

CITY OF SAN BERNARDINO, CALIFORNIA  
Comprehensive Annual Financial Report  
Year Ended June 30, 2008

PREPARED BY  
FINANCE DEPARTMENT

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**City of San Bernardino  
Comprehensive Annual Financial Report  
Year Ended June 30, 2008**

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[www.sbcity.org](http://www.sbcity.org)

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 comprehensive annual financial report 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.

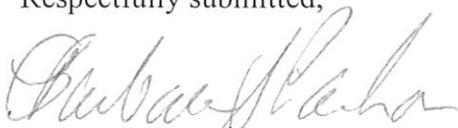
#### Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Bernardino for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the fourth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

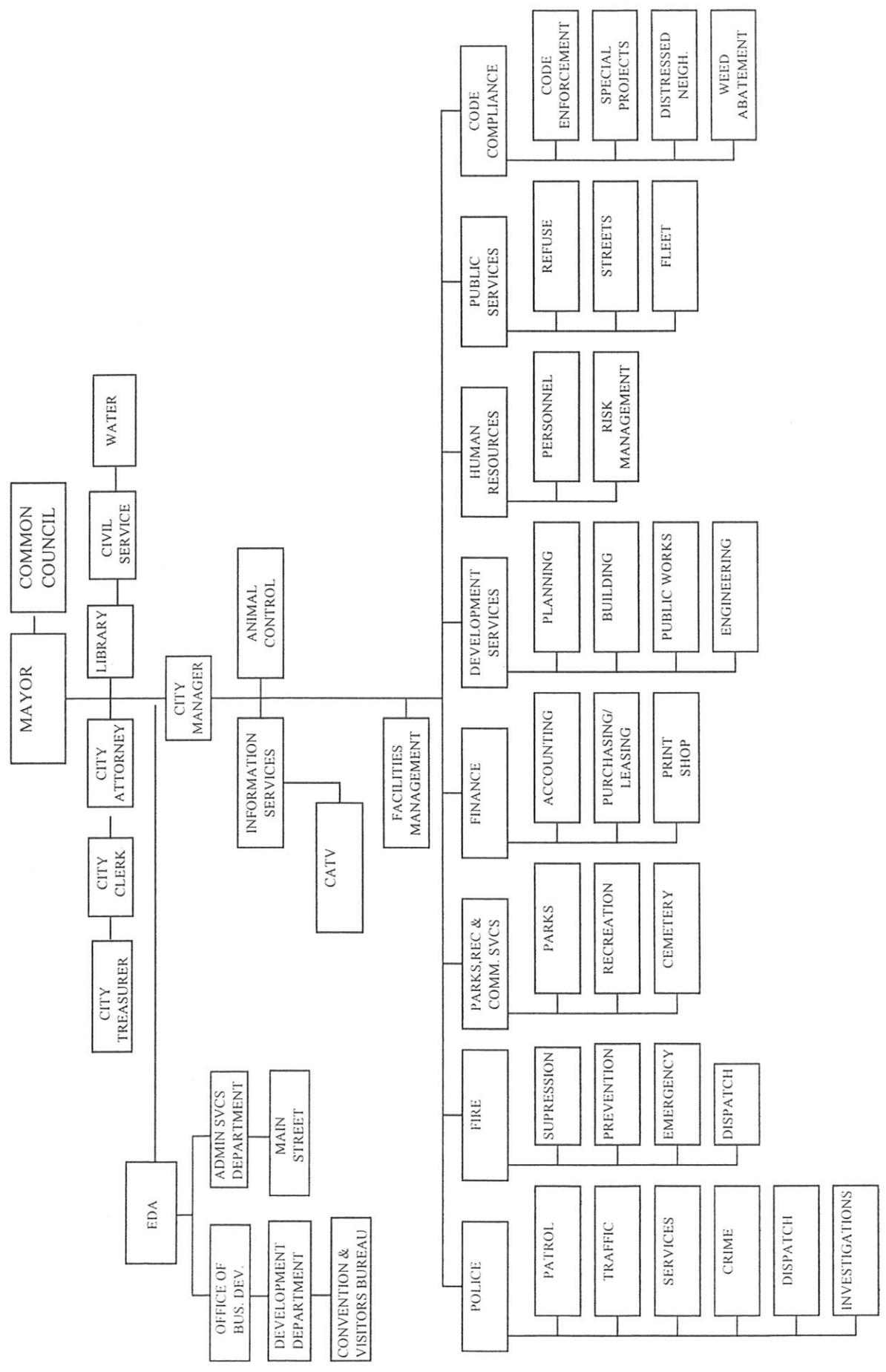
Ernest Dowdy . . . . . Executive Director (Federal Programs)

Ken Fischer . . . . . Public Services Director

Linn Livingston. . . . . Human Resources Director

\*Elected Officials

# CITY OF SAN BERNARDINO



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Bernardino  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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



President

Executive Director

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**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.  
JENNY LIU, 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 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 basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of San Bernardino's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the water and sewer funds, which are both major funds and 96%, 98% and 59%, respectively, of the assets, net assets, and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities and proprietary fund financial statements, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bernardino, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### MEMBERS

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

PCPS THE AICPA ALLIANCE FOR CPA FIRMS

CALIFORNIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

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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 basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Rogers, Anderson, Malody + Scott, LLP*

January 15, 2009

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis of the financial performance of the City of San Bernardino (the City) provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

### **Using the Accompanying Financial Statements**

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

### Reporting the City as a Whole

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

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

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

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

### Reporting the City's Most Significant Funds

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

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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Table 1 Net Assets June 30, 2008 and 2007 (in millions)						
	----- June 30, 2008 -----			----- June 30, 2007 -----		
	Govt. <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>	Govt. <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
Current and other assets	\$ 237.8	\$ 145.0	\$ 382.8	\$ 228.0	\$ 139.7	\$ 367.7
Capital assets	<u>475.5</u>	<u>255.0</u>	<u>730.5</u>	<u>481.2</u>	<u>242.7</u>	<u>723.9</u>
Total assets	713.3	400.0	1,113.3	709.2	382.4	1,091.6
Long-term debt outstanding	261.4	63.0	324.4	289.4	63.3	352.7
Other liabilities	<u>39.3</u>	<u>85.9</u>	<u>125.2</u>	<u>14.0</u>	<u>75.9</u>	<u>89.9</u>
Total liabilities	300.7	148.9	449.6	303.4	139.2	442.6
Net assets:						
Invested in capital assets net of debt	457.0	196.9	653.9	439.2	188.7	627.9
Restricted	189.5	24.2	213.7	173.0	27.3	200.3
Unrestricted	<u>(234.0)</u>	<u>30.0</u>	<u>(204.0)</u>	<u>(206.4)</u>	<u>27.2</u>	<u>(179.2)</u>
<b>Total net assets</b>	<b>\$ 412.5</b>	<b>\$ 251.1</b>	<b>\$ 663.6</b>	<b>\$ 405.8</b>	<b>\$ 243.2</b>	<b>\$ 649.0</b>

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

	-----June 30, 2008-----			-----June 30, 2007-----		
	Govt. <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>	Govt. <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
<b>Revenue</b>						
Program revenues:						
Charges for Services	\$ 33.5	\$ 72.6	\$ 106.1	\$ 32.1	\$ 71.3	\$ 103.4
Federal and state grants	28.1	16.0	44.1	26.4	19.2	45.6
General revenue:						
Sales taxes	36.1		36.1	36.0		36.0
Property taxes	65.3		65.3	58.1		58.1
Other taxes	34.5		34.5	38.3		38.3
Other general revenues	<u>22.6</u>	<u>4.9</u>	<u>27.5</u>	<u>18.7</u>	<u>3.7</u>	<u>22.4</u>
Total revenues	220.1	93.5	313.6	209.6	94.2	303.8
Program expenses:						
General government	28.7		28.7	27.3		27.3
Public safety	101.5		101.5	93.5		93.5
Streets	29.8		29.8	27.1		27.1
Culture & recreation	9.0		9.0	7.6		7.6
Community development	7.3		7.3	9.0		9.0
Economic development	18.3		18.3	10.5		10.5
Community service	7.9		7.9	7.9		7.9
Interest on long-term debt	13.5		13.5	14.1		14.1
Integrated Waste		24.4	24.4		21.5	21.5
Water		33.0	33.0		28.4	28.4
Sewer		<u>25.1</u>	<u>25.1</u>		<u>25.3</u>	<u>25.3</u>
Total expenses	216.0	82.5	298.5	197.0	75.2	272.2
Excess (deficiency) before Special items and transfers	4.1	11.0	15.1	12.6	19.0	31.6
Loss on disposal of capital assets		(0.5)	(0.5)			
Transfers	<u>2.6</u>	<u>(2.6)</u>	<u>-</u>	<u>2.5</u>	<u>(2.5)</u>	<u>-</u>
Increase (decrease) in net assets	6.7	7.9	14.6	15.1	16.5	31.6
Beginning net assets	<u>405.8</u>	<u>243.2</u>	<u>649.0</u>	<u>390.7</u>	<u>226.7</u>	<u>617.4</u>
Ending net assets	\$ 412.5	\$ 251.1	\$ 663.6	\$ 405.8	\$ 243.2	\$ 649.0

The increase or decrease in net assets can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Net assets of the City's governmental activities increased by 1.6 percent (\$412.5 million compared to \$405.8 million). Revenue and expense fluctuations are described below for the governmental and business-type activities of the City. *Unrestricted* net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$234.0 million deficit at the end of this year. The net assets of the City's business-type activities increased by 3.2 percent (\$251.1 million compared to \$243.2 million).

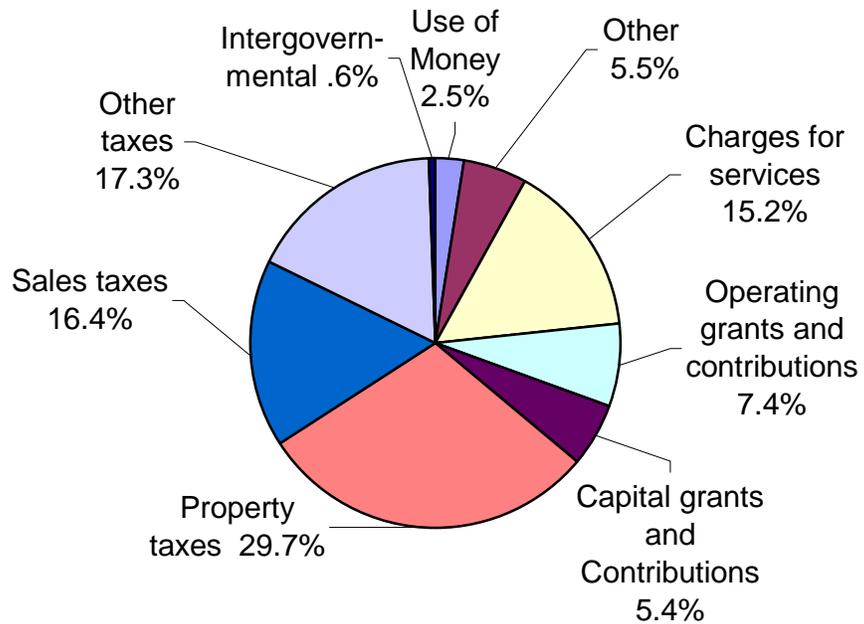
### Governmental Activities

The cost of all *governmental* activities this year was \$216.0 million. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes and other source was only \$154.3 million because some of the cost was paid by those who directly benefited from the programs (\$33.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$28.1 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services were \$61.6 million. The City paid for the remaining "public benefit" portion of governmental activities with \$154.3 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

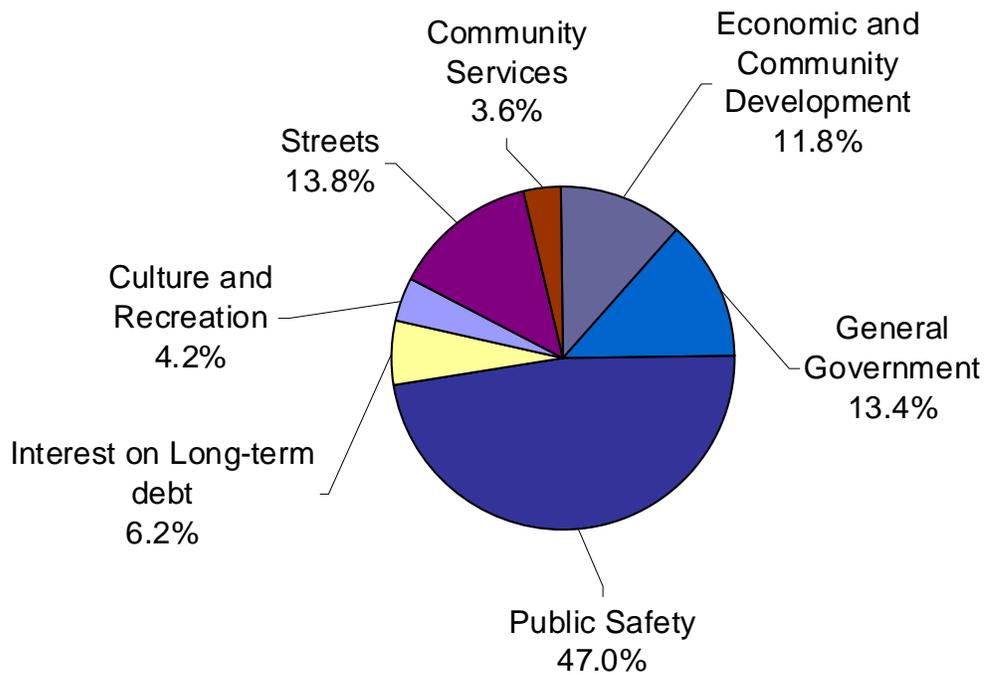
The reasons for significant changes in the revenues and expenses of the City's' governmental activities presented above are as follows:

- Total revenues in governmental activities increases by 5.0% (\$220.1 million in 2008 vs \$209.6 million in 2007). This was primarily due to a \$7.3 million increase in property taxes which was a result of increased property values.
- The cost of governmental functions/programs increased by \$19.0 million. The largest increases were due to ongoing Safety personnel cost increases and increased Economic Development activity.
- The overall increase in net assets for governmental activities was \$6.7 million in 2007-08.

Revenue by Source – Governmental Activities



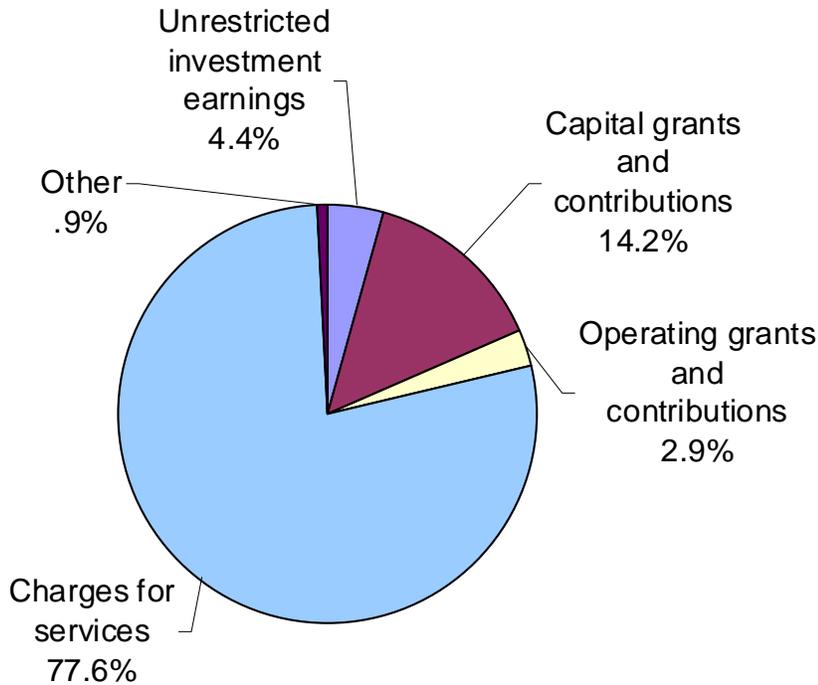
Expenses by Function – Governmental Activities



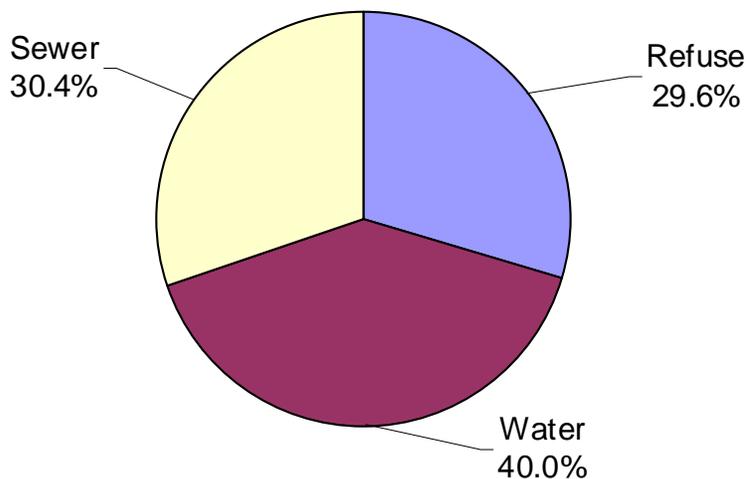
Business-Type Activities

Current years' operating revenues of the City's business-type activities increased by 1.6% for Integrated Waste, and decreased by 3.2% for Water, and by .7% for the Sewer Enterprise. Capital Contributions in Water and Sewer were equal to 41.7 and 8.9 percent of operating revenues, respectively. Net assets increased by 7.1 percent for Water and decreased .08 percent for Sewer. Integrated Waste net assets for the year decreased by \$1,765,228 after non-operating revenues and expenses and transfers.

Revenue by Source – Business-type Activities



Expenses by Function – Business-type Activities



## MAJOR FUNDS

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

**Major Governmental Funds.** The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, the unreserved and undesignated fund balance in the general fund was \$4.2 million, the designated budget reserve was \$10.8 million, while total fund balance decreased by \$2.4 million to \$16.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 2.9% percent of total general fund expenditures, while total fund balance represents 11.3 percent of that same amount.

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

- Overall, General Fund revenues increased by \$3.0 million, with the largest increases in Taxes (\$2.8 million) and Intergovernmental (\$1.8 million).
- Expenditures in the General Fund increased by \$11.0 million (8.4 percent). The largest increases were in Public Safety (\$9.1 million) and in Culture and Recreation expense (\$1.0 million).
- The change in fund balance in the General Fund (including transfers) was a decrease of \$2.4 million in 2007/08.

Total fund balance of **Other Major Funds** related to the **Economic Development Agency** increased by \$6.2 million for the year primarily related to taxes in excess of project expenditures and issuance of bonds.

**Major Enterprise Funds.** At year-end unrestricted net assets of the **Sewer Fund** were \$17.9 million, \$9.0 million for the **Water Fund** and \$3.0 million for the **Integrated Waste**. The change in net assets for the funds was a decrease of \$75,183, an increase of \$9.8 million and a decrease of \$1.8 million for each of the three funds, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## GENERAL FUND BUDGET

Differences between the original budget and the final amended budget of the General Fund were \$3,069,100 and can be briefly 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.
- \$3.9 million transferred in the budget from general government non-departmental to departments for salary increases including part of Charter 186.

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

- Sales Tax was \$6.8 million and total taxes were \$5.4 million less than budget
- Property Tax was \$2.1 million greater than budget
- Total Revenues were \$3.5 million less than budget
- Total expenditures were \$7.1 million less than budget
- Debt service expenditures were \$2.3 million less than budget
- Public Safety expenditures were \$1.1 million less than budget

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

**CAPITAL ASSETS**

Capital Assets (net of depreciation) June 30, 2008 and 2007 (in millions)						
	-----June 30, 2008-----			-----June 30, 2007-----		
	Govt <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>	Govt <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
Land	\$ 126.0	\$ 15.4	\$ 141.4	\$ 127.6	\$ 15.4	\$ 143.0
Infrastructure	294.9		294.9	304.3		304.3
Buildings & Improv.	28.1	81.5	109.6	28.9	85.1	114.0
Machinery & Equip	14.4	136.5	150.9	11.9	95.2	107.1
Construction in Progress	<u>12.0</u>	<u>21.6</u>	<u>33.6</u>	<u>8.4</u>	<u>47.0</u>	<u>55.4</u>
Total	\$ 475.4	\$ 255.0	\$ 730.4	\$ 481.1	\$ 242.7	\$ 723.8

The major additions to capital assets during the year ended June 30, 2008 were as follows:

- \$15.0 million of infrastructure expenditures including \$4.2 million increase in construction improvements.
- \$8.3 million of capital assets related to governmental activities
- Water Department acquired capital assets of \$12.5 million, primarily distribution system and capacity improvements

Additional information on the City’s capital assets can be found in the Capital Assets note in the accompanying financial statements.

## LONG-TERM DEBT

At the end of the current fiscal year, the City had bonded debt outstanding of \$245.1 million and additional debt of \$115.1 million. Of the bonded indebtedness, \$144.1 million relates to tax allocation bonds, \$49.6 is pension obligation bonds, \$14.9 million is revenue bonds, \$36.2 million is certificates of participation, and \$.3 million is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment.

Outstanding Debt June 30, 2008 and 2007 (in millions)						
	----- June 30, 2008 -----			----- June 30, 2007 -----		
	Govt Activities	Business Type Activities	Total	Govt Activities	Business Type Activities	Total
Tax Allocation Bonds	\$ 144.1	\$ -	\$ 144.1	\$ 149.8	\$ -	\$ 149.8
Revenue Bonds	14.8	0.1	14.9	15.9	0.1	16.0
Notes Payable	13.0	33.4	46.4	13.4	25.7	39.1
Cert., Of Part.	12.4	23.8	36.2	12.8	25.9	38.7
Pension Obligation Bonds	49.6		49.6	50.4		50.4
Assmt Dist Bonds	0.3		0.3	0.4		0.4
Other	<u>54.5</u>	<u>14.2</u>	<u>68.7</u>	<u>46.7</u>	<u>8.8</u>	<u>55.5</u>
<b>Total</b>	<b>\$ 288.7</b>	<b>\$ 71.5</b>	<b>\$ 360.2</b>	<b>\$ 289.4</b>	<b>\$ 60.5</b>	<b>\$ 349.9</b>

The City's total debt increased by \$10.0 million (2.8 percent) during the current fiscal year.

State statutes limit the amount of general obligation debt a city may issue to 15 percent of its total assessed valuation. The current debt limitation for the City is \$239,651,065 which is significantly in excess of the City's outstanding general obligation debt of \$76,734,907.

Additional information on the City's long-term debt can be found in the Long-Term Liabilities note in the accompanying financial statements.

### Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

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**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	\$ 102,446,223	\$ 78,610,958	\$ 181,057,181	\$ 176,502,008
Cash and investments with fiscal agents	27,673,881	2,302,136	29,976,017	37,175,493
Receivables:				
Accounts, net	4,043,911	9,586,649	13,630,560	13,921,822
Interest	859,817	1,041,218	1,901,035	2,336,393
Notes	21,379,659	5,642,389	27,022,048	16,796,100
Other	1,948,812	-	1,948,812	2,973,636
Inventory	326,716	1,474,300	1,801,016	1,905,026
Prepays	199,846	42,604,402	42,804,248	45,712,553
Due from other governments	17,046,416	3,152,656	20,199,072	16,319,661
Land held for resale	60,203,274	-	60,203,274	51,752,297
Deferred charges	975,481	-	975,481	1,031,655
Other assets	724,233	584,840	1,309,073	1,340,120
Capital assets:				
Land, improvements, and construction in progress	138,001,342	37,036,035	175,037,377	198,426,359
Other capital assets, net of depreciation	337,425,392	217,932,651	555,358,043	525,458,692
Total assets	713,255,003	399,968,234	1,113,223,237	1,091,651,815
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	6,246,895	10,712,754	16,959,649	17,238,087
Accrued interest	3,996,319	809,684	4,806,003	4,536,074
Retentions payable	446,451	-	446,451	287,918
Deposits payable	10,000	3,804,980	3,814,980	2,050,522
Unearned revenue	1,009,045	62,055,217	63,064,262	65,658,477
Due to other governments	298,197	-	298,197	97,828
Noncurrent liabilities:				
Due within one year	27,356,720	8,528,859	35,885,579	32,593,772
Due in more than one year	261,365,263	62,964,188	324,329,451	320,183,308
Total liabilities	300,728,890	148,875,682	449,604,572	442,645,986
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	457,017,602	196,936,845	653,954,447	627,910,064
Restricted for:				
Streets	19,064,728	-	19,064,728	21,213,459
Economic development	141,885,544	-	141,885,544	137,190,427
Capital related fees	-	24,205,033	24,205,033	27,280,333
Other purposes	28,595,176	-	28,595,176	14,571,296
Unrestricted	(234,036,937)	29,950,674	(204,086,263)	(179,159,750)
Total net assets	\$ 412,526,113	\$ 251,092,552	\$ 663,618,665	\$ 649,005,829

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)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 28,690,682	\$ 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 recreation	9,008,014	2,141,227	378,337	-
Community development	7,280,167	3,829,972	7,178,016	-
Economic development	18,262,699	-	-	-
Community service	7,900,685	1,740,995	3,801,493	-
Interest on long-term debt	13,486,264	-	-	-
Total governmental activities	<u>215,974,512</u>	<u>33,486,408</u>	<u>16,270,234</u>	<u>11,883,134</u>
Business-type activities:				
Integrated waste	24,356,571	24,410,492	-	-
Water	33,045,283	27,337,093	2,715,957	11,397,947
Sewer	25,053,649	20,847,984	-	1,865,389
Total business-type activities	<u>82,455,503</u>	<u>72,595,569</u>	<u>2,715,957</u>	<u>13,263,336</u>
Total primary government	<u>\$298,430,015</u>	<u>\$106,081,977</u>	<u>\$ 18,986,191</u>	<u>\$ 25,146,470</u>

General revenues:

Taxes:

Sales tax

Property tax

Other taxes

Franchise tax

Unrestricted investment earnings

Other

Intergovernmental (unrestricted)

Loss on disposal of capital assets

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
\$ (25,708,970)	\$ -	\$ (25,708,970)	\$ (22,926,592)
(89,082,343)	-	(89,082,343)	(82,242,388)
(2,675,634)	-	(2,675,634)	(4,146,992)
(6,488,450)	-	(6,488,450)	(3,839,201)
3,727,821	-	3,727,821	1,649,735
(18,262,699)	-	(18,262,699)	(10,484,282)
(2,358,197)	-	(2,358,197)	(2,395,757)
(13,486,264)	-	(13,486,264)	(14,091,476)
<u>(154,334,736)</u>	<u>-</u>	<u>(154,334,736)</u>	<u>(138,476,953)</u>
-	53,921	53,921	2,550,902
-	8,405,714	8,405,714	14,090,477
-	(2,340,276)	(2,340,276)	(1,381,423)
<u>-</u>	<u>6,119,359</u>	<u>6,119,359</u>	<u>15,259,956</u>
36,101,446	-	36,101,446	36,011,631
65,324,686	-	65,324,686	58,061,978
34,423,896	-	34,423,896	34,952,626
3,611,073	-	3,611,073	3,348,564
5,649,984	4,116,288	9,766,272	10,993,398
12,104,881	835,984	12,940,865	9,919,442
1,193,173	-	1,193,173	1,529,664
-	(533,198)	(533,198)	-
<u>2,617,300</u>	<u>(2,617,300)</u>	<u>-</u>	<u>-</u>
<u>161,026,439</u>	<u>1,801,774</u>	<u>162,828,213</u>	<u>154,817,303</u>
6,691,703	7,921,133	14,612,836	31,600,306
<u>405,834,410</u>	<u>243,171,419</u>	<u>649,005,829</u>	<u>617,405,523</u>
<u>\$ 412,526,113</u>	<u>\$ 251,092,552</u>	<u>\$ 663,618,665</u>	<u>\$ 649,005,829</u>

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

	General	Special Revenue Funds	
		Federal and State Programs	Economic Development Agency
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ 19,002,155
Cash and investments with fiscal agents	3,555,249	-	-
Deposits	-	-	-
Receivables, net:			
Accounts	3,880,860	85,570	-
Interest	36,612	17,331	115,555
Leases	-	-	-
Taxes	-	-	-
Special assessments	-	-	-
Notes	-	-	19,605,561
Other	-	-	1,570
Inventory	19,489	-	-
Prepays	19,033	-	-
Due from other governments	10,728,536	1,699,134	1,241,955
Due from other funds	-	-	182,234
Advances to other funds	-	-	289,840
Property held for resale	-	-	39,190,207
Sewer capacity rights held	-	-	22,668
Other assets	54,062	125	-
<b>Total assets</b>	<b>\$ 18,293,841</b>	<b>\$ 1,802,160</b>	<b>\$ 79,651,745</b>

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

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total			
			Economic Development Agency	Economic Development Agency	2008	2007
\$ -	\$43,095,661	\$ 38,812,345	\$100,910,161	\$ 96,370,489		
23,947,339	-	70,475	27,573,063	34,052,682		
-	228,698	-	228,698	233,698		
-	-	71,699	4,038,129	3,610,815		
-	262,041	390,828	822,367	1,342,582		
-	11,012	-	11,012	159,978		
-	1,433,828	-	1,433,828	1,304,571		
-	-	501,667	501,667	907,289		
-	1,774,098	-	21,379,659	15,076,850		
-	735	-	2,305	601,798		
-	-	-	19,489	19,583		
-	-	-	19,033	60,231		
-	-	3,265,473	16,935,098	15,199,184		
-	-	1,348,667	1,530,901	3,159,812		
-	9,532,089	607,774	10,429,703	11,799,772		
-	21,013,067	-	60,203,274	51,752,297		
-	204,010	-	226,678	-		
-	-	214,670	268,857	441,349		
<u>\$23,947,339</u>	<u>\$77,555,239</u>	<u>\$ 45,283,598</u>	<u>\$246,533,922</u>	<u>\$236,092,980</u>		

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

	General	Special Revenue Funds	
		Federal and State Programs	Economic Development Agency
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,858,185	\$ 268,161	\$ 1,224,516
Due to other funds	256,477	1,120,224	-
Retentions payable	-	-	-
Deferred revenues	-	1,119,868	5,052,240
Deposits	-	-	-
Advances from other funds	-	-	8,632,089
Due to other governments	26,135	77,862	-
<b>Total liabilities</b>	<b>2,140,797</b>	<b>2,586,115</b>	<b>14,908,845</b>
Fund balances:			
Reserved for:			
Encumbrances	250,400	-	-
Deposits	-	-	-
Notes receivable	-	-	19,605,561
Inventory	19,489	-	-
Prepaid items	19,033	-	-
Debt service	-	-	-
Advances to other funds	306,389	-	289,840
Property held for resale	-	-	39,190,207
Sewer capacity rights	-	-	22,668
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)	5,634,624
Debt service funds:			
Undesignated	-	-	-
Capital projects funds:			
Designated for continuing appropriations	-	-	-
Undesignated	-	-	-
<b>Total fund balances (deficit)</b>	<b>16,153,044</b>	<b>(783,955)</b>	<b>64,742,900</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,293,841</b>	<b>\$ 1,802,160</b>	<b>\$ 79,651,745</b>

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

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total			
			Economic Development Agency	Economic Development Agency	2008	2007
\$ -	\$ 112,755	\$ 1,772,644	\$ 5,236,261	\$ 5,713,635		
-	-	4,864,616	6,241,317	3,159,812		
-	-	446,451	446,451	247,513		
-	-	1,156,070	7,328,178	6,583,048		
-	10,000	-	10,000	20,000		
-	289,840	1,146,000	10,067,929	11,799,772		
-	-	194,200	298,197	97,828		
-	412,595	9,579,981	29,628,333	27,621,608		
-	-	508,100	758,500	1,475,300		
-	228,698	-	228,698	233,698		
-	-	-	19,605,561	15,902,613		
-	-	-	19,489	19,583		
-	-	-	19,033	58,845		
23,947,339	-	277,632	24,224,971	34,964,577		
-	9,532,067	607,774	10,736,070	9,086,320		
-	21,013,067	-	60,203,274	51,752,297		
-	204,010	214,671	441,349	418,681		
-	-	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	15,219,141	22,333,467		
-	-	1,623,105	1,623,105	(782,226)		
-	31,780,444	8,400	31,788,844	26,182,746		
-	14,384,358	21,793,763	36,178,121	29,048,376		
23,947,339	77,142,644	35,703,617	216,905,589	208,471,372		
<u>\$23,947,339</u>	<u>\$77,555,239</u>	<u>\$ 45,283,598</u>	<u>\$ 246,533,922</u>	<u>\$ 236,092,980</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		\$216,905,589
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.		469,771,171
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in funds.		
Bonds payable	\$(145,915,000)	
Certificates of participation	(12,405,000)	
Notes payable	(13,050,299)	
Pension obligation bond payable	(49,564,907)	
Lease revenue bonds	(14,765,000)	
Capital leases payable	(4,261,392)	
Compensated absences	(19,909,138)	
Accrued interest payable	(3,996,319)	
Other long-term liabilities	<u>(12,873,740)</u>	(276,740,795)
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	(15,977,507)	
Other assets and liabilities	<u>5,617,478</u>	(4,704,466)
Certain assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>7,294,614</u>
Net assets of governmental activities		<u><u>\$412,526,113</u></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 Funds	
		Federal and State Programs	Economic Development Agency
<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	1,056,327
Intergovernmental	9,181,679	7,599,874	7,487,962
Charges for services	6,388,869	-	-
Other revenues	4,181,440	77,862	617,204
<b>Total revenues</b>	<b>133,259,396</b>	<b>7,677,751</b>	<b>9,161,493</b>
<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	6,761,496
Community service	-	3,750,054	-
Economic development	-	-	6,937,529
Debt Service:			
Principal	1,780,591	-	-
Interest	2,219,639	-	-
<b>Total expenditures</b>	<b>142,967,977</b>	<b>6,757,666</b>	<b>13,699,025</b>
Excess (deficiency) of revenues over (under) expenditures	(9,708,581)	920,085	(4,537,532)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	3,620,684	-	-
Transfers in	10,072,200	-	16,315,036
Transfers out	(6,427,907)	(350,000)	(2,763,063)
<b>Total other financing sources (uses)</b>	<b>7,264,977</b>	<b>(350,000)</b>	<b>13,551,973</b>
<b>SPECIAL ITEM</b>			
Forgiveness of debt	-	-	-
<b>Net change in fund balances</b>	<b>(2,443,604)</b>	<b>570,085</b>	<b>9,014,441</b>
Fund balances (deficit), beginning of year, restated	18,596,648	(1,354,040)	55,728,459
Fund balances (deficit), end of year	\$ 16,153,044	\$ (783,955)	\$ 64,742,900

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

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals			
			Economic Development Agency	Economic Development Agency	2008	2007
\$ -	\$ 33,894,719	\$ 1,266,549	\$ 135,605,049	\$ 129,060,182		
-	-	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		
288,587	3,311,579	2,315,789	8,413,713	9,974,811		
-	-	12,414,029	36,683,544	34,228,449		
-	-	7,076,134	13,465,003	14,268,495		
-	738,619	1,188,863	6,803,988	9,006,212		
<u>288,587</u>	<u>37,944,917</u>	<u>32,904,815</u>	<u>221,236,959</u>	<u>215,671,631</u>		
-	-	613,184	24,983,025	24,355,666		
-	-	2,471,209	100,534,357	91,978,732		
-	-	17,460,850	27,129,532	26,555,429		
-	-	2,209,170	9,480,585	8,261,185		
-	-	-	9,363,769	8,563,125		
-	-	3,164,561	6,914,615	6,547,021		
-	11,228,160	-	18,165,689	10,178,004		
7,360,000	378,306	1,240,287	10,759,184	8,949,418		
<u>10,258,765</u>	<u>444,631</u>	<u>223,443</u>	<u>13,146,478</u>	<u>14,676,189</u>		
<u>17,618,765</u>	<u>12,051,097</u>	<u>27,382,704</u>	<u>220,477,234</u>	<u>200,064,769</u>		
<u>(17,330,178)</u>	<u>25,893,820</u>	<u>5,522,111</u>	<u>759,725</u>	<u>15,606,862</u>		
-	-	17,805	3,638,489	13,624,952		
16,961,642	-	3,746,774	47,095,652	53,516,613		
<u>(9,536,081)</u>	<u>(18,847,301)</u>	<u>(7,039,900)</u>	<u>(44,964,252)</u>	<u>(50,711,595)</u>		
<u>7,425,561</u>	<u>(18,847,301)</u>	<u>(3,275,321)</u>	<u>5,769,889</u>	<u>16,429,970</u>		
-	-	1,556,000	1,556,000	-		
(9,904,617)	7,046,519	3,802,790	8,085,614	32,036,832		
<u>33,851,956</u>	<u>70,096,125</u>	<u>31,900,827</u>	<u>208,819,975</u>	<u>176,434,540</u>		
<u>\$ 23,947,339</u>	<u>\$ 77,142,644</u>	<u>\$ 35,703,617</u>	<u>\$ 216,905,589</u>	<u>\$ 208,471,372</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 \$ 8,085,614

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

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

Capital outlay	\$ 12,080,939	
Depreciation	<u>(18,065,732)</u>	(5,984,793)

Revenues that are measurable but not available. Amounts are not recorded as revenues under the modified accrual basis of accounting. 1,492,316

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 increase long-term liabilities and does not affect the statement of activities. Similarly, repayment of debt principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets.

Debt issued	\$ (3,638,489)	
Principal payments on debt	<u>10,724,184</u>	7,085,695

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	\$ (1,148,447)	
Accrued interest payable	(216,260)	
OPEB	(5,529,880)	
Amortization	<u>(179,700)</u>	(7,074,287)

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 \$ 6,691,703

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 Funds			Totals
	Integrated Waste	Water	Sewer	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 498,784	\$ 10,356,164	\$ 17,754,200	\$ 28,609,148
Cash and investments with fiscal agents	2,302,136	-	-	2,302,136
Receivables:				
Accounts, net	2,557,586	4,531,841	2,497,222	9,586,649
Interest	9,829	-	-	9,829
Other	-	-	-	-
Inventories	-	1,474,300	-	1,474,300
Prepays	-	86,681	1,059,809	1,146,490
Due from other governments	-	2,038,738	1,113,918	3,152,656
Due from other funds	-	292,786	-	292,786
Total current assets	5,368,335	18,780,510	22,425,149	46,573,994
Noncurrent assets:				
Cash and investments				
Restricted for capital related fees	-	8,406,696	15,798,337	24,205,033
Restricted for deposits	-	2,533,998	-	2,533,998
Restricted for debt service	-	27,971	3,473,858	3,501,829
Restricted for consent decree	-	2,215,690	-	2,215,690
Guaranteed investment contract	-	17,545,260	-	17,545,260
Interest receivable	-	950,624	80,765	1,031,389
Prepaid insurance - consent decree	-	41,457,912	-	41,457,912
Note proceeds held by State	-	5,642,389	-	5,642,389
Total restricted assets	-	78,780,540	19,352,960	98,133,500
Note receivable	-	-	-	-
Capital assets:				
Land and easements	-	2,944,972	12,470,740	15,415,712
Construction in progress	-	15,444,722	6,175,601	21,620,323
Capital assets being depreciated, net	9,952,597	124,863,862	83,116,192	217,932,651
Total capital assets	9,952,597	143,253,556	101,762,533	254,968,686
Other assets	-	-	584,840	584,840
Total noncurrent assets	9,952,597	222,034,096	121,700,333	353,687,026
<b>Total assets</b>	15,320,932	240,814,606	144,125,482	400,261,020

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

Governmental Activities - Internal Service Funds	Totals	
	2008	2007
\$ 1,536,062	\$ 30,145,210	\$ 28,028,719
100,818	2,402,954	3,122,811
-	9,586,649	10,306,947
37,450	47,279	47,351
5,782	5,782	4,060
307,227	1,781,527	1,885,443
180,813	1,327,303	1,478,454
111,318	3,263,974	1,120,477
4,725,386	5,018,172	465,498
<u>7,004,856</u>	<u>53,578,850</u>	<u>46,459,760</u>
-	24,205,033	27,280,333
-	2,533,998	2,393,628
-	3,501,829	3,601,512
-	2,215,690	2,109,594
-	17,545,260	16,717,733
-	1,031,389	946,460
-	41,457,912	44,173,868
-	5,642,389	934,000
<u>-</u>	<u>98,133,500</u>	<u>98,157,128</u>
<u>-</u>	<u>-</u>	<u>785,250</u>
-	15,415,712	15,415,712
-	21,620,323	46,990,596
<u>5,655,563</u>	<u>223,588,214</u>	<u>185,722,511</u>
<u>5,655,563</u>	<u>260,624,249</u>	<u>248,128,819</u>
<u>-</u>	<u>584,840</u>	<u>665,042</u>
<u>5,655,563</u>	<u>359,342,589</u>	<u>347,736,239</u>
<u>12,660,419</u>	<u>412,921,439</u>	<u>394,195,999</u>

**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 Funds			Totals
	Integrated Waste	Water	Sewer	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,381,198	\$ 4,386,597	\$ 2,526,590	\$ 8,294,385
Accrued liabilities	-	1,470,706	556,294	2,027,000
Interest payable	-	227,848	581,836	809,684
Due to other funds	-	-	292,786	292,786
Advances from other funds	-	-	-	-
Retentions payable	-	-	-	-
Deposits payable	367,505	854,969	-	1,222,474
Claims and judgments payable - current	-	318,074	73,294	391,368
Compensated absences - current	558,951	959,695	483,983	2,002,629
Capital lease payable - current	1,537,700	76,794	-	1,614,494
Notes payable - current	-	472,312	1,985,182	2,457,494
Lease revenue bonds - current	-	-	-	-
Water bonds payable - current	-	10,000	-	10,000
Certificates of participation - current	-	-	2,102,242	2,102,242
OPEB obligation - current	-	301,100	40,900	342,000
<b>Total current liabilities</b>	<b>3,845,354</b>	<b>9,078,095</b>	<b>8,643,107</b>	<b>21,566,556</b>
Noncurrent liabilities:				
Consumer deposits	-	2,582,506	-	2,582,506
Claims and judgments payable	-	-	-	-
Compensated absences	65,949	471,690	48,285	585,924
Deferred revenue - consent decree	-	62,055,217	-	62,055,217
Capital lease payable	8,370,716	19,642	-	8,390,358
Notes payable	-	17,786,240	13,109,179	30,895,419
Water bonds payable	-	45,000	-	45,000
Certificates of participation	-	-	21,757,488	21,757,488
OPEB obligation	-	711,900	578,100	1,290,000
<b>Total noncurrent liabilities</b>	<b>8,436,665</b>	<b>83,672,195</b>	<b>35,493,052</b>	<b>127,601,912</b>
<b>Total liabilities</b>	<b>12,282,019</b>	<b>92,750,290</b>	<b>44,136,159</b>	<b>149,168,468</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	44,181	130,610,364	66,282,300	196,936,845
Restricted for:				
Capital related fees	-	8,406,696	15,798,337	24,205,033
Unrestricted (deficit)	2,994,732	9,047,256	17,908,686	29,950,674
<b>Total net assets (deficit)</b>	<b>\$ 3,038,913</b>	<b>\$148,064,316</b>	<b>\$ 99,989,323</b>	<b>\$251,092,552</b>

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

Governmental Activities – Internal Service Funds	Totals	
	2008	2007
\$ 1,010,634	\$ 9,305,019	\$ 10,352,730
-	2,027,000	1,171,722
-	809,684	756,015
14,970	307,756	465,498
361,774	361,774	-
-	-	40,405
-	1,222,474	2,030,522
4,061,400	4,452,768	4,337,089
501,909	2,504,538	2,350,999
898,312	2,512,806	1,711,129
-	2,457,494	2,374,256
35,000	35,000	35,000
-	10,000	10,000
-	2,102,242	1,986,720
-	342,000	-
<u>6,883,999</u>	<u>28,450,555</u>	<u>27,622,085</u>
-	2,582,506	2,454,703
9,159,424	9,159,424	10,291,478
345,224	931,148	1,037,430
-	62,055,217	63,901,948
776,238	9,166,596	6,005,067
-	30,895,419	23,353,763
-	45,000	55,000
200,000	21,957,488	24,094,730
-	1,290,000	-
<u>10,480,886</u>	<u>138,082,798</u>	<u>131,194,119</u>
<u>17,364,885</u>	<u>166,533,353</u>	<u>158,816,204</u>
3,699,489	200,636,334	192,252,266
-	24,205,033	27,280,333
(8,403,955)	21,546,719	15,847,196
<u>\$ (4,704,466)</u>	<u>\$ 246,388,086</u>	<u>\$235,379,795</u>

**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 Funds			Totals
	Integrated Waste	Water	Sewer	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 24,410,492	\$ 25,295,534	\$ 20,009,959	\$ 69,715,985
Other operating revenues	-	2,041,559	838,025	2,879,584
Total operating revenues	<u>24,410,492</u>	<u>27,337,093</u>	<u>20,847,984</u>	<u>72,595,569</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and service	18,466,803	-	-	18,466,803
Administration	3,342,095	7,890,971	-	11,233,066
Engineering, operations and distribution administration	-	4,602,305	4,318,939	8,921,244
Plant operations	-	7,629,602	9,589,827	17,219,429
Maintenance	-	1,813,310	3,138,509	4,951,819
Environmental control	-	-	703,880	703,880
Distribution	-	3,621,228	-	3,621,228
Engineering	-	2,405,221	32,336	2,437,557
Claims expense	-	-	-	-
Depreciation and amortization	2,360,021	4,490,464	5,364,048	12,214,533
Total operating expenses	<u>24,168,919</u>	<u>32,453,101</u>	<u>23,147,539</u>	<u>79,769,559</u>
Operating income (loss)	<u>241,573</u>	<u>(5,116,008)</u>	<u>(2,299,555)</u>	<u>(7,173,990)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	58,283	1,709,010	2,348,995	4,116,288
Noncapital grants	-	2,715,957	-	2,715,957
Interest expense and fiscal charges	(187,652)	(592,182)	(1,906,110)	(2,685,944)
Gain (loss) on disposal of capital assets	2,114	(531,528)	(3,784)	(533,198)
Miscellaneous	737,754	178,348	(80,118)	835,984
Total nonoperating revenues (expenses)	<u>610,499</u>	<u>3,479,605</u>	<u>358,983</u>	<u>4,449,087</u>
Income before contributions and transfers	<u>852,072</u>	<u>(1,636,403)</u>	<u>(1,940,572)</u>	<u>(2,724,903)</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	-	11,397,947	1,865,389	13,263,336
Transfers in	65,000	-	-	65,000
Transfers out	(2,682,300)	-	-	(2,682,300)
Total contributions and transfers	<u>(2,617,300)</u>	<u>11,397,947</u>	<u>1,865,389</u>	<u>10,646,036</u>
Change in net assets	(1,765,228)	9,761,544	(75,183)	7,921,133
Net assets (deficit), beginning of year	<u>4,804,141</u>	<u>138,302,772</u>	<u>100,064,506</u>	<u>243,171,419</u>
Net assets (deficit), end of year	<u>\$ 3,038,913</u>	<u>\$148,064,316</u>	<u>\$ 99,989,323</u>	<u>\$251,092,552</u>

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

Governmental Activities - Internal Service Funds	Totals	
	2008	2007
\$ 26,604,432	\$ 96,320,417	\$ 94,439,846
-	2,879,584	2,907,275
<u>26,604,432</u>	<u>99,200,001</u>	<u>97,347,121</u>
18,588,478	37,055,281	42,050,376
-	11,233,066	6,112,680
-	8,921,244	2,491,238
-	17,219,429	16,642,334
-	4,951,819	5,082,478
-	703,880	633,141
-	3,621,228	3,645,736
-	2,437,557	2,380,332
3,427,374	3,427,374	5,700,030
2,166,983	14,381,516	12,815,760
<u>24,182,835</u>	<u>103,952,394</u>	<u>97,554,105</u>
<u>2,421,597</u>	<u>(4,752,393)</u>	<u>(206,984)</u>
173,912	4,290,200	3,390,336
-	2,715,957	2,300,151
(79,453)	(2,765,397)	(2,559,943)
(8,340)	(541,538)	43,321
93,542	929,526	(733,875)
<u>179,661</u>	<u>4,628,748</u>	<u>2,439,990</u>
<u>2,601,258</u>	<u>(123,645)</u>	<u>2,233,006</u>
-	13,263,336	14,904,830
485,900	550,900	865,000
-	(2,682,300)	(3,670,018)
<u>485,900</u>	<u>11,131,936</u>	<u>12,099,812</u>
3,087,158	11,008,291	14,332,818
(7,791,624)	235,379,795	221,046,977
<u>\$ (4,704,466)</u>	<u>\$246,388,086</u>	<u>\$235,379,795</u>

**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 Funds			Totals
	Integrated Waste	Water	Sewer	
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 24,384,106	\$ 27,181,354	\$ 20,941,234	\$ 72,506,694
Cash received from user departments	-	-	-	-
Cash payments to suppliers for goods and services	(16,021,973)	(7,991,612)	(14,164,625)	(38,178,210)
Cash payments for claims	-	-	-	-
Cash payments to employees for services	(5,911,090)	(18,618,968)	(3,468,313)	(27,998,371)
Cash received from other activities	737,754	(257,362)	(55,047)	425,345
Net cash provided by operating activities	<u>3,188,797</u>	<u>313,412</u>	<u>3,253,249</u>	<u>6,755,458</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfer from other funds	65,000	-	-	65,000
Transfer to other funds	(2,682,300)	-	-	(2,682,300)
Interfund loans	-	-	-	-
Collection on notes receivable	-	785,250	-	785,250
Consent decree insurance drawdowns	-	2,715,957	-	2,715,957
Construction of road to rix facility	-	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>(2,617,300)</u>	<u>3,501,207</u>	<u>-</u>	<u>883,907</u>
<b>Cash flows from capital and related financing activities:</b>				
Cash paid for acquisition of capital assets	(1,093,202)	(12,489,362)	(819,679)	(14,402,243)
Proceeds from sale of capital assets	82,367	-	-	82,367
Charges to property owners for capital projects	-	6,423,224	1,865,389	8,288,613
Grant proceeds received	-	-	-	-
Principal payments on long-term debt	(919,338)	(541,079)	(3,823,275)	(5,283,692)
Cash received from issuance of debt	-	4,357,611	-	4,357,611
Interest paid on long-term debt	(187,652)	(485,626)	(1,855,515)	(2,528,793)
Net cash (used for) capital and related financing activities	<u>(2,117,825)</u>	<u>(2,735,232)</u>	<u>(4,633,080)</u>	<u>(9,486,137)</u>
<b>Cash flows from investing activities:</b>				
Interest received	61,197	1,528,263	2,319,570	3,909,030
Net cash provided by investing activities	<u>61,197</u>	<u>1,528,263</u>	<u>2,319,570</u>	<u>3,909,030</u>
Net increase (decrease) in cash and investments	(1,485,131)	2,607,650	939,739	2,062,258
Cash and investments, beginning of year	4,286,051	20,932,869	32,612,798	57,831,718
Cash and investments, end of year	<u>\$ 2,800,920</u>	<u>\$ 23,540,519</u>	<u>\$ 33,552,537</u>	<u>\$ 59,893,976</u>

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

Governmental Activities - Internal Service Funds	Totals	
	2008	2007
\$ -	\$ 72,506,694	\$ 72,847,725
26,285,854	26,285,854	23,860,235
(14,313,880)	(52,492,090)	(45,927,591)
(4,423,314)	(4,423,314)	(4,094,849)
(5,329,156)	(33,327,527)	(29,011,075)
93,542	518,887	1,513,513
<u>2,313,046</u>	<u>9,068,504</u>	<u>19,187,958</u>
485,900	550,900	865,000
-	(2,682,300)	(3,670,018)
(4,404,215)	(4,404,215)	-
-	785,250	-
-	2,715,957	-
-	-	(1,200,000)
<u>(3,918,315)</u>	<u>(3,034,408)</u>	<u>(4,005,018)</u>
(1,062,155)	(15,464,398)	(24,975,182)
-	82,367	7,981
-	8,288,613	14,866,107
-	-	38,723
(913,550)	(6,197,242)	(7,075,957)
-	4,357,611	6,509,597
(79,453)	(2,608,246)	(2,740,273)
<u>(2,055,158)</u>	<u>(11,541,295)</u>	<u>(13,369,004)</u>
<u>171,070</u>	<u>4,080,100</u>	<u>3,264,392</u>
<u>171,070</u>	<u>4,080,100</u>	<u>3,264,392</u>
(3,489,357)	(1,427,099)	5,078,328
5,126,237	62,957,955	57,879,627
<u>\$ 1,636,880</u>	<u>\$ 61,530,856</u>	<u>\$ 62,957,955</u>

**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 Funds			Totals
	Integrated Waste	Water	Sewer	
<b>Reconciliation of cash and cash equivalents to amounts reported on statement of net assets:</b>				
Reported on statement of net assets:				
Cash and investments	\$ 2,800,920	\$ 10,356,164	\$ 17,754,200	\$ 30,911,284
Restricted assets	-	78,780,540	19,352,960	98,133,500
Less restricted assets not meeting the definition of cash equivalents:				
Investment agreements	-	(17,545,260)	(3,473,858)	(21,019,118)
Prepaid insurance	-	(41,457,912)	-	(41,457,912)
Interest and other receivables	-	(950,624)	(80,765)	(1,031,389)
Note proceeds held by State	-	(5,642,389)	-	(5,642,389)
Cash and cash equivalents at end of year	<u>\$ 2,800,920</u>	<u>\$ 23,540,519</u>	<u>\$ 33,552,537</u>	<u>\$ 59,893,976</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 241,573	\$ (5,116,008)	\$ (2,299,555)	\$ (7,173,990)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,360,021	4,490,464	5,364,048	12,214,533
Other nonoperating revenues (expenses)	737,754	(257,362)	(54,477)	425,915
(Increase) decrease in assets:				
Accounts receivable	(41,173)	(283,542)	76,988	(247,727)
Other receivables	-	-	-	-
Inventories	-	163,386	-	163,386
Prepays	-	(72,158)	10,853	(61,305)
Due from other governments	-	(970,716)	(85,581)	(1,056,297)
Due from other funds	-	(210,364)	(46,616)	(256,980)
Note proceeds held by state	-	934,000	-	934,000
Other assets	-	581,386	(910,902)	(329,516)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(167,347)	1,082,597	422,090	1,337,340
Due to other funds	-	5,968	151,217	157,185
Deposits payable	14,787	(694,462)	(570)	(680,245)
Claims and judgments payable	-	(93,375)	47,654	(45,721)
Retentions payable	(40,405)	-	-	(40,405)
Notes payable	-	41,698	-	41,698
Deferred revenue	-	-	-	-
Compensated absences	83,587	-	-	83,587
OPEB obligation	-	711,900	578,100	1,290,000
Net cash provided by operating activities	<u>\$ 3,188,797</u>	<u>\$ 313,412</u>	<u>\$ 3,253,249</u>	<u>\$ 6,755,458</u>
<b>Noncash, investing, capital and financing activities:</b>				
Acquisition of capital asset through capital lease	\$ 4,822,145	\$ -	\$ -	\$ 4,822,145
Developer contributions	-	4,974,723	-	4,974,723

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

Governmental Activities - Internal Service Funds	Totals	
	2008	2007
\$ 1,636,880	\$ 32,548,164	\$ 31,151,530
-	98,133,500	98,157,128
-	(21,019,118)	(20,296,375)
-	(41,457,912)	(44,173,868)
-	(1,031,389)	(946,460)
-	(5,642,389)	(934,000)
<u>\$ 1,636,880</u>	<u>\$ 61,530,856</u>	<u>\$ 62,957,955</u>
\$ 2,421,597	\$ (4,752,393)	\$ (206,984)
2,166,983	14,381,516	12,815,760
93,542	519,457	2,370,473
-	(247,727)	(968,306)
1,784	1,784	(68,266)
(59,470)	103,916	(60,443)
212,455	151,150	(305,598)
(8,493)	(1,064,790)	783,548
(5,668)	(262,648)	(17,670)
-	934,000	-
-	(329,516)	(234,825)
(1,334,180)	3,160	1,700,420
(306,201)	(149,016)	17,670
-	(680,245)	11,343
(970,654)	(1,016,375)	1,523,771
-	(40,405)	40,405
-	41,698	2,303,152
-	-	(632,265)
101,351	184,938	115,773
-	1,290,000	-
<u>\$ 2,313,046</u>	<u>\$ 9,068,504</u>	<u>\$ 19,187,958</u>
\$ 1,374,759	\$ 6,196,904	\$ 609,326
-	4,974,723	5,907,230

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

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**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	\$ 10,830,144	\$ 11,393,304
Cash and investments with fiscal agents	390,522	464,032
Receivables, net:		
Accounts	89,475	85,654
Interest	11,039	7,107
Due from other governmental agencies	255,131	40,411
Total assets	\$ 11,576,311	\$ 11,990,508
<b>LIABILITIES</b>		
Accounts payable	\$ 184,433	\$ 97,398
Deposits payable	10,388,508	10,920,117
Due to bond holders	1,003,370	972,993
Total liabilities	\$ 11,576,311	\$ 11,990,508

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

**City of San Bernardino**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 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, sewage and solid waste), and general administrative services.

**a.   Reporting Entity**

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

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

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

**Note 1: Summary of Significant Accounting Policies (continued)**

**a. Reporting Entity (continued)**

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

**b. Basis of Accounting and Measurement Focus**

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

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

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

*Government-wide Financial Statements*

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

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

**Note 1:        Summary of Significant Accounting Policies (continued)**

*Government-wide Financial Statements (continued)*

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

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

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

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

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

**Note 1:        Summary of Significant Accounting Policies (continued)**

*Fund Financial Statements*

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

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

*Governmental Funds*

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

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

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

**Note 1: Summary of Significant Accounting Policies (continued)**

*Governmental Funds (continued)*

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

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

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

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

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

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

**Note 1: Summary of Significant Accounting Policies (continued)**

*Governmental Funds (continued)*

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

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

*Proprietary and Fiduciary Funds*

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

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

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

**Note 1: Summary of Significant Accounting Policies (continued)**

*Fund Classifications*

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

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

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

**Note 1: Summary of Significant Accounting Policies (continued)**

*Fund Classifications (continued)*

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

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

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

**c. Cash and Investments**

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

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

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

**Note 1: Summary of Significant Accounting Policies (continued)**

***d. Cash Equivalents***

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

***e. Capital Assets***

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

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

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

**Note 1: Summary of Significant Accounting Policies (continued)**

**e. Capital Assets (continued)**

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

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

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

**f. Long-Term Receivables**

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

**g. Inventories**

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

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

**Note 1: Summary of Significant Accounting Policies (continued)**

***h. Property Held for Resale***

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

***i. Deferred Charges***

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

***j. Fund Equity***

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

***k. Property Taxes***

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

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

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

**Note 1: Summary of Significant Accounting Policies (continued)**

***l. Comparative Data***

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

***m. Use of Estimates***

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

***n. 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*

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 and usefulness of financial reporting by (a) requiring systematic accrual-basis 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.

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

**Note 2: Cash and Investments**

Cash and investments are presented in the accompanying financial statements at June 30, 2008 as follows:

Statement of net assets	
Cash and investments	\$ 181,057,181
Statement of fiduciary assets and liabilities	
Cash and investments	<u>10,830,144</u>
Total cash and investments	<u>191,887,325</u>
Statement of net assets	
Cash and investments with fiscal agents	29,976,017
Statement of fiduciary assets and liabilities	
Cash and investments with fiscal agents	<u>390,522</u>
Total cash and investments with fiscal agents	<u>30,366,539</u>
Total cash and investments	<u>\$ 222,253,864</u>

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

Petty cash	\$ 13,405
Demand deposits	3,872,581
Investments	<u>218,367,878</u>
Total cash and investments	<u>\$ 222,253,864</u>

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

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

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

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

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

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

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

**City of San Bernardino  
Notes to Basic Financial Statements  
For the year ended June 30, 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 the City's investment policies. The table below identifies the investment types that are authorized for investments held by fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

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

*Disclosures Relating to Interest Rate Risk*

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

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

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

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

Investment type	Total	Remaining maturity (in months)		
		12 months or less	13 to 24 months	25 to 60 months
Federal agency securities	\$ 78,327,323	\$ 22,566,235	\$ 27,846,943	\$ 27,914,145
U.S. Treasury securities	5,396,053	-	-	5,396,053
Corporate debt securities	5,773,826	3,556,551	1,277,554	939,721
Sweep account (money market fund)	208,142	208,142	-	-
Money market mutual funds	5,262,166	5,262,166	-	-
State investment pool	65,616,779	65,616,779	-	-
Guaranteed investment contract	17,545,260	-	-	17,545,260
Commercial paper	3,861,961	3,861,961	-	-
Repurchase agreement	2,508,000	2,508,000	-	-
Held by bond trustee:				
Federal agency issues	108	108	-	-
Investment contract	8,620,750	-	-	8,620,750
FNMA medium term notes	2,793,718	2,793,718	-	-
Money market funds	22,453,792	22,453,792	-	-
<b>Total</b>	<b>\$218,367,878</b>	<b>\$128,827,452</b>	<b>\$ 29,124,497</b>	<b>\$ 60,415,929</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 policies, or debt agreements, and the actual rating as of year end for each investment type.

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

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

Investment Type	Total	Minimum legal rating	Ratings as of year end	Exempt from rating	Not rated
Federal agency securities	\$ 78,327,323	AA/Aa2	Aaa	\$ -	\$ -
U.S. Treasury securities	5,396,053	N/A	Not rated	5,396,053	-
Corporate debt securities:					
HSBC Finance Note	1,251,250	AA/Aa2	Aa3	-	-
Remaining	4,522,576	AA/Aa2	Aa2	-	-
Sweep account (money market fund)	208,142	A	Not rated	-	208,142
Money market mutual funds	5,262,166	A	Not rated	-	5,262,166
State investment pool	65,616,779	N/A	Not rated	-	65,616,779
Guaranteed investment contract	17,545,260	N/A	Not rated	-	17,545,260
Commercial paper	3,861,961	A-1	A-1	-	-
Repurchase agreement	2,508,000	N/A	Not rated	-	2,508,000
Held by bond trustee:					
Federal agency issues	108	AA/Aa2	Aaa	108	-
Investment contract	8,620,750	N/A	Not rated	-	8,620,750
FNMA medium term notes	2,793,718	AA/Aa2	Aaa	-	-
Money market funds	22,453,792	AAA	AAA	-	22,453,792
	<u>\$ 218,367,878</u>			<u>\$ 5,396,161</u>	<u>\$122,214,889</u>

*Concentration of Credit Risk*

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

Issuer	Investment type	Reported amount
FNMA	Federal agency securities	\$ 33,568,248
Federal Home Loan Bank	Federal agency securities	25,832,949
AIG Match Funding Corporation	Guaranteed investment contract	17,545,260

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

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

*Custodial Credit Risk*

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

*Investment in State Investment Pool*

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

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

**Note 3: Interfund Receivables, Payables and Transfers**

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

	Amount
Due to Nonmajor Funds from:	
Federal and State Programs Special Revenue Fund	\$ 1,120,224
General Fund	74,243
Nonmajor governmental funds	154,200
Total due to Nonmajor Funds	\$ 1,348,667
Due to Economic Development Agency Special Revenue Fund from:	
General Fund	\$ 182,234
Due to Water Enterprise Fund from:	
Sewer Enterprise Fund	\$ 292,786
Due to internal service funds from:	
Other internal services funds	\$ 14,970
Nonmajor governmental funds	4,710,416
Total due to internal service funds	\$ 4,725,386

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

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

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

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

Advances from Economic Development Agency Special Revenue Fund to:	
Economic Development Agency Capital Projects Fund	<u>\$ 289,840</u>
Advances from Economic Development Agency Capital Projects Fund to:	
Economic Development Agency Special Revenue Fund	<u>\$ 8,632,089</u>
Nonmajor governmental funds	<u>900,000</u>
Total advances from Economic Development Agency Capital Projects Fund to other funds	<u>\$ 9,532,089</u>
Advances from nonmajor governmental funds to:	
Nonmajor governmental funds	<u>\$ 246,000</u>
Internal service funds	<u>361,774</u>
Total advances from nonmajor governmental funds	<u>\$ 607,774</u>

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

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

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

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

Fund receiving transfers	Fund making transfers	Amount
<i>General fund</i>	Nonmajor funds	\$ 7,039,900
	Integrated waste	2,682,300
	Federal and State grants fund	350,000
<i>Integrated Waste</i>	General Fund	65,000
<i>Nonmajor funds</i>	General Fund	3,746,774
<i>Internal Service Funds</i>	General Fund	485,900
<i>Economic Development Agency Special Revenue Fund</i>	Economic Development Agency Capital Projects Fund	6,778,955
	Economic Development Agency Debt Service Fund	9,536,081
<i>Economic Development Agency Debt Service Fund</i>	Economic development Agency Special Revenue Fund	2,763,063
	Economic Development Agency Capital Projects Fund	12,068,346
	General fund	2,130,233
Total transfers in		\$ 47,646,552

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

**City of San Bernardino**  
**Notes to 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 (1)	\$127,578,087	\$ 101,412	\$ (1,653,010)	\$126,026,489
Construction in progress	8,441,964	15,021,781	(11,488,892)	11,974,853
Total capital assets, not being depreciated	<u>136,020,051</u>	<u>15,123,193</u>	<u>(13,141,902)</u>	<u>138,001,342</u>
Capital assets, being depreciated:				
Infrastructure	511,532,229	4,195,545	-	515,727,774
Buildings and improvements	81,429,135	1,387,678	-	82,816,813
Machinery, vehicles and equipment	60,562,482	6,953,337	(1,703,072)	65,812,747
Total capital assets, being depreciated	<u>653,523,846</u>	<u>12,536,560</u>	<u>(1,703,072)</u>	<u>664,357,334</u>
Less accumulated depreciation for:				
Infrastructure	(207,266,119)	(13,519,188)	-	(220,785,307)
Buildings and improvements	(52,471,725)	(2,267,926)	-	(54,739,651)
Machinery, vehicles and equipment	(48,655,848)	(4,445,601)	1,694,465	(51,406,984)
Total accumulated depreciation	<u>(308,393,692)</u>	<u>(20,232,715)</u>	<u>1,694,465</u>	<u>(326,931,942)</u>
Total capital assets, being depreciated, net	<u>345,130,154</u>	<u>(7,696,155)</u>	<u>(8,607)</u>	<u>337,425,392</u>
Governmental activities capital assets, net	<u>\$481,150,205</u>	<u>\$ 7,427,038</u>	<u>\$(13,150,509)</u>	<u>\$475,426,734</u>

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

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

**Note 4: Capital Assets (continued)**

	Beginning balance	Additions	Deletions	Ending balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land and easements	\$ 15,415,712	\$ -	\$ -	\$ 15,415,712
Construction in progress	46,990,596	15,696,441	(41,066,714)	21,620,323
Total capital assets, not being depreciated	62,406,308	15,696,441	(41,066,714)	37,036,035
Capital assets, being depreciated:				
Water rights, wells and pumping plants	51,412,484	14,437,324	(668,507)	65,181,301
Distribution systems	73,376,986	27,615,503	(653,471)	100,339,018
Building, plants and store yards	153,830,516	1,251,278	(28,590)	155,053,204
Machinery, vehicles and equipment	27,934,324	6,310,515	(2,121,324)	32,123,515
Office leasehold improvements	1,919,987	270,693	-	2,190,680
Office, computer, engineering equipment	4,269,289	183,372	(3,555)	4,449,106
Radio and interoffice communication equipment	382,940	-	-	382,940
Telemetry system and equipment	1,268,369	415,261	(60,469)	1,623,161
Miscellaneous	426,549	-	-	426,549
Total capital assets, being depreciated	314,821,444	50,483,946	(3,535,916)	361,769,474
Less accumulated depreciation for:				
Water rights, wells and pumping plants	(22,124,295)	(1,908,499)	182,546	(23,850,248)
Distribution systems	(21,987,039)	(1,693,421)	636,992	(23,043,468)
Building, plants and store yards	(68,664,680)	(4,859,695)	30,129	(73,494,246)
Machinery, vehicles and equipment	(17,327,399)	(3,015,063)	1,999,520	(18,342,942)
Office leasehold improvements	(208,493)	(133,985)	-	(342,478)
Office, computer, engineering equipment	(3,138,087)	(349,370)	1,737	(3,485,720)
Radio and interoffice communication equipment	(283,646)	(12,318)	-	(295,964)
Telemetry system and equipment	(506,005)	(229,859)	19,692	(716,172)
Miscellaneous	(253,262)	(12,323)	-	(265,585)
Total accumulated depreciation	(134,492,906)	(12,214,533)	2,870,616	(143,836,823)
Total capital assets, being depreciated, net	180,328,538	38,269,413	(665,300)	217,932,651
Business-type activities capital assets, net	<u>\$242,734,846</u>	<u>\$53,965,854</u>	<u>\$(41,732,014)</u>	<u>\$254,968,686</u>

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

**Note 4: Capital Assets (continued)**

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

	Governmental activities	Business-type activities
Function:		
General government	\$ 1,024,810	\$ -
Public safety	1,827,118	-
Streets	12,659,349	-
Culture and recreation	514,337	-
Community development	541	-
Economic development	423,353	-
Community services	1,616,224	-
Integrated Waste	-	2,360,021
Water	-	4,490,464
Sewer	-	5,364,048
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	\$ 20,232,715	\$ 12,214,533

**Note 5: Long-Term Liabilities - Governmental Activities**

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>	\$ 2,991,816	\$ 4,633,667	\$ 1,689,541	\$ 5,935,942	\$ 1,651,774
<i>Claims and judgments</i>	14,191,478	2,248,489	3,219,143	13,220,824	4,061,400
<i>Compensated absences</i>	19,506,473	11,254,640	10,004,842	20,756,271	11,314,018
<i>OPEB obligation</i>	-	5,529,880	-	5,529,880	-
<i>Participation agreements:</i>					
Yellow Freight	514,269	-	58,306	455,963	-

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

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

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<i>Notes payable:</i>					
HUD Section 108:					
Cinema project	\$ 5,260,000	\$ -	\$ 320,000	\$ 4,940,000	\$ 340,000
Arden Guthrie	7,500,000	-	-	7,500,000	-
Reynolds	606,637	-	-	606,637	-
Bobbitt	3,662	-	-	3,662	3,662
Total notes payable	13,370,299	-	320,000	13,050,299	343,662
<i>Lease revenue bonds:</i>					
Public Facilities Lease (Lease Revenues Refunding 1997A, Series A)	5,460,000	-	670,000	4,790,000	705,000
City Hall Lease (Refunding Bonds, Series 1996)	10,395,000	-	420,000	9,975,000	445,000
Total lease revenue bonds	15,855,000	-	1,090,000	14,765,000	1,150,000
<i>California Infrastructure</i>					
Fire station lease	2,457,379	17,805	77,001	2,398,183	79,249
Street construction	5,450,237	-	1,009,887	4,440,350	1,033,821
Harriman place street extension lease	1,731,932	-	94,424	1,637,508	97,078
Total California infrastructure	9,639,548	17,805	1,181,312	8,476,041	1,210,148
<i>Tax allocation bonds:</i>					
Refunding Bonds, 2002	26,260,000	-	910,000	25,350,000	960,000
Bonds 2002A	3,350,000	-	60,000	3,290,000	60,000
Refunding Bonds, 1998A	13,900,000	-	695,000	13,205,000	735,000
Refunding Bonds, 1998B	6,560,000	-	285,000	6,275,000	300,000
Taxable 2006	27,665,000	-	1,070,000	26,595,000	1,125,000
Refunding Bonds, 2005A	53,880,000	-	2,025,000	51,855,000	2,130,000
Refunding Bonds, 2005B	20,360,000	-	780,000	19,580,000	820,000
Less: deferred charges	(2,153,570)	-	(123,526)	(2,030,044)	-
Total tax allocation bonds	149,821,430	-	5,701,474	144,119,956	6,130,000
<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
Total assessment district bonds	420,000	-	85,000	335,000	85,000

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

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

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<i>Certificates of Participation:</i>					
1999 Certificates of participation	\$ 12,850,000	\$ -	\$ 445,000	\$ 12,405,000	\$ 470,000
<i>Pension obligation bonds 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
Governmental activities long-term liabilities	<u>\$ 289,775,696</u>	<u>\$ 23,684,481</u>	<u>\$ 24,738,194</u>	<u>\$ 288,721,983</u>	<u>\$ 27,356,720</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, \$1,909,551 of capital leases payable, and \$235,000 of lease revenue bonds for internal service funds are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

Amount  
outstanding at  
June 30, 2008

*Capital Leases Payable*

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

\$ 5,935,942

Assets acquired through capital leases are as follows:

	Governmental activities
Machinery, vehicles and equipment	\$ 5,980,980
Less: accumulated depreciation	<u>(3,464,788)</u>
Total	<u>\$ 2,516,192</u>

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

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

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

Year ending June 30,	Principal	Interest
2009	\$ 1,651,775	\$ 260,825
2010	1,274,170	142,235
2011	796,590	100,103
2012	467,851	74,465
2013	484,762	57,554
2014 – 2017	1,260,794	70,618
Total	<u>\$ 5,935,942</u>	<u>\$ 705,800</u>
		Amount outstanding at June 30, 2008

***Participation Agreements***

Yellow Freight

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

\$ 455,963

***Notes Payable***

Section 108 Notes:

Cinema Project

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

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

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

Amount  
outstanding at  
June 30, 2008

***Notes Payable (continued)***

Section 108 Notes (continued):

Cinema Project (continued)

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

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

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

\$ 4,940,000

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

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

Amount  
Outstanding at  
June 30, 2008

**Notes Payable (continued)**

Section 108 Notes (continued):

Arden-Guthrie Focused Neighborhood Revitalization Project

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

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

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

\$ 7,500,000

Reynolds of San Bernardino, a California Corporation

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

606,637

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

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

Bobbitt

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

	\$ 3,662
Total notes payable	\$ 13,050,299

The annual requirements to amortize notes payable outstanding as of June 30, 2008 are as follows:

Year ending June 30,	Principal	Interest
2009	\$ 343,662	\$ 809,440
2010	966,637	772,212
2011	380,000	724,105
2012	744,000	686,183
2013	779,000	637,092
2014 – 2018	4,665,000	2,325,952
2019 – 2023	3,250,000	992,765
2024 – 2027	1,922,000	165,281
Totals	\$ 13,050,299	\$ 7,113,030

**Lease Revenue Bonds**

*Public Facilities Lease Revenue Refunding Bonds, 1997 Series A*

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

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

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

***Lease Revenue Bonds (continued)***

Bonds maturing on or after September 1, 2008 are subject to redemption before maturity, at the option of the Agency, from available funds, on any date after September 1, 2007. Such bonds will be redeemed at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2008 the reserve requirement was \$946,345 and the amount actually held in the reserve account was \$953,571.

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

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

\$16,320,000 of Lease Revenue Refunding Bonds (City Hall Project), Series 1996, were issued to refund the Central City Project, \$12,000,000 Certificates of Participation (Series 1992) and to finance the acquisition of certain equipment and other capital improvements by the City. These bonds consisted of: \$4,235,000 of serial bonds with interest rates varying from 4.15% to 5.00%; and \$1,690,000 of term bonds bearing interest at 5.10%; \$865,000 of term bonds, bearing interest of 5.30%; \$3,215,000 of term bonds, bearing interest at 5.60% and \$6,315,000 of term bonds, bearing interest at 5.70%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on January 1, 1999 through January 1, 2006. Term bonds are due January 1, 2007, January 1, 2009, January 1, 2015 and January 1, 2023 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund. The amount outstanding at June 30, 2008 is \$9,975,000.

The Bonds are subject to optional redemption as a whole or in part on any date on or after January 1, 2007, at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2008 the reserve requirement was \$1,008,580 and the amount actually held in the reserve account was \$1,069,427.

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

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

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

***Lease Revenue Bonds (continued)***

The annual requirements to amortize lease revenue bonds outstanding as of June 30, 2008 are as follows:

Year ending June 30,	Principal	Interest
2009	\$ 1,150,000	\$ 785,455
2010	1,205,000	725,745
2011	1,265,000	661,830
2012	1,335,000	594,640
2013	1,405,000	523,770
2014 – 2018	4,140,000	1,810,500
2019 – 2023	4,265,000	756,390
Totals	<u>\$ 14,765,000</u>	<u>\$ 5,858,330</u>

***Fire Station Lease***

On August 2, 2004, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a lease agreement in regard to the purchase of a Fire Station. Subject to the provisions of the lease, the City agrees to pay to the CIEDB as rental for use and occupancy of the Fire Station lease payments on February 1 and August 1 of each year. During fiscal year ended June 30, 2007, the City had drawn down \$2,481,922 of the \$2,550,000 lease. An additional \$17,805 was drawn during fiscal year ended June 30, 2008. The lease amount outstanding at June 30, 2008 is \$2,398,183.

On August 28, 2001, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a lease agreement in regard to the Harriman Place Street Extension Project (Project). The Project will be located on real property owned by the City. Subject to the provisions of the lease, the City agrees to pay to the CIEDB as rental for use and occupancy of the Harriman Street Extension lease payments on February 1 and August 1 of each year. The lease amount outstanding at June 30, 2008 is \$1,637,508.

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

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

***Lease Revenue Bonds (continued)***

***Street Construction***

On September 27, 2005, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a financing agreement for the pavement reconstruction and 25.5 miles of pavement rehabilitation projects on public streets throughout the City. The City agrees to pay the CIEDB on August 1 and February 1, beginning in fiscal year 2008. During the fiscal year ended June 30, 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 annual requirements to amortize the leases as of June 30, 2008 are as follows:

Year ending June 30,	Principal	Interest
2009	\$ 1,210,148	\$ 313,435
2010	1,239,691	284,429
2011	1,269,960	253,789
2012	1,300,971	166,637
2013	353,096	92,169
2014 – 2018	1,074,845	371,626
2019 – 2023	1,094,485	208,577
2024 – 2028	646,877	90,060
2029 – 2033	285,968	8,410
Totals	<u>\$ 8,476,041</u>	<u>\$ 1,789,132</u>

***Tax Allocation Bonds***

***2002 Tax Allocation Refunding Bonds***

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

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

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

***Tax Allocation Bonds (continued)***

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

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

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

A reserve account is required to be maintained in the amount of \$2,683,230. The balance held in the reserve account as of June 30, 2008 was \$2,793,717. At June 30, 2008, \$25,350,000 of the bonds were outstanding.

*Tax Allocation Bonds, Series 2002A*

In January 2002, the San Bernardino Joint Powers Financing Authority issued \$3,635,000 in tax allocation bonds to fund certain capital improvement projects in the Mount Vernon Project Area, to fund a reserve fund, and to pay costs of issuance of the bonds. Interest on the bonds is payable June 1, 2002 and semi-annually thereafter on June 1 and December 1 of each year at rates ranging from 4.7% to 6.2% per annum. The bonds consist of term bonds ranging in amounts from \$285,000 to \$2,025,000 maturing from 2008 to 2031. Principal installments are payable annually ranging in amount from \$50,000 to \$445,000 through December 1, 2031.

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

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

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

***Tax Allocation Bonds (continued)***

A reserve account is required to be maintained in the amount of \$263,625. The balance held in the reserve account as of June 30, 2008 was \$280,177. At June 30, 2008, \$3,290,000 of the bonds were outstanding.

*Refunding Bonds, Series 1998A*

The \$19,000,000 of tax allocation refunding bonds, issue of 1998, Series A, consist of serial bonds with varying interest rates from 3.600% to 5.750%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on July 1 through July 1, 2020. The amount outstanding at June 30, 2008 is \$13,205,000.

The Series A bonds are not subject to optional redemption. The bonds are secured by a pledge of property tax apportionments from the Central City Project Area. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2008 the reserve requirement was \$1,456,515 and the amount actually held in the reserve account was \$1,478,282.

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

*Subordinate Refunding Bonds, Series 1998B*

The \$8,590,000 of subordinated tax allocation refunding bonds, issue of 1998, consist of \$4,815,000 of serial bonds with varying interest rates from 4.500% to 5.875% and \$3,775,000 of term bonds, bearing interest at 6.000%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on July 1 through July 1, 2014. Term bonds are due July 1, 2020 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund on July 1, 2015 to July 1, 2020 without premium. The amount outstanding at June 30, 2008 is \$6,275,000.

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

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

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

***Tax Allocation Bonds (continued)***

*Subordinate Refunding Bonds, Series 1998B (continued)*

The bonds are secured by a pledge of property tax apportionments from the Central City Project Area. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2008 the reserve requirement was \$639,012 and the amount actually held in the reserve account was \$648,561.

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

*Tax Allocation Revenue Refunding Bonds, Series 2005A*

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

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

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

A reserve account is required to be maintained in the amount of \$5,035,160. The balance held in the reserve account as of June 30, 2008 was \$5,068,736. At June 30, 2008, \$51,855,000 of the bonds were outstanding.

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

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

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

***Tax Allocation Bonds (continued)***

*Tax Allocation Revenue Refunding Bonds, Series 2005B*

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

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

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

A reserve account is required to be maintained in the amount of \$1,916,512. The balance held in the reserve account as of June 30, 2008 was \$1,929,293. At June 30, 2008, \$19,580,000 of the bonds were outstanding.

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

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

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

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

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

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

***Tax Allocation Bonds (continued)***

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

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

A reserve account is required to be maintained in the amount of \$2,698,116. The balance held in the reserve account as of June 30, 2008 was \$2,708,512. At June 30, 2008, \$26,595,000 of the bonds were outstanding.

The annual requirements to amortize tax allocation debt outstanding as of June 30, 2008 are as follows:

Year ending June 30,	Principal	Interest
2009	\$ 6,130,000	\$ 8,390,844
2010	6,460,000	8,052,758
2011	6,810,000	7,697,083
2012	7,190,000	7,319,343
2013	7,585,000	6,910,670
2014 – 2018	44,965,000	27,377,966
2019 – 2023	45,865,000	12,882,905
2024 – 2028	20,080,000	2,654,274
2029 – 2032	1,065,000	155,775
Totals	<u>\$ 146,150,000</u>	<u>\$ 81,441,618</u>

***Pledged Revenues***

The Agency has pledged 100% of future tax increment revenue (less amounts payable by or required to be set-aside by the Agency under any pass-through agreements and by the amount required to be set-aside for low and moderate housing as required by the California Health and Safety Code) as security for the bonds (as listed below) in the amount of \$227,591,618 (total principal and interest). The pledges are considered outstanding for the duration of the debt service requirements. Total pledged revenues for the fiscal year ended June 30, 2008, totaled \$33,894,719 with the required debt service amount of \$14,530,546 for the following Bonds:

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

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

***Pledged Revenues (continued)***

Tax allocation refunding bonds, 2002  
Tax allocation bonds, series 2002A  
Tax allocation refunding bonds, series 1998A  
Subordinate tax allocation refunding bonds, series 1998B  
Tax allocation refunding bonds, series 2005A  
Tax allocation refunding bonds, 2005B  
Tax allocation bonds, taxable series 2006

***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.

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

*Assessment District No. 987 Bonds Payable*

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

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

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

***Assessment District Bonds (continued)***

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

Year ending June 30,	Principal	Interest
2009	\$ 85,000	\$ 22,578
2010	95,000	15,649
2011	105,000	7,929
2012	50,000	1,938
Totals	<u>\$ 335,000</u>	<u>\$ 48,094</u>

***Certificates of Participation***

*1999 Certificates of Participation*

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

The Certificates mature on September 1 of each year, beginning September 1, 2001 through September 1, 2024, in amounts ranging from \$330,000 to \$1,080,000. The interest represented by the Certificates will be calculated, on the basis of a 360-day year of twelve 30-day months, from September 1, 1999, at the rates per annum set forth in the bond documents and will represent the sum of the portions of the Lease Payments designated as interest coming due during the six months preceding each Interest Payment Date. The interest rates will range approximately from 3.70% to 5.50%. The outstanding balance at June 30, 2008 was \$12,405,000.

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

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

***Certificates of Participation (continued)***

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

The Certificates represent direct, undivided fractional interest in lease payments to be made by the City under the lease agreements. A reserve fund is required to be maintained in an amount equal to the maximum annual debt service. At June 30, 2008, the reserve requirement was \$1,147,000 and the amount actually held in the reserve account was \$1,171,536.

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

Year ending June 30,	Principal	Interest
2009	\$ 470,000	\$ 664,435
2010	485,000	641,511
2011	510,000	615,725
2012	540,000	586,850
2013	575,000	556,188
2014 – 2018	3,355,000	2,260,362
2019 – 2023	4,365,000	1,204,363
2024 – 2025	2,105,000	117,287
Totals	<u>\$ 12,405,000</u>	<u>\$ 6,646,721</u>

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

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

***Pension Obligation Bonds***

*2006 Taxable Pension Obligation Bonds*

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

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

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

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

Year ending June 30,	Principal	Interest
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 Basic Financial Statements**  
**For the year ended June 30, 2008**

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

***Purchase Agreement***

In July 2005, the City entered into a purchase agreement with The Foundation for California State University, San Bernardino (Foundation) to purchase certain television broadcast equipment from the Foundation for \$427,600. The payment is due in 4 equal installments of \$106,900, with the 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 2006, with the final payment being made by July 30, 2008. The amount outstanding at June 30, 2008, was \$106,900.

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

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

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

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

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<b>Business-type activities:</b>					
<i>Capital leases payable</i>	\$ 6,176,079	\$ 4,822,145	\$ 993,373	\$ 10,004,851	\$ 1,614,494
<i>Compensated absences</i>	2,642,647	558,951	613,045	2,588,553	2,002,629
<i>Notes payable</i>	25,728,019	10,000,000	2,375,106	33,352,913	2,457,494
<i>Certificates of Participation:</i>					
Refunding sewer revenue COPS	26,045,000	-	2,010,000	24,035,000	2,125,000
Less: deferred charges	(198,550)	-	(23,280)	(175,270)	(22,758)
	25,846,450	-	1,986,720	23,859,730	2,102,242
<i>Water bonds payable</i>	65,000	-	10,000	55,000	10,000
<i>OPEB obligation</i>	-	1,632,000	-	1,632,000	342,000
Business-type activities long-term liabilities	\$ 60,458,195	\$ 17,013,096	\$ 5,978,244	\$ 71,493,047	\$ 8,528,859

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

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

***Capital Leases Payable***

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

	<u>Amount outstanding at June 30, 2008</u>
<u>Integrated Waste Equipment</u>	
The City entered into several lease purchase agreements for the financing of the acquisition of refuse trucks and street sweepers. The terms of leases vary from 48 to 84 months with individual semi-annual payments ranging from \$22,432 to \$464,913.	\$ 9,908,415
<u>Water Equipment</u>	
The City entered into a lease purchase agreements for the financing of furniture and equipment. The terms of the leases are for 60 months with quarterly payments of \$19,772.	<u>96,436</u>
Total capital leases payable	<u><u>\$ 10,004,851</u></u>

<u>Year ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,614,566	\$ 323,690
2010	1,565,042	268,885
2011	1,598,983	215,121
2012	1,621,109	159,657
2013	2,123,381	113,320
2014 – 2017	<u>1,481,770</u>	<u>55,981</u>
Totals	<u><u>\$ 10,004,851</u></u>	<u><u>\$ 1,136,654</u></u>

***Water Bonds Payable***

*Waterworks Bonds, Series C*

During the year ended June 30, 1992, the South San Bernardino Water District merged with the Water Department. The department assumed all bonds. The bonds were initially issued March 1, 1988, for \$150,000 and mature annually commencing September 1, 1993, through September 1, 2013 in principal amounts ranging from \$5,000 to \$15,000. Interest accrues at 7.75%. The outstanding balance at June 30, 2008 is \$55,000.

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

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

***Water Bonds Payable (continued)***

The annual requirements to amortize bonds payable subsequent to June 30, 2008 are as follows:

Year ending June 30,	Principal	Interest
2009	\$ 10,000	\$ 4,263
2010	10,000	3,488
2011	10,000	2,713
2012	10,000	1,938
2013	15,000	1,163
Totals	<u>\$ 55,000</u>	<u>\$ 13,565</u>

***Certificates of Participation***

*Refunding Sewer Revenue Certificates of Participation*

\$36,230,000 of refunding sewer revenue certificates of participation, 1998, were issued consisting of \$29,855,000 of serial certificates with variable interest rates ranging from 3.95% to 5.25% and \$6,375,000 of term certificates, bearing interest at 5.00%. Interest is payable semiannually of February 1, and August 1. Serial certificates mature annually on February 1 through February 1, 2015. Term certificates are due February 1, 2017, and are subject to mandatory sinking fund prepayments beginning February 1, 2016. The outstanding balance at June 30, 2008, net of deferred charges of \$175,270, is \$23,859,730.

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

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

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

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

***Certificates of Participation (continued)***

The required reserve for the 1998 Refunding Sewer Revenue Certificates of Participation is \$2,125,000. As of June 30, 2008, the reserve was fully funded.

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

It has been determined that the amount of \$131,378 was due under Internal Revenue Code Section 148(f)(4)(B) for the temporary investments of the 1998 Refinancing Sewer Revenue Certificates of Participation and for arbitrage rebate.

The annual requirements to amortize certificates of participation subsequent to June 30, 2008 are as follows:

Year ending June 30,	Principal	Interest
2009	\$ 2,125,000	\$ 1,174,555
2010	2,240,000	1,078,930
2011	2,365,000	973,650
2012	2,510,000	855,400
2013	2,650,000	736,175
2014 – 2016	12,145,000	1,561,813
Subtotals	24,035,000	6,380,523
Less: deferred charges	(175,270)	-
Totals	<u>\$ 23,859,730</u>	<u>\$ 6,380,523</u>

***Notes Payable***

*California Infrastructure and Economic Development Bank*

California Infrastructure and Economic Development Bank note is to be repaid in annual principal and interest payment ranging from \$776,905 to \$750,319, matures in 2022, and bears interest at 3.34%. The outstanding balance at June 30, 2008 is \$8,258,552.

*State Water Resources Control Board*

State Water Resources Control Board (SWRCB) note is to be repaid over a 20-year period at 3.30% interest with the first payment due one year after completion of construction on the demonstration project. Annual principal and interest payments of \$279,293 are to be made over the 20-year period. The note matures in 2011. The outstanding balance at June 30, 2008 is \$785,383.

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

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

***Notes Payable (continued)***

*San Bernardino Valley Municipal Water District*

San Bernardino Valley Municipal Water District note is to be repaid in annual principal and interest payment of \$456,250, matures in 2013, and bears interest at 7.25%. The outstanding balance at June 30, 2008 is \$1,858,259.

*State Water Resources Board*

A loan from the State Water Resources Control Board was provided for the construction of the San Bernardino/Colton Rapid Infiltration Extraction (RIX) project. Twenty annual principal and interest payments of \$1,761,739 began in 1997. The loan matures in 2016, and bears interest at 2.80%. The loan requires the Department to establish a Wastewater Capital Reserve Fund (WCRF) for expansion, major repair or replacement of wastewater treatment works at one-half of one percent of the total loan amount for a period of ten years. The outstanding balance at June 30, 2008 is \$12,450,719.

*California Infrastructure and Economic Development Bank*

California Infrastructure and Economic Development Bank note is to be repaid in annual principal and interest payment ranging from \$733,438 to \$702,091, matures in 2026, and bears interest at 2.71%. The outstanding balance at June 30, 2008 is \$10,000,000.

The annual requirements to amortize notes payable subsequent to June 30, 2008 are as follows:

Year ending June 30,	Principal	Interest
2009	\$ 2,457,494	\$ 1,110,873
2010	2,982,806	1,016,581
2011	3,085,118	911,227
2012	2,913,058	801,067
2013	3,014,053	688,959
2014 – 2018	10,543,163	2,160,442
2019 – 2023	5,702,007	885,406
2024 – 2026	2,655,214	166,498
Totals	<u>\$ 33,352,913</u>	<u>\$ 7,741,053</u>

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

**Note 7:       Compensated Absences Liability**

The City employees receive from 10 to 25 vacation days each year depending upon length of service. An employee may accumulate earned vacation time to a maximum not to exceed 25 days. Upon termination, employees are paid the full value of their unused vacation time at their existing salary. The City employees receive 12 personal necessity/sick leave days each year. Upon termination or retirement, employees are paid one-half the value of their unused personal necessity/sick leave time at their existing salary, for management employees, and a maximum of 60 days for all other employees. At June 30, 2008, \$20,756,271 and \$2,588,553 have been recorded, respectively, for governmental and business-type activities accrued vacation and sick leave.

**Note 8:       Prior Year Defeasance of Debt**

In prior years, the City defeased certain debt issuances by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt issuances. Accordingly, the trust account assets and the liability for the defeased debt issuances are not included in the accompanying financial statements.

**Note 9:       Claims and Judgments Payable**

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

Changes in the funds' claims liability for the years ended June 30, 2008 and 2007, are as follows:

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

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

**Note 9: Claims and Judgments Payable (continued)**

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

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

Estimated claims liabilities at June 30, 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.

**Note 10: Short-Term Debt**

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

	Beginning balance	Increases	Decreases	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 prepayment of annual pension costs.

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

**Note 11: 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:

	<u>Deficit Amount</u>
Special Revenue Funds:	
Federal and State Programs	\$ 783,955
Debt Service Funds:	
Assessment District #1015	435,151
Capital Projects Funds:	
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 operating transfers, as follows:

	<u>Deficit Amount</u>
Internal Service Funds:	
Workers' Compensation	\$ 7,730,381
Liability Insurance	1,484,458
Utility	402,543
Central Services	37,865

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, of which accounts for self-insurance activities, is due to higher claims experienced versus amounts charged to the various departments.

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

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

The following funds/departments reported an excess of expenditures over appropriations at June 30, 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>Economic Development Agency</i>			
<i>Debt Service Fund</i>			
Principal	6,095,001	7,360,000	(1,264,999)
Interest	10,170,106	10,258,765	(88,659)
<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 12: Defined Benefit Pension Plan**

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

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

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

**Note 12: Defined Benefit Pension Plan (continued)**

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 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
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%.

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

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

**Note 12: Defined Benefit Pension Plan (continued)**

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

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

**City**

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

**Economic Development Agency**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$ 169	100%	\$ -
6/30/07	224	100%	-
6/30/08	274	100%	-

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

**Note 13: Other Post-Employment Benefits**

**City**

*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. Benefits provisions are established through negotiations between the City and various union bargaining groups. The Plan does not issue a publicly available financial report.

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

**Note 13: Other Post-Employment Benefits (continued)**

*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.

*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:

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

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

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

**Note 13: Other Post-Employment Benefits (continued)**

*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 \$79,135,000, and the ratio of the UAAL to the covered payroll was 76.6%.

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.

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

**Note 13: Other Post-Employment Benefits (continued)**

***Water Department***

*Plan Description*

The Department administers a single-employer defined benefit healthcare plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The Department reports the financial activity of the plan as a trust fund, and no separate financial report is prepared. Employees are eligible for retiree health benefits if they retire from the Department on or after age 50 with at least 5 years of service, and are eligible for a PERS pension.

*Funding Policy*

The contribution requirements of plan members and the Department are established and may be amended by the Board of Water Commissioners. The required contribution is based in projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board of Water Commissioners. For fiscal year 2007-08, the Department contributed \$632,000 to the plan, including \$632,000 for current premiums (100% of total premiums). Plan members receiving benefits contributed \$146,000 (approximately 6.2% of total premiums) through their required contribution. The Department pays up to the entire cost of health benefits for eligible retirees and their spouses until age 65 subject to the City's vesting schedule.

*Annual OPEB Cost and Net OPEB Obligation*

The Department's annual other post employment benefit (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) not to exceed thirty years. The following table shows the components of the Department's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Department's net OPEB obligation:

Annual required contribution	\$ 2,264,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>2,264,000</u>
Contributions made	<u>(632,000)</u>
Increase in net OPEB obligation	1,632,000
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u><u>\$ 1,632,000</u></u>

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

**Note 13: Other Post-Employment Benefits (continued)**

The Department'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:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
6/30/06	N/A	N/A	N/A
6/30/07	N/A	N/A	N/A
6/30/08	\$ 2,264,000	72.1%	\$ 1,632,000

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 between employer and plan members 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 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 Department's payroll will increase 3.25% per year.

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

**Note 13: Other Post-Employment Benefits (continued)**

***Economic Development Agency***

*Plan description*

The Agency provides medical and dental plan coverage for retirees and their eligible surviving dependents. This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS), which is age 50 or older with at least eight years of Agency service. The healthcare coverage provided meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

*Funding Policy*

The contribution requirements of the Agency are established and may be amended by the Agency Board. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2007-08, the Agency contributed \$12,600 to the plan, which was 100% of the total current premiums. It is the intention of the Agency to fully fund the outstanding OPEB obligation in fiscal year 2008-09.

*Annual OPEB Cost and Net OPEB Obligation*

The Agency'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 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) not to exceed thirty years. The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation:

Annual required contribution	\$ 211,490
Interest on net OPB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>211,490</u>
Contributions made	<u>(12,600)</u>
Increase in net OPEB obligation	198,890
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u><u>\$ 198,890</u></u>

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

**Note 13: Other Post-Employment Benefits (continued)**

The Agency'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
6/30/06	N/A	N/A	N/A
6/30/07	N/A	N/A	N/A
6/30/08	\$ 211,490	6.0%	\$ 198,890

*Funded Status and Progress*

As of June 30, 2008, the most recent valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$749,208, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$749,208, and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0.0%. The covered payroll (annual payroll of active employees covered by plan) was \$1,763,100, and the ratio of the UAAL to the covered payroll was 42.5%. 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 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.

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

**Note 13: Other Post-Employment Benefits (continued)**

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.50 percent 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 zero percent initially, which increases by 5.0% in the twelfth year. The UAAL is being amortized as level percentage of projected payroll over 30 years.

**Note 14: Special Assessment Debt Without Government Commitment**

Assessment District No. 961 issued \$12,450,000 of Improvement Refunding Bonds on December 15, 1986, Assessment District No. 977A issued \$683,000 Improvement Bonds on April 2, 1990, Assessment District No. 977B issued \$1,013,000 Improvement Bonds on April 2, 1991, and Assessment District No. 1003 issued \$857,000 on July 1, 1992; all under the Refunding Act of 1984, for 1915 Improvement Act Bonds. The Bonds are payable from the annual installments collected on the regular property tax bills sent to owners of property having unpaid assessments levied against land benefited by the projects. Neither the faith, credit nor taxing power of the City is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the financial statements. At June 30, 2008, \$735,000 of Improvement Bonds remain outstanding.

**Note 15: Mortgage Revenue and Industrial Development Revenue Bonds**

Not included in the accompanying financial statements are mortgage revenue bonds and industrial development revenue bonds issued by the Agency. The bonds are special obligations payable solely from payments made on and secured by a pledge of the acquired mortgage loans and certain reserve funds and other monies in connection therewith, all pledged under the resolution authorizing the issuance of the bonds. The bonds are not payable from any other revenues or assets of the Agency. Neither the faith nor credit of the taxing powers of the City of San Bernardino, California, the State of California or any political subdivision thereof, or the Agency is pledged to the payment of the principal of or the interest on the bonds. Mortgage revenue bonds outstanding as of June 30, 2008 include the Multifamily Housing Revenue Bonds (Highland Lutheran Senior Housing Project) 1995 Series for \$1,515,000 and the Multifamily Housing Revenue Bonds (Ramona Senior Complex Project) Series 1995 for \$1,305,000.

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

**Note 16: Contingencies**

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

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

**Note 17: Jointly Governed Organizations**

Inland Valley Development Agency

In January 1990, the City entered into a joint powers agreement with the Cities of Colton and Loma Linda and the County of San Bernardino to form the Inland Valley Development Agency (IVDA). The IVDA adopted a redevelopment plan, and its primary purpose is to promote the redevelopment of the former Norton Air Force Base and other areas within its project area. The IVDA board is comprised of three members from the City and two each from the other members. The primary sources of funding are tax increment and lease income. As of June 30, 2008, the outstanding balance due from IVDA is \$202,362. Additional financial information can be obtained by contacting IVDA at 294 S. Leland Norton Way, Suite 1, San Bernardino, CA 92408.

San Bernardino International Airport Authority

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

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

**Note 17: Jointly Governed Organizations (continued)**

San Bernardino Regional Water Resource Authority

In August 1998, the City entered into a joint powers agreement with the Inland Valley Development Agency (IVDA) and the San Bernardino Valley Municipal Water District (the District) to form the San Bernardino Regional Water Resources Authority (the Authority). The Authority was created primarily for the purpose of conducting a water resource and storage project. The Authority board is comprised of three members from the City, one member from IVDA and two from the District. The primary sources of funding are loans and grants. As of June 30, 2008, the outstanding balance due from the Authority is \$306,389. Additional financial information can be obtained by contacting the Authority at 201 North "E" Street, Third Floor, San Bernardino, CA 92401.

**Note 18: Consent Decree**

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

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

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

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

**Note 18: Consent Decree (continued)**

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

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

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

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

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

**Note 18: Consent Decree (continued)**

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

**Note 19: Other Retirement Plan (PARS)**

Effective January 1, 2004, pursuant to sections 4041(a) and 501(a) of the Internal Revenue Code, the City adopted a tax-qualified governmental defined benefit plan, the City of San Bernardino Public Agency Retirement System (PARS) – Retirement Enhancement Plan (the Plan). The Plan is administered by the City and was established to provide certain police safety or management employees employed as of January 1, 2004, meeting specific requirements as outlined in the Plan document, supplemental retirement benefits in addition to the benefits employees will receive from the Public Employees Retirement System (PERS). The Plan is entirely funded through City contributions amounting to 1.30% of employee salaries. The City's contributions to the plan amounted to \$392,159 in 2008 and \$364,068 in 2007.

**Note 20: Construction Commitments**

Commitments in the form of signed contracts for costs to complete construction projects or other improvements amounted to \$5,730,384 and \$6,370,307 at June 30, 2008 and June 30, 2007 respectively.

**Note 21: Net Assets**

The government-wide statement of net assets reports \$198,710,886 of restricted net assets, of which \$22,811,729 is restricted by enabling legislation.

**Note 22: Subsequent Events**

A number of financial institutions have reported financial difficulties as an indirect result of delinquencies associated with home mortgages. The full ramifications of this are not determinable at this time and it is not possible to determine with certainty all of the institutions that might be impacted by current market conditions, not the market conditions that might exist at the time that investments might be liquidated, if liquidated prior to maturity.

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

**Note 22: Subsequent Events (continued)**

As discussed further in Note 18 ("Consent Decree"), on March 17, 2006, the Department entered into a Guaranteed Investment Contract with AIG Match Funding Corporation. The Department invested \$16,482,039 of excess consent decree funds into an interest bearing Escrow Fund investment with an interest rate of 4.95% per annum. These funds were invested to pay for the costs associated with the water facilities defined in the Consent Decree for the years 2035-2056. An additional \$50 million was used to purchase a blended insurance policy to provide a financial vehicle that provides cost cap coverage for the first 30 years of those expenses.

Subsequent to June 30, 2008, AIG has experienced financial difficulties. Although specific concerns have not been raised with respect to the insurance programs of AIG, the terms of the Guaranteed Investment Contract only provide the Department with the position of a secured creditor with respect to an AIG bankruptcy. Given this concern, on October 9, 2008, the Department negotiated and accepted a "payout" of the Guaranteed Investment Contract in the amount of \$18,661,876 which represented the principal and accrued interest as of that date. The City is currently holding these funds in anticipation of reinvestment into an appropriate long-term investment vehicle.

**Note 23: Prior Period Adjustment**

Fund balance of the Economic Development Agency Capital Projects Fund has been restated to correct the recording of the accrual for compensated absences in the fund financial statements. The error had no effect on the government-wide financial statements.

*Economic Development Agency  
Capital Projects Fund*

Fund balance, beginning of year, as previously reported	\$ 69,747,522
Prior period adjustment	<u>348,603</u>
Fund balance, beginning of year, as restated	<u><u>\$ 70,096,125</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**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
<b>Total taxes</b>	<b>105,818,100</b>	<b>105,818,100</b>	<b>100,443,781</b>	<b>(5,374,319)</b>	<b>97,662,553</b>
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
Paramedic/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
<b>Total licenses and permits</b>	<b>9,644,500</b>	<b>9,870,500</b>	<b>10,122,997</b>	<b>252,497</b>	<b>11,140,659</b>
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
<b>Total fines and forfeitures</b>	<b>1,335,000</b>	<b>1,335,000</b>	<b>1,499,214</b>	<b>164,214</b>	<b>1,258,249</b>
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
<b>Total investment income</b>	<b>1,127,600</b>	<b>1,083,600</b>	<b>1,441,416</b>	<b>357,816</b>	<b>1,668,011</b>

**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 revenues	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)**

EXPENDITURES	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	1,780,591	289,576	917,697
Interest	3,373,900	4,268,133	2,219,639	2,048,494	3,396,857
Total debt service	6,305,400	6,338,300	4,000,230	2,338,070	4,314,554
Total expenditures	147,022,300	150,091,400	142,967,977	7,123,423	131,932,317
Excess of (deficiency) of revenues over (under) expenditures	(11,817,600)	(13,367,500)	(9,708,581)	3,658,919	(1,677,594)
<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)	(6,427,907)	(1,637,107)	(6,841,438)
Total other financing sources (uses)	4,853,300	4,293,400	7,264,977	2,971,577	3,009,502
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 Grants 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 of (deficiency) of revenues over (under) 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>	-	-
Net change in fund balance	(350,000)	(350,000)	570,085	920,085	232,550
Fund balance, beginning of year	<u>(1,354,040)</u>	<u>(1,354,040)</u>	<u>(1,354,040)</u>	-	<u>(1,586,590)</u>
Fund balance, 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**  
**Budgetary Comparison Schedule – Economic Development Agency Special Revenue 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	\$ 1,447,082	\$ 1,447,082	\$ 1,056,327	\$ (390,755)	\$ 1,422,880
Intergovernmental	13,568,976	13,568,976	7,487,962	(6,081,014)	8,293,708
Other revenues	-	-	617,204	617,204	424,200
<b>Total revenues</b>	<b>15,016,058</b>	<b>15,016,058</b>	<b>9,161,493</b>	<b>(5,854,565)</b>	<b>10,140,788</b>
<b>EXPENDITURES</b>					
Current:					
Community development					
Personnel salaries and benefits	488,103	488,103	478,852	9,251	441,083
Other	14,216,226	14,216,226	6,282,644	7,933,582	5,787,102
Economic development					
Personnel salaries and benefits	696,207	696,207	683,012	13,195	493,313
Other	20,949,802	20,949,802	6,254,517	14,695,285	4,517,393
Debt service – other:					
Principal	1,000,000	1,000,000	-	1,000,000	-
Interest and fiscal charges	1,702,000	1,702,000	-	1,702,000	-
<b>Total expenditures</b>	<b>39,052,338</b>	<b>39,052,338</b>	<b>13,699,025</b>	<b>25,353,313</b>	<b>11,238,891</b>
Excess of (deficiency) of revenues over (under) expenditures	(24,036,280)	(24,036,280)	(4,537,532)	19,498,748	(1,098,103)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	-	-	7,500,000
Transfers in	16,100,000	16,100,000	16,315,036	215,036	22,934,404
Transfers out	-	-	(2,763,063)	(2,763,063)	(2,578,679)
<b>Total other financing sources (uses)</b>	<b>16,100,000</b>	<b>16,100,000</b>	<b>13,551,973</b>	<b>(2,548,027)</b>	<b>27,855,725</b>
Net change in fund balance	(7,936,280)	(7,936,280)	9,014,441	16,950,721	26,757,622
Fund balance, beginning of year	55,728,459	55,728,459	55,728,459	-	28,970,837
Fund balance, end of year	<b>\$ 47,792,179</b>	<b>\$47,792,179</b>	<b>\$64,742,900</b>	<b>\$ 16,950,721</b>	<b>\$55,728,459</b>

**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.

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

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

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

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

**Required Supplementary Information**  
**City of San Bernardino**  
**Schedule of Funding Progress (in thousands)**  
**Miscellaneous and Safety Plan of the California Public Employees Retirement System**  
**For the year ended June 30, 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>	86.7%	<u>\$ 85,263</u>	101.7%
<b>6/30/2006</b>						
Miscellaneous	\$ 306,404	\$ 281,823	\$ 24,581	92.0%	\$ 47,912	51.3%
Safety	407,001	373,943	33,058	91.9%	40,445	81.7%
	<u>\$ 713,405</u>	<u>\$ 655,766</u>	<u>\$ 57,639</u>	91.9%	<u>\$ 88,357</u>	65.2%
<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>	90.8%	<u>\$ 94,122</u>	75.8%

**Required Supplementary Information**  
**City of San Bernardino**  
**Schedule of Funding Progress (in thousands)**  
**Other Postemployment Benefit Plans**  
**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>City</b>						
6/30/2007	\$ 60,158	\$ -	\$ 60,158	0.0%	\$ 79,135	76.0%
<b>Water Department</b>						
6/30/2008	\$ 26,190	\$ -	\$ 26,190	0.0%	\$ 13,169	189.9%
<b>Economic Development Agency</b>						
6/30/2008	\$ 749	\$ -	\$ 749	0.0%	\$ 1,763	42.5%

SUPPLEMENTARY SCHEDULES

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

	Special Revenue	Debt Service	Capital Projects	Totals	
				2008	2007
<b>ASSETS</b>					
Cash and investments	\$ 7,851,824	\$ 2,250,766	\$28,709,755	\$38,812,345	\$36,945,248
Cash and investments with fiscal agent	-	70,473	2	70,475	159,531
Receivables, net:					
Accounts	71,699	-	-	71,699	189,299
Interest	97,168	20,710	272,950	390,828	403,413
Special assessments	-	501,667	-	501,667	907,289
Due from other governments	2,736,106	5,713	523,654	3,265,473	1,935,884
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
<b>Total assets</b>	<b>\$12,590,238</b>	<b>\$ 2,849,329</b>	<b>\$29,844,031</b>	<b>\$45,283,598</b>	<b>\$41,017,735</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 218,073	\$ 6,725	\$ 1,547,846	\$ 1,772,644	\$ 2,148,800
Due to other funds	367,970	-	4,496,646	4,864,616	2,401,979
Retentions payable	39,666	-	406,785	446,451	238,813
Deferred revenues	347,983	501,667	306,420	1,156,070	1,401,816
Advances from other funds	-	246,000	900,000	1,146,000	2,925,500
Due to other governments	-	194,200	-	194,200	-
<b>Total liabilities</b>	<b>973,692</b>	<b>948,592</b>	<b>7,657,697</b>	<b>9,579,981</b>	<b>9,116,908</b>
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	21,848,663	33,840,240	29,737,560
<b>Total fund balances</b>	<b>11,616,546</b>	<b>1,900,737</b>	<b>22,186,334</b>	<b>35,703,617</b>	<b>31,900,827</b>
<b>Total liabilities and fund balances</b>	<b>\$12,590,238</b>	<b>\$ 2,849,329</b>	<b>\$29,844,031</b>	<b>\$45,283,598</b>	<b>\$41,017,735</b>

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

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

	Special Revenue	Debt Service	Capital Projects	Totals	
				2008	2007
<b>REVENUES</b>					
Taxes	\$ 66,655	\$ 186,543	\$ 1,013,351	\$ 1,266,549	\$ 1,575,558
Licenses and permits	383,314	-	610,202	993,516	1,358,919
Impact fees	-	-	5,268,475	5,268,475	3,450,896
Fines and forfeitures	2,381,460	-	-	2,381,460	1,924,759
Investment income	876,710	78,662	1,360,417	2,315,789	1,652,331
Intergovernmental revenues	7,486,621	-	4,927,408	12,414,029	10,441,486
Charges for services	4,377,319	-	2,698,815	7,076,134	7,249,569
Other revenues	320,721	-	868,142	1,188,863	1,403,809
Total revenues	<u>15,892,800</u>	<u>265,205</u>	<u>16,746,810</u>	<u>32,904,815</u>	<u>29,057,327</u>
<b>EXPENDITURES</b>					
Current:					
General government	582,257	30,927	-	613,184	584,886
Public safety	2,205,735	-	265,474	2,471,209	2,099,017
Streets	8,018,579	-	9,442,271	17,460,850	16,865,804
Culture and recreation	404,677	-	1,804,493	2,209,170	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	<u>15,619,603</u>	<u>250,863</u>	<u>11,512,238</u>	<u>27,382,704</u>	<u>24,955,109</u>
Excess (deficiency) of revenues over expenditures	<u>273,197</u>	<u>14,342</u>	<u>5,234,572</u>	<u>5,522,111</u>	<u>4,102,218</u>
<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)	<u>(2,205,157)</u>	<u>-</u>	<u>(1,070,164)</u>	<u>(3,275,321)</u>	<u>3,028,224</u>
<b>SPECIAL ITEM</b>					
Forgiveness of debt	<u>-</u>	<u>1,556,000</u>	<u>-</u>	<u>1,556,000</u>	<u>-</u>
Net change in fund balances	(1,931,960)	1,570,342	4,164,408	3,802,790	7,130,442
Fund balances (deficit), beginning of year	<u>13,548,506</u>	<u>330,395</u>	<u>18,021,926</u>	<u>31,900,827</u>	<u>24,770,385</u>
Fund balances (deficit), end of year	<u>\$11,616,546</u>	<u>\$ 1,900,737</u>	<u>\$22,186,334</u>	<u>\$35,703,617</u>	<u>\$31,900,827</u>

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

## **Nonmajor Special Revenue Funds**

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

### **Nonmajor Funds**

#### **Library**

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

#### **Cemetery**

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

#### **Cable TV**

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

#### **Asset Seizure**

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

#### **Alternative Transportation**

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

#### **Animal Control**

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

#### **Traffic Congestion**

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

#### **Special Gas Tax**

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

#### **Traffic Safety**

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

#### **Sewerline Maintenance**

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

#### **Sales and Road**

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

**Nonmajor Special Revenue Funds  
(Continued)**

**Baseball Stadium**

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

**Soccer Field**

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

**IVDA**

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

**Fire Station**

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

**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 (deficit)	8,342	45,353	-
Total liabilities and fund balances	<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>	<u>Traffic Safety</u>
\$ 502,676	\$ 64,661	\$ 875	\$ -	\$ 355,980	\$ -
-	-	47,925	-	-	-
5,086	595	-	11,237	-	-
1,216	63,984	121,463	-	1,183,678	185,672
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 508,978</u>	<u>\$ 129,240</u>	<u>\$ 170,263</u>	<u>\$ 11,237</u>	<u>\$ 1,539,658</u>	<u>\$ 185,672</u>
\$ 47,610	\$ 547	\$ 15,066	\$ -	\$ -	\$ -
-	-	155,156	8,230	-	185,67
-	-	-	-	-	-
-	-	-	-	-	-
<u>47,610</u>	<u>547</u>	<u>170,222</u>	<u>8,230</u>	<u>-</u>	<u>185,67</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>-</u>
<u>461,368</u>	<u>128,693</u>	<u>41</u>	<u>3,007</u>	<u>1,539,658</u>	<u>-</u>
<u>\$ 508,978</u>	<u>\$ 129,240</u>	<u>\$ 170,263</u>	<u>\$ 11,237</u>	<u>\$ 1,539,658</u>	<u>\$ 185,67</u>

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

	Sewerline Maintenance	Sales and Road	Baseball Stadium
<b>ASSETS</b>			
Cash and investments	\$ 2,211,424	\$ 3,537,773	\$ 96,425
Receivables, net:			
Accounts	12,453	-	-
Interest	30,837	32,162	1,692
Due from other governments	725,439	419,544	-
Due from other funds	1,348,667	-	-
Advances to other funds	484,774	-	-
	<u>4,813,594</u>	<u>3,989,479</u>	<u>98,117</u>
Total assets	<u>\$ 4,813,594</u>	<u>\$ 3,989,479</u>	<u>\$ 98,117</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 66,469	\$ 24,242	\$ 5,864
Due to other funds	-	-	-
Retentions payable	39,666	-	-
Deferred revenues	-	-	-
	<u>106,135</u>	<u>24,242</u>	<u>5,864</u>
Total liabilities	<u>106,135</u>	<u>24,242</u>	<u>5,864</u>
Fund balances:			
Reserved for:			
Encumbrances	453,300	-	-
Advances to other funds	484,774	-	-
Petty cash	-	-	-
Unreserved:			
Designated for continuing appropriations	242,600	-	11,400
Undesignated	3,526,785	3,965,237	80,853
	<u>4,707,459</u>	<u>3,965,237</u>	<u>92,253</u>
Total fund balances	<u>4,707,459</u>	<u>3,965,237</u>	<u>92,253</u>
	<u>\$ 4,813,594</u>	<u>\$ 3,989,479</u>	<u>\$ 98,117</u>
Total liabilities and fund balances	<u>\$ 4,813,594</u>	<u>\$ 3,989,479</u>	<u>\$ 98,117</u>

Soccer Field	IVDA	Fire Station	Totals	
			2008	2007
\$ 281,725	\$ 384,908	\$ 370,744	\$ 7,851,824	\$ 12,782,884
200	-	-	71,699	189,299
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>\$ 284,511</u>	<u>\$ 388,449</u>	<u>\$ 375,817</u>	<u>\$ 12,590,238</u>	<u>\$ 15,017,426</u>
\$ 23,643	\$ -	\$ 12,016	\$ 218,073	\$ 636,971
-	-	-	367,970	342,592
-	-	-	39,666	16,649
-	-	347,983	347,983	472,708
<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
46,600	-	-	300,600	90,500
<u>213,568</u>	<u>388,449</u>	<u>15,818</u>	<u>10,368,472</u>	<u>12,843,731</u>
<u>260,868</u>	<u>388,449</u>	<u>15,818</u>	<u>11,616,546</u>	<u>13,548,506</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**

	Library	Cemetery	Cable TV
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment income	-	22,766	-
Intergovernmental revenues	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	\$ 8,342	\$ 45,353	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>Asset Seizure</u>	<u>Alternative Transportation</u>	<u>Animal Control</u>	<u>Traffic Congestion</u>	<u>Special Gas Tax</u>	<u>Traffic Safety</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	383,314	-	-	-
-	-	84,529	-	-	2,296,931
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>	<u>2,296,931</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>-</u>
<u>121,883</u>	<u>154,127</u>	<u>(484,659)</u>	<u>(1,362,410)</u>	<u>3,427,613</u>	<u>2,296,931</u>
-	-	484,000	-	-	-
-	(140,000)	-	-	(2,910,000)	(2,296,931)
-	(140,000)	484,000	-	(2,910,000)	(2,296,931)
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>	<u>\$ -</u>

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

	Sewerline Maintenance	Sales and Road	Baseball Stadium
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment income	209,892	180,145	4,691
Intergovernmental revenues	-	3,275,033	-
Charges for services	3,042,121	-	-
Other revenues	11,597	-	81,453
	<hr/>	<hr/>	<hr/>
Total revenues	3,263,610	3,455,178	86,144
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets	3,840,729	2,567,744	-
Culture and recreation	-	-	75,816
Community service	-	-	-
Debt service:			
Principal	-	1,009,887	-
Interest	-	127,007	-
	<hr/>	<hr/>	<hr/>
Total expenditures	3,840,729	3,704,638	75,816
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(577,119)	(249,460)	10,328
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(250,000)	(250,000)	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(250,000)	(250,000)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(827,119)	(499,460)	10,328
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	5,534,578	4,464,697	81,925
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 4,707,459	\$ 3,965,237	\$ 92,253
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Soccer Field	IVDA	Fire Station	Totals	
			2008	2007
\$ -	\$ -	\$ 66,655	\$ 66,655	\$ 29,987
-	-	-	383,314	359,708
-	-	-	2,381,460	1,924,759
352,829	13,239	13,445	876,710	762,153
-	-	-	7,486,621	8,872,522
71,983	-	-	4,377,319	4,474,831
-	-	-	320,721	442,457
<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
328,861	-	-	404,677	535,733
-	-	-	3,164,561	3,048,953
-	-	-	1,116,787	106,900
-	-	-	127,007	30,000
<u>328,861</u>	<u>-</u>	<u>-</u>	<u>15,619,603</u>	<u>12,717,922</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)
95,951	13,239	(24,900)	(1,931,960)	2,446,109
<u>164,917</u>	<u>375,210</u>	<u>40,718</u>	<u>13,548,506</u>	<u>11,102,397</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 Balance – 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	-
Total revenues	<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
Total expenditures	<u>3,037,300</u>	<u>2,983,878</u>	<u>53,422</u>	<u>2,884,880</u>
Excess (deficiency) of revenues over (under) 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
Total other financing sources (uses)	<u>2,845,000</u>	<u>2,762,900</u>	<u>(82,100)</u>	<u>2,687,300</u>
Net change in fund balance	(800)	8,067	8,867	(9,825)
Fund balance, beginning of year	<u>275</u>	<u>275</u>	<u>-</u>	<u>10,100</u>
Fund balance, 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 Balance – 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 balance	7,100	7,780	680	23,979
Fund balance, beginning of year	<u>37,573</u>	<u>37,573</u>	<u>-</u>	<u>13,594</u>
Fund balance, 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 Balance – 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 (under) 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 balance	(114,600)	(6,400)	108,200	(8,008)
Fund balance, beginning of year	6,400	6,400	-	14,408
Fund balance, end of year	\$ (108,200)	\$ -	\$ 108,200	\$ 6,400

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Asset Seizure Fund**  
**For the year ended June 30, 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 revenues	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 balance	(225,400)	121,883	347,283	114,985
Fund balance, beginning of year	<u>339,485</u>	<u>339,485</u>	<u>-</u>	<u>224,500</u>
Fund balance, 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 Balance – 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 revenues	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 balance	(11,300)	14,127	25,427	29,919
Fund balance, beginning of year	114,566	114,566	-	84,647
Fund balance, 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 Balance – 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 (under) 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	599,600	484,000	(115,600)	350,335
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 balance	-	(659)	(659)	(14,147)
Fund balance, beginning of year	<u>700</u>	<u>700</u>	<u>-</u>	<u>14,847</u>
Fund balance, 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 Balance – 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 balance	(1,034,500)	(1,362,410)	(327,910)	981,777
Fund balance, beginning of year	1,365,417	1,365,417	-	383,640
Fund balance, end of year	<u>\$ 330,917</u>	<u>\$ 3,007</u>	<u>\$ (327,910)</u>	<u>\$ 1,365,417</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Special Gas Tax Fund**  
**For the year ended June 30, 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 revenues	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 (under) 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 balance	(1,021,700)	517,613	1,539,313	(124,679)
Fund balance, beginning of year	1,022,045	1,022,045	-	1,146,724
Fund balance, 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 Balance – 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 (under) 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 balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**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 (under) 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 balance	(6,377,800)	(827,119)	5,550,681	778,244
Fund balance, beginning of year	<u>5,534,578</u>	<u>5,534,578</u>	<u>-</u>	<u>4,756,334</u>
Fund balance, end of year	<u>\$ (843,222)</u>	<u>\$ 4,707,459</u>	<u>\$ 5,550,681</u>	<u>\$ 5,534,578</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Sales and Road Fund**  
**For the year ended June 30, 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 revenues	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 (under) 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 balance	(3,777,800)	(499,460)	3,278,340	567,189
Fund balance, beginning of year	<u>4,464,697</u>	<u>4,464,697</u>	<u>-</u>	<u>3,897,508</u>
Fund balance, 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 Balance – 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 (under) 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 balance	(4,400)	10,328	14,728	73,373
Fund balance, beginning of year	81,925	81,925	-	8,552
Fund balance, 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 Balance – 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 balance	(40,700)	95,951	136,651	(18,760)
Fund balance, beginning of year	<u>164,917</u>	<u>164,917</u>	<u>-</u>	<u>183,677</u>
Fund balance, 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 Balance – 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 balance	-	13,239	13,239	11,344
Fund balance, beginning of year	375,210	375,210	-	363,866
Fund balance, 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 Balance – 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 earnings	-	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 (under) 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 balance	(32,700)	(24,900)	7,800	40,718
Fund balance, beginning of year	<u>40,718</u>	<u>40,718</u>	<u>-</u>	<u>-</u>
Fund balance, 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 # 985**

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

#### **Assessment District # 987**

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

#### **Assessment District #1015**

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

#### **Fire Station**

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

#### **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.

### **Major Fund**

#### **Economic Development Agency**

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

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

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

Assessment District #1015	Fire Station	Verdemont Improvement Loan	Totals	
			2008	2007
\$ 1,180	\$ 766,516	\$ 1,272,972	\$ 2,250,766	\$ 1,021,854
-	-	-	70,473	82,240
10	7,054	11,714	20,710	10,469
435,149	-	-	501,667	592,189
3,859	-	-	5,713	7,157
<u>\$ 440,198</u>	<u>\$ 773,570</u>	<u>\$ 1,284,686</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)	773,570	1,284,686	1,623,105	(467,126)
(435,151)	773,570	1,284,686	1,900,737	645,495
<u>\$ 440,198</u>	<u>\$ 773,570</u>	<u>\$ 1,284,686</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**

	Assessment District #985	Assessment District #987
<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 revenue 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	Fire Station	Verdemont Improvement Loan	Totals	
			2008	2007
\$ 73,541 475	\$ - 26,836	\$ - 43,786	\$ 186,543 78,662	\$ 344,205 33,360
74,016	26,836	43,786	265,205	377,565
13,871	-	-	30,927	31,626
- 28,170	38,500 39,175	- -	123,500 96,436	112,408 124,894
42,041	77,675	-	250,863	268,928
31,975	(50,839)	43,786	14,342	108,637
-	-	-	-	(4,587)
-	-	-	-	(4,587)
-	-	1,556,000	1,556,000	-
31,975	(50,839)	1,599,786	1,570,342	104,050
(467,126)	824,409	(315,100)	330,395	541,445
<u>\$ (435,151)</u>	<u>\$ 773,570</u>	<u>\$ 1,284,686</u>	<u>\$ 1,900,737</u>	<u>\$ 645,495</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Assessment District #985 Fund**  
**For the year ended June 30, 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 balance	(200)	(1,796)	(1,596)	15,675
Fund balance, beginning of year	<u>177,672</u>	<u>177,672</u>	<u>-</u>	<u>161,997</u>
Fund balance, 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 Balance – 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 balance	(2,900)	(8,784)	(5,884)	2,945
Fund balance, beginning of year	<u>110,540</u>	<u>110,540</u>	<u>-</u>	<u>107,595</u>
Fund balance, end of year	<u><u>\$ 107,640</u></u>	<u><u>\$ 101,756</u></u>	<u><u>\$ (5,884)</u></u>	<u><u>\$ 110,540</u></u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Assessment District #1015 Fund**  
**For the year ended June 30, 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 balance	25,900	31,975	6,075	11,102
Fund balance (deficit) , beginning of year	<u>(467,126)</u>	<u>(467,126)</u>	<u>-</u>	<u>(478,228)</u>
Fund balance (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 Balance – 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 balance	27,200	(50,839)	(78,039)	87,464
Fund balance, beginning of year	<u>824,409</u>	<u>824,409</u>	<u>-</u>	<u>736,945</u>
Fund balance, 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>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Verdemont Improvement Loan Fund**  
**For the year ended June 30, 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 (under) 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 balance	(317,200)	1,599,786	1,916,986	434,925
Fund balance, beginning of year	(315,100)	(315,100)	-	(750,025)
Fund balance, 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 Balance – Budget and Actual**  
**Economic Development Agency Debt Service 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	\$ 3,094,007	\$ 3,094,007	\$ 288,587	\$ (2,805,420)	\$ 2,345,710
Total revenues	<u>3,094,007</u>	<u>3,094,007</u>	<u>288,587</u>	<u>(2,805,420)</u>	<u>2,345,710</u>
<b>EXPENDITURES</b>					
Debt service – other:					
Principal	-	6,095,001	7,360,000	(1,264,999)	7,449,999
Interest	15,115,007	10,170,106	10,258,765	(88,659)	10,684,197
Total expenditures	<u>15,115,007</u>	<u>16,265,107</u>	<u>17,618,765</u>	<u>(1,353,658)</u>	<u>18,134,196</u>
Excess of (deficiency) of revenues over (under) expenditures	<u>(12,021,000)</u>	<u>(13,171,100)</u>	<u>(17,330,178)</u>	<u>(4,159,078)</u>	<u>(15,788,486)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	12,021,000	13,171,100	16,961,642	3,790,542	17,040,438
Transfers out	<u>-</u>	<u>-</u>	<u>(9,536,081)</u>	<u>(9,536,081)</u>	<u>(16,970,000)</u>
Total other financing sources (uses)	<u>12,021,000</u>	<u>13,171,100</u>	<u>7,425,561</u>	<u>(5,745,539)</u>	<u>70,438</u>
Net change in fund balance	-	-	(9,904,617)	(9,904,617)	(15,718,048)
Fund balance, beginning of year	<u>33,851,956</u>	<u>33,851,956</u>	<u>33,851,956</u>	<u>-</u>	<u>49,570,004</u>
Fund balance, end of year	<u>\$ 33,851,956</u>	<u>\$ 33,851,956</u>	<u>\$ 23,947,339</u>	<u>\$ (9,904,617)</u>	<u>\$33,851,956</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.

#### **CIEDB Street Construction**

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

#### **Fire Equipment Acquisition**

For acquisition of fire equipment from lease proceeds.

#### **Park Construction Fee**

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

#### **Cemetery Construction**

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

#### **Sewerline Construction**

For construction of sewer collection systems from development revenues.

#### **Storm Drain Construction**

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

#### **Special Assessments**

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

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

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

#### **Traffic Systems**

For construction of traffic systems from development fees.

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

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

#### **Assessment District #1015**

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

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

### **Impact Fees**

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

### **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.

### **Public Improvements**

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

### **Prop 1b Local Street**

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**

#### **Economic Development Agency**

A combined report of revenues and expenditures for all redevelopment projects authorized under provisions of the California Community Redevelopment Law. Principal sources of funding for these projects are property tax increment, bond proceeds and developer advances.

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

	Public Park Extension	CIEDB Street Construction	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>\$ -</u>	<u>\$ 771,354</u>	<u>\$ 365,008</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 174,712	\$ 2,342	\$ 156,884
Due to other funds	-	2,052,845	-	-
Retentions payable	-	-	-	2,989
Deferred revenues	-	-	-	-
Advance from other funds	-	-	-	-
	<u>-</u>	<u>2,227,557</u>	<u>2,342</u>	<u>159,873</u>
Fund balances (deficit):				
Reserved for:				
Advances to other funds	-	-	-	-
Sewer capacity rights	-	-	-	-
Unreserved:				
Undesignated	4,538	(2,227,557)	769,012	205,135
	<u>4,538</u>	<u>(2,227,557)</u>	<u>769,012</u>	<u>205,135</u>
Total fund balances	<u>4,538</u>	<u>(2,227,557)</u>	<u>769,012</u>	<u>205,135</u>
Total liabilities and fund balances	<u>\$ 4,538</u>	<u>\$ -</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	Impact Fees	Street Construction
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 32,391	\$ 9,175,070	\$ -
Cash and investments with fiscal agents	-	-	-	-
Receivables, net:				
Interest	-	298	83,433	-
Due from other governments	988	-	-	469,793
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
	<u>988</u>	<u>32,689</u>	<u>9,258,503</u>	<u>469,793</u>
Total assets	<u>\$ 988</u>	<u>\$ 32,689</u>	<u>\$ 9,258,503</u>	<u>\$ 469,793</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 68,043	\$ 391,040
Due to other funds	988	-	-	2,442,799
Retentions payable	-	-	-	56,385
Deferred revenues	-	-	-	306,420
Advance from other funds	-	-	-	900,000
	<u>988</u>	<u>-</u>	<u>68,043</u>	<u>4,096,644</u>
Total liabilities	<u>988</u>	<u>-</u>	<u>68,043</u>	<u>4,096,644</u>
Fund balances (deficit):				
Reserved for:				
Advances to other funds	-	-	-	-
Sewer capacity rights	-	-	-	-
Unreserved:				
Undesignated	-	32,689	9,190,460	(3,626,851)
	<u>-</u>	<u>32,689</u>	<u>9,190,460</u>	<u>(3,626,851)</u>
Total fund balances	<u>-</u>	<u>32,689</u>	<u>9,190,460</u>	<u>(3,626,851)</u>
Total liabilities and fund balances	<u>\$ 988</u>	<u>\$ 32,689</u>	<u>\$ 9,258,503</u>	<u>\$ 469,793</u>

Public Improvements	Prop 1b Local Street	Totals	
		2008	2007
\$ 3,173,478	\$ 3,314,342	\$ 28,709,755	\$ 21,912,195
-	-	2	77,291
29,220	30,488	272,950	246,166
-	-	523,654	148,877
-	-	123,000	131,200
-	-	214,670	214,671
<u>\$ 3,202,698</u>	<u>\$ 3,344,830</u>	<u>\$ 29,844,031</u>	<u>\$ 22,730,400</u>
\$ 259,767	\$ 299,783	\$ 1,547,846	\$ 1,505,104
-	-	4,496,646	2,059,387
286,567	-	406,785	222,164
-	-	306,420	21,819
-	-	900,000	900,000
<u>546,334</u>	<u>299,783</u>	<u>7,657,697</u>	<u>4,708,474</u>
-	-	123,000	131,200
-	-	214,671	214,671
<u>2,656,364</u>	<u>3,045,047</u>	<u>21,848,663</u>	<u>17,676,055</u>
<u>2,656,364</u>	<u>3,045,047</u>	<u>22,186,334</u>	<u>18,021,926</u>
<u>\$ 3,202,698</u>	<u>\$ 3,344,830</u>	<u>\$ 29,844,031</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	CIEDB Street Construction	Fire Equipment Acquisition	Park Construction Fee
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Impact fees	-	-	-	-
Investment income	154	-	-	26,207
Intergovernmental revenues	-	-	-	50,145
Charges for services	-	-	-	70
Other revenues	-	-	863,329	-
<b>Total revenues</b>	<b>154</b>	<b>-</b>	<b>863,329</b>	<b>76,422</b>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	155,562	-
Streets	-	558,247	-	-
Culture and recreation	-	-	-	1,434,568
<b>Total expenditures</b>	<b>-</b>	<b>558,247</b>	<b>155,562</b>	<b>1,434,568</b>
Excess (deficiency) of revenues over (under) expenditures	154	(558,247)	707,767	(1,358,146)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(50,100)	-
Issuance of debt	-	-	17,805	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(32,295)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>154</b>	<b>(558,247)</b>	<b>675,472</b>	<b>(1,358,146)</b>
Fund balances (deficit), beginning of year	4,384	(1,669,310)	93,540	1,563,281
Fund balances (deficit), end of year	<u>\$ 4,538</u>	<u>\$(2,227,557)</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>
<u>5,418</u>	<u>(351,053)</u>	<u>2,171,436</u>	<u>50,296</u>	<u>41,554</u>	<u>(164,264)</u>
<u>44,406</u>	<u>5,167,163</u>	<u>3,327,600</u>	<u>351,782</u>	<u>1,145,657</u>	<u>347,502</u>
<u>\$ 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	Impact Fees	Street Construction
<b>REVENUES</b>				
Taxes	\$ 3,169	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Impact fees	-	-	5,268,475	-
Investment income	-	1,114	413,627	-
Intergovernmental revenues	-	-	-	1,505,272
Charges for services	-	-	-	-
Other revenues	-	-	-	4,813
Total revenues	<u>3,169</u>	<u>1,114</u>	<u>5,682,102</u>	<u>1,510,085</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	109,912	-
Streets	-	-	183,080	3,412,754
Culture and recreation	-	-	369,925	-
Total expenditures	<u>-</u>	<u>-</u>	<u>662,917</u>	<u>3,412,754</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,169</u>	<u>1,114</u>	<u>5,019,185</u>	<u>(1,902,669)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(3,169)	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>(3,169)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	1,114	5,019,185	(1,902,669)
Fund balances (deficit), beginning of year	<u>-</u>	<u>31,575</u>	<u>4,171,275</u>	<u>(1,724,182)</u>
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ 32,689</u>	<u>\$ 9,190,460</u>	<u>\$ (3,626,851)</u>

Public Improvements	Prop 1b Local Street	Totals	
		2008	2007
\$ -	\$ -	\$ 1,013,351	\$ 810,011
-	-	610,202	999,211
-	-	5,268,475	3,450,896
161,335	99,565	1,360,417	813,248
-	3,297,446	4,927,408	1,568,964
-	-	2,698,815	2,774,738
-	-	868,142	961,352
<u>161,335</u>	<u>3,397,011</u>	<u>16,746,810</u>	<u>11,378,420</u>
-	-	265,474	210,520
2,672,224	351,964	9,442,271	10,311,225
-	-	1,804,493	1,446,514
<u>2,672,224</u>	<u>351,964</u>	<u>11,512,238</u>	<u>11,968,259</u>
<u>(2,510,889)</u>	<u>3,045,047</u>	<u>5,234,572</u>	<u>(589,839)</u>
-	-	(1,087,969)	(783,118)
-	-	17,805	5,518,315
<u>-</u>	<u>-</u>	<u>(1,070,164)</u>	<u>4,735,197</u>
<u>(2,510,889)</u>	<u>3,045,047</u>	<u>4,164,408</u>	<u>4,145,358</u>
<u>5,167,253</u>	<u>-</u>	<u>18,021,926</u>	<u>13,876,568</u>
<u>\$ 2,656,364</u>	<u>\$ 3,045,047</u>	<u>\$ 22,186,334</u>	<u>\$ 18,021,926</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Public Park Extension Fund**  
**For the year ended June 30, 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 balance	-	154	154	130
Fund balance, beginning of year	4,384	4,384	-	4,254
Fund balance, end of year	\$ 4,384	\$ 4,538	\$ 154	\$ 4,384

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**CIEDB Street Construction**  
**For the year ended June 30, 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 (under) 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 source (uses)	-	-	-	5,450,237
Net change in fund balance	(2,662,100)	(558,247)	2,103,853	1,170,451
Fund balance (deficit), beginning of year	(1,669,310)	(1,669,310)	-	(2,839,761)
Fund balance (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 Balance - Budget and Actual**  
**Fire Equipment Acquisition Fund**  
**For the year ended June 30, 2008**

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

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Park Construction Fee Fund**  
**For the year ended June 30, 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 balance	(2,234,300)	(1,358,146)	876,154	42,787
Fund balance, beginning of year	1,563,281	1,563,281	-	1,520,494
Fund balance, end of year	<b>\$ (671,019)</b>	<b>\$ 205,135</b>	<b>\$ 876,154</b>	<b>\$ 1,563,281</b>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Cemetery Construction Fund**  
**For the year ended June 30, 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 balance	(9,800)	5,418	15,218	5,068
Fund balance, beginning of year	44,406	44,406	-	39,338
Fund balance, end of year	\$ 34,606	\$ 49,824	\$ 15,218	\$ 44,406

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Sewerline Construction Fund**  
**For the year ended June 30, 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 (under) 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 balance	(4,632,200)	(351,053)	4,281,147	250,476
Fund balance, beginning of year	5,167,163	5,167,163	-	4,916,687
Fund balance, 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 Balance - 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 (under) 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 balance	(1,190,600)	2,171,436	3,362,036	772,952
Fund balance, beginning of year	3,327,600	3,327,600	-	2,554,648
Fund balance, 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 Balance - 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 balance	-	50,296	50,296	125,193
Fund balance, beginning of year	351,782	351,782	-	226,589
Fund balance, end of year	\$ 351,782	\$ 402,078	\$ 50,296	\$ 351,782

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Cultural Development Construction Fee Fund**  
**For the year ended June 30, 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 balance	108,800	41,554	(67,246)	673,265
Fund balance, beginning of year	1,145,657	1,145,657	-	472,392
Fund balance, 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 Balance - 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 (under) 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>
Net change in fund balance	(877,700)	(164,264)	713,436	(887,823)
Fund balance, beginning of year	347,502	347,502	-	1,235,325
Fund balance, end of year	<u>\$ (530,198)</u>	<u>\$ 183,238</u>	<u>\$ 713,436</u>	<u>\$ 347,502</u>

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Street Lighting/Sweeping Fund**  
**For the year ended June 30, 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 balance	(8,000)	-	8,000	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ (8,000)	\$ -	\$ 8,000	\$ -

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Assessment District #1015 Fund**  
**For the year ended June 30, 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 balance	-	1,114	1,114	955
Fund balance, beginning of year	31,575	31,575	-	30,620
Fund balance, end of year	\$ 31,575	\$ 32,689	\$ 1,114	\$ 31,575

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Impact Fees Fund**  
**For the year ended June 30, 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 balance	1,440,100	5,019,185	3,579,085	3,316,869
Fund balance, beginning of year	<u>4,171,275</u>	<u>4,171,275</u>	<u>-</u>	<u>854,406</u>
Fund balance, end of year	<u>\$ 5,611,375</u>	<u>\$ 9,190,460</u>	<u>\$ 3,579,085</u>	<u>\$ 4,171,275</u>

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

	Final budget	Actual amounts	Variance with final budget	Prior year actual
<b>REVENUES</b>				
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 (under) 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 balance	237,900	(1,902,669)	(2,140,569)	(551,483)
Fund balance, beginning of year	<u>(1,724,182)</u>	<u>(1,724,182)</u>	<u>-</u>	<u>(1,172,699)</u>
Fund balance, 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 Balance - 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 balance	(4,447,600)	(2,510,889)	1,936,711	(841,560)
Fund balance, beginning of year	5,167,253	5,167,253	-	6,008,813
Fund balance, end of year	\$ 719,653	\$ 2,656,364	\$ 1,936,711	\$ 5,167,253

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - 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 - other	3,937,000	351,964	3,585,036	-
Total expenditures	3,937,000	351,964	3,585,036	-
Net change in fund balance	(765,100)	3,045,047	3,810,147	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ (765,100)	\$ 3,045,047	\$ 3,810,147	\$ -

**City of San Bernardino**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Economic Development Agency Capital Projects 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	\$27,681,400	\$27,681,400	\$33,894,719	\$ 6,213,319	\$29,822,071
Investment income	2,640,040	2,640,040	3,311,579	671,539	2,881,137
Other	1,329,628	1,329,628	738,619	(591,009)	3,103,022
<b>Total revenues</b>	<b>31,651,068</b>	<b>31,651,068</b>	<b>37,944,917</b>	<b>6,293,849</b>	<b>35,806,230</b>
<b>EXPENDITURES</b>					
Current:					
Economic development:					
Personnel salaries and benefits	2,465,782	2,404,218	910,619	1,493,599	419,075
Other	27,937,912	27,240,378	10,317,541	16,922,837	4,748,223
Debt service – other:					
Principal	-	573,548	378,306	195,242	362,414
Interest and fiscal charges	1,318,500	627,952	444,631	183,321	440,241
<b>Total expenditures</b>	<b>31,722,194</b>	<b>30,846,096</b>	<b>12,051,097</b>	<b>18,794,999</b>	<b>5,969,953</b>
Excess (deficiency) of revenues over (under) expenditures	(71,126)	804,972	25,893,820	25,088,848	29,836,277
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	-	-	606,637
Transfers in	17,628,406	17,902,408	-	(17,902,408)	-
Transfers out	(17,557,280)	(18,707,380)	(18,847,301)	(139,921)	(18,140,556)
<b>Total other financing sources (uses)</b>	<b>71,126</b>	<b>(804,972)</b>	<b>(18,847,301)</b>	<b>(18,042,329)</b>	<b>(17,533,919)</b>
Net change in fund balance	-	-	7,046,519	7,046,519	12,302,358
Fund balance, beginning of year	70,096,125	70,096,125	70,096,125	-	57,793,767
Fund balance, end of year	<b>\$70,096,125</b>	<b>\$70,096,125</b>	<b>\$77,142,644</b>	<b>\$ 7,046,519</b>	<b>\$70,096,125</b>

## **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
Inventories	-	-	-	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	-	180,082	13,243	339,432
Due to other funds	-	-	-	-
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	-
-	-	14,970	-	14,970	2,344,814
-	361,774	-	-	361,774	321,171
-	-	-	-	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	255,889	3,929,690	3,244,500	9,650,050
<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	149,783	2,720,087	1,895,544	9,446,831
Operating income (loss)	106,106	1,209,603	1,348,956	203,219
<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)	-	2,826	171,086	2,140
Income before contributions and transfers	106,106	1,212,429	1,520,042	205,359
Transfers in	-	29,400	13,800	442,700
Transfers out	-	-	-	-
Change in net assets	106,106	1,241,829	1,533,842	648,059
Net assets (deficit), beginning of year	153,104	(8,972,210)	(3,018,300)	1,650,138
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 loans	-	-	(3,615,951)	(316,895)
Net cash provided by (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)
<u>(471,369)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,404,215)</u>	<u>-</u>
<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)
<u>-</u>	<u>(591,518)</u>	<u>(134,306)</u>	<u>-</u>	<u>(2,055,158)</u>	<u>(2,418,737)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,070</u>	<u>114,562</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,070</u>	<u>114,562</u>
(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)
Inventories	-	-	-	(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 # 961**

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

### **Assessment District # 977A**

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

### **Assessment District # 977B**

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

### **Assessment District # 1003**

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

### **Industrial Revenue Bonds**

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

### **Community Facilities District #995**

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

### **Special Deposits**

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

### **Cemetery Perpetual Care**

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

### **Payroll Trust Fund**

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

### **San Bernardino Regional Water Resource Authority**

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

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

	Assessment District #961	Assessment District #977A	Assessment District #977B	Assessment District #1003	Industrial Revenue Bonds
<b>ASSETS</b>					
Cash and investments	\$ 354,524	\$ 2,456	\$ 2,243	\$ 240,542	\$ 69,351
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	-
<b>Total assets</b>	<b>\$ 357,787</b>	<b>\$ 154,377</b>	<b>\$ 245,867</b>	<b>\$ 245,339</b>	<b>\$ 69,351</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	69,351
Due to bondholders	357,787	154,377	245,867	245,339	-
<b>Total liabilities</b>	<b>\$ 357,787</b>	<b>\$ 154,377</b>	<b>\$ 245,867</b>	<b>\$ 245,339</b>	<b>\$ 69,351</b>

Community Facilities District #995	Special Deposits	Cemetery Perpetual Care	Payroll Trust Fund	San Bernardino Regional Water Resource Authority	Totals	
					2008	2007
\$ 3,295	\$ 6,814,308	\$ 657,024	\$ 2,610,997	\$ 75,404	\$10,830,144	\$11,393,304
-	-	-	-	-	390,522	464,032
-	89,475	-	-	-	89,475	85,654
30	5,490	-	-	-	11,039	7,107
-	247,567	-	-	-	255,131	40,411
<u>\$ 3,325</u>	<u>7,156,840</u>	<u>\$ 657,024</u>	<u>\$ 2,610,997</u>	<u>\$ 75,404</u>	<u>\$11,576,311</u>	<u>\$11,990,508</u>
\$ -	\$ -	\$ -	\$ 184,433	\$ -	\$ 184,433	\$ 97,398
3,325	7,156,840	657,024	2,426,564	75,404	10,388,508	10,920,117
-	-	-	-	-	1,003,370	972,993
<u>\$ 3,325</u>	<u>\$ 7,156,840</u>	<u>\$ 657,024</u>	<u>\$ 2,610,997</u>	<u>\$ 75,404</u>	<u>\$11,576,311</u>	<u>\$11,990,508</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 # 971</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 bondholders	\$ 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 bondholders	\$ 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 bondholders	\$ 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>

**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 bondholders	\$ 235,868	\$ 98,929	\$ 89,548	\$ 245,339
Total liabilities	<u>\$ 235,868</u>	<u>\$ 98,929</u>	<u>\$ 89,548</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	\$ 69,351	\$ -	\$ -	\$ 69,351
Total liabilities	<u>\$ 69,351</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	\$ 4,707	\$ 180	\$ 1,562	\$ 3,325
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>

**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>Payroll Trust Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 1,866,694	\$124,138,428	\$ 123,394,125	\$ 2,610,997
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>
<b>San Bernardino Regional Water Resource Authority</b>				
<b>Assets</b>				
Cash and investments	\$ 84,480	\$ -	\$ 9,076	\$ 75,404
Total assets	<u>\$ 84,480</u>	<u>\$ -</u>	<u>\$ 9,076</u>	<u>\$ 75,404</u>
<b>Liabilities</b>				
Deposits payable	\$ 84,480	\$ -	\$ 9,076	\$ 75,404
Total liabilities	<u>\$ 84,480</u>	<u>\$ -</u>	<u>\$ 9,076</u>	<u>\$ 75,404</u>
<b>TOTALS – ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and investments	\$11,477,784	\$ 133,215,161	\$133,862,801	\$ 10,830,144
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
Total assets	<u>\$11,990,508</u>	<u>\$ 133,720,264</u>	<u>\$134,134,461</u>	<u>\$ 11,576,311</u>
<b>Liabilities</b>				
Accounts payable	\$ 97,398	\$ 184,433	\$ 97,398	\$ 184,433
Deposits payable	10,920,117	133,098,397	133,630,006	10,388,508
Due to bondholders	972,993	437,434	407,057	1,003,370
Total liabilities	<u>\$11,990,508</u>	<u>\$ 133,720,264</u>	<u>\$134,134,461</u>	<u>\$ 11,576,311</u>

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## STATISTICAL SECTION

This part of the City of San Bernardino Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	202
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	207
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.</i>	210
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	215
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report is related to the services it provides and the activities it performs.</i>	217

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Governmental activities:</b>							
Invested in capital assets, net of related debt	191,503,293	159,997,876	161,342,293	165,342,311	446,214,267	439,241,654	457,017,602
Restricted	43,125,990	44,041,492	96,428,026	113,377,790	135,155,865	172,975,182	189,545,448
Unrestricted	<u>(92,652,892)</u>	<u>(83,153,847)</u>	<u>(134,736,718)</u>	<u>(139,222,042)</u>	<u>(190,675,069)</u>	<u>(206,382,426)</u>	<u>(234,036,937)</u>
<b>Total governmental activities net assets</b>	<u><u>141,976,391</u></u>	<u><u>120,885,521</u></u>	<u><u>123,033,601</u></u>	<u><u>139,498,059</u></u>	<u><u>390,695,063</u></u>	<u><u>405,834,410</u></u>	<u><u>412,526,113</u></u>
<b>Business-type activities:</b>							
Invested in capital assets, net of related debt	130,804,501	132,932,983	142,833,962	153,245,960	176,245,295	188,668,410	196,936,845
Restricted	6,079,305	8,719,489	12,532,379	20,007,026	24,859,169	27,280,333	24,205,033
Unrestricted	<u>33,884,563</u>	<u>36,022,815</u>	<u>33,748,855</u>	<u>37,167,934</u>	<u>25,605,996</u>	<u>27,222,676</u>	<u>29,950,674</u>
<b>Total business-type activities net assets</b>	<u><u>170,768,369</u></u>	<u><u>177,675,287</u></u>	<u><u>189,115,196</u></u>	<u><u>210,420,920</u></u>	<u><u>226,710,460</u></u>	<u><u>243,171,419</u></u>	<u><u>251,092,552</u></u>
<b>Primary government:</b>							
Invested in capital assets, net of related debt	322,307,794	292,930,859	304,176,255	318,588,271	622,459,562	627,910,064	653,954,447
Restricted	49,205,295	52,760,981	108,960,405	133,384,816	160,015,034	200,255,515	213,750,481
Unrestricted	<u>(58,768,329)</u>	<u>(47,131,032)</u>	<u>(100,987,863)</u>	<u>(102,054,108)</u>	<u>(165,069,073)</u>	<u>(179,159,750)</u>	<u>(204,086,263)</u>
<b>Total primary government net assets</b>	<u><u>312,744,760</u></u>	<u><u>298,560,808</u></u>	<u><u>312,148,797</u></u>	<u><u>349,918,979</u></u>	<u><u>617,405,523</u></u>	<u><u>649,005,829</u></u>	<u><u>663,618,665</u></u>

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

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

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Expenses:</b>							
<b>Governmental activities:</b>							
General Government	20,324,940	10,110,920	21,656,283	24,808,713	23,892,333	27,262,344	28,690,682
Public Safety	66,107,141	71,475,265	74,407,316	80,039,649	136,667,148	93,515,654	101,494,843
Streets	12,345,936	12,349,490	14,669,079	13,891,216	27,057,006	27,069,798	29,851,158
Culture and Recreation	6,126,953	6,691,192	7,169,744	7,161,720	6,982,538	7,641,107	9,008,014
Community Development	1,824,993	6,065,117	8,884,530	12,687,620	8,346,669	9,035,671	7,280,167
Economic Development	17,593,672	20,259,952	24,495,651	18,044,434	13,049,495	10,484,282	18,262,699
Community Service	8,731,557	11,133,083	11,482,351	2,137,139	8,721,633	7,859,979	7,900,685
Interest on long-term debt	13,060,843	13,031,339	14,163,424	9,139,110	13,196,169	14,091,476	13,486,264
Total governmental activities expenses	<u>146,116,035</u>	<u>151,116,358</u>	<u>176,928,378</u>	<u>167,909,601</u>	<u>237,912,991</u>	<u>196,960,311</u>	<u>215,974,512</u>
<b>Business-type activities:</b>							
Refuse	15,697,689	15,040,394	16,594,002	18,558,293	21,008,588	21,484,555	24,356,571
Water	18,802,599	18,825,102	21,317,663	22,734,007	25,236,041	28,410,534	33,045,283
Sewer	18,710,526	19,413,795	18,976,067	21,541,197	22,728,156	25,357,620	25,053,649
Total business-type activities expenses	<u>53,210,814</u>	<u>53,279,291</u>	<u>56,887,732</u>	<u>62,833,497</u>	<u>68,972,785</u>	<u>75,252,709</u>	<u>82,455,503</u>
Total primary government expenses	<u>199,326,849</u>	<u>204,395,649</u>	<u>233,816,110</u>	<u>230,743,098</u>	<u>306,885,776</u>	<u>272,213,020</u>	<u>298,430,015</u>
<b>Program revenues:</b>							
<b>Governmental activities:</b>							
<b>Charges for services:</b>							
General Government	2,083,487	2,747,466	2,738,254	3,398,519	3,035,106	3,049,407	2,634,674
Public Safety	4,278,024	4,685,593	4,311,566	4,206,552	5,584,791	6,830,785	7,847,150
Streets	4,223,767	4,650,313	5,692,784	7,825,117	10,375,349	13,220,302	15,292,390
Culture and Recreation	754,444	1,351,930	1,299,275	1,886,925	2,148,929	2,264,397	2,141,227
Community Development	2,234,857	3,055,541	3,384,534	4,496,494	5,455,580	5,035,631	3,829,972
Economic Development	47,543						
Community Service	1,444,300	1,438,110	1,468,455	1,588,046	1,575,304	1,665,858	1,740,995
Operating grants and contributions	17,672,341	17,360,240	19,109,855	15,612,353	16,749,511	15,674,299	16,270,234
Capital grants and contributions	8,072,268	13,953,933	16,081,187	18,350,510	8,560,691	10,742,679	11,883,134
Total governmental activities program revenues	<u>40,811,031</u>	<u>49,243,126</u>	<u>54,085,910</u>	<u>57,364,516</u>	<u>53,485,261</u>	<u>58,483,358</u>	<u>61,639,776</u>
<b>Business-type activities:</b>							
<b>Charges for services:</b>							
Refuse	17,470,111	18,412,352	19,149,079	21,585,381	22,751,076	24,035,457	24,410,492
Water	20,403,144	20,306,056	24,159,556	18,605,346	19,702,252	26,281,951	27,337,093
Sewer	16,829,698	17,009,204	17,339,174	19,551,823	19,492,372	21,002,484	20,847,984
Operating grants and contributions	990,282	794,044	1,214,167	1,001,047	1,983,509	4,287,943	2,715,957
Capital grants and contributions	5,917,958	6,520,569	7,942,497	18,906,564	18,430,146	14,904,830	13,263,336
Total business-type activities program revenues	<u>61,611,193</u>	<u>63,042,225</u>	<u>69,804,473</u>	<u>79,650,161</u>	<u>82,359,355</u>	<u>90,512,665</u>	<u>88,574,862</u>
Total primary government program revenues	<u>102,422,224</u>	<u>112,285,351</u>	<u>123,890,383</u>	<u>137,014,677</u>	<u>135,844,616</u>	<u>148,996,023</u>	<u>150,214,638</u>
<b>Net revenues (expenses):</b>							
Governmental activities	(105,305,004)	(101,873,232)	(122,842,468)	(110,545,085)	(184,427,730)	(138,476,953)	(154,334,736)
Business-type activities	8,400,379	9,762,934	12,916,741	16,816,664	13,386,570	15,259,956	6,119,359
Total net revenues (expenses)	<u>(96,904,625)</u>	<u>(92,110,298)</u>	<u>(109,925,727)</u>	<u>(93,728,421)</u>	<u>(171,041,160)</u>	<u>(123,216,997)</u>	<u>(148,215,377)</u>

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>General revenues and other changes in net assets:</b>							
<b>Governmental activities:</b>							
Taxes:							
Sales tax	27,102,137	29,894,441	32,277,342	34,768,847	36,753,095	36,011,631	36,101,446
Property tax	25,523,014	26,327,504	28,965,153	32,611,618	49,242,321	58,061,978	65,324,686
Other taxes	26,520,455	27,919,423	30,203,483	31,468,545	34,033,797	34,952,626	34,423,896
Franchise tax	2,879,949	2,878,719	3,084,720	3,137,384	3,343,990	3,348,564	3,611,073
Investment earnings	10,433,917	8,850,414	8,535,567	8,670,285	8,867,706	7,723,375	5,649,984
Other general revenues	6,167,267	8,140,146	9,282,701	3,322,507	4,805,836	9,455,462	12,104,881
Intergovernmental - unrestricted	10,733,002	11,142,549	11,200,846	7,260,757	1,541,439	1,529,664	1,193,173
Transfers	1,616,200	1,598,246	2,316,200	2,316,200	2,810,900	2,533,000	2,617,300
Total governmental activities	<u>110,975,941</u>	<u>116,751,442</u>	<u>125,866,012</u>	<u>123,556,143</u>	<u>141,399,084</u>	<u>153,616,300</u>	<u>161,026,439</u>
<b>Business-type activities</b>							
Investment earnings	2,601,625	2,382,963	839,368	4,783,660	4,024,042	3,270,023	4,116,288
Other general revenues				2,021,600	1,689,828	463,980	835,984
Loss on disposal of capital assets							(533,198)
Transfers	(1,616,200)	(1,598,246)	(2,316,200)	(2,316,200)	(2,810,900)	(2,533,000)	(2,617,300)
Total business-type activities	<u>985,425</u>	<u>784,717</u>	<u>(1,476,832)</u>	<u>4,489,060</u>	<u>2,902,970</u>	<u>1,201,003</u>	<u>1,801,774</u>
Total primary government	<u>111,961,366</u>	<u>117,536,159</u>	<u>124,389,180</u>	<u>128,045,203</u>	<u>144,302,054</u>	<u>154,817,303</u>	<u>162,828,213</u>
<b>Changes in net assets</b>							
Governmental activities	5,670,937	14,878,210	3,023,544	13,011,058	(43,028,646)	15,139,347	6,691,703
Business-type activities	9,385,804	10,547,651	11,439,909	21,305,724	16,289,540	16,460,959	7,921,133
Total primary government	<u>15,056,741</u>	<u>25,425,861</u>	<u>14,463,453</u>	<u>34,316,782</u>	<u>(26,739,106)</u>	<u>31,600,306</u>	<u>14,612,836</u>

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

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
General fund:							
Reserved	1,436,009	1,149,167	1,667,321	565,637	372,840	916,003	600,241
Unreserved	13,449,153	11,740,916	10,811,053	17,674,733	16,891,900	17,680,645	15,552,803
Total general fund	<u>14,885,162</u>	<u>12,890,083</u>	<u>12,478,374</u>	<u>18,240,370</u>	<u>17,264,740</u>	<u>18,596,648</u>	<u>16,153,044</u>
All other governmental funds:							
Reserved	93,012,221	100,773,650	92,518,419	86,310,076	106,294,213	113,001,861	115,642,734
Unreserved, reported in:							
Special revenue funds	7,959,410	6,399,819	6,948,361	10,402,126	15,924,138	22,423,967	15,519,741
Debt service	(2,319,926)	(2,226,126)	(2,266,242)	(2,075,698)	(2,806,294)	(782,226)	1,623,105
Capital project funds	19,177,626	11,876,357	17,133,417	33,126,970	39,757,743	55,231,122	67,966,965
Total all other governmental funds	<u>117,829,331</u>	<u>116,823,700</u>	<u>114,333,955</u>	<u>127,763,474</u>	<u>159,169,800</u>	<u>189,874,724</u>	<u>200,752,545</u>

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

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Revenues:</b>							
Taxes	79,291,036	84,123,265	91,755,978	107,732,349	120,977,254	129,060,182	135,605,049
Licenses and permits	6,735,142	7,262,108	7,876,768	9,585,532	10,277,240	12,499,578	11,116,513
Impact fees					843,458	3,450,896	5,268,475
Fines and forfeitures	1,541,486	1,559,840	1,758,510	1,974,534	2,554,720	3,183,008	3,880,674
Investment income	6,539,320	6,053,106	5,206,478	4,414,204	5,312,423	9,974,811	8,413,713
Intergovernmental	38,907,758	39,313,349	46,348,639	35,933,532	29,179,616	34,294,304	36,683,544
Charges for services	7,466,950	9,512,656	10,066,984	13,447,328	16,296,784	14,268,495	13,465,003
Other	7,141,110	11,583,609	10,855,822	14,914,028	6,926,240	8,940,357	6,803,988
<b>Total revenues</b>	<b>147,622,802</b>	<b>159,407,933</b>	<b>173,869,179</b>	<b>188,001,507</b>	<b>192,367,735</b>	<b>215,671,631</b>	<b>221,236,959</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General Government	14,868,972	15,317,801	18,560,589	21,725,050	23,405,697	24,355,666	24,983,025
Public Safety	65,804,551	69,742,970	73,516,373	79,860,210	134,891,847	91,978,732	100,534,357
Streets	15,899,968	17,173,949	17,101,303	19,596,406	24,060,239	26,555,429	27,129,532
Culture and Recreation	7,671,272	6,901,194	7,450,410	6,987,251	6,898,492	8,261,185	9,480,585
Community Development	9,629,321	12,763,319	20,291,613	13,527,724	10,695,256	8,563,125	9,363,769
Community Service	8,563,476	10,827,093	6,977,775	4,299,772	8,485,029	6,547,021	6,914,615
Economic Development	10,797,518	15,038,436	17,593,938	11,222,530	12,469,103	10,178,004	18,165,689
<b>Debt service:</b>							
Principal retirement	14,069,891	9,584,617	8,939,434	7,831,737	12,546,394	8,949,418	10,759,184
Interest and fiscal charges	11,733,567	11,529,630	11,282,798	11,984,266	12,067,597	14,676,189	13,146,478
Payment to escrow agent	1,470,150						
Bond issuance costs					1,267,051		
Payment to refunded escrow					5,497,751		
<b>Total expenditures</b>	<b>160,508,686</b>	<b>168,879,009</b>	<b>181,714,233</b>	<b>177,034,946</b>	<b>252,284,456</b>	<b>200,064,769</b>	<b>220,477,234</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(12,885,884)</b>	<b>(9,471,076)</b>	<b>(7,845,054)</b>	<b>10,966,561</b>	<b>(59,916,721)</b>	<b>15,606,862</b>	<b>759,725</b>
<b>Other financing sources (uses):</b>							
Transfers in	43,028,600	31,143,372	36,782,713	30,033,293	34,251,343	53,516,613	47,095,652
Transfers out	(43,067,300)	(28,503,926)	(34,066,513)	(27,454,893)	(31,773,743)	(50,711,595)	(44,964,252)
Issuance of long-term debt	36,142,464	3,500,000	2,401,954	2,193,154	107,337,383	13,624,952	3,638,489
Payments to bond escrow agents	(16,309,848)						
Pension bonds issued					62,095,000		
Discounts on pension bonds issued					(10,155,317)		
Payment to refunded escrow agent					(71,407,249)		
Forgiveness of debt							1,556,000
<b>Total other financing sources (uses)</b>	<b>19,793,916</b>	<b>6,139,446</b>	<b>5,118,154</b>	<b>4,771,554</b>	<b>90,347,417</b>	<b>16,429,970</b>	<b>7,325,889</b>
<b>Net change in fund balances</b>	<b>6,908,032</b>	<b>(3,331,630)</b>	<b>(2,726,900)</b>	<b>15,738,115</b>	<b>30,430,696</b>	<b>32,036,832</b>	<b>8,085,614</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>22.3%</b>	<b>15.9%</b>	<b>14.1%</b>	<b>13.6%</b>	<b>15.1%</b>	<b>14.4%</b>	<b>13.0%</b>

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

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

Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
1999	3,615,893,160	240,314,016	(148,104,429)	3,708,102,747	1,462,028,442	200,941,026		1,662,969,468	0.46%
2000	3,646,106,635	243,278,681	(144,651,755)	3,744,733,561	1,501,493,168	206,050,192		1,707,543,360	0.45%
2001	3,694,823,003	239,145,672	(139,392,031)	3,794,576,644	1,553,594,455	207,105,539		1,760,699,994	0.46%
2002	3,781,844,181	239,214,043	(141,805,755)	3,879,252,469	1,655,813,165	262,049,000		1,917,862,165	0.44%
2003	3,890,771,009	240,855,914	(142,450,899)	3,989,176,024	1,762,347,247	269,287,123		2,031,634,370	0.44%
2004	4,131,145,783	243,179,161	(146,771,273)	4,227,553,671	1,974,759,124	310,354,838		2,285,113,962	0.44%
2005	4,356,175,834	246,018,029	(146,527,117)	4,455,666,746	2,388,824,098	292,415,626		2,681,239,724	0.46%
2006	4,775,068,600	251,599,885	(144,877,914)	4,881,790,571	2,844,012,789	335,148,475		3,179,161,264	0.61%
2007	5,423,944,631	252,834,944	(144,547,076)	5,532,232,499	3,663,290,709	374,962,702		4,038,253,411	0.61%
2008	6,132,855,990	257,839,081	(144,303,550)	6,246,391,521	4,514,199,489	391,939,126		4,906,138,615	0.59%

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

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

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

Taxpayer	2008		2002	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Catholic Healthcare West	116,375,208	1.04%	101,698,219	1.75%
Westgate No 1	55,288,396	0.50%		
SP 4 Gateway North	53,602,000	0.48%		
WM Inland Investors IV LLC	49,272,356	0.44%		
Tec Park Land LP	47,494,260	0.43%		
Pera Castlepark Inc	42,555,466	0.38%	39,366,000	0.68%
VTSD LLC	32,252,400	0.29%		
Prologis-A5 CA I	31,201,919	0.28%		
Universe at Acacia LLC	27,860,066	0.25%	19,400,000	0.33%
Macy's California	27,681,468	0.25%		
Rancon Realty Fund V, Sub 2	27,285,000	0.24%		
Loma Linda University	26,759,525	0.24%		
Rancon Realty Fund V	26,282,416	0.24%	34,823,519	0.60%
Opus R/E CA VII Northpointe	24,589,393	0.22%		
Rancon Realty Fund V, Sub LLC	23,775,805	0.21%		
Kohl's Department Stores Inc	23,682,571	0.21%	21,907,600	0.38%
Telacu Housing San Bernardino III Inc	22,813,232	0.20%		
Medline Industries Inc	22,272,000	0.20%		
San Bernardino Hotel Properties	20,147,401	0.18%		
Mountainside Apts	19,931,983	0.18%		
Rancon Realty Fund IV	19,923,127	0.18%	22,626,272	0.39%
CNP & Media News Group	18,881,078	0.17%	27,031,223	0.47%
Menlo 2-22-83	18,831,240	0.17%		
Wal-Mart Real Estate	18,678,610	0.17%		
CEI-Date LLC	18,666,000	0.17%		
Stater Bros Markets			15,846,217	0.27%
Community Hospital of San Bernardino			13,914,897	0.24%
Capital Foresight San Bernardino			21,600,000	0.37%
6155 Palm Avenue Apartments LLC			18,054,000	0.31%
St Bernardine Medical Center			47,973,462	0.83%
Costco Wholesale Corp			10,716,279	0.18%
Yellow Freight System Inc			13,190,399	0.23%
Delta Investors II LLC			12,970,084	0.22%
California Newspaper Partnership			11,259,416	0.19%
SB Tri-City Associates			10,469,242	0.18%
Cinemastar Luxury Theaters Inc			10,404,000	0.18%
Roman Catholic Bishop of San Bernardino			9,127,990	0.16%
Central City Company LLC			8,736,700	0.15%
	<u>816,102,920</u>	<u>7.32%</u>	<u>471,115,519</u>	<u>8.13%</u>

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

Source: City of San Bernardino Real Property Section

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

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2002	7,143,215	7,036,901	98.51%	353,987	7,390,888	103.47%
2003	7,357,853	7,209,686	97.99%	398,976	7,608,662	103.41%
2004	7,957,750	7,959,153	100.02%	388,958	8,348,111	104.91%
2005	8,506,453	8,571,117	100.76%	414,897	8,986,014	105.64%
2006	9,525,978	9,474,661	99.46%	389,394	9,864,055	103.55%
2007	11,085,242	10,461,907	94.38%	395,001	10,856,908	97.94%
2008	12,856,402	11,666,517	90.74%	542,358	12,208,875	94.96%

NOTE:

The amounts presented include City property taxes only.

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

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental Activities</b>			
Claims and judgements	12,745,545	14,191,748	13,220,824
Compensated absences	17,483,244	19,157,870	20,756,271
Lease revenue bonds	17,360,000	15,855,000	14,765,000
Tax allocation bonds	155,217,904	149,821,430	144,119,956
Certificates of participation	13,275,000	12,850,000	12,405,000
Pension obligation bonds	50,401,583	50,401,583	49,564,907
OPEB obligation			5,529,880
Other	15,236,681	27,149,462	28,360,145
Total governmental activities	281,719,957	289,427,093	288,721,983
<b>Business-type Activities</b>			
Capital leases	914,381	6,176,079	10,004,851
Compensated absences	2,501,293	2,642,647	2,588,553
Notes payable	28,021,736	25,728,019	33,352,913
Certificates of participation	27,732,673	25,846,450	23,859,730
Water bonds	75,000	65,000	55,000
OPEB obligation			1,632,000
Total business-type activities	59,245,083	60,458,195	71,493,047
<b>Total Primary Government</b>	<b>340,965,040</b>	<b>349,885,288</b>	<b>360,215,030</b>
 Percentage of Personal Income*	 6.92%	 7.10%	 6.59%
 Debt per Capita*	 1,737	 1,782	 1,789

\* Based on most current data available

Information prior to fiscal year 2006 is not available, as it was not developed in the format required prior to this date.

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt				Percent of Assessed Value	Per Capita
	Tax Allocation Bonds	Pension Obligation Bonds	Lease Revenue Bonds	Total		
2006	155,218	50,402	17,360	222,980	2.77%	1,136
2007	149,821	50,402	15,865	216,088	2.26%	1,101
2008	144,120	49,565	14,765	208,450	1.87%	1,035

Information prior to fiscal year 2006 is not available, as it was not developed in the format required prior to this date.

**CITY OF SAN BERNARDINO**  
**Schedule of Direct and Overlapping Bonded Debt**

2007-08 Assessed Valuation	\$11,296,833,686
Redevelopment Incremental Valuation	<u>4,977,382,360</u>
Adjusted Assessed Valuation	6,319,451,326

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 06/30/08	% Applicable (1)	City's Share of Debt 6/30/08
San Bernardino Community College District	\$160,537,550	15.529 %	\$24,929,876
Colton Joint Unified School District	97,819,877	2.958	2,893,512
Redlands Unified School District	68,288,512	0.818	558,600
Rialto Unified School District	49,750,038	11.615	5,778,467
San Bernardino City Unified School District	161,385,005	70.53	113,824,844
Colton Joint Unified School District CFD No. 2	4,380,000	89.535	3,921,633
City of San Bernardino 1915 Act Bonds	1,070,000	100.000	1,070,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<u>\$152,976,932</u>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Bernardino County General Fund Obligations	\$791,760,000	5.169 %	\$40,926,074
San Bernardino County Pension Obligations	688,325,591	5.169	35,579,550
San Bernardino County Flood Control District General Fund Obligations	119,920,000	5.169	6,198,665
Colton Joint Unified School District Certificates of Participation	7,255,000	2.958	214,603
Redlands Unified School District Certificates of Participation	5,000,000	0.818	40,900
Rialto Unified School District Certificates of Participation	15,290,000	11.615	1,775,934
City of San Bernardino General Fund Obligations	27,170,000	100.000	27,170,000
San Bdn Valley Municipal Water District Certificates of Participation	3,250,000	21.649	703,593
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<u>\$112,609,319</u>
Less: San Bernardino Valley Muni Water Dist Certificates of Part			703,593
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<u>\$111,905,726</u>

<b>GROSS COMBINED TOTAL DEBT</b>	<b>\$265,586,251 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>	<b>\$264,882,658</b>

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

<u>Ratios to 2007-08 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	1.35 %

<u>Ratios to Adjusted Assessed Valuation:</u>	
Combined Direct Debt (\$27,170,000)	0.43 %
Gross Combined Total Debt	4.20 %
Net Combined Total Debt	4.19 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: \$0

Source: California Municipal Statistics, Inc.

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Assessed valuation	4,021,058,224	4,131,626,923	4,374,324,944	4,602,193,863	5,026,668,485	5,676,779,575	6,390,695,071
Conversion percentage	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed value	1,005,264,556	1,032,906,731	1,093,581,236	1,150,548,466	1,256,667,121	1,419,194,894	1,597,673,768
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%
Debt limit	150,789,683	154,936,010	164,037,185	172,582,270	188,500,068	212,879,234	239,651,065
Total net debt applicable to limit:							
General obligation bonds	29,345,000	27,765,000	28,090,000	24,745,000	81,036,583	79,106,583	76,734,907
Legal debt margin	<u>121,444,683</u>	<u>127,171,010</u>	<u>135,947,185</u>	<u>147,837,270</u>	<u>107,463,485</u>	<u>133,772,651</u>	<u>162,916,158</u>
Total debt applicable to the limit as a percentage of debt limit	19.5%	17.9%	17.1%	14.3%	43.0%	37.2%	32.0%

The government code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

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

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT  
Pledged-Revenue Coverage  
Last Three Fiscal Years  
(In Thousands)

Fiscal Year Ended June 30	Water Utility						Tax Allocation Bonds			
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Tax Increment	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2006	27,153	20,985	6,167	457	317	7.97	17	10	5	1.13
2007	35,284	23,691	11,593	472	602	10.80	18	10	5	1.21
2008	38,687	27,397	11,290	472	602	10.51	20	10	4	1.43

Fiscal Year Ended June 30	Sewer Utility					
	Sewer Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	22,788	13,022	9,766	3,761	2,000	1.70
2007	24,127	14,682	9,445	3,927	1,853	1.63
2008	22,900	15,920	6,981	4,110	1,684	1.20

Information prior to fiscal year 2006 is not available, as it was not developed in the format required prior to this date.

Note: Details regarding the department's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expense.

CITY OF SAN BERNARDINO  
Demographic and Economic Statistics  
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
1997	180,306	3,473,595	19,265	7.0%
1998	182,554	3,717,347	20,363	6.1%
1999	184,986	3,884,891	21,001	5.2%
2000	186,351	4,094,504	21,972	5.1%
2001	190,232	4,365,634	22,949	5.2%
2002	189,800	4,421,201	23,294	6.2%
2003	194,100	4,614,145	23,772	6.2%
2004	196,300	4,928,700	25,108	5.7%
2005	199,521	5,201,113	26,068	5.3%
2006 *	201,396	5,464,679	27,134	4.9%

Sources: (1) League of California Cities for 1996-2004, California Department of Finance for subsequent years  
(2) California LaborMarket Info, Measures of Income (San Bernardino County) for 1996-2004, Bureau of Economic Analysis, Regional Economic Accounts for subsequent years  
(3) U.S. Department of Labor, Bureau of Labor Statistics (Riverside-San Bernardino-Ontario Metropolitan Statistical Area) for all years shown  
\* Most recent complete year available

CITY OF SAN BERNARDINO  
Principal Employers  
Fiscal Year 2008 and Two Prior years

Principal Employers	Approximate Number of Employees		
	2006	2007	2008
Cal State University - San Bernardino	1000+	1000+	1000+
Caltrans District 8	1000+	1000+	1000+
City of San Bernardino	1000+	1000+	1000+
Community Hospital	1000+	1000+	1000+
Corona Regional Medical Center	1000+	1000+	*
Renzenberger, Inc	1000+	1000+	*
San Bernardino City Unified School District	1000+	1000+	1000+
San Bernardino Community College District	1000+	1000+	*
San Bernardino County Sheriff	1000+	1000+	1000+
San Bernardino County Superintendant of Schools	*	*	1000+
San Manuel Band of Mission Indians	*	*	1000+
Stater Bros Markets	*	*	1000+
St. Bernardine Medical Center	*	*	1000+
Arrowhead Credit Union	500-999	500-999	*
BNSF Railway	*	*	500-999
Inland Regional Center for Management	500-999	500-999	*
Omnitrans	500-999	500-999	500-999
San Bernardino County Public Works	*	*	500-999
San Bernardino Valley College	1000+	1000+	500-999
Starwood Vacation Ownership	500-999	*	*

Actual employment numbers not available.

Information prior to fiscal year 2006 is not available, as it was not developed in the format required prior to this date.

\* Not considered to be a principal employer in that year

Source - City of San Bernardino Employment and Training Agency

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

Function	Full-time and Part-time Employees as of June 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	215	215	222	225	228	222	209	210	223	289
Public Safety	613	629	616	627	628	633	653	667	688	790
Streets	117	116	118	120	121	118	107	110	110	120
Culture & Recreation	272	269	269	267	268	268	272	272	274	162
Community Development	21	21	21	22	22	22	23	27	33	32
Economic Development	19	19	19	19	22	22	22	17	17	22
Community Service	260	261	261	262	270	269	268	268	269	159
Enterprise	334	333	338	346	349	357	356	369	380	398
Total	1851	1863	1864	1888	1908	1911	1910	1940	1994	1972

Source: Budgeted positions for full and part time employees

CITY OF SAN BERNARDINO  
 Operating Indicators by Function  
 Last Three Fiscal Years

	2006	2007	2008
Police:			
Arrest	16,955	15,967	15,600
Parking citations issued	25,411	21,917	30,782
Fire:			
Number of emergency calls	25,282	24,323	29,668
Inspections	7,646	5,242	5,464
Public Works/Public Services:			
Street resurfacing (lane miles)	382	80	28
Parks and Recreation:			
Number of recreation classes	150	150	29
Number of facility rentals	410	410	556
Water:			
New connections	563	511	172
Average daily consumption (thousands of gallons)	44,583	44,863	48,208
Sewer:			
New connections	952	542	240
Average daily sewage treatment (thousands of gallons)	26,500	27,000	26,090

Source - various City departments

Information prior to fiscal year 2006 is not available, as it was not developed in the format required prior to this date.

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Public Safety</b>									
Police stations	1	1	1	1	1	1	1	1	1
Fire stations	11	12	12	12	12	12	12	12	12
<b>Streets/Community Development</b>									
Miles of streets	576	576	614	614	621	621	625	628	628
Street lights (City maintained)	5,000	5,000	5,000	5,000	5,000	5,000	5,100	5,100	5,100
Street lights (SCE maintained)	6,000	6,000	6,351	6,351	6,351	6,351	6,400	6,400	6,980
Street traffic controllers (signals)	232	237	237	237	246	251	255	255	262
Street traffic controllers (ped-xing)	20	21	21	21	21	21	21	21	21
<b>Culture and Leisure</b>									
Parks	43	43	43	43	43	43	26	28	39
Park acreage	510.078	510.078	510.078	510.078	510.078	510.078	497.608	503.614	550.000
<b>Water</b>									
Water mains (miles)	552	552	552	579	590	600	551	575	581
<b>Sewer</b>									
Sanitary sewers (miles)	500	500	500	500	507	507	509	509	510

Source - various City departments

Information prior to fiscal year 2000 is not available, as it was not developed in the format required prior to this date.

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

Type of Customer:	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Residential	9,418.1	10,780.6	9,158.4	10,204.6	9,414.9	10,277.7	9,493.7	10,022.5	10,490.8	9,893.4
Commercial	4,189.7	2,795.7	2,149.0	2,302.9	2,568.6	2,791.3	2,680.6	2,752.7	2,949.4	2,744.2
Municipal	688.9	716.8	576.6	604.8	535.9	526.3	511.4	533.6	585.9	558.6
Landscape	0.0	2,044.0	1,777.8	1,460.9	1,480.2	1,521.4	1,376.4	1,585.1	1,735.9	1,698.5
Other Agencies	0.0	286.5	579.2	493.8	363.6	117.1	77.4	51.4	612.9	440.6
<b>Total</b>	<b>14,296.7</b>	<b>16,623.6</b>	<b>14,241.0</b>	<b>15,067.0</b>	<b>14,363.2</b>	<b>15,233.8</b>	<b>14,139.5</b>	<b>14,945.3</b>	<b>16,374.9</b>	<b>15,335.3</b>
Total direct rate per 1,000 gallons	0.97	0.93	1.14	1.23	1.30	1.28	1.29	1.29	1.52	1.57

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT  
 Water Rates  
 Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Monthly Base Rate</u>	<u>Rate per 1,000 Gallons</u>
1999	6.60	0.96
2000	7.60	1.10
2001	7.60	1.10
2002	8.05	1.24
2003	8.05	1.24
2004	8.05	1.24
2005	8.05	1.24
2006	8.05	1.24
2007	8.05	1.24
2008	8.59	1.24

Note:

Rates are based on 5/8" meter, which is the standard household meter size. The department does not charge an excess-use rate above normal demand.

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

Water Customer	2008		2001	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
SB Unified School District	\$ 640,863	2.94%	\$ 388,262	2.39%
City of Loma Linda	568,423	2.61%	51,954	0.32%
California State University	371,625	1.71%	261,732	1.61%
Housing Authority	251,755	1.16%	214,472	1.32%
County of San Bernardino	229,703	1.05%	201,044	1.24%
California Dept of Transportation	164,144	0.75%	136,399	0.84%
City of San Bernardino	138,953	0.64%	86,677	0.53%
Cott Beverages	113,354	0.52%	94,680	0.58%
Pama Management	107,937	0.50%	0	0.00%
Rialto School District	103,511	0.48%	79,938	0.49%
	2,690,268	12.36%	1,515,158	9.32%

Source: Customer Services Department