

CITY OF SAN BERNARDINO, CALIFORNIA
Primary Government Basic Financial Statements
Year Ended June 30, 2010

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**City of San Bernardino
Primary Government Financial Statements
Year Ended June 30, 2010**

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www.sbcity.org

March 26, 2011

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

It is the policy of the City of San Bernardino to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the primary government financial statements of the City of San Bernardino ("the City") for the fiscal year ended June 30, 2010.

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, 2010 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, 2010, 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 not reported within the City's primary government financial statements but reported in the City's Comprehensive Annual Financial Report, a separate document.

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 departments, 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 and related industries have been major sources of growth in the local economy for several years. Now that the downturn in the housing market has resulted in an extended recession, the local economy has been affected more than most areas of the country. As an example, the Inland Empire has experienced rates of home foreclosures and levels of unemployment that are higher than other areas of the country. The recession has impacted many industries across the region, resulting in a reduction in sales tax revenues to the City. This is of particular concern to the City because economic experts believe the Inland Empire will recover from the recession more slowly than other areas of the country and sales tax revenues have been the largest revenues of the City. In addition, because the value of real estate in the area has decreased, property tax revenues have now also decreased and are expected to continue to decrease over the next few years.

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 871 at June 30, 2010. The average yield on investments was 2.97 percent. Investment income includes changes in the fair value of investments. Changes in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

Risk management. The City of San Bernardino is self-insured for workers' compensation and liability. The unpaid claims and judgments payable as of June 30, 2010 for these activities is \$13,662,131. Third-party coverage is currently maintained from the CSAC Excess Insurance Authority and ACE American Insurance Company for workers' compensation claims in excess of \$1 million, with limits of \$50 million. Third-party coverage is currently maintained from the Big Independent Cities Excess Pool (BICEP) for 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, 2009 (the most recent year for which the calculation is available), the City of San Bernardino has succeeded in funding 85.3% of the present value of the projected benefits earned by employees.

The City also provides postretirement health and dental care benefits for certain retirees and their dependents which are financed on a pay-as-you-go basis. The actuarially determined unfunded annual required contribution for current benefits is included on the government wide financial statements in accordance with GAAP.

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

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

Respectfully submitted,



Barbara S. Pachon
Finance Director

CITY OF SAN BERNARDINO, CALIFORNIA

ROSTER OF CITY OFFICIALS

JUNE 30, 2010

LEGISLATIVE OFFICIALS

Patrick J. Morris	Mayor*
Virginia Marquez	Member of Common Council-Ward 1*
Jason Desjardins	Member of Common Council-Ward 2*
Tobin Brinker	Member of Common Council-Ward 3*
Fred Shorett	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

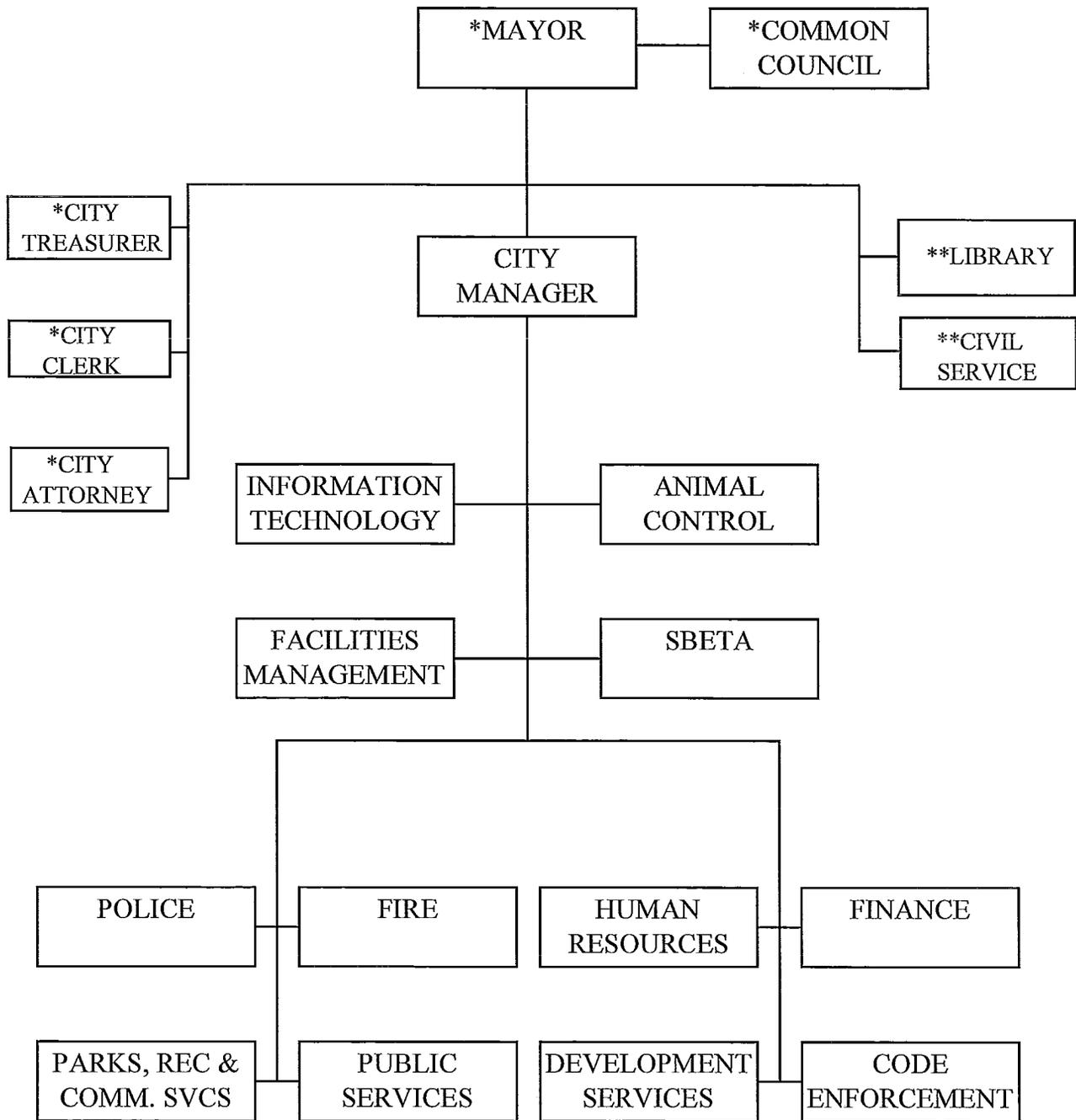
Charles McNeely.	City Manager
Emil Marzullo	Executive Director, Economic Development Agency
Stacey Aldstadt	General Manager, San Bernardino Municipal Water Department

DEPARTMENT HEADS

Rachel Clark	City Clerk*
James F. Penman	City Attorney*
David Kennedy	City Treasurer*
Barbara Pachon	Director of Finance
Valerie Ross	Development Services
Keith Kilmer	Chief of Police
Michael Conrad	Fire Chief
Kevin Hawkins.	Parks and Recreation Director
Deborah Clark.	Interim Library Director
Ernest Dowdy	Executive Director (Federal Programs)
Randy Kuettle	Acting Public Services Director
Linn Livingston	Human Resources Director

*Elected Officials

CITY OF SAN BERNARDINO



* ELECTED OFFICIALS

** GOVERNED BY A BOARD



ROGERS, ANDERSON, MALODY & SCOTT, LLP

CERTIFIED PUBLIC ACCOUNTANTS

ROBERT B. MEMORY, C.P.A. (1945-2009)

OF COUNSEL
JAY H. ZERCHER, 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.
BRADFERD A. WELEBIR, C.P.A.
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KATIE L. MILLSOM, C.P.A.
JONATHAN R. KUHN, C.P.A.
PAPA MATAR THIAW, C.P.A.
MAYA S. IVANOVA, C.P.A.
CHRISTOPHER MONTOYA, C.P.A.
DANIELLE E. ODGERS, C.P.A.
WILLIAM C. CLAYTON, C.P.A.
SCOTT MILLSOM, C.P.A.

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying primary government financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bernardino, California, as of and for the year ended June 30, 2010, which collectively comprise the City's primary government basic financial statements, as listed in the table of contents. These primary government financial statements are the responsibility of the City of San Bernardino's management. Our responsibility is to express opinions on these primary government financial statements based on our audit.

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

The financial statements referred to above include only the primary government of the City of San Bernardino, California, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of San Bernardino, California, as of June 30, 2010, and the changes in its financial position, and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the City of San Bernardino, California, has issued separate reporting entity financial statements for which we have issued our report dated March 28, 2011.

MEMBERS

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CERTIFIED PUBLIC ACCOUNTANTS

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CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

-1-

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In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bernardino, California, as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Rogers, Anderson, Malady & Smith, LLP

March 28, 2011

Management's Discussion and Analysis

General Information

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

As required by GASB 34, the information presented in the "Management's Discussion and Analysis" is intended to be a narrative and analysis for the City's financial activities for the year ended June 30, 2010. Please read this analysis in conjunction with the accompanying financial statements, footnotes and supplementary information as well as the letter of transmittal including the accompanying General Audit Information included in the Introductory Section.

Financial Highlights

- The assets of the City of San Bernardino Primary Government exceeded its liabilities at the close of its most recent fiscal year by \$351,115,194 (*net assets*). *Unrestricted net assets* at that same time totaled negative \$(62,492,647).
- The City of San Bernardino Primary Government's total net assets decreased by \$21,437,122. \$20,595,866 of the decrease relates to governmental activities and \$841,256 of the decrease was from business type activities.
- At the close of the current fiscal year, the City of San Bernardino Primary Government's governmental funds reported combined ending fund balances of \$30,610,908, a decrease of \$6,529,450 from the prior year. None of this amount is available for spending at the government's discretion (unreserved and designated budget reserve in the general fund).
- At June 30, 2010, the general fund has no designated reserve and negative \$(696,939) unreserved undesignated fund balance.
- The overall increase in long-term debt of \$3,206,684 is the net of an increase of \$1,691,631 for governmental activities and an increase of \$1,515,053 for business type activities.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements of the primary government can be found as listed in the table of contents.

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

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

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

The City of San Bernardino Primary Government maintains 38 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures and changes in fund balances for the general fund and three other governmental funds, which are considered to be major funds. Data from the other 34 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found as listed in the table of contents.

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

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

The basic proprietary fund financial statements can be found as listed in the table of contents.

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

The basic fiduciary fund financial statement can be found as listed in the table of contents.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

Other Information. In addition to the basic financial statements and accompanying notes, this report also contains certain *required supplementary information* concerning the City of San Bernardino Primary Government. Required supplementary information can be found as listed in the table of contents.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found as listed in the table of contents.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of San Bernardino Primary Government, assets exceed liabilities by \$351,115,194 at the close of the most recent fiscal year.

By far the largest portion of the City of San Bernardino Primary Government's net assets (112.0 percent) reflect its investment in capital assets (e.g., infrastructure, land and improvements, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of San Bernardino uses those capital assets to provide services to citizens, consequently, those assets are not available for future spending. Although the City of San Bernardino Primary Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided for by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental Activities 2010	Business-type Activities 2010	Total 2010	Governmental Activities 2009	Business-type Activities 2009	Total 2009
Current and other assets	\$ 44,619	\$ 7,017	\$ 51,636	\$ 52,313	\$ 6,685	\$ 58,998
Capital assets	442,921	10,521	453,442	452,973	9,416	462,389
Total assets	<u>487,540</u>	<u>17,538</u>	<u>505,078</u>	<u>505,286</u>	<u>16,101</u>	<u>521,387</u>
Long-term liabilities outstanding	128,347	14,274	142,621	126,656	12,759	139,415
Other liabilities	9,593	1,748	11,341	8,435	985	9,420
Total liabilities	<u>137,940</u>	<u>16,022</u>	<u>153,962</u>	<u>135,091</u>	<u>13,744</u>	<u>148,835</u>
Net assets:						
Invested in capital assets, net of related debt	396,363	(3,077)	393,286	418,595	(2,593)	416,002
Restricted	20,322	-	20,322	23,706	-	23,706
Unrestricted	(67,085)	4,593	(62,492)	(72,106)	4,950	(67,156)
Total net assets	<u>\$ 349,600</u>	<u>\$ 1,516</u>	<u>\$ 351,116</u>	<u>\$ 370,195</u>	<u>\$ 2,357</u>	<u>\$ 372,552</u>

Table 1

An additional portion of the City of San Bernardino Primary Government's net assets (5.8 percent) represent resources that are subject to external restrictions on how they may be used.

The final portion of net assets is the negative unrestricted balance of \$(62,492,647).

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

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

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

	Total cost of services 2010	Net cost of services 2010	Total cost of services 2009	Net cost of services 2009
General government	\$ 30,091	\$ 24,281	\$ 31,890	\$ 26,812
Public safety	96,151	82,610	100,516	88,928
Streets	26,309	10,570	28,472	8,063
Culture and recreation	5,683	3,770	7,119	5,157
Community development	507	(3,472)	50	(3,012)
Community service	9,093	2,134	9,312	3,347
Interest on long-term debt	3,979	3,979	3,334	3,334
	<u>\$ 171,813</u>	<u>\$ 123,872</u>	<u>\$ 180,693</u>	<u>\$ 132,629</u>

Table 2

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

Business-type activities. The City of San Bernardino Primary Government included only one operating business-type activity, Integrated Waste. Net assets for this activity decreased by \$841,256, including net transfers out of \$3,511,700 corresponding to administrative charges and rental of facilities.

All activities decreased the City of San Bernardino Primary Government's net assets by \$21,437,122. Key elements of these decreases are as follows:

City of San Bernardino's Activities (Amounts expressed in thousands)						
	Governmental activities 2010	Business-type activities 2010	Total 2010	Governmental activities 2009	Business-type activities 2009	Total 2009
Revenues:						
Program revenues:						
Charges for services	\$ 27,162	\$ 26,074	\$ 53,236	\$ 27,652	\$ 25,095	\$ 52,747
Operating grants and contributions	12,650	-	12,650	10,406	-	10,406
Capital grants and contributions	8,127	-	8,127	10,006	-	10,006
General revenues:						
Sales tax	25,569	-	25,569	29,601	-	29,601
Property taxes	28,816	-	28,816	32,788	-	32,788
Other taxes	34,214	-	34,214	33,461	-	33,461
Intergovernmental	853	-	853	952	-	952
Other	10,314	468	10,782	13,594	266	13,860
Total revenues	147,705	26,542	174,247	158,460	25,361	183,821
Expenses:						
General government	30,091	-	30,091	31,890	-	31,890
Public safety	96,151	-	96,151	100,516	-	100,516
Streets	26,309	-	26,309	28,472	-	28,472
Culture and recreation	5,683	-	5,683	7,119	-	7,119
Community development	507	-	507	50	-	50
Community services	9,093	-	9,093	9,312	-	9,312
Interest on long-term debt	3,979	-	3,979	3,334	-	3,334
Integrated waste	-	23,871	23,871	-	23,260	23,260
Total expenses	171,813	23,871	195,684	180,693	23,260	203,953
Increase (decrease) in net assets before transfers	(24,108)	2,671	(21,437)	(22,233)	2,101	(20,132)
Transfers	3,512	(3,512)	-	2,783	(2,783)	-
Decrease in net assets	(20,596)	(841)	(21,437)	(19,450)	(682)	(20,132)
Net assets July 1	370,195	2,357	372,552	389,645	3,039	392,684
Net assets June 30	\$ 349,599	\$ 1,516	\$ 351,115	\$ 370,195	\$ 2,357	\$ 372,552

Table 3

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City of San Bernardino Primary Government's governmental funds reported combined ending fund balances of \$30,610,908, a decrease of \$6,529,450 from the prior year. A negative \$(696,939) of that amount is either unreserved/undesignated or designated for budget reserve in the general fund, which is available for spending at the City's discretion. All of the fund balance is reserved.

The general fund is the chief operating fund for the City of San Bernardino Primary Government. At the end of the current fiscal year, there was a negative \$(696,939) unreserved undesignated fund balance in the general fund, while the total fund balance was \$410,293. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to general fund expenditures. Total fund balance represents .31% of general fund expenditures.

The fund balance of the General Fund of the City of San Bernardino decreased by \$2,298,026 in the current fiscal year. Key factors in the change are:

- Revenues decreased by \$10,012,424 (7.9%). The decrease in Taxes of \$10,511,695 was combined with decreases in Licenses and Permits, and Intergovernmental Revenue. These decreases were offset by small increases in Fine and Forfeitures, Investment Income, Charges for Services, and Other Revenues. In addition, the City issued debt of \$1,727,490 and sold land for \$1,930,000 which increased Fund Balance.
- Expenditures decreased by \$13,669,372 (9.4%). The primary element of this decrease was decreased Public Safety Expenditures.

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

The total net assets for proprietary funds were a negative \$(6,304,814) at June 30, 2010. While business-type activities in enterprise funds had net assets of \$1,515,801, internal service funds had an ending balance of negative \$(7,820,615). The change in net assets for the year was a decrease of \$2,357,432 which consists of \$841,256 decrease for enterprise funds and a decrease of \$1,516,176 for internal service funds.

General Fund Budgetary Highlights

Differences between appropriations in the original budget and the final amended budget were \$54,700 (.04%). The primary reasons for these differences can be summarized as follows:

- Appropriations were increased by \$823,500 for encumbrance and continuing appropriation carryovers.
- Appropriations were decreased by \$806,200 for budget-balancing measures that were instituted during the year.

Capital Asset and Debt Administration

Capital Assets. The City of San Bernardino Primary Government's investment in capital assets for its governmental and business activities as of June 30, 2010 amounts to \$453,442,244 (net of accumulated depreciation). The investment in capital assets included infrastructure, land and improvements, buildings, and equipment. Of this amount, \$277,045,148 relates to infrastructure and \$20,142,230 relates to infrastructure construction in progress. The City of San Bernardino Primary Government recorded infrastructure initially related to general government functions during the year ended June 30, 2006.

Additional information on the City of San Bernardino Primary Government's capital assets can be found in the notes as listed in the table of contents.

Long-Term Debt. At the end of the current year, the City of San Bernardino Primary Government has total outstanding long-term liabilities of \$142,621,192. Of this amount, \$47,902,051 relates to Pension Obligation Bonds, \$26,282,214 relates to facilities leases and loans, \$18,818,575 to equipment leases, \$20,900,485 relates to compensated absences, \$13,662,131 for claims and judgments payable, \$14,960,736 for OPEB Obligation, and \$95,000 for special assessment debt for which the City is liable.

The City of San Bernardino Primary Government's long term debt increased by \$3,206,684 (2.3%) in the current year. While OPEB Obligation increased by \$4,673,845, equipment leases increased by \$443,065, and compensated absences increased by \$937,030, claims and judgments payable decreased by \$514,787, facilities leases payable decreased by \$1,479,613, Pension Obligation Bonds decreased by \$697,856, and Assessment District Bonds decreased by \$155,000.

Additional information on the City of San Bernardino Primary Government's long-term liabilities can be found in notes as listed in the table of contents.

Economic Factors and Next Year's Budgets and Rates

Primary Factors used in the preparation of the 2010/2011 budget include:

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

All of these factors were considered in preparing the City of San Bernardino Primary Government's budget for the 2011 fiscal year.

Requests for Information

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

**City of San Bernardino
Statement of Net Assets
June 30, 2010**

(with prior year data for comparative purposes only)

	Governmental	Business-type	Totals	
	Activities	Activities	2010	2009
ASSETS				
Cash and investments	\$ 25,993,506	\$ 2,333	\$ 25,995,839	\$ 32,701,816
Cash and investments with fiscal agents	703,508	3,597,721	4,301,229	4,597,286
Receivables:				
Accounts, net	1,588,861	2,554,747	4,143,608	6,184,074
Interest	157,617	2,134	159,751	347,549
Special assessments	369,971	-	369,971	442,585
Internal balances	(860,048)	860,048	-	-
Inventory	481,676	-	481,676	441,324
Prepays	200,359	-	200,359	47,520
Due from other governments	15,690,013	-	15,690,013	13,946,593
Other	293,631	-	293,631	289,169
Capital assets				
Land, improvements and construction in progress	133,986,588	-	133,986,588	129,540,355
Other capital assets, net of depreciation	308,934,467	10,521,189	319,455,656	332,849,116
Total assets	487,540,149	17,538,172	505,078,321	521,387,387
LIABILITIES				
Accounts payable	3,759,479	1,354,282	5,113,761	4,811,503
Deposits payable	-	394,213	394,213	383,626
Accrued interest	779,313	-	779,313	790,192
Retentions payable	208,067	-	208,067	62,861
Unearned revenue	2,453,711	-	2,453,711	2,291,081
Due to other governments	2,392,870	-	2,392,870	1,081,300
Noncurrent liabilities:				
Due within one year	21,277,759	3,214,387	24,492,146	23,444,589
Due in more than one year	107,069,557	11,059,489	118,129,046	115,969,919
Total liabilities	137,940,756	16,022,371	153,963,127	148,835,071
NET ASSETS				
Invested in capital assets, net of related debt	396,362,583	(3,076,864)	393,285,719	416,002,133
Restricted for:				
Capital projects - streets	18,069,656	-	18,069,656	20,451,041
Capital projects - other	1,272,262	-	1,272,262	2,118,161
Special revenue	980,204	-	980,204	1,136,751
Unrestricted	(67,085,312)	4,592,665	(62,492,647)	(67,155,770)
Total net assets	\$ 349,599,393	\$ 1,515,801	\$ 351,115,194	\$ 372,552,316

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

City of San Bernardino
Statement of Activities
For the year ended June 30, 2010
(with prior year data for comparative purposes only)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 30,091,111	\$ 4,035,539	\$ 1,774,205	\$ -
Public safety	96,151,341	8,397,172	5,144,003	-
Streets	26,308,728	7,611,158	-	8,127,158
Culture and recreation	5,682,806	1,897,352	15,415	-
Community development	506,631	3,681,075	297,200	-
Community services	9,092,811	1,539,532	5,418,790	-
Interest on long-term debt	3,978,579	-	-	-
Total governmental activities	<u>171,812,007</u>	<u>27,161,828</u>	<u>12,649,613</u>	<u>8,127,158</u>
Business-type activities:				
Integrated waste	23,871,383	26,074,292	-	-
Total business-type activities	<u>23,871,383</u>	<u>26,074,292</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 195,683,390</u>	<u>\$ 53,236,120</u>	<u>\$ 12,649,613</u>	<u>\$ 8,127,158</u>

General revenues:

Taxes:

 Sales tax

 Property tax

 Other taxes

 Franchises

Loss on sale of land held for resale

Unrestricted investment earnings

Other

Intergovernmental (unrestricted)

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

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

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

Governmental Activities		Business-type Activities	Totals	
			2010	2009
\$	(24,281,367)	\$ -	\$ (24,281,367)	\$ (26,811,827)
	(82,610,166)	-	(82,610,166)	(88,927,593)
	(10,570,412)	-	(10,570,412)	(8,063,119)
	(3,770,039)	-	(3,770,039)	(5,156,765)
	3,471,644	-	3,471,644	3,011,732
	(2,134,489)	-	(2,134,489)	(3,347,128)
	(3,978,579)	-	(3,978,579)	(3,334,374)
	<u>(123,873,408)</u>	<u>-</u>	<u>(123,873,408)</u>	<u>(132,629,074)</u>
	-	2,202,909	2,202,909	1,835,121
	-	2,202,909	2,202,909	1,835,121
	25,569,302	-	25,569,302	29,601,414
	28,815,781	-	28,815,781	32,788,532
	31,087,543	-	31,087,543	33,460,958
	3,125,973	-	3,125,973	3,513,508
	-	-	-	(443,789)
	135,085	25,352	160,437	159,027
	10,178,834	442,183	10,621,017	10,630,293
	853,324	-	853,324	951,828
	<u>3,511,700</u>	<u>(3,511,700)</u>	<u>-</u>	<u>-</u>
	<u>103,277,542</u>	<u>(3,044,165)</u>	<u>100,233,377</u>	<u>110,661,771</u>
	(20,595,866)	(841,256)	(21,437,122)	(20,132,182)
	<u>370,195,259</u>	<u>2,357,057</u>	<u>372,552,316</u>	<u>392,684,498</u>
\$	<u>349,599,393</u>	\$ <u>1,515,801</u>	\$ <u>351,115,194</u>	\$ <u>372,552,316</u>

**City of San Bernardino
Balance Sheet
Governmental Funds
June 30, 2010**

(with prior year data for comparative purposes only)

	General	Special Revenue Fund Federal and State Programs
ASSETS		
Cash and investments	\$ 2,120	\$ 22,166
Cash and investments with fiscal agents	330,965	-
Receivables:		
Accounts, net	1,515,126	14,800
Interest	-	18,377
Special assessments	-	-
Inventory	19,133	-
Prepays	-	513
Due from other governments	9,144,142	4,731,787
Due from other funds	-	-
Advances to other funds	-	-
Other assets	78,960	-
	<u>11,090,446</u>	<u>4,787,643</u>
Total assets	<u>\$ 11,090,446</u>	<u>\$ 4,787,643</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 1,047,341	\$ 334,336
Due to other funds	6,678,942	2,235,764
Retentions payable	-	-
Deferred revenues	-	2,124,050
Advances from other funds	1,629,400	-
Due to other governments	1,324,470	-
	<u>10,680,153</u>	<u>4,694,150</u>
Total liabilities	<u>10,680,153</u>	<u>4,694,150</u>
Fund balances:		
Reserved for:		
Encumbrances	697,720	-
Deposits	78,960	-
Inventory	19,133	-
Prepaid items	-	513
Debt service	-	-
Advances to other governments	306,389	-
Sewer capacity rights	-	-
Petty cash	5,030	-
Unreserved:		
General Fund:		
Designated for budget reserve	-	-
Undesignated	(696,939)	-
Special revenue funds:		
Designated for continuing appropriations	-	-
Undesignated	-	92,980
Debt service funds:		
Undesignated	-	-
Capital projects funds:		
Designated for continuing appropriations	-	-
Undesignated	-	-
	<u>410,293</u>	<u>93,493</u>
Total fund balances (deficit)	<u>410,293</u>	<u>93,493</u>
Total liabilities and fund balances	<u>\$ 11,090,446</u>	<u>\$ 4,787,643</u>

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

Capital Projects Funds		Nonmajor Governmental Funds	Totals	
Street Construction	Impact Fees		2010	2009
\$ -	\$ 2,406,191	\$ 23,504,010	\$ 25,934,487	\$ 32,658,288
-	-	48,843	379,808	196,042
-	-	57,575	1,587,501	3,560,721
-	37,514	87,223	143,114	310,563
-	-	369,971	369,971	442,585
-	-	-	19,133	19,327
-	-	-	513	47,520
4,368	2,753	1,786,802	15,669,852	13,491,653
-	7,809,384	3,319,232	11,128,616	7,596,778
-	1,629,400	418,974	2,048,374	513,374
-	-	214,671	293,631	289,169
<u>\$ 4,368</u>	<u>\$ 11,885,242</u>	<u>\$ 29,807,301</u>	<u>\$ 57,575,000</u>	<u>\$ 59,126,020</u>
\$ 296,382	\$ 10,755	\$ 1,223,561	\$ 2,912,375	\$ 3,304,058
4,841,667	-	3,028,125	16,784,498	13,831,457
205,078	-	2,989	208,067	62,861
-	-	699,632	2,823,682	3,476,386
-	-	213,200	1,842,600	229,600
900,000	-	168,400	2,392,870	1,081,300
<u>6,243,127</u>	<u>10,755</u>	<u>5,335,907</u>	<u>26,964,092</u>	<u>21,985,662</u>
-	145,600	504,500	1,347,820	512,900
-	-	-	78,960	-
-	-	-	19,133	19,327
-	-	-	513	47,520
-	-	148,617	148,617	275,343
-	-	418,974	725,363	513,374
-	-	214,671	214,671	214,671
-	-	1,520	6,550	6,855
-	-	-	-	2,486,162
-	-	-	(696,939)	-
-	-	-	-	268,300
-	-	9,151,629	9,244,609	19,625,333
-	-	(368,344)	(368,344)	(406,895)
-	-	-	-	202,600
<u>(6,238,759)</u>	<u>11,728,887</u>	<u>14,399,827</u>	<u>19,889,955</u>	<u>13,374,868</u>
<u>(6,238,759)</u>	<u>11,874,487</u>	<u>24,471,394</u>	<u>30,610,908</u>	<u>37,140,358</u>
<u>\$ 4,368</u>	<u>\$ 11,885,242</u>	<u>\$ 29,807,301</u>	<u>\$ 57,575,000</u>	<u>\$ 59,126,020</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, 2010**

Fund balances of governmental funds	\$	30,610,908
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.		438,783,125
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	\$ 4,137,930	
Long-term liabilities	(12,018,269)	
Other assets and liabilities	<u>59,724</u>	(7,820,615)
Certain assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		369,971
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in funds, less internal service fund liabilities.		
Bonds, notes and leases payable	\$ (92,270,655)	
Accrued interest payable	(779,314)	
Compensated absences payable	<u>(19,294,027)</u>	<u>(112,343,996)</u>
Net assets of governmental activities	\$	<u><u>349,599,393</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, 2010
(with prior year data for comparative purposes only)

	General	Special Revenue Fund Federal and State Programs
REVENUES		
Taxes	\$ 83,518,733	\$ -
Licenses and permits	8,387,017	-
Impact fees	-	-
Fines and forfeitures	3,379,135	-
Investment income	789,438	19,693
Intergovernmental	7,213,053	10,760,237
Charges for services	6,509,637	-
Other	6,051,308	-
Total revenues	<u>115,848,321</u>	<u>10,779,930</u>
EXPENDITURES		
Current:		
General government	23,540,159	145,805
Public safety	89,121,424	4,142,967
Streets	7,356,336	15,425
Culture and recreation	4,301,541	297,385
Community development	-	-
Community service	1,426,189	5,422,155
Debt service:		
Principal	3,030,508	-
Interest	3,465,666	-
Total expenditures	<u>132,241,823</u>	<u>10,023,737</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,393,502)</u>	<u>756,193</u>
OTHER FINANCING SOURCES (USES)		
Issuance of debt	1,727,490	-
Sale of capital assets	1,930,000	-
Transfers in	12,643,686	-
Transfers out	(2,205,700)	-
Total other financing sources (uses)	<u>14,095,476</u>	<u>-</u>
Net change in fund balances	(2,298,026)	756,193
Fund balances (deficit), beginning of year	<u>2,708,319</u>	<u>(662,700)</u>
Fund balances (deficit), end of year	<u>\$ 410,293</u>	<u>\$ 93,493</u>

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

Capital Projects Funds		Nonmajor Governmental Funds	Totals	
Street Construction	Impact Fees		2010	2009
\$ -	\$ -	\$ 2,174,918	\$ 85,693,651	\$ 96,154,309
-	-	409,035	8,796,052	10,048,833
-	2,036,352	-	2,036,352	1,065,305
-	-	2,470,937	5,850,072	4,721,725
-	165,855	743,736	1,718,722	1,985,912
22,458	-	8,125,352	26,121,100	28,757,456
-	-	4,422,793	10,932,430	11,020,644
1,026,327	30,346	463,007	7,570,988	4,846,579
<u>1,048,785</u>	<u>2,232,553</u>	<u>18,809,778</u>	<u>148,719,367</u>	<u>158,600,763</u>
-	-	129,069	23,815,033	23,468,564
-	188,465	2,677,912	96,130,768	105,613,213
3,644,466	274,797	8,975,988	20,267,012	25,150,386
-	33,434	596,180	5,228,540	6,842,658
-	-	-	-	75,240
-	-	2,301,992	9,150,336	9,415,818
-	81,563	1,246,704	4,358,775	4,449,342
-	273,479	250,311	3,989,456	3,391,109
<u>3,644,466</u>	<u>851,738</u>	<u>16,178,156</u>	<u>162,939,920</u>	<u>178,406,330</u>
<u>(2,595,681)</u>	<u>1,380,815</u>	<u>2,631,622</u>	<u>(14,220,553)</u>	<u>(19,805,567)</u>
-	-	-	1,727,490	4,218,935
-	-	-	1,930,000	-
-	27,422	2,342,504	15,013,612	17,068,366
-	-	(8,774,299)	(10,979,999)	(15,414,082)
<u>-</u>	<u>27,422</u>	<u>(6,431,795)</u>	<u>7,691,103</u>	<u>5,873,219</u>
(2,595,681)	1,408,237	(3,800,173)	(6,529,450)	(13,932,348)
<u>(3,643,078)</u>	<u>10,466,250</u>	<u>28,271,567</u>	<u>37,140,358</u>	<u>51,072,706</u>
<u>\$ (6,238,759)</u>	<u>\$ 11,874,487</u>	<u>\$ 24,471,394</u>	<u>\$ 30,610,908</u>	<u>\$ 37,140,358</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, 2010**

Net change in fund balance - total governmental funds \$ (6,529,450)

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, net of disposals, was exceeded by depreciation.

Capital outlay	\$ 10,061,991	
Depreciation	<u>(18,824,014)</u>	(8,762,023)

Revenues that are measurable but not available are not recorded as revenues under the modified accrual basis of accounting. (790,414)

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 it reduces long-term liabilities in the statement of net assets.

Debt issued	\$ (1,727,490)	
Principal payments on debt	<u>4,358,775</u>	2,631,285

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	\$ (966,121)	
OPEB obligation	(4,673,845)	
Accrued interest payable	<u>10,878</u>	(5,629,088)

Internal service funds are used by management to charge various costs to individual funds. The net expense of the internal service funds are reported with governmental activities. (1,516,176)

Change in net assets of governmental activities \$ (20,595,866)

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

City of San Bernardino
Statement of Net Assets
Proprietary Funds
June 30, 2010
(with prior year data for comparative purposes only)

	Business-type Activities - <u>Enterprise Fund</u>	Governmental Activities - <u>Internal Service</u>	<u>Totals</u>	
	<u>Integrated Waste</u>	<u>Funds</u>	2010	2009
ASSETS				
Current assets:				
Cash and investments	\$ 2,333	\$ 59,019	\$ 61,352	\$ 43,528
Cash and investments with fiscal agents	3,597,721	323,700	3,921,421	4,401,244
Receivables:				
Accounts, net	2,554,747	-	2,554,747	2,621,927
Interest	2,134	14,503	16,637	36,986
Other	-	1,360	1,360	1,426
Inventory	-	462,543	462,543	421,997
Prepays	-	199,846	199,846	-
Due from other governments	-	20,161	20,161	454,940
Due from other funds	860,048	5,608,576	6,468,624	6,264,685
	<u>7,016,983</u>	<u>6,689,708</u>	<u>13,706,691</u>	<u>14,246,733</u>
Total current assets				
Capital assets, net:				
Property, plant and equipment	10,521,189	4,137,930	14,659,119	14,844,323
	<u>17,538,172</u>	<u>10,827,638</u>	<u>28,365,810</u>	<u>29,091,056</u>
Total assets				
LIABILITIES				
Current liabilities:				
Accounts payable	1,354,282	847,104	2,201,386	1,507,445
Due to other funds	-	812,742	812,742	30,006
Deposits payable	394,213	-	394,213	383,626
Advances from other funds	-	205,774	205,774	283,774
Claims and judgements payable - current	-	4,098,639	4,098,639	3,661,400
Compensated absences - current	675,823	279,100	954,923	872,839
Capital lease payable - current	2,538,564	346,625	2,885,189	3,000,552
Facility lease payable - current	-	40,000	40,000	35,000
	<u>4,962,882</u>	<u>6,629,984</u>	<u>11,592,866</u>	<u>9,774,642</u>
Total current liabilities				
Noncurrent liabilities:				
Claims and judgements payable	-	9,563,492	9,563,492	10,515,518
Compensated absences	-	651,535	651,535	762,712
Capital lease payable	11,059,489	1,678,242	12,737,731	11,820,566
Facility lease payable	-	125,000	125,000	165,000
	<u>11,059,489</u>	<u>12,018,269</u>	<u>23,077,758</u>	<u>23,263,796</u>
Total noncurrent liabilities				
Total liabilities				
	<u>16,022,371</u>	<u>18,648,253</u>	<u>34,670,624</u>	<u>33,038,438</u>
NET ASSETS				
Invested in capital assets, net of related debt	(3,076,864)	1,908,864	(1,168,000)	(245,225)
Unrestricted (deficit)	4,592,665	(9,729,479)	(5,136,814)	(3,702,157)
	<u>\$ 1,515,801</u>	<u>\$ (7,820,615)</u>	<u>\$ (6,304,814)</u>	<u>\$ (3,947,382)</u>
Total net assets (deficit)				

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

City of San Bernardino
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the year ended June 30, 2010
(with prior year data for comparative purposes only)

	Business-type Activities - <u>Enterprise Fund</u>	Governmental Activities - <u>Internal Service</u>	<u>Totals</u>	
	<u>Integrated Waste</u>	<u>Funds</u>	<u>2010</u>	<u>2009</u>
OPERATING REVENUES				
Charges for services	\$ 26,074,292	\$ 22,439,958	\$ 48,514,250	\$ 48,075,785
Total operating revenues	<u>26,074,292</u>	<u>22,439,958</u>	<u>48,514,250</u>	<u>48,075,785</u>
OPERATING EXPENSES				
Cost of sales and service	17,148,865	16,034,718	33,183,583	33,994,553
Administration	3,413,265	-	3,413,265	3,325,872
Claims expense	-	5,809,956	5,809,956	7,102,350
Depreciation	<u>2,778,687</u>	<u>2,148,591</u>	<u>4,927,278</u>	<u>4,726,399</u>
Total operating expenses	<u>23,340,817</u>	<u>23,993,265</u>	<u>47,334,082</u>	<u>49,149,174</u>
Operating income (loss)	<u>2,733,475</u>	<u>(1,553,307)</u>	<u>1,180,168</u>	<u>(1,073,389)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	25,352	50,689	76,041	114,087
Interest expense	(400,158)	(104,794)	(504,952)	(431,664)
Loss on disposal of capital assets	(130,408)	-	(130,408)	(394,649)
Miscellaneous	<u>442,183</u>	<u>613,149</u>	<u>1,055,332</u>	<u>1,158,069</u>
Total nonoperating revenues (expenses)	<u>(63,031)</u>	<u>559,044</u>	<u>496,013</u>	<u>445,843</u>
Income before contributions and transfers	2,670,444	(994,263)	1,676,181	(627,546)
Transfers in	35,000	362,500	397,500	1,128,016
Transfers out	<u>(3,546,700)</u>	<u>(884,413)</u>	<u>(4,431,113)</u>	<u>(2,782,300)</u>
Change in net assets	(841,256)	(1,516,176)	(2,357,432)	(2,281,830)
Net assets (deficit), beginning of year	<u>2,357,057</u>	<u>(6,304,439)</u>	<u>(3,947,382)</u>	<u>(1,665,552)</u>
Net assets (deficit), end of year	<u>\$ 1,515,801</u>	<u>\$ (7,820,615)</u>	<u>\$ (6,304,814)</u>	<u>\$ (3,947,382)</u>

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

City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2010
(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service	Totals	
	Integrated Waste	Funds	2010	2009
Cash flows from operating activities:				
Cash received from customers	\$ 26,152,059	\$ -	\$ 26,152,059	\$ 25,046,988
Cash received from user departments	-	23,657,541	23,657,541	22,656,346
Cash payments to suppliers for goods and services	(12,768,513)	(12,041,972)	(24,810,485)	(26,335,024)
Cash payments for claims and insurance	-	(5,833,481)	(5,833,481)	(5,851,248)
Cash payments to employees for services	(7,114,388)	(4,738,781)	(11,853,169)	(11,935,234)
Cash received from other activities	442,184	613,149	1,055,333	1,158,069
Net cash provided by operating activities	<u>6,711,342</u>	<u>1,656,456</u>	<u>8,367,798</u>	<u>4,739,897</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	35,000	362,500	397,500	1,128,016
Transfers to other funds	(3,546,700)	(884,413)	(4,431,113)	(2,782,300)
Interfund loans	(450,448)	168,504	(281,944)	(1,617,298)
Net cash used for noncapital financing activities	<u>(3,962,148)</u>	<u>(353,409)</u>	<u>(4,315,557)</u>	<u>(3,271,582)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(477,572)	(534,854)	(1,012,426)	(756,052)
Proceeds from capital debt	-	-	-	2,249,794
Principal paid on capital debt	(2,009,449)	(1,145,170)	(3,154,619)	(2,783,037)
Proceeds from sale of capital assets	61,364	-	61,364	135,392
Interest paid on capital debt	(400,158)	(104,794)	(504,952)	(431,664)
Net cash (used for) capital and related financing activities	<u>(2,825,815)</u>	<u>(1,784,818)</u>	<u>(4,610,633)</u>	<u>(1,585,567)</u>
Cash flows from investing activities:				
Interest received	29,413	66,980	96,393	124,224
Net cash provided by investing activities	<u>29,413</u>	<u>66,980</u>	<u>96,393</u>	<u>124,224</u>
Net increase (decrease) in cash and investments	(47,208)	(414,791)	(461,999)	6,972
Cash and investments, beginning of year	3,647,262	797,510	4,444,772	4,437,800
Cash and investments, end of year	<u>\$ 3,600,054</u>	<u>\$ 382,719</u>	<u>\$ 3,982,773</u>	<u>\$ 4,444,772</u>

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

City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2010
(with prior year data for comparative purposes only)
(Continued)

	Business-type Activities - Enterprise Fund <u>Integrated Waste</u>	Governmental Activities - Internal Service Funds	<u>Totals</u>	
			2010	2009
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 2,733,475	\$ (1,553,307)	\$ 1,180,168	\$ (1,073,389)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,778,687	2,148,591	4,927,278	4,726,399
Other nonoperating revenues (expenses)	442,184	613,149	1,055,333	1,158,069
(Increase) decrease in assets:				
Accounts receivable	67,180	-	67,180	(64,341)
Other receivables	-	67	67	68,378
Inventories	-	(40,546)	(40,546)	(114,770)
Prepays	-	(199,846)	(199,846)	180,813
Due from other funds	-	-	-	203
Due from other governments	-	434,780	434,780	(407,847)
Increase (decrease) in liabilities:				
Accounts payable	752,448	(58,508)	693,940	(884,387)
Deposits payable	10,587	-	10,587	16,121
Claims and judgements payable	-	(514,787)	(514,787)	956,094
Due to other funds	-	782,736	782,736	15,036
Compensated absences	(73,219)	44,127	(29,092)	163,518
Net cash provided by operating activities	<u>\$ 6,711,342</u>	<u>\$ 1,656,456</u>	<u>\$ 8,367,798</u>	<u>\$ 4,739,897</u>
Noncash, investing, capital and financing activities:				
Acquisition of capital asset through financing	\$ 3,639,142	\$ 753,875	\$ 4,393,017	\$ 3,736,551

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, 2010
(with prior year data for comparative purposes only)

	2010	2009
ASSETS		
Cash and investments	\$ 5,518,268	\$ 7,752,383
Cash and investments with fiscal agents	-	251,890
Receivables:		
Accounts	92,386	90,145
Interest	2,869	8,943
Due from other governmental agencies	205,341	222,107
Total assets	\$ 5,818,864	\$ 8,325,468
LIABILITIES		
Accounts payable	\$ 3,812	\$ -
Deposits payable	5,093,805	7,282,125
Due to bond holders	721,247	1,043,343
Total liabilities	\$ 5,818,864	\$ 8,325,468

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

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/City Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, community development (planning, building and zoning), public utilities (water and sewage), and general administrative services.

a. Reporting entity

These financial statements present the activities of the City, the primary government, and do not include the activities of the City's component units or of the Municipal Water Department. The component units are the City of San Bernardino Economic Development Agency and the San Bernardino Joint Powers Financing Authority.

b. Basis of accounting and measurement focus

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

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

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

Government-wide financial statements

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

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

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

Government-wide financial statements, (continued)

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

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

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

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

Fund financial statements

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

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

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

Fund financial statements, (continued)

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

Governmental funds

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

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

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

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

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

Governmental funds, (continued)

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

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

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

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

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

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

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

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

Proprietary and fiduciary funds

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses for the enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues, such as subsidies, taxes and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements, rather than as 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 expense. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses. Therefore, they have no measurement focus.

Fund classifications

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

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

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

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

Fund classifications, (continued)

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

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

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

The City reports the following major enterprise funds:

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

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

Internal service funds. These funds are used to account for the financing of special activities that provide services within the City. Such activities include: unemployment insurance, workers' compensation, liability insurance, 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, Cemetery Perpetual Care and Payroll Trust. They are also used to account for various assessment districts for which the City acts as an agent for debt service activity, as the City is prohibited from levying additional taxes for these districts. Such funds include Assessment District No. 961, No. 977A, No. 977B, and No. 1003.

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

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

c. Cash and investments

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

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

d. Cash equivalents

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

e. Capital assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more. Infrastructure projects individually exceeding \$200,000 are capitalized if the project does not represent routine ordinary maintenance to keep the infrastructure assets in the condition necessary to perform its intended function, but rather improves the asset beyond its original condition or functionally, or extraordinarily extends the life of the asset beyond its original condition, or extraordinarily extends the life of the asset beyond original expectations. Generally, street slurry seals and repairing adding one inch or less of asphalt are considered to be routine maintenance regardless of the cost of the project.

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

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

e. Capital assets, (continued)

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

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

	Years
Infrastructure	20-50
Buildings and improvements	10-40
Machinery, vehicles and equipment	3-20
Computer system	5-10

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

GASB 34 controls the reporting of infrastructure assets, consequently, public domain assets are now recorded in the government-wide financial statements.

f. Long-term receivables

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

g. Inventories

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

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

h. Property taxes

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

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

i. Comparative data

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

Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

j. Use of estimates

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 2: Cash and investments

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

Statement of net assets	
Cash and investments	\$ 25,995,839
Statement of fiduciary assets and liabilities	
Cash and investments	<u>5,518,268</u>
Total cash and investments	<u>31,514,107</u>
Statement of net assets	
Cash and investments with fiscal agents	<u>4,301,229</u>
Total cash and investments with fiscal agents	<u>4,301,229</u>
Total cash and investments	<u><u>\$ 35,815,336</u></u>

Cash and investments at June 30, 2010, consisted of the following:

Petty cash	\$ 6,850
Demand deposits	(3,708,128)
Investments	<u>107,586,034</u>
Total cash and investments	103,884,756
Less amount held by Water Department	<u>(68,069,420)</u>
Total cash and investments held by City	<u><u>\$ 35,815,336</u></u>

As part of the City's investment guidelines, the City continually seeks ways to increase investment income while not risking investment principal. One way the City accomplishes this is by "sweeping", on a nightly basis, any excess cash held in its non-interest bearing checking account to an interest bearing money market account with the same bank. This "sweeping" of excess funds from the non-interest bearing accounts results in a negative balance (as shown above) due to outstanding checks.

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 2: Cash and investments (continued)

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

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

Investment types authorized by state law	Authorized by investment policy	*Maximum maturity	*Maximum percentage of portfolio	*Maximum investment in one issuer
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Funds (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 2: Cash and investments, (continued)

Investments authorized by debt agreements

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

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	180 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	N/A	None	None

Disclosures relating to interest rate risk

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

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 2: Cash and investments, (continued)

Investment type	Total	Remaining maturity		
		12 months or less	13 to 24 months	25 to 60 months
Federal agency securities	\$ 45,180,649	\$ 3,251,894	\$ 3,129,800	\$ 38,798,955
US Treasury securities	4,720,921	-	-	4,720,921
Corporate debt securities	7,673,303	-	3,750,590	3,922,713
Sweep account (money market fund)	3,856,884	3,856,884	-	-
Money market mutual funds	438,533	438,533	-	-
State investment pool	19,892,427	19,892,427	-	-
Held by bond trustee:				
Money market funds	4,301,229	4,301,229	-	-
Federal consent decree:				
State investment pool	15,523,407	15,523,407	-	-
Federal agency securities	5,998,681	-	-	5,998,681
Totals	\$ 107,586,034	\$ 47,264,374	\$ 6,880,390	\$ 53,441,270

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment type	Total	Minimum legal rating	Ratings as of year end	Not rated
Federal agency securities	\$ 45,180,649	AA/Aa2	Aaa	\$ -
US Treasury securities	4,720,921	N/A	Not rated	4,720,921
Corporate debt securities	7,673,303	AA/Aa2	Aaa-Aa2	-
Sweep account (money market fund)	3,856,884	N/A	Not rated	3,856,884
Money market mutual funds	438,533	N/A	Not rated	438,533
State investment pool	19,892,427	N/A	Not rated	19,892,427
Held by bond trustee:				
Money market funds	4,301,229	N/A	Not rated	4,301,229
Federal consent decree:				
State investment pool	15,523,407	N/A	Not rated	15,523,407
Federal agency securities	5,998,681	AA/Aa2	Aaa	-
Totals	\$ 107,586,034			\$ 48,733,401

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 2: Cash and investments, (continued)

Concentration of credit risk

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

Issuer	Investment type	Reported amount
Federal Home Loan Bank	Federal agency securities	\$ 8,128,250
Federal Home Loan Mortgage	Federal agency securities	10,203,756
Federal National Mortgage Association	Federal agency securities	28,474,795

Custodial credit risk

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 2: Cash and investments, (continued)

Investment in state investment pool

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

Note 3: Interfund receivables, payables, and transfers

Current interfund receivables and payables at June 30, 2010, are as follows:

	Amount
Due to nonmajor funds from:	
Federal and State Grant Programs	\$ 1,105,322
Street Construction fund	136,388
Nonmajor governmental funds	2,077,522
Due to Integrated Waste from:	
Internal service funds	812,742
Street Construction fund	47,306
Due to Impact Fee funds from:	
General Fund	6,678,942
Federal and State Grant Programs	1,130,442
Due to internal service funds from:	
Street Construction fund	4,657,973
Nonmajor governmental funds	950,603
Total interfund receivables and payables	\$ 17,597,240

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

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

Long-term interfund receivables and payables at June 30, 2010, are as follows:

<u>Advances from</u>	<u>Advances to</u>	<u>Amount</u>
Impact Fees	General Fund	\$ 1,629,400
Nonmajor governmental funds	Nonmajor governmental funds	213,200
	Internal Service funds	<u>205,774</u>
	Total advances	<u>\$ 2,048,374</u>

The interfund advances above resulted from loans to fund infrastructure improvements, purchase equipment and fund general operations.

Interfund transfers during the year ended June 30, 2010, were as follows:

<u>Fund receiving transfers</u>	<u>Fund making transfers</u>	<u>Amount</u>
General	Nonmajor funds	\$ 8,496,573 (A)
	Integrated Waste funds	3,546,700 (B)
	Internal Service funds	600,413
Internal Service funds	Internal Service funds	284,000
Nonmajor funds	General Fund	2,092,200 (C)
Nonmajor funds	Nonmajor funds	250,304
Impact fees	Nonmajor funds	27,422
Internal Service funds	General Fund	78,500
Integrated Waste	General Fund	<u>35,000</u>
	Total transfers	<u>\$ 15,411,112</u>

(A) \$3,220,000 was transferred to the General Fund from the Gas Tax Fund for various street projects financed by the General Fund. The remainder was transferred to the General Fund from several nonmajor governmental funds for various projects financed by the General Fund and for administrative costs incurred.

(B) \$3,546,700 was transferred to the General Fund from the Integrated Waste Fund for administrative costs, the fund's portion of capital lease debt service payments and various street repairs.

(C) \$2,053,800 was transferred to the Library Fund from the General Fund for operating expenditures.

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 4: Capital assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 114,394,917	\$ 1,599,441	\$ (2,150,000)	\$ 113,844,358
Construction in progress	15,145,438	10,632,234	(5,635,442)	20,142,230
Total capital assets, not being depreciated	129,540,355	12,231,675	(7,785,442)	133,986,588
Capital assets, being depreciated:				
Infrastructure	522,729,434	3,562,368	(837,708)	525,454,094
Buildings and improvements	69,170,317	-	-	69,170,317
Machinery, vehicles and equipment	71,278,329	3,233,638	(1,181,411)	73,330,556
Total capital assets, being depreciated	663,178,080	6,796,006	(2,019,119)	667,954,967
Less accumulated depreciation for:				
Infrastructure	(234,637,176)	(14,292,296)	520,526	(248,408,946)
Buildings and improvements	(50,091,015)	(1,920,443)	-	(52,011,458)
Machinery, vehicles and equipment	(55,017,128)	(4,759,866)	1,176,898	(58,600,096)
Total accumulated depreciation	(339,745,319)	(20,972,605)	1,697,424	(359,020,500)
Total capital assets, being depreciated net	323,432,761	(14,176,599)	(321,695)	308,934,467
Governmental activities capital assets, net	<u>\$ 452,973,116</u>	<u>\$ (1,944,924)</u>	<u>\$ (8,107,137)</u>	<u>\$ 442,921,055</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery, vehicles and equipment	\$ 21,045,560	\$ 4,075,293	\$ (1,706,930)	\$ 23,413,923
Total capital assets, being depreciated	21,045,560	4,075,293	(1,706,930)	23,413,923
Less accumulated depreciation for:				
Machinery, vehicles and equipment	(11,629,205)	(2,778,687)	1,515,158	(12,892,734)
Total accumulated depreciation	(11,629,205)	(2,778,687)	1,515,158	(12,892,734)
Business-type activities capital assets, net	<u>\$ 9,416,355</u>	<u>\$ 1,296,606</u>	<u>\$ (191,772)</u>	<u>\$ 10,521,189</u>

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 4: Capital assets, (continued)

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

	Governmental activities	Business-type activities
Governmental activities:		
General government	\$ 907,311	\$ -
Public safety	2,215,256	-
Streets	14,935,976	-
Culture and recreation	513,236	-
Community development	385	-
Community services	251,850	-
Refuse	-	2,778,687
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	2,148,591	-
Total depreciation expense - governmental activities	\$ 20,972,605	\$ 2,778,687

Note 5: Changes in long-term liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Governmental activities:					
<i>Capital leases payable</i>					
Fire equipment	\$ 3,364,628	\$ -	\$ (710,091)	\$ 2,654,537	\$ 585,755
Energy efficiency	729,368	-	(70,420)	658,948	70,420
Police vehicles	2,064,257	323,700	(975,029)	1,412,928	958,082
Mobile data computers	119,069	-	(119,069)	-	-
Fire station alerting system	-	527,490	(33,381)	494,109	100,413
Fire station ADA/ roofing projects	88,407	-	(88,407)	-	-
Subtotal capital leases payable	6,365,729	851,190	(1,996,397)	5,220,522	1,714,670
<i>Facilities leases payable</i>					
Public Facilities Lease (Lease Revenues Refunding Bonds 1997, Series A)	3,139,848	-	(739,848)	2,400,000	775,000
City Hall Lease (Lease Revenue Refunding Bonds Series 1996)	8,511,157	-	(490,048)	8,021,109	490,000
Police Facility Lease (1999 COP)	4,681,288	-	(210,024)	4,471,264	220,000
Fire maintenance facility note	-	1,200,000	-	1,200,000	-
<i>California infrastructure loans</i>					
Streets	7,570,170	-	(1,058,323)	6,511,847	1,083,405
Fire Station	2,318,934	-	(81,564)	2,237,370	83,945
Harriman Place Street Extension Lease	1,540,430	-	(99,806)	1,440,624	102,610
Subtotal facilities leases payable	27,761,827	1,200,000	(2,679,613)	26,282,214	2,754,960

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

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

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Governmental activities (continued):					
<i>Bonds payable</i>					
Taxable Pension Obligation					
Bonds, 2005 Series A	\$ 48,599,907	\$ -	\$ (697,856)	\$ 47,902,051	\$ 826,800
<i>Assessment District Bonds</i>					
Assessment District No. 985	115,000	-	(115,000)	-	-
Assessment District No. 987	135,000	-	(40,000)	95,000	45,000
Claims and judgments	14,176,918	2,660,818	(3,175,605)	13,662,131	4,098,639
OPEB Obligation	10,286,891	4,673,845	-	14,960,736	-
Compensated absences	19,214,413	11,837,690	(10,827,441)	20,224,662	11,837,690
Governmental activity					
long-term liabilities	<u>\$ 126,655,685</u>	<u>\$ 21,223,543</u>	<u>\$ (19,531,912)</u>	<u>\$ 128,347,316</u>	<u>\$ 21,277,759</u>
Business-type activities:					
<i>Capital leases:</i>					
Refuse equipment	\$ 12,009,781	\$ 3,597,721	\$ (2,009,449)	\$ 13,598,053	\$ 2,538,564
Compensated absences	749,042	756,449	(829,668)	675,823	675,823
Business-type activity					
long-term liabilities	<u>\$ 12,758,823</u>	<u>\$ 4,354,170</u>	<u>\$ (2,839,117)</u>	<u>\$ 14,273,876</u>	<u>\$ 3,214,387</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, \$930,635 of compensated absences, \$13,662,131 of claims and judgments payable, \$2,024,867 of capital leases payable, and \$165,000 of facility leases payable for internal service funds are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund and designated internal service funds.

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 6: Capital leases payable

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

	<u>Amount outstanding at June 30, 2010</u>
Governmental activities:	
<i>Fire equipment</i>	
The City entered into several lease purchase agreements for financing the acquisition of seventeen fire trucks. The terms of the leases vary from 3 to 10 years with individual annual payments ranging from \$26,710 to \$244,450.	\$ 2,654,537
<i>Energy efficiency</i>	
The City entered into two lease purchase agreements to finance the acquisition of air conditioning and lighting equipment. In 2009, the City entered into a lease purchase agreement to finance the acquisition of 4 air conditioners. The terms of these leases vary from 10 to 11 years with individual payments ranging from \$15,607 to \$88,509.	658,948
<i>Police vehicles</i>	
The City entered into several lease purchase agreements for the financing of the acquisition of numerous police patrol cars. The terms of the leases are for 36 months with individual semi-annual payments ranging from \$19,033 to \$265,686.	1,412,928
<i>Fire station alerting system</i>	
The City entered into a lease purchase agreement for the financing of the acquisition of a fire station alerting system. The term of the lease is for 84 months with individual semi-annual payments of \$44,260.	<u>494,109</u>
Total capital leases payable – governmental activities	<u><u>\$ 5,220,522</u></u>

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 6: Capital leases payable, (continued)

Refuse equipment

The City entered into several lease purchase agreements for the financing of the acquisition of refuse trucks and street sweepers. The terms of the leases vary from 48 to 84 months with individual semi-annual payments ranging from \$33,339 to \$595,502.

\$ 13,598,053

Total capital leases payable – business-type activities

\$ 13,598,053

Assets acquired through capital leases are as follows:

	Governmental activities	Business-type activities
Machinery, vehicles and equipment	\$ 11,836,411	\$ 15,678,210
Less: accumulated depreciation	<u>(7,068,533)</u>	<u>(6,386,174)</u>
 Totals	 <u><u>\$ 4,767,878</u></u>	 <u><u>\$ 9,292,036</u></u>

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

Year ending June 30,	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2011	\$ 1,530,731	\$ 187,705	\$ 2,538,564	\$ 460,809
2012	1,096,743	135,377	2,596,295	369,738
2013	734,776	99,722	3,135,524	286,446
2014	620,027	72,610	1,780,353	173,790
2015	616,498	49,431	1,842,224	111,919
2016-2020	621,747	47,352	1,131,627	63,639
2021-2025	<u>-</u>	<u>-</u>	<u>573,466</u>	<u>16,309</u>
 Totals	 <u><u>\$ 5,220,522</u></u>	 <u><u>\$ 592,197</u></u>	 <u><u>\$ 13,598,053</u></u>	 <u><u>\$ 1,482,650</u></u>

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 7: Facilities leases payable

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

On July 1, 1997, the San Bernardino Joint Powers Financing Authority issued \$10,370,000 of Public Facilities Lease Revenue Refunding Bonds, 1997 Series A, for the purpose of refunding the Agency's Public Facilities Lease Revenue Bonds, 1989 Series A and to provide funds for the construction and leasing of a fueling station. The bonds consisted of \$5,580,000 of serial bonds with interest rates varying from 3.85% to 4.75%, maturing annually on September 1, 1998 through September 1, 2007 and \$4,790,000 of term bonds due September 1, 2013, bearing interest at 5.00%.

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

The City entered into lease agreements to use and occupy those facilities and the fueling station. Pursuant to the lease, the City agrees to make lease payments in amounts to provide adequate funds each year to pay all debt service on the bonds. Lease payments are required to be paid by the City on the 15th day of the month preceding the interest payment date, for rental of the leased premises. The lease payments are payable from any source and available funds of the City. The City maintains a reserve account, which will be used to offset the final payments of the lease. The lease amount outstanding, net of cash with fiscal agent, at June 30, 2010 is \$2,400,000.

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

The San Bernardino Joint Powers Financing Authority issued \$16,320,000 of Lease Revenue Refunding Bonds (City Hall Project), Series 1996, to refund the Central City Project, \$12,000,000 Certificates of Participation (Series 1992) and to finance the acquisition of certain equipment and other capital improvements by the City. These bonds consisted of: \$4,235,000 of serial bonds with interest rates varying from 4.15% to 5.00%; and \$1,690,000 of term bonds bearing interest at 5.10%; \$865,000 of term bonds, bearing interest of 5.30%; \$3,215,000 of term bonds, bearing interest at 5.60% and \$6,315,000 of term bonds, bearing interest at 5.70%.

The Bonds and the interest thereon are payable from, and secured by a pledge of, lease payments to be paid by the City of San Bernardino pursuant to a Lease Purchase Agreement between the Agency as lessor and the City as lessee. In order for the City to secure its obligations pursuant to the Lease Agreement, the City will grant to the Agency, which will be assigned to First Trust of California National Association, as trustee its interest in the Lease Agreement which includes its rights to acquire the Leased Premises, upon payment of principal of and interest on the Bonds. The City maintains a reserve account, which will be used to offset the final payments of the lease. The lease amount outstanding, net of cash with fiscal agent, at June 30, 2010 is \$8,021,109.

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 7: Facilities leases payable, (continued)

Police facilities lease 1999 Certificates of Participation

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

On September 1, 1999, the Authority and City entered into a lease agreement in regard to the Police Station Site. The City currently has possession of the Police Station Site. Subject to the provisions of the lease, the City agrees to pay to the Authority as rental for use and occupancy of the Police Station lease payments sufficient to satisfy the debt service owed on \$6,730,000 of bonds issued. The debt service payments are payable on February 15 and August 15 of each year commencing February 15, 2001. The City maintains a reserve account, which will be used to offset the final payments of the lease. The lease amount outstanding, net of cash with fiscal agent, at June 30, 2010 is \$4,471,264.

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. The lease amount outstanding at June 30, 2010 is \$2,237,370.

Harriman Place street extension lease

On August 28, 2001, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a lease agreement in regard to the Harriman Place Street Extension Project (Project). The Project will be located on real property owned by the City. Subject to the provisions of the lease, the City agrees to pay to the CIEDB as rental for use and occupancy of the Harriman Street Extension lease payments on February 1 and August 1 of each year. The lease amount outstanding at June 30, 2010 is \$1,440,624.

Fire maintenance facility note

On August 1, 2009, the City entered into a note payable with a property owner for the purchase of land to be used for the City's Fire Department Maintenance Facility. The note is for the amount of \$1,200,000 with a maturity date of July 1, 2019 and bears interest of 5.0%. Due to the nature of the terms of the note, an amortization schedule is not available.

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 7: Facilities leases payable, (continued)

Streets financing agreement

On September 27, 2005, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a financing agreement for the pavement Reconstruction and Rehabilitation Project, which consists of 3.4 miles of pavement reconstruction and 25.5 miles of pavement rehabilitation projects on public streets throughout the City. The City agrees to pay the CIEDB on August 1 and February 1, beginning in fiscal year 2009. During the fiscal year ended June 30, 2010, the City had drawn a total of \$9,613,878 of the \$10,000,000 available. The lease amount outstanding at June 30, 2010 was \$6,511,847.

The following schedule summarizes annual debt service requirements to maturity, net of cash with fiscal agent (except for the \$1,200,000 Fire maintenance facility note, of which, amortization schedule is not available), for facility leases payable:

Year ending June 30,	Governmental activities	
	Principal	Interest
2011	\$ 2,759,260	\$ 1,199,557
2012	2,833,171	1,089,488
2013	2,939,994	974,525
2014	2,233,295	854,140
2015	2,281,698	752,048
2016-2020	7,187,994	2,678,841
2021-2025	4,161,596	922,746
2026-2030	685,206	51,171
Totals	<u>\$ 25,082,214</u>	<u>\$ 8,522,516</u>

Note 8: Assessment district bonds

Assessment District No. 985 bonds payable

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 8: Assessment district bonds, (continued)

Assessment District No. 987 bonds payable

\$709,000 of Assessment District No. 987 bonds, issue of 1991, were issued on December 2, 1991. The bonds consist of coupon bonds from 5.75% to 7.30%. Interest is payable semiannually on March 2 and September 2. Serial Bonds mature annually on September 2 through September 2, 2011. The bonds were issued to provide funds, acquire and construct the work and improvements authorized by the City in the legal proceedings for Assessment District No. 987 located in the City and to pay the authorized incidental expenses of the Assessment District Project and improvement bond financing. The outstanding balance at June 30, 2010 was \$95,000.

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

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

Year ending June 30,	Governmental activities	
	Principal	Interest
2011	\$ 45,000	\$ 5,619
2012	50,000	1,938
Totals	<u>\$ 95,000</u>	<u>\$ 7,557</u>

Note 9: Compensated absences liability

The City employees receive from 10 to 25 vacation days each year depending upon length of service. An employee may accumulate earned vacation time to a maximum not to exceed 60 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. At June 30, 2010, \$20,224,662 and \$675,823 have been recorded, respectively, for governmental activities and business-type activities accrued vacation and sick leave.

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 10: Claims and judgments payable

The City of San Bernardino is self-insured for its liability, unemployment and long-term disability programs. The accrued liability for estimated claims represents 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, 2010 and 2009, are as follows:

	Liability beginning of year	Claims and changes in estimates	Claims paid	Liability end of year
2008-2009				
Workers comp	\$ 7,755,824	\$ 4,266,252	\$ (3,042,228)	\$ 8,979,848
Liability claims	5,465,000	1,021,329	(1,289,259)	5,197,070
Total 2008-2009	<u>\$ 13,220,824</u>	<u>\$ 5,287,581</u>	<u>\$ (4,331,487)</u>	<u>\$ 14,176,918</u>
2009-2010				
Workers comp	\$ 8,979,848	\$ 1,354,856	\$ (1,867,893)	\$ 8,466,811
Liability claims	5,197,070	1,305,962	(1,307,712)	5,195,320
Total 2009-2010	<u>\$ 14,176,918</u>	<u>\$ 2,660,818</u>	<u>\$ (3,175,605)</u>	<u>\$ 13,662,131</u>

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

For liability claims, the City is self insured for the first \$1 million. The first million in excess of the self insured limit is divided up proportionately among the BICEP members. In addition, the City has obtained excess liability coverage using a tiered system with three carriers totaling \$25 million per occurrence.

Currently, the City is a member of the CSAC Excess Insurance Authority (the Authority) for its workers compensation claims. For these claims, the City is self insured for the first \$1 million. The first \$4 million in excess of the self insured limit is insured through the Authority. In addition, for amounts in excess of the \$5 million self insurance and Authority coverage, the City has obtained an additional \$45 million in liability coverage from ACE American Insurance Company.

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 10: Claims and judgments payable, (continued)

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

Estimated claims liabilities at June 30, 2010, 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 11: Pension obligation bonds

In October 2005, 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, 2005, 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, 2005, 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,	Governmental activities	
	Principal	Interest
2011	\$ 826,800	\$ 2,028,894
2012	934,391	2,028,894
2013	916,280	2,028,894
2014	895,138	2,028,894
2015	873,241	2,028,894
2016-2020	4,045,799	10,144,470
2021-2025	3,755,402	10,133,355
2026-2030	12,550,000	8,582,062
2031-2035	18,515,000	4,251,461
2036-2040	4,590,000	129,163
Totals	<u>\$ 47,902,051</u>	<u>\$ 43,384,981</u>

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 12: Fund deficits/accumulated deficits and expenditures in excess of appropriations

At June 30, 2010, the following governmental funds have deficits that are anticipated to be funded from future grants, other revenues and operating transfers, as follows:

	<u>Deficit amount</u>
<i>Special revenue funds:</i>	
Cemetery	\$ 156,383
Baseball Stadium	80,979
 <i>Debt service funds:</i>	
Assessment District #1015	368,344
 <i>Capital projects funds:</i>	
Street Construction	6,238,759
CIEDB Street Construction	395,171

At June 30, 2010, the following proprietary funds have accumulated deficits that are anticipated to be recovered in future periods from user charges and/or transfers, as follows:

	<u>Deficit amount</u>
<i>Internal service funds:</i>	
Unemployment Insurance	\$ 40,632
Workers' Compensation	9,042,369
Liability Insurance	672,541
Utility	89,060
Central Services	51,282

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 12: Fund deficits/accumulated deficits and expenditures in excess of appropriations, (continued)

As of June 30, 2010, the General Fund does not have the financial capacity to fund the accumulated deficits of other funds. Therefore, management expects that funding for the accumulated deficits will take years to accomplish. The accumulated deficit of the Workers' Compensation Internal Service Fund, which accounts for self-insurance activities is due to higher claims experiences versus amounts charged to various departments.

The following funds/departments reported an excess of expenditures over appropriations at June 30, 2010:

	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Debt service fund:			
Assessment District #987	\$ 57,300	\$ 65,176	\$ (7,876)
Assessment District #985	69,900	127,400	(57,500)
Capital projects fund:			
Special Assessments	1,157,300	1,428,779	(271,479)
Special revenue fund:			
Traffic Safety	-	900,541	(900,541)

Note 13: Defined benefit pension plan (PERS)

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

Participants are required to contribute 8% for miscellaneous (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and city contracts with employee bargaining groups.

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 13: Defined benefit pension plan (PERS), (continued)

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2009 to June 30, 2010 has been determined by an actuarial valuation of the plan as of June 30, 2007. The contribution rate indicated for the year under audit was 23.356% of payroll for the safety plan. The contribution rate indicated for the miscellaneous plan for the year under audit was 12.544% of payroll. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2010, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2009 to June 30, 2010.

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

Valuation Date	June 30, 2007
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	32 (safety) 30 (misc) Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 13.15% depending on age, service, and type of employment (3.25% and 14.45% for miscellaneous)
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%

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

Three-year trend information for PERS (\$ in thousands)			
Fiscal year	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
6/30/2008	\$ 13,422	100%	\$ -
6/30/2009	15,582	100%	-
6/30/2010	15,386	100%	-

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 14: 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 1.70% of employee salaries. The City's contributions to the plan amounted to \$546,801 in 2010 and \$559,119 in 2009.

Note 15: Other post-employment benefits

Plan Description

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

Funding Policy

Contribution requirements of the Plan are also established through negotiations between the City and union representatives. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2009-10, the City contributed \$492,155 to the plan. The City currently contributes \$101 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 \$105, assigned to them, except for public safety. Public safety pays in accordance with the following schedule:

Years of service	Payment
20	\$ 200
25	350
30	450

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 15: Other post-employment benefits, (continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual 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	\$ 6,084,000
Interest on net OPEB obligation	514,000
Adjustment to annual required contribution	<u>(808,000)</u>
Annual OPEB cost (expense)	<u>5,790,000</u>
Contributions made	
Benefit payments (cash subsidy)	(492,155)
Benefit payments (implied subsidy)	<u>(624,000)</u>
Total contributions made	<u>(1,116,155)</u>
Increase in net OPEB obligation	4,673,845
Net OPEB obligation, beginning of year	<u>10,286,891</u>
Net OPEB obligation, end of year	<u>\$ 14,960,736</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the three preceding years were as follows:

Fiscal year ended	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
June 30, 2008	\$ 5,648,000	5.60%	\$ 5,330,990
June 30, 2009	6,098,110	18.70%	10,286,891
June 30, 2010	5,790,000	19.30%	14,960,736

Funded Status and Progress

As of June 30, 2009, the most recent valuation date, the actuarial accrued liability for benefits was \$61,371,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by plan) was \$78,951,000, and the ratio of the UAAL to the covered payroll was 77.7%.

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 15: Other post-employment benefits, (continued)

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

Actuarial Methods and Assumptions

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

The June 30, 2009, actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 5.0% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.0% initially, reduced by increments of 0.5% per year to an ultimate rate of 4.5% after the tenth year. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25% per year.

Note 16: Special assessment debt without government commitment

Assessment District No. 1003 issued \$857,000 on July 1, 1992; under the Refunding Act of 1984, for 1915 Improvement Act Bonds. The bonds are payable from the annual installments collected on regular property tax bills sent to owners of property having unpaid assessments levied against land benefited by the projects. Neither the faith, credit nor taxing power of the City is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the financial statements. At June 30, 2010, \$195,000 of Improvement Bonds remains outstanding.

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 17: Contingencies

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

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

Note 18: 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, 2010, the outstanding balance due from IVDA is \$17,816.

San Bernardino International Airport Authority

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

City of San Bernardino
Notes to Primary Government Basic Financial Statements
For the year ended June 30, 2010

Note 18: Jointly governed organizations, (continued)

San Bernardino Regional Water Resources Authority

In August 1998, the City entered into a joint powers agreement with the Inland Valley Development Agency (IVDA) and the San Bernardino Valley Municipal Water District (the District) to form the San Bernardino Regional Water Resources Authority (the Authority). The Authority was created primarily for the purpose of conducting a water resource and storage project. The Authority board is comprised of three members from the City, one member from IVDA and two from the District. The primary sources of funding are loans and grants. As of June 30, 2010, the outstanding balance due from the Authority is \$306,389.

Note 19: Net assets

The government-wide statement of net assets reports \$20,322,122 of restricted net assets, of which \$19,341,918 is restricted by enabling legislation.

REQUIRED SUPPLEMENTARY INFORMATION

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**Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2010**

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Taxes:					
Sales and use	\$ 31,238,300	\$ 26,799,000	\$ 26,330,784	\$ (468,216)	\$ 30,465,303
Utility users	24,500,000	22,565,900	22,630,460	64,560	24,355,172
Property	28,021,700	29,570,800	28,815,781	(755,019)	32,788,532
Franchise	3,583,000	3,583,000	3,125,973	(457,027)	3,513,505
Transient occupancy	2,600,000	1,850,000	2,222,114	372,114	2,517,102
Property transfer	500,000	500,000	393,621	(106,379)	390,814
Total taxes	90,443,000	84,868,700	83,518,733	(1,349,967)	94,030,428
Licenses and permits:					
Business registration	6,435,000	5,685,000	5,841,349	156,349	6,197,871
Building permits	485,000	485,000	545,164	60,164	498,626
Mechanical permits	150,000	150,000	161,319	11,319	144,792
Onsite permits	650,000	125,000	104,328	(20,672)	623,489
Onsite plan check fees	200,000	200,000	25,780	(174,220)	209,377
Public works construction permit	152,000	152,000	56,222	(95,778)	122,992
Paramedic/EMS subscription	12,000	12,000	30,319	18,319	2,172
Street cut permit	198,800	435,000	418,072	(16,928)	295,086
Other	1,063,700	1,277,300	1,204,464	(72,836)	1,291,065
Total licenses and permits	9,346,500	8,521,300	8,387,017	(134,283)	9,385,470
Fines and forfeitures:					
General fines	116,700	279,600	245,685	(33,915)	135,875
Parking citation	1,130,000	1,230,000	1,152,652	(77,348)	1,145,492
Code admin citations	235,000	500,000	582,838	82,838	182,982
Fire citation	100,000	100,000	64,976	(35,024)	96,767
Other	821,300	1,640,000	1,332,984	(307,016)	688,944
Total fines and forfeitures	2,403,000	3,749,600	3,379,135	(370,465)	2,250,060
Investment income:					
Investment income	456,200	200,000	110,208	(89,792)	198,928
Land and building rental	472,200	493,200	649,755	156,555	498,389
Other	40,000	40,000	29,475	(10,525)	39,219
Total investment income	968,400	733,200	789,438	56,238	736,536

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2010
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Intergovernmental:					
Motor vehicle in lieu tax	\$ 725,000	\$ 400,000	\$ 711,560	\$ 311,560	\$ 817,737
Homeowners exemption	140,000	140,000	141,765	1,765	134,091
State police training grants	100,000	100,000	96,838	(3,162)	100,876
State grants	700,000	700,000	506,326	(193,674)	795,269
Other	5,801,400	5,846,400	5,756,564	(89,836)	7,068,276
Total intergovernmental	7,466,400	7,186,400	7,213,053	26,653	8,916,249
Charges for services:					
Plan check fees	250,000	250,000	172,798	(77,202)	230,880
Paramedics/emergency medical services	659,100	909,100	834,487	(74,613)	670,531
Board up/demolition assessment	1,025,500	1,025,500	726,641	(298,859)	765,997
Storm drain utility fee	288,000	288,000	244,700	(43,300)	271,148
Weed abatement	346,200	346,200	174,268	(171,932)	150,733
Planning development projects	250,000	250,000	164,841	(85,159)	301,612
Sale of photos	19,100	19,100	8,132	(10,968)	15,187
Alarm system fee	88,900	88,900	50,944	(37,956)	55,806
Engineering fees	101,100	101,100	41,896	(59,204)	96,408
Miscellaneous police receipts	785,000	831,400	1,002,982	171,582	882,574
Swimming pool fees	75,000	75,000	70,286	(4,714)	54,250
Other charges	4,327,400	4,187,100	3,017,662	(1,169,438)	2,924,869
Total charges for services	8,215,300	8,371,400	6,509,637	(1,861,763)	6,419,995
Other revenues:					
Off track betting	120,000	120,000	91,986	(28,014)	110,107
Miscellaneous receipts	200,000	2,749,700	2,540,697	(209,003)	441,034
Other	3,479,300	3,619,300	3,418,625	(200,675)	3,570,866
Total other revenues	3,799,300	6,489,000	6,051,308	(437,692)	4,122,007
Total revenues	122,641,900	119,919,600	115,848,321	(4,071,279)	125,860,745

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2010
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
EXPENDITURES					
Current:					
General government					
Mayor					
Personnel salaries and benefits	\$ 613,700	\$ 618,700	\$ 631,086	\$ (12,386)	\$ 667,661
Other	216,600	211,600	175,004	36,596	137,906
Common council					
Personnel salaries and benefits	486,300	486,300	432,027	54,273	431,286
Other	56,300	121,300	40,933	80,367	56,931
City clerk					
Personnel salaries and benefits	1,219,000	1,219,000	1,210,409	8,591	1,297,421
Other	764,200	764,200	678,508	85,692	320,082
City treasurer					
Personnel salaries and benefits	176,800	176,800	180,965	(4,165)	191,768
Other	20,900	20,900	16,798	4,102	17,693
City attorney					
Personnel salaries and benefits	2,575,700	2,579,700	2,534,080	45,620	2,566,122
Other	933,100	1,181,700	923,016	258,684	1,043,377
City administrator					
Personnel salaries and benefits	1,140,600	1,140,600	945,692	194,908	948,113
Other	54,700	54,700	56,449	(1,749)	42,810
Personnel					
Personnel salaries and benefits	418,700	418,700	423,244	(4,544)	400,321
Other	74,400	74,400	53,162	21,238	40,038
Finance					
Personnel salaries and benefits	1,415,000	1,415,000	1,302,117	112,883	1,363,009
Other	206,400	199,700	238,917	(39,217)	225,405
Civil service					
Personnel salaries and benefits	277,900	277,900	269,794	8,106	280,266
Other	14,700	14,700	14,003	697	12,389
Code compliance					
Personnel salaries and benefits	2,869,500	2,869,500	2,680,614	188,886	3,037,806
Other	1,038,800	1,042,900	543,388	499,512	1,078,272
Facilities management					
Personnel salaries and benefits	1,718,900	1,718,900	1,723,671	(4,771)	1,917,964
Other	1,606,300	1,788,800	1,464,681	324,119	1,429,701
Nondepartmental					
Personnel salaries and benefits	2,281,900	-	-	-	-
Other	6,781,400	6,637,900	7,001,601	(363,701)	5,430,005
Total general government	<u>26,961,800</u>	<u>25,033,900</u>	<u>23,540,159</u>	<u>1,493,741</u>	<u>22,936,346</u>
Public safety					
Police					
Personnel salaries and benefits	55,610,700	56,406,100	54,425,645	1,980,455	58,073,303
Other	4,637,700	4,195,100	3,243,347	951,753	5,865,205
Fire					
Personnel salaries and benefits	28,265,000	29,620,100	29,439,353	180,747	31,561,260
Other	2,286,000	2,301,800	2,013,079	288,721	5,111,016
Total public safety	<u>90,799,400</u>	<u>92,523,100</u>	<u>89,121,424</u>	<u>3,401,676</u>	<u>100,610,784</u>

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2010
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Streets					
Development services					
Personnel salaries and benefits	\$ 1,655,100	\$ 1,655,100	\$ 1,996,179	\$ (341,079)	\$ 2,395,717
Other	785,000	817,700	467,231	350,469	651,863
Public services					
Personnel salaries and benefits	1,674,200	1,575,800	1,424,690	151,110	1,922,689
Other	3,549,600	3,555,900	3,468,236	87,664	3,310,485
Total streets	<u>7,663,900</u>	<u>7,604,500</u>	<u>7,356,336</u>	<u>248,164</u>	<u>8,280,754</u>
Culture and recreation					
Park, recreation and community services					
Personnel salaries and benefits	2,628,600	2,676,600	2,665,998	10,602	3,786,821
Other	1,669,900	1,763,600	1,635,543	128,057	1,983,448
Total culture and recreation	<u>4,298,500</u>	<u>4,440,200</u>	<u>4,301,541</u>	<u>138,659</u>	<u>5,770,269</u>
Community services					
Planning, plan check and building inspection					
Personnel salaries and benefits	1,578,000	1,578,000	1,220,151	357,849	1,842,909
Other	432,400	499,600	206,038	293,562	196,208
Total community services	<u>2,010,400</u>	<u>2,077,600</u>	<u>1,426,189</u>	<u>651,411</u>	<u>2,039,117</u>
Debt service					
Principal	2,453,638	2,453,638	3,030,508	(576,870)	1,824,372
Interest	2,805,962	2,805,962	3,465,666	(659,704)	2,590,600
Total debt service	<u>5,259,600</u>	<u>5,259,600</u>	<u>6,496,174</u>	<u>(1,236,574)</u>	<u>4,414,972</u>
Total expenditures	<u>136,993,600</u>	<u>136,938,900</u>	<u>132,241,823</u>	<u>4,697,077</u>	<u>144,052,242</u>
Excess of (deficiency) of revenues over (under) expenditures	<u>(14,351,700)</u>	<u>(17,019,300)</u>	<u>(16,393,502)</u>	<u>625,798</u>	<u>(18,191,497)</u>
Other financing sources (uses)					
Issuance of debt	-	-	1,727,490	1,727,490	55,294
Sale of capital assets	-	1,930,000	1,930,000	-	-
Transfers in	-	12,369,200	12,643,686	274,486	11,326,953
Transfers out	-	(2,262,100)	(2,205,700)	56,400	(6,635,475)
Total other financing sources (uses)	<u>-</u>	<u>12,037,100</u>	<u>14,095,476</u>	<u>2,058,376</u>	<u>4,746,772</u>
Net change in fund balances	<u>(14,351,700)</u>	<u>(4,982,200)</u>	<u>(2,298,026)</u>	<u>2,684,174</u>	<u>(13,444,725)</u>
Fund balances, beginning of year	<u>2,708,319</u>	<u>2,708,319</u>	<u>2,708,319</u>	<u>-</u>	<u>16,153,044</u>
Fund balances, end of year	<u>\$ (11,643,381)</u>	<u>\$ (2,273,881)</u>	<u>\$ 410,293</u>	<u>\$ 2,684,174</u>	<u>\$ 2,708,319</u>

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – Federal and State Programs Fund
For the year ended June 30, 2010

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Investment income	\$ -	\$ -	\$ 19,693	\$ 19,693	\$ -
Intergovernmental	14,326,900	16,281,500	10,760,237	(5,521,263)	6,906,878
Other	-	-	-	-	162,155
	<u>14,326,900</u>	<u>16,281,500</u>	<u>10,779,930</u>	<u>(5,501,570)</u>	<u>7,069,033</u>
Total revenues	<u>14,326,900</u>	<u>16,281,500</u>	<u>10,779,930</u>	<u>(5,501,570)</u>	<u>7,069,033</u>
EXPENDITURES					
Current:					
General government	6,000	1,960,600	145,805	1,814,795	20,989
Public safety	10,949,500	10,949,500	4,142,967	6,806,533	2,274,467
Streets	-	-	15,425	(15,425)	-
Culture and recreation	-	-	297,385	(297,385)	247,949
Community development	-	-	-	-	75,240
Communtiy service	3,371,400	3,371,400	5,422,155	(2,050,755)	4,329,133
	<u>14,326,900</u>	<u>16,281,500</u>	<u>10,023,737</u>	<u>6,257,763</u>	<u>6,947,778</u>
Total expenditures	<u>14,326,900</u>	<u>16,281,500</u>	<u>10,023,737</u>	<u>6,257,763</u>	<u>6,947,778</u>
Net Change in fund balance	-	-	756,193	756,193	121,255
Fund balances, beginning of year	<u>(662,700)</u>	<u>(662,700)</u>	<u>(662,700)</u>	<u>-</u>	<u>(783,955)</u>
Fund balances, end of year	<u>\$ (662,700)</u>	<u>\$ (662,700)</u>	<u>\$ 93,493</u>	<u>\$ 756,193</u>	<u>\$ (662,700)</u>

Required Supplementary Information
City of San Bernardino
Schedule of Funding Progress (in thousands)
Miscellaneous and Safety Plan of the California Public Employees Retirement System
For the year ended June 30, 2010

Valuation date	Accrued liability (a)	Actuarial value of assets (b)	Unfunded liability (UAAL) (a-b)	Funded status (AVA) (b/a)	Annual covered payroll (c)	UAAL as a % of payroll ((a-b)/c)
6/30/2007						
Miscellaneous	\$ 321,501	\$ 301,929	\$ 19,572	93.9%	\$ 49,541	39.5%
Safety	<u>452,834</u>	<u>401,023</u>	<u>51,811</u>	88.6%	<u>44,581</u>	116.2%
	<u>\$ 774,335</u>	<u>\$ 702,952</u>	<u>\$ 71,383</u>	90.8%	<u>\$ 94,122</u>	75.8%
6/30/2008						
Miscellaneous	\$ 350,911	\$ 323,746	\$ 27,165	92.3%	\$ 52,567	51.7%
Safety	<u>482,224</u>	<u>426,485</u>	<u>55,739</u>	88.4%	<u>48,292</u>	115.4%
	<u>\$ 833,135</u>	<u>\$ 750,231</u>	<u>\$ 82,904</u>	90.0%	<u>\$ 100,859</u>	82.2%
6/30/2009						
Miscellaneous	\$ 391,360	\$ 337,732	\$ 53,628	86.3%	\$ 51,175	104.8%
Safety	<u>527,185</u>	<u>445,549</u>	<u>81,636</u>	84.5%	<u>48,800</u>	167.3%
	<u>\$ 918,545</u>	<u>\$ 783,281</u>	<u>\$ 135,264</u>	85.3%	<u>\$ 99,975</u>	135.3%

City of San Bernardino
Notes to Required Supplementary Information
For the year ended June 30, 2010

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 provides for the City's general operations. Such annual budget includes proposed expenditures and estimated revenues for all Governmental Fund Types.

The City Manager 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 \$54,700 in the General Fund.

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

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

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

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

City of San Bernardino
Notes to Required Supplementary Information
For the year ended June 30, 2010

Note 1: Budgetary control and accounting, (continued)

Expenditures in excess of appropriations

The General Fund and major special revenue fund reported an excess of expenditures over appropriations as follows at June 30, 2010:

<i>General fund:</i>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Mayor - personnel salaries and benefits	\$ 618,700	\$ 631,086	\$ (12,386)
City treasurer - personnel salaries and benefits	176,800	180,965	(4,165)
City administrator - other	54,700	56,449	(1,749)
Personnel - personnel salaries and benefits	418,700	423,244	(4,544)
Finance - other	199,700	238,917	(39,217)
Facilities management - personnel salaries and benefits	1,718,900	1,723,671	(4,771)
Nondepartmental - other	6,637,900	7,001,601	(363,701)
Streets - development services personnel salaries and benefits	1,655,100	1,996,179	(341,079)
 <i>Federal and State Programs Fund:</i>			
Streets	-	15,425	(15,425)
Culture and recreation	-	297,385	(297,385)
Community service	3,371,400	5,422,155	(2,050,755)

SUPPLEMENTARY SCHEDULES

**City of San Bernardino
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010**

	Special	Debt	Capital	Totals	
	Revenue	Service	Projects	2010	2009
ASSETS					
Cash and investments	\$ 6,018,588	\$ 116,644	\$ 17,368,778	\$ 23,504,010	\$ 29,637,275
Cash and investments with fiscal agent	-	48,843	-	48,843	70,475
Receivables:					
Accounts, net	57,575	-	-	57,575	71,699
Interest	32,670	375	54,178	87,223	307,395
Special assessments	-	369,971	-	369,971	501,667
Due from other governments	1,730,907	2,736	53,159	1,786,802	2,795,680
Due from other funds	3,319,232	-	-	3,319,232	1,348,667
Advances to other funds	312,374	-	106,600	418,974	607,774
Other assets	-	-	214,671	214,671	214,670
Total assets	\$ 11,471,346	\$ 538,569	\$ 17,797,386	\$ 29,807,301	\$ 35,555,302
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 616,229	\$ 6,725	\$ 600,607	\$ 1,223,561	\$ 1,313,561
Due to other funds	555,433	-	2,472,692	3,028,125	2,421,817
Retentions payable	-	-	2,989	2,989	390,066
Deferred revenues	329,661	369,971	-	699,632	849,650
Advances from other funds	-	213,200	-	213,200	246,000
Due to other governments	-	168,400	-	168,400	194,200
Total liabilities	1,501,323	758,296	3,076,288	5,335,907	5,415,294
Fund balances:					
Reserved for:					
Encumbrances	504,500	-	-	504,500	461,600
Debt service	-	148,617	-	148,617	277,632
Advances to other funds	312,374	-	106,600	418,974	607,774
Sewer capacity rights	-	-	214,671	214,671	214,671
Petty cash	1,520	-	-	1,520	1,100
Unreserved:					
Designated for continuing appropriations	-	-	-	-	300,600
Undesignated	9,151,629	(368,344)	14,399,827	23,183,112	28,276,631
Total fund balances	9,970,023	(219,727)	14,721,098	24,471,394	30,140,008
Total liabilities and fund balances	\$ 11,471,346	\$ 538,569	\$ 17,797,386	\$ 29,807,301	\$ 35,555,302

City of San Bernardino
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2010

	Special Revenue	Debt Service	Capital Projects	Totals	
				2010	2009
REVENUES					
Taxes	\$ 567,896	\$ 135,547	\$ 1,471,475	\$ 2,174,918	\$ 1,266,549
Licenses and permits	274,176	-	134,859	409,035	993,516
Fines and forfeitures	2,470,937	-	-	2,470,937	2,381,460
Investment income	500,578	1,123	242,035	743,736	1,902,162
Intergovernmental revenues	8,053,952	-	71,400	8,125,352	10,908,757
Charges for services	4,165,022	-	257,771	4,422,793	7,076,134
Other revenues	185,544	-	277,463	463,007	1,184,050
Total revenues	16,218,105	136,670	2,455,003	18,809,778	25,712,628
EXPENDITURES					
Current:					
General government	98,713	30,356	-	129,069	613,184
Public safety	2,651,495	-	26,417	2,677,912	2,361,297
Streets	4,945,847	-	4,030,141	8,975,988	13,865,016
Culture and recreation	505,502	-	90,678	596,180	1,839,245
Community service	2,301,992	-	-	2,301,992	3,164,561
Debt service:					
Principal	1,058,323	155,000	33,381	1,246,704	1,240,287
Interest	199,638	39,793	10,880	250,311	223,443
Total expenditures	11,761,510	225,149	4,191,497	16,178,156	23,307,033
Excess (deficiency) of of revenues over expenditures	4,456,595	(88,479)	(1,736,494)	2,631,622	2,405,595
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	-	17,805
Transfers in	2,342,200	304	-	2,342,504	3,746,774
Transfers out	(7,681,874)	-	(1,092,425)	(8,774,299)	(7,039,900)
Total other financing sources (uses)	(5,339,674)	304	(1,092,425)	(6,431,795)	(3,275,321)
SPECIAL ITEM					
Forgiveness of debt	-	-	-	-	1,556,000
Net change in fund balances	(883,079)	(88,175)	(2,828,919)	(3,800,173)	686,274
Fund balances (deficit), beginning of year	10,853,102	(131,552)	17,550,017	28,271,567	29,453,734
Fund balances (deficit), end of year	<u>\$ 9,970,023</u>	<u>\$ (219,727)</u>	<u>\$ 14,721,098</u>	<u>\$ 24,471,394</u>	<u>\$ 30,140,008</u>

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.

Asset Seizure

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

Alternative Transportation

For receipt and disbursement of funds received under AB 2766 (Health and Safety Code Sections 44220 and 44227) used to improve air quality.

Animal Control

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

Traffic Congestion

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

Special Gas Tax

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

Traffic Safety

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

Sewerline Maintenance

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

Sales and Road

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

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

Baseball Stadium

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

Soccer Field

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

IVDA

For local street improvements around former Norton Air Force Base as provided for by developer fees (There is no adopted budget for the year-ended June 30, 2010 for this fund; therefore, no budget and actual data are presented in the following pages).

Fire Station

For the operation and maintenance of the Verdemont Fire Station.

**City of San Bernardino
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010**

	Library	Cemetery	Asset Seizure
ASSETS			
Cash and investments	\$ 39,326	\$ 2,309	\$ 851,317
Receivables:			
Accounts, net	456	265	-
Interest	-	2,131	2,741
Due from other governments	-	10,000	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
	<u>\$ 39,782</u>	<u>\$ 14,705</u>	<u>\$ 854,058</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,495	\$ 2,258	\$ 14,122
Due to other funds	-	168,830	-
Deferred revenues	-	-	-
	<u>3,495</u>	<u>171,088</u>	<u>14,122</u>
 Fund balances (deficit):			
Reserved for:			
Encumbrances	3,800	-	-
Advances to other funds	-	-	-
Petty cash	275	25	-
Unreserved:			
Designated for continuing appropriations	-	-	-
Undesignated	32,212	(156,408)	839,936
	<u>36,287</u>	<u>(156,383)</u>	<u>839,936</u>
Total liabilities and fund balances	<u>\$ 39,782</u>	<u>\$ 14,705</u>	<u>\$ 854,058</u>

Alternative Transportation	Animal Control	Traffic Congestion	Special Gas Tax	Traffic Safety
\$ -	\$ 520	\$ 1,347,516	\$ 773,968	\$ -
-	42,717	-	-	-
-	-	4,609	1,182	-
62,178	211,785	512,883	298,174	199,490
-	-	-	-	-
-	-	-	-	-
<u>\$ 62,178</u>	<u>\$ 255,022</u>	<u>\$ 1,865,008</u>	<u>\$ 1,073,324</u>	<u>\$ 199,490</u>
\$ 1,375	\$ 29,905	\$ 67,847	\$ 215,100	\$ 68,571
14,028	173,357	-	-	130,883
-	-	-	-	-
<u>15,403</u>	<u>203,262</u>	<u>67,847</u>	<u>215,100</u>	<u>199,454</u>
-	5,500	-	-	-
-	-	-	-	-
-	520	-	-	-
-	-	-	-	-
46,775	45,740	1,797,161	858,224	36
46,775	51,760	1,797,161	858,224	36
<u>\$ 62,178</u>	<u>\$ 255,022</u>	<u>\$ 1,865,008</u>	<u>\$ 1,073,324</u>	<u>\$ 199,490</u>

**City of San Bernardino
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010
(continued)**

	Sewerline Maintenance	Sales and Road	Baseball Stadium
ASSETS			
Cash and investments	\$ 77,812	\$ 2,271,581	\$ -
Receivables:			
Accounts, net	12,154	-	-
Interest	10,725	9,061	-
Due from other governments	277,846	156,181	-
Due from other funds	3,319,232	-	-
Advances to other funds	312,374	-	-
	<u>4,010,143</u>	<u>2,436,823</u>	<u>-</u>
Total assets	<u>\$ 4,010,143</u>	<u>\$ 2,436,823</u>	<u>\$ -</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 179,860	\$ 7,553	\$ 12,644
Due to other funds	-	-	68,335
Deferred revenues	-	-	-
	<u>179,860</u>	<u>7,553</u>	<u>80,979</u>
Total liabilities	<u>179,860</u>	<u>7,553</u>	<u>80,979</u>
 Fund balances (deficit):			
Reserved for:			
Encumbrances	494,500	-	700
Advances to other funds	312,374	-	-
Petty cash	-	-	-
Unreserved:			
Designated for continuing appropriations	-	-	-
Undesignated	3,023,409	2,429,270	(81,679)
	<u>3,830,283</u>	<u>2,429,270</u>	<u>(80,979)</u>
Total fund balances (deficit)	<u>3,830,283</u>	<u>2,429,270</u>	<u>(80,979)</u>
Total liabilities and fund balances	<u>\$ 4,010,143</u>	<u>\$ 2,436,823</u>	<u>\$ -</u>

Soccer Field	IVDA	Fire Station	Totals	
			2010	2009
\$ 316,441	\$ -	\$ 337,798	\$ 6,018,588	\$ 6,870,619
1,983	-	-	57,575	59,886
1,016	-	1,205	32,670	71,893
-	-	2,370	1,730,907	1,789,665
-	-	-	3,319,232	2,886,431
-	-	-	312,374	398,574
<u>\$ 319,440</u>	<u>\$ -</u>	<u>\$ 341,373</u>	<u>\$ 11,471,346</u>	<u>\$ 12,077,068</u>
\$ 2,983	\$ -	\$ 10,516	\$ 616,229	\$ 479,708
-	-	-	555,433	405,301
-	-	329,661	329,661	338,957
<u>2,983</u>	<u>-</u>	<u>340,177</u>	<u>1,501,323</u>	<u>1,223,966</u>
-	-	-	504,500	300,700
-	-	-	312,374	398,574
700	-	-	1,520	1,925
-	-	-	-	52,700
<u>315,757</u>	<u>-</u>	<u>1,196</u>	<u>9,151,629</u>	<u>10,099,203</u>
<u>316,457</u>	<u>-</u>	<u>1,196</u>	<u>9,970,023</u>	<u>10,853,102</u>
<u>\$ 319,440</u>	<u>\$ -</u>	<u>\$ 341,373</u>	<u>\$ 11,471,346</u>	<u>\$ 12,077,068</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, 2010

	Library	Cemetery	Asset Seizure
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment income	-	9,535	12,213
Intergovernmental	-	-	391,668
Charges for services	42,486	37,900	-
Other revenues	46,779	-	133,565
	<u>89,265</u>	<u>47,435</u>	<u>537,446</u>
Total revenues			
	<u>89,265</u>	<u>47,435</u>	<u>537,446</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	302,065
Streets	-	-	-
Culture and recreation	-	-	-
Community service	2,136,788	165,204	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
	<u>2,136,788</u>	<u>165,204</u>	<u>302,065</u>
Total expenditures			
	<u>2,136,788</u>	<u>165,204</u>	<u>302,065</u>
Excess (deficiency) of revenues over expenditures	<u>(2,047,523)</u>	<u>(117,769)</u>	<u>235,381</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,053,800	-	-
Transfers out	-	-	-
	<u>2,053,800</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)			
	<u>2,053,800</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,277	(117,769)	235,381
Fund balances (deficit), beginning of year	30,010	(38,614)	604,555
Fund balances (deficit), end of year	<u>\$ 36,287</u>	<u>\$ (156,383)</u>	<u>\$ 839,936</u>

Alternative Transportation	Animal Control	Traffic Congestion	Special Gas Tax	Traffic Safety
\$ -	\$ -	\$ -	\$ -	\$ -
-	274,176	-	-	-
-	36,160	-	-	2,434,777
523	-	16,421	4,571	-
233,643	-	1,849,954	3,319,150	-
-	879,604	-	-	-
5,200	-	-	-	-
<u>239,366</u>	<u>1,189,940</u>	<u>1,866,375</u>	<u>3,323,721</u>	<u>2,434,777</u>
98,713	-	-	-	-
-	1,448,889	-	-	900,541
-	-	1,531,795	229,412	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>98,713</u>	<u>1,448,889</u>	<u>1,531,795</u>	<u>229,412</u>	<u>900,541</u>
<u>140,653</u>	<u>(258,949)</u>	<u>334,580</u>	<u>3,094,309</u>	<u>1,534,236</u>
-	288,400	-	-	-
(230,000)	-	-	(3,220,000)	(1,534,200)
<u>(230,000)</u>	<u>288,400</u>	<u>-</u>	<u>(3,220,000)</u>	<u>(1,534,200)</u>
(89,347)	29,451	334,580	(125,691)	36
<u>136,122</u>	<u>22,309</u>	<u>1,462,581</u>	<u>983,915</u>	<u>-</u>
<u>\$ 46,775</u>	<u>\$ 51,760</u>	<u>\$ 1,797,161</u>	<u>\$ 858,224</u>	<u>\$ 36</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, 2010
(Continued)

	Sewerline Maintenance	Sales and Road	Baseball Stadium
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment income	54,068	33,285	(178)
Intergovernmental	-	2,259,537	-
Charges for services	3,122,219	-	-
Other revenues	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	3,176,287	2,292,822	(178)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets	2,503,072	681,568	-
Culture and recreation	-	-	107,359
Community service	-	-	-
Debt service:			
Principal	-	1,058,323	-
Interest	-	199,638	-
	<hr/>	<hr/>	<hr/>
Total expenditures	2,503,072	1,939,529	107,359
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	673,215	353,293	(107,537)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(380,000)	(1,350,000)	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(380,000)	(1,350,000)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	293,215	(996,707)	(107,537)
	<hr/>	<hr/>	<hr/>
Fund balances (deficit), beginning of year	3,537,068	3,425,977	26,558
	<hr/>	<hr/>	<hr/>
Fund balances (deficit), end of year	\$ 3,830,283	\$ 2,429,270	\$ (80,979)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Soccer Field	IVDA	Fire Station	Totals	
			2010	2009
\$ -	\$ -	\$ 567,896	\$ 567,896	\$ 557,899
-	-	-	274,176	350,652
-	-	-	2,470,937	2,471,665
365,114	-	5,026	500,578	562,823
-	-	-	8,053,952	8,031,529
82,813	-	-	4,165,022	4,256,629
-	-	-	185,544	308,402
<u>447,927</u>	<u>-</u>	<u>572,922</u>	<u>16,218,105</u>	<u>16,539,599</u>
-	-	-	98,713	474,270
-	-	-	2,651,495	2,078,924
-	-	-	4,945,847	6,240,944
398,143	-	-	505,502	487,667
-	-	-	2,301,992	3,047,568
-	-	-	1,058,323	1,140,721
-	-	-	199,638	136,502
<u>398,143</u>	<u>-</u>	<u>-</u>	<u>11,761,510</u>	<u>13,606,596</u>
<u>49,784</u>	<u>-</u>	<u>572,922</u>	<u>4,456,595</u>	<u>2,933,003</u>
-	-	-	2,342,200	3,648,506
-	(396,074)	(571,600)	(7,681,874)	(7,344,953)
-	(396,074)	(571,600)	(5,339,674)	(3,696,447)
49,784	(396,074)	1,322	(883,079)	(763,444)
<u>266,673</u>	<u>396,074</u>	<u>(126)</u>	<u>10,853,102</u>	<u>11,616,546</u>
<u>\$ 316,457</u>	<u>\$ -</u>	<u>\$ 1,196</u>	<u>\$ 9,970,023</u>	<u>\$ 10,853,102</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Library Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 69,967
Charges for services	61,000	42,486	(18,514)	58,646
Other	-	46,779	46,779	33,829
	<u>61,000</u>	<u>89,265</u>	<u>28,265</u>	<u>162,442</u>
EXPENDITURES				
Current:				
Community service:				
Personnel salaries and benefits	1,603,000	1,533,855	69,145	2,317,341
Other	646,100	602,933	43,167	592,933
	<u>2,249,100</u>	<u>2,136,788</u>	<u>112,312</u>	<u>2,910,274</u>
Excess (deficiency) of revenues over expenditures	<u>(2,188,100)</u>	<u>(2,047,523)</u>	<u>140,577</u>	<u>(2,747,832)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>2,158,100</u>	<u>2,053,800</u>	<u>(104,300)</u>	<u>2,769,500</u>
Total other financing sources	<u>2,158,100</u>	<u>2,053,800</u>	<u>(104,300)</u>	<u>2,769,500</u>
Net change in fund balances	(30,000)	6,277	36,277	21,668
Fund balances, beginning of year	<u>30,010</u>	<u>30,010</u>	<u>-</u>	<u>8,342</u>
Fund balances, end of year	<u>\$ 10</u>	<u>\$ 36,287</u>	<u>\$ 36,277</u>	<u>\$ 30,010</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Cemetery Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 22,000	\$ 9,535	\$ (12,465)	\$ 12,917
Charges for services	169,200	37,900	(131,300)	40,410
Total revenues	<u>191,200</u>	<u>47,435</u>	<u>(143,765)</u>	<u>53,327</u>
EXPENDITURES				
Current:				
Community service:				
Personnel salaries and benefits	100,500	109,897	(9,397)	104,558
Other	76,600	55,307	21,293	32,736
Total expenditures	<u>177,100</u>	<u>165,204</u>	<u>11,896</u>	<u>137,294</u>
Net change in fund balances	14,100	(117,769)	(131,869)	(83,967)
Fund balances, beginning of year	<u>(38,614)</u>	<u>(38,614)</u>	<u>-</u>	<u>45,353</u>
Fund balances, end of year	<u>\$ (24,514)</u>	<u>\$ (156,383)</u>	<u>\$ (131,869)</u>	<u>\$ (38,614)</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Asset Seizure Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 11,000	\$ 12,213	\$ 1,213	\$ 10,237
Intergovernmental revenues	100,000	391,668	291,668	149,915
Other revenues	118,000	133,565	15,565	162,473
	<u>229,000</u>	<u>537,446</u>	<u>308,446</u>	<u>322,625</u>
EXPENDITURES				
Current:				
Public safety:				
Other	511,000	302,065	208,935	179,438
	<u>511,000</u>	<u>302,065</u>	<u>208,935</u>	<u>179,438</u>
Total expenditures	<u>511,000</u>	<u>302,065</u>	<u>208,935</u>	<u>179,438</u>
Net change in fund balances	(282,000)	235,381	517,381	143,187
Fund balances, beginning of year	604,555	604,555	-	461,368
Fund balances, end of year	<u>\$ 322,555</u>	<u>\$ 839,936</u>	<u>\$ 517,381</u>	<u>\$ 604,555</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Alternative Transportation Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 2,000	\$ 523	\$ (1,477)	\$ 942
Intergovernmental revenues	220,000	233,643	13,643	245,794
Other revenues	5,200	5,200	-	5,200
Total revenues	<u>227,200</u>	<u>239,366</u>	<u>12,166</u>	<u>251,936</u>
EXPENDITURES				
Current:				
General government:				
Personnel salaries and benefits	81,100	77,547	3,553	81,563
Other	35,000	21,166	13,834	22,944
Total expenditures	<u>116,100</u>	<u>98,713</u>	<u>17,387</u>	<u>104,507</u>
Excess (deficiency) of revenues over expenditures	<u>111,100</u>	<u>140,653</u>	<u>29,553</u>	<u>147,429</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(240,000)</u>	<u>(230,000)</u>	<u>10,000</u>	<u>(140,000)</u>
Total other financing sources (uses)	<u>(240,000)</u>	<u>(230,000)</u>	<u>10,000</u>	<u>(140,000)</u>
Net change in fund balances	(128,900)	(89,347)	39,553	7,429
Fund balances, beginning of year	<u>136,122</u>	<u>136,122</u>	<u>-</u>	<u>128,693</u>
Fund balances, end of year	<u>\$ 7,222</u>	<u>\$ 46,775</u>	<u>\$ 39,553</u>	<u>\$ 136,122</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Animal Control Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Licenses and permits	\$ 395,300	\$ 274,176	\$ (121,124)	\$ 350,652
Fines and forfeitures	78,000	36,160	(41,840)	63,745
Charges for services	930,500	879,604	(50,896)	993,766
Other revenues	13,400	-	(13,400)	-
	<u>1,417,200</u>	<u>1,189,940</u>	<u>(227,260)</u>	<u>1,408,163</u>
EXPENDITURES				
Current:				
Public safety:				
Personnel salaries and benefits	994,400	990,002	4,398	1,449,835
Other	587,700	458,887	128,813	449,651
	<u>1,582,100</u>	<u>1,448,889</u>	<u>133,211</u>	<u>1,899,486</u>
Excess (deficiency) of revenues over expenditures	<u>(164,900)</u>	<u>(258,949)</u>	<u>(94,049)</u>	<u>(491,323)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>270,700</u>	<u>288,400</u>	<u>17,700</u>	<u>513,591</u>
Total other financing sources	<u>270,700</u>	<u>288,400</u>	<u>17,700</u>	<u>513,591</u>
Net change in fund balances	105,800	29,451	(76,349)	22,268
Fund balances, beginning of year	<u>22,309</u>	<u>22,309</u>	<u>-</u>	<u>41</u>
Fund balances, end of year	<u>\$ 128,109</u>	<u>\$ 51,760</u>	<u>\$ (76,349)</u>	<u>\$ 22,309</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Traffic Congestion Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 40,000	\$ 16,421	\$ (23,579)	\$ 9,642
Intergovernmental	135,900	1,849,954	1,714,054	1,736,686
Total revenues	<u>175,900</u>	<u>1,866,375</u>	<u>1,690,475</u>	<u>1,746,328</u>
EXPENDITURES				
Current:				
Streets:				
Personnel salaries and benefits	-	3,279	(3,279)	15,921
Other	3,749,800	1,528,516	2,221,284	270,833
Total expenditures	<u>3,749,800</u>	<u>1,531,795</u>	<u>2,218,005</u>	<u>286,754</u>
Net change in fund balances	(3,573,900)	334,580	3,908,480	1,459,574
Fund balances, beginning of year	<u>1,462,581</u>	<u>1,462,581</u>	<u>-</u>	<u>3,007</u>
Fund balances, end of year	<u>\$ (2,111,319)</u>	<u>\$ 1,797,161</u>	<u>\$ 3,908,480</u>	<u>\$ 1,462,581</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Special Gas Tax Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 18,000	\$ 4,571	\$ (13,429)	\$ 26,510
Intergovernmental revenues	3,189,900	3,319,150	129,250	3,258,844
Other revenues	76,700	-	(76,700)	-
Total revenues	<u>3,284,600</u>	<u>3,323,721</u>	<u>39,121</u>	<u>3,285,354</u>
EXPENDITURES				
Current:				
Streets - other	<u>648,800</u>	<u>229,412</u>	<u>419,388</u>	<u>125,497</u>
Total expenditures	<u>648,800</u>	<u>229,412</u>	<u>419,388</u>	<u>125,497</u>
Excess (deficiency) of revenues over expenditures	<u>2,635,800</u>	<u>3,094,309</u>	<u>458,509</u>	<u>3,159,857</u>
OTHER FINANCING USES				
Transfers out	<u>(3,590,000)</u>	<u>(3,220,000)</u>	<u>370,000</u>	<u>(3,715,600)</u>
Total other financing uses	<u>(3,590,000)</u>	<u>(3,220,000)</u>	<u>370,000</u>	<u>(3,715,600)</u>
Net change in fund balances	(954,200)	(125,691)	828,509	(555,743)
Fund balances, beginning of year	<u>983,915</u>	<u>983,915</u>	<u>-</u>	<u>1,539,658</u>
Fund balances, end of year	<u>\$ 29,715</u>	<u>\$ 858,224</u>	<u>\$ 828,509</u>	<u>\$ 983,915</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Traffic Safety Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Fines and forfeitures	\$ 3,776,700	\$ 2,434,777	\$ (1,341,923)	\$ 2,407,920
Total revenues	3,776,700	2,434,777	(1,341,923)	2,407,920
EXPENDITURES				
Current:				
Public safety:				
Other	-	900,541	(900,541)	-
Total expenditures	-	900,541	(900,541)	-
Excess (deficiency) of revenues over expenditures	3,776,700	1,534,236	(2,242,464)	2,407,920
OTHER FINANCING USES				
Transfers out				
Total other financing uses	-	(1,534,200)	(1,534,200)	(2,407,920)
Net change in fund balances	3,776,700	36	(3,776,664)	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ 3,776,700	\$ 36	\$ (3,776,664)	\$ -

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Sewerline Maintenance Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 160,000	\$ 54,068	\$ (105,932)	\$ 83,601
Charges for services	3,150,000	3,122,219	(27,781)	3,059,926
Total revenues	<u>3,310,000</u>	<u>3,176,287</u>	<u>(133,713)</u>	<u>3,143,527</u>
EXPENDITURES				
Current:				
Streets - other	8,445,800	2,503,072	5,942,728	4,063,918
Total expenditures	<u>8,445,800</u>	<u>2,503,072</u>	<u>5,942,728</u>	<u>4,063,918</u>
Excess (deficiency) of revenues over expenditures	<u>(5,135,800)</u>	<u>673,215</u>	<u>5,809,015</u>	<u>(920,391)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	78,000	-	(78,000)	-
Transfers out	(250,000)	(380,000)	(130,000)	(250,000)
Total other financing sources (uses)	<u>(172,000)</u>	<u>(380,000)</u>	<u>(208,000)</u>	<u>(250,000)</u>
Net change in fund balances	(5,307,800)	293,215	5,601,015	(1,170,391)
Fund balances, beginning of year	<u>3,537,068</u>	<u>3,537,068</u>	<u>-</u>	<u>4,707,459</u>
Fund balances, end of year	<u>\$ (1,770,732)</u>	<u>\$ 3,830,283</u>	<u>\$ 5,601,015</u>	<u>\$ 3,537,068</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Sales and Road Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 100,000	\$ 33,285	\$ (66,715)	\$ 75,515
Intergovernmental revenues	2,500,000	2,259,537	(240,463)	2,570,323
Other revenue	1,687,800	-	(1,687,800)	-
Total revenues	4,287,800	2,292,822	(1,994,978)	2,645,838
EXPENDITURES				
Current:				
Streets - other	6,892,300	681,568	6,210,732	1,764,775
Debt service:				
Principal	-	1,058,323	(1,058,323)	1,033,821
Interest	-	199,638	(199,638)	136,502
Total expenditures	6,892,300	1,939,529	4,952,771	2,935,098
Excess (deficiency) of revenues over expenditures	(2,604,500)	353,293	2,957,793	(289,260)
OTHER FINANCING USES				
Transfers out	(1,350,000)	(1,350,000)	-	(250,000)
Total other financing uses	(1,350,000)	(1,350,000)	-	(250,000)
Net change in fund balances	(3,954,500)	(996,707)	2,957,793	(539,260)
Fund balances, beginning of year	3,425,977	3,425,977	-	3,965,237
Fund balances, end of year	<u>\$ (528,523)</u>	<u>\$ 2,429,270</u>	<u>\$ 2,957,793</u>	<u>\$ 3,425,977</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Baseball Stadium Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ 10,000
Investment earnings	-	(178)	(178)	297
Other revenues	32,000	-	(32,000)	-
	<u>32,000</u>	<u>(178)</u>	<u>(32,178)</u>	<u>10,297</u>
Total revenues	<u>32,000</u>	<u>(178)</u>	<u>(32,178)</u>	<u>10,297</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personnel salaries and benefits	-	75	(75)	90
Other	137,900	107,284	30,616	75,902
	<u>137,900</u>	<u>107,359</u>	<u>30,541</u>	<u>75,992</u>
Total expenditures	<u>137,900</u>	<u>107,359</u>	<u>30,541</u>	<u>75,992</u>
Net change in fund balances	(105,900)	(107,537)	(1,637)	(65,695)
Fund balances, beginning of year	<u>26,558</u>	<u>26,558</u>	<u>-</u>	<u>92,253</u>
Fund balances, end of year	<u>\$ (79,342)</u>	<u>\$ (80,979)</u>	<u>\$ (1,637)</u>	<u>\$ 26,558</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Soccer Field Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 305,000	\$ 365,114	\$ 60,114	\$ 327,947
Charges for services	74,000	82,813	8,813	89,533
Total revenues	<u>379,000</u>	<u>447,927</u>	<u>68,927</u>	<u>417,480</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personnel salaries and benefits	258,900	215,999	42,901	170,423
Other	<u>205,500</u>	<u>182,144</u>	<u>23,356</u>	<u>241,252</u>
Total expenditures	<u>464,400</u>	<u>398,143</u>	<u>66,257</u>	<u>411,675</u>
Net change in fund balances	(85,400)	49,784	135,184	5,805
Fund balances, beginning of year	<u>266,673</u>	<u>266,673</u>	-	<u>260,868</u>
Fund balances, end of year	<u>\$ 181,273</u>	<u>\$ 316,457</u>	<u>\$ 135,184</u>	<u>\$ 266,673</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Fire Station
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 556,700	\$ 567,896	\$ 11,196	\$ 557,899
Investment income	5,900	5,026	(874)	7,590
Total revenues	<u>562,600</u>	<u>572,922</u>	<u>10,322</u>	<u>565,489</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>562,600</u>	<u>572,922</u>	<u>10,322</u>	<u>565,489</u>
OTHER FINANCING USES				
Transfers out	<u>(535,000)</u>	<u>(571,600)</u>	<u>(36,600)</u>	<u>(581,433)</u>
Total other financing uses	<u>(535,000)</u>	<u>(571,600)</u>	<u>(36,600)</u>	<u>(581,433)</u>
Net change in fund balances	27,600	1,322	(26,278)	(15,944)
Fund balances, beginning of year	<u>(126)</u>	<u>(126)</u>	<u>-</u>	<u>15,818</u>
Fund balances, end of year	<u>\$ 27,474</u>	<u>\$ 1,196</u>	<u>\$ (26,278)</u>	<u>\$ (126)</u>

Debt Service Funds

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

Nonmajor Funds

Assessment District No. 985

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

Assessment District No. 987

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

Assessment District No. 1015

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

Verdemont Improvement Loan

For the collection of the Verdemont Infrastructure fees on developing properties used to repay a loan from the Economic Development Agency used to install infrastructure in the related area (There is no adopted budget for the year-ended June 30, 2010 for this fund; therefore, no budget and actual data are presented in the following pages).

Fire Station

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

**City of San Bernardino
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2010**

	<u>Assessment District #985</u>	<u>Assessment District #987</u>	<u>Assessment District #1015</u>
ASSETS			
Cash and investments	\$ 53,458	\$ 51,517	\$ 11,669
Cash and investments with fiscal agent	-	48,843	-
Receivables, net:			
Interest	172	166	37
Special assessments	-	-	369,971
Due from other governments	-	1,186	1,550
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 53,630</u>	<u>\$ 101,712</u>	<u>\$ 383,227</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 6,725	\$ -
Deferred revenues	-	-	369,971
Advances from other funds	-	-	213,200
Due to other governments	-	-	168,400
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>6,725</u>	<u>751,571</u>
 Fund balances (deficit):			
Reserved for debt service	53,630	94,987	-
Unreserved, undesignated	-	-	(368,344)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>53,630</u>	<u>94,987</u>	<u>(368,344)</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 53,630</u>	<u>\$ 101,712</u>	<u>\$ 383,227</u>

Verdemont Improvement Loan	Fire Station	Totals	
		2010	2009
\$ -	\$ -	\$ 116,644	\$ 217,872
-	-	48,843	65,063
-	-	375	1,503
-	-	369,971	442,585
-	-	2,736	1,939
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 538,569</u>	<u>\$ 728,962</u>
\$ -	\$ -	\$ 6,725	\$ 7,029
-	-	369,971	442,585
-	-	213,200	229,600
-	-	168,400	181,300
<u>-</u>	<u>-</u>	<u>758,296</u>	<u>860,514</u>
-	-	148,617	275,343
-	-	(368,344)	(406,895)
<u>-</u>	<u>-</u>	<u>(219,727)</u>	<u>(131,552)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 538,569</u>	<u>\$ 728,962</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, 2010

	Assessment District #985	Assessment District #987	Assessment District #1015
REVENUES			
Taxes	\$ -	\$ 65,089	\$ 70,458
Investment income	283	478	362
Total revenues	<u>283</u>	<u>65,567</u>	<u>70,820</u>
EXPENDITURES			
Current:			
General government	6,173	16,264	7,919
Debt service:			
Principal	115,000	40,000	-
Interest	6,227	8,912	24,654
Total expenditures	<u>127,400</u>	<u>65,176</u>	<u>32,573</u>
Excess (deficiency) of revenues over expenditures	<u>(127,117)</u>	<u>391</u>	<u>38,247</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(127,117)	391	38,247
Fund balances (deficit), beginning of year	<u>180,747</u>	<u>94,596</u>	<u>(406,591)</u>
Fund balances (deficit), end of year	<u>\$ 53,630</u>	<u>\$ 94,987</u>	<u>\$ (368,344)</u>

Verdemont Improvement Loan	Fire Station	Totals	
		2010	2009
\$ -	\$ -	\$ 135,547	\$ 201,406
-	-	1,123	30,161
-	-	136,670	231,567
-	-	30,356	36,959
-	-	155,000	85,000
-	-	39,793	48,990
-	-	225,149	170,949
-	-	(88,479)	60,618
299	5	304	-
-	-	-	(2,092,907)
299	5	304	(2,092,907)
299	5	(88,175)	(2,032,289)
(299)	(5)	(131,552)	1,900,737
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (219,727)</u>	<u>\$ (131,552)</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Assessment District #985 Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 69,100	\$ -	\$ (69,100)	\$ 72,534
Investment income	3,600	283	(3,317)	2,798
Total revenues	<u>72,700</u>	<u>283</u>	<u>(72,417)</u>	<u>75,332</u>
EXPENDITURES				
Current:				
General government:				
Other	8,200	6,173	2,027	14,885
Debt Service:				
Principal	55,000	115,000	(60,000)	45,000
Interest	67,000	6,227	60,773	10,576
Total expenditures	<u>130,200</u>	<u>127,400</u>	<u>2,800</u>	<u>70,461</u>
Net change in fund balances	(57,500)	(127,117)	(69,617)	4,871
Fund balances, beginning of year	<u>180,747</u>	<u>180,747</u>	-	<u>175,876</u>
Fund balances, end of year	<u>\$ 123,247</u>	<u>\$ 53,630</u>	<u>\$ (69,617)</u>	<u>\$ 180,747</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Assessment District #987 Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 57,600	\$ 65,089	\$ 7,489	\$ 58,969
Investment income	1,100	478	(622)	905
Total revenues	<u>58,700</u>	<u>65,567</u>	<u>6,867</u>	<u>59,874</u>
EXPENDITURES				
Current:				
General government:				
Other	8,400	16,264	(7,864)	15,032
Debt Service:				
Principal	40,000	40,000	-	40,000
Interest	8,900	8,912	(12)	12,002
Total expenditures	<u>57,300</u>	<u>65,176</u>	<u>(7,876)</u>	<u>67,034</u>
Net change in fund balances	1,400	391	(1,009)	(7,160)
Fund balances, beginning of year	<u>94,596</u>	<u>94,596</u>	<u>-</u>	<u>101,756</u>
Fund balances, end of year	<u>\$ 95,996</u>	<u>\$ 94,987</u>	<u>\$ (1,009)</u>	<u>\$ 94,596</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Assessment District #1015 Fund
For the year ended June 30, 2010

	<u>Final budget</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>	<u>Prior year actual</u>
REVENUES				
Taxes	\$ 66,500	\$ 70,458	\$ 3,958	\$ 61,665
Investment income	400	362	(38)	349
	<u>66,900</u>	<u>70,820</u>	<u>3,920</u>	<u>62,014</u>
EXPENDITURES				
Current:				
General government:				
Other	13,400	7,919	5,481	7,042
Debt Service:				
Interest	<u>24,700</u>	<u>24,654</u>	<u>46</u>	<u>26,412</u>
	<u>38,100</u>	<u>32,573</u>	<u>5,527</u>	<u>33,454</u>
Net change in fund balances	28,800	38,247	9,447	28,560
Fund balances (deficit), beginning of year	<u>(406,591)</u>	<u>(406,591)</u>	<u>-</u>	<u>(435,151)</u>
Fund balances (deficit), end of year	<u>\$ (377,791)</u>	<u>\$ (368,344)</u>	<u>\$ 9,447</u>	<u>\$ (406,591)</u>

City of San Bernardino
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Fire Station Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 7,488
Investment income	-	-	-	4,472
Total revenues	-	-	-	11,960
EXPENDITURES	-	-	-	-
Excess of revenues over expenditures	-	-	-	11,960
OTHER FINANCING SOURCES (USES)				
Transfer in	-	5	5	-
Transfer out	-	-	-	(785,535)
Total other financing sources (uses)	-	5	5	(785,535)
Net change in fund balances	-	5	5	(773,575)
Fund balances (deficit), beginning of year	(5)	(5)	-	773,570
Fund balances (deficit), end of year	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ (5)</u>

Capital Projects Funds

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

Nonmajor Funds

Verdemont

For improvements in the Verdemont area from development fees collected (no budget adopted, therefore no budget and actual presented).

Public Park Extension

For upgrades and improvements to parks from funds annually transferred from General Fund (There is no adopted budget for the year-ended June 30, 2010 for this fund; therefore, no budget and actual data are presented in the following pages).

Fire Equipment Acquisition

For acquisition of fire equipment from lease proceeds.

Park Construction Fee

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

Cemetery Construction

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

Sewerline Construction

For construction of sewer collection systems from development revenues.

Storm Drain Construction

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

Special Assessments

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

Cultural Development Construction Fee

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

Traffic Systems

For construction of traffic systems from development fees.

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.

Assessment District No. 1015

For construction of improvements from loans related to assessment district 1015 (There is no adopted budget for the year-ended June 30, 2010 for this fund; therefore, no budget and actual data are presented in the following pages).

Capital Projects Funds, (Continued)

Public Improvements

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

Proposition 1b

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

Major Funds

Street Construction

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

Impact Fee

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

**City of San Bernardino
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2010**

	<u>Verdemont</u>	<u>Public Park Extension</u>	<u>Fire Equipment Acquisition</u>
ASSETS			
Cash and investments	\$ 722,232	\$ 4,497	\$ 134,971
Receivables, net:			
Interest	2,324	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	-
Other assets	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 724,556</u>	<u>\$ 4,497</u>	<u>\$ 134,971</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 3,000
Due to other funds	-	-	-
Retentions payable	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>3,000</u>
 Fund balances (deficit):			
Reserved for:			
Advances to other funds	-	-	-
Sewer capacity rights	-	-	-
Unreserved:			
Designated for continuing appropriations	-	-	-
Undesignated	724,556	4,497	131,971
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>724,556</u>	<u>4,497</u>	<u>131,971</u>
	<u>\$ 724,556</u>	<u>\$ 4,497</u>	<u>\$ 134,971</u>

<u>Park Construction Fee</u>	<u>Cemetery Construction</u>	<u>Sewerline Construction</u>	<u>Storm Drain Construction</u>	<u>Special Assessments</u>	<u>Cultural Development Construction Fee</u>
\$ 593,875	\$ 52,124	\$ 3,800,416	\$ 3,981,839	\$ 2,474,595	\$ 605,286
1,909	168	12,124	12,482	7,841	1,947
-	-	-	-	53,159	-
-	-	106,600	-	-	-
-	-	214,671	-	-	-
<u>\$ 595,784</u>	<u>\$ 52,292</u>	<u>\$ 4,133,811</u>	<u>\$ 3,994,321</u>	<u>\$ 2,535,595</u>	<u>\$ 607,233</u>
\$ 13,184	\$ -	\$ -	\$ 478,627	\$ 96,267	\$ 689
-	-	-	-	2,077,521	-
2,989	-	-	-	-	-
<u>16,173</u>	<u>-</u>	<u>-</u>	<u>478,627</u>	<u>2,173,788</u>	<u>689</u>
-	-	106,600	-	-	-
-	-	214,671	-	-	-
-	-	-	-	-	-
<u>579,611</u>	<u>52,292</u>	<u>3,812,540</u>	<u>3,515,694</u>	<u>361,807</u>	<u>606,544</u>
<u>579,611</u>	<u>52,292</u>	<u>4,133,811</u>	<u>3,515,694</u>	<u>361,807</u>	<u>606,544</u>
<u>\$ 595,784</u>	<u>\$ 52,292</u>	<u>\$ 4,133,811</u>	<u>\$ 3,994,321</u>	<u>\$ 2,535,595</u>	<u>\$ 607,233</u>

**City of San Bernardino
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2010
(continued)**

	Traffic Systems	CIEDB Street Construction
ASSETS		
Cash and investments	\$ -	\$ -
Receivables, net:		
Interest	-	-
Due from other governments	-	-
Advances to other funds	-	-
Other assets	-	-
	-	-
Total assets	\$ -	\$ -
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ -
Due to other funds	-	395,171
Retentions payable	-	-
	-	-
Total liabilities	-	395,171
 Fund balances (deficit):		
Reserved for:		
Advances to other funds	-	-
Sewer capacity rights	-	-
Unreserved:		
Designated for continuing appropriations	-	-
Undesignated	-	(395,171)
	-	(395,171)
Total fund balances (deficit)	-	(395,171)
Total liabilities and fund balances	\$ -	\$ -

Assessment District #1015	Public Improvement	Prop 1b Local Street	Totals	
			2010	2009
\$ 33,707	\$ 1,778,645	\$ 3,186,591	\$ 17,368,778	\$ 19,870,351
108	5,729	9,546	-	-
-	-	-	54,178	134,457
-	-	-	53,159	650,004
-	-	-	106,600	114,800
-	-	-	214,671	214,671
<u>\$ 33,815</u>	<u>\$ 1,784,374</u>	<u>\$ 3,196,137</u>	<u>\$ 17,797,386</u>	<u>\$ 20,984,283</u>
\$ -	\$ -	\$ 8,840	\$ 600,607	\$ 1,236,102
-	-	-	2,472,692	2,135,303
-	-	-	2,989	62,861
-	-	8,840	3,076,288	3,434,266
-	-	-	106,600	114,800
-	-	-	214,671	214,671
-	-	-	-	202,600
<u>33,815</u>	<u>1,784,374</u>	<u>3,187,297</u>	<u>14,399,827</u>	<u>17,017,946</u>
<u>33,815</u>	<u>1,784,374</u>	<u>3,187,297</u>	<u>14,721,098</u>	<u>17,550,017</u>
<u>\$ 33,815</u>	<u>\$ 1,784,374</u>	<u>\$ 3,196,137</u>	<u>\$ 17,797,386</u>	<u>\$ 20,984,283</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, 2010

	Verdemont	Public Park Extension	Fire Equipment Acquisition
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Investment income	11,230	(31)	-
Intergovernmental revenues	-	-	-
Charges for services	-	-	-
Other revenues	-	-	-
Total revenues	11,230	(31)	-
EXPENDITURES			
Current:			
Public safety	-	-	26,417
Streets	195,048	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	-	-	33,381
Interest	-	-	10,880
Total expenditures	195,048	-	70,678
Excess (deficiency) of revenues over expenditures	(183,818)	(31)	(70,678)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(298)	-	-
Issuance of debt	-	-	-
Total other financing sources (uses)	(298)	-	-
Net change in fund balances	(184,116)	(31)	(70,678)
Fund balances, beginning of year	908,672	4,528	202,649
Fund balances, end of year	\$ 724,556	\$ 4,497	\$ 131,971

<u>Park Construction Fee</u>	<u>Cemetery Construction</u>	<u>Sewerline Construction</u>	<u>Storm Drain Construction</u>	<u>Special Assessments</u>	<u>Cultural Development Construction Fee</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,471,475	\$ -
-	-	-	-	-	134,859
12,825	750	59,275	52,036	33,060	10,321
-	-	-	-	-	-
-	437	96,001	161,333	-	-
-	-	-	277,463	-	-
<u>12,825</u>	<u>1,187</u>	<u>155,276</u>	<u>490,832</u>	<u>1,504,535</u>	<u>145,180</u>
-	-	-	-	-	-
-	-	235,859	925,502	1,428,779	-
90,678	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>90,678</u>	<u>-</u>	<u>235,859</u>	<u>925,502</u>	<u>1,428,779</u>	<u>-</u>
<u>(77,853)</u>	<u>1,187</u>	<u>(80,583)</u>	<u>(434,670)</u>	<u>75,756</u>	<u>145,180</u>
-	-	-	-	-	-
-	-	(225,000)	(132,700)	-	(707,000)
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(225,000)</u>	<u>(132,700)</u>	<u>-</u>	<u>(707,000)</u>
(77,853)	1,187	(305,583)	(567,370)	75,756	(561,820)
657,464	51,105	4,439,394	4,083,064	286,051	1,168,364
<u>\$ 579,611</u>	<u>\$ 52,292</u>	<u>\$ 4,133,811</u>	<u>\$ 3,515,694</u>	<u>\$ 361,807</u>	<u>\$ 606,544</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, 2010
(continued)

	Traffic Systems	CIEDB Street Construction	Assessment District #1015
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Investment income	-	-	485
Intergovernmental revenues	-	-	-
Charges for services	-	-	-
Other revenues	-	-	-
Total revenues	-	-	485
EXPENDITURES			
Current:			
Public safety	-	-	-
Streets	-	340,508	-
Culture and recreation	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	-	340,508	-
Excess (deficiency) of revenues over expenditures	-	(340,508)	485
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(27,427)	-	-
Issuance of debt	-	-	-
Total other financing sources (uses)	(27,427)	-	-
Net change in fund balances	(27,427)	(340,508)	485
Fund balances (deficit), beginning of year	27,427	(54,663)	33,330
Fund balances (deficit), end of year	\$ -	\$ (395,171)	\$ 33,815

Public Improvement	Prop 1b Local Street	Totals	
		2010	2009
\$ -	\$ -	\$ 1,471,475	\$ 1,364,576
-	-	134,859	312,711
25,492	36,592	242,035	421,015
-	71,400	71,400	3,013,816
-	-	257,771	344,020
-	-	277,463	486
<u>25,492</u>	<u>107,992</u>	<u>2,455,003</u>	<u>5,456,624</u>
-	-	26,417	141,363
74,319	830,126	4,030,141	8,104,351
-	-	90,678	257,231
-	-	33,381	-
-	-	10,880	-
<u>74,319</u>	<u>830,126</u>	<u>4,191,497</u>	<u>8,502,945</u>
<u>(48,827)</u>	<u>(722,134)</u>	<u>(1,736,494)</u>	<u>(3,046,321)</u>
-	-	-	1,009,672
-	-	(1,092,425)	(1,199,700)
-	-	-	4,163,641
<u>-</u>	<u>-</u>	<u>(1,092,425)</u>	<u>3,973,613</u>
(48,827)	(722,134)	(2,828,919)	927,292
<u>1,833,201</u>	<u>3,909,431</u>	<u>17,550,017</u>	<u>16,622,725</u>
<u>\$ 1,784,374</u>	<u>\$ 3,187,297</u>	<u>\$ 14,721,098</u>	<u>\$ 17,550,017</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Fire Equipment Acquisition Fund
For the year ended June 30, 2010

	<u>Final budget</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>	<u>Prior year actual</u>
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Current:				
Public safety				
Personnel salaries and benefits	-	-	-	115,600
Other	142,600	26,417	116,183	25,763
Debt service:				
Principal	-	33,381	(33,381)	-
Interest	60,000	10,880	49,120	-
	<u>202,600</u>	<u>70,678</u>	<u>131,922</u>	<u>141,363</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(202,600)</u>	<u>(70,678)</u>	<u>131,922</u>	<u>(141,363)</u>
OTHER FINANCING USES				
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(425,000)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(425,000)</u>
Net change in fund balances	(202,600)	(70,678)	131,922	(566,363)
Fund balances, beginning of year	<u>202,649</u>	<u>202,649</u>	<u>-</u>	<u>769,012</u>
Fund balances, end of year	<u>\$ 49</u>	<u>\$ 131,971</u>	<u>\$ 131,922</u>	<u>\$ 202,649</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Park Construction Fee Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 20,000	\$ 12,825	\$ (7,175)	\$ -
Intergovernmental	2,144,700	-	(2,144,700)	610,016
Other revenues	-	-	-	150
Total revenues	<u>2,164,700</u>	<u>12,825</u>	<u>(2,151,875)</u>	<u>610,166</u>
EXPENDITURES				
Current:				
Culture and recreation - other	<u>2,369,800</u>	<u>90,678</u>	<u>2,279,122</u>	<u>258,837</u>
Total expenditures	<u>2,369,800</u>	<u>90,678</u>	<u>2,279,122</u>	<u>258,837</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(205,100)</u>	<u>(77,853)</u>	<u>127,247</u>	<u>351,329</u>
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,000</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,000</u>
Net change in fund balances	(205,100)	(77,853)	127,247	452,329
Fund balances, beginning of year	<u>657,464</u>	<u>657,464</u>	<u>-</u>	<u>205,135</u>
Fund balances, end of year	<u>\$ 452,364</u>	<u>\$ 579,611</u>	<u>\$ 127,247</u>	<u>\$ 657,464</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Cemetery Construction Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 1,200	\$ 750	\$ (450)	\$ 985
Charges for services	500	437	(63)	296
Total revenues	<u>1,700</u>	<u>1,187</u>	<u>(513)</u>	<u>1,281</u>
EXPENDITURES				
Current:				
Community services - other	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total expenditures	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	(3,300)	1,187	4,487	1,281
Fund balances, beginning of year	<u>51,105</u>	<u>51,105</u>	<u>-</u>	<u>49,824</u>
Fund balances, end of year	<u><u>\$ 47,805</u></u>	<u><u>\$ 52,292</u></u>	<u><u>\$ 4,487</u></u>	<u><u>\$ 51,105</u></u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Sewerline Construction Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 100,000	\$ 59,275	\$ (40,725)	\$ 104,663
Charges for services	60,000	96,001	36,001	54,850
Total revenues	<u>160,000</u>	<u>155,276</u>	<u>(4,724)</u>	<u>159,513</u>
EXPENDITURES				
Current:				
Streets - other	<u>2,726,700</u>	<u>235,859</u>	<u>2,490,841</u>	<u>311,229</u>
Total expenditures	<u>2,726,700</u>	<u>235,859</u>	<u>2,490,841</u>	<u>311,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,566,700)</u>	<u>(80,583)</u>	<u>2,486,117</u>	<u>(151,716)</u>
OTHER FINANCING USES				
Transfers out	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>	<u>(225,000)</u>
Total other financing uses	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>	<u>(225,000)</u>
Net change in fund balances	(2,791,700)	(305,583)	2,486,117	(376,716)
Fund balances, beginning of year	<u>4,439,394</u>	<u>4,439,394</u>	<u>-</u>	<u>4,816,110</u>
Fund balances, end of year	<u>\$ 1,647,694</u>	<u>\$ 4,133,811</u>	<u>\$ 2,486,117</u>	<u>\$ 4,439,394</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Storm Drain Construction Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 100,000	\$ 52,036	\$ (47,964)	\$ 106,369
Charges for services	300,000	161,333	(138,667)	288,874
Other revenues	-	277,463	277,463	-
Total revenues	400,000	490,832	90,832	395,243
EXPENDITURES				
Current:				
Streets - other	4,703,400	925,502	3,777,898	1,678,515
Total expenditures	4,703,400	925,502	3,777,898	1,678,515
Excess (deficiency) of revenues over (under) expenditures	(4,303,400)	(434,670)	3,868,730	(1,283,272)
OTHER FINANCING USES				
Transfers out	(132,700)	(132,700)	-	(132,700)
Total other financing uses	(132,700)	(132,700)	-	(132,700)
Net change in fund balances	(4,436,100)	(567,370)	3,868,730	(1,415,972)
Fund balances, beginning of year	4,083,064	4,083,064	-	5,499,036
Fund balances, end of year	<u>\$ (353,036)</u>	<u>\$ 3,515,694</u>	<u>\$ 3,868,730</u>	<u>\$ 4,083,064</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Special Assessments Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 1,487,800	\$ 1,471,475	\$ (16,325)	\$ 1,364,576
Investment income	-	33,060	33,060	44,037
Total revenues	<u>1,487,800</u>	<u>1,504,535</u>	<u>16,735</u>	<u>1,408,613</u>
EXPENDITURES				
Current:				
Streets - other	<u>1,157,300</u>	<u>1,428,779</u>	<u>(271,479)</u>	<u>1,524,640</u>
Total expenditures	<u>1,157,300</u>	<u>1,428,779</u>	<u>(271,479)</u>	<u>1,524,640</u>
Net change in fund balances	330,500	75,756	(254,744)	(116,027)
Fund balances, beginning of year	<u>286,051</u>	<u>286,051</u>	<u>-</u>	<u>402,078</u>
Fund balances, end of year	<u><u>\$ 616,551</u></u>	<u><u>\$ 361,807</u></u>	<u><u>\$ (254,744)</u></u>	<u><u>\$ 286,051</u></u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Cultural Development Construction Fee Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Licenses and permits	\$ 400,000	\$ 134,859	\$ (265,141)	\$ 312,711
Investment income	50,000	10,321	(39,679)	25,442
Total revenues	<u>450,000</u>	<u>145,180</u>	<u>(304,820)</u>	<u>338,153</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>450,000</u>	<u>145,180</u>	<u>(304,820)</u>	<u>338,153</u>
OTHER FINANCING USES				
Transfers out	<u>(357,000)</u>	<u>(707,000)</u>	<u>(350,000)</u>	<u>(357,000)</u>
Total other financing uses	<u>(357,000)</u>	<u>(707,000)</u>	<u>(350,000)</u>	<u>(357,000)</u>
Net change in fund balances	93,000	(561,820)	(654,820)	(18,847)
Fund balances, beginning of year	<u>1,168,364</u>	<u>1,168,364</u>	<u>-</u>	<u>1,187,211</u>
Fund balances, end of year	<u><u>\$ 1,261,364</u></u>	<u><u>\$ 606,544</u></u>	<u><u>\$ (654,820)</u></u>	<u><u>\$ 1,168,364</u></u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Traffic Systems Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ 2,796
Intergovernmental	2,500	-	(2,500)	-
Other revenues	-	-	-	336
Total revenues	2,500	-	(2,500)	3,132
EXPENDITURES				
Current:				
Streets - other	-	-	-	98,943
Total expenditures	-	-	-	98,943
Excess (deficiency) of revenues over (under) expenditures	2,500	-	(2,500)	(95,811)
OTHER FINANCING USES				
Transfers out	-	(27,427)	(27,427)	(60,000)
Total other financing uses	-	(27,427)	(27,427)	(60,000)
Net change in fund balances	2,500	(27,427)	(29,927)	(155,811)
Fund balances, beginning of year	27,427	27,427	-	183,238
Fund balances, end of year	<u>\$ 29,927</u>	<u>\$ -</u>	<u>\$ (29,927)</u>	<u>\$ 27,427</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Public Improvements Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 75,000	\$ 25,492	\$ (49,508)	\$ 39,459
Total revenues	75,000	25,492	(49,508)	39,459
EXPENDITURES				
Current:				
Streets - other	1,826,800	74,319	1,752,481	862,622
Net change in fund balances	(1,751,800)	(48,827)	1,702,973	(823,163)
Fund balances, beginning of year	1,833,201	1,833,201	-	2,656,364
Fund balances, end of year	<u>\$ 81,401</u>	<u>\$ 1,784,374</u>	<u>\$ 1,702,973</u>	<u>\$ 1,833,201</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Proposition 1b Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 70,000	\$ 36,592	\$ (33,408)	\$ 98,239
Intergovernmental	1,100,600	71,400	(1,029,200)	2,403,800
Total revenues	<u>1,170,600</u>	<u>107,992</u>	<u>(1,062,608)</u>	<u>2,502,039</u>
EXPENDITURES				
Current:				
Streets	4,416,500	830,126	3,586,374	1,637,655
Total expenditures	<u>4,416,500</u>	<u>830,126</u>	<u>3,586,374</u>	<u>1,637,655</u>
Net change in fund balances	(3,245,900)	(722,134)	2,523,766	864,384
Fund balances, beginning of year	<u>3,909,431</u>	<u>3,909,431</u>	-	<u>3,045,047</u>
Fund balances, end of year	<u>\$ 663,531</u>	<u>\$ 3,187,297</u>	<u>\$ 2,523,766</u>	<u>\$ 3,909,431</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
CIEDB Street Construction Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Streets - other	386,100	340,508	45,592	1,990,747
Excess (deficiency) of revenues over expenditures	(386,100)	(340,508)	45,592	(1,990,747)
OTHER FINANCING SOURCES				
Issuance of debt	386,100	-	(386,100)	4,163,641
Total other financing sources	386,100	-	(386,100)	4,163,641
Net change in fund balances	-	(340,508)	(340,508)	2,172,894
Fund balances (deficit), beginning of year	(54,663)	(54,663)	-	(2,227,557)
Fund balances (deficit), end of year	<u>\$ (54,663)</u>	<u>\$ (395,171)</u>	<u>\$ (340,508)</u>	<u>\$ (54,663)</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Major Fund - Street Construction Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Intergovernmental	\$ 21,153,400	\$ 22,458	\$ (21,130,942)	\$ 1,888,984
Other	12,276,400	1,026,327	(11,250,073)	149,316
Total revenues	<u>33,429,800</u>	<u>1,048,785</u>	<u>(32,381,015)</u>	<u>2,038,300</u>
EXPENDITURES				
Current:				
Streets - other	29,802,900	3,644,466	26,158,434	2,352,227
Excess (deficiency) of revenues over expenditures	<u>3,626,900</u>	<u>(2,595,681)</u>	<u>(6,222,581)</u>	<u>(313,927)</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	297,700
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,700</u>
Net change in fund balances	3,626,900	(2,595,681)	(6,222,581)	(16,227)
Fund balances (deficit), beginning of year	<u>(3,643,078)</u>	<u>(3,643,078)</u>	<u>-</u>	<u>(3,626,851)</u>
Fund balances (deficit), end of year	<u>\$ (16,178)</u>	<u>\$ (6,238,759)</u>	<u>\$ (6,222,581)</u>	<u>\$ (3,643,078)</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Major Fund - Impact Fees Fund
For the year ended June 30, 2010

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Impact fees	\$ 1,141,500	\$ 2,036,352	\$ 894,852	\$ 1,065,305
Investment income	252,500	165,855	(86,645)	235,377
Other	58,900	30,346	(28,554)	104,213
Total revenues	1,452,900	2,232,553	779,653	1,404,895
EXPENDITURES				
Current:				
Public safety	403,500	188,465	215,035	507,675
Streets	4,481,700	274,797	4,206,903	172,110
Culture and recreation	1,306,800	33,434	1,273,366	79,542
Debt service:				
Principal	-	81,563	(81,563)	79,249
Interest	355,300	273,479	81,821	76,064
Total expenditures	6,547,300	851,738	5,695,562	914,640
Excess (deficiency) of revenues over expenditures	(5,094,400)	1,380,815	6,475,215	490,255
OTHER FINANCING SOURCES				
Transfers in	-	27,422	27,422	785,535
Total other financing sources	-	27,422	27,422	785,535
Net change in fund balances	(5,094,400)	1,408,237	6,502,637	1,275,790
Fund balances, beginning of year	10,466,250	10,466,250	-	9,190,460
Fund balances, end of year	\$ 5,371,850	\$ 11,874,487	\$ 6,502,637	\$ 10,466,250

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, 2010

	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Liability Insurance</u>	<u>Motorpool</u>
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ -	\$ 58,769	\$ 250
Cash and investments with fiscal agent	-	-	-	323,700
Receivables:				
Interest	-	-	14,503	-
Other	-	-	167	266
Inventory	-	-	-	462,543
Prepays	-	-	-	199,846
Due from other governments	-	340	-	2,976
Due from other funds	-	-	4,488,172	-
	<u>-</u>	<u>340</u>	<u>4,561,611</u>	<u>989,581</u>
Total current assets				
Noncurrent assets:				
Capital assets:				
Property, plant and equipment, net	-	105	389	2,495,877
	<u>-</u>	<u>105</u>	<u>389</u>	<u>2,495,877</u>
Total assets				
	<u>-</u>	<u>445</u>	<u>4,562,000</u>	<u>3,485,458</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	137,990	24,456	166,528
Due to other funds	40,632	358,836	-	413,274
Advances from other funds	-	-	-	-
Claims and judgments payable - current	-	2,540,043	1,558,596	-
Compensated absences - current	-	23,753	4,430	107,819
Capital lease payable - current	-	-	-	276,205
Facility lease payable - current	-	-	-	40,000
	<u>40,632</u>	<u>3,060,622</u>	<u>1,587,482</u>	<u>1,003,826</u>
Total current liabilities				
Noncurrent liabilities:				
Claims and judgments payable	-	5,926,768	3,636,724	-
Compensated absences	-	55,424	10,335	251,579
Capital lease payable	-	-	-	1,089,714
Facility lease payable	-	-	-	125,000
	<u>-</u>	<u>5,982,192</u>	<u>3,647,059</u>	<u>1,466,293</u>
Total noncurrent liabilities				
	<u>-</u>	<u>5,982,192</u>	<u>3,647,059</u>	<u>1,466,293</u>
Total liabilities				
	<u>40,632</u>	<u>9,042,814</u>	<u>5,234,541</u>	<u>2,470,119</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	964,958
Unrestricted (deficit)	(40,632)	(9,042,369)	(672,541)	50,381
	<u>(40,632)</u>	<u>(9,042,369)</u>	<u>(672,541)</u>	<u>50,381</u>
Total net assets (deficit)				
	<u>\$ (40,632)</u>	<u>\$ (9,042,369)</u>	<u>\$ (672,541)</u>	<u>\$ 1,015,339</u>

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 59,019	\$ 43,478
-	-	-	-	323,700	754,032
-	-	-	-	14,503	30,794
927	-	-	-	1,360	1,426
-	-	-	-	462,543	421,997
-	-	-	-	199,846	-
10,873	5,972	-	-	20,161	454,940
73,306	659,508	381,092	6,498	5,608,576	5,855,082
85,106	665,480	381,092	6,498	6,689,708	7,561,749
38,705	1,013,194	589,660	-	4,137,930	5,427,968
123,811	1,678,674	970,752	6,498	10,827,638	12,989,717
50,519	89,161	375,953	2,497	847,104	905,612
-	-	-	-	812,742	30,006
-	205,774	-	-	205,774	283,774
-	-	-	-	4,098,639	3,661,400
1,237	117,803	7,473	16,585	279,100	287,953
-	-	70,420	-	346,625	991,103
-	-	-	-	40,000	35,000
51,756	412,738	453,846	19,082	6,629,984	6,194,848
-	-	-	-	9,563,492	10,515,518
3,186	274,875	17,438	38,698	651,535	598,556
-	-	588,528	-	1,678,242	1,820,234
-	-	-	-	125,000	165,000
3,186	274,875	605,966	38,698	12,018,269	13,099,308
54,942	687,613	1,059,812	57,780	18,648,253	19,294,156
-	1,013,194	(69,288)	-	1,908,864	2,348,201
68,869	(22,133)	(19,772)	(51,282)	(9,729,479)	(8,652,640)
\$ 68,869	\$ 991,061	\$ (89,060)	\$ (51,282)	\$ (7,820,615)	\$ (6,304,439)

City of San Bernardino
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the year ended June 30, 2010

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
OPERATING REVENUES				
Charges for services	\$ 236,493	\$ 3,679,366	\$ 3,075,900	\$ 6,847,345
Total operating revenues	<u>236,493</u>	<u>3,679,366</u>	<u>3,075,900</u>	<u>6,847,345</u>
OPERATING EXPENSES				
Cost of sales and services	5,824	1,207,543	305,076	5,987,649
Claims expense	491,262	2,546,921	2,771,773	-
Depreciation	-	108	1,252	1,437,866
Total operating expenses	<u>497,086</u>	<u>3,754,572</u>	<u>3,078,101</u>	<u>7,425,515</u>
Operating income (loss)	<u>(260,593)</u>	<u>(75,206)</u>	<u>(2,201)</u>	<u>(578,170)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	166	50,469	54
Interest expense	-	-	-	(69,035)
Gain on disposal of assets	-	-	-	-
Miscellaneous income	-	-	-	599,438
Total nonoperating revenues (expenses)	<u>-</u>	<u>166</u>	<u>50,469</u>	<u>530,457</u>
Income before contributions and transfers	<u>(260,593)</u>	<u>(75,040)</u>	<u>48,268</u>	<u>(47,713)</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	(834,413)
Change in net assets	<u>(260,593)</u>	<u>(75,040)</u>	<u>48,268</u>	<u>(882,126)</u>
Net assets (deficit), beginning of year	<u>219,961</u>	<u>(8,967,329)</u>	<u>(720,809)</u>	<u>1,897,465</u>
Net assets (deficit), end of year	<u>\$ (40,632)</u>	<u>\$ (9,042,369)</u>	<u>\$ (672,541)</u>	<u>\$ 1,015,339</u>

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2010	2009
\$ 609,980	\$ 3,687,500	\$ 4,153,400	\$ 149,974	\$ 22,439,958	\$ 22,980,577
609,980	3,687,500	4,153,400	149,974	22,439,958	22,980,577
815,170	3,532,156	3,959,277	222,023	16,034,718	16,781,293
-	-	-	-	5,809,956	7,102,350
27,870	552,133	129,362	-	2,148,591	2,326,638
843,040	4,084,289	4,088,639	222,023	23,993,265	26,210,281
(233,060)	(396,789)	64,761	(72,049)	(1,553,307)	(3,229,704)
-	-	-	-	50,689	94,961
-	(1,863)	(33,896)	-	(104,794)	(110,470)
-	-	-	-	-	49,140
7,529	6,182	-	-	613,149	468,084
7,529	4,319	(33,896)	-	559,044	501,715
(225,531)	(392,470)	30,865	(72,049)	(994,263)	(2,727,989)
-	-	284,000	78,500	362,500	1,128,016
-	(50,000)	-	-	(884,413)	-
(225,531)	(442,470)	314,865	6,451	(1,516,176)	(1,599,973)
294,400	1,433,531	(403,925)	(57,733)	(6,304,439)	(4,704,466)
\$ 68,869	\$ 991,061	\$ (89,060)	\$ (51,282)	\$ (7,820,615)	\$ (6,304,439)

City of San Bernardino
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2010

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
Cash flows from operating activities:				
Cash received from user departments	\$ 277,125	\$ 4,122,362	\$ 3,075,900	\$ 7,260,251
Cash payments to suppliers for goods and services	(497,086)	(752,371)	(73,299)	(4,222,583)
Cash payments for claims and insurance	-	(3,061,708)	(2,771,773)	-
Cash payments to employees for services	-	(488,196)	(256,163)	(2,030,015)
Cash received for other activities	-	-	-	599,438
Net cash provided by (used for) operating activities	<u>(219,961)</u>	<u>(179,913)</u>	<u>(25,335)</u>	<u>1,607,091</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	(834,413)
Interfund loans	219,961	179,747	(25,884)	290,327
Net cash provided by (used for) noncapital financing activities	<u>219,961</u>	<u>179,747</u>	<u>(25,884)</u>	<u>(544,086)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	(468,674)
Proceeds from capital debt	-	-	-	-
Principal paid on capital debt	-	-	-	(955,682)
Proceeds from disposal of capital assets	-	-	-	-
Interest paid on capital debt	-	-	-	(69,035)
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,493,391)</u>
Cash flows from investing activities:				
Interest received	-	166	66,760	54
Net cash provided by investing activities	<u>-</u>	<u>166</u>	<u>66,760</u>	<u>54</u>
Net increase (decrease) in cash and investments	-	-	15,541	(430,332)
Cash and investments, beginning of year	-	-	43,228	754,282
Cash and investments, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,769</u>	<u>\$ 323,950</u>

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2010	2009
\$ 610,007 (732,831)	\$ 4,035,541 (1,914,240)	\$ 4,123,394 (3,739,957)	\$ 152,961 (109,605)	\$ 23,657,541 (12,041,972)	\$ 22,656,346 (12,029,315)
-	-	-	-	(5,833,481)	(5,851,248)
(86,568)	(1,590,354)	(168,578)	(118,907)	(4,738,781)	(5,046,588)
7,529	6,182	-	-	613,149	468,084
<u>(201,863)</u>	<u>537,129</u>	<u>214,859</u>	<u>(75,551)</u>	<u>1,656,456</u>	<u>197,279</u>
-	-	284,000	78,500	362,500	1,128,016
-	(50,000)	-	-	(884,413)	-
<u>201,863</u>	<u>(313,469)</u>	<u>(381,092)</u>	<u>(2,949)</u>	<u>168,504</u>	<u>(1,207,695)</u>
<u>201,863</u>	<u>(363,469)</u>	<u>(97,092)</u>	<u>75,551</u>	<u>(353,409)</u>	<u>(79,679)</u>
-	(52,729)	(13,451)	-	(534,854)	(632,522)
-	-	-	-	-	880,687
-	(119,068)	(70,420)	-	(1,145,170)	(1,245,265)
-	-	-	-	-	49,140
-	(1,863)	(33,896)	-	(104,794)	(110,470)
<u>-</u>	<u>(173,660)</u>	<u>(117,767)</u>	<u>-</u>	<u>(1,784,818)</u>	<u>(1,058,430)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,980</u>	<u>101,460</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,980</u>	<u>101,460</u>
-	-	-	-	(414,791)	(839,370)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>797,510</u>	<u>1,636,880</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 382,719</u>	<u>\$ 797,510</u>

City of San Bernardino
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2010
(continued)

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (260,593)	\$ (75,206)	\$ (2,201)	\$ (578,170)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	108	1,252	1,437,866
Other nonoperating revenues (expenses)	-	-	-	599,438
(Increase) decrease in assets:				
Other receivables	-	-	-	-
Inventories	-	-	-	(40,546)
Prepays	-	-	-	(199,846)
Due from other funds	-	-	-	-
Due from other governments	-	84,160	-	(368)
Increase (decrease) in liabilities:				
Accounts payable	-	(41,365)	(28,625)	(6,415)
Claims and judgements	-	(514,787)	-	-
Due to other funds	40,632	358,836	-	413,274
Compensated absences	-	8,341	4,239	(18,142)
	<u>\$ (219,961)</u>	<u>\$ (179,913)</u>	<u>\$ (25,335)</u>	<u>\$ 1,607,091</u>
Net cash provided by (used for) operating activities				
	<u>\$ (219,961)</u>	<u>\$ (179,913)</u>	<u>\$ (25,335)</u>	<u>\$ 1,607,091</u>
Noncash, investing, capital and financing activities:				
Acquisition of capital asset through financing	\$ -	\$ -	\$ -	\$ 753,875

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2010	2009
\$ (233,060)	\$ (396,789)	\$ 64,761	\$ (72,049)	\$ (1,553,307)	\$ (3,229,704)
27,870	552,133	129,362	-	2,148,591	2,326,638
7,529	6,182	-	-	613,149	468,084
67	-	-	-	67	68,378
-	-	-	-	(40,546)	(114,770)
-	-	-	-	(199,846)	180,813
-	-	-	-	-	203
(40)	348,041	-	2,987	434,780	(407,847)
(6,175)	(17,646)	45,757	(4,039)	(58,508)	(105,022)
-	-	-	-	(514,787)	956,094
-	-	(30,006)	-	782,736	15,036
1,946	45,208	4,985	(2,450)	44,127	39,376
<u>\$ (201,863)</u>	<u>\$ 537,129</u>	<u>\$ 214,859</u>	<u>\$ (75,551)</u>	<u>\$ 1,656,456</u>	<u>\$ 197,279</u>
\$ -	\$ -	\$ -	\$ -	\$ 753,875	\$ 1,466,521

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Agency Funds

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

Assessment district No. 961

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

Assessment district No. 977A

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

Assessment district No. 977B

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

Assessment district No. 1003

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

Industrial revenue bonds

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

Community facilities district No. 995

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

Special deposits

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

Cemetery perpetual care

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

Payroll trust fund

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

City of San Bernardino
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2010

	Assessment District #961	Assessment District #977A	Assessment District #977B	Assessment District #1003
ASSETS				
Cash and investments	\$ 368,929	\$ 59,861	\$ 22,486	\$ 264,780
Cash and investments with fiscal agents	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	1,187	193	72	852
Due from other governments	-	173	1,478	1,236
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 370,116</u>	<u>\$ 60,227</u>	<u>\$ 24,036</u>	<u>\$ 266,868</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Due to bond holders	370,116	60,227	24,036	266,868
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 370,116</u>	<u>\$ 60,227</u>	<u>\$ 24,036</u>	<u>\$ 266,868</u>

Industrial Revenue Bonds	Community Facilities District #995	Special Deposits	Cemetery Perpetual Care	Payroll Trust Fund	Totals	
					2010	2009
\$ -	\$ -	\$ 3,153,942	\$ 658,788	\$ 989,482	\$ 5,518,268	\$ 7,752,383
-	-	-	-	-	-	251,890
-	-	92,386	-	-	92,386	90,145
-	-	565	-	-	2,869	8,943
-	-	202,454	-	-	205,341	222,107
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,449,347</u>	<u>\$ 658,788</u>	<u>\$ 989,482</u>	<u>\$ 5,818,864</u>	<u>\$ 8,325,468</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,812	\$ 3,812	\$ -
-	-	3,449,347	658,788	985,670	5,093,805	7,282,125
-	-	-	-	-	721,247	1,043,343
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,449,347</u>	<u>\$ 658,788</u>	<u>\$ 989,482</u>	<u>\$ 5,818,864</u>	<u>\$ 8,325,468</u>

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2010

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
Assessment District #961				
Assets				
Cash and investments	\$ 362,308	\$ 6,803	\$ 182	\$ 368,929
Interest receivable	2,501	1,186	2,500	1,187
Total assets	\$ 364,809	\$ 7,989	\$ 2,682	\$ 370,116
Liabilities				
Due to bondholders	\$ 364,809	\$ 7,989	\$ 2,682	\$ 370,116
Total liabilities	\$ 364,809	\$ 7,989	\$ 2,682	\$ 370,116
Assessment District #977A				
Assets				
Cash and investments	\$ 60,780	\$ 6,822	\$ 7,741	\$ 59,861
Cash and investments with fiscal agents	95,661	4,402	100,063	-
Interest receivable	419	193	419	193
Due from other governments	3,565	173	3,565	173
Total assets	\$ 160,425	\$ 11,590	\$ 111,788	\$ 60,227
Liabilities				
Due to bond holders	\$ 160,425	\$ 11,590	\$ 111,788	\$ 60,227
Total liabilities	\$ 160,425	\$ 11,590	\$ 111,788	\$ 60,227
Assessment District #977B				
Assets				
Cash and investments	\$ 96,266	\$ 18,171	\$ 91,951	\$ 22,486
Cash and investments with fiscal agents	156,229	87,974	244,203	-
Interest receivable	665	72	665	72
Due from other governments	4,648	1,478	4,648	1,478
Total assets	\$ 257,808	\$ 107,695	\$ 341,467	\$ 24,036
Liabilities				
Due to bond holders	\$ 257,808	\$ 107,695	\$ 341,467	\$ 24,036
Total liabilities	\$ 257,808	\$ 107,695	\$ 341,467	\$ 24,036

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City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2010
(continued)

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Assessment District #1003				
Assets				
Cash and investments	\$ 257,703	\$ 87,258	\$ 80,181	\$ 264,780
Interest receivable	1,778	852	1,778	852
Due from other governments	820	1,236	820	1,236
Total assets	<u>\$ 260,301</u>	<u>\$ 89,346</u>	<u>\$ 82,779</u>	<u>\$ 266,868</u>
Liabilities				
Due to bondholders	\$ 260,301	\$ 89,346	\$ 82,779	\$ 266,868
Total liabilities	<u>\$ 260,301</u>	<u>\$ 89,346</u>	<u>\$ 82,779</u>	<u>\$ 266,868</u>
Industrial Revenue Bonds				
Assets				
Cash and investments	\$ 69,351	\$ -	\$ 69,351	\$ -
Total assets	<u>\$ 69,351</u>	<u>\$ -</u>	<u>\$ 69,351</u>	<u>\$ -</u>
Liabilities				
Deposits payable	\$ 69,351	\$ -	\$ 69,351	\$ -
Total liabilities	<u>\$ 69,351</u>	<u>\$ -</u>	<u>\$ 69,351</u>	<u>\$ -</u>

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2010
(continued)

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Community Facilities District #995				
Assets				
Cash and investments	\$ 1,795	\$ -	\$ 1,795	\$ -
Interest receivable	12	-	12	-
Total assets	\$ 1,807	\$ -	\$ 1,807	\$ -
Liabilities				
Deposits payable	\$ 1,807	\$ -	\$ 1,807	\$ -
Total liabilities	\$ 1,807	\$ -	\$ 1,807	\$ -
Special Deposits				
Assets				
Cash and investments	\$ 6,085,336	\$ 5,312,998	\$ 8,244,392	\$ 3,153,942
Accounts receivable	90,145	314,215	311,974	92,386
Interest receivable	3,568	565	3,568	565
Due from other governments	206,384	202,454	206,384	202,454
Total assets	\$ 6,385,433	\$ 5,830,232	\$ 8,766,318	\$ 3,449,347
Liabilities				
Deposits payable	\$ 6,385,433	\$ 5,830,232	\$ 8,766,318	\$ 3,449,347
Total liabilities	\$ 6,385,433	\$ 5,830,232	\$ 8,766,318	\$ 3,449,347
Perpetual Cemetery Care				
Assets				
Cash and investments	\$ 658,050	\$ 738	\$ -	\$ 658,788
Total assets	\$ 658,050	\$ 738	\$ -	\$ 658,788
Liabilities				
Deposits payable	\$ 658,050	\$ 738	\$ -	\$ 658,788
Total liabilities	\$ 658,050	\$ 738	\$ -	\$ 658,788

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2010
(continued)

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Payroll Trust Fund				
Assets				
Cash and investments	\$ 160,794	\$ 123,786,773	\$ 122,958,085	\$ 989,482
Due from other governments	6,690	-	6,690	-
Total assets	<u>\$ 167,484</u>	<u>\$ 123,786,773</u>	<u>\$ 122,964,775</u>	<u>\$ 989,482</u>
Liabilities				
Accounts payable	\$ -	\$ 3,327,352	\$ 3,323,540	\$ 3,812
Deposits payable	167,484	120,459,421	119,641,235	985,670
Total liabilities	<u>\$ 167,484</u>	<u>\$ 123,786,773</u>	<u>\$ 122,964,775</u>	<u>\$ 989,482</u>
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 7,752,383	\$ 129,219,563	\$ 131,453,678	\$ 5,518,268
Cash and investments with fiscal agent	251,890	92,376	344,266	-
Accounts receivable	90,145	314,215	311,974	92,386
Interest receivable	15,633	2,868	15,632	2,869
Due from other governments	215,417	205,341	215,417	205,341
Total assets	<u>\$ 8,325,468</u>	<u>\$ 129,834,363</u>	<u>\$ 132,340,967</u>	<u>\$ 5,818,864</u>
Liabilities				
Accounts payable	\$ -	\$ 3,327,352	\$ 3,323,540	\$ 3,812
Deposits payable	7,282,125	126,290,391	128,478,711	5,093,805
Due to bondholders	1,043,343	216,620	538,716	721,247
Total liabilities	<u>\$ 8,325,468</u>	<u>\$ 129,834,363</u>	<u>\$ 132,340,967</u>	<u>\$ 5,818,864</u>