

CITY OF SAN BERNARDINO, CALIFORNIA  
Primary Government Basic Financial Statements  
Year Ended June 30, 2008

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**City of San Bernardino  
Primary Government Financial Statements  
Year Ended June 30, 2008**

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January 15, 2009

To the Mayor, Members of the City Council 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 primary government financial statements of the City of San Bernardino (“the City”) for the fiscal year ended June 30, 2008.

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, 2008 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, 2008, 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 over 205,000. 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 hybrid Mayor-Council-City Manager form of government. The Mayor is elected by the voters at large, and is the City's Chief Executive Officer. 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. Under the supervision of the Mayor, the City Manager is the Chief Administrative Officer. The City Manager directs most City Departments, other than those governed by separate boards (Water Dept., Civil Service, Library) and the offices of elected officials. The City Manager's office, in addition to assisting the Mayor and Council in policy formation, focuses on special projects. The City of San Bernardino also has an elected City Attorney, City Treasurer and 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 housing market has been a major source of growth in the local economy for several years. Now, with the downturn in the housing market, the local economy has been affected more than most areas of the country. As an example, the Inland Empire has experienced high rates of home foreclosures, and currently has one of the highest rates of unemployment in the country. The economic downturn has impacted many industries across the region resulting in a reduction in sales tax revenues to the City. This is of particular concern as sales tax revenues have been the largest revenues of the City.

**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 568 at 6/30/08. The average yield on investments was 4.40 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 judgements payable as of June 30, 2008 for these activities is \$13,220,824. Although the City has set aside \$4,136,218 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

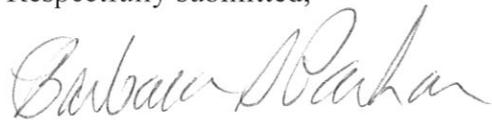
ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As of June 30, 2007 (the most recent year for which the calculation is available), the City of San Bernardino has succeeded in funding 91.4% of the present value of the projected benefits earned by 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 291 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. The actuarially determined liability for current benefits is included on the government wide financial statements in accordance with GAAP.

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 who contributed to 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, 2008

LEGISLATIVE OFFICIALS

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

CHIEF ADMINISTRATIVE OFFICERS

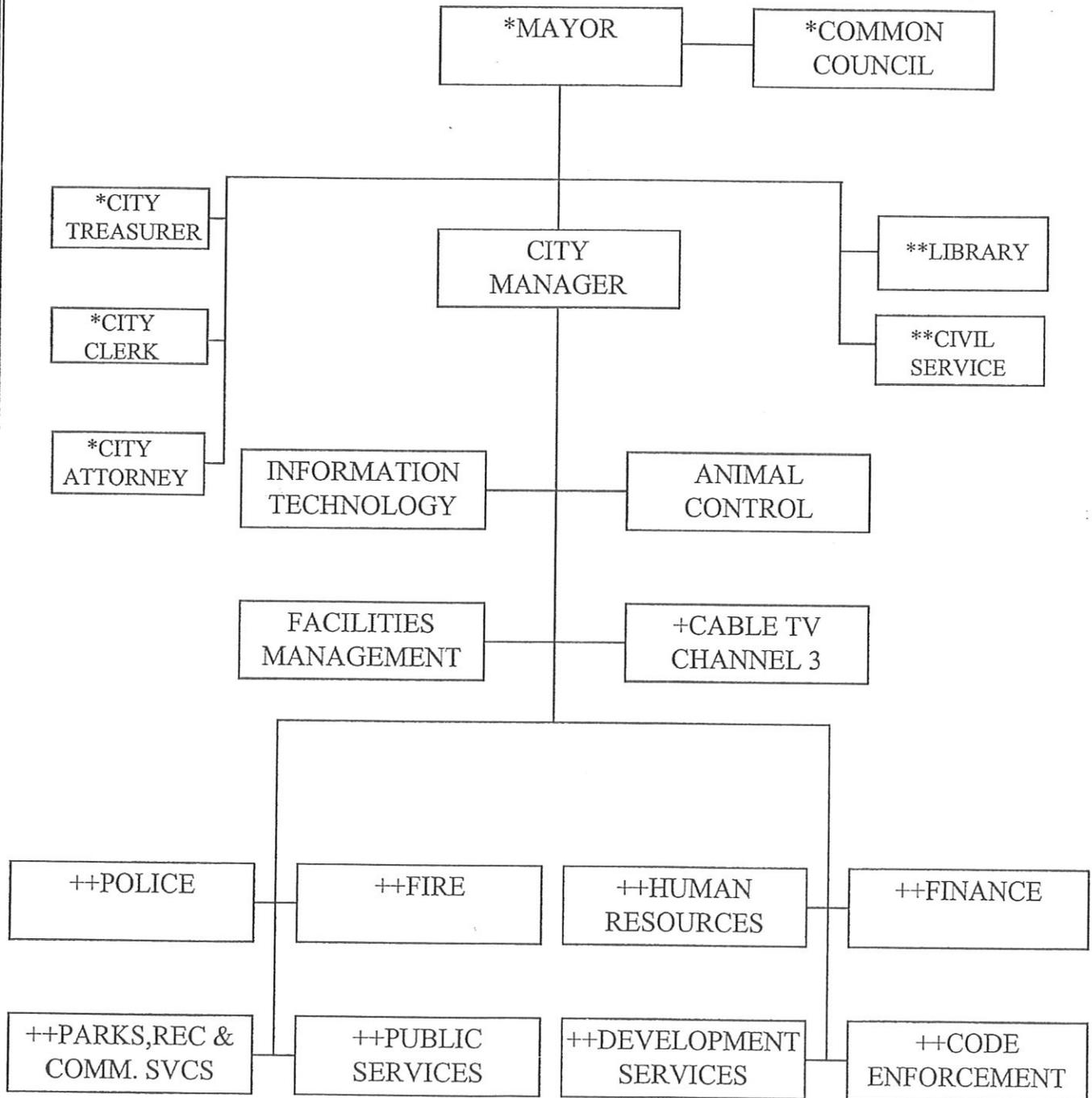
Fred Wilson . . . . .	City Manager
Emil Marzullo . . . . .	Executive Director, Economic Development Agency
Stacey Aldstadt . . . . .	General Manager, San Bernardino Municipal Water Department

DEPARTMENT HEADS

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

\*Elected Officials

# CITY OF SAN BERNARDINO



- \* ELECTED OFFICIALS
- \*\* GOVERNED BY A BOARD
- + DIVISION OF THE CITY MANAGER
- ++ DEPARTMENTS



**ROGERS, ANDERSON, MALODY & SCOTT, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

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

NANCY O'RAFFERTY, C P A  
BRAD A. WELEBIR, C P A  
TIMOTHY P. HORN, C P A  
KATIE L. MILLSOM, C P A  
JOHN J. BADIA, C P A

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

**INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying primary government 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, 2008, which collectively comprise the City's primary government basic financial statements, as listed in the table of contents. These primary government financial statements are the responsibility of the City of San Bernardino's management. Our responsibility is to express opinions on these primary government financial statements based on our audit.

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

In our opinion, the primary government 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, 2008, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MEMBERS

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

PCPS THE AICPA ALLIANCE FOR CPA FIRMS

CALIFORNIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

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In accordance with *Government Auditing Standards*, we have also issued a report dated January 15, 2009 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 primary government 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 primary government financial statements that collectively comprise the City of San Bernardino's primary government basic financial statements. The introductory section, combining and individual nonmajor fund financial statements 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 primary government basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the primary government basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the primary government basic financial statements and, accordingly, we express no opinion on it.

*Rogers, Anderson, Malody & Scott, LLP*

January 15, 2009

## Management Discussion and Analysis

### General Information

In June 1999, the Governmental Accounting Standards Board (“GASB”), which sets financial reporting rules and requirements, “Generally Accepted Accounting Principals” (“GAAP”), for all state and local governments, established a new framework for financial reporting. This new framework represents the biggest single change in the history of governmental accounting. These changes, which are collectively known as *GASB Statement 34: Basic Financial Statement – and Management Discussion and Analysis – for State and Local Governments*, were implemented with the City of San Bernardino Primary Government Financial Statements for the fiscal year ended June 30, 2002.

As required by GASB 34, the information presented in the “Management Discussion and Analysis” is intended to be a narrative and analysis for the City’s financial activities for the year ended June 30, 2008. Please read this analysis in conjunction with the accompanying financial statements, footnotes and supplementary information as well as the letter of transmittal including the accompanying General Audit Information included in the Introductory Section.

### Financial Highlights

- The assets of the City of San Bernardino Primary Government exceeded its liabilities at the close of its most recent fiscal year by \$392,684,498 (*net assets*). *Unrestricted net assets* at that same time totaled \$(52,612,973).
- The City of San Bernardino Primary Government’s total net assets decreased by \$(8,371,408). \$6,606,181 of the decrease relates to governmental activities and \$1,765,227 of the decrease was from business type activities.
- At the close of the current fiscal year, the City of San Bernardino Primary Government’s governmental funds reported combined ending fund balances of \$51,072,706, an increase of \$1,929,271 from the prior year. Approximately 21 percent of this amount, \$10,779,300, is available for spending at the government’s discretion (unreserved and designated budget reserve in the general fund).
- At June 30, 2008, the general fund has a designated reserve of \$10,779,300, with a \$4,163,603 unreserved undesignated fund balance. The total of the designated reserve and unreserved undesignated fund balances represent 7.4 percent of general fund expenditures.
- The overall increase in long-term debt of \$9,585,976 is the net of an increase of \$5,599,584 for governmental activities and an increase of \$3,986,392 for business type activities.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of San Bernardino Primary Government basic financial statements. These statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. In addition to the basic financial statements and required information, this report contains additional supplementary information.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of San Bernardino Primary Government assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of San Bernardino is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues or unpaid liabilities.)

Both of the government-wide financial statements distinguish functions of the City of San Bernardino that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of San Bernardino Primary Government include general government, public safety, streets, culture and recreation, community services and community development. The business-type activities of the City of San Bernardino Primary Government include the refuse (Integrated Waste) operation.

The government-wide financial statements include only the primary government. The additional component units of the City (the Economic Development Agency and the Municipal Water Department) are legally separate and produce separate financial statements. The activities of these component units include both governmental activities and business-type activities. A comprehensive financial report, including all component units of the City of San Bernardino is also produced each year.

The government-wide financial statements of the primary government can be found on pages 11 - 13 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of San Bernardino Primary Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of San Bernardino Primary Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of San Bernardino Primary Government maintains 38 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures and changes in fund balances for the general fund and four other governmental funds, which are considered to be major funds. Data from the other 33 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of San Bernardino adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 - 22 of this report.

**Proprietary Funds.** The City of San Bernardino maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of San Bernardino uses enterprise funds to account for its Refuse operations and an inactive Emergency Medical Transport activity. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of San Bernardino's various functions. The City of San Bernardino uses internal service funds to account for its fleet, information services, utilities, telephone and central services as well as for liability, workers compensation, unemployment insurance and certain medical insurance. Because these funds primarily benefit governmental rather than business-type functions, they have been included within *governmental activities* on the government-wide statements.

Proprietary funds provide the same type of information as the government-wide financial statement. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 23 - 26 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements, because the resources of those funds are *not* available to support the City of San Bernardino Primary Government's own programs.

The basic fiduciary fund financial statements can be found on page 27 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 63 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also contains certain *required supplementary information* concerning the City of San Bernardino Primary Government. Required supplementary information can be found on pages 64 – 73 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 75 - 156 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of San Bernardino Primary Government, assets exceed liabilities by \$392,684,498 at the close of the most recent fiscal year.

By far the largest portion of the City of San Bernardino Primary Government's net assets (106.3 percent) reflect its investment in capital assets (e.g., infrastructure, land and improvements, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of San Bernardino uses those capital assets to provide services to citizens, consequently, those assets are not available for future spending. Although the City of San Bernardino Primary Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided for by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of San Bernardino's Net Assets  
(Amounts expressed in thousands)

	Governmental		Business-type		Total	
	Activities	Activities		Activities	Activities	
	2008	2008	2008	2007	2007	2007
Current and other assets	65,703	5,368	71,071	66,344	6,816	73,160
Capital assets	453,542	9,953	463,495	457,316	6,477	463,793
Total assets	519,245	15,321	534,566	523,660	13,293	536,953
Long-term liabilities outstanding	100,476	8,437	108,913	115,407	6,547	121,954
Other liabilities	29,123	3,845	32,968	12,001	1,942	13,943
Total liabilities	129,599	12,282	141,881	127,408	8,489	135,897
Net assets:						
Invested in capital assets, net of related debt	417,505	44	417,549	424,914	472	425,386
Restricted	27,748	-	27,748	30,223		30,223
Unrestricted	(55,608)	2,995	(52,613)	(58,885)	4,332	(54,553)
Total net assets	389,645	3,039	392,684	396,252	4,804	401,056

Table 1

An additional portion of the City of San Bernardino Primary Government's net assets (7.1 percent) represent resources that are subject to external restrictions on how they may be used.

The final portion of net assets is the negative unrestricted balance of (\$52,612,974).

This deficit in unrestricted net assets is the result of substantial liabilities being recognized as incurred which exceed assets available for their liquidation. The budgetary process by which the mayor and council control activity, does not consider all future liabilities related to current periods, as is required by the economic resources measurement focus used to prepare the government-wide financial statements.

**Governmental Activities.** Table 2 represents the cost of each of the City's programs: general government, public safety, streets, culture and recreation, community services and community development. The net cost is the total program expenditures less the associated program revenue earned by that activity, and shows the financial cost that was incurred by the City for that activity.

The net cost of services indicates that the overall cost of government is more than the revenues generated to support it. However, general revenues, such as taxes and investment income, not associated with a particular program, are not off-set against the cost of services.

**Business-type activities.** The City of San Bernardino Primary Government included only one operating business-type activity, Integrated Waste. Net assets for this activity decreased by \$1,765,227, including net transfers out of \$2,617,300 corresponding to administrative charges and rental of facilities.

Governmental activities decreased the City of San Bernardino Primary Government's net assets by \$6,606,181. Key elements of these decreases are as follows:

City of San Bernardino's Activities (Amounts expressed in thousands)						
	Governmental activities 2008	Business-type activities 2008	Total 2008	Governmental activities 2007	Business-type activities 2007	Total 2007
Revenues:						
Program revenues:						
Charges for services	33,486	24,410	57,896	32,066	24,035	56,101
Operating grants and contributions	9,092		9,092	10,115		10,115
Capital grants and contributions	11,883		11,883	10,743		10,743
General revenues:			-			-
Sales tax	36,102		36,102	36,012		36,012
Property taxes	31,430		31,430	28,240		28,240
Other taxes	38,035		38,035	38,301		38,301
Forgiveness of debt	1,556		1,556	-		-
Intergovernmental	1,193		1,193	1,529		1,529
Other	11,220	798	12,018	8,796	308	9,104
Total revenues	173,997	25,208	199,205	165,802	24,343	190,145
Expenses:						
General government	28,691		28,691	26,999		26,999
Public safety	101,495		101,495	93,515		93,515
Streets	29,851		29,851	27,070		27,070
Culture and recreation	9,008		9,008	7,585		7,585
Community development	2,612		2,612	2,381		2,381
Community service	7,901		7,901	7,860		7,860
Interest on long-term debt	3,663		3,663	3,888		3,888
Integrated waste		24,356	24,356		21,485	21,485
Total expenses	183,221	24,356	207,577	169,298	21,485	190,783
Increase (decrease) in net assets before transfers	(9,224)	852	(8,372)	(3,496)	2,858	(638)
Transfers	2,617	(2,617)	0	2,533	(2,533)	0
Increase in net assets	(6,607)	(1,765)	(8,372)	(963)	325	(638)
Net assets July 1 (as restated)	396,252	4,804	401,056	397,215	4,479	401,694
Net assets June 30	389,645	3,039	392,684	396,252	4,804	401,056

Table 2

City of San Bernardino's Governmental Activities  
(Amounts expressed in thousands)

	Total cost of services 2008	Net cost of services 2008	Total cost of services 2007	Net cost of services 2007
General government	\$ 28,691	\$ 25,709	\$ 26,999	\$ 22,663
Public safety	101,495	89,082	93,515	82,242
Streets	29,851	2,676	27,070	4,147
Culture and recreation	9,008	6,488	7,585	3,783
Community development	2,612	(1,217)	2,381	(2,745)
Community service	7,901	2,358	7,860	2,396
Interest on long-term debt	3,663	3,663	3,888	3,888
	<u>\$ 183,221</u>	<u>\$ 128,759</u>	<u>\$ 169,298</u>	<u>\$ 116,374</u>

Table 3

### Financial Analysis of the Government's Funds

As noted earlier, the City of San Bernardino Primary Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of San Bernardino Primary Government's *governmental funds* is to provide information on near-term inflows, outflow, and balances of *spendable* resources. Such information is useful in assessing the City of San Bernardino Primary Government's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of San Bernardino Primary Government's governmental funds reported combined ending fund balances of \$51,072,706, an increase of \$1,929,271 from the prior year. Approximately 21% of that amount is either unreserved/undesignated or designated for budget reserve in the general fund, which is available for spending at the City's discretion. The remainder of the fund balance is either reserved or designated for Special Revenues or Capital Projects.

The general fund is the chief operating fund for the City of San Bernardino Primary Government. At the end of the current fiscal year, there was an unreserved undesignated fund balance of \$4,163,503 in the general fund, while the total fund balance was \$16,153,044. As a measure of the general fund's liquidity, it may be useful to compare both unreserved undesignated fund balance and total fund balance to general fund expenditures. Unreserved undesignated fund balance represents 2.8% of general fund expenditures, while total fund balance represents 11.1% of the same amount.

The fund balance of the General Fund of the City of San Bernardino decreased by \$2,443,604 in the current fiscal year. Key factors in the change are:

- Revenues increased by \$3,004,673 (2.3%). The increase in taxes of \$2,781,228 was combined with increases in Fines and Forfeitures, Other Revenues, and Intergovernmental Revenue. In addition, the City issued debt of \$3,620,684 which also increased Fund Balance.

- Expenditures increased by \$10,880,286 (8.1%). The primary element of this increase was increased Public Safety Expense.

**Proprietary Funds.** The City of San Bernardino Primary Government's proprietary funds provide the same type of information found in the government-wide financial statements for enterprise funds, but in more detail. In addition, the proprietary funds include internal service funds, whose purpose is to accumulate and allocate costs internally.

The total net assets for proprietary funds were \$(1,665,552) at June 30, 2008. While business-type activities in enterprise funds had a positive net assets of \$3,038,914, internal service funds had an ending balance of negative \$(4,704,466). The change in net assets for the year was an increase of \$1,321,931 which consists of \$(1,765,227) decrease for enterprise funds and an increase of \$3,087,158 for internal service funds.

### **General Fund Budgetary Highlights**

Differences between appropriations in the original budget and the final amended budget were \$3,069,100 (2.1%) and can be summarized as follows:

- Appropriations were increased by \$1,857,900 for encumbrance and continuing appropriation carryovers, \$700,000 for Safety overtime and FEMA increases, and \$518,900 for Operation Phoenix expenditures.
- \$3,860,900 was transferred from general government to departments to cover salary increases and Charter 186 increases.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City of San Bernardino Primary Government's investment in capital assets for its governmental and business activities as of June 30, 2008 amounts to \$463,494,648 (net of accumulated depreciation). The investment in capital assets included infrastructure, land and improvements, buildings, and equipment. Of this amount, \$294,942,467 relates to infrastructure and \$11,974,853 relates to infrastructure construction in progress. The City of San Bernardino Primary Government recorded infrastructure initially related to general government functions for the year ended June 30, 2006.

Additional information on the City of San Bernardino Primary Government's capital assets can be found in note 4 on pages 44 - 45 of this report.

**Long-Term Debt.** At the end of the current year, the City of San Bernardino Primary Government has total outstanding long-term liabilities of \$131,539,927. Of this amount, \$49,654,907 relates to Pension Obligation Bonds, \$26,104,308 relates to facilities leases and loans, \$15,951,257 to equipment leases, \$21,032,641 relates to compensated absences, \$13,220,824 for claims and judgments payable, \$5,330,990 for OPEB Obligation, and \$335,000 for special assessment debt for which the City is liable.

The City of San Bernardino Primary Government's long term debt increased by \$9,585,976 (7.9%) in the current year. While equipment leases increased by \$6,740,031 and OPEB Obligation increased by \$5,330,990, and compensated absences increased by \$1,333,458, Pension Obligation Bonds decreased by \$836,676, facilities leases payable decreased by \$1,926,173, claims and judgments payable decreased by \$970,654, and Assessment District Bonds decreased by \$85,000.

Additional information on the City of San Bernardino Primary Government's long-term liabilities can be found in notes 5 through 12 on pages 45 - 55 of this report. Information can also be found in note 17 on pages 59 - 61.

### **Economic Factors and Next Year's Budgets and Rates**

Primary Factors used in the preparation of the 2008/2009 budget include:

- Revenues have been estimated with realistic changes based on performance of the local economy. Certain revenues provided by the State of California have been adjusted as a result of state budget deficits.
- Personnel costs are only projected to increase based on salary increases for safety employees mandated by City charter and pension benefit contribution rate increases as dictated by CalPERS and other benefit increases.

All of these factors were considered in preparing the City of San Bernardino Primary Government's budget for the 2009 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of San Bernardino Primary Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director 300 N. "D" Street, San Bernardino, CA 92418-0001.

**City of San Bernardino  
Statement of Net Assets  
June 30, 2008**

(with prior year data for comparative purposes only)

	Governmental Activities	Business-type Activities	Totals	
			2008	2007
<b>ASSETS</b>				
Cash and investments	\$ 40,348,407	\$ 498,784	\$ 40,847,191	\$ 47,422,177
Cash and investments with fiscal agents	3,726,542	2,302,136	6,028,678	3,323,537
Receivables:				
Accounts, net	4,043,911	2,557,586	6,601,497	6,131,288
Interest	482,220	9,829	492,049	793,091
Special assessments	501,667	-	501,667	907,289
Inventory	326,716	-	326,716	267,340
Prepays	199,846	-	199,846	453,500
Due from other governments	15,804,460	-	15,804,460	13,646,431
Other assets	268,857	-	268,857	214,671
Capital assets:				
Land, improvements and construction in progress	126,369,770	-	126,369,770	122,735,469
Other capital assets, net	327,172,281	9,952,597	337,124,878	341,058,128
<b>Total assets</b>	<b>519,244,677</b>	<b>15,320,932</b>	<b>534,565,609</b>	<b>536,952,921</b>
<b>LIABILITIES</b>				
Accounts payable	5,091,860	1,381,198	6,473,058	8,277,749
Deposits payable	-	367,505	367,505	352,718
Accrued interest	846,927	-	846,927	507,224
Retentions payable	446,451	-	446,451	287,918
Unearned revenue	1,009,045	-	1,009,045	1,756,528
Due to other governments	1,198,198	-	1,198,198	2,760,927
Noncurrent liabilities:				
Due within one year	20,530,926	2,096,651	22,627,577	20,331,235
Due in more than one year	100,475,686	8,436,664	108,912,350	101,622,716
<b>Total liabilities</b>	<b>129,599,093</b>	<b>12,282,018</b>	<b>141,881,111</b>	<b>135,897,015</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	417,504,652	44,182	417,548,834	425,386,109
Restricted for:				
Capital projects – streets	22,109,775	-	22,109,775	16,046,206
Capital projects – other	3,171,392	-	3,171,392	7,207,200
Special revenue	978,510	-	978,510	6,363,839
Debt service	1,488,961	-	1,488,961	605,397
Unrestricted	(55,607,706)	2,994,732	(52,612,974)	(54,552,845)
<b>Total net assets</b>	<b>\$ 389,645,584</b>	<b>\$ 3,038,914</b>	<b>\$ 392,684,498</b>	<b>\$401,055,906</b>

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

**City of San Bernardino**  
**Statement of Activities**  
**For the year ended June 30, 2008**  
(with prior year data for comparative purposes only)

<b>Functions/Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 28,690,687	\$ 2,634,674	\$ 347,038	\$ -
Public safety	101,494,843	7,847,150	4,565,350	-
Streets	29,851,158	15,292,390	-	11,883,134
Culture and leisure	9,008,014	2,141,227	378,337	-
Community development	2,612,603	3,829,972	-	-
Community services	7,900,685	1,740,995	3,801,493	-
Interest on long-term debt	3,663,018	-	-	-
Total governmental activities	<u>183,221,008</u>	<u>33,486,408</u>	<u>9,092,218</u>	<u>11,883,134</u>
Business-type activities:				
Integrated waste	<u>24,356,571</u>	<u>24,410,493</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>24,356,571</u>	<u>24,410,493</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 207,577,579</u>	<u>\$ 57,896,901</u>	<u>\$ 9,092,218</u>	<u>\$ 11,883,134</u>

General revenues:

Taxes:

  Sales tax

  Property tax

  Other taxes

  Franchises

Unrestricted investment earnings

Other

Intergovernmental (unrestricted)

Forgiveness of debt

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	
		2008	2007
\$ (25,708,975)	\$ -	\$ (25,708,975)	\$ (22,663,308)
(89,082,343)	-	(89,082,343)	(82,242,388)
(2,675,634)	-	(2,675,634)	(4,146,992)
(6,488,450)	-	(6,488,450)	(3,783,329)
1,217,369	-	1,217,369	2,744,891
(2,358,197)	-	(2,358,197)	(2,395,757)
(3,663,018)	-	(3,663,018)	(3,887,796)
<u>(128,759,248)</u>	<u>-</u>	<u>(128,759,248)</u>	<u>(116,374,679)</u>
-	53,922	53,922	2,550,902
-	53,922	53,922	2,550,902
36,101,446	-	36,101,446	36,011,631
31,429,967	-	31,429,967	28,239,907
34,423,896	-	34,423,896	34,952,626
3,611,073	-	3,611,073	3,348,564
471,157	58,283	529,440	982,668
10,749,058	739,868	11,488,926	8,120,566
1,193,170	-	1,193,170	1,529,664
1,556,000	-	1,556,000	-
2,617,300	(2,617,300)	-	-
<u>122,153,067</u>	<u>(1,819,149)</u>	<u>120,333,918</u>	<u>113,185,626</u>
(6,606,181)	(1,765,227)	(8,371,408)	(638,151)
<u>396,251,765</u>	<u>4,804,141</u>	<u>401,055,906</u>	<u>401,694,057</u>
<u>\$ 389,645,584</u>	<u>\$ 3,038,914</u>	<u>\$ 392,684,498</u>	<u>\$ 401,055,906</u>

**City of San Bernardino**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**  
(with prior year data for comparative purposes only)

	General	Special Revenue Fund Federal and State Programs
<b>ASSETS</b>		
Cash and investments	\$ -	\$ -
Cash and investments with fiscal agents	3,555,249	-
Receivables, net:		
Accounts	3,880,860	85,570
Interest	36,612	17,331
Special assessments	-	-
Inventory	19,489	-
Prepays	19,033	-
Due from other governments	10,728,536	1,699,134
Due from other funds	-	-
Advances to other funds	-	-
Other assets	54,062	125
	\$ 18,293,841	\$ 1,802,160
Total assets	\$ 18,293,841	\$ 1,802,160

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

Capital Projects Funds			Nonmajor Governmental Funds	Total	
CIEDB Street Construction	Street Construction	Impact Fees		2008	2007
\$ -	\$ -	\$ 9,175,070	\$ 29,637,275	\$ 38,812,345	\$ 41,132,700
-	-	-	70,475	3,625,724	200,726
-	-	-	71,699	4,038,129	3,610,815
-	-	83,433	307,395	444,771	745,739
-	-	-	501,667	501,667	907,289
-	-	-	-	19,489	19,583
-	-	-	-	19,033	60,231
-	469,793	-	2,795,680	15,693,143	13,545,767
-	-	-	1,348,667	1,348,667	2,964,000
-	-	-	607,774	607,774	262,400
-	-	-	214,670	268,857	214,671
<u>\$ -</u>	<u>\$ 469,793</u>	<u>\$ 9,258,503</u>	<u>\$ 35,555,302</u>	<u>\$ 65,379,599</u>	<u>\$ 63,663,921</u>

**City of San Bernardino**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**  
(with prior year data for comparative purposes only)  
(Continued)

	General	Special Revenue Fund Federal and State Programs
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 2,040,419	\$ 268,161
Due to other funds	74,243	1,120,224
Retentions payable	-	-
Deferred revenues	-	1,119,868
Advances from other funds	-	-
Due to other governments	26,135	77,862
	2,140,797	2,586,115
Fund balances:		
Reserved for:		
Encumbrances	250,400	-
Inventory	19,489	-
Prepaid items	19,033	-
Debt service	-	-
Advances to other funds	306,389	-
Sewer capacity rights	-	-
Petty cash	4,930	-
Unreserved:		
General fund:		
Designated for continuing appropriations	610,000	-
Designated for budget reserve	10,779,300	-
Undesignated	4,163,503	-
Special revenue funds:		
Designated for continuing appropriations	-	-
Undesignated	-	(783,955)
Debt service funds:		
Undesignated	-	-
Capital projects funds:		
Designated for continuing appropriations	-	-
Undesignated	-	-
	16,153,044	(783,955)
Total liabilities and fund balances	\$ 18,293,841	\$ 1,802,160

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

Capital Projects Funds					
CIEDB Street Construction	Street Construction	Impact Fees	Nonmajor Governmental Funds	Total	
				2008	2007
\$ 174,712	\$ 391,040	\$ 68,043	\$ 1,138,849	\$ 4,081,224	\$ 4,384,390
2,052,845	2,442,799	-	368,972	6,059,083	2,964,000
-	56,385	-	390,066	446,451	247,513
-	306,420	-	849,650	2,275,938	3,901,255
-	-	-	246,000	246,000	262,400
-	900,000	-	194,200	1,198,197	2,760,928
<u>2,227,557</u>	<u>4,096,644</u>	<u>68,043</u>	<u>3,187,737</u>	<u>14,306,893</u>	<u>14,520,486</u>
-	-	46,500	461,600	758,500	1,475,300
-	-	-	-	19,489	19,583
-	-	-	-	19,033	58,845
-	-	-	277,632	277,632	1,112,621
-	-	-	607,774	914,163	131,200
-	-	-	214,671	214,671	214,671
-	-	-	1,100	6,030	5,950
-	-	-	-	610,000	1,131,800
-	-	-	-	10,779,300	10,779,300
-	-	-	-	4,163,503	5,769,545
-	-	-	300,600	300,600	90,500
-	-	-	10,368,472	9,584,517	11,460,291
-	-	-	1,623,105	1,623,105	(782,226)
-	-	8,400	-	8,400	-
<u>(2,227,557)</u>	<u>(3,626,851)</u>	<u>9,135,560</u>	<u>18,512,611</u>	<u>21,793,763</u>	<u>17,676,055</u>
<u>(2,227,557)</u>	<u>(3,626,851)</u>	<u>9,190,460</u>	<u>32,367,565</u>	<u>51,072,706</u>	<u>49,143,435</u>
<u>\$ -</u>	<u>\$ 469,793</u>	<u>\$ 9,258,503</u>	<u>\$ 35,555,302</u>	<u>\$ 65,379,599</u>	<u>\$ 63,663,921</u>

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**City of San Bernardino  
Reconciliation of the Balance Sheet of  
Governmental Funds to the Statement of Net Assets  
June 30, 2008**

Fund balances of governmental funds		\$ 51,072,706
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.		447,886,488
Internal service funds are used by management to charge various costs 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	\$ 5,655,563	
Long-term liabilities	(10,480,886)	
Other assets and liabilities	<u>120,857</u>	(4,704,466)
Certain assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		1,266,888
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in funds, less internal service fund liabilities.		
Bonds, notes and leases payable	\$ (85,468,497)	
Accrued interest payable	(846,927)	
Compensated absences payable	<u>(19,560,608)</u>	<u>(105,876,032)</u>
Net assets of governmental activities		<u>\$ 389,645,584</u>

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, 2008**  
(with prior year data for comparative purposes only)

	General	Special Revenue Fund Federal and State Programs
<b>REVENUES</b>		
Taxes	\$ 100,443,781	\$ -
Licenses and permits	10,122,997	-
Impact fees	-	-
Fines and forfeitures	1,499,214	-
Investment income	1,441,416	15
Intergovernmental	9,181,679	7,599,874
Charges for services	6,388,869	-
Other revenues	4,181,440	77,862
	<u>133,259,396</u>	<u>7,677,751</u>
<b>EXPENDITURES</b>		
Current:		
General government	24,307,456	62,385
Public safety	95,611,918	2,451,230
Streets	9,666,812	1,870
Culture and recreation	6,899,521	371,894
Community development	2,482,040	120,233
Community service	-	3,750,054
Debt service:		
Principal	3,030,591	-
Interest	3,099,872	-
	<u>145,098,210</u>	<u>6,757,666</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,838,814)</u>	<u>920,085</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of debt	3,620,684	-
Transfers in	10,072,200	-
Transfers out	(4,297,674)	(350,000)
	<u>9,395,210</u>	<u>(350,000)</u>
<b>SPECIAL ITEM</b>		
Forgiveness of debt	-	-
Net change in fund balances	(2,443,604)	570,085
Fund balances (deficit), beginning of year	18,596,648	(1,354,040)
Fund balances (deficit), end of year	<u>\$ 16,153,044</u>	<u>\$ (783,955)</u>

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

Capital Projects Funds			Nonmajor Governmental Funds	Totals	
CIEDB Street Construction	Street Construction	Impact Fees		2008	2007
\$ -	\$ -	\$ -	\$ 1,266,549	\$ 101,710,330	\$ 99,238,111
-	-	-	993,516	11,116,513	12,499,578
-	-	5,268,475	-	5,268,475	3,450,896
-	-	-	2,381,460	3,880,674	3,183,008
-	-	413,627	1,902,162	3,757,220	3,325,084
-	1,505,272	-	10,908,757	29,195,582	25,934,741
-	-	-	7,076,134	13,465,003	14,268,495
-	4,813	-	1,184,050	5,448,165	5,478,990
-	1,510,085	5,682,102	25,712,628	173,841,962	167,378,903
-	-	-	613,184	24,983,025	24,355,666
-	-	109,912	2,361,297	100,534,357	91,978,732
558,247	3,412,754	183,080	13,306,769	27,129,532	26,555,429
-	-	369,925	1,839,245	9,480,585	8,261,185
-	-	-	-	2,602,273	2,334,940
-	-	-	3,164,561	6,914,615	6,547,021
-	-	-	1,240,287	4,270,878	2,332,005
-	-	-	223,443	3,323,315	4,642,358
558,247	3,412,754	662,917	22,748,786	179,238,580	167,007,336
(558,247)	(1,902,669)	5,019,185	2,963,842	(5,396,618)	371,567
-	-	-	17,805	3,638,489	5,518,315
-	-	-	3,746,774	13,818,974	13,541,771
-	-	-	(7,039,900)	(11,687,574)	(10,736,753)
-	-	-	(3,275,321)	5,769,889	8,323,333
-	-	-	1,556,000	1,556,000	-
(558,247)	(1,902,669)	5,019,185	1,244,521	1,929,271	8,694,900
(1,669,310)	(1,724,182)	4,171,275	31,123,044	49,143,435	40,448,535
<u>\$ (2,227,557)</u>	<u>\$ (3,626,851)</u>	<u>\$ 9,190,460</u>	<u>\$ 32,367,565</u>	<u>\$ 51,072,706</u>	<u>\$ 49,143,435</u>

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**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, 2008**

Net change in fund balance – total governmental funds \$ 1,929,271

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

Governmental funds report capital outlays as expenditures.

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

Capital outlay	\$ 13,606,760	
Depreciation	<u>(17,642,379)</u>	(4,035,619)

Revenues that are measurable but not available are not recorded as revenues under the modified accrual basis of accounting. (1,400,167)

Debt 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	\$ (3,638,489)	
Principal payments on debt	<u>4,270,878</u>	632,389

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

Compensated absences	\$ (1,148,520)	
OPEB obligation	(5,330,990)	
Accrued interest payable	<u>(339,703)</u>	(6,819,213)

Internal service funds are used by management to charge various costs to individual funds. The net revenue of the internal service funds are reported with governmental activities. 3,087,158

Changes in net assets of governmental activities \$ (6,606,181)

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

**City of San Bernardino  
Statement of Net Assets  
Proprietary Funds  
June 30, 2008**

(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Fund Integrated Waste	Governmental Activities - Internal Service Funds	Totals	
			2008	2007
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 498,784	\$ 1,536,062	\$ 2,034,846	\$ 6,289,477
Cash and investments with fiscal agents	2,302,136	100,818	2,402,954	3,122,811
Receivables:				
Accounts, net	2,557,586	-	2,557,586	2,516,413
Interest	9,829	37,450	47,279	47,351
Other	-	5,782	5,782	4,060
Inventory	-	307,227	307,227	247,757
Prepays	-	180,813	180,813	393,269
Due from other governments	-	111,318	111,318	100,664
Due from other funds	-	4,725,386	4,725,386	321,171
Total current assets	<u>5,368,335</u>	<u>7,004,856</u>	<u>12,373,191</u>	<u>13,042,973</u>
Capital assets, net:				
Property, plant and equipment	9,952,597	5,655,563	15,608,160	11,871,497
Total assets	<u>15,320,932</u>	<u>12,660,419</u>	<u>27,981,351</u>	<u>24,914,470</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,381,198	1,010,634	2,391,832	3,893,359
Due to other funds	-	14,970	14,970	321,171
Retentions payable	-	-	-	40,405
Deposits payable	367,505	-	367,505	352,718
Advances from other funds	-	361,774	361,774	-
Claims and judgments payable - current	-	4,061,400	4,061,400	3,900,000
Compensated absences - current	558,951	501,909	1,060,860	950,871
Capital lease payable - current	1,537,700	898,312	2,436,012	1,637,286
Facility lease payable - current	-	35,000	35,000	35,000
Total current liabilities	<u>3,845,354</u>	<u>6,883,999</u>	<u>10,729,353</u>	<u>11,130,810</u>
Noncurrent liabilities:				
Claims and judgments payable	-	9,159,424	9,159,424	10,291,478
Compensated absences	65,949	345,224	411,173	336,224
Capital lease payable	8,370,715	776,238	9,146,953	5,908,441
Facility lease payable	-	200,000	200,000	235,000
Total noncurrent liabilities	<u>8,436,664</u>	<u>10,480,886</u>	<u>18,917,550</u>	<u>16,771,143</u>
Total liabilities	<u>12,282,018</u>	<u>17,364,885</u>	<u>29,646,903</u>	<u>27,901,953</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	44,182	3,699,489	3,743,671	4,055,771
Unrestricted (deficit)	2,994,732	(8,403,955)	(5,409,223)	(7,043,254)
Total net assets (deficit)	<u>\$ 3,038,914</u>	<u>\$ (4,704,466)</u>	<u>\$ (1,665,552)</u>	<u>\$ (2,987,483)</u>

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

**City of San Bernardino**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the year ended June 30, 2008**  
(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Fund <u>Integrated Waste</u>	Governmental Activities - Internal Service Funds	<u>Totals</u>	
			2008	2007
<b>OPERATING REVENUES</b>				
Charges for services	\$ 24,410,493	\$ 26,604,432	\$ 51,014,925	\$48,112,271
Total operating revenues	<u>24,410,493</u>	<u>26,604,432</u>	<u>51,014,925</u>	<u>48,112,271</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and service	18,466,803	18,588,478	37,055,281	35,293,113
Administration	3,342,095	-	3,342,095	3,037,725
Claims expense	-	3,427,374	3,427,374	5,700,030
Depreciation	2,360,021	2,166,983	4,527,004	3,412,360
Total operating expenses	<u>24,168,919</u>	<u>24,182,835</u>	<u>48,351,754</u>	<u>47,443,228</u>
Operating income	<u>241,574</u>	<u>2,421,597</u>	<u>2,663,171</u>	<u>669,043</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	58,283	173,912	232,195	191,133
Interest expense	(187,652)	(79,453)	(267,105)	(153,637)
Gain on disposal of capital assets	2,114	(8,340)	(6,226)	7,981
Miscellaneous	737,754	93,542	831,296	287,550
Total nonoperating revenues (expenses)	<u>610,499</u>	<u>179,661</u>	<u>790,160</u>	<u>333,027</u>
Income before contributions and transfers	<u>852,073</u>	<u>2,601,258</u>	<u>3,453,331</u>	<u>1,002,070</u>
Transfers in	65,000	485,900	550,900	865,000
Transfers out	<u>(2,682,300)</u>	<u>-</u>	<u>(2,682,300)</u>	<u>(3,670,018)</u>
Change in net assets	(1,765,227)	3,087,158	1,321,931	(1,802,948)
Net assets (deficit), beginning of year	<u>4,804,141</u>	<u>(7,791,624)</u>	<u>(2,987,483)</u>	<u>(1,184,535)</u>
Net assets (deficit), end of year	<u>\$ 3,038,914</u>	<u>\$ (4,704,466)</u>	<u>\$ (1,665,552)</u>	<u>\$ (2,987,483)</u>

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

**City of San Bernardino**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2008**  
(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service	Totals	
	Integrated Waste	Funds	2008	2007
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 24,384,106	\$ -	\$24,384,106	\$ 23,867,964
Cash received from user departments	-	26,285,854	26,285,854	23,860,235
Cash payments to suppliers for goods and services	(16,021,973)	(14,313,880)	(30,335,853)	(28,181,151)
Cash payments for claims	-	(4,423,314)	(4,423,314)	(4,094,849)
Cash payments for employees for Services	(5,911,090)	(5,329,156)	(11,240,246)	(9,579,853)
Cash received from other activities	737,755	93,542	831,297	287,550
Net cash provided by operating activities	<u>3,188,798</u>	<u>2,313,046</u>	<u>5,501,844</u>	<u>6,159,896</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfer from other funds	65,000	485,900	550,900	865,000
Transfer to other funds	(2,682,300)	-	(2,682,300)	(3,548,000)
Interfund loans	-	(4,404,215)	(4,404,215)	-
Net cash (used for) noncapital financing activities	<u>(2,617,300)</u>	<u>(3,918,315)</u>	<u>(6,535,615)</u>	<u>(2,683,000)</u>
<b>Cash flows from capital and related financing activities:</b>				
Cash paid for acquisition of capital assets	(1,093,202)	(1,062,155)	(2,155,357)	(3,950,615)
Cash received from issuance of debt	-	-	-	6,509,597
Principal payments on long-term debt	(919,338)	(913,550)	(1,832,888)	(2,790,871)
Proceeds from sale of capital assets	82,366	-	82,366	7,981
Interest paid on long-term debt	(187,652)	(79,453)	(267,105)	(153,637)
Net cash (used for) capital and related financing activities	<u>(2,117,826)</u>	<u>(2,055,158)</u>	<u>(4,172,984)</u>	<u>(377,545)</u>
<b>Cash flows from investing activities:</b>				
Interest received	61,197	171,070	232,267	177,233
Net cash provided by investing activities	<u>61,197</u>	<u>171,070</u>	<u>232,267</u>	<u>177,233</u>
Net increase (decrease) in cash and investments	(1,485,131)	(3,489,357)	(4,974,488)	3,276,584
Cash and investments, beginning of year	4,286,051	5,126,237	9,412,288	6,135,704
Cash and investments, end of year	<u>\$ 2,800,920</u>	<u>\$ 1,636,880</u>	<u>\$ 4,437,800</u>	<u>\$ 9,412,288</u>

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

**City of San Bernardino**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2008**  
(with prior year data for comparative purposes only)  
(Continued)

	Business Type Activities - Enterprise Fund <u>Integrated Waste</u>	Governmental Activities - Internal Service <u>Service Funds</u>	<u>Totals</u>	
			2008	2007
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 241,574	\$ 2,421,597	\$ 2,663,171	\$ 669,043
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,360,021	2,166,983	4,527,004	3,412,360
Other nonoperating revenues (expense)	737,755	93,542	831,297	287,550
(Increase) decrease in assets:				
Accounts receivable	(41,173)	-	(41,173)	(176,099)
Other receivables	-	1,784	1,784	(68,266)
Inventory	-	(59,470)	(59,470)	(132,667)
Prepays	-	212,455	212,455	(389,400)
Due from other funds	-	(5,668)	(5,668)	40,522
Due from other governments	-	(8,493)	(8,493)	6,344
Increase (decrease) in liabilities:				
Accounts payable	(167,347)	(1,334,180)	(1,501,527)	932,332
Deposits payable	14,786	-	14,786	16,588
Claims and judgments payable	-	(970,654)	(970,654)	1,445,933
Retentions payable	(40,405)	-	(40,405)	40,405
Due to other funds	-	(306,201)	(306,201)	(40,522)
Compensated absences	83,587	101,351	184,938	115,773
 Net cash provided by operating activities	 <u>\$ 3,188,798</u>	 <u>\$ 2,313,046</u>	 <u>\$ 5,501,844</u>	 <u>\$ 6,159,896</u>
<b>Noncash, investing, capital and financing activities:</b>				
Acquisition of capital assets through financing	\$ 4,822,145	\$ 1,374,759	\$ 6,196,904	\$ 609,326

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

**City of San Bernardino**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2008**  
(with prior year data for comparative purposes only)

	2008	2007
<b>ASSETS</b>		
Cash and investments	\$ 10,754,740	\$ 11,393,304
Cash and investments with fiscal agents	390,522	379,552
Receivables:		
Accounts	89,475	85,654
Interest	11,039	7,107
Due from other governmental agencies	255,131	40,411
Total assets	\$ 11,500,907	\$ 11,906,028
<b>LIABILITIES</b>		
Accounts payable	\$ 184,433	\$ 97,398
Deposits payable	10,313,104	10,835,637
Due to bond holders	1,003,370	972,993
Total liabilities	\$ 11,500,907	\$ 11,906,028

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

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**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**

These financial statements present the activities of the City, the primary government, and do not include the activities of the City's component units or of the Municipal Water Department. The component units are the City of San Bernardino Economic Development Agency and the San Bernardino Joint Powers Financing 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 primary government 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. 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 Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 1: Summary of significant accounting policies, (continued)**

***b. Basis of accounting and measurement focus, (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 transaction 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.

*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.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 1: Summary of significant accounting policies, (continued)**

**b. Basis of accounting and measurement focus, (continued)**

*Fund financial statements, (continued)*

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.

Revenue recognition is subject to the *measurable* and *availability* 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.

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 Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 1: Summary of significant accounting policies, (continued)**

***b. Basis of accounting and measurement focus, (continued)***

*Governmental funds, (continued)*

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 their 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.

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.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 1: Summary of significant accounting policies, (continued)**

**b. Basis of accounting and measurement focus, (continued)**

*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. Nonoperating 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 another 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 expense. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses. Therefore, they have no measurement focus.

*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.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 1: Summary of significant accounting policies, (continued)**

**b. Basis of accounting and measurement focus, (continued)**

*Fund classifications, (continued)*

*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.

*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.

*Street Construction.* For right-of-way acquisition, construction and improvements related to the Citrus street system. These projects are funded by various state and federal programs and matching city funds.

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

The City reports the following major enterprise funds:

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

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 No. 961, No. 977A, No. 977B, and No. 1003 and Community Facilities District No. 995.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 1: Summary of significant accounting policies, (continued)**

**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.

**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, or extraordinarily extends the life of the asset beyond original expectations. Generally, street slurry seals and repairing adding one inch or less of asphalt are considered to be routine maintenance regardless of the cost of the project.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 1: Summary of significant accounting policies, (continued)**

**e. Capital assets, (continued)**

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

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
Infrastructure	20-50
Buildings and improvements	15-45
Machinery, vehicles and equipment	2-20
Computer system	2-20

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

During the fiscal year, the City implemented the retroactive reporting requirements for reporting infrastructure assets as required by GASBS 34. Because of this, public domain assets are now recorded in the government-wide financial statements.

**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 Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 1: Summary of significant accounting policies, (continued)**

***h. 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.

***i. Comparative data***

Comparative total data for the prior year have been presented in the accompanying 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.

***j. 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.

***k. Implementation of new pronouncements***

Effective July 1, 2007, the City adopted a new accounting statements issued by the Governmental Accounting Standards Board (GASB):

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 1: Summary of significant accounting policies, (continued)**

***k. Implementation of new pronouncements, (continued)***

In addition to pensions, many state and local governmental employers provide other postemployment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits when provided separately from a pension plan. This Statement establishes standards for the measurement, recognition, and display of OPEB expense and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. This Statement improves the relevance measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

**Note 2: Cash and investments**

Cash and investments are presented in the accompanying financial statements as follows:

Statement of net assets	
Cash and investments	\$ 40,847,191
Statement of fiduciary assets and liabilities	
Cash and investments	<u>10,754,740</u>
Total cash and investments	<u>51,601,931</u>
Statement of net assets	
Cash and investments with fiscal agents	6,028,678
Statement of fiduciary assets and liabilities:	
Cash and investments with fiscal agents	<u>390,522</u>
Total cash and investments with fiscal agents	<u>6,419,200</u>
Total cash and investments	<u><u>\$ 58,021,131</u></u>

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 2: Cash and investments (continued)**

Cash and investments at June 30, 2008, consisted of the following:

Petty cash	\$	7,105
Demand deposits		5,628,920
Investments		108,999,669
 Total cash and investments		 114,635,694
 Less: amount held by Water Department		 (56,614,563)
 Total cash and investments	 \$	 <u>58,021,131</u>

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, 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 policy.

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 Funds (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

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

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**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 that City's investment policy. The table below identifies the investment types that are generally 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 days	None	None
Commercial Paper	180 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	N/A	None	None

*Disclosures relating to interest rate risk*

Interest rate risk is the risk that changes in market interest rates 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 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, and callable securities are assumed to be held to maturity.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 2: Cash and investments, (continued)**

Investment type	Total	Remaining maturity		
		12 months or less	13 to 24 months	25 to 60 months
Federal agency securities	\$ 59,328,086	\$ 9,996,676	\$ 21,737,672	\$ 27,593,738
US Treasury securities	5,265,625	-	-	5,265,625
Corporate debt securities	5,794,346	3,556,551	1,277,554	960,241
Sweep account (money market fund)	208,142	208,142	-	-
Money market mutual funds	4,215,057	4,215,057	-	-
State investment pool	27,769,213	27,769,213	-	-
Held by bond trustee:				
Money market funds	6,419,200	6,419,200	-	-
<b>Total</b>	<b>\$ 108,999,669</b>	<b>\$ 52,164,839</b>	<b>\$ 23,015,226</b>	<b>\$ 33,819,604</b>

*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 policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment type	Total	Minimum legal rating	Ratings as of year end	Not rated
Federal agency securities	\$ 59,328,086	AA-Aa2	Aaa	\$ -
US Treasury securities	5,265,625	N/A	Not rated	5,265,625
Corporate debt securities				
HSBC Finance Note	1,246,999	AA/Aa2	Aa3	-
Remaining	4,547,347	AA/Aa2	Aa2	-
Sweep account (money market fund)	208,142	N/A	Not rated	208,142
Money market mutual funds	4,215,057	N/A	Not rated	4,215,057
State investment pool	27,769,213	N/A	Not rated	27,769,213
Held by bond trustee:				
Money market funds	6,419,200	N/A	Not rated	6,419,200
<b>Total</b>	<b>\$ 108,999,669</b>			<b>\$ 43,877,237</b>

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 2: Cash and investments, (continued)**

*Concentration of credit risk*

The investment policy of the City contains 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% more of total City investments are as follows:

Issuer	Investment type	Reported amount
Federal National Mortgage Association	Federal agency securities	\$ 26,314,629
Federal Home Loan Bank Federal Home Loan	Federal agency securities	17,883,780
Mortgage Corporation	Federal agency securities	10,865,615

*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 policy 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.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 2: Cash and investments, (continued)**

*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.

**Note 3: Interfund receivables, payables, and transfers**

Current interfund receivables and payables at June 30, 2008, are as follows:

	Amount
Due to nonmajor governmental funds from:	
Federal and State Grant Programs	\$ 1,120,224
General fund	74,243
Other nonmajor governmental funds	154,200
Due to internal service funds from:	
CIEDB Street Construction fund	2,052,845
Street Construction fund	2,442,799
Internal service funds	14,970
Nonmajor governmental funds	214,772
	\$ 6,074,053

The interfund balances above resulted from loans to cover cash deficits.

Long-term interfund receivables and payables at June 30, 2008, are as follows:

Advances from nonmajor governmental funds to:	
Other nonmajor governmental funds	\$ 607,774

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

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 3: Interfund receivables, payables, and transfers (continued)**

Interfund transfers during the year ended June 30, 2008, were as follows:

<u>Fund receiving transfers</u>	<u>Fund making transfers</u>	<u>Amount</u>
<i>General Fund</i>	Nonmajor funds	\$ 7,039,900 (A)
	Integrated Waste	2,682,300 (B)
	Federal and State Grants fund	350,000
<i>Integrated Waste</i>	General Fund	65,000
<i>Nonmajor funds</i>	General Fund	3,746,774 (C)
<i>Internal service funds</i>	General Fund	<u>485,900</u>
Total transfers in		<u>\$ 14,369,874</u>

(A) \$2,910,000 was transferred to the General Fund from the Gas Tax Fund for various street projects financed by the General Fund. \$3,087,700 was transferred to the General Fund from several nonmajor governmental funds for various projects financed by the General Fund and for administrative costs incurred.

(B) \$2,682,300 was transferred to the General Fund from the Integrated Waste Fund for administrative costs, the fund's portion of capital lease debt service payments and various street repairs.

(C) \$2,762,900 was transferred to the Library Fund from the General Fund for operating expenditures. Other transfers in to nonmajor governmental funds from the General Fund totaled \$983,874.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 4: Capital assets**

Capital asset activity for the year ended June 30, 2008, was as follows:

	Beginning balance	Additions	Deletions	Ending balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$114,293,505	\$ 101,412	\$ -	\$114,394,917
Construction in progress	8,441,964	15,021,781	(11,488,892)	11,974,853
Total capital assets, not being depreciated	<u>122,735,469</u>	<u>15,123,193</u>	<u>(11,488,892)</u>	<u>126,369,770</u>
Capital assets, being depreciated:				
Infrastructure	511,532,229	4,195,545	-	515,727,774
Buildings and improvements	64,920,470	1,387,678	-	66,308,148
Machinery, vehicles and equipment	60,185,331	6,826,423	(1,703,072)	65,308,682
Total capital assets, being depreciated	<u>636,638,030</u>	<u>12,409,646</u>	<u>(1,703,072)</u>	<u>647,344,604</u>
Less accumulated depreciation for:				
Infrastructure	(207,266,119)	(13,519,188)	-	(220,785,307)
Buildings and improvements	(46,503,055)	(1,855,183)		(48,358,238)
Machinery, vehicles and equipment	(48,288,252)	(4,434,991)	1,694,465	(51,028,778)
Total accumulated depreciation	<u>(302,057,426)</u>	<u>(19,809,362)</u>	<u>1,694,465</u>	<u>(320,172,323)</u>
Total capital assets, being depreciated, net	<u>334,580,604</u>	<u>(7,399,716)</u>	<u>(8,607)</u>	<u>327,172,281</u>
Governmental activities capital assets, net	<u>\$457,316,073</u>	<u>\$ 7,723,477</u>	<u>\$(11,497,499)</u>	<u>\$453,542,051</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery, vehicles and equipment	\$ 17,488,201	\$ 5,915,347	\$ (1,864,705)	\$ 21,538,843
Total capital assets, being depreciated	<u>17,488,201</u>	<u>5,915,347</u>	<u>(1,864,705)</u>	<u>21,538,843</u>
Less accumulated depreciation for:				
Machinery, vehicles and equipment	(11,010,677)	(2,360,021)	1,784,452	(11,586,246)
Total accumulated depreciation	<u>(11,010,677)</u>	<u>(2,360,021)</u>	<u>1,784,452</u>	<u>(11,586,246)</u>
Business-type activities capital assets, net	<u>\$ 6,477,524</u>	<u>\$ 3,555,326</u>	<u>\$ (80,253)</u>	<u>\$ 9,952,597</u>

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**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	\$ 1,024,810	\$ -
Public safety	1,827,118	-
Streets	12,659,349	-
Culture and recreation	514,337	-
Community development	541	-
Community services	1,616,224	-
Refuse	-	2,360,021
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	2,166,983	-
Total depreciation expense	\$ 19,809,362	\$ 2,360,021

**Note 5: Changes in long-term liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2008:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<b>Governmental activities:</b>					
<i>Capital leases payable</i>					
Fire equipment	\$ 1,023,072	\$ 3,514,053	\$ (626,616)	\$ 3,910,509	\$ 545,881
Energy efficiency	278,530	-	(121,854)	156,676	127,739
Police vehicles	684,311	1,119,614	(548,056)	1,255,869	572,742
Mobile data computers	577,275	-	(225,546)	351,729	232,661
Fire station ADA/ roofing projects	428,628	-	(167,469)	261,159	172,751
Subtotal capital leases payable	2,991,816	4,633,667	(1,689,541)	5,935,942	1,651,774
<i>Facilities leases payable</i>					
Public facilities lease (Lease Revenue Refunding 1997A, Series A)	4,492,948	-	(656,519)	3,836,429	705,000
City Hall Lease (Refunding Bonds, Series 1996)	8,885,989	19,584	-	8,905,573	445,000
Police Facility Lease (1999 COP)	5,011,996	-	(125,731)	4,886,265	205,000
<i>California infrastructure loans</i>					
Streets	5,450,237	-	(1,009,887)	4,440,350	1,033,821
Fire station	2,457,379	17,805	(77,001)	2,398,183	79,249
Harriman Place Street Extension Lease	1,731,932	-	(94,424)	1,637,508	97,078
Subtotal facilities leases payable	28,030,481	37,389	(1,963,562)	26,104,308	2,565,148

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 5: Changes in long-term liabilities, (continued)**

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<b>Governmental activities (continued):</b>					
<i>Bond payable</i>					
Taxable Pension Obligation Bonds, 2005 Series A	\$ 50,401,583	\$ -	\$ (836,676)	\$ 49,564,907	\$ 833,818
<i>Purchase agreement</i>					
Foundation for California State University, San Bernardino	213,800	-	(106,900)	106,900	106,900
<i>Assessment District Bonds</i>					
Assessment District No. 985	205,000	-	(45,000)	160,000	45,000
Assessment District No. 987	215,000	-	(40,000)	175,000	40,000
Claims and judgments	14,191,478	2,248,489	(3,219,143)	13,220,824	4,061,400
OPEB Obligation	-	5,330,990	-	5,330,990	-
Compensated absences	19,157,870	11,254,640	(10,004,769)	20,407,741	11,226,886
Governmental activities long-term liabilities	<u>\$115,407,028</u>	<u>\$ 23,505,175</u>	<u>\$(17,905,591)</u>	<u>\$121,006,612</u>	<u>\$20,530,926</u>
<b>Business-type activities:</b>					
<i>Capital leases:</i>					
Refuse equipment	\$ 6,005,610	\$ 4,822,145	\$ (919,340)	\$ 9,908,415	\$ 1,537,700
Compensated absences	541,313	558,951	(475,364)	624,900	558,951
Business-type activity long-term liabilities	<u>\$ 6,546,923</u>	<u>\$ 5,381,096</u>	<u>\$ (1,394,704)</u>	<u>\$ 10,533,315</u>	<u>\$ 2,096,651</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, \$847,133 of compensated absences, \$13,220,824 of claims and judgments payable, \$1,674,550 of capital leases payable, and \$235,000 of facility leases payable 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.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 6: Capital leases payable**

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

	<u>Amount outstanding at June 30, 2008</u>
<b>Governmental activities:</b>	
<i>Fire equipment</i>	
The City entered into several lease purchase agreements for financing the acquisition of seventeen fire trucks. The terms of the leases vary from 3 to 10 years with individual annual payments ranging from \$26,710 to \$244,450.	\$ 3,910,509
<i>Energy efficiency</i>	
The City entered into two lease purchase agreements to finance the acquisition of air conditioning and lighting equipment. The financing for both agreements were obtained from Bank One Leasing Corporation during February 1999 and July 2000.	156,676
<i>Police vehicles</i>	
The City entered into several lease purchase agreements for the financing of the acquisition of numerous police patrol cars. The terms of the leases are for 36 months with individual semi-annual payments ranging from \$19,033 to \$180,814.	1,255,869
<i>Mobile data computers</i>	
The City entered into several lease purchase agreements for the financing of the acquisition of mobile data computers for various city vehicles. The terms of the leases are for 60 months with individual semi-annual payments of \$120,932.	351,729
<i>Fire station ADA / roofing projects</i>	
The City entered into several lease purchase agreements for the financing of the construction and acquisition of upgrades required by the Americans with Disabilities Act at several fire stations and various other projects. The terms of the leases are for 60 months with individual semi-annual payments of \$89,792.	261,159
Total capital leases payable – governmental activities	<u>\$ 5,935,942</u>

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 6: Capital leases payable, (continued)**

	<u>Amount outstanding at June 30, 2008</u>
<b>Business-type activities:</b>	
<i>Refuse equipment</i>	
The City entered into several lease purchase agreements for the financing of the acquisition of refuse trucks and street sweepers. The terms of the leases vary from 48 to 84 months with individual semi-annual payments ranging from \$33,339 to \$489,276.	\$ 9,908,415
Total capital leases payable – business-type activities	<u>\$ 9,908,415</u>

Assets acquired through capital leases are as follows:

	Governmental activities	Business-type activities
Machinery, vehicles and equipment	\$ 5,980,980	\$ 9,769,042
Less: accumulated depreciation	(3,464,788)	(2,426,562)
Totals	\$ 2,516,192	\$ 7,342,480

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

Year ending June 30,	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2009	\$ 1,651,775	\$ 260,825	\$ 1,537,772	\$ 321,195
2010	1,274,170	142,235	1,545,400	268,705
2011	796,590	100,103	1,598,983	215,121
2012	467,851	74,465	1,621,109	159,657
2013	484,762	57,554	2,123,381	113,320
2014-2017	1,260,794	70,618	1,481,770	55,981
Totals	\$ 5,935,942	\$ 705,800	\$ 9,908,415	\$ 1,133,979

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 7: Facilities leases payable**

*Public facilities lease (Lease revenue refunding bonds, 1997 Series A)*

On July 1, 1997, the San Bernardino Joint Powers Financing Authority issued \$10,370,000 of Public Facilities Lease Revenue Refunding Bonds, 1997 Series A, 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 consisted of \$5,580,000 of serial bonds with interest rates varying from 3.85% to 4.75%, maturing annually on September 1, 1998 through September 1, 2007 and \$4,790,000 of term bonds due September 1, 2013, bearing interest at 5.00%.

The refunded bonds, referred to above, were used to advance refund other outstanding bonds that were issued to construct certain public facilities.

The City entered into lease agreements to use and occupy those facilities and the fueling station. Pursuant to the lease, the City agrees to make lease payments in amounts to provide adequate funds each year to pay all debt service on the bonds. Lease payments are required to be paid by the City on the 15<sup>th</sup> day of the month preceding the interest payment date, for rental of the leased premises. The lease payments are payable from any source and available funds of the City. The City maintains a reserve account, which will be used to offset the final payments of the lease. The lease amount outstanding, net of cash with fiscal agent, at June 30, 2008 is \$3,836,429.

*City hall facility lease (Lease revenue refunding bonds, Series 1996)*

The San Bernardino Joint Powers Financing Authority issued \$16,320,000 of Lease Revenue Refunding Bonds (City Hall Project), Series 1996, 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%.

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 City maintains a reserve account, which will be used to offset the final payments of the lease. The lease amount outstanding, net of cash with fiscal agent, at June 30, 2008 is \$8,905,573.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 7: Facilities leases payable, (continued)**

*Police facilities lease 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 to advance refund \$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 of Participation (1995 Police Station Financing Project) included a leasing arrangement with the City.

On September 1, 1999, the Authority and City entered into a lease agreement in regard to the Police Station Site. The City currently has possession of the Police Station Site. Subject to the provisions of the lease, the City agrees to pay to the Authority as rental for use and occupancy of the Police Station lease payments sufficient to satisfy the debt service owed on \$6,730,000 of bonds issued. The debt service payments are payable on February 15 and August 15 of each year commencing February 15, 2001. The City maintains a reserve account, which will be used to offset the final payments of the lease. The lease amount outstanding, net of cash with fiscal agent, at June 30, 2008 is \$4,886,265.

*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, 2008, the City had drawn down \$2,481,922 of the \$2,550,000 lease. The lease amount outstanding at June 30, 2008 is \$2,398,183. An additional \$17,805 was drawn during the fiscal year ended June 30, 2008.

*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. During fiscal year ended June 30, 2008, the City had drawn down the balance of the \$2,000,000 lease being retained by CIEDB until the completion of the Project. The lease amount outstanding at June 30, 2008 is \$1,637,508.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 7: Facilities leases payable, (continued)**

On September 27, 2005, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a financing agreement for the pavement Reconstruction and Rehabilitation Project, which consists of 3.4 miles of pavement reconstruction and 25.5 miles of pavement rehabilitation projects on public streets throughout the City. The City agrees to pay the CIEDB on August 1 and February 1, beginning in fiscal year 2008. During the fiscal year ended June 30, 2008, the City had drawn a total of \$5,450,237 of the \$10,000,000 available. The lease amount outstanding at June 30, 2008 was \$4,440,350. Since the full amount of the debt has not been drawn, there is no set debt service schedule.

The following schedule summarizes annual debt service requirements to maturity, net of cash with fiscal agent, for facility leases payable:

Year ending June 30,	Governmental activities	
	Principal	Interest
2009	\$ 2,562,247	\$ 1,400,777
2010	2,653,241	1,303,124
2011	2,754,260	1,199,557
2012	2,868,171	1,033,728
2013	1,951,775	898,959
2014-2018	5,757,495	3,257,880
2019-2023	6,167,008	1,676,532
2024-2028	1,104,142	165,385
2029-2033	285,969	8,410
Totals	<u>\$ 26,104,308</u>	<u>\$ 10,944,352</u>

**Note 8: 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, 2008 was \$160,000.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 8: Assessment district bonds, (continued)**

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 day prior notice and upon payment of the principal and interest accrued thereon to the date of redemption, plus a redemption premium of 5% of the principal amount thereof.

*Assessment District No. 987 bonds payable*

\$709,000 of Assessment District No. 987 bonds, issue of 1991, were issued on December 2, 1991. The bonds consist of coupon bonds from 5.75% to 7.30%. Interest is payable semiannually on March 2 and September 2. Serial Bonds mature annually on September 2 through September 2, 2011. The bonds were issued to provide funds, acquire and construct the work and improvements authorized by the City in the legal proceedings for Assessment District No. 987 located in the City and to pay the authorized incidental expenses of the Assessment District Project and improvement bond financing. The outstanding balance at June 30, 2008 was \$175,000.

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,	Governmental activities	
	Principal	Interest
2009	\$ 85,000	\$ 22,579
2010	95,000	15,650
2011	105,000	7,929
2012	50,000	1,938
Totals	\$ 335,000	\$ 48,096

**Note 9: 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 minimum 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, 2008, \$20,407,741 and \$624,900 have been recorded, respectively, for governmental activities and business-type activities accrued vacation and sick leave.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 10: 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 and 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, 2008 and 2007, are as follows:

	Liability beginning of year	Claims and changes in estimates	Claims paid	Liability end of year
2006-2007:				
Workers comp.	\$ 7,668,345	\$ 3,360,353	\$(2,487,220)	\$ 8,541,478
Liability claims	5,077,200	1,676,486	(1,103,686)	5,650,000
Total 2006-2007	<u>\$ 12,745,545</u>	<u>\$ 5,036,839</u>	<u>\$(3,590,906)</u>	<u>\$ 14,191,478</u>
2007-2008				
Workers comp.	\$ 8,541,478	\$ 1,544,535	\$(2,330,189)	\$ 7,755,824
Liability claims	5,650,000	703,954	(888,954)	5,465,000
Total 2007-2008	<u>\$ 14,191,478</u>	<u>\$ 2,248,489</u>	<u>\$(3,219,143)</u>	<u>\$ 13,220,824</u>

The City has obtained excess liability coverage with limits of \$25 million in excess of \$2 million through the Big Independent Cities Excess Pool (BICEP). BICEP pools catastrophic general liability, automobile liability, and public official's 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, West Covina, 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, 2008, 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 Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 11: Pension obligation bonds**

In October 2007, 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, 2007, 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, 2007 through October 1, 2035.

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

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

Fiscal years ending June 30,	Principal	Interest
2009	\$ 833,818	\$ 2,028,894
2010	829,038	2,028,894
2011	826,800	2,028,894
2012	934,391	2,028,894
2013	916,280	2,028,894
2014-2018	4,266,299	10,144,470
2019-2023	3,701,451	10,144,470
2024-2028	6,016,830	9,504,567
2029-2033	14,725,000	6,386,787
2034-2038	16,515,000	1,118,005
Totals	<u>\$ 49,564,907</u>	<u>\$ 47,442,769</u>

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 12: 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 1<sup>st</sup> 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 2007, with the final payment being made by July 30, 2008.

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

Year ending June 30,	Principal	Interest
2009	\$ 106,900	\$ -
Totals	\$ 106,900	\$ -

**Note 13: Short-term debt**

The following is a schedule of changes in short-term debt for the year ended June 30, 2008:

	Beginning balance	Additions	Deletions	Ending balance
Anticipation notes	\$ -	\$ 10,000,000	\$(10,000,000)	\$ -

The City issued \$10,000,000 of tax revenue anticipation notes during the fiscal year for the purpose of providing cash flow financing and allowing for repayment of annual pension costs.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 14: Fund deficits/accumulated deficits and expenditures in excess of appropriations**

At June 30, 2008, the following governmental funds have deficits that are anticipated to be funded from future grants, other revenues and operating transfers, as follows:

	Deficit amount
<i>Special revenue fund:</i>	
Federal and state programs	\$ 783,955
 <i>Debt service funds:</i>	
Assessment district #1015	435,151
 <i>Capital projects funds:</i>	
Street construction	3,626,851
CIEDB street construction	2,227,557

At June 30, 2008, the following proprietary funds have accumulated deficits that are anticipated to be recovered in future periods from user charges and/or transfers, as follows:

	Deficit amount
<i>Internal service funds:</i>	
Workers' compensation	\$ 7,730,381
Liability insurance	1,484,458
Utility	402,543
Central services	37,865

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 14: Fund deficits/accumulated deficits and expenditures in excess of appropriations (continued)**

As of June 30, 2008, 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, which accounts for self-insurance activities is due to higher claims experiences versus amounts charged to various departments.

The following funds/departments reported an excess of expenditures over appropriations at June 30, 2008:

	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
<i>General fund:</i>			
Finance – other	\$ 213,600	\$ 311,285	\$ (97,685)
Civil service – personnel salaries and benefits	297,800	329,421	(31,621)
Civil service – other	54,500	54,737	(237)
Fire – personnel salaries and benefits	30,238,000	30,292,818	(54,818)
Public services – personnel salaries and benefits	2,662,900	2,757,554	(94,654)
<i>Special revenue funds:</i>			
Cemetery	178,800	180,683	(1,883)
Traffic Congestion	1,084,500	1,426,873	(342,373)
<i>Debt service funds:</i>			
Assessment district No. 987	62,100	63,336	(1,236)
Assessment district No. 1015	37,300	42,041	(4,741)

**Note 15: Defined benefit pension plan (PERS)**

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

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

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 15: Defined benefit pension plan (PERS) (continued)**

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2007 to June 30, 2008 has been determined by an actuarial valuation of the plan as of June 30, 2005. The contribution rate indicated for the period is 18.600% of payroll for the safety plan and 9.094% 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, 2008, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2007 to June 30, 2008.

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

Valuation Date	June 30, 2005
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	32 Years as of the Valuation Date (12 years for miscellaneous)
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 13.15% depending on Age, Service, and type of employment (3.25% and 14.45% for miscellaneous)
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 3.00% 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 % of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization period may not be lower than the payment calculated over a 30 year amortization period.

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

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/06	\$ 13,103	100%	\$ -
6/30/07	11,390	100%	-
6/30/08	13,422	100%	-

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 16: 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 \$392,159 in 2008 and \$364,068 in 2007.

**Note 17: Other post-employment benefits**

*Plan Description*

The City administers a single employer defined benefit healthcare plan (the Plan). The plan currently provides healthcare and life insurance for eligible retirees and their surviving spouses through the City's group health insurance plan which is administered by Mercer. The plan covers both active and retired members. Benefit provisions are established through negotiations between the City and various union bargaining groups. The Plan does not issue a publicly available financial report.

*Funding Policy*

Contribution requirements of the Plan are also established through negotiations between the City and union representatives. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2007-08, the City contributed \$317,010 to the plan. The City currently contributes \$97 of the required premium costs of active employees. Retired employees are permitted to participate with active employees in the health-care plan but retirees must pay all premiums as calculated by Mercer, less the City's payment of \$97, assigned to them.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 17: Other post-employment benefits (continued)**

*Annual OPEB Cost and Net OPEB Obligation*

The City's annual other OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	June 30, 2008
Annual required contribution	\$ 5,648,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	5,648,000
Contributions made	(317,010)
Increase in net OPEB obligation	5,330,990
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	\$ 5,330,990

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2006	N/A	N/A	N/A
June 30, 2007	N/A	N/A	N/A
June 30, 2008	\$ 5,648,000	5.6%	\$ 5,330,990

*Funded Status and Progress*

As of June 30, 2007, the most recent valuation date, the actuarial accrued liability for benefits was \$60,158,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by plan) was \$78,511,537, and the ratio of the UAAL to the covered payroll was 76.6%.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 17: Other post-employment benefits (continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The June 30, 2007, actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 5.0% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.0% initially, reduced by increments of 0.5% per year to an ultimate rate of 4.5% after the tenth year. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25% per year.

**Note 18: 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 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. During the current fiscal year, the Assessment District No. 961 bonds were retired in full. At June 30, 2008, \$735,000 of Improvement Bonds remain outstanding.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 19: Contingencies**

In the normal course of operations, the City has been named as a defendant in 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 primary government basic financial statements.

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.

**Note 20: 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, 2008, the outstanding balance due from IVDA is \$202,362.

*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.

**City of San Bernardino**  
**Notes to Primary Government Basic Financial Statements**  
**For the year ended June 30, 2008**

**Note 20:      Jointly governed organizations (continued)**

*San Bernardino Regional Water Resources 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, 2008, the outstanding balance due from the Authority is \$306,389.

**Note 21:      Net Assets**

The government-wide statement of net assets reports \$27,748,638 of restricted net assets, of which \$22,811,729 is restricted by enabling legislation.

REQUIRED SUPPLEMENTARY INFORMATION

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**Required Supplementary Information  
City of San Bernardino  
Budgetary Comparison Schedule – General Fund  
For the year ended June 30, 2008**

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
<b>REVENUES</b>					
Taxes:					
Sales and use	\$ 43,900,400	\$ 43,900,400	\$37,084,248	\$ (6,816,152)	\$ 36,988,204
Utility users	25,250,000	25,250,000	24,407,034	(842,966)	25,106,729
Property	29,365,900	29,365,900	31,429,967	2,064,067	28,239,908
Franchise	3,401,800	3,401,800	3,611,072	209,272	3,348,563
Transient occupancy	3,000,000	3,000,000	3,262,131	262,131	3,032,994
Property transfer	900,000	900,000	649,329	(250,671)	946,155
Total taxes	105,818,100	105,818,100	100,443,781	(5,374,319)	97,662,553
Licenses and permits:					
Business registration	6,100,000	6,100,000	6,105,401	5,401	5,866,752
Building permits	900,000	900,000	646,352	(253,648)	1,020,470
Mechanical permits	300,000	300,000	208,593	(91,407)	332,636
Onsite permits	600,000	600,000	1,183,749	583,749	1,602,834
Onsite plan check fees	500,000	500,000	341,996	(158,004)	712,369
Public works construction permit	250,000	250,000	300,800	50,800	326,522
Paramedics/EMS subscription	1,000	1,000	6,148	5,148	16,504
Street cut permit	150,000	150,000	229,645	79,645	145,407
Other	843,500	1,069,500	1,100,313	30,813	1,117,165
Total licenses and permits	9,644,500	9,870,500	10,122,997	252,497	11,140,659
Fines and forfeitures:					
General fines	150,000	150,000	153,371	3,371	169,238
Parking citation	1,000,000	1,000,000	1,126,510	126,510	917,069
Code admin. citations	100,000	100,000	145,468	45,468	90,550
Fire citation	85,000	85,000	73,865	(11,135)	81,392
Total fines and forfeitures	1,335,000	1,335,000	1,499,214	164,214	1,258,249
Investment income:					
Investment income	675,000	675,000	993,492	318,492	1,073,620
Land and building rental	307,600	363,600	407,302	43,702	474,154
Other	145,000	45,000	40,622	(4,378)	120,237
Total investment income	1,127,600	1,083,600	1,441,416	357,816	1,668,011

**Required Supplementary Information  
City of San Bernardino  
Budgetary Comparison Schedule – General Fund  
For the year ended June 30, 2008  
(Continued)**

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
<b>Intergovernmental:</b>					
Motor vehicle in lieu tax	\$ 1,300,000	\$ 1,303,000	\$ 1,038,879	\$ (264,121)	\$ 1,381,205
Homeowners exemption	151,200	151,200	154,290	3,090	149,123
State police training grants	150,000	150,000	127,242	(22,758)	132,146
State grants	300,000	1,000,000	1,206,619	206,619	581,015
Booking fee subvention	354,700	354,700	-	(354,700)	354,658
Other	4,738,900	5,040,200	6,654,649	1,614,449	4,832,997
<b>Total intergovernmental</b>	<b>6,994,800</b>	<b>7,999,100</b>	<b>9,181,679</b>	<b>1,182,579</b>	<b>7,431,144</b>
<b>Charges for services:</b>					
Plan check fees	550,000	550,000	392,707	(157,293)	536,764
Paramedics/emergency medical services	-	489,100	486,470	(2,630)	529,715
Board up/demolition assessment	500,000	500,000	740,701	240,701	897,547
Storm drain utility fee	270,000	270,000	288,708	18,708	283,836
Weed abatement	260,000	260,000	204,399	(55,601)	247,674
Planning development projects	380,000	380,000	483,683	103,683	467,409
Sale of photos	125,000	125,000	58,757	(66,243)	116,639
Alarm system fee	90,000	90,000	54,034	(35,966)	77,488
Engineering fees	50,000	50,000	95,656	45,656	47,940
Miscellaneous police receipts	860,000	862,800	794,747	(68,053)	839,549
Swimming pool fees	48,000	48,000	62,028	14,028	61,427
Other charges	3,544,100	2,855,800	2,726,979	(128,821)	2,912,938
<b>Total charges for services</b>	<b>6,677,100</b>	<b>6,480,700</b>	<b>6,388,869</b>	<b>(91,831)</b>	<b>7,018,926</b>
<b>Other revenues:</b>					
Off track betting	150,000	150,000	132,643	(17,357)	143,605
Miscellaneous receipts	100,000	363,300	305,450	(57,850)	393,206
Other	3,357,600	3,623,600	3,743,347	119,747	3,538,370
<b>Total other revenues</b>	<b>3,607,600</b>	<b>4,136,900</b>	<b>4,181,440</b>	<b>44,540</b>	<b>4,075,181</b>
<b>Total revenues</b>	<b>\$135,204,700</b>	<b>\$136,723,900</b>	<b>\$ 133,259,396</b>	<b>\$ (3,464,504)</b>	<b>\$130,254,723</b>

**Required Supplementary Information**  
**City of San Bernardino**  
**Budgetary Comparison Schedule – General Fund**  
**For the year ended June 30, 2008**  
**(Continued)**

<b>EXPENDITURES</b>	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Current:					
General government:					
Mayor					
Personnel salaries and benefits	\$ 752,600	\$ 772,700	\$ 714,805	\$ 57,895	\$ 622,068
Other	75,900	327,700	231,134	96,566	341,548
Common council					
Personnel salaries and benefits	452,600	478,800	452,568	26,232	445,044
Other	77,800	136,400	55,179	81,221	67,032
City clerk					
Personnel salaries and benefits	1,251,600	1,340,300	1,330,435	9,865	1,169,865
Other	574,500	837,900	785,192	52,708	367,704
City treasurer					
Personnel salaries and benefits	153,500	171,900	168,817	3,083	146,585
Other	23,300	23,300	20,132	3,168	18,450
City attorney					
Personnel salaries and benefits	2,412,600	2,562,300	2,515,573	46,727	2,215,514
Other	886,200	1,005,900	975,097	30,803	897,215
City administrator					
Personnel salaries and benefits	731,900	811,800	805,011	6,789	667,014
Other	312,100	76,300	42,736	33,564	85,441
Personnel					
Personnel salaries and benefits	377,300	406,700	371,883	34,817	328,876
Other	68,500	68,500	64,207	4,293	66,314
Finance					
Personnel salaries and benefits	1,446,500	1,535,800	1,328,130	207,670	1,162,591
Other	213,200	213,600	311,285	(97,685)	283,982
Civil service					
Personnel salaries and benefits	280,300	297,800	329,421	(31,621)	254,464
Other	54,500	54,500	54,737	(237)	72,811
Code compliance					
Personnel salaries and benefits	2,438,300	2,658,800	2,526,776	132,024	2,221,945
Other	1,308,300	1,591,600	1,440,604	150,996	1,353,834
Facilities management					
Personnel salaries and benefits	2,308,000	2,381,600	2,106,369	275,231	1,893,986
Other	1,851,200	2,075,000	1,790,744	284,256	2,294,188
Nondepartmental					
Personnel salaries and benefits	5,175,700	-	-	-	228,125
Other	6,110,500	6,239,900	5,886,621	353,279	6,510,640
Total general government	29,336,900	26,069,100	24,307,456	1,761,644	23,715,236

**Required Supplementary Information**  
**City of San Bernardino**  
**Budgetary Comparison Schedule – General Fund**  
**For the year ended June 30, 2008**  
**(Continued)**

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Public safety:					
Police					
Personnel salaries and benefits	\$ 53,811,800	\$ 56,067,700	\$ 55,217,922	\$ 849,778	\$ 49,019,544
Other	7,622,500	8,107,700	7,857,008	250,692	7,163,519
Fire					
Personnel salaries and benefits	28,497,000	30,238,000	30,292,818	(54,818)	28,223,094
Other	2,072,400	2,311,600	2,244,170	67,430	2,099,843
Total public safety	92,003,700	96,725,000	95,611,918	1,113,082	86,506,000
Streets:					
Development services					
Personnel salaries and benefits	2,781,800	2,791,000	2,537,490	253,510	2,504,844
Other	975,400	1,336,700	1,019,363	317,337	1,086,858
Public services					
Personnel salaries and benefits	2,412,100	2,662,900	2,757,554	(94,654)	2,103,407
Other	531,700	3,769,300	3,352,405	416,895	3,658,452
Total streets	6,701,000	10,559,900	9,666,812	893,088	9,353,561
Culture and recreation:					
Park, recreation and community services					
Personnel salaries and benefits	3,988,200	4,294,300	4,114,145	180,155	3,556,019
Other	2,609,300	2,937,100	2,785,376	151,724	2,322,205
Total culture and recreation	6,597,500	7,231,400	6,899,521	331,879	5,878,224
Community development:					
Planning, plan check and building inspection					
Personnel salaries and benefits	2,851,700	2,557,700	2,117,122	440,578	1,791,990
Other	3,226,100	610,000	364,918	245,082	372,752
Total community development	6,077,800	3,167,700	2,482,040	685,660	2,164,742
Debt service:					
Principal	2,931,500	2,070,167	3,030,591	(960,424)	2,112,697
Interest	3,373,900	4,268,133	3,099,872	1,168,261	4,487,464
Total debt service	6,305,400	6,338,300	6,130,463	207,837	6,600,161
Total expenditures	147,022,300	150,091,400	145,098,210	4,993,190	134,217,924
Excess of (deficiency) of revenues over (under) expenditures	(11,817,600)	(13,367,500)	(11,838,814)	1,528,686	(3,963,201)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	3,620,684	3,620,684	-
Transfers in	9,030,000	9,084,200	10,072,200	988,000	9,850,940
Transfers out	(4,176,700)	(4,790,800)	(4,297,674)	493,126	(4,555,831)
Total other financing sources (uses)	4,853,300	4,293,400	9,395,210	5,101,810	5,295,109
Net change in fund balance	(6,964,300)	(9,074,100)	(2,443,604)	6,630,496	1,331,908
Fund balance, beginning of year	18,596,648	18,596,648	18,596,648	-	17,264,740
Fund balance, end of year	\$ 11,632,348	\$ 9,522,548	\$ 16,153,044	\$ 6,630,496	\$ 18,596,648

**Required Supplementary Information**  
**City of San Bernardino**  
**Budgetary Comparison Schedule – Federal and State Programs Fund**  
**For the year ended June 30, 2008**

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
<b>REVENUES</b>					
Investment income	\$ -	\$ -	\$ 15	\$ 15	\$ 4,742
Intergovernmental	8,277,085	6,924,900	7,599,874	674,974	8,062,111
Other	-	-	77,862	77,862	-
Total revenues	<u>8,277,085</u>	<u>6,924,900</u>	<u>7,677,751</u>	<u>752,851</u>	<u>8,066,853</u>
<b>EXPENDITURES</b>					
Current:					
General government	99,736	58,400	62,385	(3,985)	55,544
Public safety	3,491,800	2,481,700	2,451,230	30,470	3,373,715
Streets	-	-	1,870	(1,870)	336,064
Culture and recreation	472,887	472,900	371,894	101,006	400,714
Community development	306,467	254,800	120,233	134,567	170,198
Community service	3,906,195	3,657,100	3,750,054	(92,954)	3,498,068
Total expenditures	<u>8,277,085</u>	<u>6,924,900</u>	<u>6,757,666</u>	<u>167,234</u>	<u>7,834,303</u>
Excess (deficiency) of revenues over expenditures	-	-	920,085	920,085	232,550
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(350,000)	(350,000)	570,085	920,085	232,550
Fund balance (deficit), beginning of year	<u>(1,354,040)</u>	<u>(1,354,040)</u>	<u>(1,354,040)</u>	<u>-</u>	<u>(1,586,590)</u>
Fund balance (deficit), end of year	<u>\$ (1,704,040)</u>	<u>\$ (1,704,040)</u>	<u>\$ (783,955)</u>	<u>\$ 920,085</u>	<u>\$ (1,354,040)</u>

**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, 2008**

Valuation date	Accrued liability	Actuarial value of assets	Unfunded liability	Funded status	Annual covered payroll	UAAL as a % of payroll
<b>6/30/2005</b>						
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>	<u>86.7%</u>	<u>\$ 85,263</u>	<u>101.7%</u>
<b>6/30/2006</b>						
Miscellaneous	\$ 306,404	\$ 281,823	\$ 24,580	92.0%	\$ 47,912	51.3%
Safety	407,001	373,943	33,058	91.9%	40,445	81.7%
	<u>\$ 713,405</u>	<u>\$ 655,766</u>	<u>\$ 57,638</u>	<u>91.9%</u>	<u>\$ 88,357</u>	<u>65.0%</u>
<b>6/30/2007</b>						
Miscellaneous	\$ 321,501	\$ 301,929	\$ 19,572	93.9%	\$ 49,541	39.5%
Safety	452,834	401,023	51,811	88.6%	44,581	116.2%
	<u>\$ 774,335</u>	<u>\$ 702,952</u>	<u>\$ 71,383</u>	<u>90.8%</u>	<u>\$ 94,122</u>	<u>75.8%</u>

**City of San Bernardino**  
**Notes to Required Supplementary Information**  
**For the year ended June 30, 2008**

**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 \$3,069,100 in the General Fund.

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, 2008**

**Note 1: Budgetary control and accounting, (continued)**

*Expenditures in excess of appropriations*

The General Fund and major special revenue fund reported an excess of expenditures over appropriations as follows at June 30, 2008:

	Final budget	Actual	Variance
<i>General fund:</i>			
Finance - other	\$ 213,600	\$ 311,285	\$ (97,685)
Civil service - personnel salaries and benefits	297,800	329,421	(31,621)
Civil service - other	54,500	54,737	(237)
Fire - personnel salaries and benefits	30,238,000	30,292,818	(54,818)
Public services - personnel salaries and benefits	2,662,900	2,757,554	(94,654)

*Fund deficit*

The following major special revenue fund reported a deficit fund balance at June 30, 2008:

	Deficit amount
	<hr/>
<i>Special revenue funds:</i>	
Federal and State Programs	\$ 783,955
	<hr/> <hr/>

SUPPLEMENTARY SCHEDULES

**City of San Bernardino  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008**

	Special Revenue	Debt Service	Capital Projects	Totals	
				2008	2007
<b>ASSETS</b>					
Cash and investments	\$ 7,851,824	\$ 2,250,766	\$ 19,534,685	\$29,637,275	\$29,974,823
Cash and investments with fiscal agents	-	70,473	2	70,475	159,531
Receivables, net:					
Accounts	71,699	-	-	71,699	189,299
Interest	97,168	20,710	189,517	307,395	331,450
Special assessments	-	501,667	-	501,667	592,189
Due from other governments	2,736,106	5,713	53,861	2,795,680	1,914,065
Due from other funds	1,348,667	-	-	1,348,667	-
Advances to other funds	484,774	-	123,000	607,774	262,400
Other assets	-	-	214,670	214,670	214,671
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$12,590,238</u>	<u>\$ 2,849,329</u>	<u>\$ 20,115,735</u>	<u>\$35,555,302</u>	<u>\$33,638,428</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 218,073	\$ 6,725	\$ 914,051	\$ 1,138,849	\$ 1,435,057
Due to other funds	367,970	-	1,002	368,972	1,783,140
Retentions payable	39,666	-	350,400	390,066	112,978
Deferred revenues	347,983	501,667	-	849,650	1,064,897
Advances from other funds	-	246,000	-	246,000	262,400
Due to other governments	-	194,200	-	194,200	207,100
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>973,692</u>	<u>948,592</u>	<u>1,265,453</u>	<u>3,187,737</u>	<u>4,865,572</u>
Fund balances:					
Reserved for:					
Encumbrances	461,600	-	-	461,600	613,300
Debt service	-	277,632	-	277,632	1,112,621
Advances to other funds	484,774	-	123,000	607,774	131,200
Sewer capacity rights	-	-	214,671	214,671	214,671
Petty cash	1,100	-	-	1,100	975
Unreserved:					
Designated for continuing appropriations	300,600	-	-	300,600	90,500
Undesignated	10,368,472	1,623,105	18,512,611	30,504,188	26,609,589
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>11,616,546</u>	<u>1,900,737</u>	<u>18,850,282</u>	<u>32,367,565</u>	<u>28,772,856</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 12,590,238</u>	<u>\$ 2,849,329</u>	<u>\$ 20,115,735</u>	<u>\$35,555,302</u>	<u>\$33,638,428</u>

**City of San Bernardino**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2008**

	Special Revenue	Debt Service	Capital Projects	Totals	
				2008	2007
<b>REVENUES</b>					
Taxes	\$ 66,655	\$ 186,543	\$ 1,013,351	\$ 1,266,549	\$ 1,184,203
Licenses and permits	383,314	-	610,202	993,516	1,358,919
Impact fees	-	-	-	-	3,450,896
Fines and forfeitures	2,381,460	-	-	2,381,460	1,924,759
Investment income	876,710	78,662	946,790	1,902,162	1,367,399
Intergovernmental	7,486,621	-	3,422,136	10,908,757	9,405,391
Charges for services	4,377,319	-	2,698,815	7,076,134	7,249,569
Other revenues	320,721	-	863,329	1,184,050	1,392,457
Total revenues	15,892,800	265,205	9,554,623	25,712,628	27,333,593
<b>EXPENDITURES</b>					
Current:					
General government	582,257	30,927	-	613,184	584,886
Public safety	2,205,735	-	155,562	2,361,297	2,099,017
Streets	8,018,579	-	5,288,190	13,306,769	14,183,952
Culture and recreation	404,677	-	1,434,568	1,839,245	1,982,247
Community service	3,164,561	-	-	3,164,561	3,048,953
Debt service:					
Principal	1,116,787	123,500	-	1,240,287	219,308
Interest	127,007	96,436	-	223,443	154,894
Total expenditures	15,619,603	250,863	6,878,320	22,748,786	22,273,257
Excess (deficiency) of revenues over expenditures	273,197	14,342	2,676,303	2,963,842	5,060,336
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	3,746,774	-	-	3,746,774	3,690,831
Transfers out	(5,951,931)	-	(1,087,969)	(7,039,900)	(6,180,922)
Issuance of debt	-	-	17,805	17,805	5,518,315
Total other financing sources (uses)	(2,205,157)	-	(1,070,164)	(3,275,321)	3,028,224
<b>SPECIAL ITEM</b>					
Forgiveness of debt	-	1,556,000	-	1,556,000	-
Net change in fund balances	(1,931,960)	1,570,342	1,606,139	1,244,521	8,088,560
Fund balances, beginning of year	13,548,506	330,395	17,244,143	31,123,044	20,684,296
Fund balances, end of year	\$11,616,546	\$ 1,900,737	\$ 18,850,282	\$32,367,565	\$28,772,856

## 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 under AB 2766 (Health and Safety Code Sections 44220 and 44227) used to improve air quality.

#### **Animal Control**

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

#### **Traffic Congestion**

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

#### **Special Gas Tax**

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

#### **Traffic Safety**

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

#### **Sewerline Maintenance**

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

#### **Sales and Road**

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

**Nonmajor Special Revenue Funds,  
(Continued)**

**Baseball Stadium**

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

**Soccer Field**

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

**IVDA**

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

**Fire Station**

For the operation and maintenance of the Verdemont Fire Station.

**City of San Bernardino  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2008**

	Library	Cemetery	Cable TV
<b>ASSETS</b>			
Cash and investments	\$ 8,391	\$ 36,242	\$ -
Receivables, net:			
Accounts	387	140	10,594
Interest	-	6,075	-
Due from other governments	-	8,000	25,394
Due from other funds	-	-	-
Advances to other funds	-	-	-
	<b>\$ 8,778</b>	<b>\$ 50,457</b>	<b>\$ 35,988</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 436	\$ 5,104	\$ 17,076
Due to other funds	-	-	18,912
Retentions payable	-	-	-
Deferred revenues	-	-	-
	436	5,104	35,988
 Fund balances:			
Reserved for:			
Encumbrances	-	-	-
Advances to other funds	-	-	-
Petty cash	275	-	-
Unreserved:			
Designated for continuing appropriations	-	-	-
Undesignated	8,067	45,353	-
	8,342	45,353	-
Total fund balances	8,342	45,353	-
	<b>\$ 8,778</b>	<b>\$ 50,457</b>	<b>\$ 35,988</b>

<u>Asset Seizure</u>	<u>Alternative Transportation</u>	<u>Animal Control</u>	<u>Traffic Congestion</u>	<u>Special Gas Tax</u>
\$ 502,676	\$ 64,661	\$ 875	\$ -	\$ 355,980
-	-	47,925	-	-
5,086	595	-	11,237	-
1,216	63,984	121,463	-	1,183,678
-	-	-	-	-
-	-	-	-	-
<u>\$ 508,978</u>	<u>\$ 129,240</u>	<u>\$ 170,263</u>	<u>\$ 11,237</u>	<u>\$ 1,539,658</u>
\$ 47,610	\$ 547	\$ 15,066	\$ -	\$ -
-	-	155,156	8,230	-
-	-	-	-	-
-	-	-	-	-
<u>47,610</u>	<u>547</u>	<u>170,222</u>	<u>8,230</u>	<u>-</u>
7,600	-	-	-	-
-	-	-	-	-
-	-	825	-	-
-	-	-	-	-
<u>453,768</u>	<u>128,693</u>	<u>(784)</u>	<u>3,007</u>	<u>1,539,658</u>
<u>461,368</u>	<u>128,693</u>	<u>41</u>	<u>3,007</u>	<u>1,539,658</u>
<u>\$ 508,978</u>	<u>\$ 129,240</u>	<u>\$ 170,263</u>	<u>\$ 11,237</u>	<u>\$ 1,539,658</u>

**City of San Bernardino  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2008  
(continued)**

	Traffic Safety	Sewerline Maintenance	Sales and Road
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 2,211,424	\$ 3,537,773
Receivables, net:			
Accounts	-	12,453	-
Interest	-	30,837	32,162
Due from other governments	185,672	725,439	419,544
Due from other funds	-	1,348,667	-
Advances to other funds	-	484,774	-
	<u>185,672</u>	<u>4,813,594</u>	<u>3,989,479</u>
Total assets	<u>\$ 185,672</u>	<u>\$ 4,813,594</u>	<u>\$ 3,989,479</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 66,469	\$ 24,242
Due to other funds	185,672	-	-
Retentions payable	-	39,666	-
Deferred revenues	-	-	-
	<u>185,672</u>	<u>106,135</u>	<u>24,242</u>
Total liabilities	<u>185,672</u>	<u>106,135</u>	<u>24,242</u>
Fund balances:			
Reserved for:			
Encumbrances	-	453,300	-
Advances to other funds	-	484,774	-
Petty cash	-	-	-
Unreserved:			
Designated for continuing appropriations	-	242,600	-
Undesignated	-	3,526,785	3,965,237
	<u>-</u>	<u>4,707,459</u>	<u>3,965,237</u>
Total fund balances	<u>-</u>	<u>4,707,459</u>	<u>3,965,237</u>
Total liabilities and fund balances	<u>\$ 185,672</u>	<u>\$ 4,813,594</u>	<u>\$ 3,989,479</u>

Baseball Stadium	Soccer Field	IVDA	Fire Station	Totals	
				2008	2007
\$ 96,425	\$ 281,725	\$ 384,908	\$ 370,744	\$ 7,851,824	\$ 12,782,884
-	200	-	-	71,699	189,299
1,692	2,586	3,541	3,357	97,168	134,193
-	-	-	1,716	2,736,106	1,779,850
-	-	-	-	1,348,667	-
-	-	-	-	484,774	131,200
<u>\$ 98,117</u>	<u>\$ 284,511</u>	<u>\$ 388,449</u>	<u>\$ 375,817</u>	<u>\$ 12,590,238</u>	<u>\$ 15,017,426</u>
\$ 5,864	\$ 23,643	\$ -	\$ 12,016	\$ 218,073	\$ 636,971
-	-	-	-	367,970	342,592
-	-	-	-	39,666	16,649
-	-	-	347,983	347,983	472,708
<u>5,864</u>	<u>23,643</u>	<u>-</u>	<u>359,999</u>	<u>973,692</u>	<u>1,468,920</u>
-	700	-	-	461,600	613,300
-	-	-	-	484,774	-
-	-	-	-	1,100	975
11,400	46,600	-	-	300,600	90,500
<u>80,853</u>	<u>213,568</u>	<u>388,449</u>	<u>15,818</u>	<u>10,368,472</u>	<u>12,843,731</u>
<u>92,253</u>	<u>260,868</u>	<u>388,449</u>	<u>15,818</u>	<u>11,616,546</u>	<u>13,548,506</u>
<u>\$ 98,117</u>	<u>\$ 284,511</u>	<u>\$ 388,449</u>	<u>\$ 375,817</u>	<u>\$ 12,590,238</u>	<u>\$ 15,017,426</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, 2008**

	<u>Library</u>	<u>Cemetery</u>	<u>Cable TV</u>
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment income	-	22,766	-
Intergovernmental	78,752	-	-
Charges for services	72,293	165,697	81,918
Other revenues	78,000	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	229,045	188,463	81,918
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	481,292
Public safety	-	-	-
Streets	-	-	-
Culture and recreation	-	-	-
Community service	2,983,878	180,683	-
Debt service:			
Principal	-	-	106,900
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	2,983,878	180,683	588,192
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(2,754,833)	7,780	(506,274)
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,762,900	-	499,874
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	2,762,900	-	499,874
	<hr/>	<hr/>	<hr/>
Net change in fund balances	8,067	7,780	(6,400)
Fund balances, beginning of year	275	37,573	6,400
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 8,342</u>	<u>\$ 45,353</u>	<u>\$ -</u>

<u>Asset Seizure</u>	<u>Alternative Transportation</u>	<u>Animal Control</u>	<u>Traffic Congestion</u>	<u>Special Gas Tax</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	383,314	-	-
-	-	84,529	-	-
15,534	3,056	-	43,243	17,870
292,924	246,936	-	-	3,592,976
-	-	943,307	-	-
119,252	5,100	4,099	21,220	-
<u>427,710</u>	<u>255,092</u>	<u>1,415,249</u>	<u>64,463</u>	<u>3,610,846</u>
-	100,965	-	-	-
305,827	-	1,899,908	-	-
-	-	-	1,426,873	183,233
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>305,827</u>	<u>100,965</u>	<u>1,899,908</u>	<u>1,426,873</u>	<u>183,233</u>
<u>121,883</u>	<u>154,127</u>	<u>(484,659)</u>	<u>(1,362,410)</u>	<u>3,427,613</u>
-	-	484,000	-	-
-	(140,000)	-	-	(2,910,000)
-	(140,000)	484,000	-	(2,910,000)
121,883	14,127	(659)	(1,362,410)	517,613
339,485	114,566	700	1,365,417	1,022,045
<u>\$ 461,368</u>	<u>\$ 128,693</u>	<u>\$ 41</u>	<u>\$ 3,007</u>	<u>\$ 1,539,658</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, 2008**  
**(Continued)**

	Traffic Safety	Sewerline Maintenance	Sales and Road
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	2,296,931	-	-
Investment income	-	209,892	180,145
Intergovernmental	-	-	3,275,033
Charges for services	-	3,042,121	-
Other revenues	-	11,597	-
	<hr/>	<hr/>	<hr/>
Total revenues	2,296,931	3,263,610	3,455,178
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets	-	3,840,729	2,567,744
Culture and recreation	-	-	-
Community service	-	-	-
Debt service:			
Principal	-	-	1,009,887
Interest	-	-	127,007
	<hr/>	<hr/>	<hr/>
Total expenditures	-	3,840,729	3,704,638
Excess (deficiency) of revenues over expenditures	<hr/>	<hr/>	<hr/>
	2,296,931	(577,119)	(249,460)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(2,296,931)	(250,000)	(250,000)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(2,296,931)	(250,000)	(250,000)
Net change in fund balances	-	(827,119)	(499,460)
Fund balance, beginning of year	-	5,534,578	4,464,697
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ -	\$ 4,707,459	\$ 3,965,237
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Baseball Stadium	Soccer Field	IVDA	Fire Station	Totals	
				2008	2007
\$ -	\$ -	\$ -	\$ 66,655	\$ 66,655	\$ 29,987
-	-	-	-	383,314	359,708
-	-	-	-	2,381,460	1,924,759
4,691	352,829	13,239	13,445	876,710	762,153
-	-	-	-	7,486,621	8,872,522
-	71,983	-	-	4,377,319	4,474,831
81,453	-	-	-	320,721	442,457
<u>86,144</u>	<u>424,812</u>	<u>13,239</u>	<u>80,100</u>	<u>15,892,800</u>	<u>16,866,417</u>
-	-	-	-	582,257	553,260
-	-	-	-	2,205,735	1,888,497
-	-	-	-	8,018,579	6,554,579
75,816	328,861	-	-	404,677	535,733
-	-	-	-	3,164,561	3,048,953
-	-	-	-	1,116,787	106,900
-	-	-	-	127,007	30,000
<u>75,816</u>	<u>328,861</u>	<u>-</u>	<u>-</u>	<u>15,619,603</u>	<u>12,717,922</u>
<u>10,328</u>	<u>95,951</u>	<u>13,239</u>	<u>80,100</u>	<u>273,197</u>	<u>4,148,495</u>
-	-	-	-	3,746,774	3,690,831
-	-	-	(105,000)	(5,951,931)	(5,393,217)
-	-	-	(105,000)	(2,205,157)	(1,702,386)
10,328	95,951	13,239	(24,900)	(1,931,960)	2,446,109
<u>81,925</u>	<u>164,917</u>	<u>375,210</u>	<u>40,718</u>	<u>13,548,506</u>	<u>11,102,397</u>
<u>\$ 92,253</u>	<u>\$ 260,868</u>	<u>\$ 388,449</u>	<u>\$ 15,818</u>	<u>\$ 11,616,546</u>	<u>\$ 13,548,506</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Library Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Intergovernmental	\$ 116,500	\$ 78,752	\$ (37,748)	\$ 116,513
Charges for services	75,000	72,293	(2,707)	71,242
Other	-	78,000	78,000	-
	<u>191,500</u>	<u>229,045</u>	<u>37,545</u>	<u>187,755</u>
<b>EXPENDITURES</b>				
Current:				
Community service:				
Personnel salaries and benefits	2,335,800	2,372,424	(36,624)	2,133,463
Other	701,500	611,454	90,046	751,417
	<u>3,037,300</u>	<u>2,983,878</u>	<u>53,422</u>	<u>2,884,880</u>
Excess (deficiency) of revenues over expenditures	<u>(2,845,800)</u>	<u>(2,754,833)</u>	<u>90,967</u>	<u>(2,697,125)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,845,000	2,762,900	(82,100)	2,687,300
	<u>2,845,000</u>	<u>2,762,900</u>	<u>(82,100)</u>	<u>2,687,300</u>
Net change in fund balances	(800)	8,067	8,867	(9,825)
Fund balances, beginning of year	<u>275</u>	<u>275</u>	<u>-</u>	<u>10,100</u>
Fund balances, end of year	<u>\$ (525)</u>	<u>\$ 8,342</u>	<u>\$ 8,867</u>	<u>\$ 275</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Cemetery Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ 15,500	\$ 22,766	\$ 7,266	\$ 20,785
Charges for services	163,800	165,697	1,897	167,267
Total revenues	<u>179,300</u>	<u>188,463</u>	<u>9,163</u>	<u>188,052</u>
<b>EXPENDITURES</b>				
Current:				
Community service:				
Personnel salaries and benefits	97,900	101,542	(3,642)	83,911
Other	80,900	79,141	1,759	80,162
Total expenditures	<u>178,800</u>	<u>180,683</u>	<u>(1,883)</u>	<u>164,073</u>
Excess (deficiency) of revenues over expenditures	<u>500</u>	<u>7,780</u>	<u>7,280</u>	<u>23,979</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,600	-	(6,600)	-
Total other financing sources (uses)	<u>6,600</u>	<u>-</u>	<u>(6,600)</u>	<u>-</u>
Net change in fund balances	7,100	7,780	680	23,979
Fund balances, beginning of year	<u>37,573</u>	<u>37,573</u>	<u>-</u>	<u>13,594</u>
Fund balances, end of year	<u>\$ 44,673</u>	<u>\$ 45,353</u>	<u>\$ 680</u>	<u>\$ 37,573</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Cable TV Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Charges for services	\$ -	\$ 81,918	\$ 81,918	\$ 83,036
Total revenues	-	81,918	81,918	83,036
<b>EXPENDITURES</b>				
Current:				
General government:				
Personnel salaries and benefits	402,600	417,384	(14,784)	354,834
Other	157,400	63,908	93,492	116,606
Debt service:				
Principal	106,900	106,900	-	106,900
Total expenditures	666,900	588,192	78,708	578,340
Excess (deficiency) of revenues over expenditures	(666,900)	(506,274)	160,626	(495,304)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	552,300	499,874	(52,426)	487,296
Total other financing sources (uses)	552,300	499,874	(52,426)	487,296
Net change in fund balances	(114,600)	(6,400)	108,200	(8,008)
Fund balances, beginning of year	6,400	6,400	-	14,408
Fund balances, end of year	\$ (108,200)	\$ -	\$ 108,200	\$ 6,400

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Asset Seizure Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ 8,200	\$ 15,534	\$ 7,334	\$ 11,026
Intergovernmental	53,000	292,924	239,924	163,809
Other revenues	125,000	119,252	(5,748)	102,502
Total revenues	<u>186,200</u>	<u>427,710</u>	<u>241,510</u>	<u>277,337</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Other	411,600	305,827	105,773	162,352
Total expenditures	<u>411,600</u>	<u>305,827</u>	<u>105,773</u>	<u>162,352</u>
Net change in fund balances	(225,400)	121,883	347,283	114,985
Fund balances, beginning of year	<u>339,485</u>	<u>339,485</u>	<u>-</u>	<u>224,500</u>
Fund balances, end of year	<u>\$ 114,085</u>	<u>\$ 461,368</u>	<u>\$ 347,283</u>	<u>\$ 339,485</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Alternative Transportation Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ 1,000	\$ 3,056	\$ 2,056	\$ 1,697
Intergovernmental	241,000	246,936	5,936	245,042
Other revenues	5,000	5,100	100	5,000
	<u>247,000</u>	<u>255,092</u>	<u>8,092</u>	<u>251,739</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Personnel salaries and benefits	76,000	76,619	(619)	51,455
Other	42,300	24,346	17,954	30,365
	<u>118,300</u>	<u>100,965</u>	<u>17,335</u>	<u>81,820</u>
Excess (deficiency) of revenues over expenditures	<u>128,700</u>	<u>154,127</u>	<u>25,427</u>	<u>169,919</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(140,000)	(140,000)	-	(140,000)
	<u>(140,000)</u>	<u>(140,000)</u>	<u>-</u>	<u>(140,000)</u>
Net change in fund balances	(11,300)	14,127	25,427	29,919
Fund balances, beginning of year	114,566	114,566	-	84,647
Fund balances, end of year	<u>\$ 103,266</u>	<u>\$ 128,693</u>	<u>\$ 25,427</u>	<u>\$ 114,566</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Animal Control Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Licenses and permits	\$ 363,000	\$ 383,314	\$ 20,314	\$ 359,708
Fines and forfeitures	79,700	84,529	4,829	81,542
Charges for services	914,900	943,307	28,407	915,239
Other revenues	4,500	4,099	(401)	5,174
Total revenues	<u>1,362,100</u>	<u>1,415,249</u>	<u>53,149</u>	<u>1,361,663</u>
<b>EXPENDITURES</b>				
Current:				
Community services				
Personnel salaries and benefits	1,517,700	1,478,869	38,831	1,286,048
Other	444,000	421,039	22,961	440,097
Total expenditures	<u>1,961,700</u>	<u>1,899,908</u>	<u>61,792</u>	<u>1,726,145</u>
Excess (deficiency) of revenues over expenditures	<u>(599,600)</u>	<u>(484,659)</u>	<u>114,941</u>	<u>(364,482)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>599,600</u>	<u>484,000</u>	<u>(115,600)</u>	<u>350,335</u>
Total other financing sources (uses)	<u>599,600</u>	<u>484,000</u>	<u>(115,600)</u>	<u>350,335</u>
Net change in fund balances	-	(659)	(659)	(14,147)
Fund balances, beginning of year	<u>700</u>	<u>700</u>	<u>-</u>	<u>14,847</u>
Fund balances, end of year	<u>\$ 700</u>	<u>\$ 41</u>	<u>\$ (659)</u>	<u>\$ 700</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Traffic Congestion Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ 50,000	\$ 43,243	\$ (6,757)	\$ 62,980
Other revenues	-	21,220	21,220	1,445,425
Total revenues	50,000	64,463	14,463	1,508,405
<b>EXPENDITURES</b>				
Current:				
Streets:				
Personnel salaries and benefits	-	49,150	(49,150)	-
Other	1,084,500	1,377,723	(293,223)	496,628
Debt service:				
Interest	-	-	-	30,000
Total expenditures	1,084,500	1,426,873	(342,373)	526,628
Net change in fund balances	(1,034,500)	(1,362,410)	(327,910)	981,777
Fund balances, beginning of year	1,365,417	1,365,417	-	383,640
Fund balances, end of year	\$ 330,917	\$ 3,007	\$ (327,910)	\$ 1,365,417

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Special Gas Tax Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ 40,000	\$ 17,870	\$ (22,130)	\$ 27,656
Intergovernmental	3,670,000	3,592,976	(77,024)	3,713,209
Other revenues	492,100	-	(492,100)	267,447
Total revenues	<u>4,202,100</u>	<u>3,610,846</u>	<u>(591,254)</u>	<u>4,008,312</u>
<b>EXPENDITURES</b>				
Current:				
Streets - other	2,313,800	183,233	2,130,567	1,222,991
Total expenditures	<u>2,313,800</u>	<u>183,233</u>	<u>2,130,567</u>	<u>1,222,991</u>
Excess (deficiency) of revenues over expenditures	<u>1,888,300</u>	<u>3,427,613</u>	<u>1,539,313</u>	<u>2,785,321</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,910,000)	(2,910,000)	-	(2,910,000)
Total other financing sources (uses)	<u>(2,910,000)</u>	<u>(2,910,000)</u>	<u>-</u>	<u>(2,910,000)</u>
Net change in fund balances	(1,021,700)	517,613	1,539,313	(124,679)
Fund balances, beginning of year	<u>1,022,045</u>	<u>1,022,045</u>	<u>-</u>	<u>1,146,724</u>
Fund balances, end of year	<u>\$ 345</u>	<u>\$ 1,539,658</u>	<u>\$ 1,539,313</u>	<u>\$ 1,022,045</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Traffic Safety Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Fines and forfeitures	\$ 1,550,000	\$ 2,296,931	\$ 746,931	\$ 1,843,217
Total revenues	1,550,000	2,296,931	746,931	1,843,217
<b>EXPENDITURES</b>	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	1,550,000	2,296,931	746,931	1,843,217
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,550,000)	(2,296,931)	(746,931)	(1,843,217)
Total other financing sources (uses)	(1,550,000)	(2,296,931)	(746,931)	(1,843,217)
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Sewerline Maintenance Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ 150,000	\$ 209,892	\$ 59,892	\$ 154,626
Charges for services	3,150,000	3,042,121	(107,879)	3,093,150
Other revenues	-	11,597	11,597	2,520
Total revenues	<u>3,300,000</u>	<u>3,263,610</u>	<u>(36,390)</u>	<u>3,250,296</u>
<b>EXPENDITURES</b>				
Current:				
Streets - other	<u>9,427,800</u>	<u>3,840,729</u>	<u>5,587,071</u>	<u>2,222,052</u>
Total expenditures	<u>9,427,800</u>	<u>3,840,729</u>	<u>5,587,071</u>	<u>2,222,052</u>
Excess (deficiency) of revenues over expenditures	<u>(6,127,800)</u>	<u>(577,119)</u>	<u>5,550,681</u>	<u>1,028,244</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Net change in fund balances	(6,377,800)	(827,119)	5,550,681	778,244
Fund balances, beginning of year	<u>5,534,578</u>	<u>5,534,578</u>	<u>-</u>	<u>4,756,334</u>
Fund balances, end of year	<u><u>\$ (843,222)</u></u>	<u><u>\$ 4,707,459</u></u>	<u><u>\$ 5,550,681</u></u>	<u><u>\$ 5,534,578</u></u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Sales and Road Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ 125,000	\$ 180,145	\$ 55,145	\$ 181,759
Intergovernmental	5,271,500	3,275,033	(1,996,467)	3,188,524
Other revenues	600,000	-	(600,000)	59,814
	<u>5,996,500</u>	<u>3,455,178</u>	<u>(2,541,322)</u>	<u>3,430,097</u>
<b>EXPENDITURES</b>				
Current:				
Streets - other	9,524,300	2,567,744	6,956,556	2,612,908
Debt service:				
Principal	-	1,009,887	(1,009,887)	-
Interest	-	127,007	(127,007)	-
	<u>9,524,300</u>	<u>3,704,638</u>	<u>5,819,662</u>	<u>2,612,908</u>
Excess (deficiency) of revenues over expenditures	<u>(3,527,800)</u>	<u>(249,460)</u>	<u>3,278,340</u>	<u>817,189</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Net change in fund balances	(3,777,800)	(499,460)	3,278,340	567,189
Fund balances, beginning of year	<u>4,464,697</u>	<u>4,464,697</u>	<u>-</u>	<u>3,897,508</u>
Fund balances, end of year	<u>\$ 686,897</u>	<u>\$ 3,965,237</u>	<u>\$ 3,278,340</u>	<u>\$ 4,464,697</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Baseball Stadium Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Charges for services	\$ 70,000	\$ -	\$ (70,000)	\$ 88,186
Investment earnings	-	4,691	4,691	1,004
Other revenues	-	81,453	81,453	-
Total revenues	<u>70,000</u>	<u>86,144</u>	<u>16,144</u>	<u>89,190</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Personnel salaries and benefits	2,000	34	1,966	50,971
Other	159,900	75,782	84,118	130,746
Total expenditures	<u>161,900</u>	<u>75,816</u>	<u>86,084</u>	<u>181,717</u>
Excess (deficiency) of revenues over expenditures	<u>(91,900)</u>	<u>10,328</u>	<u>102,228</u>	<u>(92,527)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	87,500	-	(87,500)	165,900
Total other financing sources (uses)	<u>87,500</u>	<u>-</u>	<u>(87,500)</u>	<u>165,900</u>
Net change in fund balances	(4,400)	10,328	14,728	73,373
Fund balances, beginning of year	<u>81,925</u>	<u>81,925</u>	<u>-</u>	<u>8,552</u>
Fund balances, end of year	<u>\$ 77,525</u>	<u>\$ 92,253</u>	<u>\$ 14,728</u>	<u>\$ 81,925</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Soccer Field Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ 372,000	\$ 352,829	\$ (19,171)	\$ 278,545
Charges for services	130,000	71,983	(58,017)	56,711
Total revenues	<u>502,000</u>	<u>424,812</u>	<u>(77,188)</u>	<u>335,256</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Personnel salaries and benefits	251,200	119,339	131,861	57,937
Other	291,500	209,522	81,978	296,079
Total expenditures	<u>542,700</u>	<u>328,861</u>	<u>213,839</u>	<u>354,016</u>
Net change in fund balances	(40,700)	95,951	136,651	(18,760)
Fund balances, beginning of year	<u>164,917</u>	<u>164,917</u>	<u>-</u>	<u>183,677</u>
Fund balances, end of year	<u><u>\$ 124,217</u></u>	<u><u>\$ 260,868</u></u>	<u><u>\$ 136,651</u></u>	<u><u>\$ 164,917</u></u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**IVDA Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ -	\$ 13,239	\$ 13,239	\$ 11,344
Total revenues	-	13,239	13,239	11,344
<b>EXPENDITURES</b>	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	13,239	13,239	11,344
Fund balances, beginning of year	375,210	375,210	-	363,866
Fund balances, end of year	<u>\$ 375,210</u>	<u>\$ 388,449</u>	<u>\$ 13,239</u>	<u>\$ 375,210</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Fire Station**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Taxes	\$ 82,300	\$ 66,655	\$ (15,645)	\$ 29,987
Investment income	-	13,445	13,445	10,731
Total revenues	<u>82,300</u>	<u>80,100</u>	<u>(2,200)</u>	<u>40,718</u>
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>82,300</u>	<u>80,100</u>	<u>(2,200)</u>	<u>40,718</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(115,000)</u>	<u>(105,000)</u>	<u>10,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(115,000)</u>	<u>(105,000)</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances	(32,700)	(24,900)	7,800	40,718
Fund balances, beginning of year	<u>40,718</u>	<u>40,718</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 8,018</u>	<u>\$ 15,818</u>	<u>\$ 7,800</u>	<u>\$ 40,718</u>

## **Debt Service Funds**

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

### **Nonmajor Funds**

#### **Assessment District No. 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 No. 987**

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 No. 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 Loan**

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.

**City of San Bernardino  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
June 30, 2008**

	Assessment District #985	Assessment District #987
<b>ASSETS</b>		
Cash and investments	\$ 153,946	\$ 56,152
Cash and investments with fiscal agents	20,514	49,959
Receivables, net:		
Interest	1,416	516
Special assessments	-	66,518
Due from other governments	-	1,854
	<b>\$ 175,876</b>	<b>\$ 174,999</b>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ -	\$ 6,725
Deferred revenues	-	66,518
Advances from other funds	-	-
Due to other governments	-	-
	-	73,243
 Fund balances (deficit):		
Reserved for debt service	175,876	101,756
Unreserved, undesignated	-	-
	175,876	101,756
 Total fund balances (deficit)	 175,876	 101,756
 Total liabilities and fund balances	 \$ 175,876	 \$ 174,999

Assessment District #1015	Verdemont Improvement Loan	Fire Station	Totals	
			2008	2007
\$ 1,180	\$ 1,272,972	\$ 766,516	\$ 2,250,766	\$ 1,021,854
-	-	-	70,473	82,240
10	11,714	7,054	20,710	10,469
435,149	-	-	501,667	592,189
3,859	-	-	5,713	7,157
<u>\$ 440,198</u>	<u>\$ 1,284,686</u>	<u>\$ 773,570</u>	<u>\$ 2,849,329</u>	<u>\$ 1,713,909</u>
\$ -	\$ -	\$ -	\$ 6,725	\$ 6,725
435,149	-	-	501,667	592,189
246,000	-	-	246,000	262,400
194,200	-	-	194,200	207,100
<u>875,349</u>	<u>-</u>	<u>-</u>	<u>948,592</u>	<u>1,068,414</u>
-	-	-	277,632	1,112,621
(435,151)	1,284,686	773,570	1,623,105	(467,126)
(435,151)	1,284,686	773,570	1,900,737	645,495
<u>\$ 440,198</u>	<u>\$ 1,284,686</u>	<u>\$ 773,570</u>	<u>\$ 2,849,329</u>	<u>\$ 1,713,909</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, 2008**

	<u>Assessment District #985</u>	<u>Assessment District #987</u>
<b>REVENUES</b>		
Taxes	\$ 61,419	\$ 51,583
Investment income	4,596	2,969
	<hr/>	<hr/>
Total revenues	66,015	54,552
	<hr/>	<hr/>
<b>EXPENDITURES</b>		
Current:		
General government	8,803	8,253
Debt Service:		
Principal	45,000	40,000
Interest	14,008	15,083
	<hr/>	<hr/>
Total expenditures	67,811	63,336
	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(1,796)	(8,784)
	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out	-	-
	<hr/>	<hr/>
Total other financing sources (uses)	-	-
	<hr/>	<hr/>
<b>SPECIAL ITEM</b>		
Forgiveness of debt	-	-
	<hr/>	<hr/>
Net change in fund balances	(1,796)	(8,784)
Fund balances (deficit), beginning of year	177,672	110,540
	<hr/>	<hr/>
Fund balances (deficit), end of year	<u>\$ 175,876</u>	<u>\$ 101,756</u>

Assessment District #1015	Verdemont Improvement Loan	Fire Station	Totals	
			2008	2007
\$ 73,541 475	\$ - 43,786	\$ - 26,836	\$ 186,543 78,662	\$ 344,205 33,360
74,016	43,786	26,836	265,205	377,565
13,871	-	-	30,927	31,626
-	-	38,500	123,500	112,408
28,170	-	39,175	96,436	124,894
42,041	-	77,675	250,863	268,928
31,975	43,786	(50,839)	14,342	108,637
-	-	-	-	(4,587)
-	-	-	-	(4,587)
-	1,556,000	-	1,556,000	-
31,975	1,599,786	(50,839)	1,570,342	104,050
(467,126)	(315,100)	824,409	330,395	541,445
<u>\$ (435,151)</u>	<u>\$ 1,284,686</u>	<u>\$ 773,570</u>	<u>\$ 1,900,737</u>	<u>\$ 645,495</u>

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**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Assessment District #985 Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Taxes	\$ 65,000	\$ 61,419	\$ (3,581)	\$ 77,880
Investment income	3,000	4,596	1,596	4,089
Total revenues	<u>68,000</u>	<u>66,015</u>	<u>(1,985)</u>	<u>81,969</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Other	9,200	8,803	397	9,056
Debt Service:				
Principal	45,000	45,000	-	40,000
Interest	14,000	14,008	(8)	17,238
Total expenditures	<u>68,200</u>	<u>67,811</u>	<u>389</u>	<u>66,294</u>
Net change in fund balances	(200)	(1,796)	(1,596)	15,675
Fund balances, beginning of year	<u>177,672</u>	<u>177,672</u>	<u>-</u>	<u>161,997</u>
Fund balances, end of year	<u><u>\$ 177,472</u></u>	<u><u>\$ 175,876</u></u>	<u><u>\$ (1,596)</u></u>	<u><u>\$ 177,672</u></u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Assessment District #987 Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Taxes	\$ 58,200	\$ 51,583	\$ (6,617)	\$ 61,789
Investment income	1,000	2,969	1,969	4,063
Total revenues	<u>59,200</u>	<u>54,552</u>	<u>(4,648)</u>	<u>65,852</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Other	7,000	8,253	(1,253)	9,954
Debt Service:				
Principal	40,000	40,000	-	35,000
Interest	15,100	15,083	17	17,953
Total expenditures	<u>62,100</u>	<u>63,336</u>	<u>(1,236)</u>	<u>62,907</u>
Net change in fund balances	(2,900)	(8,784)	(5,884)	2,945
Fund balances, beginning of year	<u>110,540</u>	<u>110,540</u>	<u>-</u>	<u>107,595</u>
Fund balances, end of year	<u>\$ 107,640</u>	<u>\$ 101,756</u>	<u>\$ (5,884)</u>	<u>\$ 110,540</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Assessment District #1015 Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Taxes	\$ 63,000	\$ 73,541	\$ 10,541	\$ 66,536
Investment income	200	475	275	472
Total revenues	<u>63,200</u>	<u>74,016</u>	<u>10,816</u>	<u>67,008</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Other	9,000	13,871	(4,871)	12,616
Debt Service:				
Interest	<u>28,300</u>	<u>28,170</u>	<u>130</u>	<u>43,290</u>
Total expenditures	<u>37,300</u>	<u>42,041</u>	<u>(4,741)</u>	<u>55,906</u>
Net change in fund balances	25,900	31,975	6,075	11,102
Fund balances (deficit), beginning of year	<u>(467,126)</u>	<u>(467,126)</u>	<u>-</u>	<u>(478,228)</u>
Fund balances (deficit), end of year	<u><u>\$ (441,226)</u></u>	<u><u>\$ (435,151)</u></u>	<u><u>\$ 6,075</u></u>	<u><u>\$ (467,126)</u></u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Verdemont Improvement Loan Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Taxes	\$ 164,000	\$ -	\$ (164,000)	\$ 391,355
Investment income	4,000	43,786	39,786	43,570
Total revenues	<u>168,000</u>	<u>43,786</u>	<u>(124,214)</u>	<u>434,925</u>
<b>EXPENDITURES</b>				
Debt service:				
Interest	86,500	-	86,500	-
Total expenditures	<u>86,500</u>	<u>-</u>	<u>86,500</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>81,500</u>	<u>43,786</u>	<u>(37,714)</u>	<u>434,925</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(398,700)	-	398,700	-
Total other financing sources (uses)	<u>(398,700)</u>	<u>-</u>	<u>398,700</u>	<u>-</u>
<b>SPECIAL ITEM</b>				
Forgiveness of debt	-	1,556,000	1,556,000	-
Net change in fund balances	(317,200)	1,599,786	1,916,986	434,925
Fund balances (deficit), beginning of year	<u>(315,100)</u>	<u>(315,100)</u>	<u>-</u>	<u>(750,025)</u>
Fund balances (deficit), end of year	<u>\$ (632,300)</u>	<u>\$ 1,284,686</u>	<u>\$ 1,916,986</u>	<u>\$ (315,100)</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Fire Station Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Taxes	\$ 90,000	\$ -	\$ (90,000)	\$ 138,000
Investment income	15,000	26,836	11,836	24,736
Total revenues	<u>105,000</u>	<u>26,836</u>	<u>(78,164)</u>	<u>162,736</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	38,500	38,500	-	37,408
Interest	39,300	39,175	125	37,864
Total expenditures	<u>77,800</u>	<u>77,675</u>	<u>125</u>	<u>75,272</u>
Net change in fund balances	27,200	(50,839)	(78,039)	87,464
Fund balances, beginning of year	<u>824,409</u>	<u>824,409</u>	<u>-</u>	<u>736,945</u>
Fund balances, end of year	<u><u>\$ 851,609</u></u>	<u><u>\$ 773,570</u></u>	<u><u>\$ (78,039)</u></u>	<u><u>\$ 824,409</u></u>

## 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.

#### **Fire Equipment Acquisition**

For acquisition of fire equipment from lease proceeds.

#### **Park Construction Fee**

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

#### **Cemetery Construction**

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

#### **Sewerline Construction**

For construction of sewer collection systems from development revenues.

#### **Storm Drain Construction**

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

#### **Special Assessments**

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

#### **Cultural Development Construction Fee**

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

#### **Traffic Systems**

For construction of traffic systems from development fees.

#### **Street Lighting/ Sweeping**

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

#### **Assessment District No. 1015**

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

#### **Public Improvements**

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

## **Capital Projects Funds, (Continued)**

### **Proposition 1b**

Established to account for monies received from the State through Prop 1b. This proposition provided \$19 billion in bond funds for a variety of transportation projects, including \$2 billion for cities and counties for maintenance and improvements of local transportation facilities.

### **Major Funds**

#### **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.

#### **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.

#### **Impact Fee**

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

**City of San Bernardino  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2008**

	Public Park Extension	Fire Equipment Acquisition	Park Construction Fee
<b>ASSETS</b>			
Cash and investments	\$ 4,497	\$ 771,352	\$ 361,680
Cash and investments with fiscal agents	-	2	-
Receivables, net:			
Interest	41	-	3,328
Due from other governments	-	-	-
Advances to other funds	-	-	-
Other assets	-	-	-
	<u>4,538</u>	<u>771,354</u>	<u>365,008</u>
Total assets	<u>\$ 4,538</u>	<u>\$ 771,354</u>	<u>\$ 365,008</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 2,342	\$ 156,884
Due to other funds	-	-	-
Retentions payable	-	-	2,989
Deferred revenue	-	-	-
Due to other governments	-	-	-
	<u>-</u>	<u>2,342</u>	<u>159,873</u>
Total liabilities	<u>-</u>	<u>2,342</u>	<u>159,873</u>
Fund balances:			
Reserved for:			
Advances to other funds	-	-	-
Sewer capacity rights	-	-	-
Unreserved:			
Undesignated	<u>4,538</u>	<u>769,012</u>	<u>205,135</u>
Total fund balances	<u>4,538</u>	<u>769,012</u>	<u>205,135</u>
Total liabilities and fund balances	<u>\$ 4,538</u>	<u>\$ 771,354</u>	<u>\$ 365,008</u>

Cemetery Construction	Sewerline Construction	Storm Drain Construction	Special Assessments	Cultural Development Construction Fee	Traffic Systems
\$ 49,370	\$ 4,499,839	\$ 5,449,694	\$ 544,386	\$ 1,176,333	\$ 157,323
-	-	-	-	-	-
454	41,246	49,342	24,222	10,878	-
-	-	-	21,935	-	30,938
-	123,000	-	-	-	-
-	214,670	-	-	-	-
<u>\$ 49,824</u>	<u>\$ 4,878,755</u>	<u>\$ 5,499,036</u>	<u>\$ 590,543</u>	<u>\$ 1,187,211</u>	<u>\$ 188,261</u>
\$ -	\$ 1,801	\$ -	\$ 188,465	\$ -	\$ 5,009
-	-	-	-	-	14
-	60,844	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	62,645	-	188,465	-	5,023
-	123,000	-	-	-	-
-	214,671	-	-	-	-
49,824	4,478,439	5,499,036	402,078	1,187,211	183,238
49,824	4,816,110	5,499,036	402,078	1,187,211	183,238
<u>\$ 49,824</u>	<u>\$ 4,878,755</u>	<u>\$ 5,499,036</u>	<u>\$ 590,543</u>	<u>\$ 1,187,211</u>	<u>\$ 188,261</u>

**City of San Bernardino  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2008  
(continued)**

	Street Lighting/ Sweeping	Assessment District #1015	Public Improvement
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 32,391	\$ 3,173,478
Cash and investments with fiscal agents	-	-	-
Receivables, net:			
Interest	-	298	29,220
Due from other governments	988	-	-
Advances to other funds	-	-	-
Other assets	-	-	-
	<u>988</u>	<u>32,689</u>	<u>3,202,698</u>
Total assets	<u>\$ 988</u>	<u>\$ 32,689</u>	<u>\$ 3,202,698</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 259,767
Due to other funds	988	-	-
Retentions payable	-	-	286,567
Deferred revenues	-	-	-
Due to other governments	-	-	-
	<u>988</u>	<u>-</u>	<u>546,334</u>
Total liabilities	<u>988</u>	<u>-</u>	<u>546,334</u>
Fund balances:			
Reserved for:			
Advances to other funds	-	-	-
Sewer capacity rights	-	-	-
Unreserved:			
Undesignated	-	32,689	2,656,364
	<u>-</u>	<u>32,689</u>	<u>2,656,364</u>
Total fund balances	<u>-</u>	<u>32,689</u>	<u>2,656,364</u>
Total liabilities and fund balances	<u>\$ 988</u>	<u>\$ 32,689</u>	<u>\$ 3,202,698</u>

Prop 1b Local Street	Totals	
	2008	2007
\$ 3,314,342	\$ 19,534,685	\$ 21,912,195
-	2	77,291
30,488	189,517	246,166
-	53,861	148,877
-	123,000	131,200
-	214,670	214,671
<u>\$ 3,344,830</u>	<u>\$ 20,115,735</u>	<u>\$ 22,730,400</u>
\$ 299,783	\$ 914,051	\$ 1,505,104
-	1,002	2,059,387
-	350,400	222,164
-	-	21,819
-	-	900,000
<u>299,783</u>	<u>1,265,453</u>	<u>4,708,474</u>
-	123,000	131,200
-	214,671	214,671
<u>3,045,047</u>	<u>18,512,611</u>	<u>17,676,055</u>
<u>3,045,047</u>	<u>18,850,282</u>	<u>18,021,926</u>
<u>\$ 3,344,830</u>	<u>\$ 20,115,735</u>	<u>\$ 22,730,400</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, 2008**

	Public Park Extension	Fire Equipment Acquisition	Park Construction Fee
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Impact fees	-	-	-
Investment income	154	-	26,207
Intergovernmental	-	-	50,145
Charges for services	-	-	70
Other revenues	-	863,329	-
	<hr/>	<hr/>	<hr/>
Total revenues	154	863,329	76,422
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	155,562	-
Streets	-	-	-
Culture and recreation	-	-	1,434,568
	<hr/>	<hr/>	<hr/>
Total expenditures	-	155,562	1,434,568
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	154	707,767	(1,358,146)
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(50,100)	-
Issuance of debt	-	17,805	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(32,295)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	154	675,472	(1,358,146)
Fund balances, beginning of year	4,384	93,540	1,563,281
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 4,538</u>	<u>\$ 769,012</u>	<u>\$ 205,135</u>

Cemetery Construction	Sewerline Construction	Storm Drain Construction	Special Assessments	Cultural Development Construction Fee	Traffic Systems
\$ -	\$ -	\$ -	\$ 1,010,182	\$ -	\$ -
-	-	-	-	610,202	-
-	-	-	-	-	-
1,675	247,367	277,287	83,734	48,352	-
-	-	-	-	-	74,545
3,743	378,884	2,316,118	-	-	-
-	-	-	-	-	-
<u>5,418</u>	<u>626,251</u>	<u>2,593,405</u>	<u>1,093,916</u>	<u>658,554</u>	<u>74,545</u>
-	-	-	-	-	-
-	752,304	289,269	1,043,620	-	178,809
-	-	-	-	-	-
<u>-</u>	<u>752,304</u>	<u>289,269</u>	<u>1,043,620</u>	<u>-</u>	<u>178,809</u>
<u>5,418</u>	<u>(126,053)</u>	<u>2,304,136</u>	<u>50,296</u>	<u>658,554</u>	<u>(104,264)</u>
-	(225,000)	(132,700)	-	(617,000)	(60,000)
-	-	-	-	-	-
<u>-</u>	<u>(225,000)</u>	<u>(132,700)</u>	<u>-</u>	<u>(617,000)</u>	<u>(60,000)</u>
5,418	(351,053)	2,171,436	50,296	41,554	(164,264)
44,406	5,167,163	3,327,600	351,782	1,145,657	347,502
<u>\$ 49,824</u>	<u>\$ 4,816,110</u>	<u>\$ 5,499,036</u>	<u>\$ 402,078</u>	<u>\$ 1,187,211</u>	<u>\$ 183,238</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, 2008**  
**(continued)**

	Street Lighting/ Sweeping	Assessment District #1015	Public Improvement
<b>REVENUES</b>			
Taxes	\$ 3,169	\$ -	\$ -
Licenses and permits	-	-	-
Impact fees	-	-	-
Investment income	-	1,114	161,335
Intergovernmental	-	-	-
Charges for services	-	-	-
Other revenues	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	3,169	1,114	161,335
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	-	-
Streets	-	-	2,672,224
Culture and recreation	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	2,672,224
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	3,169	1,114	(2,510,889)
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(3,169)	-	-
Issuance of debt	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(3,169)	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	1,114	(2,510,889)
Fund balances, beginning of year	-	31,575	5,167,253
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ -	\$ 32,689	\$ 2,656,364
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Prop 1b Local Street	Totals	
	2008	2007
\$ -	\$ 1,013,351	\$ 810,011
-	610,202	999,211
-	-	3,450,896
99,565	946,790	813,248
3,297,446	3,422,136	1,568,964
-	2,698,815	2,774,738
-	863,329	961,352
<u>3,397,011</u>	<u>9,554,623</u>	<u>11,378,420</u>
-	155,562	210,520
351,964	5,288,190	10,311,225
-	1,434,568	1,446,514
<u>351,964</u>	<u>6,878,320</u>	<u>11,968,259</u>
<u>3,045,047</u>	<u>2,676,303</u>	<u>(589,839)</u>
-	(1,087,969)	(783,118)
-	17,805	5,518,315
<u>-</u>	<u>(1,070,164)</u>	<u>4,735,197</u>
3,045,047	1,606,139	4,145,358
-	17,244,143	13,876,568
<u>\$ 3,045,047</u>	<u>\$ 18,850,282</u>	<u>\$ 18,021,926</u>

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**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Public Park Extension Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ -	\$ 154	\$ 154	\$ 130
Total revenues	-	154	154	130
<b>EXPENDITURES</b>				
Current:				
Culture and recreation - other	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	154	154	130
Fund balances, beginning of year	4,384	4,384	-	4,254
Fund balances, end of year	\$ 4,384	\$ 4,538	\$ 154	\$ 4,384

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Fire Equipment Acquisition Fund**  
**For the year ended June 30, 2008**

	<u>Final budget</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>	<u>Prior year actual</u>
<b>REVENUES</b>				
Other revenues	\$ 863,300	\$ 863,329	\$ 29	\$ -
Total revenues	<u>863,300</u>	<u>863,329</u>	<u>29</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Personnel salaries and benefits	101,000	7,193	93,807	-
Other	<u>455,000</u>	<u>148,369</u>	<u>306,631</u>	<u>-</u>
Total expenditures	<u>556,000</u>	<u>155,562</u>	<u>400,438</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>307,300</u>	<u>707,767</u>	<u>400,467</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(50,100)	(50,100)	-
Issuance of debt	<u>-</u>	<u>17,805</u>	<u>17,805</u>	<u>68,078</u>
Total other financing sources (uses)	<u>-</u>	<u>(32,295)</u>	<u>(32,295)</u>	<u>68,078</u>
Net change in fund balances	307,300	675,472	368,172	68,078
Fund balances, beginning of year	<u>93,540</u>	<u>93,540</u>	<u>-</u>	<u>25,462</u>
Fund balances, end of year	<u>\$ 400,840</u>	<u>\$ 769,012</u>	<u>\$ 368,172</u>	<u>\$ 93,540</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Park Construction Fee Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ -	\$ 26,207	\$ 26,207	\$ 47,154
Intergovernmental	1,473,400	50,145	(1,423,255)	340,901
Charges for services	110,400	70	(110,330)	120,129
Other revenues	-	-	-	950,000
<b>Total revenues</b>	<b>1,583,800</b>	<b>76,422</b>	<b>(1,507,378)</b>	<b>1,458,184</b>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation - other	3,919,100	1,434,568	2,484,532	1,415,397
<b>Total expenditures</b>	<b>3,919,100</b>	<b>1,434,568</b>	<b>2,484,532</b>	<b>1,415,397</b>
Excess (deficiency) of revenues over (under) expenditures	(2,335,300)	(1,358,146)	977,154	42,787
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	101,000	-	(101,000)	-
<b>Total other financing sources (uses)</b>	<b>101,000</b>	<b>-</b>	<b>(101,000)</b>	<b>-</b>
Net change in fund balances	(2,234,300)	(1,358,146)	876,154	42,787
Fund balances, beginning of year	1,563,281	1,563,281	-	1,520,494
Fund balances, end of year	<u>\$ (671,019)</u>	<u>\$ 205,135</u>	<u>\$ 876,154</u>	<u>\$ 1,563,281</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Cemetery Construction Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ 1,500	\$ 1,675	\$ 175	\$ 1,325
Charges for services	3,700	3,743	43	3,743
Total revenues	5,200	5,418	218	5,068
<b>EXPENDITURES</b>				
Current:				
Community services - other	15,000	-	15,000	-
Total expenditures	15,000	-	15,000	-
Net change in fund balances	(9,800)	5,418	15,218	5,068
Fund balances, beginning of year	44,406	44,406	-	39,338
Fund balances, end of year	<u>\$ 34,606</u>	<u>\$ 49,824</u>	<u>\$ 15,218</u>	<u>\$ 44,406</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Sewerline Construction Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ 150,000	\$ 247,367	\$ 97,367	\$ 199,090
Charges for services	551,000	378,884	(172,116)	825,974
Total revenues	701,000	626,251	(74,749)	1,025,064
<b>EXPENDITURES</b>				
Current:				
Streets - other	5,108,200	752,304	4,355,896	549,588
Total expenditures	5,108,200	752,304	4,355,896	549,588
Excess (deficiency) of revenues over expenditures	(4,407,200)	(126,053)	4,281,147	475,476
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(225,000)	(225,000)	-	(225,000)
Total other financing sources (uses)	(225,000)	(225,000)	-	(225,000)
Net change in fund balances	(4,632,200)	(351,053)	4,281,147	250,476
Fund balances, beginning of year	5,167,163	5,167,163	-	4,916,687
Fund balances, end of year	\$ 534,963	\$ 4,816,110	\$ 4,281,147	\$ 5,167,163

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Storm Drain Construction Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ 80,000	\$ 277,287	\$ 197,287	\$ 99,737
Intergovernmental	93,100	-	(93,100)	-
Charges for services	1,200,000	2,316,118	1,116,118	1,672,740
 Total revenues	 1,373,100	 2,593,405	 1,220,305	 1,772,477
<b>EXPENDITURES</b>				
Current:				
Streets - other	2,431,000	289,269	2,141,731	866,825
 Total expenditures	 2,431,000	 289,269	 2,141,731	 866,825
 Excess (deficiency) of revenues over expenditures	 (1,057,900)	 2,304,136	 3,362,036	 905,652
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(132,700)	(132,700)	-	(132,700)
 Total other financing sources (uses)	 (132,700)	 (132,700)	 -	 (132,700)
 Net change in fund balances	 (1,190,600)	 2,171,436	 3,362,036	 772,952
 Fund balances, beginning of year	 3,327,600	 3,327,600	 -	 2,554,648
 Fund balances, end of year	 \$ 2,137,000	 \$ 5,499,036	 \$ 3,362,036	 \$ 3,327,600

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Special Assessments Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Taxes	\$ 1,111,800	\$ 1,010,182	\$ (101,618)	\$ 801,593
Investment income	-	83,734	83,734	71,445
Total revenues	1,111,800	1,093,916	(17,884)	873,038
<b>EXPENDITURES</b>				
Current:				
Streets - other	1,111,800	1,043,620	68,180	747,845
Total expenditures	1,111,800	1,043,620	68,180	747,845
Net change in fund balances	-	50,296	50,296	125,193
Fund balances, beginning of year	351,782	351,782	-	226,589
Fund balances, end of year	<u>\$ 351,782</u>	<u>\$ 402,078</u>	<u>\$ 50,296</u>	<u>\$ 351,782</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Cultural Development Construction Fee Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Licenses and permits	\$ 500,000	\$ 610,202	\$ 110,202	\$ 999,211
Investment income	20,000	48,352	28,352	31,054
Total revenues	520,000	658,554	138,554	1,030,265
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	520,000	658,554	138,554	1,030,265
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(411,200)	(617,000)	(205,800)	(357,000)
Total other financing sources (uses)	(411,200)	(617,000)	(205,800)	(357,000)
Net change in fund balances	108,800	41,554	(67,246)	673,265
Fund balances, beginning of year	1,145,657	1,145,657	-	472,392
Fund balances, end of year	\$ 1,254,457	\$ 1,187,211	\$ (67,246)	\$ 1,145,657

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Traffic Systems Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ 20,000	\$ -	\$ (20,000)	\$ 13,386
Intergovernmental	206,000	74,545	(131,455)	191,968
Charges for services	100,000	-	(100,000)	152,152
Other revenues	112,500	-	(112,500)	-
<b>Total revenues</b>	<b>438,500</b>	<b>74,545</b>	<b>(363,955)</b>	<b>357,506</b>
<b>EXPENDITURES</b>				
Current:				
Streets - other	1,256,200	178,809	1,077,391	1,185,329
<b>Total expenditures</b>	<b>1,256,200</b>	<b>178,809</b>	<b>1,077,391</b>	<b>1,185,329</b>
Excess (deficiency) of revenues over expenditures	(817,700)	(104,264)	713,436	(827,823)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(60,000)	(60,000)	-	(60,000)
<b>Total other financing sources (uses)</b>	<b>(60,000)</b>	<b>(60,000)</b>	<b>-</b>	<b>(60,000)</b>
<b>Net change in fund balances</b>	<b>(877,700)</b>	<b>(164,264)</b>	<b>713,436</b>	<b>(887,823)</b>
Fund balances, beginning of year	347,502	347,502	-	1,235,325
<b>Fund balances, end of year</b>	<b>\$ (530,198)</b>	<b>\$ 183,238</b>	<b>\$ 713,436</b>	<b>\$ 347,502</b>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Street Lighting/Sweeping Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Taxes	\$ -	\$ 3,169	\$ 3,169	\$ 8,418
Total revenues	-	3,169	3,169	8,418
<b>EXPENDITURES</b>	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	3,169	3,169	8,418
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(8,000)	(3,169)	4,831	(8,418)
Total other financing sources (uses)	(8,000)	(3,169)	4,831	(8,418)
Net change in fund balances	(8,000)	-	8,000	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ (8,000)	\$ -	\$ 8,000	\$ -

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Assessment District #1015 Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ -	\$ 1,114	\$ 1,114	\$ 955
Total revenues	-	1,114	1,114	955
<b>EXPENDITURES</b>	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	1,114	1,114	955
Fund balances, beginning of year	31,575	31,575	-	30,620
Fund balances, end of year	\$ 31,575	\$ 32,689	\$ 1,114	\$ 31,575

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Public Improvements Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ 120,000	\$ 161,335	\$ 41,335	\$ 241,362
Intergovernmental	-	-	-	398,191
Total revenues	120,000	161,335	41,335	639,553
<b>EXPENDITURES</b>				
Current:				
Streets - other	4,567,600	2,672,224	1,895,376	1,481,113
Total expenditures	4,567,600	2,672,224	1,895,376	1,481,113
Net change in fund balances	(4,447,600)	(2,510,889)	1,936,711	(841,560)
Fund balances, beginning of year	5,167,253	5,167,253	-	6,008,813
Fund balances, end of year	<u>\$ 719,653</u>	<u>\$ 2,656,364</u>	<u>\$ 1,936,711</u>	<u>\$ 5,167,253</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Proposition 1b Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ -	\$ 99,565	\$ 99,565	\$ -
Intergovernmental	3,171,900	3,297,446	125,546	-
Total revenues	3,171,900	3,397,011	225,111	-
<b>EXPENDITURES</b>				
Current:				
Streets	3,937,000	351,964	3,585,036	-
Total expenditures	3,937,000	351,964	3,585,036	-
Net change in fund balances	(765,100)	3,045,047	3,810,147	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ (765,100)</u>	<u>\$ 3,045,047</u>	<u>\$ 3,810,147</u>	<u>\$ -</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Major Fund - CIEDB Street Construction**  
**For the Year Ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Streets - other	2,662,100	558,247	2,103,853	4,279,786
Excess (deficiency) of revenues over expenditures	(2,662,100)	(558,247)	2,103,853	(4,279,786)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	-	-	5,450,237
Total other financing sources (uses)	-	-	-	5,450,237
Net change in fund balances	(2,662,100)	(558,247)	2,103,853	1,170,451
Fund balances (deficit), beginning of year	(1,669,310)	(1,669,310)	-	(2,839,761)
Fund balances (deficit), end of year	<u>\$ (4,331,410)</u>	<u>\$ (2,227,557)</u>	<u>\$ 2,103,853</u>	<u>\$ (1,669,310)</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Major Fund - Street Construction Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Intergovernmental	18,195,600	1,505,272	(16,690,328)	637,904
Other revenues	6,476,800	4,813	(6,471,987)	11,352
Total revenues	<u>24,672,400</u>	<u>1,510,085</u>	<u>(23,162,315)</u>	<u>649,256</u>
<b>EXPENDITURES</b>				
Current:				
Streets - other	<u>24,136,800</u>	<u>3,412,754</u>	<u>20,724,046</u>	<u>1,200,739</u>
Excess (deficiency) of revenues over expenditures	<u>535,600</u>	<u>(1,902,669)</u>	<u>(2,438,269)</u>	<u>(551,483)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(297,700)</u>	<u>-</u>	<u>297,700</u>	<u>-</u>
Total other financing sources (uses)	<u>(297,700)</u>	<u>-</u>	<u>297,700</u>	<u>-</u>
Net change in fund balances	237,900	(1,902,669)	(2,140,569)	(551,483)
Fund balances (deficit), beginning of year	<u>(1,724,182)</u>	<u>(1,724,182)</u>	<u>-</u>	<u>(1,172,699)</u>
Fund balances (deficit), end of year	<u>\$ (1,486,282)</u>	<u>\$ (3,626,851)</u>	<u>\$ (2,140,569)</u>	<u>\$ (1,724,182)</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Major Fund - Impact Fees Fund**  
**For the year ended June 30, 2008**

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
Impact fees	\$ 3,542,700	\$ 5,268,475	\$ 1,725,775	\$ 3,450,896
Investment income	131,500	413,627	282,127	107,610
Total revenues	<u>3,674,200</u>	<u>5,682,102</u>	<u>2,007,902</u>	<u>3,558,506</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	210,000	109,912	100,088	210,520
Streets	991,100	183,080	808,020	-
Culture and recreation	1,033,000	369,925	663,075	31,117
Total expenditures	<u>2,234,100</u>	<u>662,917</u>	<u>1,571,183</u>	<u>241,637</u>
Net change in fund balances	1,440,100	5,019,185	3,579,085	3,316,869
Fund balances, beginning of year	<u>4,171,275</u>	<u>4,171,275</u>	-	<u>854,406</u>
Fund balances, end of year	<u><u>\$ 5,611,375</u></u>	<u><u>\$ 9,190,460</u></u>	<u><u>\$ 3,579,085</u></u>	<u><u>\$ 4,171,275</u></u>

## **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.

### **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, 2008**

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 259,210	\$ 199,096	\$ 23,880	\$ 90,870
Cash investments with fiscal agent	-	-	-	-
Receivables:				
Interest	-	1,858	35,592	-
Other	-	-	167	1,361
Inventory	-	-	-	307,227
Prepays	-	-	-	180,813
Due from other governments	-	64,023	-	6,769
Due from other funds	-	-	3,937,122	316,895
Total current assets	259,210	264,977	3,996,761	903,935
Noncurrent assets:				
Capital assets:				
Property, plant and equipment, net	-	689	3,008	3,472,248
Total assets	259,210	265,666	3,999,769	4,376,183
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	-	-	-
Due to other funds	-	180,082	13,243	339,432
Advances from other funds	-	-	-	-
Claims and judgments payable - current	-	2,581,400	1,480,000	-
Compensated absences – current	-	48,983	7,734	217,831
Capital lease payable – current	-	-	-	537,913
Facility lease payable – current	-	-	-	35,000
Total current liabilities	-	2,810,465	1,500,977	1,130,176
Noncurrent liabilities:				
Claims and judgments payable	-	5,176,174	3,983,250	-
Compensated absences	-	9,408	-	119,577
Capital lease payable	-	-	-	628,233
Facility lease payable	-	-	-	200,000
Total noncurrent liabilities	-	5,185,582	3,983,250	947,810
Total liabilities	-	7,996,047	5,484,227	2,077,986
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	689	3,008	2,071,102
Unrestricted (deficit)	259,210	(7,731,070)	(1,487,466)	227,095
Total net assets (deficit)	\$ 259,210	\$ (7,730,381)	\$(1,484,458)	\$ 2,298,197

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2008	2007
\$ -	\$ 939,246	\$ -	\$ 23,760	\$ 1,536,062	\$ 5,025,419
-	100,818	-	-	100,818	100,818
-	-	-	-	37,450	34,608
3,019	-	-	1,235	5,782	4,060
-	-	-	-	307,227	247,757
-	-	-	-	180,813	393,269
25,393	11,943	-	3,190	111,318	100,664
471,369	-	-	-	4,725,386	321,171
499,781	1,052,007	-	28,185	7,004,856	6,227,766
89,399	1,975,488	114,731	-	5,655,563	5,393,972
589,180	3,027,495	114,731	28,185	12,660,419	11,621,738
46,524	89,551	330,706	11,096	1,010,634	2,344,814
-	-	14,970	-	14,970	321,171
-	361,774	-	-	361,774	-
-	-	-	-	4,061,400	3,900,000
2,462	197,051	14,923	12,925	501,909	448,992
-	232,660	127,739	-	898,312	717,946
-	-	-	-	35,000	35,000
48,986	881,036	488,338	24,021	6,883,999	7,767,923
-	-	-	-	9,159,424	10,291,478
-	174,210	-	42,029	345,224	296,790
-	119,069	28,936	-	776,238	822,171
-	-	-	-	200,000	235,000
-	293,279	28,936	42,029	10,480,886	11,645,439
48,986	1,174,315	517,274	66,050	17,364,885	19,413,362
42,875	1,623,759	(41,944)	-	3,699,489	3,583,856
497,319	229,421	(360,599)	(37,865)	(8,403,955)	(11,375,480)
\$ 540,194	\$1,853,180	\$ (402,543)	\$ (37,865)	\$ (4,704,466)	\$ (7,791,624)

**City of San Bernardino**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the year ended June 30, 2008**

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
<b>OPERATING REVENUES</b>				
Charges for services	\$ 255,889	\$ 3,929,690	\$ 3,244,500	\$ 9,650,050
Total operating revenues	<u>255,889</u>	<u>3,929,690</u>	<u>3,244,500</u>	<u>9,650,050</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and services	2,691	995,528	337,490	8,140,599
Claims expense	147,092	1,723,713	1,556,569	-
Depreciation	-	846	1,485	1,306,232
Total operating expenses	<u>149,783</u>	<u>2,720,087</u>	<u>1,895,544</u>	<u>9,446,831</u>
Operating income (loss)	<u>106,106</u>	<u>1,209,603</u>	<u>1,348,956</u>	<u>203,219</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	-	2,826	171,086	-
Interest expense	-	-	-	(50,683)
Gain on disposal of assets	-	-	-	(8,340)
Miscellaneous income	-	-	-	61,163
Total nonoperating revenues (expenses)	<u>-</u>	<u>2,826</u>	<u>171,086</u>	<u>2,140</u>
Income before contributions and transfers	<u>106,106</u>	<u>1,212,429</u>	<u>1,520,042</u>	<u>205,359</u>
Transfers in	-	29,400	13,800	442,700
Transfers out	-	-	-	-
Change in net assets	<u>106,106</u>	<u>1,241,829</u>	<u>1,533,842</u>	<u>648,059</u>
Net assets (deficit), beginning of year	<u>153,104</u>	<u>(8,972,210)</u>	<u>(3,018,300)</u>	<u>1,650,138</u>
Net assets (deficit), end of year	<u>\$ 259,210</u>	<u>\$ (7,730,381)</u>	<u>\$ (1,484,458)</u>	<u>\$ 2,298,197</u>

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2008	2007
\$ 884,186	\$ 4,444,504	\$ 3,974,360	\$ 221,253	\$ 26,604,432	\$24,084,795
884,186	4,444,504	3,974,360	221,253	26,604,432	24,084,795
816,724	4,206,420	3,828,574	260,452	18,588,478	18,470,640
-	-	-	-	3,427,374	5,700,030
28,859	702,165	127,396	-	2,166,983	1,847,495
845,583	4,908,585	3,955,970	260,452	24,182,835	26,018,165
38,603	(464,081)	18,390	(39,199)	2,421,597	(1,933,370)
-	-	-	-	173,912	120,313
-	(16,318)	(12,452)	-	(79,453)	(94,145)
-	-	-	-	(8,340)	-
21,727	10,652	-	-	93,542	51,079
21,727	(5,666)	(12,452)	-	179,661	77,247
60,330	(469,747)	5,938	(39,199)	2,601,258	(1,856,123)
-	-	-	-	485,900	800,000
-	-	-	-	-	(1,072,018)
60,330	(469,747)	5,938	(39,199)	3,087,158	(2,128,141)
479,864	2,322,927	(408,481)	1,334	(7,791,624)	(5,663,483)
\$ 540,194	\$ 1,853,180	\$ (402,543)	\$ (37,865)	\$ (4,704,466)	\$ (7,791,624)

**City of San Bernardino**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2008**

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
<b>Cash flows from operating activities:</b>				
Cash received from user departments	\$ 255,889	\$ 3,612,025	\$ 3,244,416	\$ 9,643,683
Cash payments to suppliers for goods and services	(149,783)	(456,304)	(785,867)	(6,096,587)
Cash payments for claims	-	(2,507,627)	(1,743,319)	-
Cash payments to employees for services	-	(479,366)	(277,750)	(2,372,918)
Cash received for other activities	-	-	-	61,163
Net cash provided by (used for) operating activities	<u>106,106</u>	<u>168,728</u>	<u>437,480</u>	<u>1,235,341</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfer from other funds	-	29,400	13,800	442,700
Transfer to other funds	-	-	-	-
Interfund loan	-	-	(3,615,951)	(316,895)
Net cash (used for) noncapital financing activities	<u>-</u>	<u>29,400</u>	<u>(3,602,151)</u>	<u>125,805</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	-	-	-	(712,501)
Principal payments on long-term debt	-	-	-	(566,150)
Interest paid on long-term debt	-	-	-	(50,683)
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,329,334)</u>
<b>Cash flows from investing activities:</b>				
Interest received	-	968	170,102	-
Net cash provided by investing activities	<u>-</u>	<u>968</u>	<u>170,102</u>	<u>-</u>
Net increase (decrease) in cash and investments	106,106	199,096	(2,994,569)	31,812
Cash and investments, beginning of year	<u>153,104</u>	<u>-</u>	<u>3,018,449</u>	<u>59,058</u>
Cash and investments, end of year	<u>\$ 259,210</u>	<u>\$ 199,096</u>	<u>\$ 23,880</u>	<u>\$ 90,870</u>

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2008	2007
\$ 882,786	\$ 4,435,547	\$3,989,330	\$ 222,178	\$26,285,854	\$23,860,235
(732,903)	(2,220,271)	(3,742,521)	(129,644)	(14,313,880)	(13,938,317)
-	-	(172,368)	-	(4,423,314)	(4,094,849)
(99,971)	(1,972,914)	-	(126,237)	(5,329,156)	(3,940,770)
21,727	10,652	-	-	93,542	51,079
<u>71,639</u>	<u>253,014</u>	<u>74,441</u>	<u>(33,703)</u>	<u>2,313,046</u>	<u>1,937,378</u>
-	-	-	-	485,900	800,000
-	-	-	-	-	(950,000)
(471,369)	-	-	-	(4,404,215)	-
<u>(471,369)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,918,315)</u>	<u>(150,000)</u>
-	(349,654)	-	-	(1,062,155)	(1,007,783)
-	(225,546)	(121,854)	-	(913,550)	(1,316,809)
-	(16,318)	(12,452)	-	(79,453)	(94,145)
-	(591,518)	(134,306)	-	(2,055,158)	(2,418,737)
-	-	-	-	171,070	114,562
-	-	-	-	171,070	114,562
(399,730)	(338,504)	(59,865)	(33,703)	(3,489,357)	(516,797)
<u>399,730</u>	<u>1,378,568</u>	<u>59,865</u>	<u>57,463</u>	<u>5,126,237</u>	<u>5,643,034</u>
<u>\$ -</u>	<u>\$ 1,040,064</u>	<u>\$ -</u>	<u>\$ 23,760</u>	<u>\$ 1,636,880</u>	<u>\$ 5,126,237</u>

**City of San Bernardino**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2008**  
**(continued)**

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 106,106	\$ 1,209,603	\$1,348,956	\$ 203,219
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	846	1,485	1,306,232
Other nonoperating revenues (expenses)	-	-	-	61,163
(Increase) decrease in assets:				
Other receivables	-	3,506	(84)	(86)
Inventory	-	-	-	(59,470)
Prepays	-	-	-	212,455
Due from other funds	-	-	-	(6,281)
Due from other governments	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	-	48,236	(706,103)	(516,426)
Claims and judgments	-	(783,904)	(186,750)	-
Due to other funds	-	(321,171)	-	-
Compensated absences	-	11,612	(20,024)	34,535
Net cash provided by (used for) operating activities	\$ 106,106	\$ 168,728	\$ 437,480	\$ 1,235,341
<b>Noncash, investing, capital and financing activities:</b>				
Acquisition of capital assets through capital lease	\$ -	\$ -	\$ -	\$ 1,012,985

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2008	2007
\$ 38,603	\$ (464,081)	\$ 18,390	\$ (39,199)	\$ 2,421,597	\$ (1,933,370)
28,859	702,165	127,396	-	2,166,983	1,847,495
21,727	10,652	-	-	93,542	51,079
(1,864)	-	-	312	1,784	(68,266)
-	-	-	-	(59,470)	(132,667)
-	-	-	-	212,455	(393,269)
-	-	-	613	(5,668)	40,522
464	(8,957)	-	-	(8,493)	6,344
(17,861)	(50,407)	(92,456)	837	(1,334,180)	1,011,865
-	-	-	-	(970,654)	1,445,933
-	-	14,970	-	(306,201)	(40,522)
1,711	63,642	6,141	3,734	101,351	102,234
<u>\$ 71,639</u>	<u>\$ 253,014</u>	<u>\$ 74,441</u>	<u>\$ (33,703)</u>	<u>\$ 2,313,046</u>	<u>\$ 1,937,378</u>
\$ -	\$ 361,774	\$ -	\$ -	\$ 1,374,759	\$ 609,326

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## **Agency Funds**

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

### **Assessment district No. 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 No. 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 No. 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 No. 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 No. 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.

**City of San Bernardino**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**June 30, 2008**

	Assessment District #961	Assessment District #977A	Assessment District # 977B	Assessment District #1003
<b>ASSETS</b>				
Cash and investments	\$ 354,524	\$ 2,456	\$ 2,243	\$ 240,542
Cash and investments with fiscal agents	-	148,856	241,666	-
Accounts receivable	-	-	-	-
Interest receivable	3,263	22	21	2,213
Due from other governments	-	3,043	1,937	2,584
	<u>\$ 357,787</u>	<u>\$ 154,377</u>	<u>\$ 245,867</u>	<u>\$ 245,339</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Due to bond holders	357,787	154,377	245,867	245,339
	<u>\$ 357,787</u>	<u>\$ 154,377</u>	<u>\$ 245,867</u>	<u>\$ 245,339</u>
Total assets				
Total liabilities				

Industrial Revenue Bonds	Community Facilities District #995	Special Deposits	Cemetery Perpetual Care	Payroll Trust Fund	Totals	
					2008	2007
\$ 69,351	\$ 3,295	\$ 6,814,308	\$ 657,024	\$2,610,997	\$10,754,740	\$11,393,304
-	-	-	-	-	390,522	379,552
-	-	89,475	-	-	89,475	85,654
-	30	5,490	-	-	11,039	7,107
-	-	247,567	-	-	255,131	40,411
<u>\$ 69,351</u>	<u>\$ 3,325</u>	<u>\$ 7,156,840</u>	<u>\$ 657,024</u>	<u>\$2,610,997</u>	<u>\$11,500,907</u>	<u>\$ 11,906,028</u>
\$ -	\$ -	\$ -	\$ -	\$ 184,433	\$ 184,433	\$ 97,398
69,351	3,325	7,156,840	657,024	2,426,564	10,313,104	10,835,637
-	-	-	-	-	1,003,370	972,993
<u>\$ 69,351</u>	<u>\$ 3,325</u>	<u>\$ 7,156,840</u>	<u>\$ 657,024</u>	<u>\$2,610,997</u>	<u>\$11,500,907</u>	<u>\$11,906,028</u>

**City of San Bernardino**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**For the year ended June 30, 2008**

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
<b>Assessment District # 961</b>				
<b>ASSETS</b>				
Cash and investments	\$ 347,019	\$ 14,009	\$ 6,504	\$ 354,524
Interest receivable	3,556	3,263	3,556	3,263
Total assets	<u>\$ 350,575</u>	<u>\$ 17,272</u>	<u>\$ 10,060</u>	<u>\$ 357,787</u>
<b>LIABILITIES</b>				
Due to bond holders	\$ 350,575	\$ 17,272	\$ 10,060	\$ 357,787
Total liabilities	<u>\$ 350,575</u>	<u>\$ 17,272</u>	<u>\$ 10,060</u>	<u>\$ 357,787</u>
<b>Assessment District # 977A</b>				
<b>ASSETS</b>				
Cash and investments	\$ 128	\$ 66,748	\$ 64,420	\$ 2,456
Cash and investments with fiscal agents	141,976	58,880	52,000	148,856
Interest receivable	1	21	-	22
Due from other governments	2,960	3,043	2,960	3,043
Total assets	<u>\$ 145,065</u>	<u>\$ 128,692</u>	<u>\$ 119,380</u>	<u>\$ 154,377</u>
<b>LIABILITIES</b>				
Due to bond holders	\$ 145,065	\$ 128,692	\$ 119,380	\$ 154,377
Total liabilities	<u>\$ 145,065</u>	<u>\$ 128,692</u>	<u>\$ 119,380</u>	<u>\$ 154,377</u>
<b>Assessment District #977B</b>				
<b>ASSETS</b>				
Cash and investments	\$ 209	\$ 100,004	\$ 97,970	\$ 2,243
Cash and investments with fiscal agents	237,576	90,579	86,489	241,666
Interest receivable	2	21	2	21
Due from other governments	3,698	1,937	3,698	1,937
Total assets	<u>\$ 241,485</u>	<u>\$ 192,541</u>	<u>\$ 188,159</u>	<u>\$ 245,867</u>
<b>LIABILITIES</b>				
Due to bond holders	\$ 241,485	\$ 192,541	\$ 188,159	\$ 245,867
Total liabilities	<u>\$ 241,485</u>	<u>\$ 192,541</u>	<u>\$ 188,159</u>	<u>\$ 245,867</u>

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**City of San Bernardino**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**For the year ended June 30, 2008**  
**(continued)**

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
<b>Assessment District #1003</b>				
<b>ASSETS</b>				
Cash and investments	\$ 231,729	\$ 94,132	\$ 85,319	\$ 240,542
Interest receivable	2,374	2,213	2,374	2,213
Due from other governments	1,765	2,584	1,765	2,584
Total assets	<u>\$ 235,868</u>	<u>\$ 98,929</u>	<u>\$ 89,458</u>	<u>\$ 245,339</u>
<b>LIABILITIES</b>				
Due to bond holders	<u>\$ 235,868</u>	<u>\$ 98,929</u>	<u>\$ 89,458</u>	<u>\$ 245,339</u>
Total liabilities	<u>\$ 235,868</u>	<u>\$ 98,929</u>	<u>\$ 89,458</u>	<u>\$ 245,339</u>
<b>Industrial Revenue Bonds</b>				
<b>ASSETS</b>				
Cash and investments	\$ 69,351	\$ -	\$ -	\$ 69,351
Total assets	<u>\$ 69,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,351</u>
<b>LIABILITIES</b>				
Deposits payable	<u>\$ 69,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,351</u>
Total liabilities	<u>\$ 63,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,351</u>
<b>Community Facilities District # 995</b>				
<b>ASSETS</b>				
Cash and investments	\$ 4,659	\$ 150	\$ 1,514	\$ 3,295
Interest receivable	48	30	48	30
Total assets	<u>\$ 4,707</u>	<u>\$ 180</u>	<u>\$ 1,562</u>	<u>\$ 3,325</u>
<b>LIABILITIES</b>				
Deposits payable	<u>\$ 4,707</u>	<u>\$ 180</u>	<u>\$ 1,562</u>	<u>\$ 3,325</u>
Total liabilities	<u>\$ 4,707</u>	<u>\$ 180</u>	<u>\$ 1,562</u>	<u>\$ 3,325</u>

**City of San Bernardino**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**For the year ended June 30, 2008**  
**(continued)**

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
<b>Special Deposits</b>				
<b>ASSETS</b>				
Cash and investments	\$ 8,222,324	\$ 8,795,597	\$ 10,203,613	\$ 6,814,308
Accounts receivable	85,654	4,947	1,126	89,475
Interest receivable	1,126	90,018	85,654	5,490
Due from other governments	31,988	247,567	31,988	247,567
Total assets	<u>\$ 8,341,092</u>	<u>\$ 9,138,129</u>	<u>\$ 10,322,381</u>	<u>\$ 7,156,840</u>
<b>LIABILITIES</b>				
Deposits payable	<u>\$ 8,341,092</u>	<u>\$ 9,138,129</u>	<u>\$ 10,322,381</u>	<u>\$ 7,156,840</u>
Total liabilities	<u>\$ 8,341,092</u>	<u>\$ 9,138,129</u>	<u>\$ 10,322,381</u>	<u>\$ 7,156,840</u>
<b>Perpetual Cemetery Care</b>				
<b>ASSETS</b>				
Cash and investments	\$ 651,191	\$ 6,093	\$ 260	\$ 657,024
Total assets	<u>\$ 651,191</u>	<u>\$ 6,093</u>	<u>\$ 260</u>	<u>\$ 657,024</u>
<b>LIABILITIES</b>				
Deposits payable	<u>\$ 651,191</u>	<u>\$ 6,093</u>	<u>\$ 260</u>	<u>\$ 657,024</u>
Total liabilities	<u>\$ 651,191</u>	<u>\$ 6,093</u>	<u>\$ 260</u>	<u>\$ 657,024</u>
<b>Payroll Trust Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,866,694	\$124,138,428	\$123,394,125	\$ 2,610,997
Interest receivable	-	-	-	-
Total assets	<u>\$ 1,866,694</u>	<u>\$124,138,428</u>	<u>\$123,394,125</u>	<u>\$ 2,610,997</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 97,398	\$ 184,433	\$ 97,398	\$ 184,433
Deposits payable	1,769,296	123,953,995	123,296,727	2,426,564
Total liabilities	<u>\$ 1,866,694</u>	<u>\$124,138,428</u>	<u>\$123,394,125</u>	<u>\$ 2,610,997</u>

**City of San Bernardino**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**For the year ended June 30, 2008**  
**(continued)**

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
<b>TOTALS – ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 11,393,304	\$ 133,215,161	\$ 133,853,725	\$ 10,754,740
Cash and investments with fiscal agents	379,552	149,459	138,489	390,522
Accounts receivable	85,654	4,947	1,126	89,475
Interest receivable	7,107	95,566	91,634	11,039
Due from other governments	40,411	255,131	40,411	255,131
	<u>\$ 11,906,028</u>	<u>\$ 133,720,264</u>	<u>\$ 134,125,385</u>	<u>\$ 11,500,907</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 97,398	\$ 184,433	\$ 97,398	\$ 184,433
Deposits payable	10,835,637	133,098,397	133,620,930	10,313,104
Due to bond holders	972,993	437,434	407,057	1,003,370
	<u>\$ 11,906,028</u>	<u>\$ 133,720,264</u>	<u>\$ 134,125,385</u>	<u>\$ 11,500,907</u>