000	48,000	61,427	13,427	75,185
Other charges	2,789,800	2,665,500	2,912,938	247,438	2,535,243
Total charges for services	7,060,900	6,952,600	7,018,926	66,326	6,828,264
Other revenues:					
Off track betting	160,000	160,000	143,605	(16,395)	162,341
Miscellaneous receipts	57,000	519,700	393,206	(126,494)	125,742
Other revenues	3,073,100	3,080,100	3,538,370	458,270	3,020,403
Total other revenues	3,290,100	3,759,800	4,075,181	315,381	3,308,486
Total revenues	\$123,517,700	\$126,858,200	\$ 130,254,723	\$ 3,396,523	\$ 119,618,773

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2007
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
EXPENDITURES					
Current:					
General government:					
Mayor					
Personnel salaries and benefits	\$ 622,100	\$ 622,100	\$ 622,068	\$ 32	\$ 743,215
Other	482,300	547,100	341,548	205,552	249,402
Common council					
Personnel salaries and benefits	412,600	412,600	445,044	(32,444)	374,807
Other	92,000	140,400	67,032	73,368	91,284
City clerk					
Personnel salaries and benefits	1,193,500	1,193,500	1,169,865	23,635	1,063,190
Other	542,500	542,500	367,704	174,796	699,125
City treasurer					
Personnel salaries and benefits	148,800	148,800	146,585	2,215	138,596
Other	22,300	22,300	18,450	3,850	23,774
City attorney					
Personnel salaries and benefits	2,312,600	2,312,600	2,215,514	97,086	2,068,237
Other	879,500	879,500	897,215	(17,715)	950,776
City administrator					
Personnel salaries and benefits	688,800	688,800	667,014	21,786	543,484
Other	84,000	84,000	85,441	(1,441)	72,451
Personnel					
Personnel salaries and benefits	366,800	366,800	328,876	37,924	315,138
Other	61,900	61,900	66,314	(4,414)	98,793
Finance					
Personnel salaries and benefits	1,290,100	1,290,100	1,162,591	127,509	1,005,541
Other	224,800	227,300	283,982	(56,682)	325,922
Civil service					
Personnel salaries and benefits	267,800	267,800	254,464	13,336	206,722
Other	63,500	63,500	72,811	(9,311)	61,817
Code compliance					
Personnel salaries and benefits	2,222,200	2,305,000	2,221,945	83,055	1,822,423
Other	1,301,300	1,441,100	1,353,834	87,266	1,149,393
Facilities management					
Personnel salaries and benefits	2,124,700	2,178,700	1,893,986	284,714	1,855,023
Other	2,100,400	2,571,100	2,294,188	276,912	1,828,650
Nondepartmental					
Personnel salaries and benefits	287,000	642,100	228,125	413,975	210,837
Other	9,102,700	6,414,300	6,510,640	(96,340)	6,376,211
Total general government	26,894,200	25,423,900	23,715,236	1,708,664	22,274,811

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2007
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Public safety:					
Police					
Personnel salaries and benefits	\$ 46,986,000	\$ 50,387,000	\$ 49,019,544	\$ 1,367,456	\$ 47,460,194
Other	6,783,800	8,311,300	7,163,519	1,147,781	5,719,028
Fire					
Personnel salaries and benefits	26,559,200	27,728,400	28,223,094	(494,694)	27,441,129
Other	2,024,500	2,219,600	2,099,843	119,757	1,720,729
Total public safety	82,353,500	88,646,300	86,506,000	2,140,300	82,341,080
Streets:					
Development services					
Personnel salaries and benefits	2,695,400	2,402,400	2,504,844	(102,444)	2,331,407
Other	955,000	1,468,500	1,086,858	381,642	821,238
Public services					
Personnel salaries and benefits	2,941,400	2,941,400	2,103,407	837,993	2,745,767
Other	3,257,500	3,272,300	3,658,452	(386,152)	2,954,518
Total streets	9,849,300	10,084,600	9,353,561	731,039	8,852,930
Culture and recreation:					
Park, recreation and community services					
Personnel salaries and benefits	3,631,100	4,146,700	3,556,019	590,681	3,182,807
Other	2,162,900	2,023,500	2,322,205	(298,705)	2,099,611
Total culture and recreation	5,794,000	6,170,200	5,878,224	291,976	5,282,418
Community development:					
Planning, plan check and building inspection					
Personnel salaries and benefits	2,546,100	2,430,100	1,791,990	638,110	1,829,018
Other	420,200	653,200	372,752	280,448	420,637
Total community development	2,966,300	3,083,300	2,164,742	918,558	2,249,655
Debt service:					
Principal	3,456,600	3,456,600	917,697	2,538,903	854,666
Interest	3,258,300	3,253,300	3,396,857	(143,557)	485,828
Total debt service	6,714,900	6,709,900	4,314,554	2,395,346	1,340,494
Total expenditures	134,572,200	140,118,200	131,932,317	8,185,883	122,341,388
Excess of (deficiency) of revenues over (under) expenditures	(11,054,500)	(13,260,000)	(1,677,594)	11,582,406	(2,722,615)
OTHER FINANCING SOURCES (USES)					
Transfers in	8,915,500	9,692,100	9,850,940	158,840	8,094,650
Transfers out	(4,241,600)	(4,241,600)	(6,841,438)	(2,599,838)	(6,347,665)
Total other financing sources (uses)	4,673,900	5,450,500	3,009,502	(2,440,998)	1,746,985
Net change in fund balance	(6,380,600)	(7,809,500)	1,331,908	9,141,408	(975,630)
Fund balance, beginning of year	17,264,740	17,264,740	17,264,740	-	18,240,370
Fund balance, end of year	\$ 10,884,140	\$ 9,455,240	\$ 18,596,648	\$ 9,141,408	\$ 17,264,740

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – Federal and State Grants Fund
For the year ended June 30, 2007

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Investment income	\$ -	\$ -	\$ 4,742	\$ 4,742	\$ 5,431
Intergovernmental	8,544,900	7,469,400	8,062,111	592,711	5,460,585
Total revenues	8,544,900	7,469,400	8,066,853	597,453	5,466,016
EXPENDITURES					
Current:					
General government	-	58,400	55,544	2,856	34,621
Public safety	3,945,900	2,995,800	3,373,715	(377,915)	2,173,421
Streets	-	70,200	336,064	(265,864)	157,825
Culture and recreation	1,894,400	443,000	400,714	42,286	303,906
Community development	161,600	161,600	170,198	(8,598)	-
Community service	2,543,000	3,785,800	3,498,068	287,732	3,776,516
Total expenditures	8,544,900	7,514,800	7,834,303	(319,503)	6,446,289
Net change in fund balance	-	(45,400)	232,550	277,950	(980,273)
Fund balance, beginning of year	(1,586,590)	(1,586,590)	(1,586,590)	-	(606,317)
Fund balance, end of year	\$ (1,586,590)	\$ (1,631,990)	\$ (1,354,040)	\$ 277,950	\$ (1,586,590)

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – Economic Development Agency Special Revenue Fund
For the year ended June 30, 2007

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Investment income	\$ 1,202,082	\$ 1,202,082	\$ 1,422,880	\$ 220,798	\$ 1,208,514
Intergovernmental	23,367,529	23,367,529	8,293,708	(15,073,821)	9,143,816
Other	-	-	424,200	424,200	567,822
Total revenues	24,569,611	24,569,611	10,140,788	(14,428,823)	10,920,152
EXPENDITURES					
Current:					
Community development					
Personnel salaries and benefits	468,493	468,493	441,083	27,410	598,122
Other	37,383,819	37,383,819	5,787,102	31,596,717	7,847,479
Economic development					
Personnel salaries and benefits	523,970	523,970	493,313	30,657	475,086
Other	23,519,529	23,519,529	4,517,393	19,002,136	4,350,486
Debt service – other:					
Principal	1,000,000	1,000,000	-	1,000,000	-
Interest and fiscal charges	1,708,000	1,708,000	-	1,708,000	-
Total expenditures	64,603,811	64,603,811	11,238,891	53,364,920	13,271,173
Excess of (deficiency) of revenues over (under) expenditures	(40,034,200)	(40,034,200)	(1,098,103)	38,936,097	(2,351,021)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	7,500,000	7,500,000	-
Transfers in	40,034,200	40,034,200	22,934,404	(17,099,796)	5,240,618
Transfers out	-	-	(2,578,679)	(2,578,679)	(1,960,851)
Total other financing sources (uses)	40,034,200	40,034,200	27,855,725	(12,178,475)	3,279,767
Net change in fund balance	-	-	26,757,622	26,757,622	928,746
Fund balance, beginning of year	28,970,837	28,970,837	28,970,837	-	28,042,091
Fund balance, end of year	\$ 28,970,837	\$28,970,837	\$55,728,459	\$ 26,757,622	\$28,970,837

City of San Bernardino
Notes to Required Supplementary Information
For the year ended June 30, 2007

Note 1: Budgetary control and accounting

The City utilizes the following general procedures in establishing its annual budgets, as reflected in the financial statements:

The Annual Budget adopted by the Common Council provided for the City's general operations. Such annual budget includes proposed expenditures and estimated revenues for all Governmental Fund Types.

The city administrator and City Council are authorized to make the necessary changes to the budget to ensure adequate and proper standards of services. During the year, there were supplemental budget appropriations amounting to \$5,546,000.

Following approval of the Final Budget by the Mayor and Common Council, budget transfers within a department budget in an amount not to exceed \$25,000 per transfer shall be approved or disapproved according to established Finance policies and procedures and on forms approved by the Finance Department, and with notice to the Director of Finance, and written notice to the Mayor and Common Council, as long as the total department budget allocation is not increased and as long as no transfers are approved into or out of budget allocation for personnel salary or benefits. For purposes of this requirement, each fund other than the General Fund is considered to be a separate department. The legal level of budgetary control is personnel salaries and benefits versus other expenditures in each department.

The budget is formally integrated into the accounting system and employed as a managed control device during the year for all funds.

Budgets for the Governmental Fund Types are adopted on a basis consistent with generally accepted accounting principles.

At fiscal year-end, operating budget appropriations lapse; however, incomplete capital improvements, equipment and contractual appropriations can be carried over to the following fiscal year.

Required Supplementary Information
City of San Bernardino
Schedule of Funding Progress (in thousands)
Miscellaneous and Safety Plan of the California Public Employees Retirement System
For the year ended June 30, 2007

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status	Annual Covered Payroll	UAAL as a % of payroll
6/30/2004						
Miscellaneous	\$ 252,691	\$ 253,003	\$ (312)	100.1%	\$ 43,476	(0.7)%
Safety	362,894	282,852	80,042	77.9%	36,130	221.5%
	<u>\$ 615,585</u>	<u>\$ 535,855</u>	<u>\$ 79,730</u>	87.0%	<u>\$ 79,606</u>	100.2%
6/30/2005						
Miscellaneous	\$ 268,620	\$ 265,089	\$ 3,531	98.7%	\$ 46,315	7.6%
Safety	384,705	301,539	83,166	78.4%	38,948	213.5%
	<u>\$ 653,325</u>	<u>\$ 566,628</u>	<u>\$ 86,697</u>	86.7%	<u>\$ 85,263</u>	101.7%
6/30/2006						
Miscellaneous	\$ 306,404	\$ 281,823	\$ 24,581	92.0%	\$ 47,912	51.3%
Safety	407,001	373,943	33,058	91.9%	40,445	81.7%
	<u>\$ 713,405</u>	<u>\$ 655,766</u>	<u>\$ 57,639</u>	91.9%	<u>\$ 88,357</u>	65.2%

City of San Bernardino
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Year Ended June 30, 2007

	Totals		Capital Projects	Debt Service	Special Revenue	
	2007	2006				
ASSETS						
Cash and investments	238,848,348	227,812,188		2,280,188	242,782,884	
Cash and investments with fiscal agent	187,738	187,738	187,738	82,340		
Receivable, net					188,288	
Accounts receivable	188,288	188,288				
Interest	208,807	402,413	240,188	23,084	134,188	
Special assessments	1,448,833	907,288		907,288		
Due from other governments	2,382,178	1,892,884	148,873	7,187	1,738,880	
Advances to other funds	378,200	282,400	131,200	-	131,200	
Other assets	214,871	214,871	214,871			
Total assets	253,981,708	241,017,738	252,730,400			
LIABILITIES AND FUNDS BALANCES						
Liabilities						
Accounts payable	2,137,842	2,148,800	2,208,104	8,728	2,038,871	
Due to other funds	3,438,821	2,401,878	2,038,387	-	242,882	
Retentions payable	238,870	238,873	232,184	-	18,848	
Deferred revenues	1,888,837	1,821,818	21,818	807,288	472,708	
Advances from other funds	2,080,200	2,828,800	880,000	2,038,800	-	
Total liabilities	8,528,873	8,110,800	4,708,474	2,938,814	1,488,829	
Funds balances						
Reserved for						
Encumbrances	188,800	813,800	-	-	813,800	
Debt service	1,017,124	1,112,821	-	1,112,821	-	
Advances to other funds	378,200	131,200	131,200	-	-	
Long-term receivables						
Sewer capacity rights						
Fifty cash	7,228	374,871	374,871	-	872	
Unreserved		872				
Designated for continuing operations	8,300	80,800			80,800	
Undesignated	23,042,818	28,727,880	12,879,028	(725,228)	12,842,741	
Total fund balances	24,547,858	27,800,823	18,021,928	330,288	13,648,808	
Total liabilities and fund balances	253,981,708	241,017,738	252,730,400	2,569,092	215,072,428	

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

**City of San Bernardino
Combining Balance Sheet
Nonmajor Governmental Funds
Year Ended June 30, 2007**

	Special Revenue	Debt Service	Capital Projects	Totals	
				2007	2006
ASSETS					
Cash and investments	\$12,782,884	\$ 2,250,169	\$21,912,195	\$36,945,248	\$29,154,309
Cash and investments with fiscal agent	-	82,240	77,291	159,531	167,728
Receivables, net:					
Accounts	189,299	-	-	189,299	54,185
Interest	134,193	23,054	246,166	403,413	296,507
Special assessments	-	907,289	-	907,289	1,446,933
Due from other governments	1,779,850	7,157	148,877	1,935,884	2,382,176
Advances to other funds	131,200	-	131,200	262,400	275,200
Other assets	-	-	214,671	214,671	214,671
Total assets	\$15,017,426	\$ 3,269,909	\$22,730,400	\$41,017,735	\$33,991,709
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 636,971	\$ 6,725	\$ 1,505,104	\$ 2,148,800	\$ 1,797,345
Due to other funds	342,592	-	2,059,387	2,401,979	3,439,921
Retentions payable	16,649	-	222,164	238,813	236,570
Deferred revenues	472,708	907,289	21,819	1,401,816	1,695,837
Advances from other funds	-	2,025,500	900,000	2,925,500	2,060,200
Total liabilities	1,468,920	2,939,514	4,708,474	9,116,908	9,229,873
Fund balances					
Reserved for:					
Encumbrances	613,300	-	-	613,300	169,800
Debt service	-	1,112,621	-	1,112,621	1,011,124
Advances to other funds	-	-	131,200	131,200	275,200
Long-term receivables	-	-	-	-	-
Sewer capacity rights	-	-	214,671	214,671	214,671
Petty cash	975	-	-	975	1,225
Unreserved:					
Designated for continuing appropriations	90,500	-	-	90,500	6,300
Undesignated	12,843,731	(782,226)	17,676,055	29,737,560	23,083,516
Total fund balances	13,548,506	330,395	18,021,926	31,900,827	24,761,836
Total liabilities and fund balances	\$15,017,426	\$ 3,269,909	\$22,730,400	\$41,017,735	\$33,991,709

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

City of San Bernardino
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2007

	Special	Debt	Capital	Totals	
	Revenue	Service	Projects	2007	2006
REVENUES					
Taxes	\$ 29,987	\$ 735,560	\$ 810,011	\$ 1,575,558	\$ 2,520,787
Licenses and permits	359,708	-	999,211	1,358,919	885,041
Impact fees	-	-	3,450,896	3,450,896	843,458
Fines and forfeitures	1,924,759	-	-	1,924,759	1,299,333
Investment income	762,153	76,930	813,248	1,652,331	721,430
Intergovernmental revenues	8,872,522	-	1,568,964	10,441,486	8,956,458
Charges for services	4,474,831	-	2,774,738	7,249,569	9,468,520
Other revenues	442,457	-	961,352	1,403,809	267,896
Total revenues	16,866,417	812,490	11,378,420	29,057,327	24,962,923
EXPENDITURES					
Current:					
General government	553,260	31,626	-	584,886	1,096,265
Public safety	1,888,497	-	210,520	2,099,017	296,072
Streets	6,554,579	-	10,311,225	16,865,804	15,049,484
Culture and recreation	535,733	-	1,446,514	1,982,247	1,312,168
Community service	3,048,953	-	-	3,048,953	4,708,513
Debt service:					
Principal	106,900	112,408	-	219,308	176,900
Interest	30,000	124,894	-	154,894	85,993
Total expenditures	12,717,922	268,928	11,968,259	24,955,109	22,725,395
Excess (deficiency) of revenues over expenditures	4,148,495	543,562	(589,839)	4,102,218	2,237,528
OTHER FINANCING SOURCES (USES)					
Transfers in	3,690,831	-	-	3,690,831	3,700,116
Transfers out	(5,393,217)	(4,587)	(783,118)	(6,180,922)	(5,218,750)
Issuance of debt	-	-	5,518,315	5,518,315	1,767,383
Total other financing sources (uses)	(1,702,386)	(4,587)	4,735,197	3,028,224	248,749
Net change in fund balances	2,446,109	538,975	4,145,358	7,130,442	2,486,277
Fund balances (deficit), beginning of year	11,102,397	(208,580)	13,876,568	24,770,385	22,275,559
Fund balances (deficit), end of year	\$13,548,506	\$ 330,395	\$18,021,926	\$31,900,827	\$24,761,836

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

Nonmajor Special Revenue Funds

The City maintains the following Special Revenue Funds for the purposes indicated:

Nonmajor Funds

Library

For the cost of operating the City's Library system from related revenues and ongoing General Fund contributions.

Cemetery

For the cost of operating the City owned Cemetery from related revenues.

Cable TV

For the cost of operating the City's cable TV station, including program production costs, from related revenues and ongoing General Fund contributions.

Asset Seizure

For the investigation, detection and prosecution of criminal activities. Funding is provided by criminal assets seized under existing state and federal statutes.

Alternative Transportation

For receipt and disbursement of funds received per Transportation Development Act Article 3 (SB 821) of the Bikeway & Pedestrian Program and the State and Local Fiscal Assistance Act of 1972.

Animal Control

For control, care and housing of stray animals, licensing of animals and public education from related revenues including licensing and ongoing General Fund contributions.

Traffic Congestion

For the receipt and disbursement of funds received under AB 2928 to be used for traffic congestion relief projects.

Special Gas Tax

For the receipt of gasoline tax revenue paid to the City as a subvention from the state of California. These funds are transferred to the General Fund to partially support maintenance activities and to finance street construction projects as provided by State law.

Traffic Safety

For the recording of the City's share of California Vehicle Code fines collected by San Bernardino County.

Sewerline Maintenance

For the cost of maintaining Sewer lines as paid for from a portion of Sewer revenues.

Sales and Road

For local street improvements as provided for by San Bernardino County Measure I Sales Tax.

**Nonmajor Special Revenue Funds
(Continued)**

Baseball Stadium

For the maintenance of the minor league baseball stadium constructed by the City.

Soccer Field

For the operation of the San Bernardino Soccer Complex formerly operated by a non-profit foundation.

IVDA

For local street improvements around former Norton Air Force Base as provided for by developer fees.

Fire Station

For the operation and maintenance of the Verdemont Fire Station (no formally adopted budget)

				LIABILITIES AND FUND BALANCES	
				Liabilities	
18,888	\$	0,282	\$	31,301	\$
30,448		-		-	
-		-		-	
-		-		-	
<hr/>				31,301	
38,036		0,282		Total liabilities	
<hr/>				Fund balances	
0,400		-		Reserved for	
-		-		Encumbrances	
-		-		Advances to other funds	
-		-		Fully cash	278
-		-		Unreserved	
-		-		Designated for continuing appropriations	
-		37,873		Undesignated	
<hr/>				37,873	
0,400		37,873		Total fund balances	
<hr/>				31,378	\$
48,438	\$	43,832	\$	Total liabilities and fund balances	

The accompanying notes are an integral part of these financial statements

**City of San Bernardino
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007**

	Library	Cemetery	Cable TV
ASSETS			
Cash and investments	\$ 31,316	\$ 30,709	\$ -
Receivables, net:			
Accounts	260	140	11,990
Interest	-	6,986	-
Due from other governments	-	6,000	33,446
Advances to other funds	-	-	-
	<u>31,576</u>	<u>43,835</u>	<u>45,436</u>
Total assets	\$ 31,576	\$ 43,835	\$ 45,436
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 31,301	\$ 6,262	\$ 18,588
Due to other funds	-	-	20,448
Retentions payable	-	-	-
Deferred revenues	-	-	-
	<u>31,301</u>	<u>6,262</u>	<u>39,036</u>
Total liabilities	31,301	6,262	39,036
 Fund balances:			
Reserved for:			
Encumbrances	-	-	6,400
Advances to other funds	-	-	-
Petty cash	275	-	-
Unreserved:			
Designated for continuing appropriations	-	-	-
Undesignated	-	37,573	-
	<u>275</u>	<u>37,573</u>	<u>6,400</u>
Total fund balances	275	37,573	6,400
 Total liabilities and fund balances	\$ 31,576	\$ 43,835	\$ 45,436

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

City of San Bernardino
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2007
 (continued)

Asset Seizure	Alternative Transportation	Animal Control	Traffic Congestion	Special Gas Tax	Traffic Safety
\$ 348,098	\$ 51,076	\$ 700	\$ 1,438,604	\$ 761,438	\$ -
-	-	27,071	-	-	-
3,578	523	-	14,740	4,598	-
-	63,007	114,404	-	334,786	204,467
-	-	-	-	-	-
<u>\$ 351,676</u>	<u>\$ 114,606</u>	<u>\$ 142,175</u>	<u>\$ 1,453,344</u>	<u>\$ 1,100,822</u>	<u>\$ 204,467</u>
\$ 12,191	\$ 40	\$ 23,798	\$ 87,927	\$ 74,967	\$ -
-	-	117,677	-	-	204,467
-	-	-	-	3,810	-
-	-	-	-	-	-
<u>12,191</u>	<u>40</u>	<u>141,475</u>	<u>87,927</u>	<u>78,777</u>	<u>204,467</u>
8,400	-	-	-	-	-
-	-	-	-	-	-
-	-	700	-	-	-
40,600	-	-	-	-	-
<u>290,485</u>	<u>114,566</u>	<u>-</u>	<u>1,365,417</u>	<u>1,022,045</u>	<u>-</u>
<u>339,485</u>	<u>114,566</u>	<u>700</u>	<u>1,365,417</u>	<u>1,022,045</u>	<u>-</u>
<u>\$ 351,676</u>	<u>\$ 114,606</u>	<u>\$ 142,175</u>	<u>\$ 1,453,344</u>	<u>\$ 1,100,822</u>	<u>\$ 204,467</u>

**City of San Bernardino
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007
(continued)**

ASSETS	<u>Sewerline Maintenance</u>	<u>Sales and Road</u>	<u>Baseball Stadium</u>
Cash and investments	\$ 4,734,274	\$ 4,377,546	\$ 60,096
Receivables, net:			
Accounts	45	-	149,593
Interest	48,509	45,089	513
Due from other governments	737,080	285,231	-
Advances to other funds	131,200	-	-
	<u>5,651,108</u>	<u>4,707,866</u>	<u>210,202</u>
Total assets	\$ 5,651,108	\$ 4,707,866	\$ 210,202
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 116,530	\$ 230,330	\$ 12,316
Due to other funds	-	-	-
Retentions payable	-	12,839	-
Deferred revenues	-	-	115,961
	<u>116,530</u>	<u>243,169</u>	<u>128,277</u>
Total liabilities	116,530	243,169	128,277
Fund balances:			
Reserved for:			
Encumbrances	597,700	-	-
Advances to other funds	-	-	-
Petty cash	-	-	-
Unreserved:			
Designated for continuing appropriations	-	-	-
Undesignated	4,936,878	4,464,697	81,925
	<u>5,534,578</u>	<u>4,464,697</u>	<u>81,925</u>
Total fund balances	5,534,578	4,464,697	81,925
Total liabilities and fund balances	\$ 5,651,108	\$ 4,707,866	\$ 210,202

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

City of San Bernardino
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the year ended June 30, 2007

Soccer Field	IVDA	Fire Station	Totals	
			2007	2006
\$ 173,599	\$ 371,405	\$ 404,023	\$ 12,782,884	\$ 9,527,312
200	-	-	189,299	54,185
1,773	3,805	4,079	134,193	97,294
-	-	1,429	1,779,850	2,072,999
-	-	-	131,200	137,600
<u>\$ 175,572</u>	<u>\$ 375,210</u>	<u>\$ 409,531</u>	<u>\$ 15,017,426</u>	<u>\$ 11,889,390</u>
\$ 10,655	\$ -	\$ 12,066	\$ 636,971	\$ 428,006
-	-	-	342,592	198,373
-	-	-	16,649	-
-	-	356,747	472,708	160,614
<u>10,655</u>	<u>-</u>	<u>368,813</u>	<u>1,468,920</u>	<u>786,993</u>
800	-	-	613,300	99,600
-	-	-	-	137,600
-	-	-	975	1,225
49,900	-	-	90,500	6,300
<u>114,217</u>	<u>375,210</u>	<u>40,718</u>	<u>12,843,731</u>	<u>10,857,672</u>
<u>164,917</u>	<u>375,210</u>	<u>40,718</u>	<u>13,548,506</u>	<u>11,102,397</u>
<u>\$ 175,572</u>	<u>\$ 375,210</u>	<u>\$ 409,531</u>	<u>\$ 15,017,426</u>	<u>\$ 11,889,390</u>

City of San Bernardino
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2007

REVENUES	<u>Library</u>	<u>Cemetery</u>	<u>Cable TV</u>
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment income	-	20,785	-
Intergovernmental revenues	116,513	-	-
Charges for services	71,242	167,267	83,036
Other revenues	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	187,755	188,052	83,036
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General government	-	-	471,440
Public safety	-	-	-
Streets	-	-	-
Culture and recreation	-	-	-
Community service	2,884,880	164,073	-
Debt service:			
Principal	-	-	106,900
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	2,884,880	164,073	578,340
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(2,697,125)	23,979	(495,304)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,687,300	-	487,296
Transfers out	-	-	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	2,687,300	-	487,296
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(9,825)	23,979	(8,008)
Fund balances, beginning of year	10,100	13,594	14,408
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 275	\$ 37,573	\$ 6,400
	<hr/>	<hr/>	<hr/>

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

City of San Bernardino
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the year ended June 30, 2007
 (Continued)

Asset Seizure	Alternative Transportation	Animal Control	Traffic Congestion	Special Gas Tax	Traffic Safety
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	359,708	-	-	-
-	-	81,542	-	-	1,843,217
11,026	1,697	-	62,980	27,656	-
163,809	245,042	-	1,445,425	3,713,209	-
-	-	915,239	-	-	-
102,502	5,000	5,174	-	267,447	-
<u>277,337</u>	<u>251,739</u>	<u>1,361,663</u>	<u>1,508,405</u>	<u>4,008,312</u>	<u>1,843,217</u>
-	81,820	-	-	-	-
162,352	-	1,726,145	-	-	-
-	-	-	496,628	1,222,991	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	30,000	-	-
<u>162,352</u>	<u>81,820</u>	<u>1,726,145</u>	<u>526,628</u>	<u>1,222,991</u>	<u>-</u>
<u>114,985</u>	<u>169,919</u>	<u>(364,482)</u>	<u>981,777</u>	<u>2,785,321</u>	<u>1,843,217</u>
-	-	350,335	-	-	-
-	(140,000)	-	-	(2,910,000)	(1,843,217)
<u>-</u>	<u>(140,000)</u>	<u>350,335</u>	<u>-</u>	<u>(2,910,000)</u>	<u>(1,843,217)</u>
114,985	29,919	(14,147)	981,777	(124,679)	-
224,500	84,647	14,847	383,640	1,146,724	-
<u>\$ 339,485</u>	<u>\$ 114,566</u>	<u>\$ 700</u>	<u>\$ 1,365,417</u>	<u>\$ 1,022,045</u>	<u>\$ -</u>

City of San Bernardino
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2007
(Continued)

REVENUES	<u>Sewerline Maintenance</u>	<u>Sales and Road</u>	<u>Baseball Stadium</u>
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment income	154,626	181,759	1,004
Intergovernmental revenues	-	3,188,524	-
Charges for services	3,093,150	-	88,186
Other revenues	2,520	59,814	-
Total revenues	<u>3,250,296</u>	<u>3,430,097</u>	<u>89,190</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets	2,222,052	2,612,908	-
Culture and recreation	-	-	181,717
Community service	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>2,222,052</u>	<u>2,612,908</u>	<u>181,717</u>
Excess (deficiency) of revenues over expenditures	<u>1,028,244</u>	<u>817,189</u>	<u>(92,527)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	165,900
Transfers out	(250,000)	(250,000)	-
Issuance of debt	-	-	-
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>165,900</u>
Net change in fund balances	778,244	567,189	73,373
Fund balances, beginning of year	4,756,334	3,897,508	8,552
Fund balances, end of year	<u>\$ 5,534,578</u>	<u>\$ 4,464,697</u>	<u>\$ 81,925</u>

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

Soccer Field	IVDA	Fire Station	Totals	
			2007	2006
\$ -	\$ -	\$ 29,987	\$ 29,987	\$ -
-	-	-	359,708	335,647
-	-	-	1,924,759	1,299,333
278,545	11,344	10,731	762,153	290,296
-	-	-	8,872,522	8,220,279
56,711	-	-	4,474,831	4,866,588
-	-	-	442,457	237,233
<u>335,256</u>	<u>11,344</u>	<u>40,718</u>	<u>16,866,417</u>	<u>15,249,376</u>
-	-	-	553,260	1,077,249
-	-	-	1,888,497	140,904
-	-	-	6,554,579	8,006,650
354,016	-	-	535,733	714,680
-	-	-	3,048,953	4,708,513
-	-	-	106,900	106,900
-	-	-	30,000	-
<u>354,016</u>	<u>-</u>	<u>-</u>	<u>12,717,922</u>	<u>14,754,896</u>
<u>(18,760)</u>	<u>11,344</u>	<u>40,718</u>	<u>4,148,495</u>	<u>494,480</u>
-	-	-	3,690,831	3,700,116
-	-	-	(5,393,217)	(4,619,930)
-	-	-	-	427,600
-	-	-	(1,702,386)	(492,214)
<u>(18,760)</u>	<u>11,344</u>	<u>40,718</u>	<u>2,446,109</u>	<u>2,266</u>
<u>183,677</u>	<u>363,866</u>	<u>-</u>	<u>11,102,397</u>	<u>11,100,131</u>
<u>\$ 164,917</u>	<u>\$ 375,210</u>	<u>\$ 40,718</u>	<u>\$ 13,548,506</u>	<u>\$ 11,102,397</u>

Goodly Field	INDA	Fair Station	Total
2	2	2	2
184,817	278,270	40,718	815,005
187,877	388,898		576,775
(78,980)	11,344	40,718	(26,928)
			(18,780)
			457,800
			(4,819,930)
			3,100,118
			4,148,488
			14,784,888
			30,000
			108,900
			4,708,813
			714,880
			8,008,880
			1,088,407
			882,580
			1,077,248
			12,248,278
			442,487
			4,474,831
			8,872,822
			782,183
			1,824,758
			388,708
			1,382,847
			2

(This page intentionally left blank)

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Library Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Intergovernmental revenues	\$ 116,500	\$ 116,513	\$ 13	\$ 78,463
Charges for services	80,000	71,242	(8,758)	77,452
Total revenues	<u>196,500</u>	<u>187,755</u>	<u>(8,745)</u>	<u>155,915</u>
EXPENDITURES				
Current:				
Community service:				
Personnel salaries and benefits	2,139,900	2,133,463	6,437	1,968,687
Other	741,700	751,417	(9,717)	724,944
Total expenditures	<u>2,881,600</u>	<u>2,884,880</u>	<u>(3,280)</u>	<u>2,693,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,685,100)</u>	<u>(2,697,125)</u>	<u>(12,025)</u>	<u>(2,537,716)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,685,100	2,687,300	2,200	2,547,816
Total other financing sources (uses)	<u>2,685,100</u>	<u>2,687,300</u>	<u>2,200</u>	<u>2,547,816</u>
Net change in fund balance	-	(9,825)	(9,825)	10,100
Fund balance, beginning of year	<u>10,100</u>	<u>10,100</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,100</u>	<u>\$ 275</u>	<u>\$ (9,825)</u>	<u>\$ 10,100</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Cemetery Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 15,500	\$ 20,785	\$ 5,285	\$ 19,938
Charges for services	151,700	167,267	15,567	145,449
Total revenues	167,200	188,052	20,852	165,387
EXPENDITURES				
Current:				
Community service:				
Personnel salaries and benefits	83,500	83,911	(411)	80,342
Other	79,800	80,162	(362)	73,339
Total expenditures	163,300	164,073	(773)	153,681
Net change in fund balance	3,900	23,979	20,079	11,706
Fund balance, beginning of year	13,594	13,594	-	1,888
Fund balance, end of year	<u>\$ 17,494</u>	<u>\$ 37,573</u>	<u>\$ 20,079</u>	<u>\$ 13,594</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Cable TV Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Charges for service	\$ 70,000	\$ 83,036	\$ 13,036	\$ 63,430
Other revenues	-	-	-	200
Total revenues	70,000	83,036	13,036	63,630
EXPENDITURES				
Current:				
General government:				
Personnel salaries and benefits	372,500	354,834	17,666	291,486
Other	131,400	116,606	14,794	697,936
Debt service:				
Principal	106,900	106,900	-	106,900
Total expenditures	610,800	578,340	32,460	1,096,322
Excess (deficiency) of revenues over (under) expenditures	(540,800)	(495,304)	45,496	(1,032,692)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	427,600
Transfers in	528,400	487,296	(41,104)	537,100
Total other financing sources (uses)	528,400	487,296	(41,104)	964,700
Net change in fund balance	(12,400)	(8,008)	4,392	(67,992)
Fund balance, beginning of year	14,408	14,408	-	82,400
Fund balance, end of year	\$ 2,008	\$ 6,400	\$ 4,392	\$ 14,408

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Asset Seizure Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 8,000	\$ 11,026	\$ 3,026	\$ 7,796
Intergovernmental revenues	20,000	163,809	143,809	1,592
Other revenues	120,000	102,502	(17,498)	143,812
Total revenues	148,000	277,337	129,337	153,200
EXPENDITURES				
Current:				
Public safety:				
Other	260,000	162,352	97,648	140,905
Total expenditures	260,000	162,352	97,648	140,905
Net change in fund balance	(112,000)	114,985	226,985	12,295
Fund balance, beginning of year	224,500	224,500	-	212,205
Fund balance, end of year	\$ 112,500	\$ 339,485	\$ 226,985	\$ 224,500

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Alternative Transportation Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 1,600	\$ 1,697	\$ 97	\$ 1,390
Intergovernmental revenues	241,000	245,042	4,042	246,983
Other revenues	5,000	5,000	-	5,000
Total revenues	247,600	251,739	4,139	253,373
EXPENDITURES				
Current:				
General government:				
Personnel salaries and benefits	65,700	51,455	14,245	54,691
Other	48,000	30,365	17,635	33,136
Total expenditures	113,700	81,820	31,880	87,827
Excess (deficiency) of revenues over expenditures	133,900	169,919	36,019	165,546
OTHER FINANCING SOURCES (USES)				
Transfers out	(140,000)	(140,000)	-	(181,500)
Total other financing sources (uses)	(140,000)	(140,000)	-	(181,500)
Net change in fund balance	(6,100)	29,919	36,019	(15,954)
Fund balance, beginning of year	84,647	84,647	-	100,601
Fund balance, end of year	\$ 78,547	\$ 114,566	\$ 36,019	\$ 84,647

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Animal Control Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Licenses and permits	\$ 353,500	\$ 359,708	\$ 6,208	\$ 335,647
Fines and forfeitures	63,100	81,542	18,442	60,903
Charges for services	906,400	915,239	8,839	902,605
Other revenues	26,000	5,174	(20,826)	25,126
Total revenues	1,349,000	1,361,663	12,663	1,324,281
EXPENDITURES				
Current:				
Community services:				
Personnel salaries and benefits	1,117,100	1,286,048	(168,948)	1,212,995
Other	659,900	440,097	219,803	430,039
Total expenditures	1,777,000	1,726,145	50,855	1,643,034
Excess (deficiency) of revenues over (under) expenditures	(428,000)	(364,482)	63,518	(318,753)
OTHER FINANCING SOURCES (USES)				
Transfers in	428,000	350,335	(77,665)	333,600
Total other financing sources (uses)	428,000	350,335	(77,665)	333,600
Net change in fund balance	-	(14,147)	(14,147)	14,847
Fund balance, beginning of year	14,847	14,847	-	-
Fund balance, end of year	\$ 14,847	\$ 700	\$ (14,147)	\$ 14,847

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Traffic Congestion Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 1,000	\$ 62,980	\$ 61,980	\$ 2,996
Intergovernmental revenues	1,546,700	1,445,425	(101,275)	893,323
Total revenues	<u>1,547,700</u>	<u>1,508,405</u>	<u>(39,295)</u>	<u>896,319</u>
EXPENDITURES				
Current:				
Streets - other	1,627,900	496,628	1,131,272	514,580
Debt Service:				
Interest	-	30,000	(30,000)	-
Total expenditures	<u>1,627,900</u>	<u>526,628</u>	<u>1,101,272</u>	<u>514,580</u>
Net change in fund balance	<u>(80,200)</u>	<u>981,777</u>	<u>1,061,977</u>	<u>381,739</u>
Fund balance, beginning of year	<u>383,640</u>	<u>383,640</u>	<u>-</u>	<u>1,901</u>
Fund balance, end of year	<u>\$ 303,440</u>	<u>\$ 1,365,417</u>	<u>\$ 1,061,977</u>	<u>\$ 383,640</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Special Gas Tax Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 3,700	\$ 27,656	\$ 23,956	\$ 39,030
Intergovernmental revenues	3,770,000	3,713,209	(56,791)	3,636,161
Other revenues	682,900	267,447	(415,453)	-
Total revenues	4,456,600	4,008,312	(448,288)	3,675,191
EXPENDITURES				
Current:				
Streets - other	2,720,400	1,222,991	1,497,409	866,802
Total expenditures	2,720,400	1,222,991	1,497,409	866,802
Excess (deficiency) of revenues over (under) expenditures	1,736,200	2,785,321	1,049,121	2,808,389
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,910,000)	(2,910,000)	-	(2,810,000)
Total other financing sources (uses)	(2,910,000)	(2,910,000)	-	(2,810,000)
Net change in fund balance	(1,173,800)	(124,679)	1,049,121	(1,611)
Fund balance, beginning of year	1,146,724	1,146,724	-	1,148,335
Fund balance, end of year	\$ (27,076)	\$ 1,022,045	\$ 1,049,121	\$ 1,146,724

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Traffic Safety Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Fines and forfeitures	\$ 1,672,800	\$ 1,843,217	\$ 170,417	\$1,238,430
Total revenues	1,672,800	1,843,217	170,417	1,238,430
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,672,800	1,843,217	170,417	1,238,430
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,672,800)	(1,843,217)	(170,417)	(1,238,430)
Total other financing sources (uses)	(1,672,800)	(1,843,217)	(170,417)	(1,238,430)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Sewerline Maintenance Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 130,000	\$ 154,626	\$ 24,626	\$ 140,582
Charges for services	3,150,000	3,093,150	(56,850)	3,024,066
Other revenues	-	2,520	2,520	207
Total revenues	3,280,000	3,250,296	(29,704)	3,164,855
EXPENDITURES				
Current:				
Streets - other	5,983,000	2,222,052	3,760,948	2,385,152
Total expenditures	5,983,000	2,222,052	3,760,948	2,385,152
Excess (deficiency) of revenues over (under) expenditures	(2,703,000)	1,028,244	3,731,244	779,703
OTHER FINANCING SOURCES (USES)				
Transfers out	(250,000)	(250,000)	-	(175,000)
Total other financing sources (uses)	(250,000)	(250,000)	-	(175,000)
Net change in fund balance	(2,953,000)	778,244	3,731,244	604,703
Fund balance, beginning of year	4,756,334	4,756,334	-	4,151,631
Fund balance, end of year	\$ 1,803,334	\$ 5,534,578	\$ 3,731,244	\$ 4,756,334

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Sales and Road Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 125,000	\$ 181,759	\$ 56,759	\$ 63,391
Intergovernmental revenues	3,632,500	3,188,524	(443,976)	3,219,946
Other revenues	300,000	59,814	(240,186)	200,000
Total revenues	4,057,500	3,430,097	(627,403)	3,483,337
EXPENDITURES				
Current:				
Streets - other	7,336,100	2,495,515	4,840,585	4,240,115
Community service: Personnel salaries and benefits	-	117,393	(117,393)	218,167
Total expenditures	7,336,100	2,612,908	4,723,192	4,458,282
Excess (deficiency) of revenues over (under) expenditures	(3,278,600)	817,189	4,095,789	(974,945)
OTHER FINANCING SOURCES (USES)				
Transfers out	(250,000)	(250,000)	-	(215,000)
Total other financing sources (uses)	(250,000)	(250,000)	-	(215,000)
Net change in fund balance	(3,528,600)	567,189	4,095,789	(1,189,945)
Fund balance, beginning of year	3,897,508	3,897,508	-	5,087,453
Fund balance, end of year	<u>\$ 368,908</u>	<u>\$ 4,464,697</u>	<u>\$ 4,095,789</u>	<u>\$ 3,897,508</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Baseball Stadium Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Charges for services	\$ 70,000	\$ 88,186	\$ 18,186	\$ 143,862
Investment earnings	-	1,004	1,004	-
Other revenues	-	-	-	500
Total revenues	70,000	89,190	19,190	144,362
EXPENDITURES				
Current:				
Culture and recreation:				
Personnel salaries and benefits	-	50,971	(50,971)	185,971
Other	216,900	130,746	86,154	166,539
Total expenditures	216,900	181,717	35,183	352,510
Excess (deficiency) of revenues over (under) expenditures	(146,900)	(92,527)	54,373	(208,148)
OTHER FINANCING SOURCES (USES)				
Transfers in	225,100	165,900	(59,200)	216,700
Total other financing sources (uses)	225,100	165,900	(59,200)	216,700
Net change in fund balance	78,200	73,373	(4,827)	8,552
Fund balance, beginning of year	8,552	8,552	-	-
Fund balance, end of year	\$ 86,752	\$ 81,925	\$ (4,827)	\$ 8,552

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Soccer Field Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 453,400	\$ 278,545	\$ (174,855)	\$ 4,123
Charges for services	115,000	56,711	(58,289)	509,724
Other revenues	-	-	-	6,200
Total revenues	568,400	335,256	(233,144)	520,047
EXPENDITURES				
Current:				
Culture and recreation:				
Personnel salaries and benefits	88,000	57,937	30,063	69,173
Other	422,400	296,079	126,321	292,997
Total expenditures	510,400	354,016	156,384	362,170
Excess (deficiency) of revenues over (under) expenditures	58,000	(18,760)	(76,760)	157,877
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	64,900
Total other financing sources (uses)	-	-	-	64,900
Net change in fund balance	58,000	(18,760)	(76,760)	222,777
Fund balance, beginning of year	183,677	183,677	-	(39,100)
Fund balance, end of year	<u>\$ 241,677</u>	<u>\$ 164,917</u>	<u>\$ (76,760)</u>	<u>\$ 183,677</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
IVDA Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ 11,344	\$ 11,344	\$ 11,049
Charges for services	-	-	-	-
Total revenues	-	11,344	11,344	11,049
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	-	11,344	11,344	11,049
Fund balance, beginning of year	363,866	363,866	-	352,817
Fund balance, end of year	<u>\$ 363,866</u>	<u>\$ 375,210</u>	<u>\$ 11,344</u>	<u>\$ 363,866</u>

Debt Service Funds

The City maintains the following Debt Service Funds for the purposes indicated:

Nonmajor Funds

Assessment District # 971

For the collection of assessments from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district.

Assessment District # 985

For the collection of assessments from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district.

Assessment District # 987

For the collection of the Verdemont Infrastructure fees on developing properties used to repay a loan from bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district.

Assessment District #1015

For the collection of assessments from property owners and for the remittance of such assessment to the Economic Development Agency and other City funds as required by the Improvement Bond Act of 1915 and related California State statutes for this district.

Verdemont Improvement

For the collection of the Verdemont Infrastructure fees on developing properties used to repay a loan from the Economic Development Agency used to install infrastructure in the related area.

Fire Station

For the collection of the Verdemont Infrastructure fees on developing properties used to finance the construction of a fire station.

Pension Obligation Bond

Used to account for the issuance of pension obligation bonds used to partially fund the City's safety plan unfunded accrued actuarial liability.

Major Fund

Economic Development Agency

For the receipt of tax increment revenues which, per California State law regulating redevelopment agencies, must be used for repayment of debt.

**City of San Bernardino
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2007**

	Assessment District #971	Assessment District #985	Assessment District #987
ASSETS			
Cash and investments	\$ -	\$ 146,900	\$ 57,051
Cash and investments with fiscal agent	-	24,500	57,740
Receivables, net:			
Interest	-	1,505	584
Special assessments	-	27,328	97,736
Due from other governments	-	4,767	1,890
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ -</u>	<u>\$ 205,000</u>	<u>\$ 215,001</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 6,725
Deferred revenues	-	27,328	97,736
Advances from other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>27,328</u>	<u>104,461</u>
Fund balances (deficit):			
Reserved for debt service	-	177,672	110,540
Unreserved, undesignated	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>-</u>	<u>177,672</u>	<u>110,540</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 205,000</u>	<u>\$ 215,001</u>

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

City of San Bernardino
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Debt Service Funds
For the year ended June 30, 2007

	Assessment District #971	Assessment District #985	Assessment District #987	Assessment District #1015
REVENUES				
Taxes	\$ -	\$ 77,880	\$ 61,789	\$ 66,536
Investment income	-	4,089	4,063	472
Total revenues	-	81,969	65,852	67,008
EXPENDITURES				
Current:				
General government	-	9,056	9,954	12,616
Debt service:				
Principal	-	40,000	35,000	-
Interest	-	17,238	17,953	43,290
Total expenditures	-	66,294	62,907	55,906
Excess (deficiency) of revenues over expenditures	-	15,675	2,945	11,102
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,587)	-	-	-
Total other financing sources (uses)	(4,587)	-	-	-
Net change in fund balances	(4,587)	15,675	2,945	11,102
Fund balance (deficit), beginning of year	4,587	161,997	107,595	(478,228)
Fund balance (deficit), end of year	\$ -	\$ 177,672	\$ 110,540	\$ (467,126)

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

Verdemont Improvement Loan	Fire Station	Pension Obligation Bond	Totals	
			2007	2006
\$ 391,355	\$ 138,000	\$ -	\$ 735,560	\$ 1,515,983
43,570	24,736	-	76,930	33,052
<u>434,925</u>	<u>162,736</u>	<u>-</u>	<u>812,490</u>	<u>1,549,035</u>
-	-	-	31,626	19,016
-	37,408	-	112,408	70,000
-	<u>37,864</u>	<u>8,549</u>	<u>124,894</u>	<u>85,993</u>
-	75,272	8,549	268,928	175,009
<u>434,925</u>	<u>87,464</u>	<u>(8,549)</u>	<u>543,562</u>	<u>1,374,026</u>
-	-	-	(4,587)	-
-	-	-	(4,587)	-
434,925	87,464	(8,549)	538,975	1,374,026
<u>(750,025)</u>	<u>736,945</u>	<u>8,549</u>	<u>(208,580)</u>	<u>(1,591,155)</u>
<u>\$ (315,100)</u>	<u>\$ 824,409</u>	<u>\$ -</u>	<u>\$ 330,395</u>	<u>\$ (217,129)</u>

Year	Total	Penetration Obligation Bond	For Billion	Investment Billion
2005	1,218,983	2	128,000	2
2006	1,248,038	2	128,000	2
2007	1,248,038	2	128,000	2
2008	1,248,038	2	128,000	2
2009	1,248,038	2	128,000	2
2010	1,248,038	2	128,000	2
2011	1,248,038	2	128,000	2
2012	1,248,038	2	128,000	2
2013	1,248,038	2	128,000	2
2014	1,248,038	2	128,000	2
2015	1,248,038	2	128,000	2
2016	1,248,038	2	128,000	2
2017	1,248,038	2	128,000	2
2018	1,248,038	2	128,000	2
2019	1,248,038	2	128,000	2
2020	1,248,038	2	128,000	2
2021	1,248,038	2	128,000	2
2022	1,248,038	2	128,000	2
2023	1,248,038	2	128,000	2
2024	1,248,038	2	128,000	2
2025	1,248,038	2	128,000	2
2026	1,248,038	2	128,000	2
2027	1,248,038	2	128,000	2
2028	1,248,038	2	128,000	2
2029	1,248,038	2	128,000	2
2030	1,248,038	2	128,000	2

(This page intentionally left blank)

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Assessment District #971 Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,600)	(4,587)	13	-
Total other financing sources (uses)	(4,600)	(4,587)	13	-
Net change in fund balance	(4,600)	(4,587)	13	-
Fund balance, beginning of year	4,587	4,587	-	4,587
Fund balance, end of year	\$ (13)	\$ -	\$ 13	\$ 4,587

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Assessment District #985 Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 64,000	\$ 77,880	\$ 13,880	\$ 61,649
Investment income	2,000	4,089	2,089	4,656
Total revenues	66,000	81,969	15,969	66,305
EXPENDITURES				
Current:				
General government:				
Other	6,500	9,056	(2,556)	6,937
Debt Service:				
Principal	40,000	40,000	-	40,000
Interest	17,200	17,238	(38)	20,268
Total expenditures	63,700	66,294	(2,594)	67,205
Net change in fund balance	2,300	15,675	13,375	(900)
Fund balance, beginning of year	161,997	161,997	-	162,897
Fund balance, end of year	<u>\$ 164,297</u>	<u>\$ 177,672</u>	<u>\$ 13,375</u>	<u>\$ 161,997</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Assessment District #987 Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 56,000	\$ 61,789	\$ 5,789	\$ 59,781
Investment income	1,700	4,063	2,363	3,044
Total revenues	57,700	65,852	8,152	62,825
EXPENDITURES				
Current:				
General government:				
Other	7,000	9,954	(2,954)	5,854
Debt service:				
Principal	30,000	35,000	(5,000)	30,000
Interest	18,000	17,953	47	20,423
Total expenditures	55,000	62,907	(7,907)	56,277
Net change in fund balance	2,700	2,945	245	6,548
Fund balance, beginning of year	107,595	107,595	-	101,047
Fund balance, end of year	\$ 110,295	\$ 110,540	\$ 245	\$ 107,595

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Assessment District #1015 Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 63,000	\$ 66,536	\$ 3,536	\$ 62,404
Investment income	200	472	272	484
Total revenues	63,200	67,008	3,808	62,888
EXPENDITURES				
Current:				
General government:				
Other	6,000	12,616	(6,616)	6,225
Debt service:				
Interest	29,500	43,290	(13,790)	17,400
Total expenditures	35,500	55,906	(20,406)	23,625
Net change in fund balance	27,700	11,102	(16,598)	39,263
Fund balance, beginning of year	(478,228)	(478,228)	-	(517,491)
Fund balance, end of year	\$ (450,528)	\$ (467,126)	\$ (16,598)	\$ (478,228)

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Verdemont Improvement Loan Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 162,000	\$ 391,355	\$ 229,355	\$ 801,149
Investment income	2,000	43,570	41,570	7,033
Total revenues	164,000	434,925	270,925	808,182
EXPENDITURES				
Debt service:				
Principal	100,000	-	100,000	-
Interest	63,500	-	63,500	-
Total expenditures	163,500	-	163,500	-
Net change in fund balance	500	434,925	434,425	808,182
Fund balance, beginning of year	(750,025)	(750,025)	-	(1,558,207)
Fund balance, end of year	\$ (749,525)	\$ (315,100)	\$ 434,425	\$ (750,025)

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Fire Station Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 101,000	\$ 138,000	\$ 37,000	\$ 531,000
Investment income	3,000	24,736	21,736	17,835
Total revenues	104,000	162,736	58,736	548,835
EXPENDITURES				
Debt service:				
Principal	37,400	37,408	(8)	-
Interest	40,500	37,864	2,636	27,902
Total expenditures	77,900	75,272	2,628	27,902
Net change in fund balance	26,100	87,464	61,364	520,933
Fund balance, beginning of year	736,945	736,945	-	216,012
Fund balance, end of year	\$ 763,045	\$ 824,409	\$ 61,364	\$ 736,945

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Economic Development Agency
For the year ended June 30, 2007

	Budgeted amounts		Actual Amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Investment income	\$ 1,491,348	\$ 1,491,348	\$ 2,345,710	\$ 854,362	\$ 1,708,048
Total revenues	1,491,348	1,491,348	2,345,710	854,362	1,708,048
EXPENDITURES					
Debt service – other:					
Principal	6,449,999	6,449,999	7,449,999	(1,000,000)	9,435,001
Interest	9,140,956	9,140,956	10,684,197	(1,543,241)	10,979,481
Bond issuance costs	-	-	-	-	954,588
Payment to refunded escrow	-	-	-	-	5,497,751
Total expenditures	15,590,955	15,590,955	18,134,196	(2,543,241)	26,866,821
Excess of (deficiency) of revenues over (under) expenditures	(14,099,607)	(14,099,607)	(15,788,486)	(1,688,879)	(25,158,773)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	-	105,570,000
Premium/(discount) on debt issued	-	-	-	-	1,538,100
Payment to refunded escrow agent	-	-	-	-	(71,407,249)
Transfers in	14,099,607	14,099,607	17,040,438	2,940,831	16,555,081
Transfers out	-	-	(16,970,000)	(16,970,000)	(671,775)
Total other financing sources (uses)	14,099,607	14,099,607	70,438	(14,029,169)	51,584,157
Net change in fund balance	-	-	(15,718,048)	(15,718,048)	26,425,384
Fund balance, beginning of year	49,570,004	49,570,004	49,570,004	-	23,144,620
Fund balance, end of year	\$ 49,570,004	\$ 49,570,004	\$ 33,851,956	\$ (15,718,048)	\$ 49,570,004

Capital Projects Funds

The City maintains the following Capital Projects Funds for the purposes indicated:

Nonmajor Funds

Public Park Extension

For upgrades and improvements to parks from funds annually transferred from General Fund.

CIEDB Street Construction

For right-of-way acquisition, construction and improvements related to the City's street system. These projects are funded by various state and federal programs and matching City funds.

Fire Equipment Acquisition

For acquisition of fire equipment from lease proceeds.

Park Construction Fee

For park land acquisition and development. Principal revenue sources are parks acquisition and development fees collected from developers and state revenues for park development.

Cemetery Construction

For improvements of the City-owned cemetery from a portion of fees collected for services.

Sewerline Construction

For construction of sewer collection systems from development revenues.

Storm Drain Construction

For the construction of storm drain facilities throughout the City from development revenues.

Special Assessments

For assessment districts related to improvement construction and maintenance including landscape maintenance, sewerline maintenance and security districts paid by assessments on properties.

Cultural Development Construction Fee

For collection of development fees used to pay for cultural improvements and activities.

Traffic Systems

For construction of traffic systems from development fees.

Street Lighting/ Sweeping

For payment of street lighting and sweeping in accordance with City-wide assessment district 994.

Assessment District #1015

For construction of improvements from loans related to assessment district 1015.

**City of San Bernardino
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2007**

	Public Park Extension	CIEDB Street Construction	Fire Equipment Acquisition	Park Construction Fee
ASSETS				
Cash and investments	\$ 4,340	\$ -	\$ 16,249	\$ 1,715,206
Cash and investments with fiscal agents	-	-	77,291	-
Receivables, net:				
Interest	44	-	-	17,575
Due from other governments	-	-	-	-
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ 4,384	\$ -	\$ 93,540	\$ 1,732,781
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 213,783	\$ -	\$ 111,785
Due to other funds	-	1,440,102	-	-
Retentions payable	-	15,425	-	57,715
Deferred revenues	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	-	1,669,310	-	169,500
Fund balances (deficit):				
Reserved for:				
Encumbrances	-	-	-	-
Advances to other funds	-	-	-	-
Sewer capacity rights	-	-	-	-
Unreserved:				
Undesignated	4,384	(1,669,310)	93,540	1,563,281
Total fund balances	4,384	(1,669,310)	93,540	1,563,281
Total liabilities and fund balances	\$ 4,384	\$ -	\$ 93,540	\$ 1,732,781

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

City of San Bernardino
 Combining Balance Sheet
 Major Capital Projects Funds
 June 30, 2007
 (continued)

Cemetery Construction	Sewerline Construction	Storm Drain Construction	Special Assessments	Cultural Development Construction Fee	Traffic Systems
\$ 43,956	\$ 4,772,904	\$ 3,349,405	\$ 463,753	\$ 1,134,037	\$ 472,358
-	-	-	-	-	-
450	49,464	34,319	25,532	11,620	4,773
-	-	-	18,612	-	108,000
-	131,200	-	-	-	-
-	214,671	-	-	-	-
<u>\$ 44,406</u>	<u>\$ 5,168,239</u>	<u>\$ 3,383,724</u>	<u>\$ 507,897</u>	<u>\$ 1,145,657</u>	<u>\$ 585,131</u>
\$ -	\$ 1,076	\$ 56,124	\$ 156,115	\$ -	\$ 214,440
-	-	-	-	-	-
-	-	-	-	-	23,189
-	-	-	-	-	-
-	1,076	56,124	156,115	-	237,629
-	-	-	-	-	-
-	131,200	-	-	-	-
-	214,671	-	-	-	-
<u>44,406</u>	<u>4,821,292</u>	<u>3,327,600</u>	<u>351,782</u>	<u>1,145,657</u>	<u>347,502</u>
<u>44,406</u>	<u>5,167,163</u>	<u>3,327,600</u>	<u>351,782</u>	<u>1,145,657</u>	<u>347,502</u>
<u>\$ 44,406</u>	<u>\$ 5,168,239</u>	<u>\$ 3,383,724</u>	<u>\$ 507,897</u>	<u>\$ 1,145,657</u>	<u>\$ 585,131</u>

**City of San Bernardino
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2007
(continued)**

ASSETS	Street Lighting/ Sweeping	Assessment District #1015	Impact Fees	Street Construction
Cash and investments	\$ -	\$ 31,255	\$ 4,166,622	\$ -
Cash and investments with fiscal agents	-	-	-	-
Receivables, net:				
Interest	-	320	42,691	-
Due from other governments	446	-	-	21,819
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ 446	\$ 31,575	\$ 4,209,313	\$ 21,819
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 38,038	\$ 205,343
Due to other funds	446	-	-	618,839
Retentions payable	-	-	-	-
Deferred revenues	-	-	-	21,819
Advance from other funds	-	-	-	900,000
Total liabilities	446	-	38,038	1,746,001
Fund balances (deficit):				
Reserved for:				
Encumbrances	-	-	-	-
Advances to other funds	-	-	-	-
Sewer capacity rights	-	-	-	-
Unreserved:				
Undesignated	-	31,575	4,171,275	(1,724,182)
Total fund balances	-	31,575	4,171,275	(1,724,182)
Total liabilities and fund balances	\$ 446	\$ 31,575	\$ 4,209,313	\$ 21,819

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

City of San Bernardino
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Major or Capital Projects Funds
 For the year ended June 30, 2007

Public Improvements	Totals	
	2007	2006
\$ 5,742,110	\$ 21,912,195	\$ 17,876,449
-	77,291	81,930
59,378	246,166	190,490
-	148,877	304,450
-	131,200	137,600
-	214,671	214,671
<u>\$ 5,801,488</u>	<u>\$ 22,730,400</u>	<u>\$ 18,805,590</u>
\$ 508,400	\$ 1,505,104	\$ 1,362,614
-	2,059,387	2,341,548
125,835	222,164	75,956
-	21,819	248,904
-	900,000	900,000
<u>634,235</u>	<u>4,708,474</u>	<u>4,929,022</u>
-	-	70,200
-	131,200	137,600
-	214,671	214,671
<u>5,167,253</u>	<u>17,676,055</u>	<u>13,454,097</u>
<u>5,167,253</u>	<u>18,021,926</u>	<u>13,876,568</u>
<u>\$ 5,801,488</u>	<u>\$ 22,730,400</u>	<u>\$ 18,805,590</u>

REVENUES

Taxes

Licenses and permits

Impact fees

Investment income

Intergovernmental revenues

Charges for services

Other revenues

Total revenues

EXPENDITURES

Contract

Public safety

Streets

Culture and recreation

Total expenditures

Excess (deficiency) of revenues over (under) expenditures

OTHER FINANCING SOURCES (USES)

Transfers out

Borrowing of debt

Total other financing sources (uses)

Net change in fund balances

Fund balances (deficit) beginning of year

Fund balances (deficit) end of year

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

City of San Bernardino
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the year ended June 30, 2007

	Public Park Extension	CIEDB Street Construction	Fire Equipment Acquisition	Park Construction Fee
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Impact fees	-	-	-	-
Investment income	130	-	-	47,154
Intergovernmental revenues	-	-	-	340,901
Charges for services	-	-	-	120,129
Other revenues	-	-	-	950,000
Total revenues	<u>130</u>	<u>-</u>	<u>-</u>	<u>1,458,184</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Streets	-	4,279,786	-	-
Culture and recreation	-	-	-	1,415,397
Total expenditures	<u>-</u>	<u>4,279,786</u>	<u>-</u>	<u>1,415,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>130</u>	<u>(4,279,786)</u>	<u>-</u>	<u>42,787</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Issuance of debt	-	5,450,237	68,078	-
Total other financing sources (uses)	<u>-</u>	<u>5,450,237</u>	<u>68,078</u>	<u>-</u>
Net change in fund balances	130	1,170,451	68,078	42,787
Fund balances (deficit), beginning of year	<u>4,254</u>	<u>(2,839,761)</u>	<u>25,462</u>	<u>1,520,494</u>
Fund balances (deficit), end of year	<u>\$ 4,384</u>	<u>\$(1,669,310)</u>	<u>\$ 93,540</u>	<u>\$ 1,563,281</u>

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

City of San Bernardino
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the year ended June 30, 2007
 (continued)

Cemetery Construction	Sewerline Construction	Storm Drain Construction	Special Assessments	Cultural Development Construction Fee	Traffic Systems
\$ -	\$ -	\$ -	\$ 801,593	\$ -	\$ -
-	-	-	-	999,211	-
1,325	199,090	99,737	71,445	31,054	13,386
3,743	825,974	1,672,740	-	-	191,968
-	-	-	-	-	152,152
<u>5,068</u>	<u>1,025,064</u>	<u>1,772,477</u>	<u>873,038</u>	<u>1,030,265</u>	<u>357,506</u>
-	-	-	-	-	-
-	549,588	866,825	747,845	-	1,185,329
-	-	-	-	-	-
-	<u>549,588</u>	<u>866,825</u>	<u>747,845</u>	-	<u>1,185,329</u>
<u>5,068</u>	<u>475,476</u>	<u>905,652</u>	<u>125,193</u>	<u>1,030,265</u>	<u>(827,823)</u>
-	(225,000)	(132,700)	-	(357,000)	(60,000)
-	-	-	-	-	-
-	<u>(225,000)</u>	<u>(132,700)</u>	-	<u>(357,000)</u>	<u>(60,000)</u>
<u>5,068</u>	<u>250,476</u>	<u>772,952</u>	<u>125,193</u>	<u>673,265</u>	<u>(887,823)</u>
<u>39,338</u>	<u>4,916,687</u>	<u>2,554,648</u>	<u>226,589</u>	<u>472,392</u>	<u>1,235,325</u>
<u>\$ 44,406</u>	<u>\$ 5,167,163</u>	<u>\$ 3,327,600</u>	<u>\$ 351,782</u>	<u>\$ 1,145,657</u>	<u>\$ 347,502</u>

City of San Bernardino
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the year ended June 30, 2007
(continued)

REVENUES	Street Lighting/ Sweeping	Assessment District #1015	Impact Fees	Street Construction
Taxes	\$ 8,418	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Impact fees	-	-	3,450,896	-
Investment income	-	955	107,610	-
Intergovernmental revenues	-	-	-	637,904
Charges for services	-	-	-	-
Other revenues	-	-	-	11,352
Total revenues	8,418	955	3,558,506	649,256
EXPENDITURES				
Current:				
Public safety	-	-	210,520	-
Streets	-	-	-	1,200,739
Culture and recreation	-	-	31,117	-
Total expenditures	-	-	241,637	1,200,739
Excess (deficiency) of revenues over (under) expenditures	8,418	955	3,316,869	(551,483)
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,418)	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	(8,418)	-	-	-
Net change in fund balances	-	955	3,316,869	(551,483)
Fund balances (deficit), beginning of year	-	30,620	854,406	(1,172,699)
Fund balances (deficit), end of year	\$ -	\$ 31,575	\$ 4,171,275	\$ (1,724,182)

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

Public Improvements	Totals	
	2007	2006
\$ -	\$ 810,011	\$ 1,004,804
-	999,211	549,394
-	3,450,896	843,458
241,362	813,248	398,082
398,191	1,568,964	736,179
-	2,774,738	4,601,932
-	961,352	30,663
<u>639,553</u>	<u>11,378,420</u>	<u>8,164,512</u>
-	210,520	155,168
1,481,113	10,311,225	7,042,834
-	1,446,514	597,488
<u>1,481,113</u>	<u>11,968,259</u>	<u>7,795,490</u>
<u>(841,560)</u>	<u>(589,839)</u>	<u>369,022</u>
-	(783,118)	(598,820)
-	5,518,315	1,339,783
-	4,735,197	740,963
<u>(841,560)</u>	<u>4,145,358</u>	<u>1,109,985</u>
<u>6,008,813</u>	<u>13,876,568</u>	<u>12,766,583</u>
<u>\$ 5,167,253</u>	<u>\$ 18,021,926</u>	<u>\$ 13,876,568</u>

(This page intentionally left blank)

Public	Total	Public
Expenditures	2007	2006
2	2	2
110,011	110,011	110,011
188,311	188,311	188,311
2,450,888	2,450,888	2,450,888
813,248	813,248	813,248
241,385	241,385	241,385
200,181	200,181	200,181
2,774,138	2,774,138	2,774,138
30,883	30,883	30,883
8,784,213	8,784,213	8,784,213
248,853	248,853	248,853
1,481,113	1,481,113	1,481,113
1,481,113	1,481,113	1,481,113
(141,365)	(141,365)	(141,365)
2,818,818	2,818,818	2,818,818
1,300,783	1,300,783	1,300,783
1,518,035	1,518,035	1,518,035
4,798,181	4,798,181	4,798,181
1,481,388	1,481,388	1,481,388
12,878,388	12,878,388	12,878,388
15,100,813	15,100,813	15,100,813
2,18,808,813	2,18,808,813	2,18,808,813

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Park Extension Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ 130	\$ 130	\$ 259
Total revenues	-	130	130	259
EXPENDITURES				
Current:				
Culture and recreation - other	-	-	-	16,216
Total expenditures	-	-	-	16,216
Net change in fund balance	-	130	130	(15,957)
Fund balance, beginning of year	4,254	4,254	-	20,211
Fund balance, end of year	<u>\$ 4,254</u>	<u>\$ 4,384</u>	<u>\$ 130</u>	<u>\$ 4,254</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CIEDB Street Construction
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
Streets - other	<u>7,182,100</u>	<u>4,279,786</u>	<u>2,902,314</u>	<u>2,839,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,182,100)</u>	<u>(4,279,786)</u>	<u>2,902,314</u>	<u>(2,839,761)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	<u>-</u>	<u>5,450,237</u>	<u>5,450,237</u>	<u>-</u>
Total other financing source (uses)	<u>-</u>	<u>5,450,237</u>	<u>5,450,237</u>	<u>-</u>
Net change in fund balance	(7,182,100)	1,170,451	8,352,551	(2,839,761)
Fund balance, beginning of year	<u>(2,839,761)</u>	<u>(2,839,761)</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ (10,021,861)</u>	<u>\$ (1,669,310)</u>	<u>\$ 8,352,551</u>	<u>\$ (2,839,761)</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fire Equipment Acquisition Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ 142
Total revenues	-	-	-	142
EXPENDITURES				
Current:				
Public safety - other	208,300	-	208,300	155,168
Total expenditures	208,300	-	208,300	155,168
Excess (deficiency) of revenues over (under) expenditures	(208,300)	-	208,300	(155,026)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	68,078	68,078	1,339,783
Total other financing sources (uses)	-	68,078	68,078	1,339,783
Net change in fund balance	(208,300)	68,078	276,378	1,184,757
Fund balance, beginning of year	25,462	25,462	-	(1,159,295)
Fund balance, end of year	\$ (182,838)	\$ 93,540	\$ 276,378	\$ 25,462

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Park Construction Fee Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 45,000	\$ 47,154	\$ 2,154	\$ 50,865
Intergovernmental revenues	1,940,000	340,901	(1,599,099)	-
Charges for services	600,000	120,129	(479,871)	668,681
Other revenues	775,000	950,000	175,000	-
Total revenues	3,360,000	1,458,184	(1,901,816)	719,546
EXPENDITURES				
Current:				
Culture and recreation - other	4,953,700	1,415,397	3,538,303	579,520
Total expenditures	4,953,700	1,415,397	3,538,303	579,520
Net change in fund balance	(1,593,700)	42,787	1,636,487	140,026
Fund balance, beginning of year	1,520,494	1,520,494	-	1,380,468
Fund balance, end of year	\$ (73,206)	\$ 1,563,281	\$ 1,636,487	\$ 1,520,494

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Cemetery Construction Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 1,000	\$ 1,325	\$ 325	\$ 1,179
Charges for services	3,500	3,743	243	3,218
Total revenues	<u>4,500</u>	<u>5,068</u>	<u>568</u>	<u>4,397</u>
EXPENDITURES				
Current:				
Community services - other	15,000	-	15,000	1,752
Total expenditures	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>1,752</u>
Net change in fund balance	(10,500)	5,068	15,568	2,645
Fund balance, beginning of year	<u>39,338</u>	<u>39,338</u>	-	<u>36,693</u>
Fund balance, end of year	<u>\$ 28,838</u>	<u>\$ 44,406</u>	<u>\$ 15,568</u>	<u>\$ 39,338</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Sewerline Construction Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 115,000	\$ 199,090	\$ 84,090	\$ 65,872
Charges for services	1,004,000	825,974	(178,026)	1,385,440
Total revenues	1,119,000	1,025,064	(93,936)	1,451,312
EXPENDITURES				
Current:				
Streets - other	5,658,000	549,588	5,108,412	1,403,590
Total expenditures	5,658,000	549,588	5,108,412	1,403,590
Excess (deficiency) of revenues over (under) expenditures	(4,539,000)	475,476	5,014,476	47,722
OTHER FINANCING SOURCES (USES)				
Transfers out	(225,000)	(225,000)	-	(200,000)
Total other financing sources (uses)	(225,000)	(225,000)	-	(200,000)
Net change in fund balance	(4,764,000)	250,476	5,014,476	(152,278)
Fund balance, beginning of year	4,916,687	4,916,687	-	5,068,965
Fund balance, end of year	\$ 152,687	\$ 5,167,163	\$ 5,014,476	\$ 4,916,687

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Storm Drain Construction Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ 99,737	\$ 99,737	\$ 72,475
Intergovernmental revenues	-	-	-	436,630
Charges for services	-	1,672,740	1,672,740	1,716,032
Total revenues	-	1,772,477	1,772,477	2,225,137
EXPENDITURES				
Current:				
Streets - other	2,349,200	866,825	1,482,375	943,254
Total expenditures	2,349,200	866,825	1,482,375	943,254
Excess (deficiency) of revenues over (under) expenditures	(2,349,200)	905,652	3,254,852	1,281,883
OTHER FINANCING SOURCES (USES)				
Transfers out	(100,000)	(132,700)	32,700	(100,000)
Total other financing sources (uses)	(100,000)	(132,700)	32,700	(100,000)
Net change in fund balance	(2,449,200)	772,952	3,222,152	1,181,883
Fund balance, beginning of year	2,554,648	2,554,648	-	1,372,765
Fund balance, end of year	\$ 105,448	\$ 3,327,600	\$ 3,222,152	\$ 2,554,648

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Assessments Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 769,500	\$ 801,593	\$ 32,093	\$ 976,584
Investment income	-	71,445	71,445	63,208
Other income	-	-	-	2,206
Total revenues	769,500	873,038	103,538	1,041,998
EXPENDITURES				
Current:				
Streets - other	769,500	747,845	21,655	638,836
Total expenditures	769,500	747,845	21,655	638,836
Net change in fund balance	-	125,193	125,193	403,162
Fund balance, beginning of year	226,589	226,589	-	(176,573)
Fund balance, end of year	<u>\$ 226,589</u>	<u>\$ 351,782</u>	<u>\$ 125,193</u>	<u>\$ 226,589</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Cultural Development Construction Fee Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Licenses and permits	\$ 400,000	\$ 999,211	\$ 599,211	\$ 549,394
Investment income	4,000	31,054	27,054	9,701
Total revenues	<u>404,000</u>	<u>1,030,265</u>	<u>626,265</u>	<u>559,095</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>404,000</u>	<u>1,030,265</u>	<u>626,265</u>	<u>559,095</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(357,000)	(357,000)	-	(245,600)
Total other financing sources (uses)	<u>(357,000)</u>	<u>(357,000)</u>	<u>-</u>	<u>(245,600)</u>
Net change in fund balance	47,000	673,265	626,265	313,495
Fund balance, beginning of year	472,392	472,392	-	158,897
Fund balance, end of year	<u>\$ 519,392</u>	<u>\$ 1,145,657</u>	<u>\$ 626,265</u>	<u>\$ 472,392</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Systems Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 27,000	\$ 13,386	\$ (13,614)	\$ 38,047
Intergovernmental revenues	519,600	191,968	(327,632)	109,929
Charges for services	450,000	152,152	(297,848)	828,561
Other revenues	112,500	-	(112,500)	-
Total revenues	1,109,100	357,506	(751,594)	976,537
EXPENDITURES				
Current:				
Streets - other	2,538,200	1,185,329	1,352,871	866,821
Total expenditures	2,538,200	1,185,329	1,352,871	866,821
Excess (deficiency) of revenues over (under) expenditures	(1,429,100)	(827,823)	601,277	109,716
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(60,000)	60,000	(25,000)
Total other financing sources (uses)	-	(60,000)	60,000	(25,000)
Net change in fund balance	(1,429,100)	(887,823)	541,277	84,716
Fund balance, beginning of year	1,235,325	1,235,325	-	1,150,609
Fund balance, end of year	\$ (193,775)	\$ 347,502	\$ 541,277	\$ 1,235,325

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Lighting/Sweeping Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 20,000	\$ 8,418	\$ (11,582)	\$ 28,220
Total revenues	20,000	8,418	(11,582)	28,220
EXPENDITURES				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	20,000	8,418	(11,582)	28,220
OTHER FINANCING SOURCES (USES)				
Transfers out	(20,000)	(8,418)	11,582	(28,220)
Total other financing sources (uses)	(20,000)	(8,418)	11,582	(28,220)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Assessment District #1015 Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ 955	\$ 955	\$ 930
Total revenues	-	955	955	930
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	-	955	955	930
Fund balance, beginning of year	30,620	30,620	-	29,690
Fund balance, end of year	<u>\$ 30,620</u>	<u>\$ 31,575</u>	<u>\$ 955</u>	<u>\$ 30,620</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Impact Fees Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Impact fees	\$ 3,045,000	\$ 3,450,896	\$ 405,896	\$ 843,458
Investment income	95,800	107,610	11,810	10,948
Total revenues	3,140,800	3,558,506	417,706	854,406
EXPENDITURES				
Current:				
Public safety	207,400	210,520	(3,120)	-
Streets	332,100	-	332,100	-
Culture and recreation	639,000	31,117	607,883	-
Total expenditures	1,178,500	241,637	936,863	-
Net change in fund balance	1,962,300	3,316,869	1,354,569	854,406
Fund balance, beginning of year	854,406	854,406	-	-
Fund balance, end of year	\$ 2,816,706	\$ 4,171,275	\$ 1,354,569	\$ 854,406

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Construction Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ 594
Intergovernmental revenues	29,580,900	637,904	(28,942,996)	189,620
Other revenues	4,010,000	11,352	(3,998,648)	28,457
Total revenues	33,590,900	649,256	(32,941,644)	218,671
EXPENDITURES				
Current:				
Streets - other	33,372,100	1,200,739	32,171,361	165,497
Total expenditures	33,372,100	1,200,739	32,171,361	165,497
Net change in fund balance	218,800	(551,483)	(770,283)	53,174
Fund balance, beginning of year	(1,172,699)	(1,172,699)	-	(1,225,873)
Fund balance, end of year	\$ (953,899)	\$ (1,724,182)	\$ (770,283)	\$ (1,172,699)

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Improvements Fund
For the year ended June 30, 2007

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 200,000	\$ 241,362	\$ 41,362	\$ 83,862
Intergovernmental revenues	-	398,191	398,191	-
Total revenues	200,000	639,553	439,553	83,862
EXPENDITURES				
Current:				
Streets - other	5,730,800	1,481,113	4,249,687	185,075
Total expenditures	5,730,800	1,481,113	4,249,687	185,075
Net change in fund balance	(5,530,800)	(841,560)	4,689,240	(101,213)
Fund balance, beginning of year	6,008,813	6,008,813	-	6,110,026
Fund balance, end of year	\$ 478,013	\$ 5,167,253	\$ 4,689,240	\$ 6,008,813

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Economic Development Agency
For the year ended June 30, 2007

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Taxes	\$23,671,000	\$23,671,000	\$29,822,071	\$ 6,151,071	\$26,148,602
Investment income	2,311,896	2,311,896	2,881,137	569,241	1,444,961
Other	343,628	343,628	3,103,022	2,759,394	2,097,557
Total revenues	26,326,524	26,326,524	35,806,230	9,479,706	29,691,120
EXPENDITURES					
Current:					
Economic development:					
Personnel salaries and benefits	1,522,535	1,522,535	419,075	1,103,460	619,901
Other	17,600,692	17,600,692	4,748,223	12,852,469	7,023,630
Debt service – other:					
Principal	650,563	650,563	362,414	288,149	2,079,827
Interest and fiscal charges	651,937	651,937	440,241	211,696	516,295
Total expenditures	20,425,727	20,425,727	5,969,953	14,455,774	10,239,653
Excess of revenues over expenditures	5,900,797	5,900,797	29,836,277	23,935,480	19,451,467
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	606,637	606,637	-
Transfers in	10,647,403	10,647,403	-	(10,647,403)	660,878
Transfers out	(16,548,200)	(16,548,200)	(18,140,556)	(1,592,356)	(17,574,702)
Total other financing sources (uses)	(5,900,797)	(5,900,797)	(17,533,919)	(11,633,122)	(16,913,824)
Net change in fund balance	-	-	12,302,358	12,302,358	2,537,643
Fund balance, beginning of year	57,445,164	57,445,164	57,445,164	-	54,907,521
Fund balance, end of year	\$57,445,164	\$57,445,164	\$69,747,522	\$ 12,302,358	\$57,445,164

Internal Service Funds

The City maintains the following Internal Service Funds for the purposes indicated:

Unemployment Insurance

For administration of unemployment insurance claims paid to the Employment Development Department of the State of California.

Workers' Compensation

For administration of the City's self insurance for worker's compensation.

Liability Insurance

For administration of the City's liability claims, combined self insurance and umbrella coverage for liability.

Self-Insurance Health Plans

For administration of the City's self insurance for health benefits.

Motorpool

For the maintenance and operating costs for the City's fleet of vehicles.

Telephone Support

For the operation cost and acquisition of the City's telephone communications systems.

Information Systems

For the acquisition and maintenance of the City's computer and emergency communications systems.

Utility

For the control and allocation of the City's utility costs.

Central Services

For the provision of printing, duplication and postal services and operation of City Stores for supply costs.

City of San Bernardino
Combining Statement of Net Assets
Internal Service Funds
June 30, 2007

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
ASSETS				
Current assets:				
Cash and investments	\$ 153,104	\$ -	\$ 3,018,449	\$ -
Cash investments with fiscal agent	-	-	-	-
Receivables:			34,608	
Interest	-	-	83	-
Other	-	-	-	-
Inventories	-	-	-	-
Prepays	-	-	-	-
Due from other governmental agencies	-	67,529	-	-
Due from other funds	-	-	321,171	-
Total current assets	<u>153,104</u>	<u>67,529</u>	<u>3,374,311</u>	<u>-</u>
Noncurrent assets:				
Capital assets:				
Property, plant and equipment, net	-	1,535	4,493	-
Total assets	<u>153,104</u>	<u>69,064</u>	<u>3,378,804</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	-	-	-
Due to other funds	-	131,846	719,346	-
Claims and judgments payable - current	-	321,171	-	-
Compensated absences – current	-	2,700,000	1,200,000	-
Capital lease payable – current	-	39,249	21,356	-
Facility lease payable – current	-	-	-	-
Total current liabilities	<u>-</u>	<u>3,192,266</u>	<u>1,940,702</u>	<u>-</u>
Noncurrent liabilities:				
Claims and judgments payable	-	5,841,478	4,450,000	-
Compensated absences	-	7,530	6,402	-
Capital lease payable	-	-	-	-
Facility lease payable	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>5,849,008</u>	<u>4,456,402</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>9,041,274</u>	<u>6,397,104</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	1,535	4,493	-
Unrestricted (deficit)	153,104	(8,973,745)	(3,022,793)	-
Total net assets (deficit)	<u>\$ 153,104</u>	<u>\$ (8,972,210)</u>	<u>\$(3,018,300)</u>	<u>\$ -</u>

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

City of San Bernardino
 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Internal Service Funds
 For the year ended June 30, 2007

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2007	2006
\$ 59,058	\$ 399,730	\$ 1,277,750	\$ 59,865	\$ 57,463	\$ 5,025,419	\$ 5,664,234
-	-	100,818	-	-	100,818	100,818
-	-	-	-	-	34,608	28,857
1,275	1,155	-	-	1,547	4,060	3,323
247,757	-	-	-	-	247,757	115,090
393,269	-	-	-	-	393,269	-
488	25,858	2,986	-	3,803	100,664	39,478
-	-	-	-	-	321,171	361,693
<u>701,847</u>	<u>426,743</u>	<u>1,381,554</u>	<u>59,865</u>	<u>62,813</u>	<u>6,227,766</u>	<u>6,313,493</u>
<u>3,061,335</u>	<u>118,257</u>	<u>1,966,225</u>	<u>242,127</u>	<u>-</u>	<u>5,393,972</u>	<u>5,624,358</u>
<u>3,763,182</u>	<u>545,000</u>	<u>3,347,779</u>	<u>301,992</u>	<u>62,813</u>	<u>11,621,738</u>	<u>11,937,851</u>
855,858	64,385	139,958	423,162	10,259	2,344,814	1,332,948
-	-	-	-	-	321,171	361,693
-	-	-	-	-	3,900,000	3,900,000
193,025	751	173,418	8,782	12,411	448,992	414,491
370,546	-	225,546	121,854	-	717,946	563,160
35,000	-	-	-	-	35,000	495,000
<u>1,454,429</u>	<u>65,136</u>	<u>538,922</u>	<u>553,798</u>	<u>22,670</u>	<u>7,767,923</u>	<u>7,067,292</u>
-	-	-	-	-	10,291,478	8,845,545
109,848	-	134,201	-	38,809	296,790	229,057
313,767	-	351,729	156,675	-	822,171	1,189,440
235,000	-	-	-	-	235,000	270,000
<u>658,615</u>	<u>-</u>	<u>485,930</u>	<u>156,675</u>	<u>38,809</u>	<u>11,645,439</u>	<u>10,534,042</u>
<u>2,113,044</u>	<u>65,136</u>	<u>1,024,852</u>	<u>710,473</u>	<u>61,479</u>	<u>19,413,362</u>	<u>17,601,334</u>
2,107,022	118,257	1,388,951	(36,402)	-	3,583,856	3,105,757
(456,884)	361,607	933,976	(372,079)	1,334	(11,375,480)	(8,769,240)
<u>\$ 1,650,138</u>	<u>\$ 479,864</u>	<u>\$ 2,322,927</u>	<u>\$ (408,481)</u>	<u>\$ 1,334</u>	<u>\$(7,791,624)</u>	<u>\$(5,663,483)</u>

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

City of San Bernardino
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the year ended June 30, 2007

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
OPERATING REVENUES				
Charges for services	\$ 234,807	\$ 3,817,672	\$ 3,203,100	\$ -
Total operating revenues	234,807	3,817,672	3,203,100	-
OPERATING EXPENSES				
Cost of sales and services	3,390	1,161,896	1,961,983	-
Claims expense	159,248	3,360,353	2,180,429	-
Depreciation	-	881	1,485	-
Total operating expenses	162,638	4,523,130	4,143,897	-
Operating income (loss)	72,169	(705,458)	(940,797)	-
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	-	120,313	-
Interest expense	-	-	-	-
Net increase (decrease) in investment fair value	-	-	-	-
Miscellaneous income	-	-	-	-
Total nonoperating revenues (expenses)	-	-	120,313	-
Income before contributions and transfers	72,169	(705,458)	(820,484)	-
Transfers in	-	-	-	-
Transfers out	(650,000)	-	-	(122,018)
Change in net assets	(577,831)	(705,458)	(820,484)	(122,018)
Net assets (deficit), beginning of year	730,935	(8,266,752)	(2,197,816)	122,018
Net assets (deficit), end of year	\$ 153,104	\$ (8,972,210)	\$ (3,018,300)	\$ -

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

City of San Bernardino
 Combining Statement of Cash Flows
 Internal Service Funds
 For the year ended June 30, 2007

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2007	2006
\$ 6,825,769	\$ 940,623	\$ 4,512,901	\$ 4,293,140	\$ 256,783	\$ 24,084,795	\$23,444,678
6,825,769	940,623	4,512,901	4,293,140	256,783	24,084,795	23,444,678
6,705,953	766,692	3,410,335	4,192,292	268,099	18,470,640	17,233,223
-	-	-	-	-	5,700,030	4,117,453
1,043,635	29,156	631,754	127,394	13,190	1,847,495	2,143,997
7,749,588	795,848	4,042,089	4,319,686	281,289	26,018,165	23,494,673
(923,819)	144,775	470,812	(26,546)	(24,506)	(1,933,370)	(49,995)
-	-	-	-	-	120,313	86,743
(41,009)	-	(35,072)	(18,064)	-	(94,145)	(128,962)
-	-	-	-	-	-	(51,778)
24,724	13,773	12,582	-	-	51,079	170,460
(16,285)	13,773	(22,490)	(18,064)	-	77,247	76,463
(940,104)	158,548	448,322	(44,610)	(24,506)	(1,856,123)	26,468
800,000	-	-	-	-	800,000	333,300
-	-	(300,000)	-	-	(1,072,018)	-
(140,104)	158,548	148,322	(44,610)	(24,506)	(2,128,141)	359,768
1,790,242	321,316	2,174,605	(363,871)	25,840	(5,663,483)	(6,023,251)
<u>\$ 1,650,138</u>	<u>\$ 479,864</u>	<u>\$ 2,322,927</u>	<u>\$ (408,481)</u>	<u>\$ 1,334</u>	<u>\$ (7,791,624)</u>	<u>\$ (5,663,483)</u>

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

City of San Bernardino
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2007

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Cash flows from operating activities:				
Cash received from user departments	\$ 72,169	\$ 3,709,621	\$ 3,243,539	\$ -
Cash payments to suppliers for goods and services	-	(846,577)	(1,127,050)	-
Cash payments for claims	-	(2,487,220)	(1,607,629)	-
Cash payments to employees for services	-	(375,824)	(202,523)	-
Cash received for other activities	-	-	-	-
Net cash provided by (used for) operating activities	<u>72,169</u>	<u>-</u>	<u>306,337</u>	<u>-</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	-	-	-	-
Transfer to other funds	(650,000)	-	-	(122,018)
Net cash provided by (used for) capital financing activities	<u>(650,000)</u>	<u>-</u>	<u>-</u>	<u>(122,018)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	-
Principal payments on long-term debt	-	-	-	-
Interest paid on long-term debt	-	-	-	-
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest received	-	-	114,562	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>114,562</u>	<u>-</u>
Net increase (decrease) in cash and investments	(577,831)	-	420,899	(122,018)
Cash and investments, beginning of year	730,935	-	2,597,550	122,018
Cash and investments, end of year	<u>\$ 153,104</u>	<u>\$ -</u>	<u>\$ 3,018,449</u>	<u>\$ -</u>

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

City of San Bernardino
 Combining Statement of Cash Flows
 Internal Service Funds
 For the year ended June 30, 2007
 (continued)

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2007	2006
\$ 6,835,234	\$ 938,962	\$ 4,510,584	\$ 4,293,140	\$ 256,986	\$ 23,860,235	\$23,451,849
(4,616,139)	(663,743)	(2,265,290)	(4,279,831)	(139,687)	(13,938,317)	(13,555,883)
-	-	-	-	-	(4,094,849)	(5,059,306)
(2,090,737)	(96,733)	(1,034,445)	(23,760)	(116,748)	(3,940,770)	(3,309,868)
<u>24,724</u>	<u>13,773</u>	<u>12,582</u>	<u>-</u>	<u>-</u>	<u>51,079</u>	<u>502,713</u>
<u>153,082</u>	<u>192,259</u>	<u>1,223,431</u>	<u>(10,451)</u>	<u>551</u>	<u>1,937,378</u>	<u>2,029,505</u>
800,000	-	-	-	-	800,000	333,300
-	-	(300,000)	-	-	(1,072,018)	-
<u>800,000</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>(272,018)</u>	<u>333,300</u>
(832,547)	(9,974)	(161,105)	(4,157)	-	(1,007,783)	(1,174,612)
(516,918)	-	(683,648)	(116,243)	-	(1,316,809)	(1,249,137)
<u>(41,009)</u>	<u>-</u>	<u>(35,072)</u>	<u>(18,064)</u>	<u>-</u>	<u>(94,145)</u>	<u>(128,963)</u>
<u>(1,390,474)</u>	<u>(9,974)</u>	<u>(879,825)</u>	<u>(138,464)</u>	<u>-</u>	<u>(2,418,737)</u>	<u>(2,552,712)</u>
-	-	-	-	-	114,562	85,004
-	-	-	-	-	114,562	85,004
(437,392)	182,285	43,606	(148,915)	551	(638,815)	(104,903)
<u>496,450</u>	<u>217,445</u>	<u>1,334,962</u>	<u>208,780</u>	<u>56,912</u>	<u>5,765,052</u>	<u>5,869,955</u>
<u>\$ 59,058</u>	<u>\$ 399,730</u>	<u>\$ 1,378,568</u>	<u>\$ 59,865</u>	<u>\$ 57,463</u>	<u>\$ 5,126,237</u>	<u>\$ 5,765,052</u>

**City of San Bernardino
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2007
(continued)**

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 72,169	\$ (705,458)	\$ (940,797)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	881	1,485	-
Other nonoperating revenues (expenses)	-	-	-	-
(Increase) decrease in assets:				
Other receivables	-	(67,529)	(83)	-
Inventories	-	-	-	-
Prepays	-	-	-	-
Due from other funds	-	-	40,522	-
Due from other governments	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	-	(70,175)	623,177	-
Claims and judgments	-	873,133	572,800	-
Due to other funds	-	(40,522)	-	-
Compensated absences	-	9,670	9,233	-
Net cash provided by (used for) operating activities	\$ 72,169	\$ -	\$ 306,337	\$ -
Noncash, investing, capital and financing activities:				
Acquisition of capital assets through capital lease	\$ -	\$ -	\$ -	\$ -
Increase (decrease) in fair value of cash and investments	-	-	34,694	-

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

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2007	2006
\$ (923,819)	\$ 144,775	\$ 470,812	\$ (26,546)	\$ (24,506)	\$(1,933,370)	\$ (49,995)
1,043,635	29,156	631,754	127,394	13,190	1,847,495	2,143,997
24,724	13,773	12,582	-	-	51,079	170,460
834	59	-	-	(1,547)	(68,266)	12,270
(132,667)	-	-	-	-	(132,667)	13,218
(393,269)	-	-	-	-	(393,269)	-
-	-	-	-	-	40,522	802,486
8,631	(1,720)	(2,317)	-	1,750	6,344	327,153
498,460	8,320	58,408	(113,681)	7,356	1,011,865	521,680
-	-	-	-	-	1,445,933	(2,003,290)
-	-	-	-	-	(40,522)	-
26,553	(2,104)	52,192	2,382	4,308	102,234	91,526
<u>\$ 153,082</u>	<u>\$ 192,259</u>	<u>\$ 1,223,431</u>	<u>\$ (10,451)</u>	<u>\$ 551</u>	<u>\$ 1,937,378</u>	<u>\$ 2,029,505</u>
\$ 609,326	\$ -	\$ -	\$ -	\$ -	\$ 609,326	\$ 501,803
-	-	-	-	-	34,694	(51,778)

Maxpool	Telephone Support	Information Systems	Utility	Central Services	Travel	Other
\$ 253,832	\$ 146,772	\$ 470,812	\$ 158,846	\$ 254,602	\$ 1,602,370	\$ 140,800
1,042,832	52,182	10,882	-	(1,247)	(88,286)	170,480
24,754	12,772	-	-	-	(192,887)	15,570
824	88	-	-	-	(100,288)	19,548
(125,827)	-	-	-	-	40,252	805,488
(202,288)	-	-	-	-	8,344	857,182
9,824	(1,758)	(2,917)	-	1,780	-	857,880
498,400	8,320	88,408	(113,881)	7,388	1,917,682	(5,002,280)
28,828	(2,104)	25,182	7,847	4,308	(40,822)	87,828
\$ 1,022,082	\$ 102,288	\$ 1,022,421	\$ 110,181	\$ 281	\$ 2,182,378	\$ 2,020,808
\$ 818,238	\$ -	\$ -	\$ -	\$ -	\$ 808,258	\$ 201,808
-	-	-	-	-	34,884	(81,778)

Agency Funds

The City maintains the following Agency Funds for the purposes indicated:

Assessment District # 961

For the collection of assessments from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district.

Assessment District # 977A

For the collection of assessments from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district.

Assessment District # 977B

For the collection of assessments from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district.

Assessment District # 1003

For the collection of assessments from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district.

Industrial Revenue Bonds

For collection of revenue and payment of debt service related to Industrial Revenue Bonds issued by the City.

Community Facilities District #995

For the collection of special taxes from property owners and for the remittance of such special taxes to bondholders as required by the Mello Roos Community Facilities District Act of 1982 and related California State statutes for this district.

Special Deposits

For deposits made by developers, other government agencies or others for disposition under the terms for which the deposits were made.

Cemetery Perpetual Care

For funds collected for the perpetual maintenance of the City owned and operated Cemetery.

Payroll Trust Fund

For the disposition of funds charged to departments for the payment of wages, related withholding and retirement benefits.

San Bernardino Regional Water Resource Authority

For the collection and disposition of funds received for the San Bernardino Regional Water Authority.

City of San Bernardino
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2007

	Assessment District #961	Assessment District #977A	Assessment District #977B	Assessment District #1003	Industrial Revenue Bonds
ASSETS					
Cash and investments	\$ 347,019	\$ 128	\$ 209	\$ 231,729	\$ 69,351
Cash and investments with fiscal agents	-	141,976	237,576	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	3,556	1	2	2,374	-
Due from other governmental agencies	-	2,960	3,698	1,765	-
Total assets	\$ 350,575	\$ 145,065	\$ 241,485	\$ 235,868	\$ 69,351
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	69,351
Due to bondholders	350,575	145,065	241,485	235,868	-
Total liabilities	\$ 350,575	\$ 145,065	\$ 241,485	\$ 235,868	\$ 69,351

City of San Bernardino
 Combining Statement of Fiduciary Assets and Liabilities
 June 30, 2007

Community Facilities District #995	Special Deposits	Cemetery Perpetual Care	Payroll Trust Fund	San Bernardino Regional Water Resource Authority
\$ 4,659	\$ 8,222,324	\$ 651,191	\$ 1,866,694	\$ -
-	-	-	-	84,480
-	85,654	-	-	-
48	1,126	-	-	-
-	31,988	-	-	-
<u>\$ 4,707</u>	<u>\$ 8,341,092</u>	<u>\$ 651,191</u>	<u>\$ 1,866,694</u>	<u>\$ 84,480</u>
\$ -	\$ -	\$ -	\$ 97,398	\$ -
4,707	8,341,092	651,191	1,769,296	84,480
-	-	-	-	-
<u>\$ 4,707</u>	<u>\$ 8,341,092</u>	<u>\$ 651,191</u>	<u>\$ 1,866,694</u>	<u>\$ 84,480</u>

City of San Bernardino
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2007

	Totals	
	2007	2006
ASSETS		
Cash and investments	\$ 11,393,304	\$ 10,225,839
Cash and investments with fiscal agents	464,032	367,316
Accounts receivable	85,654	3,560
Interest receivable	7,107	125,025
Due from other governmental agencies	40,411	14,470
	<u>40,411</u>	<u>14,470</u>
Total assets	<u>\$ 11,990,508</u>	<u>\$ 10,736,210</u>
LIABILITIES		
Accounts payable	\$ 97,398	\$ 1,161,816
Deposits payable	10,920,117	7,563,268
Due to bond holders	972,993	2,011,126
	<u>972,993</u>	<u>2,011,126</u>
Total liabilities	<u>\$ 11,990,508</u>	<u>\$ 10,736,210</u>

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2007

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
Assessment District # 971				
Assets				
Cash and investments	\$ 1,392,770	\$ 20,311	\$ 1,066,062	\$ 347,019
Interest receivable	13,255	3,556	13,255	3,556
Total assets	\$ 1,406,025	\$ 23,867	\$ 1,079,317	\$ 350,575
Liabilities				
Due to bondholders	\$ 1,406,025	\$ 23,867	\$ 1,079,317	\$ 350,575
Total liabilities	\$ 1,406,025	\$ 23,867	\$ 1,079,317	\$ 350,575
Assessment District # 977A				
Assets				
Cash and investments	\$ 2,636	\$ 82,928	\$ 85,436	\$ 128
Cash and investments with fiscal agents	139,422	57,544	54,990	141,976
Interest receivable	25	1	25	1
Due from other governmental agencies	653	2,960	653	2,960
Total assets	\$ 142,736	\$ 143,433	\$ 141,104	\$ 145,065
Liabilities				
Due to bondholders	\$ 142,736	\$ 143,433	\$ 141,104	\$ 145,065
Total liabilities	\$ 142,736	\$ 143,433	\$ 141,104	\$ 145,065
Assessment District #977B				
Assets				
Cash and investments	\$ 3,887	\$ 131,577	\$ 135,255	\$ 209
Cash and investments with fiscal agents	227,894	95,743	86,061	237,576
Interest receivable	37	2	37	2
Due from other governmental agencies	3,002	3,698	3,002	3,698
Total assets	\$ 234,820	\$ 231,020	\$ 224,355	\$ 241,485
Liabilities				
Accounts payable	\$ 150	\$ -	\$ 150	\$ -
Due to bondholders	234,670	231,020	224,205	241,485
Total liabilities	\$ 234,820	\$ 231,020	\$ 224,355	\$ 241,485

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2007
(continued)

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
Assessment District #1003				
Assets				
Cash and investments	\$ 224,665	\$ 117,207	\$ 110,143	\$ 231,729
Interest receivable	2,138	2,374	2,138	2,374
Due from other governments	892	1,765	892	1,765
Total assets	\$ 227,695	\$ 121,346	\$ 113,173	\$ 235,868
Liabilities				
Due to bondholders	\$ 227,695	\$ 121,346	\$ 113,173	\$ 235,868
Total liabilities	\$ 227,695	\$ 121,346	\$ 113,173	\$ 235,868
Industrial Revenue Bonds				
Assets				
Cash and investments	\$ 69,351	\$ -	\$ -	\$ 69,351
Total assets	\$ 69,351	\$ -	\$ -	\$ 69,351
Liabilities				
Deposits payable	\$ 69,351	\$ -	\$ -	\$ 69,351
Total liabilities	\$ 69,351	\$ -	\$ -	\$ 69,351
Community Facilities District #995				
Assets				
Cash and investments	\$ 6,003	\$ 156	\$ 1,500	\$ 4,659
Interest receivable	57	48	57	48
Total assets	\$ 6,060	\$ 204	\$ 1,557	\$ 4,707
Liabilities				
Deposits payable	\$ 6,060	\$ 204	\$ 1,557	\$ 4,707
Total liabilities	\$ 6,060	\$ 204	\$ 1,557	\$ 4,707

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2007
(continued)

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
Special Deposits				
Assets				
Cash and investments	\$ 6,227,418	\$ 9,542,271	\$ 7,547,365	\$ 8,222,324
Accounts receivable	3,560	85,654	98,676	85,654
Interest receivable	98,676	1,126	3,560	1,126
Due from other governmental agencies	9,923	31,988	9,923	31,988
Total assets	\$ 6,339,577	\$ 9,661,039	\$ 7,659,524	\$ 8,341,092
Liabilities				
Accounts payable	\$ 301,459	\$ -	\$ 301,459	\$ -
Deposits payable	6,038,118	9,661,039	7,358,065	8,341,092
Total liabilities	\$ 6,339,577	\$ 9,661,039	\$ 7,659,524	\$ 8,341,092
Perpetual Cemetery Care				
Assets				
Cash and investments	\$ 645,899	\$ 5,717	\$ 425	\$ 651,191
Total assets	\$ 645,899	\$ 5,717	\$ 425	\$ 651,191
Liabilities				
Deposits payable	\$ 645,899	\$ 5,717	\$ 425	\$ 651,191
Total liabilities	\$ 645,899	\$ 5,717	\$ 425	\$ 651,191

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2007
(continued)

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
Payroll Trust Fund				
Assets				
Cash and investments	\$ 1,653,210	\$110,375,977	\$110,162,493	\$ 1,866,694
Interest receivable	10,837	-	10,837	-
Total assets	\$ 1,664,047	\$110,375,977	\$110,173,330	\$ 1,866,694
Liabilities				
Accounts payable	\$ 860,207	\$ 97,398	\$ 860,207	\$ 97,398
Deposits payable	803,840	110,278,579	109,313,123	1,769,296
Total liabilities	\$ 1,664,047	\$110,375,977	\$110,173,330	\$ 1,866,694
San Bernardino Regional Water Resource Authority				
Assets				
Cash and investments with fiscal agents	\$ 20,149	\$ 100,000	\$ 35,669	\$ 84,480
Total assets	\$ 20,149	\$ 100,000	\$ 35,669	\$ 84,480
Liabilities				
Deposits payable	\$ 20,149	\$ 100,000	\$ 35,669	\$ 84,480
Total liabilities	\$ 20,149	\$ 100,000	\$ 35,669	\$ 84,480
TOTALS – ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 10,225,839	\$120,276,144	\$119,108,679	\$11,393,304
Cash and investments with fiscal agents	387,465	253,287	176,720	464,032
Accounts receivable	3,560	85,654	98,676	85,654
Interest receivable	125,025	7,107	29,909	7,107
Due from other governments	14,470	40,411	14,470	40,411
Total assets	\$10,756,359	\$120,662,603	\$119,428,454	\$11,990,508
Liabilities				
Accounts payable	\$ 1,161,816	\$ 97,398	\$ 1,161,816	\$ 97,398
Deposits payable	7,583,417	120,045,539	116,708,839	10,920,117
Due to bondholders	2,011,126	519,666	1,557,799	972,993
Total liabilities	\$ 10,756,359	\$120,662,603	\$119,428,454	\$11,990,508

STATISTICAL SECTION

This part of the City of San Bernardino 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 government's overall financial health.

	2015	2014	2013	2012	2011	2010	
Contents							Page
Financial Trends							
	<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>						219
Revenue Capacity							
	<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>						199
Debt Capacity							
	<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.</i>						202
Demographic and Economic Information							
	<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>						207
Operating Information							
	<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services it provides and the activities it performs.</i>						209

CITY OF SAN BERNARDINO
 Net Assets by Component
 Last Six Fiscal Years
 (accrual basis of accounting)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental activities:						
Invested in capital assets, net of related debt	191,503,293	159,997,876	161,342,293	165,342,311	446,214,267	439,241,654
Restricted	43,125,990	44,041,492	96,428,026	113,377,790	135,155,865	172,975,182
Unrestricted	<u>(92,652,892)</u>	<u>(83,153,847)</u>	<u>(134,736,718)</u>	<u>(139,222,042)</u>	<u>(190,675,069)</u>	<u>(206,382,426)</u>
Total governmental activities net assets	<u><u>141,976,391</u></u>	<u><u>120,885,521</u></u>	<u><u>123,033,601</u></u>	<u><u>139,498,059</u></u>	<u><u>390,695,063</u></u>	<u><u>405,834,410</u></u>
Business-type activities:						
Invested in capital assets, net of related debt	130,804,501	132,932,983	142,833,962	153,245,960	176,245,295	188,668,410
Restricted	6,079,305	8,719,489	12,532,379	20,007,026	24,859,169	27,280,333
Unrestricted	<u>33,884,563</u>	<u>36,022,815</u>	<u>33,748,855</u>	<u>37,167,934</u>	<u>25,605,996</u>	<u>27,222,676</u>
Total business-type activities net assets	<u><u>170,768,369</u></u>	<u><u>177,675,287</u></u>	<u><u>189,115,196</u></u>	<u><u>210,420,920</u></u>	<u><u>226,710,460</u></u>	<u><u>243,171,419</u></u>
Primary government:						
Invested in capital assets, net of related debt	322,307,794	292,930,859	304,176,255	318,588,271	622,459,562	627,910,064
Restricted	49,205,295	52,760,981	108,960,405	133,384,816	160,015,034	200,255,515
Unrestricted	<u>(58,768,329)</u>	<u>(47,131,032)</u>	<u>(100,987,863)</u>	<u>(102,054,108)</u>	<u>(165,069,073)</u>	<u>(179,159,750)</u>
Total primary government net assets	<u><u>312,744,760</u></u>	<u><u>298,560,808</u></u>	<u><u>312,148,797</u></u>	<u><u>349,918,979</u></u>	<u><u>617,405,523</u></u>	<u><u>649,005,829</u></u>

* Net infrastructure increase of \$294.2 million recorded in the 2006 fiscal year.

Information prior to fiscal year 2002 is not available, as it was not developed in the format required prior to this date.

CITY OF SAN BERNARDINO
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses:						
Governmental activities:						
General Government	20,324,940	10,110,920	21,656,283	24,808,713	23,892,333	27,262,344
Public Safety	66,107,141	71,475,265	74,407,316	80,039,649	136,667,148	93,515,654
Streets	12,345,936	12,349,490	14,669,079	13,891,216	27,057,006	27,069,798
Culture and Recreation	6,126,953	6,691,192	7,169,744	7,161,720	6,982,538	7,641,107
Community Development	1,824,993	6,065,117	8,884,530	12,687,620	8,346,669	9,035,671
Economic Development	17,593,672	20,259,952	24,495,651	18,044,434	13,049,495	10,484,282
Community Service	8,731,557	11,133,083	11,482,351	2,137,139	8,721,633	7,859,979
Interest on long-term debt	13,060,843	13,031,339	14,163,424	9,139,110	13,196,169	14,091,476
Total governmental activities expenses	146,116,035	151,116,358	176,928,378	167,909,601	237,912,991	196,960,311
Business-type activities:						
Integrated Waste	15,697,689	15,040,394	16,594,002	18,558,293	21,008,588	21,484,555
Water	18,802,599	18,825,102	21,317,663	22,734,007	25,236,041	28,410,534
Sewer	18,710,526	19,413,795	18,976,067	21,541,197	22,728,156	25,357,620
Total business-type activities expenses	53,210,814	53,279,291	56,887,732	62,833,497	68,972,785	75,252,709
Total primary government expenses	199,326,849	204,395,649	233,816,110	230,743,098	306,885,776	272,213,020
Program revenues:						
Governmental activities:						
Charges for services:						
General Government	2,083,487	2,747,466	2,738,254	3,398,519	3,035,106	3,049,407
Public Safety	4,278,024	4,685,593	4,311,566	4,206,552	5,584,791	6,830,785
Streets	4,223,767	4,650,313	5,692,784	7,825,117	10,375,349	13,220,302
Culture and Recreation	754,444	1,351,930	1,299,275	1,886,925	2,148,929	2,264,397
Community Development	2,234,857	3,055,541	3,384,534	4,496,494	5,455,580	5,035,631
Economic Development	47,543	-	-	-	-	-
Community Service	1,444,300	1,438,110	1,468,455	1,588,046	1,575,304	1,665,858
Operating grants and contributions	17,672,341	17,360,240	19,109,855	15,612,353	16,749,511	15,674,299
Capital grants and contributions	8,072,268	13,953,933	16,081,187	18,350,510	8,560,691	10,742,679
Total governmental activities program revenues	40,811,031	49,243,126	54,085,910	57,364,516	53,485,261	58,483,358
Business-type activities:						
Charges for services:						
Refuse	17,470,111	18,412,352	19,149,079	21,585,381	22,751,076	24,035,457
Water	20,403,144	20,306,056	24,159,556	18,605,346	19,702,252	26,281,951
Sewer	16,829,698	17,009,204	17,339,174	19,551,823	19,492,372	21,002,484
Operating grants and contributions	990,282	794,044	1,214,167	1,001,047	1,983,509	4,287,943
Capital grants and contributions	5,917,958	6,520,569	7,942,497	18,906,564	18,430,146	14,904,830
Total business-type activities program revenues	61,611,193	63,042,225	69,804,473	79,650,161	82,359,355	90,512,665
Total primary government program revenues	102,422,224	112,285,351	123,890,383	137,014,677	135,844,616	148,996,023
Net revenues (expenses):						
Governmental activities	(105,305,004)	(101,873,232)	(122,842,468)	(110,545,085)	(184,427,730)	(138,476,953)
Business-type activities	8,400,379	9,762,934	12,916,741	16,816,664	13,386,570	15,259,956
Total net revenues (expenses)	(96,904,625)	(92,110,298)	(109,925,727)	(93,728,421)	(171,041,160)	(123,216,997)

CITY OF SAN BERNARDINO
 Changes in Net Assets
 Last Six Fiscal Years
 (accrual basis of accounting)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
General revenues and other changes in net assets:						
Governmental activities:						
Taxes:						
Sales tax	27,102,137	29,894,441	32,277,342	34,768,847	36,753,095	36,011,631
Property tax	25,523,014	26,327,504	28,965,153	32,611,618	49,242,321	58,061,978
Other taxes	26,520,455	27,919,423	30,203,483	31,468,545	34,033,797	34,952,626
Franchise tax	2,879,949	2,878,719	3,084,720	3,137,384	3,343,990	3,348,564
Investment earnings	10,433,917	8,850,414	8,535,567	8,670,285	8,867,706	7,723,375
Other general revenues	6,167,267	8,140,146	9,282,701	3,322,507	4,805,836	9,455,462
Intergovernmental - unrestricted	10,733,002	11,142,549	11,200,846	7,260,757	1,541,439	1,529,664
Transfers	1,616,200	1,598,246	2,316,200	2,316,200	2,810,900	2,533,000
Total governmental activities	<u>110,975,941</u>	<u>116,751,442</u>	<u>125,866,012</u>	<u>123,556,143</u>	<u>141,399,084</u>	<u>153,616,300</u>
Business-type activities						
Investment earnings	2,601,625	2,382,963	839,368	4,783,660	4,024,042	3,270,023
Other general revenues				2,021,600	1,689,828	463,980
Transfers	(1,616,200)	(1,598,246)	(2,316,200)	(2,316,200)	(2,810,900)	(2,533,000)
Total business-type activities	<u>985,425</u>	<u>784,717</u>	<u>(1,476,832)</u>	<u>4,489,060</u>	<u>2,902,970</u>	<u>1,201,003</u>
Total primary government	<u>111,961,366</u>	<u>117,536,159</u>	<u>124,389,180</u>	<u>128,045,203</u>	<u>144,302,054</u>	<u>154,817,303</u>
Changes in net assets:						
Governmental activities	5,670,937	14,878,210	3,023,544	13,011,058	(43,028,646)	15,139,347
Business-type activities	9,385,804	10,547,651	11,439,909	21,305,724	16,289,540	16,460,959
Total primary government	<u>15,056,741</u>	<u>25,425,861</u>	<u>14,463,453</u>	<u>34,316,782</u>	<u>(26,739,106)</u>	<u>31,600,306</u>

Information prior to fiscal year 2002 is not available, as it was not developed in the format required prior to this date.

CITY OF SAN BERNARDINO
Fund Balances of Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
General fund:						
Reserved	1,436,009	1,149,167	1,667,321	565,637	372,840	916,003
Unreserved	13,449,153	11,740,916	10,811,053	17,674,733	16,891,900	17,680,645
Total general fund	14,885,162	12,890,083	12,478,374	18,240,370	17,264,740	18,596,648
All other governmental funds:						
Reserved	93,012,221	100,773,650	92,518,419	86,310,076	106,294,213	113,001,861
Unreserved, reported in:						
Special revenue funds	7,959,410	6,399,819	6,948,361	10,402,126	15,924,138	22,423,967
Debt service	(2,319,926)	(2,226,126)	(2,266,242)	(2,075,698)	(2,806,294)	(782,226)
Capital project funds	19,177,626	11,876,357	17,133,417	33,126,970	39,757,743	55,231,122
Total all other governmental funds	117,829,331	116,823,700	114,333,955	127,763,474	159,169,800	189,874,724

Information prior to fiscal year 2002 is not available, as it was not developed in the format required prior to this date.

CITY OF SAN BERNARDINO
 Changes in Fund Balances of Governmental Funds
 Last Six Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Revenues:						
Taxes	79,291,036	84,123,265	91,755,978	107,732,349	120,977,254	129,060,182
Licenses and permits	6,735,142	7,262,108	7,876,768	9,585,532	10,277,240	12,499,578
Impact fees					843,458	3,450,896
Fines and forfeitures	1,541,486	1,559,840	1,758,510	1,974,534	2,554,720	3,183,008
Investment income	6,539,320	6,053,106	5,206,478	4,414,204	5,312,423	9,974,811
Intergovernmental	38,907,758	39,313,349	46,348,639	35,933,532	29,179,616	34,294,304
Charges for services	7,466,950	9,512,656	10,066,984	13,447,328	16,296,784	14,268,495
Other	7,141,110	11,583,609	10,855,822	14,914,028	6,926,240	8,940,357
Total revenues	<u>147,622,802</u>	<u>159,407,933</u>	<u>173,869,179</u>	<u>188,001,507</u>	<u>192,367,735</u>	<u>215,671,631</u>
Expenditures:						
Current:						
General Government	14,868,972	15,317,801	18,560,589	21,725,050	23,405,697	24,355,666
Public Safety	65,804,551	69,742,970	73,516,373	79,860,210	134,891,847	91,978,732
Streets	15,899,968	17,173,949	17,101,303	19,596,406	24,060,239	26,555,429
Culture and Recreation	7,671,272	6,901,194	7,450,410	6,987,251	6,898,492	8,261,185
Community Development	9,629,321	12,763,319	20,291,613	13,527,724	10,695,256	8,563,125
Community Service	8,563,476	10,827,093	6,977,775	4,299,772	8,485,029	6,547,021
Economic Development	10,797,518	15,038,436	17,593,938	11,222,530	12,469,103	10,178,004
Debt service:						
Principal retirement	14,069,891	9,584,617	8,939,434	7,831,737	12,546,394	8,949,418
Interest and fiscal charges	11,733,567	11,529,630	11,282,798	11,984,266	12,067,597	14,676,189
Payment to escrow agent	1,470,150					
Bond issuance costs					1,267,051	
Payment to refunded escrow					5,497,751	
Total expenditures	<u>160,508,686</u>	<u>168,879,009</u>	<u>181,714,233</u>	<u>177,034,946</u>	<u>252,284,456</u>	<u>200,064,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,885,884)</u>	<u>(9,471,076)</u>	<u>(7,845,054)</u>	<u>10,966,561</u>	<u>(59,916,721)</u>	<u>15,606,862</u>
Other financing sources (uses):						
Transfers in	43,028,600	31,143,372	36,782,713	30,033,293	34,251,343	53,516,613
Transfers out	(43,067,300)	(28,503,926)	(34,066,513)	(27,454,893)	(31,773,743)	(50,711,595)
Issuance of long-term debt	36,142,464	3,500,000	2,401,954	2,193,154	107,337,383	13,624,952
Payments to bond escrow agents	(16,309,848)					
Pension bonds issued					62,095,000	
Discounts on pension bonds issued					(10,155,317)	
Payment to refunded escrow agent					(71,407,249)	
Total other financing sources (uses)	<u>19,793,916</u>	<u>6,139,446</u>	<u>5,118,154</u>	<u>4,771,554</u>	<u>90,347,417</u>	<u>16,429,970</u>
Net change in fund balances	<u>6,908,032</u>	<u>(3,331,630)</u>	<u>(2,726,900)</u>	<u>15,738,115</u>	<u>30,430,696</u>	<u>32,036,832</u>
Debt service as a percentage of noncapital expenditures	22.3%	15.9%	14.1%	13.6%	15.1%	14.2%

Information prior to fiscal year 2002 is not available, as it was not developed in the format required prior to this date.

CITY OF SAN BERNARDINO
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	City			Taxable Assessed Value	Redevelopment Agency			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Less Exemptions		Secured	Unsecured	Less Exemptions		
1998	3,578,039,069	240,520,933	(153,417,784)	3,665,142,218	1,445,279,706	202,671,844		1,647,951,550	0.45%
1999	3,615,893,160	240,314,016	(148,104,429)	3,708,102,747	1,462,028,442	200,941,026		1,662,969,468	0.46%
2000	3,646,106,635	243,278,681	(144,651,755)	3,744,733,561	1,501,493,168	206,050,192		1,707,543,360	0.45%
2001	3,694,823,003	239,145,672	(139,392,031)	3,794,576,644	1,553,594,455	207,105,539		1,760,699,994	0.46%
2002	3,781,844,181	239,214,043	(141,805,755)	3,879,252,469	1,655,813,165	262,049,000		1,917,862,165	0.44%
2003	3,890,771,009	240,855,914	(142,450,899)	3,989,176,024	1,762,347,247	269,287,123		2,031,634,370	0.44%
2004	4,131,145,783	243,179,161	(146,771,273)	4,227,553,671	1,974,759,124	310,354,838		2,285,113,962	0.44%
2005	4,356,175,834	246,018,029	(146,527,117)	4,455,666,746	2,388,824,098	292,415,626		2,681,239,724	0.46%
2006	4,775,068,600	251,599,885	(144,877,914)	4,881,790,571	2,844,012,789	335,148,475		3,179,161,264	0.61%
2007	5,423,944,631	252,834,944	(144,547,076)	5,532,232,499	3,663,290,709	374,962,702		4,038,253,411	0.51%

NOTE:

In 1978 the voters of the State of California passes Proposition 13 which limited property taxes to a total minimum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: County of San Bernardino, Auditor/Controller - Recorder - County Clerk

CITY OF SAN BERNARDINO
Principal Property Tax Payers
Current Year and Five Years Ago

Taxpayer	2007		2002	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Catholic Healthcare West	116,375,208	1.22%	101,698,219	1.75%
Westgate No 1	55,288,396	0.58%		
SP 4 Gateway North	53,602,000	0.56%		
WM Inland Investors IV LLC	49,272,356	0.51%		
Tec Park Land LP	47,494,260	0.50%		
Pera Castlepark Inc	42,555,466	0.44%	39,366,000	0.68%
VTSD LLC	32,252,400	0.34%		
Prologis-A5 CA I	31,201,919	0.33%		
Universe at Acacia LLC	27,860,066	0.29%	19,400,000	0.33%
Macy's California	27,681,468	0.29%		
Rancon Realty Fund V, Sub 2	27,285,000	0.29%		
Loma Linda University	26,759,525	0.28%		
Rancon Realty Fund V	26,282,416	0.27%	34,823,519	0.60%
Opus R/E CA VII Northpointe	24,589,393	0.26%		
Rancon Realty Fund V, Sub LLC	23,775,805	0.25%		
Kohl's Department Stores Inc	23,682,571	0.25%	21,907,600	0.38%
Telacu Housing San Bernardino III Inc	22,813,232	0.24%		
Medline Industries Inc	22,272,000	0.23%		
San Bernardino Hotel Properties	20,147,401	0.21%		
Mountainside Apts	19,931,983	0.21%		
Rancon Realty Fund IV	19,923,127	0.21%	22,626,272	0.39%
CNP & Media News Group	18,881,078	0.20%	27,031,223	0.47%
Menlo 2-22-83	18,831,240	0.20%		
Wal-Mart Real Estate	18,678,610	0.20%		
CEI-Date LLC	18,666,000	0.20%		
Stater Bros Markets			15,846,217	0.27%
Community Hospital of San Bernardino			13,914,897	0.24%
Capital Foresight San Bernardino			21,600,000	0.37%
6155 Palm Avenue Apartments LLC			18,054,000	0.31%
St Bernardine Medical Center			47,973,462	0.83%
Costco Wholesale Corp			10,716,279	0.18%
Yellow Freight System Inc			13,190,399	0.23%
Delta Investors II LLC			12,970,084	0.22%
California Newspaper Partnership			11,259,416	0.19%
SB Tri-City Associates			10,469,242	0.18%
Cinemastar Luxury Theaters Inc			10,404,000	0.18%
Roman Catholic Bishop of San Bernardino			9,127,990	0.16%
Central City Company LLC			8,736,700	0.15%
	<u>816,102,920</u>	<u>8.53%</u>	<u>471,115,519</u>	<u>8.13%</u>

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: City of San Bernardino Real Property Section

CITY OF SAN BERNARDINO
Property Tax Levies and Collections
Last Six Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2002	7,143,215	7,036,901	98.51%	353,987	7,390,888	103.47%
2003	7,357,853	7,209,686	97.99%	398,976	7,608,662	103.41%
2004	7,957,750	7,959,153	100.02%	388,958	8,348,111	104.91%
2005	8,506,453	8,571,117	100.76%	414,897	8,986,014	105.64%
2006	9,525,978	9,474,661	99.46%	389,394	9,864,055	103.55%
2007	11,085,242	10,466,617	94.42%	395,001	10,861,618	97.98%

NOTE:

The amounts presented include City property taxes only.

Information prior to fiscal year 2002 is not available, as it was not developed in the format required prior to this date.

Source: County of San Bernardino, Auditor/Controller - Recorder - County Clerk

CITY OF SAN BERNARDINO
Ratios of Outstanding Debt by Type
Last Two Fiscal Years

	<u>2006</u>	<u>2007</u>
Governmental Activities		
Claims and judgements	12,745,545	14,191,748
Compensated absenses	17,483,244	19,157,870
Lease revenue bonds	17,360,000	15,855,000
Tax allocation bonds	155,217,904	149,821,430
Certificates of participation	13,275,000	12,850,000
Pension obligation bonds	50,401,583	50,401,583
Other	15,236,681	27,149,462
Total governmental activities	281,719,957	289,427,093
Business-type Activities		
Capital leases	914,381	6,176,079
Compensated absenses	2,501,293	2,642,647
Notes payable	28,021,736	25,728,019
Certificates of participation	27,732,673	25,846,450
Water bonds	75,000	65,000
Total business-type activities	59,245,083	60,458,195
 Total Primary Government	 340,965,040	 349,885,288
 Percentage of Personal Income*	 6.92%	 7.10%
 Debt per Capita*	 1,737	 1,782

* Based on most current data available

CITY OF SAN BERNARDINO

CITY OF SAN BERNARDINO
Ratio of General Bonded Debt Outstanding
Last Two Fiscal Years
(In Thousands, except per capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt				Percent of Assessed Value	Per Capita
	Tax Allocation Bonds	Pension Obligation Bonds	Lease Revenue Bonds	Total		
2006	155,218	50,402	17,360	222,980	2.77%	1,136
2007	144,821	50,402	15,865	211,088	2.21%	1,075

The City had no general obligation bonded debt for the last fiscal year.

GENERAL FUND DEBT		TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		GROSS COMBINED TOTAL DEBT		NET COMBINED TOTAL DEBT	
2006	222,980	222,980	222,980	222,980	222,980	222,980	222,980
2007	211,088	211,088	211,088	211,088	211,088	211,088	211,088

(1) Percentage of overlapping agency assessed valuation located within boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-secured capital lease obligations.

CITY OF SAN BERNARDINO
Schedule of Direct and Overlapping Bonded Debt

2006-07 Assessed Valuation	\$9,715,032,986
Redevelopment Incremental Valuation:	<u>4,038,253,411</u>
Adjusted Assessed Valuation:	5,676,779,575

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 06/30/07	% Applicable (1)	City's Share of Debt 6/30/07
San Bernardino Community College District	\$162,592,550	15.581 %	\$25,333,545
Colton Joint Unified School District	99,899,877	3.259	3,255,737
Redlands Unified School District	69,933,512	0.926	647,584
Rialto Unified School District	52,165,038	11.363	5,927,513
Colton Joint Unified School District CFD No. 2	4,395,000	89.535	3,935,063
San Bernardino City Unified School District	165,299,383	70.791	117,017,086
City of San Bernardino CFD No. 995	2,080,000	100.000	2,080,000
City of San Bernardino 1915 Act Bonds	1,070,000	100.000	1,070,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$159,266,528</u>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Bernardino County General Fund Obligations	\$833,965,000	5.236 %	\$43,666,407
San Bernardino County Pension Obligations	738,425,591	5.236	38,663,964
San Bernardino County Flood Control District General Fund Obligations	127,625,000	5.236	6,682,445
Colton Joint Unified School District Certificates of Participation	7,690,000	3.259	250,617
Redlands Unified School District Certificates of Participation	10,988,847	0.926	101,757
Rialto Unified School District Certificates of Participation	15,675,000	11.363	1,781,150
City of San Bernardino General Fund Obligations	29,181,295	100.000	29,181,295
San Bdn Valley Municipal Water District Certificates of Participation	4,200,000	21.869	918,498
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$121,246,133</u>
Less: City of San Bernardino self-supporting issues			6,836,200
San Bernardino Valley Muni Water Dist Certificates of Part			918,498
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u>\$113,491,435</u>

GROSS COMBINED TOTAL DEBT	\$280,512,661 (2)
NET COMBINED TOTAL DEBT	\$272,757,963

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

<u>Ratios to 2006-07 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	1.64 %

<u>Ratios to Adjusted Assessed Valuation:</u>	
Gross Combined Direct Debt (\$29,181,295)	0.51 %
Net Combined Direct Debt (\$22,345,095)	0.39 %
Gross Combined Total Debt	4.94 %
Net Combined Total Debt	4.80 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07: \$0

Source: California Municipal Statistics, Inc.

CITY OF SAN BERNARDINO
 Legal Debt Margin Information
 Last Six Fiscal Years

	2002	2003	2004	2005	2006	2007
Assessed valuation	4,021,058,224	4,131,626,923	4,374,324,944	4,602,193,863	5,026,668,485	5,676,779,575
Conversion percentage	25%	25%	25%	25%	25%	25%
Adjusted assessed value	1,005,264,556	1,032,906,731	1,093,581,236	1,150,548,466	1,256,667,121	1,419,194,894
Debt limit percentage	15%	15%	15%	15%	15%	15%
Debt limit	150,789,683	154,936,010	164,037,185	172,582,270	188,500,068	212,879,234
Total net debt applicable to limit: General obligation bonds	29,345,000	27,765,000	28,090,000	24,745,000	73,531,583	79,106,583
Legal debt margin	<u>121,444,683</u>	<u>127,171,010</u>	<u>135,947,185</u>	<u>147,837,270</u>	<u>114,968,485</u>	<u>133,772,651</u>
Total debt applicable to the limit as a percentage of debt limit	19.5%	17.9%	17.1%	14.3%	39.0%	37.2%

The government code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Information prior to fiscal year 2002 is not available, as it was not developed in the format required prior to this date.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Pledged-Revenue Coverage
Last Two Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	Water Utility						Tax Allocation Bonds			
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Tax Increment	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2006	27,153	20,985	6,167	457	317	7.97	17	10	5	1.13
2007	35,284	23,691	11,593	472	602	10.80	18	10	5	1.21

Fiscal Year Ended June 30	Sewer Utility					
	Sewer Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	22,788	13,022	9,766	3,761	2,000	1.70
2007	24,127	14,682	9,445	3,927	1,853	1.63

Note: Details regarding the department's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expense.

CITY OF SAN BERNARDINO
Demographic and Economic Statistics
Last Nine Calendar Years

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
1996	181,701	3,351,475	18,445	7.9%
1997	180,306	3,473,595	19,265	7.0%
1998	182,554	3,717,347	20,363	6.1%
1999	184,986	3,884,891	21,001	5.2%
2000	186,351	4,094,504	21,972	5.1%
2001	190,232	4,365,634	22,949	5.2%
2002	189,800	4,421,201	23,294	6.2%
2003	194,100	4,614,145	23,772	6.2%
2004 *	196,300	4,928,700	25,108	5.7%

- Sources: (1) League of California Cities
(2) California LaborMarket Info, Measures of Income (San Bernardino County)
(3) U.S. Department of Labor, Bureau of Labor Statistics (Riverside-San Bernardino-Ontario Metropolitan Statistical Area)
* Most recent complete year available

CITY OF SAN BERNARDINO
Principal Employers
Fiscal Year 2007

<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
Cal State University - San Bernardino	Education - colleges and universities	1000+
Caltrans District 8	Government - regulation, administration	1000+
City of San Bernardino	Government - local government	1000+
Community Hospital	Health Services - general medical & surgical	1000+
Corona Regional Medical Center	Health Services - general medical & surgical	1000+
Renzenberger, Inc	Transportation/utilities	1000+
San Bernardino City Unified School District	Education - school districts	1000+
San Bernardino Community College	Education - junior colleges	1000+
San Bernardino County Sheriff	Government - police protection	1000+
San Bernardino Valley College	Education - junior colleges	1000+
Arrowhead Credit Union	Finance - state credit unions	500-999
Inland Regional Center for Management	Services - management services	500-999
Omnitrans	Transportation/utilities	500-999

Note - Actual employment numbers not available.

Source - City of San Bernardino Employment and Training Agency

CITY OF SAN BERNARDINO
 Full-time and Part-time City Employees
 by Function
 Last Ten Fiscal Years

Function	Full-time and Part-time Employees as of June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	202	215	215	222	225	228	222	209	210	223
Public Safety	612	613	629	616	627	628	633	653	667	688
Streets	109	117	116	118	120	121	118	107	110	110
Culture & Recreation	272	272	269	269	267	268	268	272	272	274
Community Development	27	21	21	21	22	22	22	23	27	33
Economic Development	54	19	19	19	19	22	22	22	17	17
Community Service	260	260	261	261	262	270	269	268	268	269
Enterprise	340	334	333	338	346	349	357	356	369	380
Total	1876	1851	1863	1864	1888	1908	1911	1910	1940	1994

Source: Budgeted positions for full and part time employees

CITY OF SAN BERNARDINO
 Operating Indicators by Function
 Last Fiscal Year

		Fiscal Year 2007	
Police:			
	Arrest		15,967
	Parking citations issued		21,917
Fire:			
	Number of emergency calls		24,323
	Inspections		5,242
Public Works/Public Services:			
	Street resurfacing (lane miles)		80
Parks and Recreation:			
	Number of recreation classes		150
	Number of facility rentals		410
Water:			
	New connections		511
	Average daily consumption (thousands of gallons)		44,863
Sewer:			
	New connections		542
	Average daily sewage treatment (thousands of gallons)		27,000

Source - various City departments

CITY OF SAN BERNARDINO
 Capital Asset Statistics by Function/Program
 Last Fiscal Year

		<u>2007</u>
Public Safety		
	Police stations	1
	Fire stations	12
Streets/Community Development		
	Miles of streets	628
	Street lights (City maintained)	5,100
	Street lights (SCE maintained)	6,400
	Street traffic controllers (signals)	255
	Street traffic controllers (ped-xing)	21
Culture and Leisure		
	Parks	28
	Park acreage	503.614
Water		
	Water mains (miles)	575
Sewer		
	Sanitary sewers (miles)	509

Source - various City departments

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
 Water Sold by Type of Customer
 Last Eight Fiscal Years
 (in millions of gallons)

Type of Customer:	2000	2001	2002	2003	2004	2005	2006	2007
Residential	10,780.6	9,158.4	10,204.6	9,414.9	10,277.7	9,493.7	10,022.5	10,490.8
Commercial	2,795.7	2,149.0	2,302.9	2,568.6	2,791.3	2,680.6	2,752.7	2,949.4
Municipal	716.8	576.6	604.8	535.9	526.3	511.4	533.6	585.9
Landscape	2,044.0	1,777.8	1,460.9	1,480.2	1,521.4	1,376.4	1,585.1	1,735.9
Other Agencies	286.5	579.2	493.8	363.6	117.1	77.4	51.4	612.9
Total	16,623.6	14,241.0	15,067.0	14,363.2	15,233.8	14,139.5	14,945.3	16,374.9
Total direct rate per 1,000 gallons	0.93	1.14	1.23	1.30	1.28	1.29	1.29	1.54

Information prior to fiscal year 2000 is not available, as it was not developed in the format required prior to this date.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT

Water Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	Monthly Base Rate	Rate per 1,000 Gallons
1998	\$ 6.60	\$ 0.96
1999	6.60	0.96
2000	7.60	1.10
2001	7.60	1.10
2002	8.05	1.24
2003	8.05	1.24
2004	8.05	1.24
2005	8.05	1.24
2006	8.05	1.24
2007	8.32	1.28

Note:

Rates are based on 5/8" meter, which is the standard household meter size. The department does not charge an excess-use rate above normal demand. The 2007 rate does not include the elevation zone charge which is effective on July 1, 2006.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
 Water Customers
 Current Fiscal Year and Six Years Ago

Water Customer	2007		2001	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
SB Unified School District	888,745	3.54%	525,193	3.23%
County of San Bernardino	662,981	2.64%	494,679	3.05%
Housing Authority	458,332	1.82%	369,330	2.27%
California State University	439,438	1.75%	266,505	1.64%
City of San Bernardino	263,138	1.05%	155,210	0.96%
California Dept of Transportation	195,246	0.78%	147,736	0.91%
Pama Management	194,179	0.77%		
St. Bernardine Hospital	179,844	0.72%	187,894	1.16%
Cannon Management	169,357	0.67%		
SB Community Hospital	154,908	0.62%	121,581	0.75%
	<u>3,606,168</u>	<u>14.36%</u>	<u>2,268,128</u>	<u>13.97%</u>

Source: Customer Services Department