

CITY OF SAN BERNARDINO, CALIFORNIA



SM

COMPREHENSIVE ANNUAL FINANCIAL REPORT Year Ended June 30, 2006

CITY OF SAN BERNARDINO, CALIFORNIA

Comprehensive Annual Financial Report

Year Ended June 30, 2006

PREPARED BY

FINANCE DEPARTMENT

CITY OF SAN BERNARDINO, CALIFORNIA

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Year ended June 30, 2008

PREPARED BY

FINANCE DEPARTMENT

**City of San Bernardino
Comprehensive Annual Financial Report
Year Ended June 30, 2006**

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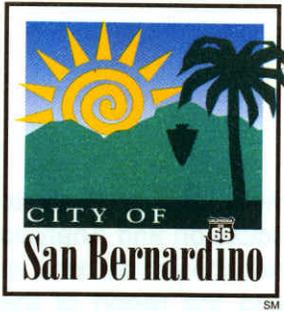
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300 North "D" Street • San Bernardino • CA 92418-0001

www.sbcity.org

October 26, 2006

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, 2006.

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, 2006 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, 2006, 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, 2006 for these activities is \$12,745,545. Although the City has set aside \$2,959,243 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.

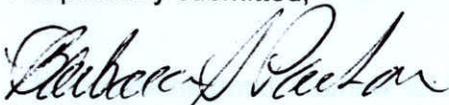
Pension and other postemployment benefits. The City contributes to the California Public Employees Retirement System, an agent multiple-employer public employee defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual 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, 2005 (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 unfailing 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, 2006

LEGISLATIVE OFFICIALS

Patrick J. Morris	Mayor*
Esther R. Estrada	Member of Common Council-Ward 1*
Dennis J. Baxter.	Member of Common Council-Ward 2*
Gordon McGinnis	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

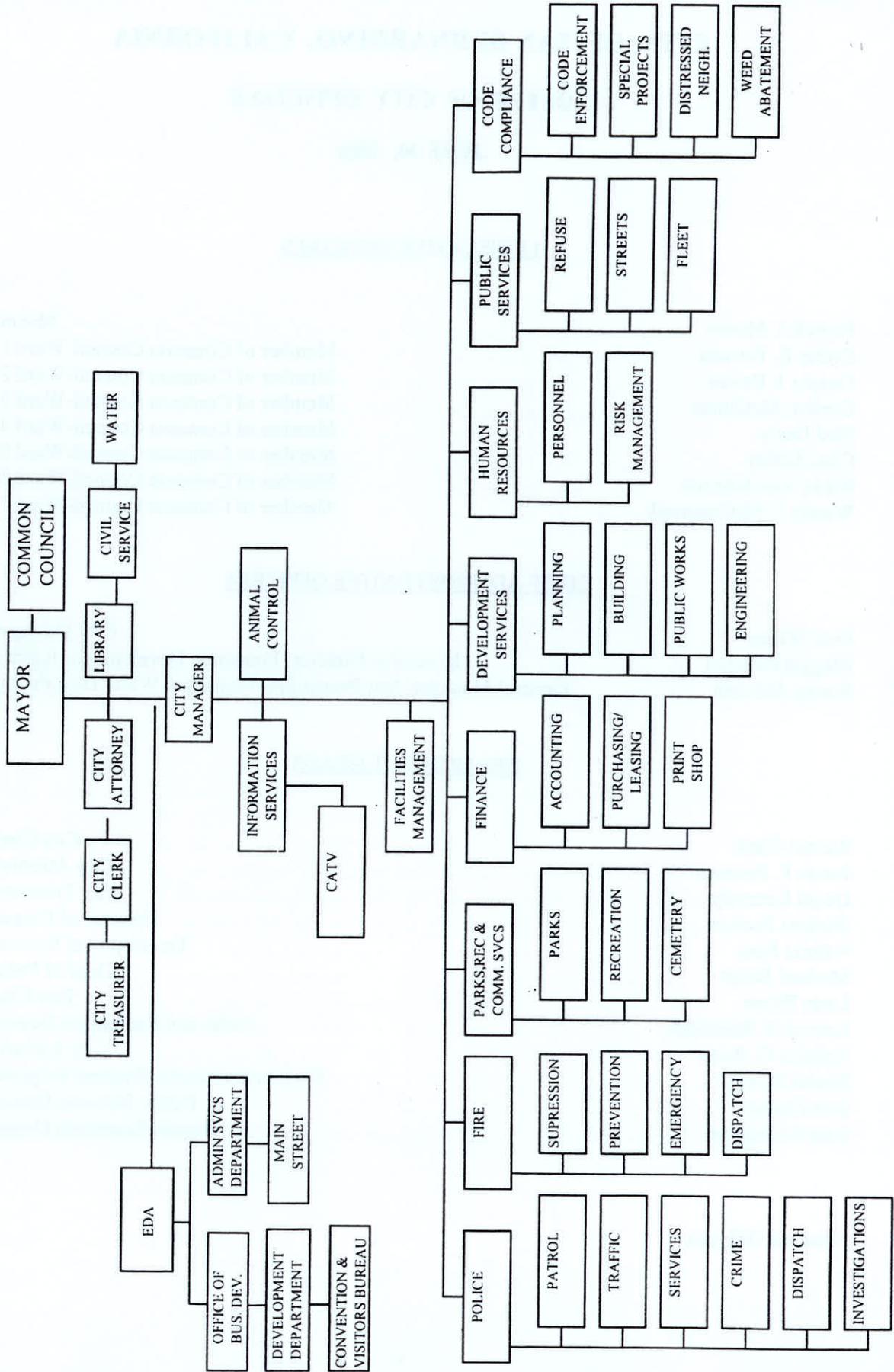
Fred Wilson	City Manager
Maggie Pacheco	Executive Director, Economic Development Agency
Stacey Aldstadt	General Manager, San Bernardino Municipal Water Department

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
Larry Pitzer	Fire Chief
Lemuel P. Randolph.	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, 2005

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.



Carla E. Perry

President

Jeffrey R. Enen

Executive Director

*California Society of
Municipal Finance Officers*

Certificate of Award

Outstanding Financial Reporting 2004-05

Presented to the

City of San Bernardino

*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

February 24, 2006



Dedicated to Excellence in Municipal Financial Management

William A. Stand

Bill Thomas, Chair
Professional & Technical Standards Committee



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.
BRENDAL ODLE, C.P.A.
TERRY P. SHEA, C.P.A.
KIRK A. FRANKS, C.P.A.
MATTHEW B. WILSON, C.P.A.

LEENA SHANBHAG, C.P.A.
NANCY O'RAFFERTY, C.P.A.
SCOTT W. MANNO, C.P.A.
JENNY LIU, C.P.A.
BRAD A. WELEBIR, 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, 2006, 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 statements and of the proprietary fund financial statements, which represent 56%, 54% and 44%, 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, 2006, 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

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CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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SAN BERNARDINO, CA 92401
(909) 889-0871 • (909) 824-6736 • FAX (909) 889-5361
Website: www.ramscpa.net

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2006 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, 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 and individual nonmajor fund financial statements 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, Molodt & Scott, LLP

October 26, 2006

FINANCIAL STATEMENTS AND ANALYSIS

The following discussion and analysis of the financial performance of the City of San Bernardino for the fiscal year ended June 30, 2008, is presented as a supplement to the financial statements and financial statements included in the accompanying letter to the Mayor.

Statement of Financial Position

The financial statements are presented in a format of financial statements. The Statement of Financial Position and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's financial position. Also included in the accompanying report are the financial statements for the City's major departments. The financial statements are prepared in accordance with generally accepted accounting principles and are audited by the Government Accounting Standards Board (GASB). The remaining financial statements are prepared in accordance with the City's accounting system. The remaining financial statements provide information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

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STATEMENT OF THE FINANCIAL STATEMENTS

The financial statements of the City of San Bernardino are prepared in accordance with the accounting principles and practices generally accepted by the accounting profession and are audited by the Government Accounting Standards Board (GASB). The financial statements are prepared in accordance with the City's accounting system and are audited by the Government Accounting Standards Board (GASB). The remaining financial statements are prepared in accordance with the City's accounting system.

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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, 2006. 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 of 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, 2006 and 2005 (in millions)						
	----- June 30, 2006 -----			----- June 30, 2005 -----		
	Govt. Activities	Business Type Activities	Total	Govt. Activities	Business Type Activities	Total
Current and other assets	\$ 198.0	\$ 135.4	\$ 333.4	\$ 165.1	\$ 153.2	\$ 318.3
Capital assets	<u>486.2</u>	<u>229.2</u>	<u>715.4</u>	<u>195.0</u>	<u>212.8</u>	<u>407.8</u>
Total assets	684.2	364.6	1,048.8	360.1	366.0	726.1
Long-term debt outstanding	281.7	61.5	343.2	213.6	66.7	280.3
Other liabilities	<u>11.8</u>	<u>76.4</u>	<u>88.2</u>	<u>7.0</u>	<u>88.8</u>	<u>95.8</u>
Total liabilities	293.5	137.9	431.4	220.6	155.5	376.1
Net assets:						
Invested in capital assets net of debt	446.2	176.2	622.4	164.4	153.2	317.6
Restricted	135.2	24.9	160.1	113.3	20.0	133.3
Unrestricted	<u>(190.7)</u>	<u>25.6</u>	<u>(165.1)</u>	<u>(138.2)</u>	<u>37.2</u>	<u>(101.0)</u>
Total net assets	\$ 390.7	\$ 226.7	\$ 617.4	\$ 139.5	\$ 210.4	\$ 349.9

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

	-----June 30, 2006-----			-----June 30, 2005-----		
	Business		Total	Business		Total
	Govt. <u>Activities</u>	Type <u>Activities</u>		Govt. <u>Activities</u>	Type <u>Activities</u>	
Revenue						
Program revenues:						
Charges for services	\$ 28.2	\$ 61.9	\$ 90.1	\$ 23.4	\$ 59.7	\$ 83.1
Federal and state grants	25.3	20.4	45.7	34.0	19.9	53.9
General revenue:						
Sales taxes	36.8	-	36.8	34.8	-	34.8
Property taxes	49.2	-	49.2	32.6	-	32.6
Other taxes	37.4	-	37.4	34.6	-	34.6
Other general revenues	<u>15.2</u>	<u>5.7</u>	<u>20.9</u>	<u>19.2</u>	<u>6.8</u>	<u>26.0</u>
Total revenues	192.1	88.0	280.1	178.6	86.4	265.0
Program expenses:						
General government	23.9	-	23.9	24.8	-	24.8
Public safety	136.7	-	136.7	80.0	-	80.0
Streets	27.1	-	27.1	13.9	-	13.9
Culture & recreation	7.0	-	7.0	7.2	-	7.2
Community development	8.3	-	8.3	12.7	-	12.7
Economic development	13.0	-	13.0	18.1	-	18.1
Community service	8.7	-	8.7	2.1	-	2.1
Interest on long-term debt	13.2	-	13.2	9.1	-	9.1
Refuse	-	21.0	21.0	-	18.6	18.6
Water	-	25.2	25.2	-	22.7	22.7
Sewer	-	<u>22.7</u>	<u>22.7</u>	-	<u>21.5</u>	<u>21.5</u>
Total expenses	237.9	68.9	306.8	167.9	62.8	230.7
Excess (deficiency) before Special items and transfers	(45.8)	19.1	(26.7)	10.7	23.6	34.3
Transfers	<u>2.8</u>	<u>(2.8)</u>	<u>-</u>	<u>2.3</u>	<u>(2.3)</u>	<u>-</u>
Increase (decrease) in net assets	(43.0)	16.3	(26.7)	13.0	21.3	34.3
Beginning net assets	<u>433.7</u>	<u>210.4</u>	<u>644.1</u>	<u>126.5</u>	<u>189.1</u>	<u>315.6</u>
Ending net assets	\$ 390.7	\$ 226.7	\$ 617.4	\$ 139.5	\$ 210.4	\$ 349.9

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 280.0 percent (\$390.7 million compared to \$139.5 million). The net assets (financial position) of the City increased by \$294.2 million as a result of recording of infrastructure fixed assets. 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 \$190.7 million deficit at the end of this year. The net assets of the City's business-type activities increased by 7.6 percent (\$226.7 million compared to \$210.4 million) in 2005.

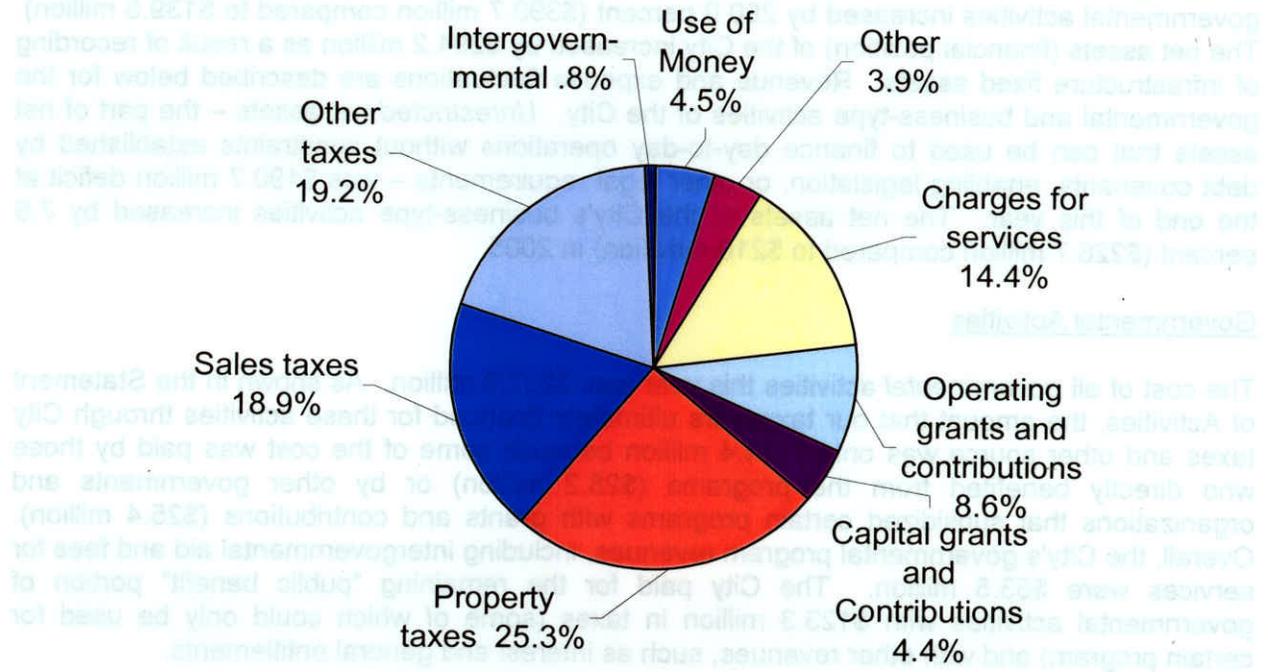
Governmental Activities

The cost of all *governmental* activities this year was \$237.9 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 \$184.4 million because some of the cost was paid by those who directly benefited from the programs (\$28.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$25.4 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services were \$53.5 million. The City paid for the remaining "public benefit" portion of governmental activities with \$123.3 million in taxes (some of which could only be used for certain program) and with other revenues, such as interest and general entitlements.

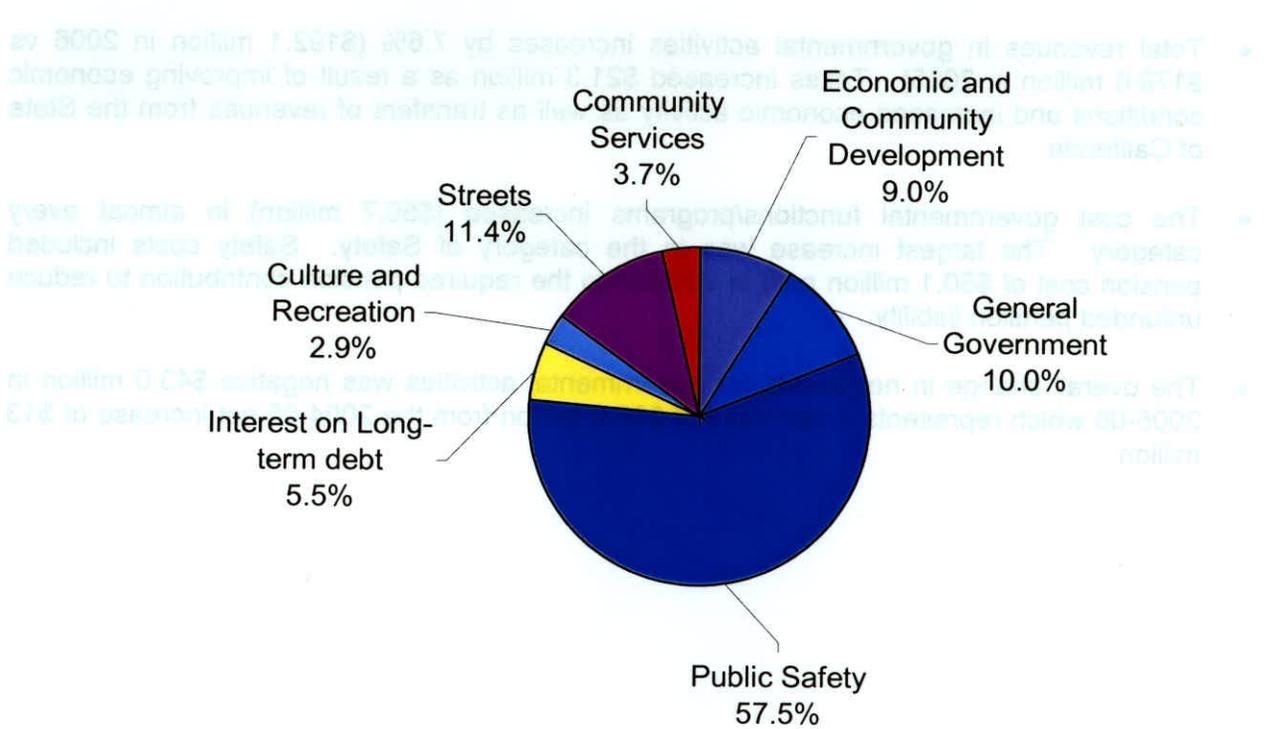
The reasons for significant changes in the revenues and expenses of the City's' governmental activities presented above are as follows:

- Total revenues in governmental activities increases by 7.6% (\$192.1 million in 2006 vs \$178.6 million in 2005). Taxes increased \$21.3 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 increased (\$56.7 million) in almost every category. The largest increase was in the category of Safety. Safety costs included pension cost of \$50.1 million paid in addition to the required pension contribution to reduce unfunded pension liability.
- The overall change in net assets for governmental activities was negative \$43.0 million in 2005-06 which represents a decrease of \$56.0 million from the 2004-05 net increase of \$13 million.

Revenue by Source – Governmental Activities



Expenses by Function – Governmental Activities

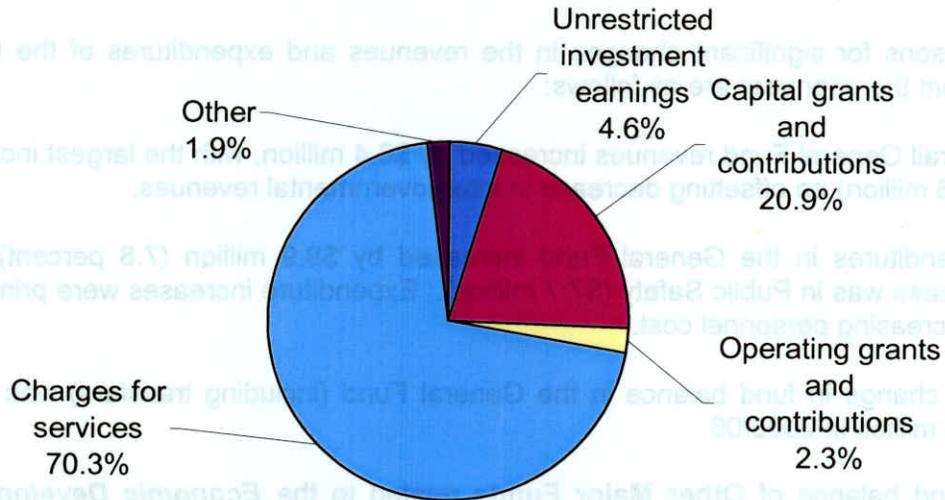


MAJOR FUNDS

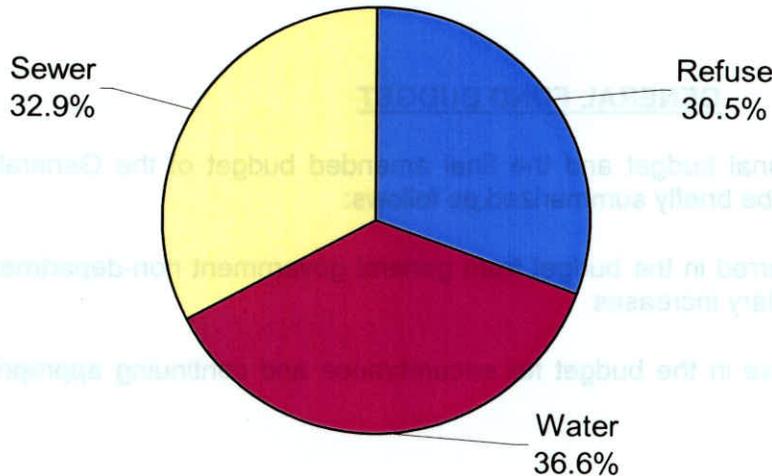
Business-Type Activities

Current years operating revenues of the City's business-type activities increased by 13.2% for Refuse, by 11.0% for Water, and Sewer increased by 5.5% for the Sewer Enterprise. Capital Contributions in Water and Sewer were equal to 54.5 and 20.5 percent of operating revenues, respectively. Net assets increased by 12.8 percent for Water and 2.5 percent for sewer. Refuse net assets for the year decreased by \$25,367 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 \$8.7 million, the designated budget reserve was \$7.7 million while total fund balance decrease by \$1.0 million to \$17.3 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 7.1 percent of total general fund expenditures, while total fund balance represents 14.1 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 \$6.4 million, with the largest increase in Taxes (\$8.6 million) an offsetting decrease in intergovernmental revenues.
- Expenditures in the General Fund increased by \$8.9 million (7.8 percent). The largest increase was in Public Safety (\$7.7 million). Expenditure increases were primarily the result of increasing personnel cost.
- The change in fund balance in the General Fund (including transfers) was a decrease of \$1.0 million in 2005/06.

Total fund balance of **Other Major Funds** related to the **Economic Development Agency** increased by \$29.8 million for the year primarily related to bond refunding.

Major Enterprise Funds. At year end unrestricted net assets of the **Sewer Fund** were \$17.3 million, \$8.0 million for the **Water Fund** and \$.3 million for the **Refuse Fund**. The total change in net assets for the funds was an increase of \$2.4 million, an increase of \$13.9 million and a decrease of \$25,367 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 relatively minor and can be briefly summarized as follows:

- \$1.6 million transferred in the budget from general government non-departmental to departments for salary increases
- \$1.2 million increase in the budget for encumbrance and continuing appropriations carryovers

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

- Property Tax was \$4.6 million and total taxes were \$5.8 million more than budget
- Utility Users Tax was \$1.5 million greater than budget
- Total revenues were \$6.5 million more than budget
- Total expenditures were \$3.6 million less than budget
- Public Safety expenditures were \$.8 million more 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, 2006 and 2005 (in millions)						
	-----June 30, 2006-----			-----June 30, 2005-----		
	Business		Total	Business		Total
	Govt Activities	Type Activities		Govt Activities	Type Activities	
Land	\$ 129.7	\$ 15.4	\$ 145.1	\$ 127.6	\$ 15.4	\$ 143.0
Infrastructure	304.7	-	304.7	18.1	-	18.1
Buildings & improv.	30.5	88.6	119.1	32.6	92.0	124.6
Machinery & equip	12.0	85.8	97.8	12.8	53.5	66.3
Construction in progress	9.3	39.4	48.7	3.9	37.8	41.7
Total	\$ 486.2	\$ 229.2	\$ 715.4	\$ 195.0	\$ 198.7	\$ 393.7

The major additions to capital assets during the year ended June 30, 2006 were as follows:

- \$6.6 million of infrastructure expenditures including \$5.4 million increase in construction improvements
- \$3.3 million of capital assets related to governmental activities
- Water Department acquired capital assets of \$21.7 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 \$264.1 million and additional debt of \$76.8 million. Of the bonded indebtedness \$155.2 million relates to tax allocation bonds \$50.4 is pension obligation bonds, \$17.5 million is revenue bonds and \$41.0 million in certificates of participation and \$.5 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, 2006 and 2005 (in millions)						
	----- June 30, 2006 -----			----- June 30, 2005 -----		
	Business		Total	Business		Total
	Govt Activities	Type Activities		Govt Activities	Type Activities	
Tax Allocation Bonds	\$ 155.2	\$ -	\$ 155.2	\$ 133.9	\$ -	\$ 133.9
Revenue Bonds	17.4	0.1	17.5	18.8	1.3	20.1
Notes Payable	5.6	28.0	33.6	7.6	30.2	37.8
Cert. of Part.	13.3	27.7	41.0	13.7	29.5	43.2
Pension Obligation Bonds	50.4	-	50.4	-	-	-
Assmt Dist Bonds	0.5		0.5	0.6	-	0.6
Other	39.3	3.4	42.7	39.0	4.7	43.7
Total	\$ 281.7	\$ 59.2	\$ 340.9	\$ 213.6	\$ 65.7	\$ 279.3

The City's total debt increased by \$61.6 million (22.1 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 \$188,500,068 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 out 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

**City of San Bernardino
Statement of Net Assets
June 30, 2006**

	Governmental Activities	Business-type Activities	Totals	
			2006	2005
ASSETS				
Cash and investments	\$ 81,423,194	\$ 72,070,364	\$ 153,493,558	\$ 150,456,420
Cash and investments with fiscal agents	49,888,295	-	49,888,295	23,618,524
Receivables, net:				
Accounts	4,557,011	8,664,401	13,221,412	21,362,670
Interest	1,055,056	303,543	1,358,599	543,661
Notes	15,716,973	785,250	16,502,223	25,411,476
Other	1,260,499	-	1,260,499	871,996
Inventory	135,551	1,709,910	1,845,461	1,805,609
Prepays	24,679	47,649,876	47,674,555	51,159,882
Due from other governments	13,998,888	1,797,017	15,795,905	17,140,913
Land held for resale	28,188,719	-	28,188,719	24,623,195
Deferred charges	1,087,829	-	1,087,829	-
Other assets	615,018	2,441,923	3,056,941	1,286,936
Capital assets:				
Land, improvements, and construction in progress	138,984,779	54,831,739	193,816,518	184,671,632
Other capital assets, net of depreciation	347,230,826	174,364,975	521,595,801	223,126,666
Total assets	<u>684,167,317</u>	<u>364,618,998</u>	<u>1,048,786,315</u>	<u>726,079,580</u>
LIABILITIES				
Accounts payable and other current liabilities	5,848,972	7,802,471	13,651,443	16,798,255
Retentions payable	236,570	-	236,570	365,112
Unearned revenue	1,099,128	64,442,890	65,542,018	68,499,978
Due to other governments	79,329	1,137,280	1,216,609	229,432
Interest payable	4,488,298	806,932	5,295,230	2,810,942
Deposits payable	-	2,254,020	2,254,020	7,203,287
Noncurrent liabilities:				
Due within one year	23,111,349	6,663,454	29,774,803	28,781,580
Due in more than one year	258,608,608	54,801,491	313,410,099	251,472,015
Total liabilities	<u>293,472,254</u>	<u>137,908,538</u>	<u>431,380,792</u>	<u>376,160,601</u>
NET ASSETS				
Invested in capital assets, net of related debt	446,214,267	176,245,295	622,459,562	318,588,271
Restricted for:				
Streets	19,469,934	-	19,469,934	20,292,871
Economic development	86,416,001	-	86,416,001	86,509,980
Capital related fees	-	24,859,169	24,859,169	20,007,026
Other purposes	29,269,930	-	29,269,930	6,574,939
Unrestricted	(190,675,069)	25,605,996	(165,069,073)	(102,054,108)
Total net assets	<u>\$390,695,063</u>	<u>\$226,710,460</u>	<u>\$617,405,523</u>	<u>\$349,918,979</u>

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

**City of San Bernardino
Statement of Activities
For the year ended June 30, 2006**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 23,892,333	\$ 3,035,106	\$ 462,306	\$ -
Public safety	136,667,148	5,584,791	2,674,855	-
Streets	27,057,006	10,375,349	-	8,486,990
Culture and recreation	6,982,538	2,148,929	303,906	-
Community development	8,346,669	5,455,580	9,143,816	73,701
Economic development	13,049,495	-	-	-
Community service	8,721,633	1,575,304	4,164,628	-
Interest on long-term debt	13,196,169	-	-	-
Total governmental activities	<u>237,912,991</u>	<u>28,175,059</u>	<u>16,749,511</u>	<u>8,560,691</u>
Business-type activities:				
Refuse	21,008,588	22,751,076	-	-
Water	25,236,041	19,702,252	1,983,509	13,766,100
Sewer	22,728,156	19,492,372	-	4,664,046
Total business-type activities	<u>68,972,785</u>	<u>61,945,700</u>	<u>1,983,509</u>	<u>18,430,146</u>
Totals	<u>\$306,885,776</u>	<u>\$90,120,759</u>	<u>\$ 18,733,020</u>	<u>\$ 26,990,837</u>

General revenues:

Taxes:

Sales tax

Property tax

Other taxes

Franchise tax

Gain/(loss) on sale of land held for resale

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	
		2006	2005
\$ (20,394,921)	\$ -	\$ (20,394,921)	\$ (20,934,649)
(128,407,502)	-	(128,407,502)	(72,582,528)
(8,194,667)	-	(8,194,667)	6,566,394
(4,529,703)	-	(4,529,703)	(3,389,766)
6,326,428	-	6,326,428	(1,795,387)
(13,049,495)	-	(13,049,495)	(12,619,670)
(2,981,701)	-	(2,981,701)	3,349,631
(13,196,169)	-	(13,196,169)	(9,139,110)
<u>(184,427,730)</u>	<u>-</u>	<u>(184,427,730)</u>	<u>(110,545,085)</u>
-	1,742,488	1,742,488	3,027,088
-	10,215,820	10,215,820	10,568,658
<u>-</u>	<u>1,428,262</u>	<u>1,428,262</u>	<u>3,220,918</u>
-	13,386,570	13,386,570	16,816,664
<u>(184,427,730)</u>	<u>13,386,570</u>	<u>(171,041,160)</u>	<u>(93,728,421)</u>
36,753,095	-	36,753,095	34,768,847
49,242,321	-	49,242,321	32,611,618
34,033,797	-	34,033,797	31,468,545
3,343,990	-	3,343,990	3,137,384
-	231,992	231,992	-
8,867,706	4,024,042	12,891,748	13,453,945
4,805,836	1,457,836	6,263,672	5,344,107
1,541,439	-	1,541,439	7,260,757
2,810,900	(2,810,900)	-	-
<u>141,399,084</u>	<u>2,902,970</u>	<u>144,302,054</u>	<u>128,045,203</u>
(43,028,646)	16,289,540	(26,739,106)	34,316,782
<u>433,723,709</u>	<u>210,420,920</u>	<u>644,144,629</u>	<u>315,602,197</u>
<u>\$ 390,695,063</u>	<u>\$ 226,710,460</u>	<u>\$ 617,405,523</u>	<u>\$ 349,918,979</u>

**City of San Bernardino
Balance Sheet
Governmental Funds
June 30, 2006**

	General	Special Revenue Funds	
		Federal and State Programs	Economic Development Agency
ASSETS			
Cash and investments	\$ 3,428,137	\$ 354,040	\$ 17,022,556
Cash and investments with fiscal agents	41,196	-	-
Deposits	-	-	5,000
Receivables, net:			
Accounts	2,983,628	68,942	-
Interest	289,568	9,436	171,411
Leases	-	-	-
Taxes	-	-	-
Special assessments	-	-	-
Notes	-	-	14,771,855
Other	-	-	2,009
Inventory	20,461	-	-
Prepays	24,679	-	-
Due from other governments	8,735,078	2,363,636	478,520
Due from other funds	3,480,850	-	-
Advances to other funds	-	-	626,919
Property held for resale	-	-	8,491,077
Other assets	-	-	15,820
Total assets	\$ 19,003,597	\$ 2,796,054	\$ 41,585,167

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

City of San Bernardino
 Finance Department
 Governmental Funds
 June 30, 2005

Debt Service Funds		Capital Projects Fund	Nonmajor Governmental Funds	Totals	
Pension Obligation Bond	Economic Development Agency	Economic Development Agency		2006	2005
\$ -	\$ -	\$25,799,918	\$ 29,154,309	\$ 75,758,960	\$ 69,635,647
8,549	49,570,004	-	167,728	49,787,477	23,517,706
-	-	228,698	-	233,698	228,698
-	-	-	54,185	3,106,755	2,777,957
-	-	259,277	296,507	1,026,199	668,650
-	-	201,063	-	201,063	-
-	-	951,514	-	951,514	577,636
-	-	-	1,446,933	1,446,933	2,374,234
-	-	945,118	-	15,716,973	20,209,471
-	-	105,913	-	107,922	294,360
-	-	-	-	20,461	189,255
-	-	-	-	24,679	33,631
-	-	-	2,382,176	13,959,410	13,084,952
-	-	900,000	-	4,380,850	3,772,707
-	-	9,219,231	275,200	10,121,350	12,772,493
-	-	19,697,642	-	28,188,719	24,623,195
-	-	150,829	214,671	381,320	220,771
<u>\$ 8,549</u>	<u>\$49,570,004</u>	<u>\$58,459,203</u>	<u>\$33,991,709</u>	<u>\$ 205,414,283</u>	<u>\$ 174,981,363</u>

**City of San Bernardino
Balance Sheet
Governmental Funds
June 30, 2006**

	Special Revenue Funds		
	General	Federal and State Programs	Economic Development Agency
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,672,483	\$ 400,827	\$ 193,342
Accrued liabilities	-	-	-
Due to other funds	-	940,929	-
Retentions payable	-	-	-
Deferred revenues	-	2,963,026	4,986,757
Advances from other funds	-	-	7,434,231
Due to other governments	1,467	77,862	-
Other	64,907	-	-
Total liabilities	1,738,857	4,382,644	12,614,330
Fund balances (deficit):			
Reserved for:			
Encumbrances	327,700	-	-
Deposits	-	-	5,000
Notes receivable	-	-	14,771,855
Inventory	20,461	-	-
Prepaid items	24,679	-	-
Debt service	-	-	-
Advances to other funds	-	-	626,919
Long-term receivables	-	-	-
Property held for resale	-	-	8,491,077
Sewer capacity rights	-	-	15,820
Petty cash	-	-	-
Unreserved:			
General Fund:			
Designated for continuing appropriations	576,100	-	-
Designated for budget reserve	7,659,200	-	-
Undesignated	8,656,600	-	-
Special revenue funds:			
Designated for continuing appropriations	-	-	-
Undesignated	-	-	5,060,166
Debt service - undesignated	-	(1,586,590)	-
Capital projects funds:			
Designated for continuing appropriations	-	-	-
Undesignated	-	-	-
Total fund balances	17,264,740	(1,586,590)	28,970,837
Total liabilities and fund balances	\$ 19,003,597	\$ 2,796,054	\$ 41,585,167

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

Debt Service Funds		Capital Projects Fund	Nonmajor Governmental Funds	Total	
Pension Obligation Bond	Economic Development Agency	Economic Development Agency		2006	2005
\$ -	\$ -	\$ 387,120	\$ 1,797,345	\$ 4,451,117	\$ 2,881,171
-	-	-	-	-	295,170
-	-	-	3,439,921	4,380,850	3,772,707
-	-	-	236,570	236,570	365,112
-	-	-	1,695,837	9,645,620	8,890,434
-	-	626,919	2,060,200	10,121,350	12,772,493
-	-	-	-	79,329	432
-	-	-	-	64,907	-
-	-	1,014,039	9,229,873	28,979,743	28,977,519
-	-	-	169,800	497,500	4,646,200
-	-	228,698	-	233,698	228,698
-	-	1,845,118	-	16,616,973	20,209,471
-	-	-	-	20,461	189,255
-	-	-	-	24,679	33,631
-	49,570,004	-	1,011,124	50,581,128	23,629,163
-	-	9,219,231	275,200	10,121,350	12,772,493
-	-	-	-	-	327,011
-	-	19,697,642	-	28,188,719	24,623,195
-	-	150,829	214,671	381,320	214,671
-	-	-	1,225	1,225	1,925
-	-	-	-	576,100	871,600
-	-	-	-	7,659,200	6,398,251
-	-	-	-	8,656,600	10,404,882
-	-	-	6,300	6,300	131,200
-	-	-	10,857,672	15,917,838	10,270,926
8,549	-	-	(1,228,253)	(2,806,294)	(2,075,698)
-	-	17,674,796	-	17,674,796	12,852,971
-	-	8,628,850	13,454,097	22,082,947	20,273,999
8,549	49,570,004	57,445,164	24,761,836	176,434,540	146,003,844
\$ 8,549	\$49,570,004	\$58,459,203	\$33,991,709	\$ 205,414,283	\$ 174,981,363

**City of San Bernardino
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
June 30, 2006**

Fund balances of governmental funds \$ 176,434,540

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. 480,591,247

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

Bonds payable	(173,072,904)
Certificates of participation	(13,275,000)
Notes payable	(5,570,118)
Pension obligation bond payable	(50,401,583)
Capital leases payable	(2,240,146)
Other long-term liabilities	(21,253,513)
Deferred charges	1,087,829

Accrued interest payable on long-term liabilities is not due and payable in the current period and is, therefore, not reported in the funds. (4,488,298)

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	5,624,358
Long-term liabilities	(15,906,693)
Other assets and liabilities	4,618,852

Certain revenues in the governmental funds are deferred using the modified accrual basis and are recognized as revenue under the full accrual basis for reporting in the government-wide financial statements. 8,546,492

Net assets of governmental activities \$ 390,695,063

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, 2006

	Special Revenue Funds		
	General	Federal and State Programs	Economic Development Agency
REVENUES			
Taxes	\$ 92,307,865	\$ -	\$ -
Licenses and permits	9,392,199	-	-
Impact fees	-	-	-
Fines and forfeitures	1,255,387	-	-
Investment income	907,815	5,431	1,208,514
Intergovernmental	5,618,757	5,460,585	9,143,816
Charges for services	6,828,264	-	-
Other revenues	3,308,486	-	567,822
Total revenues	119,618,773	5,466,016	10,920,152
EXPENDITURES			
Current:			
General government	22,274,811	34,621	-
Public safety	82,341,080	2,173,421	-
Streets	8,852,930	157,825	-
Culture and recreation	5,282,418	303,906	-
Community development	2,249,655	-	8,445,601
Community service	-	3,776,516	-
Economic development	-	-	4,825,572
Debt Service:			
Principal	854,666	-	-
Interest	485,828	-	-
Bond issuance costs	-	-	-
Payment to refunded escrow	-	-	-
Total expenditures	122,341,388	6,446,289	13,271,173
Excess (deficiency) of revenues over (under) expenditures	(2,722,615)	(980,273)	(2,351,021)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Pension bonds issued	-	-	-
Premium (discount) on pension bonds issued	-	-	-
Payment to refunded escrow agent	-	-	-
Transfers in	8,094,650	-	5,240,618
Transfers out	(6,347,665)	-	(1,960,851)
Total other financing sources (uses)	1,746,985	-	3,279,767
Net change in fund balances	(975,630)	(980,273)	928,746
Fund balances (deficit), beginning of year	18,240,370	(606,317)	28,042,091
Fund balances (deficit), end of year	\$ 17,264,740	\$ (1,586,590)	\$ 28,970,837

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

Debt Service Funds		Capital Projects Fund	Nonmajor Governmental Funds	Totals	
Pension Obligation Bond	Economic Development Agency	Economic Development Agency		2006	2005
\$ -	\$ -	\$ 26,148,602	\$ 2,520,787	\$ 120,977,254	\$ 107,732,349
-	-	-	885,041	10,277,240	9,585,532
-	-	-	843,458	843,458	-
-	-	-	1,299,333	2,554,720	1,974,534
703	1,023,569	1,444,961	721,430	5,312,423	4,414,204
-	-	-	8,956,458	29,179,616	35,933,532
-	-	-	9,468,520	16,296,784	13,447,328
-	684,479	2,097,557	267,896	6,926,240	14,914,028
703	1,708,048	29,691,120	24,962,923	192,367,735	188,001,507
-	-	-	1,096,265	23,405,697	21,725,050
50,081,274	-	-	296,072	134,891,847	79,860,210
-	-	-	15,049,484	24,060,239	19,596,406
-	-	-	1,312,168	6,898,492	6,987,251
-	-	-	-	10,695,256	13,527,724
-	-	-	4,708,513	8,485,029	4,299,772
-	-	7,643,531	-	12,469,103	11,222,530
-	9,435,001	2,079,827	176,900	12,546,394	7,831,737
-	10,979,481	516,295	85,993	12,067,597	11,984,266
312,463	954,588	-	-	1,267,051	-
-	5,497,751	-	-	5,497,751	-
50,393,737	26,866,821	10,239,653	22,725,395	252,284,456	177,034,946
(50,393,034)	(25,158,773)	19,451,467	2,237,528	(59,916,721)	10,966,561
-	105,570,000	-	1,767,383	107,337,383	2,193,154
62,095,000	-	-	-	62,095,000	-
(11,693,417)	1,538,100	-	-	(10,155,317)	-
-	(71,407,249)	-	-	(71,407,249)	-
-	16,555,081	660,878	3,700,116	34,251,343	30,033,293
-	(671,775)	(17,574,702)	(5,218,750)	(31,773,743)	(27,454,893)
50,401,583	51,584,157	(16,913,824)	248,749	90,347,417	4,771,554
8,549	26,425,384	2,537,643	2,486,277	30,430,696	15,738,115
-	23,144,620	54,907,521	22,275,559	146,003,844	130,265,729
\$ 8,549	\$ 49,570,004	\$ 57,445,164	\$ 24,761,836	\$ 176,434,540	\$ 146,003,844

**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, 2006**

Net change in fund balance – total governmental funds \$ 30,430,696

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. (2,543,445)

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 increases 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:

Bond proceeds	(105,570,000)
Bond redemption fee	1,538,100
Principal payments on debt	12,071,394
Bond issuance costs	954,588
Bond premium	(1,538,100)
Advance refunding escrow	76,905,000
Pension bond issued	(62,095,000)
Less: deep discount on bonds	11,693,417
Other debt issued	(1,767,383)

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	(946,079)
Accrued interest on bonds	(2,546,478)
Amortization of deferred costs	(82,826)
Amortization of deferred loss on refunding	(146,252)
Amortization of bond premium	73,243

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. This represents current year activity on the statement of activities. 180,711

Internal service funds are used by management to charge costs to individual funds. The net revenue of the internal service funds are reported with governmental activities. 359,768

Changes in net assets of governmental activities \$ (43,028,646)

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

**City of San Bernardino
Statement of Net Assets
Proprietary Funds
June 30, 2006**

ASSETS	Business-type Activities - Enterprise Funds			Totals
	Refuse	Water	Sewer	
Current assets:				
Cash and investments	\$ 492,670	\$ 7,139,551	\$ 16,117,429	\$ 23,749,650
Cash and investments with fiscal agents	-	-	-	-
Receivables, net:				
Accounts	2,340,314	4,076,689	2,921,638	9,338,641
Interest	4,594	-	-	4,594
Other	-	-	-	-
Inventories	-	1,709,910	-	1,709,910
Prepays	3,870	32,784	1,136,203	1,172,857
Due from other governments	-	1,482,123	314,894	1,797,017
Due from other funds	-	86,135	-	86,135
	2,841,448	14,527,192	20,490,164	37,858,804
Total current assets				
Noncurrent assets:				
Restricted assets:				
Cash and investments				
Restricted for capital related fees	-	8,720,267	16,138,902	24,859,169
Restricted for deposits	-	2,128,718	-	2,128,718
Restricted for debt service	-	20,391	3,550,530	3,570,921
Restricted for consent decree	-	1,279,867	-	1,279,867
Guaranteed investment contract	-	16,482,039	-	16,482,039
Interest receivable	-	218,184	80,765	298,949
Prepaid insurance - consent decree	-	46,477,019	-	46,477,019
Note proceeds held by State	-	934,000	-	934,000
	-	76,260,485	19,770,197	96,030,682
Total restricted assets				
Note receivable	-	785,250	-	785,250
Capital assets:				
Land and easements	-	2,944,972	12,470,740	15,415,712
Construction in progress	-	34,368,295	5,047,732	39,416,027
Capital assets being depreciated, net	4,802,025	77,955,667	91,607,283	174,364,975
	4,802,025	115,268,934	109,125,755	229,196,714
Total capital assets				
Other assets	-	218	747,330	747,548
Total noncurrent assets				
	4,802,025	192,314,887	129,643,282	326,760,194
Total assets				
	7,643,473	206,842,079	150,133,446	364,618,998

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

City of San Bernardino
Statement of the Accounts
Proprietary Funds
June 30, 2005

Governmental Activities - Internal Service Funds	Totals	
	2006	2005
\$ 5,664,234	\$ 29,413,884	\$ 37,017,205
100,818	100,818	100,818
-	9,338,641	15,498,028
28,857	33,451	34,977
3,323	3,323	15,593
115,090	1,825,000	1,616,354
-	1,172,857	1,259,811
39,478	1,836,495	4,319,285
361,693	447,828	1,193,981
<u>6,313,493</u>	<u>44,172,297</u>	<u>61,056,052</u>
-	24,859,169	20,007,026
-	2,128,718	2,194,334
-	3,570,921	3,585,502
-	1,279,867	18,016,706
-	16,482,039	-
-	298,949	273,568
-	46,477,019	49,866,440
-	934,000	4,373,005
<u>-</u>	<u>96,030,682</u>	<u>98,316,581</u>
-	785,250	600,000
-	15,415,712	15,415,712
-	39,416,027	37,793,291
<u>5,624,358</u>	<u>179,989,333</u>	<u>165,680,254</u>
<u>5,624,358</u>	<u>234,821,072</u>	<u>218,889,257</u>
<u>-</u>	<u>747,548</u>	<u>837,467</u>
<u>5,624,358</u>	<u>332,384,552</u>	<u>318,643,305</u>
<u>11,937,851</u>	<u>376,556,849</u>	<u>379,699,357</u>

**City of San Bernardino
Statement of Net Assets
Proprietary Funds
June 30, 2006**

	Business-type Activities - Enterprise Funds			Totals
	Refuse	Water	Sewer	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,628,077	\$ 3,295,619	\$ 2,276,342	\$ 7,200,038
Accrued liabilities	-	917,141	377,186	1,294,327
Interest payable	-	127,447	679,485	806,932
Due to other funds	-	-	86,135	86,135
Deposits payable	336,130	1,917,320	570	2,254,020
Deferred revenue - consent decree	-	-	-	-
Claims and judgments payable - current	-	309,683	49,568	359,251
Compensated absences - current	483,044	996,116	380,493	1,859,653
Capital lease payable - current	542,242	71,805	-	614,047
Notes payable - current	-	442,275	1,851,726	2,294,001
Lease revenue bonds - current	-	-	-	-
Water bonds payable - current	-	10,000	-	10,000
Certificates of participation - current	-	-	1,885,753	1,885,753
Total current liabilities	<u>2,989,493</u>	<u>8,087,406</u>	<u>7,587,258</u>	<u>18,664,157</u>
Noncurrent liabilities:				
Consumer deposits	-	2,219,862	-	2,219,862
Claims and judgments payable	-	-	-	-
Compensated absences	44,731	420,237	176,672	641,640
Deferred revenue - consent decree	-	64,442,890	-	64,442,890
Capital lease payable	130,301	170,033	-	300,334
Notes payable	-	8,715,598	17,012,137	25,727,735
Lease revenue bonds	-	-	-	-
Water bonds payable	-	65,000	-	65,000
Certificates of participation	-	-	25,846,920	25,846,920
Total noncurrent liabilities	<u>175,032</u>	<u>76,033,620</u>	<u>43,035,729</u>	<u>119,244,381</u>
Total liabilities	<u>3,164,525</u>	<u>84,121,026</u>	<u>50,622,987</u>	<u>137,908,538</u>
NET ASSETS				
Invested in capital assets, net of related debt	4,129,483	106,036,062	66,079,750	176,245,295
Restricted for:				
Capital related fees	-	8,720,267	16,138,902	24,859,169
Unrestricted (deficit)	349,465	7,964,724	17,291,807	25,605,996
Total net assets (deficit)	<u>\$ 4,478,948</u>	<u>\$122,721,053</u>	<u>\$ 99,510,459</u>	<u>\$226,710,460</u>

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

Governmental Activities - Internal Service Funds	Totals	
	2006	2005
\$ 1,332,948	\$ 8,532,986	\$ 10,138,158
-	1,294,327	1,427,166
-	806,932	869,122
361,693	447,828	1,193,981
-	2,254,020	7,133,154
-	-	67,975,325
3,900,000	4,259,251	4,705,703
414,491	2,274,144	1,651,741
563,160	1,177,207	2,008,589
-	2,294,001	2,216,594
495,000	495,000	475,000
-	10,000	1,249,524
-	1,885,753	1,790,753
<u>7,067,292</u>	<u>25,731,449</u>	<u>102,834,810</u>
-	2,219,862	2,248,240
8,845,545	8,845,545	9,746,349
229,057	870,697	1,520,609
-	64,442,890	-
1,189,440	1,489,774	2,357,270
-	25,727,735	765,000
270,000	270,000	28,021,736
-	65,000	75,000
-	25,846,920	27,732,674
<u>10,534,042</u>	<u>129,778,423</u>	<u>72,466,878</u>
<u>17,601,334</u>	<u>155,509,872</u>	<u>175,301,688</u>
3,105,757	179,351,052	156,173,785
-	24,859,169	20,007,026
(8,769,240)	16,836,756	28,216,858
<u>\$ (5,663,483)</u>	<u>\$221,046,977</u>	<u>\$204,397,669</u>

City of San Bernardino
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Proprietary Funds
For the year ended June 30, 2006

	Business-type Activities - Enterprise Funds			Totals
	Refuse	Water	Sewer	
OPERATING REVENUES				
Charges for services	\$ 22,751,076	\$ 19,702,252	\$ 19,492,372	\$ 61,945,700
Other operating revenues	-	2,057,852	871,100	2,928,952
Total operating revenues	<u>22,751,076</u>	<u>21,760,104</u>	<u>20,363,472</u>	<u>64,874,652</u>
OPERATING EXPENSES				
Cost of sales and service	16,713,600	5,968,830	-	22,682,430
Administration	3,118,587	1,554,754	1,487,958	6,161,299
Engineering, operations and distribution administration	-	953,836	1,449,322	2,403,158
Plant operations	-	5,771,976	8,957,220	14,729,196
Maintenance	-	1,748,898	2,759,868	4,508,766
Environmental control	-	-	532,086	532,086
Distribution	-	3,479,171	-	3,479,171
Engineering	-	1,873,653	-	1,873,653
Claims expense	-	-	-	-
Depreciation and amortization	1,131,661	3,482,432	5,331,731	9,945,824
Total operating expenses	<u>20,963,848</u>	<u>24,833,550</u>	<u>20,518,185</u>	<u>66,315,583</u>
Operating income (loss)	<u>1,787,228</u>	<u>(3,073,446)</u>	<u>(154,713)</u>	<u>(1,440,931)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	31,261	401,369	662,460	1,095,090
Noncapital grant funds	-	1,983,509	-	1,983,509
Interest expense	(44,740)	(402,491)	(2,209,971)	(2,657,202)
Gain (loss) on disposal of capital assets	13,149	693,500	(474,657)	231,992
Net increase (decrease) in investment fair value	-	-	-	-
Miscellaneous	998,635	511,078	(51,877)	1,457,836
Total nonoperating revenues (expenses)	<u>998,305</u>	<u>3,186,965</u>	<u>(2,074,045)</u>	<u>2,111,225</u>
Income before contributions and transfers	<u>2,785,533</u>	<u>113,519</u>	<u>(2,228,758)</u>	<u>670,294</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	-	13,766,100	4,664,046	18,430,146
Transfers in	65,000	-	-	65,000
Transfers out	(2,875,900)	-	-	(2,875,900)
Total contributions and transfers	<u>(2,810,900)</u>	<u>13,766,100</u>	<u>4,664,046</u>	<u>15,619,246</u>
Change in net assets	(25,367)	13,879,619	2,435,288	16,289,540
Net assets, beginning of year	<u>4,504,315</u>	<u>108,841,434</u>	<u>97,075,171</u>	<u>210,420,920</u>
Net assets, end of year	<u>\$ 4,478,948</u>	<u>\$122,721,053</u>	<u>\$ 99,510,459</u>	<u>\$226,710,460</u>

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

City of San Bernardino
Statement of Cash Flows
Governmental Funds
For the year ended June 30, 2008

Governmental Activities - Internal Service Funds	Totals	
	2006	2005
\$ 23,444,678	\$ 85,390,378	\$ 81,411,389
-	2,928,952	2,589,982
<u>23,444,678</u>	<u>88,319,330</u>	<u>84,001,371</u>
17,233,223	39,915,653	30,085,039
-	6,161,299	11,375,722
-	2,403,158	2,142,221
-	14,729,196	13,111,880
-	4,508,766	3,573,465
-	532,086	449,501
-	3,479,171	3,075,032
-	1,873,653	1,723,818
4,117,453	4,117,453	7,421,626
2,143,997	12,089,821	12,182,564
<u>23,494,673</u>	<u>89,810,256</u>	<u>85,140,868</u>
(49,995)	(1,490,926)	(1,139,497)
86,743	1,181,833	2,281,347
-	1,983,509	1,001,047
(128,962)	(2,786,164)	(2,945,252)
-	231,992	936,722
(51,778)	(51,778)	(5,504)
<u>170,460</u>	<u>1,628,296</u>	<u>1,776,918</u>
76,463	2,187,688	3,045,278
26,468	696,762	1,905,781
-	18,430,146	18,906,564
333,300	398,300	125,000
-	(2,875,900)	(2,703,400)
<u>333,300</u>	<u>15,952,546</u>	<u>16,328,164</u>
359,768	16,649,308	18,233,945
(6,023,251)	204,397,669	186,163,724
<u>\$ (5,663,483)</u>	<u>\$221,046,977</u>	<u>\$204,397,669</u>

**City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2006**

	Business-type Activities - Enterprise Funds			Totals
	Refuse	Water	Sewer	
Cash flows from operating activities:				
Cash received from customers	\$ 23,211,338	\$ 24,441,503	\$ 20,657,700	\$ 68,310,541
Cash received from user departments	-	-	-	-
Cash payments to suppliers for goods and services	(15,701,191)	(15,795,334)	(6,015,596)	(37,512,121)
Cash payments for claims	-	-	-	-
Cash payments to employees for services	(4,527,042)	(7,752,714)	(10,491,475)	(22,771,231)
Cash received from other activities	998,635	4,458,333	(526,534)	4,930,434
Net cash provided by (used for) operating activities	<u>3,981,740</u>	<u>5,351,788</u>	<u>3,624,095</u>	<u>12,957,623</u>
Cash flows from noncapital financing activities:				
Cash received from other funds	65,000	-	-	65,000
Cash paid to other funds	(2,875,900)	-	-	(2,875,900)
Settlement received for construction of capital projects	-	-	-	-
Purchase of insurance policy to fund future capital projects	-	-	-	-
Grant proceeds received	-	1,983,509	-	1,983,509
Net cash provided by (used for) noncapital financing activities	<u>(2,810,900)</u>	<u>1,983,509</u>	<u>-</u>	<u>(827,391)</u>
Cash flows from capital and related financing activities:				
Cash paid for acquisition of capital assets	(524,144)	(21,752,617)	(2,986,346)	(25,263,107)
Proceeds from sale of capital assets	13,149	-	-	13,149
Charges to property owners for capital projects	-	9,387,413	4,664,046	14,051,459
Grant proceeds received	-	4,378,687	-	4,378,687
Principal payments on long-term debt	(1,358,535)	(1,765,988)	(3,603,614)	(6,728,137)
Interest paid on long-term debt	(44,740)	(396,183)	(2,143,829)	(2,584,752)
Net cash (used for) capital and related financing activities	<u>(1,914,270)</u>	<u>(10,148,688)</u>	<u>(4,069,743)</u>	<u>(16,132,701)</u>
Cash flows from investing activities:				
Purchase of investment	-	(16,482,039)	-	(16,482,039)
Interest received	34,526	375,989	662,460	1,072,975
Net cash provided by investing activities	<u>34,526</u>	<u>(16,106,050)</u>	<u>662,460</u>	<u>(15,409,064)</u>
Net increase (decrease) in cash and investments	(708,904)	(18,919,441)	216,812	(19,411,533)
Cash and investments, beginning of year	1,201,574	38,208,235	32,116,299	71,526,108
Cash and investments, end of year	<u>\$ 492,670</u>	<u>\$ 19,288,794</u>	<u>\$ 32,333,111</u>	<u>\$ 52,114,575</u>

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

City of San Bernardino
 Department of Public Works
 Financial Report
 For the year ended June 30, 2006

Governmental Activities - Internal Service Funds	Totals	
	2006	2005
\$ -	\$ 68,310,541	\$ 59,753,621
23,451,849	23,451,849	21,362,941
(13,607,661)	(51,119,782)	(35,601,192)
(5,059,306)	(5,059,306)	(3,988,415)
(3,309,868)	(26,081,099)	(21,066,420)
502,713	5,433,147	7,930,313
<u>1,977,727</u>	<u>14,935,350</u>	<u>28,390,848</u>
333,300	398,300	3,193,332
-	(2,875,900)	(4,022,387)
-	-	67,975,325
-	-	(49,866,440)
-	1,983,509	1,001,047
<u>333,300</u>	<u>(494,091)</u>	<u>18,280,877</u>
(1,174,612)	(26,437,719)	(25,608,092)
-	13,149	1,170,121
-	14,051,459	11,896,725
-	4,378,687	943,890
(1,249,137)	(7,977,274)	(7,110,078)
(128,963)	(2,713,715)	(3,004,873)
<u>(2,552,712)</u>	<u>(18,685,413)</u>	<u>(21,712,307)</u>
-	(16,482,039)	-
85,004	1,157,979	2,127,409
<u>85,004</u>	<u>(15,324,060)</u>	<u>2,127,409</u>
(156,681)	(19,568,214)	27,086,827
5,921,733	77,447,841	50,361,014
<u>\$ 5,765,052</u>	<u>\$ 57,879,627</u>	<u>\$ 77,447,841</u>

**City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2006**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>
	<u>Refuse</u>	<u>Water</u>	<u>Sewer</u>	
Reconciliation of cash and cash equivalents to amounts reported on statement of net assets:				
Reported on statement of net assets:				
Cash and investments	\$ 492,670	\$ 7,139,551	\$ 16,117,429	\$ 23,749,650
Restricted assets	-	76,260,485	19,770,197	96,030,682
Less restricted assets not meeting the definition of cash equivalents:				
Investment agreements	-	(16,482,039)	(3,473,750)	(19,955,789)
Prepaid insurance	-	(46,477,019)	-	(46,477,019)
Interest and other receivables	-	(1,152,184)	(80,765)	(1,232,949)
Cash and cash equivalents at end of year	<u>\$ 492,670</u>	<u>\$ 19,288,794</u>	<u>\$ 32,333,111</u>	<u>\$ 52,114,575</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 1,787,228	\$ (3,073,446)	\$ (154,713)	\$ (1,440,931)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	1,131,661	3,482,432	5,331,731	9,945,824
Other nonoperating revenues (expenses)	998,635	1,204,578	(526,534)	1,676,679
Net increase (decrease) in investment fair value	-	-	-	-
(Increase) decrease in assets:				
Accounts receivable	437,734	5,531,679	147,488	6,116,901
Notes receivable	-	(185,250)	-	(185,250)
Other receivables	-	-	-	-
Inventories	-	(221,864)	-	(221,864)
Prepays	-	19,810	67,145	86,955
Due from other governments	-	-	-	-
Due from other funds	-	2,081,184	60,605	2,141,789
Other assets	-	2,989,379	(769,293)	2,220,086
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(430,216)	(1,289,219)	(491,747)	(2,211,182)
Due to other funds	-	96,894	26,945	123,839
Deposits payable	22,528	(4,930,040)	-	(4,907,512)
Deferred revenues	-	-	-	-
Claims and judgments payable	-	(125,217)	(21,235)	(146,452)
Compensated absences	34,170	(229,132)	(46,297)	(241,259)
Net cash provided by (used for) operating activities	<u>\$ 3,981,740</u>	<u>\$ 5,351,788</u>	<u>\$ 3,624,095</u>	<u>\$ 12,957,623</u>
Noncash, investing, capital and financing activities:				
Acquisition of capital asset through capital lease	\$ -	\$ -	\$ -	\$ -

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

Governmental Activities - Internal Service Funds	Totals	
	2006	2005
\$ 5,765,052	\$ 13,397,273	\$ 37,118,023
-	76,260,485	98,316,581
-	(16,482,039)	(3,473,750)
-	(46,477,019)	(49,866,440)
-	(1,152,184)	(4,646,573)
<u>\$ 5,765,052</u>	<u>\$ 25,546,516</u>	<u>\$ 77,447,841</u>
\$ (49,995)	\$ (1,490,926)	\$ (1,139,497)
2,143,997	12,089,821	12,182,564
170,460	1,847,139	2,810,425
(51,778)	(51,778)	(5,504)
-	6,116,901	(5,717,401)
-	(185,250)	5,212,848
12,270	12,270	(3,189)
13,218	(208,646)	(28,863)
-	86,955	(1,227,439)
327,153	327,153	(2,868,657)
802,486	2,944,275	(6,414)
-	2,220,086	5,487,628
521,680	(1,689,502)	3,721,339
-	123,839	6,414
-	(4,907,512)	5,806,060
-	-	(21,495)
(2,003,290)	(2,149,742)	3,333,934
91,526	(149,733)	848,095
<u>\$ 1,977,727</u>	<u>\$ 14,935,350</u>	<u>\$ 28,390,848</u>
\$ 501,802	\$ 501,802	\$ -

**City of San Bernardino
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2006**

	2006	2005
ASSETS		
Cash and investments	\$ 10,245,988	\$ 10,181,799
Cash and investments with fiscal agents	367,316	349,691
Receivables, net:		
Accounts	3,560	2,354
Interest	125,025	19,962
Due from other governmental agencies	14,470	64,173
Total assets	\$ 10,756,359	\$ 10,617,979
LIABILITIES		
Accounts payable	\$ 1,161,816	\$ 1,123,599
Deposits payable	7,583,417	6,522,499
Due to bond holders	2,011,126	2,971,881
Total liabilities	\$ 10,756,359	\$ 10,617,979

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, 2006

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, 2006

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, 2006

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, 2006

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, 2006

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, 2006

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, 2006

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.

Pension Obligation Bond Debt Service Fund. Used to account for the issuance of pension obligation bonds used to partially fund the City's safety plan unfunded accrued actuarial liability.

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:

Refuse. 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, 2006

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, 2006

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. During the current fiscal year, the City implemented the infrastructure provisions, public domain assets acquired prior to July 1, 2001, of GASBS No. 34. The result of this implementation resulted in an increase in the City's governmental activities net assets of \$294,225,650.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006**

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, 2006

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, 2006

Note 1: Summary of Significant Accounting Policies (continued)

I. 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, 2006 as follows:

Statement of net assets	
Cash and investments	\$ 153,493,558
Statement of fiduciary assets and liabilities	
Cash and investments	<u>10,245,988</u>
Total cash and investments	<u>163,739,546</u>
Statement of net assets	
Cash and investments with fiscal agents	49,888,295
Statement of fiduciary assets and liabilities	
Cash and investments with fiscal agents	<u>367,316</u>
Total cash and investments with fiscal agents	<u>50,255,611</u>
Total cash and investments	<u>\$ 213,995,157</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

Note 2: Cash and Investments (continued)

Cash and investments at June 30, 2006 consisted of the following:

Petty cash	\$	51,353
Demand deposits		(3,694,019)
Investments		<u>217,637,823</u>
 Total cash and investments	 \$	 <u>213,995,157</u>

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, 2006

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, 2006

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	\$ 77,366,635	\$11,464,019	\$ 20,754,920	\$ 45,147,696
U.S. Treasury securities	4,970,149	-	1,990,142	2,980,007
Corporate debt securities	9,651,098	2,001,135	3,952,873	3,697,090
Sweep account (money market fund)	2,861,624	2,861,624	-	-
Money market mutual funds	1,931,341	1,931,341	-	-
State investment pool	50,568,796	50,568,796	-	-
Guaranteed investment contract	16,482,039	-	-	16,482,039
Held by bond trustee:				
Federal agency issues	5,250,023	1,532,279	243,994	3,473,750
Investment contract	5,147,000	-	-	5,147,000
FNMA medium term notes	2,566,450	-	2,566,450	-
Money market funds	40,842,668	40,842,668	-	-
Total	\$217,637,823	\$111,201,862	\$ 29,508,379	\$ 76,927,582

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.

Investment Type	Total	Minimum legal rating	Exempt from rating	Ratings as of year end	
				AAA	Not rated
Federal agency securities	\$ 77,366,635	A	\$ -	\$77,366,635	\$ -
U.S. Treasury securities	4,970,149	N/A	4,970,149	-	-
Corporate debt securities	9,651,098	A	-	9,651,098	-
Sweep account (money market fund)	2,861,624	A	-	-	2,861,624
Money market mutual funds	1,931,341	A	-	1,931,341	-
State investment pool	50,568,796	N/A	-	-	50,568,796
Guaranteed investment contract	16,482,039	N/A	-	-	16,482,039
Held by bond trustee:					
Federal agency issues	5,250,023	AAA	-	5,250,023	-
Investment contract	5,147,000	N/A	-	-	5,147,000
FNMA medium term notes	2,566,450	N/A	2,566,450	-	-
Money market funds	40,842,668	AAA	-	40,842,668	-
	\$217,637,823		\$ 7,536,599	\$135,041,765	\$75,059,459

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006**

Note 2: Cash and Investments (continued)

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	\$ 31,520,783
Federal Home Loan Bank Federal Home Loan Mortgage Corporation	Federal agency securities	26,020,991
	Federal agency securities	17,128,907

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, 2006**

Note 3: Interfund Receivables, Payables and Transfers

Current interfund receivables and payables at June 30, 2006, are as follows:

	Amount
Due to General Fund from:	
Federal and State Programs Special Revenue Fund	\$ 940,929
Nonmajor governmental funds	2,539,921
Total due to General Fund from other funds	\$ 3,480,850
Due to Water Enterprise Fund from:	
Sewer Enterprise Fund	\$ 86,135
Due to internal service funds from:	
Other internal services funds	\$ 361,693

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, 2006 are as follows:

Advances from Economic Development Agency Special Revenue Fund to:	
Economic Development Agency Capital Projects Fund	\$ 626,919
Advances from Economic Development Agency Capital Projects Fund to:	
Economic Development Agency Special Revenue Fund	\$ 7,434,231
Nonmajor governmental funds	1,785,000
Total advances from Economic Development Agency Capital Projects Fund to other funds	\$ 9,219,231
Advances from nonmajor governmental funds to:	
Other nonmajor governmental funds	\$ 275,200

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, 2006

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, Verdemont 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. 229,000

\$ 1,785,000

Interfund transfers during the year ended June 30, 2006 were as follows:

Transfers in to General Fund from:	
Refuse Enterprise Fund	\$ 2,875,900
Nonmajor governmental funds	<u>5,218,750</u>
Total transfers in to General Fund from other funds	<u>\$ 8,094,650</u>

Transfers in to Economic Development Agency Special Revenue Fund from:	
Economic Development Agency Capital Projects Fund	\$ 5,229,721
Economic Development Agency Debt Service Fund	<u>10,897</u>
	<u>\$ 5,240,618</u>

Transfers in to Economic Development Agency Debt Service Fund from:	
General Fund	\$ 2,249,249
Economic Development Agency Special Revenue Fund	1,960,851
Economic Development Agency Capital Projects Fund	<u>12,344,981</u>
Total transfers in to Economic Development Agency Debt Service Fund from other funds	<u>\$ 16,555,081</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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

Transfers in to Economic Development Agency Capital Projects Fund from:	
Economic Development Agency Debt Service Fund	<u>\$ 660,878</u>
Transfers in to Refuse Enterprise Fund from:	
General Fund	<u>\$ 65,000</u>
Transfers in to Internal Service Funds from:	
General Fund	<u>\$ 333,300</u>
Transfers in to nonmajor governmental funds from:	
General Fund	<u>\$ 3,700,116</u>

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, 2006 was as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities:				
Capital assets, not being depreciated:				
Land (1)	\$127,575,072	\$ 2,426,598	\$ (344,500)	\$129,657,170
Construction in progress	3,887,557	9,898,996	(4,458,944)	9,327,609
Total capital assets, not being depreciated	131,462,629	12,325,594	(4,803,444)	138,984,779
Capital assets, being depreciated:				
Infrastructure	497,383,320	1,233,888	-	498,617,208
Buildings and improvements	81,294,263	-	(334,000)	80,960,263
Machinery, vehicles and equipment	54,563,560	3,335,320	(709,808)	57,189,072
Total capital assets, being depreciated	633,241,143	4,569,208	(1,043,808)	636,766,543
Less accumulated depreciation for:				
Infrastructure	(181,186,609)	(12,707,437)	-	(193,894,046)
Buildings and improvements	(48,694,190)	(1,948,474)	141,950	(50,500,714)
Machinery, vehicles and equipment	(41,708,788)	(4,141,977)	709,808	(45,140,957)
Total accumulated depreciation	(271,589,587)	(18,797,888)	851,758	(289,535,717)
Total capital assets, being depreciated, net	361,651,556	(14,228,680)	(192,050)	347,230,826
Governmental activities capital assets, net	\$493,114,185	\$ (1,903,086)	\$(4,995,494)	\$486,215,605

(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, 2006

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	37,793,291	27,955,926	(26,333,190)	39,416,027
Total capital assets, not being depreciated	<u>53,209,003</u>	<u>27,955,926</u>	<u>(26,333,190)</u>	<u>54,831,739</u>
Capital assets, being depreciated:				
Water rights, wells and pumping plants	41,022,265	9,456,419	(92,045)	50,386,639
Distribution systems	55,335,012	10,612,841	(9,945)	65,937,908
Building, plants and store yards	151,128,203	1,387,559	(14,454)	152,501,308
Machinery, vehicles and equipment	24,297,276	1,696,367	(1,769,606)	24,224,037
Office leasehold improvements	151,126	1,768,861	-	1,919,987
Office, computer, engineering equipment	4,480,720	137,612	(381,649)	4,236,683
Radio and interoffice communication equipment	389,041	-	(6,101)	382,940
Telemetry system and equipment	627,862	603,602	-	1,231,464
Miscellaneous	426,549	-	-	426,549
Total capital assets, being depreciated	<u>277,858,054</u>	<u>25,663,261</u>	<u>(2,273,800)</u>	<u>301,247,515</u>
Less accumulated depreciation for:				
Water rights, wells and pumping plants	(18,994,822)	(1,425,652)	-	(20,420,474)
Distribution systems	(22,374,311)	(1,311,477)	230,444	(23,455,344)
Building, plants and store yards	(59,134,183)	(4,770,132)	16,105	(63,888,210)
Machinery, vehicles and equipment	(14,705,473)	(1,815,128)	1,021,520	(15,499,081)
Office leasehold improvements	(70,247)	(12,666)	-	(82,913)
Office, computer, engineering equipment	(2,272,053)	(511,535)	59,618	(2,723,970)
Radio and interoffice communication equipment	(252,113)	(22,353)	5,339	(269,127)
Telemetry system and equipment	(237,922)	(64,559)	-	(302,481)
Miscellaneous	(228,618)	(12,322)	-	(240,940)
Total accumulated depreciation	<u>(118,269,742)</u>	<u>(9,945,824)</u>	<u>1,333,026</u>	<u>(126,882,540)</u>
Total capital assets, being depreciated, net	<u>159,588,312</u>	<u>15,717,437</u>	<u>(940,774)</u>	<u>174,364,975</u>
Business-type activities capital assets, net	<u>\$212,797,315</u>	<u>\$43,673,363</u>	<u>\$(27,273,964)</u>	<u>\$229,196,714</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

Note 4: Capital Assets (continued)

Depreciation expense was charged to functions of the primary government as follows:

	Governmental activities	Business-type activities
Governmental activities:		
General government	\$ 1,016,104	\$ -
Public safety	1,651,465	-
Streets	12,198,288	-
Culture and recreation	367,277	-
Community development	1,126,941	-
Economic development	25,901	-
Community services	267,915	-
Refuse	-	1,131,661
Water	-	3,482,432
Sewer	-	5,331,731
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	2,143,997	-
Total depreciation expense – governmental activities	\$ 18,797,888	\$ 9,945,824

Note 5: Long-Term Liabilities - Governmental Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2006:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Governmental activities:					
<i>Capital leases payable</i>	\$ 5,030,412	\$ 501,802	\$ 1,539,470	\$ 3,992,744	\$ 1,513,420
<i>Claims and judgments</i>	13,946,349	4,010,079	5,210,883	12,745,545	3,900,000
<i>Compensated absences</i>	16,445,640	9,669,288	8,631,684	17,483,244	9,669,288
Participation agreements:					
Yellow Freight	623,885	-	53,658	570,227	-

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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	\$ 5,840,000	\$ -	\$ 280,000	\$ 5,560,000	\$ 300,000
303 LLC Building	1,740,000	-	1,740,000	-	-
Bobbitt	16,287	-	6,169	10,118	4,898
Total notes payable	7,596,287	-	2,026,169	5,570,118	304,898
<i>Lease revenue bonds:</i>					
Public Facilities Lease (Lease Revenues Refunding 1997A, Series A)	6,715,000	-	615,000	6,100,000	640,000
City Hall Lease (Refunding Bonds, Series 1996)	12,085,000	-	825,000	11,260,000	865,000
Total lease revenue bonds	18,800,000	-	1,440,000	17,360,000	1,505,000
<i>Fire station lease</i>	1,124,334	1,339,783	-	2,464,117	-
<i>Extension project leases:</i>					
Harriman Place Street Extension Lease	1,913,108	-	89,333	1,823,775	91,843
<i>Tax allocation bonds:</i>					
Refunding Bonds, 2002	27,965,000	-	835,000	27,130,000	870,000
Bonds 2002A	3,460,000	-	55,000	3,405,000	55,000
Refunding Bonds, 1998A	15,190,000	-	630,000	14,560,000	660,000
Refunding Bonds, 1998B	7,090,000	-	260,000	6,830,000	270,000
Low and Moderate Income Housing, 1999	3,270,000	-	3,270,000	-	-
Refunding Bonds, 1995A	79,445,000	-	79,445,000	-	-
Taxable Bonds, 2006	-	28,665,000	-	28,665,000	1,000,000
Refunding Bonds, 2005A	-	55,800,000	-	55,800,000	1,920,000
Refunding Bonds, 2005B	-	21,105,000	-	21,105,000	745,000
Less: deferred charges	(2,264,000)	(133,290)	(120,194)	(2,277,096)	-
Total tax allocation bonds	134,156,000	105,436,710	84,374,806	155,217,904	5,520,000
<i>Assessment District bonds:</i>					
Assessment District No. 985	285,000	-	40,000	245,000	40,000
Assessment District No. 987	280,000	-	30,000	250,000	35,000
Total assessment district bonds	565,000	-	70,000	495,000	75,000

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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	\$ 13,680,000	\$ -	\$ 405,000	\$ 13,275,000	\$ 425,000
<i>Pension obligation bonds payable:</i>					
Taxable Pension Obligation Bonds, 2005 Series A	-	50,401,583	-	50,401,583	-
<i>Purchase agreement:</i>					
Foundation for California State University, San Bernardino	-	427,600	106,900	320,700	106,900
Governmental activities long-term liabilities	<u>\$ 213,881,015</u>	<u>\$ 171,786,845</u>	<u>\$ 103,947,903</u>	<u>\$ 281,719,957</u>	<u>\$ 23,111,349</u>

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, \$643,548 of compensated absences, \$12,745,545 of claims and judgments payable, \$1,752,598 of capital leases payable, and \$765,000 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, 2006

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.

\$ 3,992,744

Assets acquired through capital leases are as follows:

	Governmental activities
Machinery, vehicles and equipment	\$ 5,548,993
Less: accumulated depreciation	<u>(3,223,250)</u>
Total	<u>\$ 2,325,743</u>

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006**

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
2007	\$ 1,513,420	\$ 128,405
2008	1,060,389	81,890
2009	701,474	46,620
2010	396,034	22,837
2011	195,843	12,104
2012 - 2014	125,584	7,929
Total	<u>\$ 3,992,744</u>	<u>\$ 299,785</u>

Amount
outstanding at
June 30, 2006

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.

\$ 570,227

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, 2006**

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

Amount
outstanding at
June 30, 2006

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.

\$ 5,560,000

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006**

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

Amount
Outstanding at
June 30, 2006

Notes Payable (continued)

Section 108 Notes (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.

\$ 10,118

Total notes payable

\$ 5,570,118

The annual requirements to amortize notes payable outstanding as of June 30, 2006 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 304,898	\$ 413,337
2008	324,898	390,845
2009	340,322	366,598
2010	360,000	341,350
2011	380,000	314,243
2012 - 2016	2,325,000	1,079,210
2017 - 2019	1,535,000	167,102
Total	<u>\$ 5,570,118</u>	<u>\$ 3,072,685</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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

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, 2006 is \$6,100,000.

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, 2006 the reserve requirement was \$946,345 and the amount actually held in the reserve account was \$998,611.

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, 2005. 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, 2006 is \$11,260,000.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006**

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

Lease Revenue Bonds (continued)

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

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, 2006 the reserve requirement was \$1,497,030 and the amount actually held in the reserve account was \$1,497,328.

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.

The annual requirements to amortize lease revenue bonds outstanding as of June 30, 2006 are as follows:

Year ending June 30,	Principal	Interest
2007	\$ 1,505,000	\$ 931,040
2008	1,090,000	857,165
2009	1,150,000	803,080
2010	1,205,000	744,245
2011	1,265,000	681,205
2012 - 2016	5,475,000	2,385,825
2017 - 2021	3,820,000	1,204,125
2022 - 2026	1,850,000	159,600
Total	<u>\$ 17,360,000</u>	<u>\$ 7,766,285</u>

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, 2006, the City has drawn down \$2,464,117 of the \$2,550,000 lease. The lease amount outstanding at June 30, 2006 is \$2,464,117.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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

Harriman Place Street Extension Lease

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, 2006 is \$1,823,775.

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.

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, 2006 was \$2,604,783. At June 30, 2006, \$27,130,000 of the bonds were outstanding.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006**

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

Tax Allocation Bonds (continued)

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 2006 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, 2006, are subject to mandatory prepayment, on each December 1, commencing on December 1, 2002 through December 1, 2006. 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.

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, 2006 was \$263,686. At June 30, 2006, \$3,405,000 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, 2006 is \$14,560,000.

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, 2006 the reserve requirement was \$1,456,515 and the amount actually held in the reserve account was \$1,494,701.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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

Tax Allocation Bonds (continued)

Refunding Bonds, Series 1998A (continued)

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, 2006 is \$6,830,000.

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.

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, 2006 the reserve requirement was \$639,012 and the amount actually held in the reserve account was \$655,741.

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.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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

Tax Allocation Bonds (continued)

Low and Moderate Income Housing, Series 1999

\$4,700,000 of tax allocation bonds (20% Set-Aside) were issued to assist the Agency in the acquisition and rehabilitation of certain property in the City for housing low and moderate income families. The Bonds consist of \$2,240,000 of serial bonds with varying interest rates from 3.20% to 4.30% and \$2,460,000 of term bonds, bearing interest at 5.00%. Interest is payable semiannually on May 1 and November 1. Serial bonds mature annually on May 1 through May 1, 2008. Term bonds are due May 1, 2015 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund on May 1, 2009 to May 1, 2015 without premium. The amount outstanding at June 30, 2006 is \$-0-.

Refunding Bonds, Series 1995A

The \$97,825,000 of tax allocation refunding bonds, issue of 1995, Series A, consist of \$29,340,000 of serial bonds with varying interest rates from 3.85% to 5.50% and \$6,395,000 of term bonds, bearing interest at 5.75%, \$19,425,000 of term bonds, bearing interest at 6.00%, and \$42,665,000 of term bonds bearing interest at 6.10%. Interest is payable semiannually on April 1 and October 1. Term bonds are due October 1, 2010, October 1, 2015 and October 1, 2025 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund on October 1, 2009 to October 1, 2025 without premium. The amount outstanding at June 30, 2006 is \$-0-. The bonds were advance refunded with the proceeds of the \$55,800,000 and \$21,105,000 Tax Allocation Refunding Bonds Series A and B, respectively, issued in the current fiscal year.

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.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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

Tax Allocation Bonds (continued)

Tax Allocation Revenue Refunding Bonds, Series 2005A (continued)

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, 2006 was \$5,169,794. At June 30, 2006, \$55,800,000 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.

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.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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

Tax Allocation Bonds (continued)

Tax Allocation Revenue Refunding Bonds, Series 2005B (continued)

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, 2006 was \$1,974,104. At June 30, 2006, \$21,105,000 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%.

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, 2006 was \$2,719,193. At June 30, 2006, \$28,665,000 of the bonds were outstanding.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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

The annual requirements to amortize tax allocation debt outstanding as of June 30, 2006 are as follows:

Year ending June 30,	Principal	Interest
2007	\$ 5,520,000	\$ 9,019,258
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 - 2016	40,230,000	32,216,627
2017 - 2021	54,100,000	18,883,587
2022 - 2026	29,880,000	5,821,681
2027 - 2031	2,095,000	365,243
2032	445,000	13,795
Total	<u>\$ 157,495,000</u>	<u>\$ 99,166,624</u>

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, 2006 was \$245,000.

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 dates 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.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006**

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

Assessment District Bonds (continued)

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, 2006 was \$250,000.

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.

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

Year ending June 30,	Principal	Interest
2007	\$ 75,000	\$ 35,190
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
Total	<u>\$ 495,000</u>	<u>\$ 112,374</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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

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, 2006 was \$13,275,000.

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, 2006, the reserve requirement was \$1,147,000 and the amount actually held in the reserve account was \$1,147,008.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006**

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

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

Year ending June 30,	Principal	Interest
2007	\$ 425,000	\$ 715,628
2008	445,000	696,290
2009	470,000	675,598
2010	485,000	653,573
2011	510,000	629,750
2012 - 2016	3,020,000	2,693,900
2017 - 2021	3,930,000	1,768,525
2022 - 2025	3,990,000	563,455
Total	<u>\$ 13,275,000</u>	<u>\$ 8,396,719</u>

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.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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

Pension Obligation Bonds (continued)

2006 Taxable Pension Obligation Bonds (continued)

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

Year ending June 30,	Principal	Interest
2007	\$ -	\$ 2,893,174
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 - 2016	4,475,533	10,144,470
2017 - 2021	3,928,277	10,144,470
2022 - 2026	5,131,441	10,051,608
2027 - 2031	13,605,000	8,046,060
2032 - 2026	19,935,000	2,969,478
Total	<u>\$ 50,401,583</u>	<u>\$ 52,364,836</u>

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, 2006, was \$320,700.

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

Fiscal year ending June 30,	Principal	Interest
2007	\$ 106,900	\$ -
2008	106,900	-
2009	106,900	-
Total	<u>\$ 320,700</u>	<u>\$ -</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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, 2006:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Business-type activities:					
<i>Capital leases payable:</i>					
Equipment	\$ 2,340,924	\$ -	\$ 1,426,543	\$ 914,381	\$ 614,047
<i>Compensated absences</i>	2,620,327	483,044	602,078	2,501,293	1,859,653
<i>Notes payable</i>	30,238,330	-	2,216,594	28,021,736	2,294,001
<i>Certificates of Participation:</i>					
Refunding sewer revenue COPS	29,770,000	-	1,815,000	27,955,000	1,910,000
Less: deferred charges	(246,573)	-	(24,246)	(222,327)	(24,247)
	29,523,427	-	1,790,754	27,732,673	1,885,753
<i>Water bonds:</i>					
Waterworks bonds, Series C	85,000	-	10,000	75,000	10,000
1998A Water and wastewater revenue bonds	1,260,000	-	1,260,000	-	-
Less: deferred charges	(20,476)	-	(20,476)	-	-
	1,324,524	-	1,249,524	75,000	10,000
Business-type activities long-term liabilities	\$ 66,047,532	\$ 483,044	\$ 7,285,493	\$ 59,245,083	\$ 6,663,454

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, 2006

Refuse 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.

\$ 672,543

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006**

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

Capital Leases Payable (continued)

<u>Water Equipment</u>	<u>Amount outstanding at June 30, 2006</u>
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.	241,838
Total capital leases payable	<u>\$ 914,381</u>

<u>Year ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 613,429	\$ 20,297
2008	160,004	8,811
2009	121,356	3,213
2010	19,592	180
Total	<u>\$ 914,381</u>	<u>\$ 32,501</u>

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, 2006 is \$75,000.

1998A Water and Wastewater Revenue Bonds

During the fiscal year ended June 30, 1999, the City's Water Department joined in a pooled financing program of the Association of Bay Area Governments, under which the Series 1998A Water and Wastewater Revenue Bonds were issued. The Department's share of the principal amount of the bonds was \$8,610,000. The Department used \$7,766,000 out of the proceeds to defease and prepay in full the principal outstanding on the 1990 Water Facilities Certificates of Participation. A portion of the proceeds has been used to pay the costs incurred in issuing the Bonds and the remaining funds have been set aside to finance a new computerized billing system and miscellaneous water improvement projects.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006**

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

Water Bonds Payable (continued)

1998A Water and Wastewater Revenue Bonds (continued)

Interest is payable semiannually with variable rates ranging from 3.75% to 4.40%. The outstanding balance at June 30, 2006, is \$-0-.

The annual requirements to amortize bonds payable subsequent to June 30, 2006 are as follows:

Year ending June 30,	Principal	Interest
2007	\$ 10,000	\$ 5,812
2008	10,000	5,038
2009	10,000	4,263
2010	10,000	3,488
2011	10,000	2,713
2012 - 2013	25,000	3,100
Total	<u>\$ 75,000</u>	<u>\$ 24,414</u>

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, 2006, net of unamortized discount of \$198,080, is \$27,732,673.

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.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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

Certificates of Participation (continued)

Refunding Sewer Revenue Certificates of Participation (continued)

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.

The required reserve for the 1998 Refunding Sewer Revenue Certificates of Participation is \$1,910,000. As of June 30, 2006, 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 \$74,422 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, 2006 are as follows:

Year ending June 30,	Principal	Interest
2007	\$ 1,910,000	\$ 1,357,185
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 - 2016	14,085,000	2,992,388
2017 - 2021	3,220,000	161,000
	27,955,000	9,012,763
Less: deferred charges	(222,327)	-
Total	<u>\$ 27,732,673</u>	<u>\$ 9,012,763</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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

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, 2006 is \$9,157,873.

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, 2006 is \$1,268,197.

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, 2006 is \$2,437,576.

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, 2006 is \$15,158,090.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006**

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

The annual requirements to amortize notes payable subsequent to June 30, 2006 are as follows:

Year ending June 30,	Principal	Interest
2007	\$ 2,293,717	\$ 976,348
2008	2,373,955	894,783
2009	2,457,461	809,906
2010	2,544,395	721,554
2011	2,634,928	611,198
2012 - 2016	11,709,699	1,823,780
2017 - 2021	3,283,613	498,183
2022 - 2025	723,968	26,352
Total	<u>\$ 28,021,736</u>	<u>\$ 6,380,463</u>

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, 2006, \$17,483,244 and \$2,501,293 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, 2006, \$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>\$ 21,383,000</u>

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006**

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.

Changes in the funds' claims liability for the years ended June 30, 2006 and 2005, are as follows:

	<u>Liability beginning of year</u>	<u>Claims and changes in estimates</u>	<u>Claims Paid</u>	<u>Liability end of year</u>
2004-05				
Workers' Comp	\$ 6,595,144	\$ 1,263,833	\$ (123,128)	\$ 7,735,849
Liability Claims	<u>4,077,600</u>	<u>2,897,900</u>	<u>(765,000)</u>	<u>6,210,500</u>
Total 2004-05	<u>\$ 10,672,744</u>	<u>\$ 4,161,733</u>	<u>\$ (888,128)</u>	<u>\$13,946,349</u>
2005-06				
Workers' Comp	\$ 7,735,849	\$ 2,356,387	\$ (2,423,891)	\$ 7,668,345
Liability Claims	<u>6,210,500</u>	<u>1,653,692</u>	<u>(2,786,992)</u>	<u>5,077,200</u>
Total 2005-06	<u>\$ 13,946,349</u>	<u>\$ 4,010,079</u>	<u>\$ (5,210,883)</u>	<u>\$12,745,545</u>

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, 2006, 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, 2006**

Note 10: Short-Term Debt

The following is a schedule of changes in short-term debt for the year ended June 30, 2006:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Anticipation notes	\$ -	\$ 20,000,000	\$(20,000,000)	\$ -

The City issued \$20,000,000 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, 2006, the following governmental funds have deficits that are anticipated to be funded from future grants, other revenues and operating transfers:

	<u>Deficit Amount</u>
Special Revenue Funds:	
Federal and State Programs	\$ 1,586,590
Debt Service Funds:	
Assessment District #1015	478,228
Verdemont Improvement Loan	750,025
Capital Projects Funds:	
CIEDB Street Construction	2,839,761
Street Construction	1,172,699

At June 30, 2006, 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:

	<u>Deficit Amount</u>
Internal Service Funds:	
Workers' Compensation	\$ 8,266,752
Liability Insurance	2,197,816
Utility	363,871

As of June 30, 2006, 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, 2006

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, 2006:

	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
<i>General fund:</i>			
Mayor – personnel salaries and benefits	\$ 742,100	\$ 743,215	\$ (1,115)
City attorney – other	905,500	950,776	(45,276)
Personnel – other	77,100	98,793	(21,693)
Finance – other	261,200	325,922	(64,722)
Police – personnel salaries and benefits	46,459,800	47,460,194	(1,000,394)
Fire – personnel salaries and benefits	27,101,800	27,441,129	(339,329)
<i>Special revenue funds:</i>			
Federal and state programs	-	6,446,289	(6,446,289)
Economic Development Agency - personnel salaries and benefits	519,000	598,122	(79,122)
Library – other	719,300	724,944	(5,644)
Cable TV – other	287,700	697,936	(410,236)
Baseball Stadium – personnel salaries and benefits	153,600	185,971	(32,371)
<i>Capital projects funds:</i>			
Economic Development Agency - Debt service other	631,223	2,079,827	(1,448,604)
<i>Debt service funds:</i>			
Economic Development Agency - Debt service other	14,960,200	26,866,821	(11,906,621)
Assessment district No. 985 – other	6,500	6,937	(437)
Assessment district No. 1015 – other	5,800	6,225	(425)

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.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

Note 12: Defined Benefit Pension Plan (continued)

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.

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, 2005 to June 30, 2006 has been determined by an actuarial valuation of the plan as of June 30, 2003. The contribution rate indicated for the period is 26.678% of payroll for the safety plan and 7.555% 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, 2006, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2005 to June 30, 2006.

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

Valuation Date	June 30, 2003
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	32 Years as of the Valuation Date (4 years for miscellaneous)
Asset Valuation Method	3 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 13.15% 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 10% 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, 2006

Note 12: Defined Benefit Pension Plan (continued)

For the safety plan, the unfunded actuarial liability is amortized over a period ending June 30, 2025. For the miscellaneous plan, the City was overfunded for the year ended June 30, 2005. Amortization periods are not determined for overfunded plans.

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>
6/30/04	\$ 13,003	100%	\$ -
6/30/05	15,823	100%	-
6/30/06	13,103	100%	-

Agency

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/04	\$ -	100%	\$ -
6/30/05	66	100%	-
6/30/06	169	100%	-

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

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 \$201,810 for the year ended June 30, 2006.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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, 2006, \$2,045,000 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, 2006 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 \$1,335,000.

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.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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, 2006, the outstanding balance due from IVDA is \$2,745. 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.

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, 2006, the outstanding balance due from the Authority is \$735,450. Additional financial information can be obtained by contacting the Authority at 201 North "E" Street, Third Floor, San Bernardino, CA 92401.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

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, 2005, 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.

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 Newark 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.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006

Note 18: Consent Decree (continued)

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, 2006 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, 2006. 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.

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.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2006**

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 \$329,387 in 2006 and \$309,259 in 2005.

2023 Annual Report
 Financial Statements
 2023 Annual Report

Account Name	2023	2022	2021		2020
			2021	2020	
Accounts Receivable	123,456	112,345	101,234	90,123	79,012
Inventory	234,567	223,456	212,345	201,234	190,123
Prepaid Expenses	34,567	33,456	32,345	31,234	30,123
Property, Plant & Equipment	456,789	445,678	434,567	423,456	412,345
Intangible Assets	56,789	55,678	54,567	53,456	52,345
Goodwill	67,890	66,789	65,678	64,567	63,456
Other Assets	78,901	77,890	76,789	75,678	74,567
Accounts Payable	89,012	88,901	87,890	86,789	85,678
Accrued Liabilities	90,123	89,012	88,901	87,890	86,789
Deferred Revenue	101,234	100,123	99,012	97,901	96,789
Other Liabilities	112,345	111,234	110,123	109,012	107,901
Equity	123,456	122,345	121,234	120,123	119,012
Retained Earnings	134,567	133,456	132,345	131,234	130,123
Common Stock	145,678	144,567	143,456	142,345	141,234
Additional Paid-in Capital	156,789	155,678	154,567	153,456	152,345
Accumulated Other Comprehensive Income	167,890	166,789	165,678	164,567	163,456

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2006

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Taxes:					
Sales and use	\$ 38,390,000	\$ 38,390,000	\$37,656,578	\$ (733,422)	\$ 35,560,085
Utility users	22,600,000	22,600,000	24,093,906	1,493,906	22,477,545
Property	18,425,000	18,425,000	23,093,719	4,668,719	18,574,168
Franchise	3,188,000	3,188,000	3,343,989	155,989	3,137,383
Transient occupancy	3,025,000	3,025,000	2,907,811	(117,189)	2,978,160
Property transfer	850,000	850,000	1,211,862	361,862	962,332
Total taxes	86,478,000	86,478,000	92,307,865	5,829,865	83,689,673
Licenses and permits:					
Business registration	5,800,000	5,800,000	5,820,218	20,218	5,331,167
Building permits	884,000	884,000	1,011,971	127,971	991,282
Mechanical permits	325,000	325,000	284,854	(40,146)	353,560
Onsite permits	550,000	550,000	436,516	(113,484)	617,857
Onsite plan check fees	350,000	350,000	501,117	151,117	334,553
Public works construction permit	300,000	300,000	209,560	(90,440)	221,464
Paramedic/EMS subscription	10,000	10,000	17,155	7,155	9,362
Street cut permit	40,000	40,000	192,084	152,084	38,565
Other	777,300	777,300	918,724	141,424	850,457
Total licenses and permits	9,036,300	9,036,300	9,392,199	355,899	8,748,267
Fines and forfeitures:					
General fines	200,000	200,000	137,959	(62,041)	188,507
Parking citation	1,100,000	1,100,000	967,033	(132,967)	1,055,882
Code admin. citations	10,000	10,000	68,699	58,699	-
Fire citation	500	500	79,606	79,106	1,640
Vehicle abatement	6,000	6,000	2,090	(3,910)	5,314
Total fines and forfeitures	1,316,500	1,316,500	1,255,387	(61,113)	1,251,343
Investment income:					
Investment income	700,000	700,000	521,987	(178,013)	728,231
Land and building rental	322,900	442,900	342,197	(100,703)	329,912
Other	40,000	40,000	43,631	3,631	51,103
Total investment income	1,062,900	1,182,900	907,815	(275,085)	1,109,246

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2006
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Intergovernmental:					
Motor vehicle in lieu tax	\$ 1,310,000	\$ 1,310,000	\$ 1,387,034	\$ 77,034	\$ 4,307,625
Homeowners exemption	150,000	150,000	151,359	1,359	147,319
State police training grants	196,600	196,600	155,903	(40,697)	122,691
State grants	220,900	223,600	416,117	192,517	183,299
Booking fee subvention	-	-	-	-	689,066
Other	3,365,600	3,543,900	3,508,344	(35,556)	3,553,169
Total intergovernmental	5,243,100	5,424,100	5,618,757	194,657	9,003,169
Charges for services:					
Plan check fees	450,000	450,000	740,971	290,971	473,984
Paramedics/emergency medical services	809,000	809,000	607,105	(201,895)	645,636
Board up/demolition assessment	700,000	700,000	997,521	297,521	1,198,878
Storm drain utility fee	260,000	260,000	268,070	8,070	284,584
Weed abatement	500,000	500,000	268,847	(231,153)	490,903
Planning development projects	160,000	160,000	269,658	109,658	158,979
Sale of photos	141,000	141,000	126,658	(14,342)	129,667
Alarm system fee	50,000	50,000	86,185	36,185	53,005
Engineering fees	40,000	40,000	37,983	(2,017)	29,831
Miscellaneous police receipts	861,800	861,800	814,838	(46,962)	763,660
Swimming pool fees	57,500	57,500	75,185	17,685	59,407
Other charges	2,397,100	2,485,300	2,535,243	49,943	1,822,901
Total charges for services	6,426,400	6,514,600	6,828,264	313,664	6,111,435
Other revenues:					
Off track betting	160,000	160,000	162,341	2,341	154,677
Miscellaneous receipts	40,000	109,900	125,742	15,842	56,922
Other revenues	2,866,100	2,866,100	3,020,403	154,303	3,051,390
Total other revenues	3,066,100	3,136,000	3,308,486	172,486	3,262,989
Total revenues	\$112,629,300	\$113,088,400	\$ 119,618,773	\$ 6,530,373	\$113,176,122

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2006
(Continued)

EXPENDITURES	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Current:					
General government:					
Mayor					
Personnel salaries and benefits	\$ 730,000	\$ 742,100	\$ 743,215	\$ (1,115)	\$ 657,925
Other	319,400	319,400	249,402	69,998	231,911
Common council					
Personnel salaries and benefits	376,400	382,900	374,807	8,093	336,810
Other	112,800	149,800	91,284	58,516	111,584
City clerk					
Personnel salaries and benefits	1,080,600	1,096,500	1,063,190	33,310	930,405
Other	338,900	715,900	699,125	16,775	291,525
City treasurer					
Personnel salaries and benefits	138,100	140,300	138,596	1,704	126,146
Other	25,400	25,400	23,774	1,626	21,804
City attorney					
Personnel salaries and benefits	2,099,600	2,142,600	2,068,237	74,363	1,736,948
Other	878,400	905,500	950,776	(45,276)	796,984
City administrator					
Personnel salaries and benefits	531,700	544,500	543,484	1,016	483,197
Other	88,600	88,600	72,451	16,149	53,491
Personnel					
Personnel salaries and benefits	347,500	353,800	315,138	38,662	313,653
Other	77,100	77,100	98,793	(21,693)	49,049
Finance					
Personnel salaries and benefits	1,096,600	1,107,700	1,005,541	102,159	829,316
Other	261,200	261,200	325,922	(64,722)	241,798
Civil service					
Personnel salaries and benefits	198,100	218,900	206,722	12,178	184,443
Other	63,600	63,600	61,817	1,783	79,182
Code compliance					
Personnel salaries and benefits	1,881,000	1,883,800	1,822,423	61,377	1,730,194
Other	1,297,900	1,310,300	1,149,393	160,907	1,109,378
Facilities management					
Personnel salaries and benefits	2,048,300	2,052,000	1,855,023	196,977	1,645,372
Other	2,039,000	2,354,100	1,828,650	525,450	2,657,704
Nondepartmental					
Personnel salaries and benefits	2,508,300	886,500	210,837	675,663	163,728
Other	6,781,000	6,840,200	6,376,211	463,989	6,315,135
Total general government	25,319,500	24,662,700	22,274,811	2,387,889	21,097,682

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2006
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Public safety:					
Police					
Personnel salaries and benefits	\$ 45,553,700	\$ 46,459,800	\$ 47,460,194	\$ (1,000,394)	\$ 42,526,058
Other	6,029,100	6,236,000	5,719,028	516,972	5,508,497
Fire					
Personnel salaries and benefits	26,403,800	27,101,800	27,441,129	(339,329)	24,451,842
Other	1,727,200	1,763,100	1,720,729	42,371	2,192,878
Total public safety	79,713,800	81,560,700	82,341,080	(780,380)	74,679,275
Streets:					
Development services					
Personnel salaries and benefits	2,517,500	2,533,100	2,331,407	201,693	1,951,425
Other	861,400	1,057,400	821,238	236,162	523,062
Public services					
Personnel salaries and benefits	2,882,400	2,883,500	2,745,767	137,733	2,652,418
Other	2,815,300	2,979,300	2,954,518	24,782	3,239,892
Total streets	9,076,600	9,453,300	8,852,930	600,370	8,366,797
Culture and recreation:					
Park, recreation and community services					
Personnel salaries and benefits	3,528,100	3,536,300	3,182,807	353,493	2,953,633
Other	2,152,000	2,355,400	2,099,611	255,789	2,152,417
Total culture and recreation	5,680,100	5,891,700	5,282,418	609,282	5,106,050
Community development:					
Planning, plan check and building inspection					
Personnel salaries and benefits	1,968,600	1,974,800	1,829,018	145,782	1,508,993
Other	418,900	649,800	420,637	229,163	720,754
Total community development	2,387,500	2,624,600	2,249,655	374,945	2,229,747
Debt service:					
Principal	1,525,200	1,525,200	854,666	670,534	797,692
Interest	2,497,600	2,497,600	485,828	2,011,772	1,193,931
Total debt service	4,022,800	4,022,800	1,340,494	2,682,306	1,991,623
Total expenditures	126,200,300	128,215,800	122,341,388	5,874,412	113,471,174
Excess of (deficiency) of revenues over (under) expenditures	(13,571,000)	(15,127,400)	(2,722,615)	12,404,785	(295,052)
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	-	-	-	-	668,820
Transfers in	-	8,167,400	8,094,650	(72,750)	7,561,882
Transfers out	-	(4,191,600)	(6,347,665)	(2,156,065)	(5,022,054)
Total other financing sources (uses)	-	3,975,800	1,746,985	(2,228,815)	3,208,648
Net change in fund balance	(13,571,000)	(11,151,600)	(975,630)	10,175,970	2,913,596
Fund balance, beginning of year	18,240,370	18,240,370	18,240,370	-	15,326,774
Fund balance, end of year	\$ 4,669,370	\$ 7,088,770	\$ 17,264,740	\$ 10,175,970	\$ 18,240,370

**Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – Federal and State Grants Fund
For the year ended June 30, 2006**

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Investment income	\$ -	\$ -	\$ 5,431	\$ 5,431	\$ 434
Intergovernmental	-	-	5,460,585	5,460,585	10,562,694
Total revenues	-	-	5,466,016	5,466,016	10,563,128
EXPENDITURES					
Current:					
General government	-	-	34,621	(34,621)	163,355
Public safety	-	-	2,173,421	(2,173,421)	2,123,519
Streets	-	-	157,825	(157,825)	-
Culture and recreation	-	-	303,906	(303,906)	335,221
Community development	-	-	-	-	788,626
Community service	-	-	3,776,516	(3,776,516)	4,299,772
Total expenditures	-	-	6,446,289	(6,446,289)	7,710,493
Net change in fund balance	-	-	(980,273)	(980,273)	2,852,635
Fund balance, beginning of year	(606,317)	(606,317)	(606,317)	-	-
Fund balance, end of year	\$ (606,317)	\$ (606,317)	\$ (1,586,590)	\$ (980,273)	\$ 2,852,635

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – Economic Development Agency Special Revenue Fund
For the year ended June 30, 2006

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Investment income	\$ 1,565,749	\$1,565,749	\$ 1,208,514	\$ (357,235)	\$ 749,263
Intergovernmental	10,938,114	10,938,114	9,143,816	(1,794,298)	6,102,486
Other	20,000	20,000	567,822	547,822	1,887,070
Total revenues	12,523,863	12,523,863	10,920,152	(1,603,711)	8,738,819
EXPENDITURES					
Current:					
Community development					
Personnel salaries and benefits	519,000	519,000	598,122	(79,122)	409,733
Other	11,169,114	11,169,114	7,847,479	3,321,635	5,785,503
Economic development					
Personnel salaries and benefits	646,538	646,538	475,086	171,452	518,641
Other	17,573,371	17,573,371	4,350,486	13,222,885	4,749,325
Debt service – other:					
Principal	250,000	250,000	-	250,000	602,969
Interest and fiscal charges	180,000	180,000	-	180,000	6,287
Total expenditures	30,338,023	30,338,023	13,271,173	17,066,850	12,072,458
Excess of (deficiency) of revenues over (under) expenditures	<u>(17,814,160)</u>	<u>(17,814,160)</u>	<u>(2,351,021)</u>	<u>15,463,139</u>	<u>(3,333,639)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	5,240,618	5,240,618	4,513,118
Transfers out	-	-	(1,960,851)	(1,960,851)	(485,908)
Total other financing sources (uses)	-	-	3,279,767	3,279,767	4,027,210
Net change in fund balance	(17,814,160)	(17,814,160)	928,746	18,742,906	693,571
Fund balance, beginning of year	28,042,091	28,042,091	28,042,091	-	27,348,520
Fund balance, end of year	<u>\$10,227,931</u>	<u>\$10,227,931</u>	<u>\$28,970,837</u>	<u>\$ 18,742,906</u>	<u>\$28,042,091</u>

City of San Bernardino
Notes to Required Supplementary Information
For the year ended June 30, 2006

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 \$2,231,000.

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.

City of San Bernardino
Notes to Required Supplementary Information
For the year ended June 30, 2006

Note 1: Budgetary control and accounting (continued)

Expenditures in excess of appropriations

The Major funds reported an excess of expenditures over appropriations as follows at June 30, 2006:

	Final budget	Actual	Variance
<i>General Fund:</i>			
Mayor – personnel salaries and benefits	\$ 742,100	\$ 743,215	\$ (1,115)
City attorney – other	905,500	950,776	(45,276)
Personnel – other	77,100	98,793	(21,693)
Finance – other	261,200	325,922	(64,722)
Police – personnel salaries and benefits	46,459,800	47,460,194	(1,000,394)
Fire – personnel salaries and benefits	27,101,800	27,441,129	(339,329)
<i>Special revenue funds</i>			
Federal and state programs	-	6,446,289	(6,446,289)
Economic Development Agency - personnel salaries and benefits	519,000	598,122	(79,122)
<i>Fund Deficit</i>			<i>Deficit amount</i>
Special revenue fund:			
Federal and state programs			\$ 1,586,590

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, 2006

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status	Annual Covered Payroll	UAAL as a % of payroll
6/30/2003						
Miscellaneous	\$ 238,185	\$ 244,955	\$ (6,770)	102.8%	\$ 42,029	(16.1)%
Safety	339,911	267,105	72,806	78.6%	34,415	211.6%
	<u>\$ 578,096</u>	<u>\$ 512,060</u>	<u>\$ 66,036</u>	112.9%	<u>\$ 76,444</u>	86.4%
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>	101.68%

**City of San Bernardino
Combining Balance Sheet
Nonmajor Governmental Funds
Year Ended June 30, 2006**

	Special Revenue	Debt Service	Capital Projects	Totals	
				2006	2005
ASSETS					
Cash and investments	\$ 9,527,312	\$ 1,750,548	\$17,876,449	\$29,154,309	\$25,100,797
Cash and investments with fiscal agent	-	85,798	81,930	167,728	274,086
Receivables, net:					
Accounts	54,185	-	-	54,185	64,122
Interest	97,294	8,723	190,490	296,507	238,046
Special assessments	-	1,446,933	-	1,446,933	2,374,234
Due from other governments	2,072,999	4,727	304,450	2,382,176	2,135,991
Advances to other funds	137,600	-	137,600	275,200	290,000
Other assets	-	-	214,671	214,671	214,671
Total assets	\$11,889,390	\$ 3,296,729	\$18,805,590	\$33,991,709	\$ 30,691,947
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 428,006	\$ 6,725	\$ 1,362,614	\$ 1,797,345	\$ 978,863
Due to other funds	198,373	-	3,241,548	3,439,921	2,598,224
Retentions payable	160,614	-	75,956	236,570	365,112
Deferred revenues	-	1,446,933	248,904	1,695,837	2,399,189
Advances from other funds	-	2,060,200	-	2,060,200	2,075,000
Total liabilities	786,993	3,513,858	4,929,022	9,229,873	8,416,388
Fund balances (deficit)					
Reserved for:					
Encumbrances	99,600	-	70,200	169,800	4,136,800
Debt service	-	1,011,124	-	1,011,124	484,543
Advances to other funds	137,600	-	137,600	275,200	290,000
Long-term receivables	-	-	-	-	327,011
Sewer capacity rights	-	-	214,671	214,671	214,671
Petty cash	1,225	-	-	1,225	1,925
Unreserved:					
Designated for continuing appropriations	6,300	-	-	6,300	131,200
Undesignated	10,857,672	(1,228,253)	13,454,097	23,083,516	16,689,409
Total fund balances (deficit)	11,102,397	(217,129)	13,876,568	24,761,836	22,275,559
Total liabilities and fund balances	\$11,889,390	\$ 3,296,729	\$18,805,590	\$33,991,709	\$30,691,947

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, 2006

	Special	Debt	Capital	Totals	
	Revenue	Service	Projects	2006	2005
REVENUES					
Taxes	\$ -	\$ 1,515,983	\$ 1,004,804	\$ 2,520,787	\$ 1,388,335
Licenses and permits	335,647	-	549,394	885,041	837,265
Impact fees	-	-	843,458	843,458	-
Fines and forfeitures	1,299,333	-	-	1,299,333	723,191
Investment income	290,296	33,052	398,082	721,430	705,227
Intergovernmental revenues	8,220,279	-	736,179	8,956,458	10,265,183
Charges for services	4,866,588	-	4,601,932	9,468,520	7,335,893
Other revenues	237,233	-	30,663	267,896	6,094,843
Total revenues	15,249,376	1,549,035	8,164,512	24,962,923	27,349,937
EXPENDITURES					
Current:					
General government	1,077,249	19,016	-	1,096,265	464,013
Public safety	140,904	-	155,168	296,072	3,057,416
Streets	8,006,650	-	7,042,834	15,049,484	11,229,609
Culture and recreation	714,680	-	597,488	1,312,168	1,545,980
Community service	4,708,513	-	-	4,708,513	4,314,114
Debt service:					
Principal	106,900	70,000	-	176,900	65,000
Interest	-	85,993	-	85,993	278,040
Total expenditures	14,754,896	175,009	7,795,490	22,725,395	20,954,172
Excess (deficiency) of revenues over expenditures	494,480	1,374,026	369,022	2,237,528	6,395,765
OTHER FINANCING SOURCES (USES)					
Issuance of debt	427,600	-	1,339,783	1,767,383	1,524,334
Transfers in	3,700,116	-	-	3,700,116	3,136,886
Transfers out	(4,619,930)	-	(598,820)	(5,218,750)	(4,858,482)
Total other financing sources (uses)	(492,214)	-	740,963	248,749	(197,262)
Net change in fund balances	2,266	1,374,026	1,109,985	2,486,277	6,198,503
Fund balances (deficit), beginning of year	11,100,131	(1,591,155)	12,766,583	22,275,559	16,077,056
Fund balances (deficit), end of year	\$11,102,397	\$ (217,129)	\$13,876,568	\$24,761,836	\$22,275,559

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.

**City of San Bernardino
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006**

	<u>Library</u>	<u>Cemetery</u>	<u>Cable TV</u>
ASSETS			
Cash and investments	\$ 16,099	\$ 9,017	\$ -
Receivables, net:			
Accounts	176	140	15,745
Interest	-	6,226	-
Due from other governments	-	-	20,879
Advances to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 16,275</u>	<u>\$ 15,383</u>	<u>\$ 36,624</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 6,175	\$ 1,789	\$ 2,711
Due to other funds	-	-	19,505
Retentions payable	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>6,175</u>	<u>1,789</u>	<u>22,216</u>
Fund balances:			
Reserved for:			
Encumbrances	-	800	12,400
Advances to other funds	-	-	-
Petty cash	275	25	-
Unreserved:			
Designated for continuing appropriations	-	-	-
Undesignated	9,825	12,769	2,008
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>10,100</u>	<u>13,594</u>	<u>14,408</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 16,275</u>	<u>\$ 15,383</u>	<u>\$ 36,624</u>

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

Estimated Costs to the State
 for Various Programs
 2005, 2006, and
 2007

Asset Seizure	Alternative Transportation	Animal Control	Traffic Congestion	Special Gas Tax
\$ 238,001	\$ 23,281	\$ 925	\$ 131,455	\$ 893,194
-	-	4,147	-	-
2,265	222	-	1,251	8,501
-	62,482	62,869	252,707	331,819
-	-	-	-	-
<u>\$ 240,266</u>	<u>\$ 85,985</u>	<u>\$ 67,941</u>	<u>\$ 385,413</u>	<u>\$ 1,233,514</u>
\$ 4,375	\$ 1,338	\$ 30,899	\$ 1,773	\$ 86,702
11,391	-	22,195	-	-
-	-	-	-	88
<u>15,766</u>	<u>1,338</u>	<u>53,094</u>	<u>1,773</u>	<u>86,790</u>
4,000	-	-	-	-
-	-	-	-	-
-	-	925	-	-
4,000	-	-	-	-
<u>216,500</u>	<u>84,647</u>	<u>13,922</u>	<u>383,640</u>	<u>1,146,724</u>
<u>224,500</u>	<u>84,647</u>	<u>14,847</u>	<u>383,640</u>	<u>1,146,724</u>
<u>\$ 240,266</u>	<u>\$ 85,985</u>	<u>\$ 67,941</u>	<u>\$ 385,413</u>	<u>\$ 1,233,514</u>

**City of San Bernardino
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006
(continued)**

	Traffic Safety	Sewerline Maintenance	Sales and Road
ASSETS			
Cash and investments	\$ -	\$ 4,121,892	\$ 3,545,664
Receivables, net:			
Accounts	-	45	100
Interest	-	39,229	34,394
Due from other governments	136,364	677,495	528,384
Advances to other funds	-	137,600	-
	<u>136,364</u>	<u>137,600</u>	<u>-</u>
Total assets	<u>\$ 136,364</u>	<u>\$ 4,976,261</u>	<u>\$ 4,108,542</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 167,112	\$ 103,323
Due to other funds	136,364	-	-
Retentions payable	-	52,815	107,711
	<u>136,364</u>	<u>219,927</u>	<u>211,034</u>
Total liabilities	<u>136,364</u>	<u>219,927</u>	<u>211,034</u>
Fund balances:			
Reserved for:			
Encumbrances	-	80,100	-
Advances to other funds	-	137,600	-
Petty cash	-	-	-
Unreserved:			
Designated for continuing appropriations	-	-	-
Undesignated	-	4,538,634	3,897,508
	<u>-</u>	<u>4,538,634</u>	<u>3,897,508</u>
Total fund balances	<u>-</u>	<u>4,756,334</u>	<u>3,897,508</u>
Total liabilities and fund balances	<u>\$ 136,364</u>	<u>\$ 4,976,261</u>	<u>\$ 4,108,542</u>

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

Baseball Stadium	Soccer Field	IVDA	Totals	
			2006	2005
\$ -	\$ 187,348	\$ 360,436	\$ 9,527,312	\$ 9,801,303
33,632	200	-	54,185	64,122
-	1,776	3,430	97,294	122,180
-	-	-	2,072,999	1,720,367
-	-	-	137,600	145,000
<u>\$ 33,632</u>	<u>\$ 189,324</u>	<u>\$ 363,866</u>	<u>\$ 11,889,390</u>	<u>\$ 11,852,972</u>
\$ 16,162	\$ 5,647	\$ -	\$ 428,006	\$ 494,763
8,918	-	-	198,373	258,078
-	-	-	160,614	-
<u>25,080</u>	<u>5,647</u>	<u>-</u>	<u>786,993</u>	<u>752,841</u>
-	2,300	-	99,600	3,322,100
-	-	-	137,600	145,000
-	-	-	1,225	1,925
-	2,300	-	6,300	131,200
<u>8,552</u>	<u>179,077</u>	<u>363,866</u>	<u>10,857,672</u>	<u>7,499,906</u>
<u>8,552</u>	<u>183,677</u>	<u>363,866</u>	<u>11,102,397</u>	<u>11,100,131</u>
<u>\$ 33,632</u>	<u>\$ 189,324</u>	<u>\$ 363,866</u>	<u>\$ 11,889,390</u>	<u>\$ 11,852,972</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, 2006

	Library	Cemetery	Cable TV
REVENUES			
Licenses and permits	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-
Investment income	-	19,938	-
Intergovernmental revenues	78,463	-	-
Charges for services	77,452	145,449	63,430
Other revenues	-	-	200
	<hr/>	<hr/>	<hr/>
Total revenues	155,915	165,387	63,630
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General government	-	-	989,422
Public safety	-	-	-
Streets	-	-	-
Culture and recreation	-	-	-
Community service	2,693,631	153,681	-
Debt service:			
Principal	-	-	106,900
	<hr/>	<hr/>	<hr/>
Total expenditures	2,693,631	153,681	1,096,322
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(2,537,716)	11,706	(1,032,692)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,547,816	-	537,100
Transfers out	-	-	-
Issuance of debt	-	-	427,600
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	2,547,816	-	964,700
	<hr/>	<hr/>	<hr/>
Net change in fund balances	10,100	11,706	(67,992)
	<hr/>	<hr/>	<hr/>
Fund balances (deficit), beginning of year	-	1,888	82,400
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 10,100	\$ 13,594	\$ 14,408
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

City of San Bernardino
 Computed Statement of Revenues, Expenditures, and Changes in Fund Balances
 Major Fund - Special Revenue Funds
 For the year ended June 30, 2022
 (Continued)

Asset Seizure	Alternative Transportation	Animal Control	Traffic Congestion	Special Gas Tax
\$ -	\$ -	\$ 335,647	\$ -	\$ -
-	-	60,903	-	-
7,796	1,390	-	2,996	39,030
145,403	246,983	-	893,324	3,636,161
-	-	902,605	-	-
-	5,000	25,126	-	-
<u>153,199</u>	<u>253,373</u>	<u>1,324,281</u>	<u>896,320</u>	<u>3,675,191</u>
-	87,827	-	-	-
140,904	-	-	-	-
-	-	-	514,581	866,802
-	-	-	-	-
-	-	1,643,034	-	-
-	-	-	-	-
<u>140,904</u>	<u>87,827</u>	<u>1,643,034</u>	<u>514,581</u>	<u>866,802</u>
<u>12,295</u>	<u>165,546</u>	<u>(318,753)</u>	<u>381,739</u>	<u>2,808,389</u>
-	-	333,600	-	-
-	(181,500)	-	-	(2,810,000)
-	-	-	-	-
-	(181,500)	333,600	-	(2,810,000)
12,295	(15,954)	14,847	381,739	(1,611)
<u>212,205</u>	<u>100,601</u>	<u>-</u>	<u>1,901</u>	<u>1,148,335</u>
<u>\$ 224,500</u>	<u>\$ 84,647</u>	<u>\$ 14,847</u>	<u>\$ 383,640</u>	<u>\$ 1,146,724</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, 2006
(Continued)

	Traffic Safety	Sewerline Maintenance	Sales and Road
REVENUES			
Licenses and permits	\$ -	\$ -	\$ -
Fines and forfeitures	1,238,430	-	-
Investment income	-	140,582	63,392
Intergovernmental revenues	-	-	3,219,945
Charges for services	-	3,024,066	-
Other revenues	-	207	200,000
Total revenues	1,238,430	3,164,855	3,483,337
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets	-	2,385,152	4,240,115
Culture and recreation	-	-	-
Community service	-	-	218,167
Debt service:			
Principal	-	-	-
Total expenditures	-	2,385,152	4,458,282
Excess (deficiency) of revenues over expenditures	1,238,430	779,703	(974,945)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(1,238,430)	(175,000)	(215,000)
Issuance of debt	-	-	-
Total other financing sources (uses)	(1,238,430)	(175,000)	(215,000)
Net change in fund balances	-	604,703	(1,189,945)
Fund balances (deficit), beginning of year	-	4,151,631	5,087,453
Fund balances, end of year	\$ -	\$ 4,756,334	\$ 3,897,508

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

Baseball Stadium	Soccer Field	IVDA	Totals	
			2006	2005
\$ -	\$ -	\$ -	\$ 335,647	\$ 375,573
-	-	-	1,299,333	723,191
-	4,123	11,049	290,296	319,849
-	-	-	8,220,279	6,702,855
143,862	509,724	-	4,866,588	4,374,911
500	6,200	-	237,233	561,811
<u>144,362</u>	<u>520,047</u>	<u>11,049</u>	<u>15,249,376</u>	<u>13,058,190</u>
-	-	-	1,077,249	444,532
-	-	-	140,904	785,284
-	-	-	8,006,650	4,690,380
352,510	362,170	-	714,680	739,940
-	-	-	4,708,513	4,314,114
-	-	-	106,900	-
<u>352,510</u>	<u>362,170</u>	<u>-</u>	<u>14,754,896</u>	<u>10,974,250</u>
<u>(208,148)</u>	<u>157,877</u>	<u>11,049</u>	<u>494,480</u>	<u>2,083,940</u>
216,700	64,900	-	3,700,116	2,936,886
-	-	-	(4,619,930)	(4,031,459)
-	-	-	427,600	-
<u>216,700</u>	<u>64,900</u>	<u>-</u>	<u>(492,214)</u>	<u>(1,094,573)</u>
8,552	222,777	11,049	2,266	989,367
-	(39,100)	352,817	11,100,131	10,110,764
<u>\$ 8,552</u>	<u>\$ 183,677</u>	<u>\$ 363,866</u>	<u>\$ 11,102,397</u>	<u>\$ 11,100,131</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Library Fund
For the year ended June 30, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Intergovernmental revenues	\$ 70,000	\$ 78,463	\$ 8,463	\$ 78,971
Charges for services	84,600	77,452	(7,148)	84,952
Total revenues	154,600	155,915	1,315	163,923
EXPENDITURES				
Current:				
Community service:				
Personnel salaries and benefits	2,049,700	1,968,687	81,013	1,803,385
Other	719,300	724,944	(5,644)	586,670
Total expenditures	2,769,000	2,693,631	75,369	2,390,055
Excess (deficiency) of revenues over (under) expenditures	(2,614,400)	(2,537,716)	76,684	(2,226,132)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,603,800	2,547,816	(55,984)	2,224,957
Total other financing sources (uses)	2,603,800	2,547,816	(55,984)	2,224,957
Net change in fund balance	(10,600)	10,100	20,700	(1,175)
Fund balance, beginning of year	-	-	-	1,175
Fund balance, end of year	\$ (10,600)	\$ 10,100	\$ 20,700	\$ -

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Cemetery Fund
For the year ended June 30, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 15,000	\$ 19,938	\$ 4,938	\$ 15,748
Charges for services	156,500	145,449	(11,051)	152,659
Total revenues	171,500	165,387	(6,113)	168,407
EXPENDITURES				
Current:				
Community service:				
Personnel salaries and benefits	87,000	80,342	6,658	86,416
Other	84,400	73,339	11,061	80,128
Total expenditures	171,400	153,681	17,719	166,544
Net change in fund balance	100	11,706	11,606	1,863
Fund balance, beginning of year	1,888	1,888	-	25
Fund balance, end of year	\$ 1,988	\$ 13,594	\$ 11,606	\$ 1,888

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Charges for service	\$ 80,000	\$ 63,430	\$ (16,570)	\$ 92,177
Other revenues	-	200	200	-
Total revenues	<u>80,000</u>	<u>63,630</u>	<u>16,370</u>	<u>92,177</u>
EXPENDITURES				
Current:				
General government:				
Personnel salaries and benefits	301,000	291,486	9,514	280,377
Other	287,700	697,936	(410,236)	72,976
Debt service:				
Principal	106,900	106,900	-	-
Total expenditures	<u>695,600</u>	<u>1,096,322</u>	<u>(400,722)</u>	<u>353,353</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(615,600)</u>	<u>(1,032,692)</u>	<u>(417,092)</u>	<u>(261,176)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	427,600	427,600	-
Transfers in	533,200	537,100	3,900	332,276
Total other financing sources (uses)	<u>533,200</u>	<u>964,700</u>	<u>431,500</u>	<u>332,276</u>
Net change in fund balance	(82,400)	(67,992)	14,408	71,100
Fund balance, beginning of year	82,400	82,400	-	11,300
Fund balance, end of year	<u>\$ -</u>	<u>\$ 14,408</u>	<u>\$ 14,408</u>	<u>\$ 82,400</u>

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 30,000	\$ 7,796	\$ (22,204)	\$ 11,873
Intergovernmental revenues	130,000	145,403	15,403	190,808
Total revenues	160,000	153,199	(6,801)	202,681
EXPENDITURES				
Current:				
Public safety:				
Personnel salaries and benefits	-	-	-	227,600
Other	203,000	140,904	62,096	557,684
Total expenditures	203,000	140,904	62,096	785,284
Net change in fund balance	(43,000)	12,295	55,295	(582,603)
Fund balance, beginning of year	212,205	212,205	-	794,808
Fund balance, end of year	<u>\$ 169,205</u>	<u>\$ 224,500</u>	<u>\$ 55,295</u>	<u>\$ 212,205</u>

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 3,100	\$ 1,390	\$ (1,710)	\$ 1,616
Intergovernmental revenues	235,000	246,983	11,983	235,451
Other revenues	5,000	5,000	-	5,000
Total revenues	243,100	253,373	10,273	242,067
EXPENDITURES				
Current:				
General government:				
Personnel salaries and benefits	69,100	54,691	14,409	60,588
Other	47,300	33,136	14,164	30,591
Total expenditures	116,400	87,827	28,573	91,179
Excess (deficiency) of revenues over expenditures	126,700	165,546	38,846	150,888
OTHER FINANCING SOURCES (USES)				
Transfers out	(181,500)	(181,500)	-	(181,500)
Total other financing sources (uses)	(181,500)	(181,500)	-	(181,500)
Net change in fund balance	(54,800)	(15,954)	38,846	(30,612)
Fund balance, beginning of year	100,601	100,601	-	131,213
Fund balance, end of year	\$ 45,801	\$ 84,647	\$ 38,846	\$ 100,601

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Licenses and permits	\$ 379,500	\$ 335,647	\$ (43,853)	\$ 375,573
Fines and forfeitures	80,000	60,903	(19,097)	73,232
Charges for services	846,800	902,605	55,805	870,157
Other revenues	23,000	25,126	2,126	11,186
Total revenues	<u>1,329,300</u>	<u>1,324,281</u>	<u>(5,019)</u>	<u>1,330,148</u>
EXPENDITURES				
Current:				
Community services:				
Personnel salaries and benefits	1,073,100	1,127,830	(54,730)	1,118,708
Other	668,700	515,204	153,496	424,900
Total expenditures	<u>1,741,800</u>	<u>1,643,034</u>	<u>98,766</u>	<u>1,543,608</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(412,500)</u>	<u>(318,753)</u>	<u>93,747</u>	<u>(213,460)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	380,400	333,600	(46,800)	212,410
Total other financing sources (uses)	<u>380,400</u>	<u>333,600</u>	<u>(46,800)</u>	<u>212,410</u>
Net change in fund balance	(32,100)	14,847	46,947	(1,050)
Fund balance, beginning of year	-	-	-	1,050
Fund balance, end of year	<u>\$ (32,100)</u>	<u>\$ 14,847</u>	<u>\$ 46,947</u>	<u>\$ -</u>

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 6,500	\$ 2,996	\$ (3,504)	\$ 2,695
Intergovernmental revenues	835,900	893,324	57,423	-
Total revenues	842,400	896,320	53,919	2,695
EXPENDITURES				
Current:				
Streets - other	948,400	514,581	433,820	243,073
Total expenditures	948,400	514,581	433,820	243,073
Net change in fund balance	(106,000)	381,739	487,739	(240,378)
Fund balance, beginning of year	1,901	1,901	-	242,279
Fund balance, end of year	\$ (104,099)	\$ 383,640	\$ 487,739	\$ 1,901

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 25,000	\$ 39,030	\$ 14,030	\$ 33,521
Intergovernmental revenues	3,931,500	3,636,161	(295,339)	3,700,015
Other revenues	493,000	-	(493,000)	11,913
Total revenues	<u>4,449,500</u>	<u>3,675,191</u>	<u>(774,309)</u>	<u>3,745,449</u>
EXPENDITURES				
Current:				
Streets - other	3,053,400	866,802	2,186,598	840,992
Total expenditures	<u>3,053,400</u>	<u>866,802</u>	<u>2,186,598</u>	<u>840,992</u>
Excess (deficiency) of revenues over (under) expenditures	1,396,100	2,808,389	1,412,289	2,904,457
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,810,000)	(2,810,000)	-	(2,810,000)
Total other financing sources (uses)	<u>(2,810,000)</u>	<u>(2,810,000)</u>	<u>-</u>	<u>(2,810,000)</u>
Net change in fund balance	(1,413,900)	(1,611)	1,412,289	94,457
Fund balance, beginning of year	1,148,335	1,148,335	-	1,053,878
Fund balance, end of year	<u>\$ (265,565)</u>	<u>\$1,146,724</u>	<u>\$ 1,412,289</u>	<u>\$ 1,148,335</u>

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Fines and forfeitures	\$ 1,116,400	\$ 1,238,430	\$ 122,030	\$ 649,959
Total revenues	1,116,400	1,238,430	122,030	649,959
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,116,400	1,238,430	122,030	649,959
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,238,430)	(1,238,430)	-	(649,959)
Total other financing sources (uses)	(1,238,430)	(1,238,430)	-	(649,959)
Net change in fund balance	(122,030)	-	122,030	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ (122,030)	\$ -	\$ 122,030	\$ -

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 150,000	\$ 140,582	\$ (9,418)	\$ -
Intergovernmental revenues	23,700	-	(23,700)	-
Charges for services	2,850,000	3,024,066	174,066	-
Other revenues	-	207	207	-
Total revenues	3,023,700	3,164,855	141,155	-
EXPENDITURES				
Current:				
Streets - other	3,725,300	2,385,152	1,340,148	-
Total expenditures	3,725,300	2,385,152	1,340,148	-
Excess (deficiency) of revenues over (under) expenditures	(701,600)	779,703	1,481,303	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(175,000)	(175,000)	-	-
Total other financing sources (uses)	(175,000)	(175,000)	-	-
Net change in fund balance	(876,600)	604,703	1,481,303	-
Fund balance, beginning of year	4,151,631	4,151,631	-	-
Fund balance, end of year	<u>\$ 3,275,031</u>	<u>\$ 4,756,334</u>	<u>\$ 1,481,303</u>	<u>\$ -</u>

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 105,000	\$ 63,392	\$ (41,609)	\$ 108,227
Intergovernmental revenues	2,982,500	3,219,945	237,446	2,658,928
Other revenues	300,000	200,000	(100,000)	111,549
Total revenues	3,387,500	3,483,337	95,837	2,878,704
EXPENDITURES				
Current:				
Streets - other	8,155,900	4,458,282	3,697,618	2,297,786
Total expenditures	8,155,900	4,458,282	3,697,618	2,297,786
Excess (deficiency) of revenues over (under) expenditures	(4,768,400)	(974,945)	3,793,455	580,918
OTHER FINANCING SOURCES (USES)				
Transfers out	(215,000)	(215,000)	-	(215,000)
Total other financing sources (uses)	(215,000)	(215,000)	-	(215,000)
Net change in fund balance	(4,983,400)	(1,189,945)	3,793,455	365,918
Fund balance, beginning of year	5,087,453	5,087,453	-	4,721,535
Fund balance, end of year	<u>\$ 104,053</u>	<u>\$ 3,897,508</u>	<u>\$ 3,793,455</u>	<u>\$ 5,087,453</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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Other revenues	\$ 165,000	\$ 144,362	\$ (20,638)	\$ 168,668
Total revenues	165,000	144,362	(20,638)	168,668
EXPENDITURES				
Current:				
Culture and recreation:				
Personnel salaries and benefits	153,600	185,971	(32,371)	168,605
Other	220,800	166,539	54,261	174,606
Total expenditures	374,400	352,510	21,890	343,211
Excess (deficiency) of revenues over (under) expenditures	(209,400)	(208,148)	1,252	(174,543)
OTHER FINANCING SOURCES (USES)				
Transfers in	209,400	216,700	7,300	167,243
Total other financing sources (uses)	209,400	216,700	7,300	167,243
Net change in fund balance	-	8,552	8,552	(7,300)
Fund balance, beginning of year	-	-	-	7,300
Fund balance, end of year	\$ -	\$ 8,552	\$ 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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ 4,123	\$ 4,123	\$ 51,978
Charges for services	468,500	509,724	41,224	302,779
Other revenues	-	6,200	6,200	-
Total revenues	<u>468,500</u>	<u>520,047</u>	<u>51,547</u>	<u>354,757</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personnel salaries and benefits	88,000	69,173	18,827	72,827
Other	435,000	292,997	142,003	323,902
Total expenditures	<u>523,000</u>	<u>362,170</u>	<u>160,830</u>	<u>396,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54,500)</u>	<u>157,877</u>	<u>212,377</u>	<u>(41,972)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	69,800	64,900	(4,900)	-
Total other financing sources (uses)	<u>69,800</u>	<u>64,900</u>	<u>(4,900)</u>	<u>-</u>
Net change in fund balance	15,300	222,777	207,477	(41,972)
Fund balance, beginning of year	(39,100)	(39,100)	-	2,872
Fund balance, end of year	<u>\$ (23,800)</u>	<u>\$ 183,677</u>	<u>\$ 207,477</u>	<u>\$ (39,100)</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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ 11,049	\$ 11,049	\$ 8,595
Charges for services	-	-	-	134,275
Total revenues	-	11,049	11,049	142,870
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	-	11,049	11,049	142,870
Fund balance, beginning of year	352,817	352,817	-	209,947
Fund balance, end of year	<u>\$ 352,817</u>	<u>\$ 363,866</u>	<u>\$ 11,049</u>	<u>\$ 352,817</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.

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, 2006**

	Assessment District #971	Assessment District #985	Assessment District #987
ASSETS			
Cash and investments	\$ 4,587	\$ 130,205	\$ 54,291
Cash and investments with fiscal agent	-	28,227	57,571
Receivables, net:			
Interest	-	1,239	516
Special assessments	-	83,002	135,679
Due from other governments	-	2,326	1,942
	<u>4,587</u>	<u>244,999</u>	<u>249,999</u>
Total assets	<u>\$ 4,587</u>	<u>\$ 244,999</u>	<u>\$ 249,999</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 6,725
Deferred revenues	-	83,002	135,679
Advances from other funds	-	-	-
	<u>-</u>	<u>83,002</u>	<u>142,404</u>
Total liabilities	<u>-</u>	<u>83,002</u>	<u>142,404</u>
Fund balances (deficit):			
Reserved for debt service	4,587	161,997	107,595
Unreserved, undesignated	-	-	-
	<u>4,587</u>	<u>161,997</u>	<u>107,595</u>
Total fund balances	<u>4,587</u>	<u>161,997</u>	<u>107,595</u>
Total liabilities and fund balances	<u>\$ 4,587</u>	<u>\$ 244,999</u>	<u>\$ 249,999</u>

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

Vermont Department of Transportation
 Statewide Transportation Planning
 Vermont Department of Transportation
 Statewide Transportation Planning
 Vermont Department of Transportation
 Statewide Transportation Planning

Assessment District #1015	Vermont Improvement Loan	Fire Station	Totals	
			2006	2005
\$ 25,512	\$ 805,955	\$ 729,998	\$ 1,750,548	\$ 377,433
-	-	-	85,798	103,418
1	20	6,947	8,723	2,517
478,227	750,025	-	1,446,933	2,374,234
459	-	-	4,727	2,686
<u>\$ 504,199</u>	<u>\$ 1,556,000</u>	<u>\$ 736,945</u>	<u>\$ 3,296,729</u>	<u>\$ 2,860,288</u>
\$ -	\$ -	\$ -	\$ 6,725	\$ 2,209
478,227	750,025	-	1,446,933	2,374,234
504,200	1,556,000	-	2,060,200	2,075,000
<u>982,427</u>	<u>2,306,025</u>	<u>-</u>	<u>3,513,858</u>	<u>4,451,443</u>
-	-	736,945	1,011,124	484,543
(478,228)	(750,025)	-	(1,228,253)	(2,075,698)
(478,228)	(750,025)	736,945	(217,129)	(1,591,155)
<u>\$ 504,199</u>	<u>\$ 1,556,000</u>	<u>\$ 736,945</u>	<u>\$ 3,296,729</u>	<u>\$ 2,860,288</u>

City of San Bernardino
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Debt Service Funds
For the year ended June 30, 2006

	Assessment District #971	Assessment District #985	Assessment District #987	Assessment District #1015
REVENUES				
Taxes	\$ -	\$ 61,649	\$ 59,781	\$ 62,404
Investment income	-	4,656	3,044	484
Total revenues	-	66,305	62,825	62,888
EXPENDITURES				
Current:				
General government	-	6,937	5,854	6,225
Debt service:				
Principal	-	40,000	30,000	-
Interest	-	20,268	20,423	17,400
Total expenditures	-	67,205	56,277	23,625
Net change in fund balances	-	(900)	6,548	39,263
Fund balance (deficit), beginning of year	4,587	162,897	101,047	(517,491)
Fund balance (deficit), end of year	<u>\$ 4,587</u>	<u>\$ 161,997</u>	<u>\$ 107,595</u>	<u>\$ (478,228)</u>

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

Verdemont Improvement Loan	Fire Station	Totals	
		2006	2005
\$ 801,149	\$ 531,000	\$ 1,515,983	\$ 701,692
7,033	17,835	33,052	13,623
<u>808,182</u>	<u>548,835</u>	<u>1,549,035</u>	<u>715,315</u>
-	-	19,016	19,481
-	-	70,000	65,000
<u>-</u>	<u>27,902</u>	<u>85,993</u>	<u>278,040</u>
<u>-</u>	<u>27,902</u>	<u>175,009</u>	<u>362,521</u>
808,182	520,933	1,374,026	352,794
<u>(1,558,207)</u>	<u>216,012</u>	<u>(1,591,155)</u>	<u>(1,943,949)</u>
<u>\$ (750,025)</u>	<u>\$ 736,945</u>	<u>\$ (217,129)</u>	<u>\$ (1,591,155)</u>

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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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General government:				
Other	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	4,587	4,587	-	-
Fund balance, end of year	<u>\$ 4,587</u>	<u>\$ 4,587</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 62,000	\$ 61,649	\$ (351)	\$ 72,419
Investment income	2,000	4,656	2,656	3,045
Total revenues	64,000	66,305	2,305	75,464
EXPENDITURES				
Current:				
General government:				
Other	6,500	6,937	(437)	7,871
Debt Service:				
Principal	40,000	40,000	-	35,000
Interest	20,300	20,268	32	23,091
Total expenditures	66,800	67,205	(405)	65,962
Net change in fund balance	(2,800)	(900)	1,900	9,502
Fund balance, beginning of year	162,897	162,897	-	153,395
Fund balance, end of year	\$ 160,097	\$ 161,997	\$ 1,900	\$ 162,897

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, 2006

	<u>Final budget</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>	<u>Prior year actual</u>
REVENUES				
Taxes	\$ 56,000	\$ 59,781	\$ 3,781	\$ 61,679
Investment income	1,100	3,044	1,944	1,455
Total revenues	<u>57,100</u>	<u>62,825</u>	<u>5,725</u>	<u>63,134</u>
EXPENDITURES				
Current:				
General government:				
Other	7,000	5,854	1,146	5,626
Debt service:				
Principal	30,000	30,000	-	30,000
Interest	22,700	20,423	2,277	22,687
Total expenditures	<u>59,700</u>	<u>56,277</u>	<u>3,423</u>	<u>58,313</u>
Net change in fund balance	(2,600)	6,548	9,148	4,821
Fund balance, beginning of year	<u>101,047</u>	<u>101,047</u>	<u>-</u>	<u>96,226</u>
Fund balance, end of year	<u>\$ 98,447</u>	<u>\$ 107,595</u>	<u>\$ 9,148</u>	<u>\$ 101,047</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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 63,000	\$ 62,404	\$ (596)	\$ 65,178
Investment income	200	484	284	408
Total revenues	<u>63,200</u>	<u>62,888</u>	<u>(312)</u>	<u>65,586</u>
EXPENDITURES				
Current:				
General government:				
Other	5,800	6,225	(425)	5,984
Debt service:				
Principal	-	-	-	-
Interest	31,400	17,400	14,000	32,808
Total expenditures	<u>37,200</u>	<u>23,625</u>	<u>13,575</u>	<u>38,792</u>
Net change in fund balance	26,000	39,263	13,263	26,794
Fund balance, beginning of year	<u>(517,491)</u>	<u>(517,491)</u>	<u>-</u>	<u>(544,285)</u>
Fund balance, end of year	<u>\$ (491,491)</u>	<u>\$ (478,228)</u>	<u>\$ 13,263</u>	<u>\$ (517,491)</u>

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 141,000	\$ 801,149	\$ 660,149	\$ 358,316
Investment income	500	7,033	6,533	4,888
Total revenues	<u>141,500</u>	<u>808,182</u>	<u>666,682</u>	<u>363,204</u>
EXPENDITURES				
Debt service:				
Principal	60,000	-	60,000	-
Interest	80,500	-	80,500	199,454
Total expenditures	<u>140,500</u>	<u>-</u>	<u>140,500</u>	<u>199,454</u>
Net change in fund balance	1,000	808,182	807,182	163,750
Fund balance, beginning of year	<u>(1,558,207)</u>	<u>(1,558,207)</u>	<u>-</u>	<u>(1,721,957)</u>
Fund balance, end of year	<u>\$ (1,557,207)</u>	<u>\$ (750,025)</u>	<u>\$ 807,182</u>	<u>\$(1,558,207)</u>

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 85,000	\$ 531,000	\$ 446,000	\$ 144,100
Investment income	3,000	17,835	14,835	3,827
Total revenues	<u>88,000</u>	<u>548,835</u>	<u>460,835</u>	<u>147,927</u>
EXPENDITURES				
Debt service:				
Interest	<u>37,500</u>	<u>27,902</u>	<u>9,598</u>	<u>-</u>
Total expenditures	<u>37,500</u>	<u>27,902</u>	<u>9,598</u>	<u>-</u>
Net change in fund balance	50,500	520,933	470,433	147,927
Fund balance, beginning of year	<u>216,012</u>	<u>216,012</u>	<u>-</u>	<u>68,085</u>
Fund balance, end of year	<u>\$ 266,512</u>	<u>\$ 736,945</u>	<u>\$ 470,433</u>	<u>\$ 216,012</u>

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 690,000	\$ 1,023,569	\$ 333,569	\$ 618,521
Other revenues	-	684,479	684,479	-
Total revenues	690,000	1,708,048	1,018,048	618,521
EXPENDITURES				
Debt service – other:				
Principal	7,836,564	9,435,001	(1,598,437)	5,690,000
Interest	7,123,636	10,979,481	(3,855,845)	9,783,053
Bond issuance costs	-	954,588	(954,588)	-
Payment to refunded escrow	-	5,497,751	(5,497,751)	-
Total expenditures	14,960,200	26,866,821	(11,906,621)	15,473,053
Excess of (deficiency) of revenues over (under) expenditures	(14,270,200)	(25,158,773)	(10,888,573)	(14,854,532)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	105,570,000	105,570,000	14,757,407
Premium/(discount) on pension bonds issued	-	1,538,100	1,538,100	-
Payment to refunded escrow agent	-	(71,407,249)	(71,407,249)	-
Transfers in	14,270,200	16,555,081	2,284,881	-
Transfers out	-	(671,775)	(671,775)	-
Total other financing sources (uses)	14,270,200	51,584,157	37,313,957	14,757,407
Net change in fund balance	-	26,425,384	26,425,384	(97,125)
Fund balance, beginning of year	23,144,620	23,144,620	-	23,241,745
Fund balance, end of year	\$ 23,144,620	\$49,570,004	\$ 26,425,384	\$23,144,620

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.

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.

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.

Public Improvements

For maintenance and construction of improvements around the Indian Bingo Casino located on the reservation.

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.

**Capital Projects Funds
(Continued)**

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.

Impact Fee

For the specific revenue sources that are legally restricted to fund expenditures for specific purposes.

Major Funds

Economic Development Agency

A combined report of revenues and expenditures 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.

**City of San Bernardino
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2006**

	Public Park Extension	CIEDB Street Construction	Fire Equipment Acquisition	Street Construction
ASSETS				
Cash and investments	\$ 4,437	\$ -	\$ -	\$ -
Cash and investments with fiscal agents	-	-	81,930	-
Receivables, net:				
Interest	42	-	-	-
Due from other governments	-	-	-	292,446
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ 4,479	\$ -	\$ 81,930	\$ 292,446
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 225	\$ 828,077	\$ -	\$ 43,001
Due to other funds	-	2,011,684	56,468	1,173,240
Retentions payable	-	-	-	-
Deferred revenues	-	-	-	248,904
Total liabilities	225	2,839,761	56,468	1,465,145
Fund balances (deficit):				
Reserved for:				
Encumbrances	-	-	-	-
Advances to other funds	-	-	-	-
Long-term receivables	-	-	-	-
Sewer capacity rights	-	-	-	-
Unreserved:				
Undesignated	4,254	(2,839,761)	25,462	(1,172,699)
Total fund balances	4,254	(2,839,761)	25,462	(1,172,699)
Total liabilities and fund balances	\$ 4,479	\$ -	\$ 81,930	\$ 292,446

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

City of San Bernardino
 Operating Budget
 Department Capital Projects Fund
 Year 2011
 (Continued)

Park Construction Fee	Cemetery Construction	Public Improvements	Sewerline Construction	Storm Drain Construction	Special Assessments
\$ 1,538,371	\$ 38,967	\$ 5,980,090	\$ 4,549,582	\$ 2,581,336	\$ 315,899
-	-	-	-	-	-
14,641	371	57,984	44,290	24,585	21,302
-	-	-	-	-	11,848
-	-	-	137,600	-	-
-	-	-	214,671	-	-
<u>\$ 1,553,012</u>	<u>\$ 39,338</u>	<u>\$ 6,038,074</u>	<u>\$ 4,946,143</u>	<u>\$ 2,605,921</u>	<u>\$ 349,049</u>
\$ 15,939	\$ -	\$ 29,261	\$ 29,456	\$ 46,043	\$ 122,460
-	-	-	-	-	-
16,579	-	-	-	5,230	-
-	-	-	-	-	-
<u>32,518</u>	<u>-</u>	<u>29,261</u>	<u>29,456</u>	<u>51,273</u>	<u>122,460</u>
-	-	-	-	70,200	-
-	-	-	137,600	-	-
-	-	-	-	-	-
-	-	-	214,671	-	-
<u>1,520,494</u>	<u>39,338</u>	<u>6,008,813</u>	<u>4,564,416</u>	<u>2,484,448</u>	<u>226,589</u>
<u>1,520,494</u>	<u>39,338</u>	<u>6,008,813</u>	<u>4,916,687</u>	<u>2,554,648</u>	<u>226,589</u>
<u>\$ 1,553,012</u>	<u>\$ 39,338</u>	<u>\$ 6,038,074</u>	<u>\$ 4,946,143</u>	<u>\$ 2,605,921</u>	<u>\$ 349,049</u>

**City of San Bernardino
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2006
(continued)**

	Cultural Development Construction Fee	Traffic Systems	Street Lighting/ Sweeping	Assessment District #1015
ASSETS				
Cash and investments	\$ 467,939	\$ 1,523,146	\$ -	\$ 30,332
Cash and investments with fiscal agents	-	-	-	-
Receivables, net:				
Interest	4,453	14,478	-	288
Due from other governments	-	-	156	-
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ 472,392	\$ 1,537,624	\$ 156	\$ 30,620
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 248,152	\$ -	\$ -
Due to other funds	-	-	156	-
Retentions payable	-	54,147	-	-
Deferred revenues	-	-	-	-
Total liabilities	-	302,299	156	-
Fund balances (deficit):				
Reserved for:				
Encumbrances	-	-	-	-
Advances to other funds	-	-	-	-
Long-term receivables	-	-	-	-
Sewer capacity rights	-	-	-	-
Unreserved:				
Undesignated	472,392	1,235,325	-	30,620
Total fund balances	472,392	1,235,325	-	30,620
Total liabilities and fund balances	\$ 472,392	\$ 1,537,624	\$ 156	\$ 30,620

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

City of San Bernardino
 Contract Statement of Revenue Expenses and Change in Fund Balance
 Municipal Capital Projects Fund
 For the Year Ended June 30, 2006

Impact Fees	Totals	
	2006	2005
\$ 846,350	\$ 17,876,449	\$ 14,922,061
-	81,930	170,668
8,056	190,490	113,349
-	304,450	412,938
-	137,600	145,000
-	214,671	214,671
<u>\$ 854,406</u>	<u>\$ 18,805,590</u>	<u>\$ 15,978,687</u>
\$ -	\$ 1,362,614	\$ 484,100
-	3,241,548	2,337,937
-	75,956	365,112
-	248,904	24,955
<u>-</u>	<u>4,929,022</u>	<u>3,212,104</u>
-	70,200	814,700
-	137,600	145,000
-	-	327,011
-	214,671	214,671
<u>854,406</u>	<u>13,454,097</u>	<u>11,265,201</u>
<u>854,406</u>	<u>13,876,568</u>	<u>12,766,583</u>
<u>\$ 854,406</u>	<u>\$ 18,805,590</u>	<u>\$ 15,978,687</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, 2006

	Public Park Extension	CIEDB Street Construction	Fire Equipment Acquisition	Street Construction
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Impact fees	-	-	-	-
Investment income	259	-	142	594
Intergovernmental revenues	-	-	-	189,620
Charges for services	-	-	-	-
Other revenues	-	-	-	28,457
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	259	-	142	218,671
EXPENDITURES				
Current:				
Public safety	-	-	155,168	-
Streets	-	2,839,761	-	165,497
Culture and recreation	16,216	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	16,216	2,839,761	155,168	165,497
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(15,957)	(2,839,761)	(155,026)	53,174
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	1,339,783	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	1,339,783	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(15,957)	(2,839,761)	1,184,757	53,174
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit), beginning of year	20,211	-	(1,159,295)	(1,225,873)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit), end of year	\$ 4,254	\$(2,839,761)	\$ 25,462	\$ (1,172,699)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

City of Los Angeles
 Department of Finance, Administration and Information Systems
 Department Capital Projects Fund
 For the year ended June 30, 2006
 (continued)

Park Construction Fee	Cemetery Construction	Public Improvements	Sewerline Construction	Storm Drain Construction	Special Assessments
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 976,584
-	-	-	-	-	-
-	-	-	-	-	-
50,865	1,179	83,862	65,872	72,475	63,208
-	-	-	-	436,630	-
668,681	3,218	-	1,385,440	1,716,032	-
-	-	-	-	-	2,206
<u>719,546</u>	<u>4,397</u>	<u>83,862</u>	<u>1,451,312</u>	<u>2,225,137</u>	<u>1,041,998</u>
-	-	-	-	-	-
-	-	185,075	1,403,590	943,254	638,836
579,520	1,752	-	-	-	-
<u>579,520</u>	<u>1,752</u>	<u>185,075</u>	<u>1,403,590</u>	<u>943,254</u>	<u>638,836</u>
-	-	-	-	-	-
140,026	2,645	(101,213)	47,722	1,281,883	403,162
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(200,000)	(100,000)	-
-	-	-	(200,000)	(100,000)	-
140,026	2,645	(101,213)	(152,278)	1,181,883	403,162
1,380,468	36,693	6,110,026	5,068,965	1,372,765	(176,573)
<u>\$ 1,520,494</u>	<u>\$ 39,338</u>	<u>\$ 6,008,813</u>	<u>\$ 4,916,687</u>	<u>\$ 2,554,648</u>	<u>\$ 226,589</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, 2006
(continued)

	Cultural Development Construction Fee	Traffic Systems	Street Lighting/ Sweeping	Assessment District #1015
REVENUES				
Taxes	\$ -	\$ -	\$ 28,220	\$ -
Licenses and permits	549,394	-	-	-
Impact fees	-	-	-	-
Investment income	9,701	38,047	-	930
Intergovernmental revenues	-	109,929	-	-
Charges for services	-	828,561	-	-
Other revenues	-	-	-	-
Total revenues	559,095	976,537	28,220	930
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Streets	-	866,821	-	-
Culture and recreation	-	-	-	-
Total expenditures	-	866,821	-	-
Excess (deficiency) of revenues over expenditures	559,095	109,716	28,220	930
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(245,600)	(25,000)	(28,220)	-
Total other financing sources (uses)	(245,600)	(25,000)	(28,220)	-
Net change in fund balances	313,495	84,716	-	930
Fund balances (deficit), beginning of year	158,897	1,150,609	-	29,690
Fund balances (deficit), end of year	\$ 472,392	\$ 1,235,325	\$ -	\$ 30,620

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

Impact Fees	Totals	
	2006	2005
\$ -	\$ 1,004,804	\$ 686,643
-	549,394	461,692
843,458	843,458	-
10,948	398,082	371,755
-	736,179	3,562,328
-	4,601,932	2,960,982
-	30,663	5,533,032
<u>854,406</u>	<u>8,164,512</u>	<u>13,576,432</u>
-	155,168	2,272,132
-	7,042,834	6,539,229
-	597,488	806,040
<u>-</u>	<u>7,795,490</u>	<u>9,617,401</u>
<u>854,406</u>	<u>369,022</u>	<u>3,959,031</u>
-	1,339,783	1,524,334
-	-	200,000
-	(598,820)	(827,023)
<u>-</u>	<u>740,963</u>	<u>897,311</u>
854,406	1,109,985	4,856,342
-	12,766,583	7,910,241
<u>\$ 854,406</u>	<u>\$ 13,876,568</u>	<u>\$ 12,766,583</u>

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ 259	\$ 259	\$ 743
Total revenues	-	259	259	743
EXPENDITURES				
Current:				
Culture and recreation - other	29,300	16,216	13,084	21,754
Total expenditures	29,300	16,216	13,084	21,754
Net change in fund balance	(29,300)	(15,957)	13,343	(21,011)
Fund balance, beginning of year	20,211	20,211	-	41,222
Fund balance, end of year	\$ (9,089)	\$ 4,254	\$ 13,343	\$ 20,211

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Streets - other	10,000,000	2,839,761	7,160,239	-
Total expenditures	10,000,000	2,839,761	7,160,239	-
Net change in fund balance	(10,000,000)	(2,839,761)	7,160,239	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ (10,000,000)</u>	<u>\$ (2,839,761)</u>	<u>\$ 7,160,239</u>	<u>\$ -</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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ 142	\$ 142	\$ 562
Total revenues	-	142	142	562
EXPENDITURES				
Current:				
Public safety - other	208,300	155,168	53,132	2,272,132
Total expenditures	208,300	155,168	53,132	2,272,132
Excess (deficiency) of revenues over (under) expenditures	(208,300)	(155,026)	53,274	(2,271,570)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	1,339,783	1,339,783	1,524,334
Total other financing sources (uses)	-	1,339,783	1,339,783	1,524,334
Net change in fund balance	(208,300)	1,184,757	1,393,057	(747,236)
Fund balance, beginning of year	(1,159,295)	(1,159,295)	-	(412,059)
Fund balance, end of year	\$ (1,367,595)	\$ 25,462	\$ 1,393,057	\$ (1,159,295)

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ 594	\$ 594	\$ -
Intergovernmental revenues	5,147,500	189,620	(4,957,880)	145,194
Other revenues	418,900	28,457	(390,443)	1,606
Total revenues	5,566,400	218,671	(5,347,729)	146,800
EXPENDITURES				
Current:				
Streets - other	4,932,500	165,497	4,767,003	1,171,244
Total expenditures	4,932,500	165,497	4,767,003	1,171,244
Excess (deficiency) of revenues over (under) expenditures	633,900	53,174	(580,726)	(1,024,444)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	200,000
Total other financing sources (uses)	-	-	-	200,000
Net change in fund balance	633,900	53,174	(580,726)	(824,444)
Fund balance, beginning of year	(1,225,873)	(1,225,873)	-	(401,429)
Fund balance, end of year	\$ (591,973)	\$ (1,172,699)	\$ (580,726)	\$ (1,225,873)

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 4,500	\$ 50,865	\$ 46,365	\$ 22,284
Intergovernmental revenues	950,000	-	(950,000)	1,549,808
Charges for services	600,000	668,681	68,681	737,398
Other revenues	3,360,800	-	(3,360,800)	-
Total revenues	4,915,300	719,546	(4,195,754)	2,309,490
EXPENDITURES				
Current:				
Culture and recreation - other	5,880,100	579,520	5,300,580	784,286
Total expenditures	5,880,100	579,520	5,300,580	784,286
Net change in fund balance	(964,800)	140,026	1,104,826	1,525,204
Fund balance, beginning of year	1,380,468	1,380,468	-	(144,736)
Fund balance, end of year	\$ 415,668	\$ 1,520,494	\$ 1,104,826	\$ 1,380,468

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 1,000	\$ 1,179	\$ 179	\$ 859
Charges for services	3,300	3,218	(82)	3,682
Total revenues	4,300	4,397	97	4,541
EXPENDITURES				
Current:				
Community services - other	15,000	1,752	13,248	-
Total expenditures	15,000	1,752	13,248	-
Net change in fund balance	(10,700)	2,645	13,345	4,541
Fund balance, beginning of year	36,693	36,693	-	32,152
Fund balance, end of year	\$ 25,993	\$ 39,338	\$ 13,345	\$ 36,693

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 150,000	\$ 83,862	\$ (66,138)	\$ 136,253
Other revenues	-	-	-	5,500,000
Total revenues	150,000	83,862	(66,138)	5,636,253
EXPENDITURES				
Current:				
Streets - other	5,925,500	185,075	5,740,425	187,134
Total expenditures	5,925,500	185,075	5,740,425	187,134
Net change in fund balance	(5,775,500)	(101,213)	5,674,287	5,449,119
Fund balance, beginning of year	6,110,026	6,110,026	-	660,907
Fund balance, end of year	<u>\$ 334,526</u>	<u>\$ 6,008,813</u>	<u>\$ 5,674,287</u>	<u>\$ 6,110,026</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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 100,000	\$ 65,872	\$ (34,128)	\$ 94,434
Intergovernmental revenues	-	-	-	1,406,419
Charges for services	604,500	1,385,440	780,940	630,321
Total revenues	704,500	1,451,312	746,812	2,131,174
EXPENDITURES				
Current:				
Streets - other	5,563,600	1,403,590	4,160,010	2,034,600
Total expenditures	5,563,600	1,403,590	4,160,010	2,034,600
Excess (deficiency) of revenues over (under) expenditures	(4,859,100)	47,722	4,906,822	96,574
OTHER FINANCING SOURCES (USES)				
Transfers out	(200,000)	(200,000)	-	(200,000)
Total other financing sources (uses)	(200,000)	(200,000)	-	(200,000)
Net change in fund balance	(5,059,100)	(152,278)	4,906,822	(103,426)
Fund balance, beginning of year	5,068,965	5,068,965	-	5,172,391
Fund balance, end of year	\$ 9,865	\$ 4,916,687	\$ 4,906,822	\$ 5,068,965

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 60,000	\$ 72,475	\$ 12,475	\$ 42,034
Intergovernmental revenues	533,100	436,630	(96,470)	86,345
Charges for services	925,000	1,716,032	791,032	1,048,967
Total revenues	1,518,100	2,225,137	707,037	1,177,346
EXPENDITURES				
Current:				
Streets - other	2,349,200	943,254	1,405,946	1,732,993
Total expenditures	2,349,200	943,254	1,405,946	1,732,993
Excess (deficiency) of revenues over (under) expenditures	(831,100)	1,281,883	2,112,983	(555,647)
OTHER FINANCING SOURCES (USES)				
Transfers out	(100,000)	(100,000)	-	(100,000)
Total other financing sources (uses)	(100,000)	(100,000)	-	(100,000)
Net change in fund balance	(931,100)	1,181,883	2,112,983	(655,647)
Fund balance, beginning of year	1,372,765	1,372,765	-	2,028,412
Fund balance, end of year	\$ 441,665	\$ 2,554,648	\$ 2,112,983	\$ 1,372,765

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 1,413,700	\$ 976,584	\$ (437,116)	\$ 616,285
Investment income	-	63,208	63,208	-
Other income	-	2,206	2,206	42,880
Total revenues	1,413,700	1,041,998	(371,702)	659,165
EXPENDITURES				
Current:				
Streets - other	981,700	638,836	342,864	586,477
Total expenditures	981,700	638,836	342,864	586,477
Net change in fund balance	432,000	403,162	(28,838)	72,688
Fund balance, beginning of year	(176,573)	(176,573)	-	(249,261)
Fund balance, end of year	\$ 255,427	\$ 226,589	\$ (28,838)	\$ (176,573)

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Licenses and permits	\$ 450,000	\$ 549,394	\$ 99,394	\$ 461,692
Investment income	3,000	9,701	6,701	3,870
Total revenues	453,000	559,095	106,095	465,562
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	453,000	559,095	106,095	465,562
OTHER FINANCING SOURCES (USES)				
Transfers out	(453,000)	(245,600)	207,400	(306,665)
Total other financing sources (uses)	(453,000)	(245,600)	207,400	(306,665)
Net change in fund balance	-	313,495	313,495	158,897
Fund balance, beginning of year	158,897	158,897	-	-
Fund balance, end of year	\$ 158,897	\$ 472,392	\$ 313,495	\$ 158,897

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ 38,047	\$ 38,047	\$ 25,124
Intergovernmental revenues	428,700	109,929	(318,771)	374,562
Charges for services	450,000	828,561	378,561	540,614
Other revenues	228,500	-	(228,500)	31,426
Total revenues	1,107,200	976,537	(130,663)	971,726
EXPENDITURES				
Current:				
Streets - other	2,074,500	866,821	1,207,679	722,116
Total expenditures	2,074,500	866,821	1,207,679	722,116
Excess (deficiency) of revenues over expenditures	(967,300)	109,716	1,077,016	249,610
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,000)	(25,000)	-	(25,000)
Total other financing sources (uses)	(25,000)	(25,000)	-	(25,000)
Net change in fund balance	(992,300)	84,716	1,077,016	224,610
Fund balance, beginning of year	1,150,609	1,150,609	-	925,999
Fund balance, end of year	\$ 158,309	\$ 1,235,325	\$ 1,077,016	\$ 1,150,609

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 25,000	\$ 28,220	\$ 3,220	\$ 70,358
Total revenues	25,000	28,220	3,220	70,358
EXPENDITURES	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	25,000	28,220	3,220	70,358
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,000)	(28,220)	(3,220)	-
Total other financing sources (uses)	(25,000)	(28,220)	(3,220)	(70,358)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ 930	\$ 930	\$ 710
Total revenues	-	930	930	710
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	-	930	930	710
Fund balance, beginning of year	29,690	29,690	-	28,980
Fund balance, end of year	\$ 29,690	\$ 30,620	\$ 930	\$ 29,690

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Impact fees	\$ -	\$ 843,458	\$ 843,458	\$ -
Investment income	-	10,948	10,948	-
Total revenues	-	854,406	854,406	-
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balance	-	854,406	854,406	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ 854,406	\$ 854,406	\$ -

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, 2006

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$20,695,800	\$26,148,602	\$ 5,452,802	\$22,654,341
Investment income	400,500	1,444,961	1,044,461	1,224,956
Other	2,262,500	2,097,557	(164,943)	3,669,126
Total revenues	23,358,800	29,691,120	6,332,320	27,548,423
EXPENDITURES				
Current:				
Economic development:				
Personnel salaries and benefits	681,712	619,901	61,811	482,924
Other	12,418,790	7,023,630	5,395,160	5,471,641
Debt service – other:				
Principal	631,223	2,079,827	(1,448,604)	676,076
Interest and fiscal charges	866,587	516,295	350,292	722,955
Total expenditures	14,598,312	10,239,653	4,358,659	7,353,596
Excess of (deficiency) of revenues over (under) expenditures	8,760,488	19,451,467	10,690,979	20,194,827
OTHER FINANCING SOURCES (USES)				
Transfers in	7,274,030	660,878	(6,613,152)	64,000
Transfers out	(16,034,518)	(17,574,702)	(1,540,184)	(17,088,449)
Total other financing sources (uses)	(8,760,488)	(16,913,824)	(8,153,336)	(17,024,449)
Net change in fund balance	-	2,537,643	2,537,643	3,170,378
Fund balance, beginning of year	54,907,521	54,907,521	-	51,737,143
Fund balance, end of year	\$54,907,521	\$57,445,164	\$ 2,537,643	\$ 54,907,521

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, 2006

	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Liability Insurance</u>	<u>Self-Insurance Health Plans</u>
ASSETS				
Current assets:				
Cash and investments	\$ 730,935	\$ -	\$ 2,597,550	\$ 122,018
Cash investments with fiscal agent	-	-	-	-
Receivables:				
Interest	-	-	28,857	-
Other	-	-	-	-
Inventories	-	-	-	-
Due from other governmental agencies	-	-	-	-
Due from other funds	-	-	361,693	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	730,935	-	2,988,100	122,018
Noncurrent assets:				
Capital assets:				
Property, plant and equipment, net	-	2,416	5,978	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	730,935	2,416	2,994,078	122,018
LIABILITIES				
Current liabilities:				
Accounts payable	-	202,021	96,169	-
Due to other funds	-	361,693	-	-
Claims and judgments payable - current	-	2,700,000	1,200,000	-
Compensated absences – current	-	31,557	17,836	-
Capital lease payable – current	-	-	-	-
Facility lease payable – current	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	-	3,295,271	1,314,005	-
Noncurrent liabilities:				
Claims and judgments payable	-	4,968,345	3,877,200	-
Compensated absences	-	5,552	689	-
Capital lease payable	-	-	-	-
Facility lease payable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	-	4,973,897	3,877,889	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	8,269,168	5,191,894	-
NET ASSETS				
Invested in capital assets, net of related debt	-	2,416	5,978	-
Unrestricted (deficit)	730,935	(8,269,168)	(2,203,794)	122,018
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets (deficit)	\$ 730,935	\$ (8,266,752)	\$(2,197,816)	\$ 122,018

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

City of San Bernardino
 Operating Statement of Revenues, Expenses, and Changes in Fund Balances
 Internal Service Funds
 For the Year Ended June 30, 2017

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2006	2005
\$ 496,450	\$ 217,445	\$ 1,234,144	\$ 208,780	\$ 56,912	\$ 5,664,234	\$ 5,820,915
-	-	100,818	-	-	100,818	100,818
-	-	-	-	-	28,857	27,118
2,109	1,214	-	-	-	3,323	15,593
115,090	-	-	-	-	115,090	128,308
9,118	24,138	669	-	5,553	39,478	366,632
-	-	-	-	-	361,693	1,164,179
<u>622,767</u>	<u>242,797</u>	<u>1,335,631</u>	<u>208,780</u>	<u>62,465</u>	<u>6,313,493</u>	<u>7,623,563</u>
<u>2,663,097</u>	<u>137,439</u>	<u>2,436,874</u>	<u>365,364</u>	<u>13,190</u>	<u>5,624,358</u>	<u>6,091,942</u>
<u>3,285,864</u>	<u>380,236</u>	<u>3,772,505</u>	<u>574,144</u>	<u>75,655</u>	<u>11,937,851</u>	<u>13,715,505</u>
357,397	56,065	81,550	536,843	2,903	1,332,948	811,270
-	-	-	-	-	361,693	1,164,179
-	-	-	-	-	3,900,000	4,200,000
173,639	2,855	169,511	6,400	12,693	414,491	404,495
228,270	-	218,648	116,242	-	563,160	581,428
30,000	-	465,000	-	-	495,000	475,000
<u>789,306</u>	<u>58,920</u>	<u>934,709</u>	<u>659,485</u>	<u>15,596</u>	<u>7,067,292</u>	<u>7,636,372</u>
-	-	-	-	-	8,845,545	9,746,349
102,681	-	85,916	-	34,219	229,057	147,528
333,635	-	577,275	278,530	-	1,189,440	1,443,507
270,000	-	-	-	-	270,000	765,000
<u>706,316</u>	<u>-</u>	<u>663,191</u>	<u>278,530</u>	<u>34,219</u>	<u>10,534,042</u>	<u>12,102,384</u>
<u>1,495,622</u>	<u>58,920</u>	<u>1,597,900</u>	<u>938,015</u>	<u>49,815</u>	<u>17,601,334</u>	<u>19,738,756</u>
1,800,191	137,439	1,175,951	(29,408)	13,190	3,105,757	2,927,825
(9,949)	183,877	998,654	(334,463)	12,650	(8,769,240)	(8,951,076)
<u>\$ 1,790,242</u>	<u>\$ 321,316</u>	<u>\$ 2,174,605</u>	<u>\$ (363,871)</u>	<u>\$ 25,840</u>	<u>\$ (5,663,483)</u>	<u>\$ (6,023,251)</u>

City of San Bernardino
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the year ended June 30, 2006

	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Liability Insurance</u>	<u>Self-Insurance Health Plans</u>
OPERATING REVENUES				
Charges for services	\$ 221,701	\$ 3,930,592	\$ 3,472,200	\$ -
Total operating revenues	<u>221,701</u>	<u>3,930,592</u>	<u>3,472,200</u>	<u>-</u>
OPERATING EXPENSES				
Cost of sales and services	3,228	909,476	1,729,228	-
Claims expense	143,374	2,320,387	1,653,692	-
Depreciation	-	1,016	3,915	-
Total operating expenses	<u>146,602</u>	<u>3,230,879</u>	<u>3,386,835</u>	<u>-</u>
Operating income (loss)	<u>75,099</u>	<u>699,713</u>	<u>85,365</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	-	79,311	-
Interest expense	-	-	-	-
Gain on disposal of assets	-	-	-	-
Net increase (decrease) in investment fair value	-	-	(51,778)	-
Miscellaneous income	-	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>27,533</u>	<u>-</u>
Income before contributions and transfers	75,099	699,713	112,898	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Change in net assets	75,099	699,713	112,898	-
Net assets (deficit), beginning of year	<u>655,836</u>	<u>(8,966,465)</u>	<u>(2,310,714)</u>	<u>122,018</u>
Net assets (deficit), end of year	<u>\$ 730,935</u>	<u>\$ (8,266,752)</u>	<u>\$ (2,197,816)</u>	<u>\$ 122,018</u>

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

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2006	2005
\$ 6,331,207	\$ 860,811	\$ 4,242,429	\$ 4,132,653	\$ 253,085	\$23,444,678	\$21,668,839
<u>6,331,207</u>	<u>860,811</u>	<u>4,242,429</u>	<u>4,132,653</u>	<u>253,085</u>	<u>23,444,678</u>	<u>21,668,839</u>
6,248,596	764,189	3,401,974	3,945,698	230,834	17,233,223	15,447,333
-	-	-	-	-	4,117,453	7,421,626
<u>1,144,728</u>	<u>41,398</u>	<u>790,460</u>	<u>126,800</u>	<u>35,680</u>	<u>2,143,997</u>	<u>2,347,202</u>
<u>7,393,324</u>	<u>805,587</u>	<u>4,192,434</u>	<u>4,072,498</u>	<u>266,514</u>	<u>23,494,673</u>	<u>25,216,161</u>
<u>(1,062,117)</u>	<u>55,224</u>	<u>49,995</u>	<u>60,155</u>	<u>(13,429)</u>	<u>(49,995)</u>	<u>(3,547,322)</u>
7,432	-	-	-	-	86,743	87,669
(40,583)	-	(64,964)	(23,415)	-	(128,962)	(103,965)
-	-	-	-	-	-	(4,956)
-	-	-	-	-	(51,778)	(5,504)
<u>17,372</u>	<u>8,714</u>	<u>142,329</u>	<u>1,605</u>	<u>440</u>	<u>170,460</u>	<u>764,499</u>
<u>(15,779)</u>	<u>8,714</u>	<u>77,365</u>	<u>(21,810)</u>	<u>440</u>	<u>76,463</u>	<u>737,743</u>
(1,077,896)	63,938	127,360	38,345	(12,989)	26,468	(2,809,579)
300,000	-	-	-	33,300	333,300	60,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(322,200)</u>
<u>(777,896)</u>	<u>63,938</u>	<u>127,360</u>	<u>38,345</u>	<u>20,311</u>	<u>359,768</u>	<u>(3,071,779)</u>
<u>2,568,138</u>	<u>257,378</u>	<u>2,047,245</u>	<u>(402,216)</u>	<u>5,529</u>	<u>(6,023,251)</u>	<u>(2,951,472)</u>
<u>\$ 1,790,242</u>	<u>\$ 321,316</u>	<u>\$ 2,174,605</u>	<u>\$ (363,871)</u>	<u>\$ 25,840</u>	<u>\$ (5,663,483)</u>	<u>\$ (6,023,251)</u>

City of San Bernardino
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2006

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Cash flows from operating activities:				
Cash received from user departments	\$ 221,701	\$ 3,011,687	\$ 4,274,686	\$ -
Cash payments to suppliers for goods and services	(146,602)	(723,408)	(1,632,094)	-
Cash payments for claims	-	(2,272,314)	(2,786,992)	-
Cash payments to employees for services	-	(238,218)	(136,856)	-
Cash received for other activities	-	222,253	-	-
Net cash provided by (used for) operating activities	75,099	-	(281,256)	-
Cash flows from noncapital financing activities:				
Transfer from other funds	-	-	-	-
Transfer to other funds	-	-	-	-
Net cash (used for) capital financing activities	-	-	-	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	(1,364)	-
Principal payments on long-term debt	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Interest paid on long-term debt	-	-	-	-
Net cash (used for) capital and related financing activities	-	-	(1,364)	-
Cash flows from investing activities:				
Interest received	-	-	77,572	-
Net cash provided by investing activities	-	-	77,572	-
Net increase (decrease) in cash and investments	75,099	-	(205,048)	-
Cash and investments, beginning of year	655,836	-	2,802,598	122,018
Cash and investments, end of year	\$ 730,935	\$ -	\$ 2,597,550	\$ 122,018

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

CITY OF SAN ANTONIO
 CONTINGENT CONTRACTS
 INFORMATIONAL REPORT
 FOR THE YEAR ENDED 2005
 (continued)

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2006	2005
\$ 6,415,219	\$ 868,896	\$ 4,446,221	\$ 3,961,807	\$ 251,632	\$ 23,451,849	\$ 21,362,941
(4,603,251)	(672,392)	(2,061,871)	(3,630,953)	(137,090)	(13,607,661)	(12,219,946)
-	-	-	-	-	(5,059,306)	(3,988,415)
(1,401,378)	(83,212)	(1,259,074)	(99,372)	(91,758)	(3,309,868)	(3,844,150)
17,372	8,714	142,329	111,605	440	502,713	671,539
<u>427,962</u>	<u>122,006</u>	<u>1,267,605</u>	<u>343,087</u>	<u>23,224</u>	<u>1,977,727</u>	<u>1,981,969</u>
300,000	-	-	-	33,300	333,300	3,128,332
-	-	-	-	-	-	(1,102,590)
<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,300</u>	<u>333,300</u>	<u>2,025,742</u>
(728,454)	(588)	(444,206)	-	-	(1,174,612)	(2,223,968)
(481,284)	-	(656,962)	(110,891)	-	(1,249,137)	1,170,121
-	-	-	-	-	-	(1,173,843)
(40,583)	-	(64,964)	(23,416)	-	(128,963)	(103,965)
<u>(1,250,321)</u>	<u>(588)</u>	<u>(1,166,132)</u>	<u>(134,307)</u>	<u>-</u>	<u>(2,552,712)</u>	<u>(2,331,655)</u>
7,432	-	-	-	-	85,004	84,762
<u>7,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,004</u>	<u>84,762</u>
(514,927)	121,418	101,473	208,780	56,524	(156,681)	1,760,818
1,011,377	96,027	1,233,489	-	388	5,921,733	4,160,915
<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>\$ 5,921,733</u>

City of San Bernardino
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2006
(continued)

	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Liability Insurance</u>	<u>Self-Insurance Health Plans</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 75,099	\$ 699,713	\$ 85,365	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	1,016	3,915	-
Other nonoperating revenues (expenses)	-	-		
Net increase (decrease) in investment fair value	-	-	(51,778)	-
(Increase) decrease in assets:				
Other receivables	-	-	-	-
Inventories	-	-	-	-
Prepays	-	-	-	-
Due from other funds	-	-	802,486	-
Due from other governments	-	44,987	-	-
Increase (decrease) in liabilities:				
Accounts payable	-	56,204	5,290	-
Claims and judgments	-	(809,144)	(1,133,300)	-
Compensated absences	-	7,224	6,766	-
Net cash provided by (used for) operating activities	<u>\$ 75,099</u>	<u>\$ -</u>	<u>\$ (281,256)</u>	<u>\$ -</u>
Noncash, investing, capital and financing activities:				
Acquisition of capital assets through capital lease	\$ -	\$ -	\$ -	\$ -

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

<u>Motorpool</u>	<u>Telephone Support</u>	<u>Information Systems</u>	<u>Utility</u>	<u>Central Services</u>	<u>Totals</u>	
					<u>2006</u>	<u>2005</u>
\$(1,062,117)	\$ 55,224	\$ 49,995	\$ 60,155	\$ (13,429)	\$ (49,995)	\$ (3,547,322)
1,144,728	41,398	790,460	126,800	35,680	2,143,997	2,347,202
17,372	8,714	142,329	1,605	440	170,460	764,499
-	-	-	-	-	(51,778)	(5,504)
47	11,647	-	-	576	12,270	(3,189)
13,218	-	-	-	-	13,218	(13,218)
-	-	-	-	-	-	4,814
-	-	-	-	-	802,486	-
83,965	(3,562)	203,792	-	(2,029)	327,153	(249,376)
201,272	12,462	30,845	220,585	(4,978)	521,680	(664,653)
-	-	-	(60,846)	-	(2,003,290)	3,273,605
<u>29,477</u>	<u>(3,877)</u>	<u>50,184</u>	<u>(5,212)</u>	<u>6,964</u>	<u>91,526</u>	<u>75,111</u>
<u>\$ 427,962</u>	<u>\$ 122,006</u>	<u>\$ 1,267,605</u>	<u>\$ 343,087</u>	<u>\$ 23,224</u>	<u>\$ 1,977,727</u>	<u>\$ 1,981,969</u>
\$ 501,802	\$ -	\$ -	\$ -	\$ -	\$ 501,802	\$ -

DATE	DESCRIPTION	AMOUNT	BALANCE	DATE	DESCRIPTION	AMOUNT	BALANCE
1952-10-20	100.00	100.00					
1952-11-15	100.00	200.00					
1953-01-01							
1953-02-15							
1953-03-31							
1953-04-15							
1953-05-31							
1953-06-15							
1953-07-31							
1953-08-15							
1953-09-30							
1953-10-15							
1953-11-30							
1953-12-31							
1954-01-15							
1954-02-28							
1954-03-31							
1954-04-15							
1954-05-31							
1954-06-15							
1954-07-31							
1954-08-15							
1954-09-30							
1954-10-15							
1954-11-30							
1954-12-31							
1955-01-15							
1955-02-28							
1955-03-31							
1955-04-15							
1955-05-31							
1955-06-15							
1955-07-31							
1955-08-15							
1955-09-30							
1955-10-15							
1955-11-30							
1955-12-31							
1956-01-15							
1956-02-28							
1956-03-31							
1956-04-15							
1956-05-31							
1956-06-15							
1956-07-31							
1956-08-15							
1956-09-30							
1956-10-15							
1956-11-30							
1956-12-31							

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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, 2006

	Assessment District #961	Assessment District #977A	Assessment District #977B	Assessment District #1003	Industrial Revenue Bonds
ASSETS					
Cash and investments	\$ 1,392,770	\$ 2,636	\$ 3,887	\$ 224,665	\$ 69,351
Cash and investments with fiscal agents	-	139,422	227,894	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	13,255	25	37	2,138	-
Due from other governmental agencies	-	653	3,002	892	-
Total assets	<u>\$ 1,406,025</u>	<u>\$ 142,736</u>	<u>\$ 234,820</u>	<u>\$ 227,695</u>	<u>\$ 69,351</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 150	\$ -	\$ -
Deposits payable	-	-	-	-	69,351
Due to bondholders	1,406,025	142,736	234,670	227,695	-
Total liabilities	<u>\$ 1,406,025</u>	<u>\$ 142,736</u>	<u>\$ 234,820</u>	<u>\$ 227,695</u>	<u>\$ 69,351</u>

City of San Bernardino
 Combining Statement of Financial Assets and Liabilities
 June 30, 2018

Community Facilities District #995	Special Deposits	Cemetery Perpetual Care	Payroll Trust Fund	San Bernardino Regional Water Resource Authority
\$ 6,003	\$ 6,227,418	\$ 645,899	\$ 1,653,210	\$ 20,149
-	-	-	-	-
57	3,560	-	-	-
	98,676	-	10,837	-
-	9,923	-	-	-
<u>\$ 6,060</u>	<u>\$ 6,339,577</u>	<u>\$ 645,899</u>	<u>\$ 1,664,047</u>	<u>\$ 20,149</u>
\$ -	\$ 301,459	\$ -	\$ 860,207	\$ -
6,060	6,038,118	645,899	803,840	20,149
-	-	-	-	-
<u>\$ 6,060</u>	<u>\$ 6,339,577</u>	<u>\$ 645,899</u>	<u>\$ 1,664,047</u>	<u>\$ 20,149</u>

City of San Bernardino
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2006

	Totals	
	2006	2005
ASSETS		
Cash and investments	\$ 10,245,988	\$ 10,181,799
Cash and investments with fiscal agents	367,316	349,691
Accounts receivable	3,560	2,354
Interest receivable	125,025	19,962
Due from other government agencies	14,470	64,173
Total assets	\$ 10,756,359	\$ 10,617,979
LIABILITIES		
Accounts payable	\$ 1,161,816	\$ 1,123,599
Deposits payable	7,583,417	6,522,499
Due to bond holders	2,011,126	2,971,881
Total liabilities	\$ 10,756,359	\$ 10,617,979

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2006

	Balance at July 1, 2005	Additions	Deletions	Balance at June 30, 2006
Assessment District # 971				
Assets				
Cash and investments	\$ 2,371,977	\$ 86,527	\$ 1,065,734	\$ 1,392,770
Interest receivable	16,130	13,255	16,130	13,255
Total assets	<u>\$ 2,388,107</u>	<u>\$ 99,782</u>	<u>\$ 1,081,864</u>	<u>\$1,406,025</u>
Liabilities				
Due to bondholders	\$ 2,388,107	\$ 99,782	\$ 1,081,864	\$1,406,025
Total liabilities	<u>\$ 2,388,107</u>	<u>\$ 99,782</u>	<u>\$ 1,081,864</u>	<u>\$1,406,025</u>
Assessment District # 977A				
Assets				
Cash and investments	\$ 2,362	\$ 67,859	\$ 67,585	\$ 2,636
Cash and investments with fiscal agents	135,346	62,036	57,960	139,422
Interest receivable	16	25	16	25
Due from other governmental agencies	2,238	653	2,238	653
Total assets	<u>\$ 139,962</u>	<u>\$ 130,573</u>	<u>\$ 127,799</u>	<u>\$ 142,736</u>
Liabilities				
Due to bondholders	\$ 139,962	\$ 130,573	\$ 127,799	\$ 142,736
Total liabilities	<u>\$ 139,962</u>	<u>\$ 130,573</u>	<u>\$ 127,799</u>	<u>\$ 142,736</u>
Assessment District #977B				
Assets				
Cash and investments	\$ 3,920	\$ 103,880	\$ 103,913	\$ 3,887
Cash and investments with fiscal agents	214,345	98,733	85,184	227,894
Interest receivable	27	37	27	37
Due from other governmental agencies	5,796	3,002	5,796	3,002
Total assets	<u>\$ 224,088</u>	<u>\$ 205,652</u>	<u>\$ 194,920</u>	<u>\$ 234,820</u>
Liabilities				
Accounts payable	\$ -	\$ 150	\$ -	\$ 150
Due to bondholders	224,088	205,502	194,920	234,670
Total liabilities	<u>\$ 224,088</u>	<u>\$ 205,652</u>	<u>\$ 194,920</u>	<u>\$ 234,820</u>

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2006
(continued)

	Balance at July 1, 2005	Additions	Deletions	Balance at June 30, 2006
Assessment District #1003				
Assets				
Cash and investments	\$ 216,914	\$ 85,347	\$ 77,596	\$ 224,665
Interest receivable	1,475	2,138	1,475	2,138
Due from other governments	1,335	892	1,335	892
Total assets	\$ 219,724	\$ 88,377	\$ 80,406	\$ 227,695
Liabilities				
Due to bondholders	\$ 219,724	\$ 88,377	\$ 80,406	\$ 227,695
Total liabilities	\$ 219,724	\$ 88,377	\$ 80,406	\$ 227,695
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	\$ 5,494	\$ 509	\$ -	\$ 6,003
Interest receivable	37	57	37	57
Total assets	\$ 5,531	\$ 566	\$ 37	\$ 6,060
Liabilities				
Deposits payable	\$ 5,531	\$ 566	\$ 37	\$ 6,060
Total liabilities	\$ 5,531	\$ 566	\$ 37	\$ 6,060

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2006
(continued)

	Balance at July 1, 2005	Additions	Deletions	Balance at June 30, 2006
Special Deposits				
Assets				
Cash and investments	\$ 5,446,091	\$ 10,726,561	\$ 9,945,234	\$ 6,227,418
Accounts receivable	2,354	3,483	2,277	3,560
Interest receivable	2,277	98,753	2,354	98,676
Due from other governmental agencies	54,804	9,923	54,804	9,923
Total assets	\$ 5,505,526	\$ 10,838,720	\$ 10,004,669	\$ 6,339,577
Liabilities				
Accounts payable	\$ 268,859	\$ 301,459	\$ 268,859	\$ 301,459
Deposits payable	5,236,667	10,537,261	9,735,810	6,038,118
Total liabilities	\$ 5,505,526	\$ 10,838,720	\$ 10,004,669	\$ 6,339,577
Perpetual Cemetery Care				
Assets				
Cash and investments	\$ 641,026	\$ 5,293	\$ 420	\$ 645,899
Total assets	\$ 641,026	\$ 5,293	\$ 420	\$ 645,899
Liabilities				
Deposits payable	\$ 641,026	\$ 5,293	\$ 420	\$ 645,899
Total liabilities	\$ 641,026	\$ 5,293	\$ 420	\$ 645,899

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2006
(continued)

	Balance at July 1, 2005	Additions	Deletions	Balance at June 30, 2006
Payroll Trust Fund				
Assets				
Cash and investments	\$ 1,354,441	\$119,363,483	\$119,064,714	\$ 1,653,210
Interest receivable	-	10,837	-	10,837
Total assets	\$ 1,354,441	\$ 119,374,320	\$119,064,714	\$ 1,664,047
Liabilities				
Accounts payable	\$ 854,740	\$ 860,207	\$ 854,740	\$ 860,207
Deposits payable	499,701	118,514,113	118,209,974	803,840
Total liabilities	\$ 1,354,441	\$119,374,320	\$119,064,714	\$ 1,664,047
Assets				
Cash and investments	\$ 70,223	\$ -	\$ 50,074	\$ 20,149
Total assets	\$ 70,223	\$ -	\$ 50,074	\$ 20,149
Liabilities				
Deposits payable	\$ 70,223	\$ -	\$ 50,074	\$ 20,149
Total liabilities	\$ 70,223	\$ -	\$ 50,074	\$ 20,149
TOTALS – ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 10,181,799	\$ 130,439,459	\$130,375,270	\$10,245,988
Cash and investments with fiscal agents	349,691	160,769	143,144	367,316
Accounts receivable	2,354	3,483	2,277	3,560
Interest receivable	19,962	125,102	20,039	125,025
Due from other governments	64,173	14,470	64,173	14,470
Total assets	\$ 10,617,979	\$130,743,283	\$ 130,604,903	\$10,756,359
Liabilities				
Accounts payable	\$ 1,123,599	\$ 1,161,816	\$ 1,123,599	\$ 1,161,816
Deposits payable	6,522,499	129,057,233	127,996,315	7,583,417
Due to bondholders	2,971,881	524,234	1,484,989	2,011,126
Total liabilities	\$ 10,617,979	\$130,743,283	\$130,604,903	\$ 10,756,359

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

	Fiscal Year				
	2002	2003	2004	2005	2006*
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
Restricted	43,125,990	44,041,492	96,428,026	113,377,790	135,155,865
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>
Total governmental activities net assets	<u>141,976,391</u>	<u>120,885,521</u>	<u>123,033,601</u>	<u>139,498,059</u>	<u>390,695,063</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
Restricted	6,079,305	8,719,489	12,532,379	20,007,026	24,859,169
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>
Total business-type activities net assets	<u>170,768,369</u>	<u>177,675,287</u>	<u>189,115,196</u>	<u>210,420,920</u>	<u>226,710,460</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
Restricted	49,205,295	52,760,981	108,960,405	133,384,816	160,015,034
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>
Total primary government net assets	<u>312,744,760</u>	<u>298,560,808</u>	<u>312,148,797</u>	<u>349,918,979</u>	<u>617,405,523</u>

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

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

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

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
Property tax	25,523,014	26,327,504	28,965,153	32,611,618	49,242,321
Other taxes	26,520,455	27,919,423	30,203,483	31,468,545	34,033,797
Franchise tax	2,879,949	2,878,719	3,084,720	3,137,384	3,343,990
Investment earnings	10,433,917	8,850,414	8,535,567	8,670,285	8,867,706
Other general revenues	6,167,267	8,140,146	9,282,701	3,322,507	4,805,836
Intergovernmental - unrestricted	10,733,002	11,142,549	11,200,846	7,260,757	1,541,439
Transfers	1,616,200	1,598,246	2,316,200	2,316,200	2,810,900

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>
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Business-type activities

Investment earnings	2,601,625	2,382,963	839,368	4,783,660	4,024,042
Other general revenues				2,021,600	1,689,828
Transfers	(1,616,200)	(1,598,246)	(2,316,200)	(2,316,200)	(2,810,900)

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>
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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>
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Changes in net assets

Governmental activities	5,670,937	14,878,210	3,023,544	13,011,058	(43,028,646)
Business-type activities	9,385,804	10,547,651	11,439,909	21,305,724	16,289,540
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>

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

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

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

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

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

Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
1997	3,550,995,119	241,495,554	(154,005,257)	3,638,485,416	1,533,580,135	184,407,746		1,717,987,881	0.55%
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%

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.

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

Taxpayer	2006		2002	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Catholic Healthcare West			101,698,219	1.75%
Rancon Realty Fund V	71,161,891	0.88%	34,823,519	0.60%
WM Inland Investors IV LLC	59,007,286	0.73%		
Tec Park Land LP	46,563,000	0.58%		
Pera Castlepark Inc	41,721,045	0.52%	39,366,000	0.68%
Rancon Realty Fund IV	40,970,359	0.51%	22,626,272	0.39%
St Bernardine Medical Center	40,728,013	0.51%	47,973,462	0.83%
Brown Winston S	32,854,552	0.41%		
Westgate No 1	32,518,396	0.40%		
VTSD LLC	31,620,000	0.39%		
Catellus Operating Limited Ptn	30,592,907	0.38%		
Universe at Acacia LLC	27,313,790	0.34%	19,400,000	0.33%
Stater Bros Markets	27,083,137	0.34%	15,846,217	0.27%
Community Hospital of San Bernardino	25,735,083	0.32%	13,914,897	0.24%
Kohl's Department Stores Inc	23,218,207	0.29%	21,907,600	0.38%
RSV Mountainside Partners LLS	22,243,140	0.28%		
CNP & Media News Group	20,660,802	0.26%	27,031,223	0.47%
Capital Foresight San Bernardino			21,600,000	0.37%
6155 Palm Avenue Apartments LLC			18,054,000	0.31%
San Bernardino Hotel Properties	19,964,607	0.25%		
MB Tuscany Apartments LP	19,712,730	0.24%		
Menlo 2-22-83	18,462,000	0.23%		
Costco Wholesale Corp	18,037,916	0.22%	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>650,168,861</u>	<u>8.07%</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 Five 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%

NOTE:

The amounts presented include City property taxes only.

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

CITY OF SAN BERNARDINO
Ratios of Outstanding Debt by Type
This Fiscal Year

	<u>2006</u>
Governmental Activities	
Claims and judgements	12,745,545
Compensated absenses	17,483,244
Lease revenue bonds	17,360,000
Tax allocation bonds	155,217,904
Certificates of participation	13,275,000
Pension obligation bonds	50,401,583
Other	<u>15,236,681</u>
Total governmental activities	281,719,957
 Business-type Activities	
Capital leases	914,381
Compensated absenses	2,501,293
Notes payable	28,021,736
Certificates of participation	27,732,673
Water bonds	<u>75,000</u>
Total business-type activities	59,245,083
 Total Primary Government	 340,965,040
 Percentage of Personal Income*	 6.92%
 Debt per Capita*	 1,737

* Based on most current data available

CITY OF SAN BERNARDINO
 Ratio of General Bonded Debt Outstanding
 Last Fiscal Year
 (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

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

CITY OF SAN BERNARDINO
Schedule of Direct and Overlapping Bonded Debt

2005-06 Assessed Valuation	\$8,205,829,749
Redevelopment Incremental Valuation:	<u>3,179,161,264</u>
Adjusted Assessed Valuation:	5,026,668,485

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 06/30/06	% Applicable (1)	City's Share of Debt 6/30/06
San Bernardino Community College District	\$67,292,550	15.680 %	\$10,551,472
Colton Joint Unified School District	100,409,877	3.521	3,535,432
Redlands Unified School District	71,498,512	1.044	746,444
Rialto Unified School District	54,485,038	11.150	6,075,082
Colton Joint Unified School District CFD No. 2	4,405,000	89.535	3,944,017
San Bernardino City Unified School District	159,025,304	71.925	114,378,950
City of San Bernardino CFD No. 995	2,235,000	100.000	2,235,000
City of San Bernardino 1915 Act Bonds	2,540,000	100.000	2,540,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$144,006,397</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Bernardino County General Fund Obligations	\$885,315,000	5.310 %	\$47,010,227
San Bernardino County Pension Obligations	761,360,591	5.310	40,428,247
Colton Joint Unified School District Certificates of Participation	8,110,000	3.521	285,553
Redlands Unified School District Certificates of Participation	11,406,783	1.044	119,087
Rialto Unified School District Certificates of Participation	15,980,000	11.150	1,781,770
City of San Bernardino General Fund Obligations	31,341,330	100.000	31,341,330
San Bdn Valley Muni Water Dist Cert of Part.	5,075,000	22.091	1,121,118
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$122,087,332</u>
Less: City of San Bernardino self-supporting issues			7,062,300
San Bernardino Valley Muni Water Dist Certificates of Part			1,121,118
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u>\$113,903,914</u>
 GROSS COMBINED TOTAL DEBT			 \$266,093,729 (2)
NET COMBINED TOTAL DEBT			\$257,910,311

- (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.

Ratios to 2005-06 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.75 %
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Ratios to Adjusted Assessed Valuation:

Gross Combined Direct Debt (\$31,341,330)	0.62 %
Net Combined Direct Debt (\$24,279,030)	0.48 %
Gross Combined Total Debt	5.29 %
Net Combined Total Debt	5.13 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/06: \$0

Source: California Municipal Statistics, Inc.

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Assessed valuation	4,021,058,224	4,131,626,923	4,374,324,944	4,602,193,863	5,026,668,485
Conversion percentage	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
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	150,789,683	154,936,010	164,037,185	172,582,270	188,500,068
Total net debt applicable to limit: General obligation bonds	<u>29,345,000</u>	<u>27,765,000</u>	<u>28,090,000</u>	<u>24,745,000</u>	<u>73,531,583</u>
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>
Total debt applicable to the limit as a percentage of debt limit	19.5%	17.9%	17.1%	14.3%	39.0%

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.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Pledged-Revenue Coverage
(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

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

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 2006

<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
Starwood Vacation Ownership	Lodging - hotels & motels	500-999

Note - Actual employment numbers not available.

Source - City of San Bernardino Employment and Training Agency, USWorks for Professionals

CITY OF SAN BERNARDINO
 Full-time and Part-time City Employees
 by Function
 Last Ten Fiscal Years

Full-time and Part-time Employees as of June 30,

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	221	202	215	215	222	225	228	222	209	210
Public Safety	622	612	613	629	616	627	628	633	653	667
Streets	120	109	117	116	118	120	121	118	107	110
Culture & Recreation	278	272	272	269	269	267	268	268	272	272
Community Development	28	27	21	21	21	22	22	22	23	27
Economic Development	49	54	19	19	19	19	22	22	22	17
Community Service	263	260	260	261	261	262	270	269	268	268
Enterprise	333	340	334	333	338	346	349	357	356	369
Total	1,914	1,876	1,851	1,863	1,864	1,888	1,908	1,911	1,910	1,940

Source: Budgeted positions for full and part time employees

CITY OF SAN BERNARDINO
 Operating Indicators by Function
 Last Fiscal Year

	Fiscal Year 2006
Police:	
Arrest	16,955
Parking citations issued	25,411
Fire:	
Number of emergency calls	25,282
Inspections	7,646
Public Works/Public Services:	
Street resurfacing (lane miles)	382
Parks and Recreation:	
Number of recreation classes	150
Number of facility rentals	410
Water:	
New connections	563
Average daily consumption (thousands of gallons)	44,583
Sewer:	
New connections	952
Average daily sewage treatment (thousands of gallons)	26,500

CITY OF SAN BERNARDINO
 Capital Asset Statistics by Function/Program
 Last Fiscal Year

2006

Public Safety

Police stations	1
Fire stations	12

Streets/Community Development

Miles of streets	625
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	26
Park acreage	497.608

Water

Water mains (miles)	551
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Sewer

Sanitary sewers (miles)	509
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Source - Various City departments

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
 Water Sold by Type of Customer
 Last Seven Fiscal Years
 (in millions of gallons)

Type of Customer:	Fiscal Year						
	2000	2001	2002	2003	2004	2005	2006
Residential	10,780.6	9,158.4	10,204.6	9,414.9	10,277.7	9,493.7	10,022.5
Commercial	2,795.7	2,149.0	2,302.9	2,568.6	2,791.3	2,680.6	2,752.7
Municipal	716.8	576.6	604.8	535.9	526.3	511.4	533.6
Landscape	2,044.0	1,777.8	1,460.9	1,480.2	1,521.4	1,376.4	1,585.1
Other Agencies	286.5	579.2	493.8	363.6	117.1	77.4	51.4
Total	16,623.6	14,241.0	15,067.0	14,363.2	15,233.8	14,139.5	14,945.3
 Total direct rate per 1,000 gallons	 0.93	 1.14	 1.23	 1.30	 1.28	 1.29	 1.29

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
1997	\$ 6.60	\$ 0.96
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

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

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
 Water Customers
 Current Fiscal Year and Six Years Ago

Water Customer	2006		2001	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
SB Unified School District	696,389	3.61%	525,193	3.23%
County of San Bernardino	618,155	3.20%	494,679	3.05%
Housing Authority	409,316	2.12%	369,330	2.27%
California State University	275,889	1.43%	266,505	1.64%
City of San Bernardino	193,793	1.00%	155,210	0.96%
Cannon Management	192,409	1.00%		
Pama Management	167,199	0.87%		
St. Bernardine Hospital	164,335	0.85%	187,894	1.16%
SB Community Hospital	153,482	0.80%	121,581	0.75%
California Dept of Transportation	148,587	0.77%	147,736	0.91%
	<u>3,019,554</u>	<u>15.65%</u>	<u>2,268,128</u>	<u>13.97%</u>

Source: Customer Services Department