

CITY OF SAN BERNARDINO, CALIFORNIA
Comprehensive Annual Financial Report
Year Ended June 30, 2011

PREPARED BY THE
FINANCE DEPARTMENT

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**City of San Bernardino
Comprehensive Annual Financial Report
Year Ended June 30, 2011**

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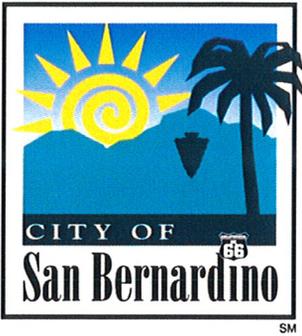
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November 28, 2012

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

It is the policy of the City of San Bernardino to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of San Bernardino ("the City") for the fiscal year ended June 30, 2011.

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 financial condition of the City and, in particular in the General Fund, continues to deteriorate, as noted in the report, that will require further structural changes to bring in balance the budgeted programs for basic City services in the upcoming reporting period to not correct the shortfall but to mitigate future budget issues.

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, 2011 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 principles 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, 2011 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 209,000. 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.

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 Council members serve four-year terms. Under the supervision of the Mayor, the City Manager is the Chief Administrative Officer. The City Manager directs most City Departments, other than those governed by separate boards (Water Dept., Civil Service, Library) and the offices of elected officials. The City Manager's office, in addition to assisting the Mayor and Council in policy formation, focuses on special projects. The City of San Bernardino also has an elected City Attorney, City Treasurer and City Clerk.

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

The annual budget serves as the foundation for the City's financial planning and control. The appropriated budget is prepared by department (e.g., police), fund (e.g. general), and program (e.g. patrol field services). All Department heads may make transfers of non-personnel appropriations within their department. Elected officials may also make transfers of personnel appropriations within their department. All other Transfers of appropriations, 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 had 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 some of the highest in 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 not expected to increase in the near future.

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 708 at June 30, 2011. The average yield on investments was 2.61 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, 2011 for these activities is \$20,430,702. 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, 2010 (the most recent year for which the calculation is available), the City of San Bernardino has succeeded in funding 85.1% 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 City filed a voluntary petition ("Petition") on August 1, 2012 ("Petition Date") seeking protection under Chapter 9 of the Bankruptcy Code because it faced an immediate and dire liquidity crisis due to ongoing fiscal challenges. On November 26, 2012, the City Council adopted a Pendency Plan, which will balance the budget and provide time for the City to work on a longer-term plan of adjustment. This plan will be presented to the Bankruptcy Court on November 30, 2012 for Court approval. For more information regarding the Chapter 9 filing, and subsequent City action, please see footnote 2 on page 55.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Bernardino for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the seventh consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the department, 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,


Andrea Travis-Miller
Interim City Manager

CITY OF SAN BERNARDINO, CALIFORNIA

ROSTER OF CITY OFFICIALS

JUNE 30, 2011

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 A. 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

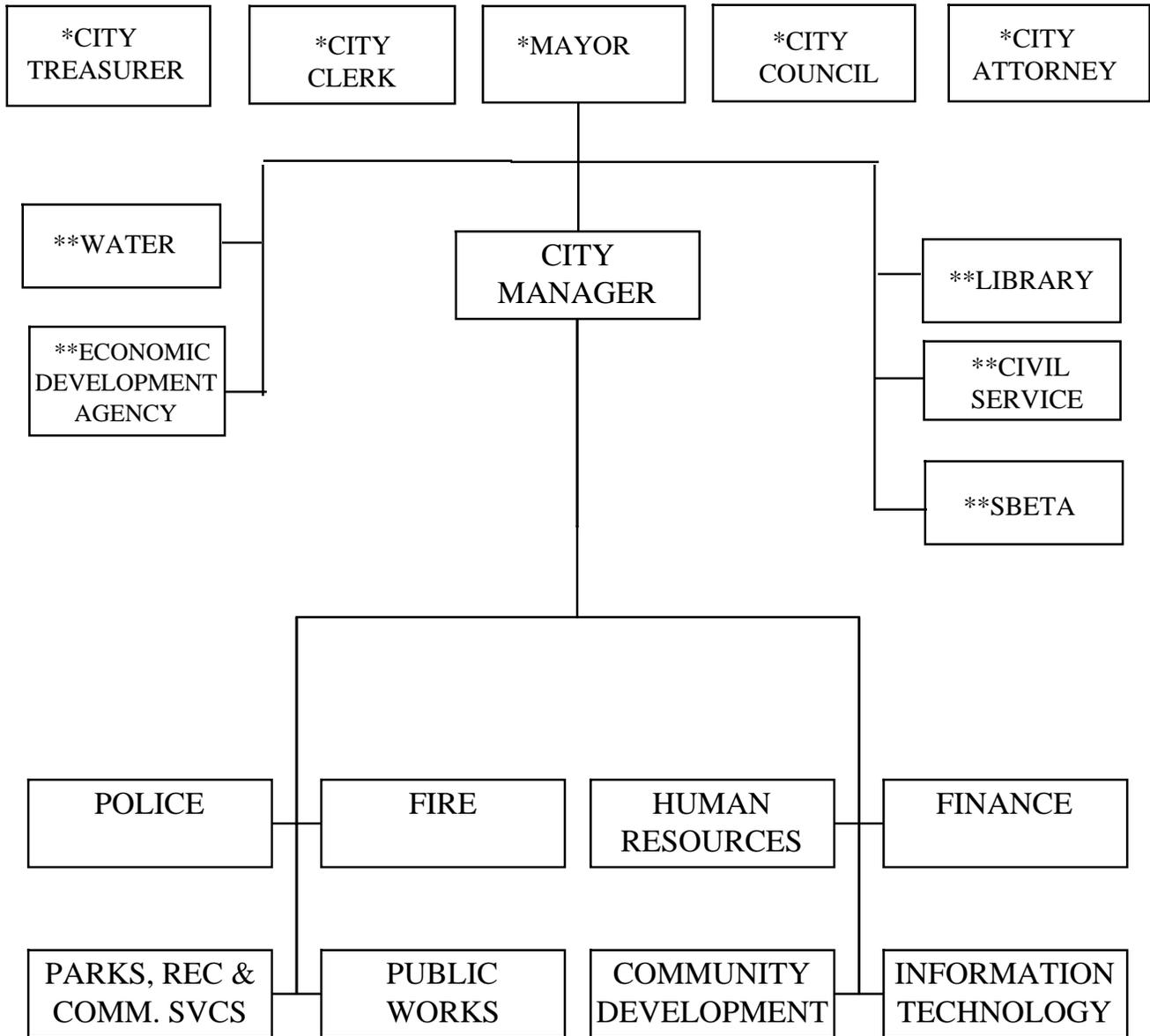
DEPARTMENT HEADS

Rachel Clark	City Clerk*
James F. Penman	City Attorney*
David Kennedy	City Treasurer*
Barbara Pachon	Director of Finance**
Margo Wheeler	Community Development Director
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)
Nadeem Majaj.	Public Works Director
Linn Livingston	Human Resources Director

*Elected Officials

**Retired December 31, 2011

CITY OF SAN BERNARDINO



* ELECTED OFFICIALS

** GOVERNED BY A BOARD

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Bernardino
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Dandson

President

Jeffrey R. Emer

Executive Director

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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

INDEPENDENT AUDITORS' REPORT

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Matthew B. Wilson, CPA, MSA
Scott W. Manno, CPA
Leena Shanbhag, CPA, MST
Jay H. Zercher, CPA (Retired)
Phillip H. Waller, CPA (Retired)

MANAGERS / STAFF

Nancy O'Rafferty, CPA, MBA
Bradferd A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
Katie L. Millsom, CPA
Papa Matar Thiaw, CPA, MBA
Maya S. Ivanova, CPA, MBA
Danielle E. Odgers, CPA
William C. Clayton, CPA
Peter E. Murray, CPA
Genivive Schwarzkopf, CPA
Megan Hackney, CPA
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bernardino, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of San Bernardino's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the water and sewer funds, which are major funds and 96%, 100% and 70%, respectively, of the assets, net assets, and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities and proprietary fund financial statements, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bernardino, California, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

The City's financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note 2 to the financial statements, the City declared a fiscal emergency in July 2012 after learning that it faced insolvency because of a large negative cash balance in its General Fund and a projected \$45.8 million budget deficit for the fiscal year ending June 30, 2013. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also discussed in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As explained in the notes to the basic financial statements, as of December 29, 2011, all redevelopment agencies within the State of California (The San Bernardino Economic Development Agency is a material component in the City's financial statements) were eliminated effective February 1, 2012, as a result of certain legislative actions enacted by the California State Legislature. These financial statements do not include any adjustments as a result of the dissolution of the Agency. The City has adopted a resolution which names it as the Successor Agency to the Redevelopment Agency.

During the year under audit, the City adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 28, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of San Bernardino's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, the budgetary comparison schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Rogers Anderson Maloney & Scott, LLP

November 28, 2012

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of San Bernardino (the City) provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Reporting the City as a Whole

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

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

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

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

Reporting the City's Most Significant Funds

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Table 1
Net assets
June 30, 2011 and 2010
(in millions)

	2011			2010		
	Govt activities	Bus-type activities	Total	Govt activities	Bus-type activities	Total
Current and other assets	\$ 258.8	\$ 133.7	\$ 392.5	\$ 251.6	\$ 134.2	\$ 385.8
Capital assets	460.8	255.5	716.3	464.2	258.0	722.2
Total assets	719.6	389.2	1,108.8	715.8	392.2	1,108.0
Long-term debt	284.8	64.2	349.0	285.2	68.7	353.9
Other liabilities	72.3	71.0	143.3	44.9	70.8	115.7
Total liabilities	357.1	135.2	492.3	330.1	139.5	469.6
Net assets:						
Invested in capital assets, net of debt	425.7	204.4	630.1	417.6	201.0	618.6
Restricted	197.7	8.3	206.0	188.9	12.0	200.9
Unrestricted	(260.9)	41.3	(219.6)	(220.8)	39.7	(181.1)
Total net assets	\$ 362.5	\$ 254.0	\$ 616.5	\$ 385.7	\$ 252.7	\$ 638.4

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

Table 2
Changes in net assets
For the years ended June 30, 2011 and 2010
(in millions)

	2011			2010		
	Govt activities	Bus-type activities	Total	Govt activities	Bus-type activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 21.9	\$ 81.0	\$ 102.9	\$ 27.1	\$ 76.2	\$ 103.3
Operating contributions and grants	33.1	1.9	35.0	29.8	1.9	31.7
Capital contributions and grants	15.7	4.4	20.1	8.1	6.3	14.4
General revenue:						
Sales tax	29.4	-	29.4	25.6	-	25.6
Property tax	63.4	-	63.4	63.6	-	63.6
Other taxes	31.1	-	31.1	31.1	-	31.1
Other general	19.1	2.0	21.1	16.3	2.8	19.1
Total revenues	213.7	89.3	303.0	201.6	87.2	288.8
Program expenses:						
General government	23.0	-	23.0	30.1	-	30.1
Public safety	106.4	-	106.4	96.1	-	96.1
Streets	31.8	-	31.8	26.4	-	26.4
Culture and recreation	7.1	-	7.1	5.7	-	5.7
Community development	16.3	-	16.3	30.0	-	30.0
Economic development	31.2	-	31.2	18.3	-	18.3
Community service	11.2	-	11.2	9.1	-	9.1
Integrated Waste	-	24.2	24.2	-	23.8	23.8
Water	-	36.3	36.3	-	32.6	32.6
Sewer	-	24.1	24.1	-	26.0	26.0
Interest on long-term debt	13.3	-	13.3	13.8	-	13.8
Total expenses	240.3	84.6	324.9	229.5	82.4	311.9
Excess (deficiency) before transfer	(26.6)	4.7	(21.9)	(27.9)	4.8	(23.1)
Transfers	3.4	(3.4)	-	3.5	(3.5)	-
Increase (decrease) in net assets	(23.2)	1.3	(21.9)	(24.4)	1.3	(23.1)
Beginning net assets	385.7	252.7	638.4	410.1	251.4	661.5
Ending net assets	\$ 362.5	\$ 254.0	\$ 616.5	\$ 385.7	\$ 252.7	\$ 638.4

The increase or decrease in net assets can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Net assets of the City's governmental activities decreased by 6.0 percent (\$362.4 million compared to \$385.7 million). Revenue and expense fluctuations are described below for the governmental and business-type activities of the City. *Unrestricted* net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was a \$260.9 million deficit at the end of this year. The net assets of the City's business-type activities increased by .6 percent (\$254.1 million compared to \$252.7 million).

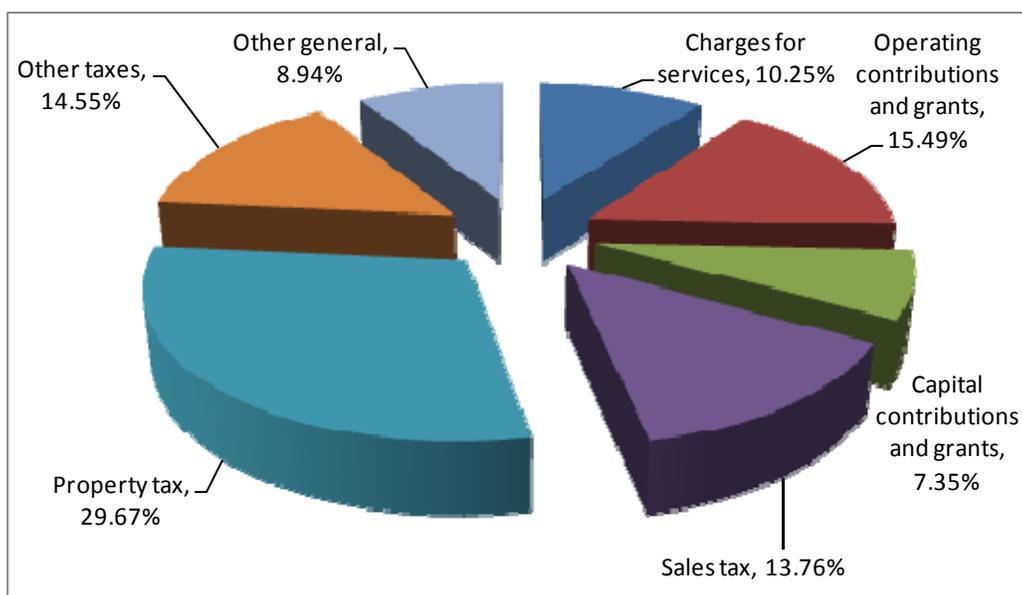
Governmental Activities

The cost of all *governmental* activities this year was \$240.3 million. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes and other sources was only \$169.7 million because some of the cost was paid by those who directly benefited from the programs (\$21.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$48.8 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services were \$70.7 million. The City paid for the remaining "public benefit" portion of governmental activities with \$145.9 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements, and by using \$23.3 million of net assets from prior years.

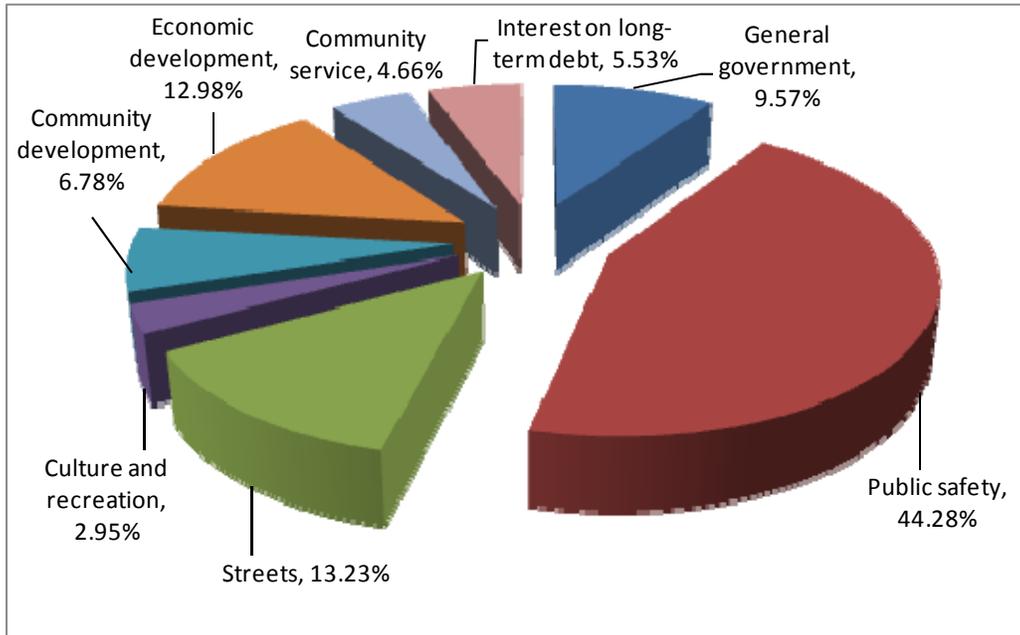
The reasons for significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

- Total revenues in governmental activities increased by 5.8% (\$213.2 million in 2011 vs. \$201.6 million in 2010). This was primarily due to a \$3.8 million increase in sales taxes and a \$7.6 million increase in capital grants.
- The cost of governmental functions/programs increased by \$10.4 million. The largest increases were due to increased Economic Development and Public Safety activity.
- The overall decrease in net assets for governmental activities was \$23.3 million in 2010-11.

Revenue by Source – Governmental Activities



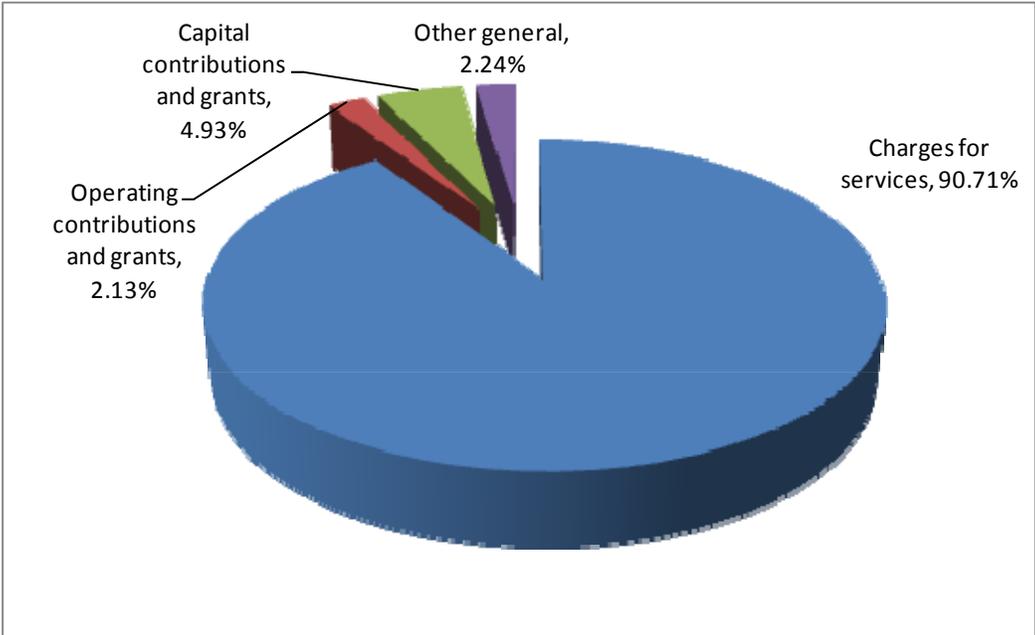
Expenses by Function – Governmental Activities



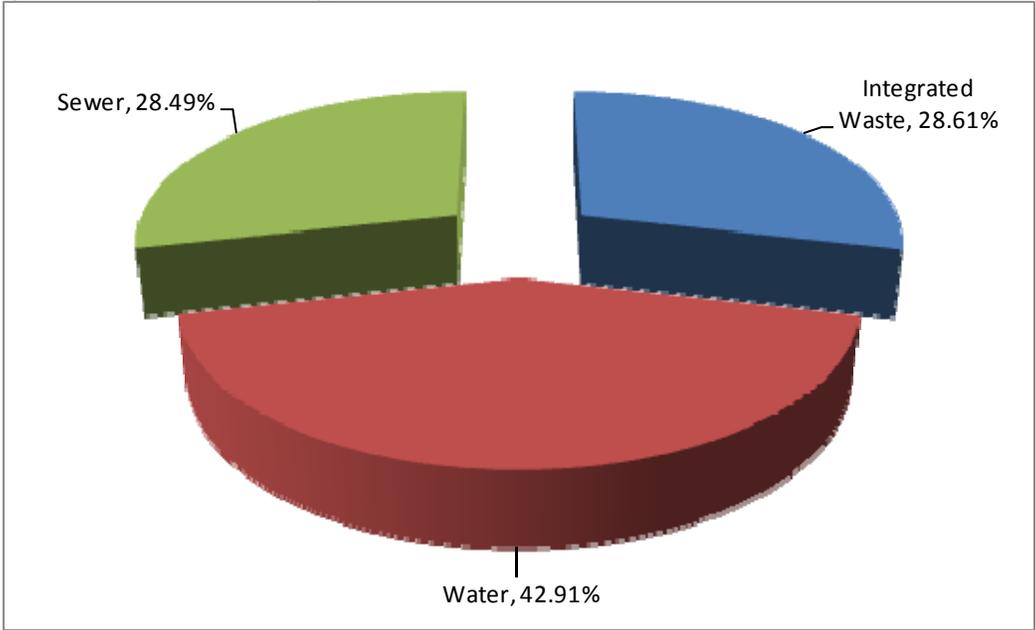
Business-Type Activities

Current years' operating revenues of the City's business-type activities decreased by 6% for Integrated Waste, and increased 19% for the Water and 4.5% for Sewer. Capital Contributions in Water and Sewer were equal to 8.42 and 6.86 percent of operating revenues, respectively. Net assets for Water and Sewer increased by 1 percent and 2 percent respectively. Integrated Waste net assets for the year decreased by \$2,440,092 after non-operating revenues and expenses and transfers.

Revenue by Source – Business-type Activities



Expenses by Function – Business-type Activities



MAJOR FUNDS

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

Major Governmental Funds. The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, there was a negative \$(1,282,658) unassigned fund balance in the general fund, and no reserve, while total fund balance decreased by \$1.59 million to a negative \$(1.18) million.

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

- There was no new debt this year, thus a decrease in issuance of debt of \$1,200,000.
- Total expenditures for Public Safety increased by \$3.61 million (4.0 percent).
- There were no new capital leases, thus a decrease in capital leases of \$527,490

The reasons for significant changes in the **Economic Development Agency** Major Funds from the prior year are as follows:

- Special Revenue Fund - Fund balance decreased by \$2 million primarily due to an increase in Community Development and Economic Development expenditures.
- Debt Service Fund – Fund balance increased by \$9.8 million primarily due to an issuance of debt of \$10.3 million.
- Capital Projects Fund – Fund balance increased by \$6.0 million. Revenues increased by \$2.9, expenditures decreased by \$5.3 million, and issuance of debt increased by \$10.0 million.

Major Enterprise Funds. At year-end unrestricted net assets of the **Sewer Fund** were \$26.2 million, \$13.9 million for the **Water Fund** and \$1.2 million for the **Integrated Waste Fund**. The change in net assets for the funds was an increase of \$1.7 million, an increase of \$2.0 million and a decrease of \$2.4 million for each of the three funds, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGET

Differences between the original budget and the final amended budget for appropriations of the General Fund were \$2,446,000. The primary reason for this difference was due to a decrease in appropriations of \$2,587,900 for budget-balancing measures that were instituted during the year.

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

- Total taxes were \$3.6 million more than budgeted
- Sales Tax was \$4.2 million more than budgeted
- Total Revenues were \$1 million more than budgeted
- Other Revenues were \$4.2 million lower than budgeted and Other Intergovernmental Revenues were \$1.4 million higher than budgeted
- Public Safety expenditures were \$3 million over budget

CAPITAL ASSETS

Capital assets
(net of depreciation)
June 30, 2011 and 2010
(in millions)

	2011			2010		
	Govt activities	Bus-type activities	Total	Govt activities	Bus-type activities	Total
Land	\$ 125.5	\$ 15.5	\$ 141.0	\$ 125.5	\$ 15.4	\$ 140.9
Infrastructure	269.0	-	269.0	277.0	-	277.0
Systems, pumping, wells	-	141.5	141.5	-	124.6	124.6
Buildings and improvements	24.9	68.2	93.1	26.4	72.5	98.9
Machinery and equipment	13.1	17.9	31.0	15.1	17.7	32.8
Construction in progress	22.6	12.5	35.1	20.2	27.8	48.0
Totals	<u>\$ 455.1</u>	<u>\$ 255.6</u>	<u>\$ 710.7</u>	<u>\$ 464.2</u>	<u>\$ 258.0</u>	<u>\$ 722.2</u>

The major additions to capital assets during the year ended June 30, 2011 were as follows:

- \$8 million increase in infrastructure assets and \$2.4 million increase in construction in process for Governmental activities.
- \$9.3 million increase in water rights and \$11.8 million increase in distribution systems for Business-type activities.

Additional information on the City's capital assets can be found in the Capital Assets Note 4 in the accompanying financial statements as listed in the table of contents.

LONG-TERM DEBT

At the end of the current fiscal year, the City had bonded debt outstanding of \$221 million and additional debt of \$154.6 million. Of the bonded indebtedness, \$134.7 million relates to tax allocation bonds, \$47.1 is pension obligation bonds, \$11.1 million is revenue bonds, and \$28.1 million is certificates of participation.

Outstanding debt
June 30, 2011 and 2010
(in millions)

	2011			2010		
	Govt activities	Bus-type activities	Total	Govt activities	Bus-type activities	Total
Tax allocation bonds	\$ 134.7	\$ -	\$ 134.7	\$ 131.7	\$ -	\$ 131.7
Revenue bonds	11.1	-	11.1	12.4	0.1	12.5
Notes payable	33.2	24.4	57.6	15.9	27.9	43.8
Certificates of participation	10.9	17.2	28.1	11.4	19.5	30.9
Pension obligation bonds	47.1	-	47.1	47.9	-	47.9
Assessment district bonds	0.0	-	0.0	0.1	-	0.1
Other	74.4	22.6	97.0	65.8	21.2	87.0
Totals	<u>\$ 311.4</u>	<u>\$ 64.2</u>	<u>\$ 375.6</u>	<u>\$ 285.2</u>	<u>\$ 68.7</u>	<u>\$ 353.9</u>

The City's total debt increased by \$21.7 million (6.1 percent) during the current fiscal year.

State statutes limit the amount of general obligation debt a city may issue to 15 percent of its total assessed valuation. The current debt limitation for the City is \$195,319,595 which is significantly in excess of the City's outstanding general obligation debt of \$69,160,251.

Additional information on the City's long-term debt can be found in the Long-Term Liabilities Note 5 in the accompanying financial statements as listed in the table of contents.

Fiscal Challenges and Uncertainty

The City filed a voluntary petition ("Petition") on August 1, 2012 ("Petition Date") seeking protection under Chapter 9 of the Bankruptcy Code because it faced an immediate and dire liquidity crisis due to ongoing fiscal challenges. On November 26, 2012, the City Council adopted a Pendency Plan, which will balance the budget and provide time for the City to work on a longer-term plan of adjustment. This plan will be presented to the Bankruptcy Court on November 30, 2012 for Court approval. For more information regarding the Chapter 9 filing, and subsequent City action, please see footnote 2 on page 55.

Contacting the City's Financial Management

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

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BASIC FINANCIAL STATEMENTS

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**City of San Bernardino
Statement of Net Assets
June 30, 2011**

(with prior year data for comparative purposes only)

	Governmental Activities	Business-type Activities	Totals	
			2011	2010
ASSETS				
Cash and investments	\$ 46,301,668	\$ 81,877,346	\$ 128,179,014	\$ 141,339,842
Cash and investments with fiscal agents	38,871,841	2,090,406	40,962,247	33,144,122
Receivables, net:				
Accounts	3,749,288	10,626,142	14,375,430	13,853,547
Interest	93,922	104,559	198,481	285,606
Notes	24,887,286	508	24,887,794	44,825,349
Other	20,509,042		20,509,042	17,968,448
Deposits	300,000	-	300,000	322,000
Inventory	350,671	1,730,918	2,081,589	2,104,346
Prepays	102,250	36,793,047	36,895,297	38,975,436
Internal balances	898,231	(898,231)	-	-
Due from other governments	19,687,106	969,425	20,656,531	19,830,002
Property held for resale	101,505,210	-	101,505,210	71,260,653
Deferred charges	1,321,142	-	1,321,142	863,133
Other assets	291,492	357,914	649,406	1,112,283
Capital assets:				
Land, improvements and construction in progress	148,083,219	27,958,135	176,041,354	188,882,786
Other capital assets, net of depreciation	306,976,140	227,605,366	534,581,506	533,396,645
Intangible assets, net of amortization	5,698,564	-	5,698,564	-
Total assets	719,627,072	389,215,535	1,108,842,607	1,108,164,198
LIABILITIES				
Accounts payable and accrued expenses	7,486,154	9,673,223	17,159,377	12,766,741
Accrued interest	3,674,396	607,177	4,281,573	4,388,279
Retentions payable	107,738	-	107,738	208,067
Deposits payable	55,040	3,441,766	3,496,806	3,447,648
Unearned revenue	17,990,893	57,263,991	75,254,884	78,522,724
Due to other governments	21,737	-	21,737	182,870
Short-term note payable	16,250,000	-	16,250,000	16,250,000
Noncurrent liabilities:				
Due within one year	26,692,692	10,232,092	36,924,784	39,126,069
Due in more than one year	284,818,968	53,980,893	338,799,861	314,840,660
Total liabilities	357,097,618	135,199,142	492,296,760	469,733,058
NET ASSETS				
Invested in capital assets, net of related debt	425,705,511	204,367,733	630,073,244	618,634,148
Restricted				
Streets and capital projects	25,406,968	-	25,406,968	19,341,918
Economic development	133,386,450	-	133,386,450	139,811,291
Culture and recreation	81,331		81,331	287,770
Capital related fees	-	8,276,462	8,276,462	11,992,059
Public safety	774,855	-	774,855	692,434
Debt service	38,035,678	-	38,035,678	28,842,893
Unrestricted	(260,861,339)	41,372,198	(219,489,141)	(181,171,373)
Total net assets	\$ 362,529,454	\$ 254,016,393	\$ 616,545,847	\$ 638,431,140

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

City of San Bernardino
Statement of Activities
For the year ended June 30, 2011
(with prior year data for comparative purposes only)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Governmental activities:				
General government	\$ 22,992,136	\$ 509,158	\$ 1,859,060	\$ -
Public safety	106,367,139	7,696,287	8,641,361	-
Streets	31,801,002	6,357,593	-	15,689,230
Culture and recreation	7,112,156	1,009,023	872,156	-
Community development	16,303,880	4,413,761	10,520,638	-
Economic development	31,253,168	-	4,336,291	-
Community service	11,223,506	1,869,805	6,909,241	-
Interest on long-term debt	13,299,213	-	-	-
Total governmental activities	<u>240,352,200</u>	<u>21,855,627</u>	<u>33,138,747</u>	<u>15,689,230</u>
Business-type activities:				
Integrated Waste	24,172,161	24,529,480	-	-
Water	36,343,754	33,027,707	1,928,999	2,782,168
Sewer	24,072,074	23,433,833	-	1,607,994
Total business-type activities	<u>84,587,989</u>	<u>80,991,020</u>	<u>1,928,999</u>	<u>4,390,162</u>
Total government	<u>\$ 324,940,189</u>	<u>\$ 102,846,647</u>	<u>\$ 35,067,746</u>	<u>\$ 20,079,392</u>

General revenues:

- Taxes:
 - Sales tax
 - Property tax
 - Other taxes
 - Franchises
- Unrestricted investment earnings
- Other
- Intergovernmental (unrestricted)
- Gain on sale of capital assets
- Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

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

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Totals	
		2011	2010
\$ (20,623,918)	\$ -	\$ (20,623,918)	\$ (24,281,367)
(90,029,491)	-	(90,029,491)	(82,610,166)
(9,754,179)	-	(9,754,179)	(10,570,412)
(5,230,977)	-	(5,230,977)	(3,770,039)
(1,369,481)	-	(1,369,481)	(8,818,637)
(26,916,877)	-	(26,916,877)	(18,333,565)
(2,444,460)	-	(2,444,460)	(2,134,489)
(13,299,213)	-	(13,299,213)	(13,852,035)
<u>(169,668,596)</u>	<u>-</u>	<u>(169,668,596)</u>	<u>(164,370,710)</u>
-	357,319	357,319	2,202,909
-	1,395,120	1,395,120	2,804,637
-	969,753	969,753	(3,117,245)
<u>-</u>	<u>2,722,192</u>	<u>2,722,192</u>	<u>1,890,301</u>
29,378,969	-	29,378,969	25,569,302
63,442,311	-	63,442,311	63,565,610
31,124,606	-	31,124,606	31,087,543
3,164,830	-	3,164,830	3,125,973
2,262,551	1,410,638	3,673,189	3,445,073
10,036,775	625,550	10,662,325	11,753,924
1,068,331	-	1,068,331	853,324
2,546,550	-	2,546,550	-
3,447,500	(3,447,500)	-	-
<u>146,472,423</u>	<u>(1,411,312)</u>	<u>145,061,111</u>	<u>139,400,749</u>
(23,196,173)	1,310,880	(21,885,293)	(23,079,660)
<u>385,725,627</u>	<u>252,705,513</u>	<u>638,431,140</u>	<u>661,510,800</u>
<u>\$ 362,529,454</u>	<u>\$ 254,016,393</u>	<u>\$ 616,545,847</u>	<u>\$ 638,431,140</u>

City of San Bernardino
Balance Sheet
Governmental Funds
June 30, 2011
(with prior year data for comparative purposes only)

	General	Special Revenue Fund Economic Development Agency	Debt Service Fund Economic Development Agency
ASSETS			
Cash and investments	\$ -	\$ 6,073,589	\$ -
Cash and investments with fiscal agents	134,395	-	38,673,779
Deposits	76,821	-	-
Receivables, net:			
Accounts	3,713,220	-	-
Interest	7,315	-	-
Leases	-	-	16,921,490
Taxes	-	-	-
Special assessments	-	-	-
Notes	-	20,935,607	-
Other	-	2,855,006	-
Inventory	19,133	-	-
Prepays	5,100	-	-
Due from other governments	7,472,283	6,091,381	-
Due from other funds	-	133,905	-
Advances to other funds	-	2,254,124	-
Property held for resale	-	53,763,706	-
Other assets	-	-	-
Total assets	\$ 11,428,267	\$ 92,107,318	\$ 55,595,269

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

Capital Projects Fund	Nonmajor Governmental Funds	Total	
		2011	2010
Economic Development Agency			
\$ 23,151,613	\$ 17,051,411	\$ 46,276,613	\$ 68,541,285
-	48,853	38,857,027	29,222,701
300,000	-	376,821	400,960
-	33,697	3,746,917	1,587,501
-	78,229	85,544	143,114
11,012	-	16,932,502	16,932,502
220,366	-	220,366	614,255
-	333,839	333,839	369,971
3,951,679	-	24,887,286	44,821,904
167,329	-	3,022,335	49,847
-	-	19,133	19,133
-	97,150	102,250	513
-	5,384,851	18,948,515	16,408,577
-	15,151,687	15,285,592	11,286,298
13,495,118	2,550,599	18,299,841	16,023,438
47,741,504	-	101,505,210	71,260,653
-	214,671	214,671	214,671
<u>\$ 89,038,621</u>	<u>\$ 40,944,987</u>	<u>\$ 289,114,462</u>	<u>\$ 277,897,323</u>

**City of San Bernardino
Balance Sheet
Governmental Funds
June 30, 2011**
(with prior year data for comparative purposes only)

	General	Special Revenue Fund Economic Development Agency	Debt Service Fund Economic Development Agency
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,276,907	\$ 1,518,759	\$ -
Due to other funds	7,787,726	-	-
Retentions payable	9,071	-	-
Deferred revenues	-	5,494,197	16,921,490
Deposits	-	-	-
Short-term note payable	-	-	-
Advances from other funds	3,536,025	12,914,177	-
Due to other governments	142	-	-
Total liabilities	12,609,871	19,927,133	16,921,490
Fund balances:			
Nonspendable			
Inventory	19,133	-	-
Prepays	5,100	-	-
Advances to other funds	-	-	-
Property held for resale	-	-	-
Notes receivable	-	-	-
Deposits	76,821	-	-
Restricted for:			
Low-Mod Housing	-	62,120,420	-
Deposits	-	-	-
Debt service	-	-	29,927,652
Community development	-	34,135,643	-
Capital projects	-	-	8,746,127
Special Revenue Funds	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	(1,282,658)	(24,075,878)	-
Total fund balances (deficit)	(1,181,604)	72,180,185	38,673,779
Total liabilities and fund balances	\$ 11,428,267	\$ 92,107,318	\$ 55,595,269

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

Capital Projects Fund	Nonmajor Governmental Funds	Total	
		2011	2010
Economic Development Agency			
\$ 871,406	\$ 2,707,076	\$ 6,374,148	\$ 4,356,900
-	9,523,663	17,311,389	16,942,180
-	98,667	107,738	208,067
-	4,153,240	26,568,927	25,282,954
55,040	-	55,040	5,040
16,250,000	-	16,250,000	16,250,000
625,065	1,096,800	18,172,067	15,817,664
-	21,595	21,737	182,870
<u>17,801,511</u>	<u>17,601,041</u>	<u>84,861,046</u>	<u>79,045,675</u>
-	-	19,133	19,133
-	214,671	219,771	214,670
-	2,747,399	2,747,399	16,236,638
-	-	-	71,260,653
-	-	-	44,821,904
-	-	76,821	479,920
-	-	62,120,420	-
-	-	-	-
-	-	29,927,652	148,617
79,657,397	-	113,793,040	(18,252,764)
-	-	8,746,127	24,179,062
-	27,870,279	27,870,279	9,620,298
-	356,373	356,373	368,207
-	118,462	118,462	80,574,862
<u>(8,420,287)</u>	<u>(7,963,238)</u>	<u>(41,742,061)</u>	<u>(30,819,552)</u>
<u>71,237,110</u>	<u>23,343,946</u>	<u>204,253,416</u>	<u>198,851,648</u>
<u>\$ 89,038,621</u>	<u>\$ 40,944,987</u>	<u>\$ 289,114,462</u>	<u>\$ 277,897,323</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, 2011**

Fund balances of governmental funds		\$ 204,253,416
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.		451,998,094
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in funds.		
Bonds payable	\$ (181,101,919)	
Certificates of participation	(10,940,000)	
Notes payable	(28,066,637)	
OPEB obligation payable	(20,732,739)	
Lease revenue bonds	(11,020,000)	
Capital lease payable	(2,501,489)	
Compensated absences	(19,447,164)	
Accrued interest payable	(3,674,396)	
California Infrastructure Bank	(9,306,005)	
Participation agreements	(277,688)	
Deferred loss, charges and premium, net	<u>2,980,604</u>	<u>(284,087,433)</u>
Certain accounts, interest, advances, and intergovernmental receivables are not available to pay for current period expenditures and, therefore, are offset by deferred revenue in the governmental funds.		396,704
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	\$ 3,061,265	
Long-term liabilities	(27,424,227)	
Other assets and liabilities	<u>8,503,559</u>	(15,859,403)
Certain assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		<u>5,828,076</u>
Net assets of governmental activities		<u><u>\$ 362,529,454</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, 2011
(with prior year data for comparative purposes only)

	General	Special Revenue Fund Economic Development Agency	Debt Service Fund Economic Development Agency
REVENUES			
Taxes	\$ 85,428,247	\$ -	\$ -
Licenses and permits	8,091,822	-	-
Impact fees	-	-	-
Fines and forfeitures	2,283,426	-	-
Investment income	609,721	157,055	1,380,224
Intergovernmental	7,718,864	11,316,634	-
Charges for services	7,423,815	-	-
Other	4,341,597	2,584,030	-
Total revenues	<u>115,897,492</u>	<u>14,057,719</u>	<u>1,380,224</u>
EXPENDITURES			
Current:			
General government	16,910,683	-	-
Public safety	92,732,629	-	-
Streets	8,318,267	-	-
Culture and recreation	5,067,528	-	-
Community development	-	15,725,517	-
Community service	1,244,529	-	-
Economic development	-	7,257,959	-
Debt service:			
Principal	1,623,576	-	8,800,000
Interest and fiscal charges	2,516,407	-	9,442,637
Total expenditures	<u>128,413,619</u>	<u>22,983,476</u>	<u>18,242,637</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,516,127)</u>	<u>(8,925,757)</u>	<u>(16,862,413)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	10,285,000
Capital leases	-	-	-
Sale of capital assets	2,546,549	-	-
Transfers in	13,023,914	9,617,873	16,408,299
Transfers out	(4,646,233)	(2,697,282)	-
Total other financing sources (uses)	<u>10,924,230</u>	<u>6,920,591</u>	<u>26,693,299</u>
Net change in fund balances	(1,591,897)	(2,005,166)	9,830,886
Fund balances, beginning of year	<u>410,293</u>	<u>74,185,351</u>	<u>28,842,893</u>
Fund balances, end of year	<u>\$ (1,181,604)</u>	<u>\$ 72,180,185</u>	<u>\$ 38,673,779</u>

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

Capital Projects Fund		Nonmajor Governmental Funds	Totals				
Economic Development Agency			2011	2010			
\$	36,476,721		\$	1,991,647	\$	123,896,615	\$
	-		424,694		8,516,516		8,796,052
	-		618,030		618,030		2,036,352
	-		55,258		2,338,684		5,850,072
	207,190		130,863		2,485,053		4,191,386
	1,803,836		27,936,559		48,775,893		42,318,633
	-		5,462,900		12,886,715		10,932,430
	1,205,232		794,600		8,925,459		8,603,639
	<u>39,692,979</u>		<u>37,414,551</u>		<u>208,442,965</u>		<u>203,172,044</u>
	-		323,990		17,234,673		23,815,033
	-		8,924,555		101,657,184		96,130,768
	-		16,115,421		24,433,688		20,267,012
	-		1,511,759		6,579,287		5,228,540
	175,580		-		15,901,097		12,817,428
	-		9,021,727		10,266,256		9,150,336
	22,477,895		-		29,735,854		34,168,768
	-		-		-		-
	991,308		1,212,350		12,627,234		12,285,742
	1,516,221		270,594		13,745,859		13,420,944
	<u>25,161,004</u>		<u>37,380,396</u>		<u>232,181,132</u>		<u>227,284,571</u>
	<u>14,531,975</u>		<u>34,155</u>		<u>(23,738,167)</u>		<u>(24,112,527)</u>
	12,500,000		386,122		23,171,122		3,700,000
	-		-		-		527,490
	-		-		2,546,549		1,930,000
	(7,293,277)		2,195,904		33,952,713		38,698,615
	<u>(13,714,084)</u>		<u>(9,472,850)</u>		<u>(30,530,449)</u>		<u>(34,665,002)</u>
	<u>(8,507,361)</u>		<u>(6,890,824)</u>		<u>29,139,935</u>		<u>10,191,103</u>
	6,024,614		(6,856,669)		5,401,768		(13,921,424)
	65,212,496		30,200,615		198,851,648		212,773,072
\$	<u>71,237,110</u>	\$	<u>23,343,946</u>	\$	<u>204,253,416</u>	\$	<u>198,851,648</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, 2011**

Net change in fund balance - total governmental funds \$ 5,401,768

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

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

Capital outlay	\$ 11,047,320	
Depreciation	<u>(19,114,318)</u>	(8,066,998)

Revenues that are measurable but not available are not recorded as revenues under the modified accrual basis of accounting. 1,726,640

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

Debt issued	\$ (23,171,122)	
Principal payments on debt	<u>14,072,234</u>	(9,098,888)

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.

Change in compensated absences	\$ 242,262	
Change in accrued interest payable	28,931	
Change in unfunded OPEB obligation	(5,184,334)	
Amortization of bond issuance costs	(133,753)	
Amortization of bond premium	73,242	
Amortization of deferred charge on refunding	<u>(146,255)</u>	(5,119,907)

Internal service funds are used by management to charge various costs to individual funds. The net revenue of the internal service funds are reported with governmental activities. (8,038,788)

Change in net assets of governmental activities \$ (23,196,173)

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

**City of San Bernardino
Statement of Net Assets
Proprietary Funds
June 30, 2011**

(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise funds			Totals
	Integrated Waste	Water	Sewer	
ASSETS				
Current assets:				
Cash and investments	\$ 2,334	\$ 17,827,831	\$ 27,330,976	\$ 45,161,141
Cash and investments with fiscal agents	2,090,406	-	-	2,090,406
Receivables, net:				
Accounts	2,186,280	5,681,248	2,758,614	10,626,142
Interest	-	-	-	-
Other	-	-	-	-
Inventory	-	1,730,918	-	1,730,918
Prepays	-	202,919	999,728	1,202,647
Due from other governments	-	367,205	602,220	969,425
Due from other funds	-	386,560	-	386,560
Total current assets	<u>4,279,020</u>	<u>26,196,681</u>	<u>31,691,538</u>	<u>62,167,239</u>
Noncurrent assets:				
Cash and investments				
Restricted for debt service	-	54,541	3,560,901	3,615,442
Restricted for capital related fees	-	-	8,276,462	8,276,462
Restricted for deposits	-	3,040,423	-	3,040,423
Restricted for consent decree	-	21,783,878	-	21,783,878
Interest receivable	-	23,794	80,765	104,559
Prepaid insurance - consent decree	-	35,590,400	-	35,590,400
Note proceeds held by State	-	-	-	-
Total restricted assets	<u>-</u>	<u>60,493,036</u>	<u>11,918,128</u>	<u>72,411,164</u>
Note receivable	-	508	-	508
Capital assets:				
Land and easements	-	2,989,179	12,470,740	15,459,919
Construction in progress	-	5,622,721	6,875,495	12,498,216
Intangible asset, net of amortization	-	-	-	-
Capital assets being depreciated, net	10,996,651	147,789,060	68,819,655	227,605,366
Total capital assets	<u>10,996,651</u>	<u>156,400,960</u>	<u>88,165,890</u>	<u>255,563,501</u>
Other assets				
Debt issue costs, net	-	-	122,716	122,716
Deferred call premium	-	-	235,198	235,198
Total other assets	<u>-</u>	<u>-</u>	<u>357,914</u>	<u>357,914</u>
Total noncurrent assets	<u>10,996,651</u>	<u>216,894,504</u>	<u>100,441,932</u>	<u>328,333,087</u>
Total assets	<u>\$ 15,275,671</u>	<u>\$ 243,091,185</u>	<u>\$ 132,133,470</u>	<u>\$ 390,500,326</u>

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

Governmental Activities - Internal Service Funds	Totals	
	2011	2010
\$ 25,055	\$ 45,186,196	\$ 32,716,554
14,814	2,105,220	3,921,421
-	10,626,142	12,266,046
8,378	8,378	16,637
2,371	2,371	1,360
331,538	2,062,456	2,085,213
-	1,202,647	1,456,038
738,591	1,708,016	3,421,425
4,463,157	4,849,717	6,580,719
<u>5,583,904</u>	<u>67,751,143</u>	<u>62,465,413</u>
-	3,615,442	3,611,052
-	8,276,462	11,992,059
-	3,040,423	2,837,190
-	21,783,878	21,641,702
-	104,559	125,855
-	35,590,400	37,519,398
-	-	387,501
<u>-</u>	<u>72,411,164</u>	<u>78,114,757</u>
<u>-</u>	<u>508</u>	<u>3,445</u>
-	15,459,919	15,415,712
-	12,498,216	27,848,913
5,698,564	5,698,564	-
<u>3,061,265</u>	<u>230,666,631</u>	<u>218,949,754</u>
<u>8,759,829</u>	<u>264,323,330</u>	<u>262,214,379</u>
-	122,716	153,828
-	235,198	277,323
-	357,914	431,151
<u>8,759,829</u>	<u>337,092,916</u>	<u>340,763,732</u>
<u>\$ 14,343,733</u>	<u>\$ 404,844,059</u>	<u>\$ 403,229,145</u>

**City of San Bernardino
Statement of Net Assets
Proprietary Funds
June 30, 2011**

(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise funds			Totals
	Integrated Waste	Water	Sewer	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,207,413	\$ 3,175,462	\$ 1,699,743	\$ 6,082,618
Accrued liabilities	-	2,980,033	610,572	3,590,605
Interest payable	-	193,054	414,123	607,177
Due to other funds	1,118,231	-	166,560	1,284,791
Advances to other funds	-	-	-	-
Deposits payable	-	423,832	-	423,832
Deferred revenue	-	-	-	-
Claims and judgments payable - current	-	210,016	78,667	288,683
Compensated absences - current	724,424	972,339	491,523	2,188,286
Capital lease payable - current	2,869,843	-	-	2,869,843
Due to New World - current	-	-	-	-
Notes payable - current	-	964,027	1,929,362	2,893,389
Lease revenue bonds - current	-	10,000	-	10,000
Water bonds payable - current	-	-	-	-
Certificates of participation - current	-	-	2,488,988	2,488,988
Total current liabilities	5,919,911	8,928,763	7,879,538	22,728,212
Noncurrent liabilities:				
Consumer deposits	-	3,017,934	-	3,017,934
Claims and judgments payable	-	-	-	-
Compensated absences	-	363,939	30,867	394,806
Deferred revenue - consent decree	-	57,263,991	-	57,263,991
Capital lease payable	10,280,052	-	-	10,280,052
Due to New World	-	-	-	-
Notes payable	-	14,553,601	6,993,005	21,546,606
Water bonds payable	-	15,000	-	15,000
Certificates of participation	-	-	14,707,332	14,707,332
OPEB obligation	-	4,097,000	2,433,000	6,530,000
Total noncurrent liabilities	10,280,052	79,311,465	24,164,204	113,755,721
Total liabilities	16,199,963	88,240,228	32,043,742	136,483,933
NET ASSETS				
Invested in capital assets, net of related debt	(2,153,244)	140,912,873	65,608,104	204,367,733
Restricted for:				
Capital related fees	-	-	8,276,462	8,276,462
Unrestricted (deficit)	1,228,952	13,938,084	26,205,162	41,372,198
Total net assets (deficit)	\$ (924,292)	\$ 154,850,957	\$ 100,089,728	\$ 254,016,393

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

Governmental Activities - Internal Service Funds	Totals	
	2011	2010
\$ 1,112,006	\$ 7,194,624	\$ 6,056,660
-	3,590,605	2,353,181
-	607,177	684,952
1,539,129	2,823,920	924,837
127,774	127,774	205,774
-	423,832	653,875
-	-	63,188
6,042,606	6,331,289	4,412,633
295,996	2,484,282	2,381,034
549,200	3,419,043	2,885,189
645,000	645,000	-
-	2,893,389	3,085,118
40,000	50,000	50,000
-	-	-
-	2,488,988	2,343,375
<u>10,351,711</u>	<u>33,079,923</u>	<u>26,099,816</u>
-	3,017,934	2,788,733
14,099,413	14,099,413	9,563,492
544,827	939,633	1,045,323
-	57,263,991	59,084,337
635,198	10,915,250	12,737,731
4,486,987	4,486,987	-
-	21,546,606	24,827,495
-	15,000	25,000
85,000	14,792,332	17,321,320
-	6,530,000	4,851,000
<u>19,851,425</u>	<u>133,607,146</u>	<u>132,244,431</u>
<u>30,203,136</u>	<u>166,687,069</u>	<u>158,344,247</u>
2,318,444	206,686,177	202,898,502
-	8,276,462	11,992,059
<u>(18,177,847)</u>	<u>23,194,351</u>	<u>29,994,337</u>
<u>\$ (15,859,403)</u>	<u>\$ 238,156,990</u>	<u>\$ 244,884,898</u>

City of San Bernardino
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Proprietary Funds
For the year ended June 30, 2011
(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise funds			Totals
	Integrated Waste	Water	Sewer	
OPERATING REVENUES				
Charges for services	\$ 24,529,480	\$ 30,915,132	\$ 21,833,085	\$ 77,277,697
Other operating revenues	-	2,112,575	1,600,748	3,713,323
Total operating revenues	<u>24,529,480</u>	<u>33,027,707</u>	<u>23,433,833</u>	<u>80,991,020</u>
OPERATING EXPENSES				
Cost of sales and services	17,349,133	-	-	17,349,133
Administration	3,213,943	14,928,119	2,438,402	20,580,464
Engineering, operations and distribution administration	-	561,033	1,551,214	2,112,247
Plant operations	-	7,145,645	10,136,632	17,282,277
Maintenance	-	1,634,919	3,108,701	4,743,620
Environmental control	-	-	490,593	490,593
Distribution	-	3,925,108	-	3,925,108
Engineering	-	2,220,956	-	2,220,956
Claims expense	-	-	-	-
Depreciation and amortization	3,148,395	5,396,135	4,971,771	13,516,301
Total operating expenses	<u>23,711,471</u>	<u>35,811,915</u>	<u>22,697,313</u>	<u>82,220,699</u>
Operating income (loss)	<u>818,009</u>	<u>(2,784,208)</u>	<u>736,520</u>	<u>(1,229,679)</u>
NONOPERATING REVENUES				
(EXPENSES)				
Investment income	-	569,381	841,257	1,410,638
Noncapital grants	-	1,928,999	-	1,928,999
Interest expense and fiscal charges	(460,690)	(531,839)	(1,374,761)	(2,367,290)
Gain/(loss) on disposal of capital assets	-	(1,472)	41,609	40,137
Miscellaneous	650,089	59,960	(124,636)	585,413
Total nonoperating revenues (expenses)	<u>189,399</u>	<u>2,025,029</u>	<u>(616,531)</u>	<u>1,597,897</u>
Income before contributions and transfers	<u>1,007,408</u>	<u>(759,179)</u>	<u>119,989</u>	<u>368,218</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	-	2,782,168	1,607,994	4,390,162
Transfers in	65,000	-	-	65,000
Transfers out	(3,512,500)	-	-	(3,512,500)
Total contributions and transfers	<u>(3,447,500)</u>	<u>2,782,168</u>	<u>1,607,994</u>	<u>942,662</u>
Change in net assets	(2,440,092)	2,022,989	1,727,983	1,310,880
Net assets (deficit), beginning of year	<u>1,515,800</u>	<u>152,827,968</u>	<u>98,361,745</u>	<u>252,705,513</u>
Net assets (deficit), end of year	<u>\$ (924,292)</u>	<u>\$ 154,850,957</u>	<u>\$ 100,089,728</u>	<u>\$ 254,016,393</u>

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

Governmental Activities - Internal Service Funds	Totals	
	2011	2010
\$ 23,717,495	\$ 100,995,192	\$ 94,899,161
-	3,713,323	3,728,726
<u>23,717,495</u>	<u>104,708,515</u>	<u>98,627,887</u>
16,793,905	34,143,038	33,183,583
-	20,580,464	18,558,954
-	2,112,247	2,214,065
-	17,282,277	17,042,849
-	4,743,620	4,637,422
-	490,593	571,029
-	3,925,108	3,766,067
-	2,220,956	2,204,374
13,113,331	13,113,331	5,809,956
2,244,315	15,760,616	15,773,610
<u>32,151,551</u>	<u>114,372,250</u>	<u>103,761,909</u>
<u>(8,434,056)</u>	<u>(9,663,735)</u>	<u>(5,134,022)</u>
(19,166)	1,391,472	2,383,734
-	1,928,999	1,894,624
(46,845)	(2,414,135)	(2,723,565)
-	40,137	(123,562)
<u>436,043</u>	<u>1,021,456</u>	<u>1,146,724</u>
<u>370,032</u>	<u>1,967,929</u>	<u>2,577,955</u>
<u>(8,064,024)</u>	<u>(7,695,806)</u>	<u>(2,556,067)</u>
-	4,390,162	6,325,571
63,800	128,800	397,500
(38,564)	(3,551,064)	(4,431,113)
<u>25,236</u>	<u>967,898</u>	<u>2,291,958</u>
(8,038,788)	(6,727,908)	(264,109)
<u>(7,820,615)</u>	<u>244,884,898</u>	<u>245,149,007</u>
<u>\$ (15,859,403)</u>	<u>\$ 238,156,990</u>	<u>\$ 244,884,898</u>

City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2011
(with prior year data for comparative purposes only)

	<u>Business-type Activities - Enterprise Funds</u>			Totals
	<u>Integrated Waste</u>	<u>Water</u>	<u>Sewer</u>	
Cash flows from operating activities:				
Cash received from customers	\$ 24,507,603	\$ 34,439,545	\$ 23,575,283	\$ 82,522,431
Cash received from user departments	-	-	-	-
Cash payments to suppliers for goods and services	(17,495,989)	(17,782,924)	(13,920,558)	(49,199,471)
Cash payments for claims and insurance	-	-	-	-
Cash payments to employees for services	(3,165,342)	(7,242,723)	(2,931,180)	(13,339,245)
Cash received from other activities	646,220	175,942	(59,510)	762,652
Net cash provided by (used for) operating activities	<u>4,492,492</u>	<u>9,589,840</u>	<u>6,664,035</u>	<u>20,746,367</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	65,000	-	-	65,000
Transfer to other funds	(3,512,500)	-	-	(3,512,500)
Interfund loans	1,978,282	-	-	1,978,282
Collection on notes receivable	-	2,937	-	2,937
Consent decree insurance drawdowns	-	1,928,999	-	1,928,999
Net cash provided by (used for) noncapital financing activities	<u>(1,469,218)</u>	<u>1,931,936</u>	<u>-</u>	<u>462,718</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(3,623,869)	(5,288,691)	(1,743,613)	(10,656,173)
Proceeds from capital debt	-	387,501	-	387,501
Principal payments on long-term debt	(448,158)	(1,352,148)	(2,130,378)	(3,930,684)
Proceeds from sale of capital assets	-	89,307	15,303	104,610
Interest paid on long-term debt	(460,693)	(354,647)	(3,706,195)	(4,521,535)
Charges to property owners for capital projects	-	2,136,692	1,607,994	3,744,686
Net cash provided by (used for) capital and related financing activities	<u>\$ (4,532,720)</u>	<u>\$ (4,381,986)</u>	<u>\$ (5,956,889)</u>	<u>\$ (14,871,595)</u>

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

Governmental Activities - Internal Service Funds	Totals	
	2011	2010
\$ -	\$ 82,522,431	\$ 73,264,033
22,688,203	22,688,203	23,657,541
(16,192,456)	(65,391,927)	(59,727,837)
(6,242,189)	(6,242,189)	(5,833,481)
(89,812)	(13,429,057)	(23,115,780)
436,043	1,198,695	1,278,512
599,789	21,346,156	9,522,988
63,800	128,800	397,500
(38,564)	(3,551,064)	(4,431,113)
1,488,646	3,466,928	(281,944)
-	2,937	2,850
-	1,928,999	1,894,624
1,513,882	1,976,600	(2,418,083)
(1,514,228)	(12,170,401)	(13,719,861)
-	387,501	3,118,597
(880,471)	(4,811,155)	(8,292,067)
-	104,610	71,878
(66,009)	(4,587,544)	(1,992,044)
-	3,744,686	4,777,488
\$ (2,460,708)	\$ (17,332,303)	\$ (16,036,009)

City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2011
(with prior year data for comparative purposes only)

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>
	<u>Integrated Waste</u>	<u>Water</u>	<u>Sewer</u>	
Cash flows from investing activities:				
Sale of investments	\$ -	\$ 6,179,053	\$ -	\$ 6,179,053
Interest received	2,132	473,223	817,740	1,293,095
Net cash provided by investing activities	<u>2,132</u>	<u>6,652,276</u>	<u>817,740</u>	<u>7,472,148</u>
 Net increase (decrease) in cash and investments	 (1,507,314)	 13,792,066	 1,524,886	 13,809,638
 Cash and investments, beginning of year	 <u>3,600,054</u>	 <u>28,914,607</u>	 <u>34,082,552</u>	 <u>66,597,213</u>
 Cash and investments, end of year	 <u>\$ 2,092,740</u>	 <u>\$ 42,706,673</u>	 <u>\$ 35,607,438</u>	 <u>\$ 80,406,851</u>
 Reconciliation of cash and cash equivalents to amounts reported on statement of net assets:				
Cash and investments	\$ 2,092,740	\$ 17,827,831	\$ 27,330,976	\$ 47,251,547
Restricted assets	-	60,493,036	11,918,128	72,411,164
Less restricted assets not meeting the definition of cash equivalents:				
Investment agreements	-	-	(3,560,901)	(3,560,901)
Prepaid insurance	-	(35,590,400)	-	(35,590,400)
Interest and other receivables	-	(23,794)	(80,765)	(104,559)
Note proceeds held by State	-	-	-	-
 Cash and cash equivalents, end of year	 <u>\$ 2,092,740</u>	 <u>\$ 42,706,673</u>	 <u>\$ 35,607,438</u>	 <u>\$ 80,406,851</u>

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

Governmental Activities - Internal Service Funds	Totals	
	2011	2010
\$ -	\$ 6,179,053	\$ 6,179,053
4,187	1,297,282	2,383,440
4,187	7,476,335	8,562,493
(342,850)	13,466,788	(368,611)
382,719	66,979,932	73,527,596
<u>\$ 39,869</u>	<u>\$ 80,446,720</u>	<u>\$ 73,158,985</u>
\$ 39,869	\$ 47,291,416	\$ 36,637,975
-	72,411,164	78,114,757
-	(3,560,901)	(3,560,993)
-	(35,590,400)	(37,519,398)
-	(104,559)	(125,855)
-	-	(387,501)
<u>\$ 39,869</u>	<u>\$ 80,446,720</u>	<u>\$ 73,158,985</u>

City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2011
(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Funds			Totals
	Integrated Waste	Water	Sewer	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 818,009	\$ (2,784,208)	\$ 736,520	\$ (1,229,679)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	3,148,395	5,396,135	4,971,771	13,516,301
Other nonoperating revenues (expenses)	650,089	175,942	(59,510)	766,521
(Increase) decrease in assets:				
Accounts receivable	368,467	1,411,838	(140,401)	1,639,904
Other receivables	-	-	-	-
Inventory	-	(108,248)	-	(108,248)
Prepays	-	(11,755)	65,300	53,545
Due from other governments	-	1,936,102	(7,961)	1,928,141
Due from other funds	-	(6,114)	289,812	283,698
Other assets	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(146,856)	1,182,262	253,437	1,288,843
Due to other funds	-	1,146,803	2,309	1,149,112
Deposits payable	(394,213)	393,371	-	(842)
Claims and judgments	-	(245,752)	(68,242)	(313,994)
Deferred revenue	-	(63,188)	-	(63,188)
Compensated absences	48,601	108,652	-	157,253
OPEB obligation	-	1,058,000	621,000	1,679,000
Net cash provided by (used for) operating activities	<u>\$ 4,492,492</u>	<u>\$ 9,589,840</u>	<u>\$ 6,664,035</u>	<u>\$ 20,746,367</u>
Noncash, investing, capital and financing activities:				
Acquisition of capital asset through capital lease	\$ 448,158	\$ -	\$ -	\$ 448,158
Developer contributions	-	732,322	-	732,322

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

Governmental Activities - Internal Service Funds	Totals	
	2011	2010
\$ (8,434,056)	\$ (9,663,735)	\$ (5,134,022)
2,244,315	15,760,616	15,773,610
436,043	1,202,564	1,278,512
-	1,639,904	(2,839,226)
927	927	67
131,005	22,757	(58,619)
198,663	252,208	(376,180)
(710,564)	1,217,577	(908,132)
3,316	287,014	141,171
-	-	253,778
264,904	1,553,747	(1,326,010)
75,160	1,224,272	767,370
-	(842)	167,160
6,479,888	6,165,894	(299,030)
-	(63,188)	63,188
(89,812)	67,441	476,351
-	1,679,000	1,543,000
<u>\$ 599,789</u>	<u>\$ 21,346,156</u>	<u>\$ 9,522,988</u>

\$ -	\$ 448,158	\$ 4,393,017
-	732,322	732,322

City of San Bernardino
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011
(with prior year data for comparative purposes only)

	2011	2010
ASSETS		
Cash and investments	\$ 4,058,896	\$ 5,593,236
Receivables, net:		
Accounts	144,005	92,386
Interest	1,314	2,869
Due from other governments	3,021	205,341
Total assets	\$ 4,207,236	\$ 5,893,832
LIABILITIES		
Accounts payable	\$ 101,151	\$ 3,812
Deposits payable	3,590,678	5,168,773
Due to bond holders	515,407	721,247
Total liabilities	\$ 4,207,236	\$ 5,893,832

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

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, health and social services, culture-recreation, public improvements, community development (planning, building and zoning), public utilities (water, sewage and solid waste), and general administrative services.

a. Reporting Entity

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

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 1: Summary of Significant Accounting Policies (continued)

a. Reporting Entity (continued)

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

b. Basis of Accounting and Measurement Focus

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

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

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

Government-wide Financial Statements

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

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 transactions are recognized in accordance with the requirements of GASB Statement No. 33.

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

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

b. Basis of Accounting and Measurement Focus (continued)

Fund Financial Statements

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

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and proprietary 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 reimbursable grants which use a six month availability period.

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

b. Basis of Accounting and Measurement Focus (continued)

Governmental Funds (continued)

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

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

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

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

b. Basis of Accounting and Measurement Focus (continued)

Governmental Funds (continued)

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

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 non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

b. Basis of Accounting and Measurement Focus (continued)

Fund Classifications

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

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

b. Basis of Accounting and Measurement Focus (continued)

Fund Classifications (continued)

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

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

Agency Funds. These funds are used to account for money and property held by the City as trustee or custodian. Such funds include Special Deposits, 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's #961, #977A, #977B, and #1003.

c. Cash and Investments

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

d. Cash Equivalents

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

e. Accounts Receivable

Customer or trade receivables are shown net of an allowance for uncollectible accounts based on historical and management estimates. Transactions between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables" or "advances to/from" other funds. See Note 3 for details of these transactions outstanding as of June 30, 2011.

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

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 1: Summary of Significant Accounting Policies (continued)

f. Capital Assets (continued)

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

	Years
Buildings and improvements	10 - 40
Infrastructure	20 - 50
Wells, pumping plants, reservoirs, and distribution system	8 - 50
Interceptor lines	50
Disposal plant	35 - 50
Leasehold improvements	5 - 25
Shops, offices, stores, and yards	10 - 20
Tools and equipment	4 - 20
Office equipment	5 - 20
Communication equipment	7 - 10
Computer equipment	5 - 10
Automotive equipment	3 - 8

Contributed capital assets are recorded in the proprietary funds at fair market value at the time received. Intangible assets that are based on legal rights are constrained by the duration of those legal rights. Thus, the useful lives of such intangible assets cannot extend beyond the length of their legal rights.

g. 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.

h. 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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

h. Inventories (continued)

inventory-related expenditures. A reserve of fund balance has been reported in the governmental funds to show that inventories do not constitute "available spendable resources," even though they are a component of net current assets.

i. Property Held for Resale

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

j. Deferred Charges

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

k. Net Assets

Net assets are the excess of all the City's assets over all its liabilities, regardless of fund. Net assets are classified into three categories as follows:

- Invested in capital assets, net of related debt – the portion of net assets which is represented by the current net book value of the City's capital assets, including infrastructure, net of any debt related to securing these assets.
- Restricted net assets – the portion of net assets which is restricted as to use by the terms and conditions of agreements with creditors, grantors, contributors or laws or regulations of other governments, and restrictions imposed by law through constitutional provision or enabling legislation.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

k. Net Assets (continued)

- Unrestricted net assets – the portion of net assets which are not restricted as to use.

When expenditures are incurred for purposes for which both restricted and unrestricted balances are available, the City's policy is to apply restricted first.

l. Fund Equity

The City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions during the year ended June 30, 2011. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned – amounts that are for any purpose; positive amounts are reported only in a general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. The Council designates the Director of Finance as the City official to determine, define, and make the necessary account or fund transfers for the amounts to those components of fund balance that are classified as "Assigned Fund Balance." It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

m. 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.

n. Comparative Data

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

o. Use of Estimates

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

Note 2: Bankruptcy

Chapter 9 Filing – In Mid-July 2012, the City declared a fiscal emergency after learning that the City faced insolvency because of a *negative* \$18.2 million beginning cash balance in its General Fund and a projected \$45.8 million budget deficit for FY2012-13. The City had no General Fund or other reserves, and had no ability to access the short-term credit markets. It had lost its line of credit, its vendors were demanding cash payments before providing materials, good and services, and City employees were retiring at an abnormally high rate, triggering obligations for cash out payments of vested accrued vacation and sick leave. The City faced a severe cash crunch and was unable to pay all of its financial obligations, including its August payroll obligation. In short, the City was fast approaching the edge of a massive fiscal cliff with no viable way to raise revenue and cut spending fast enough to avoid falling off the edge.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 2: Bankruptcy (continued)

To ensure liquidity, the City took prompt action to operate and provide essential services for the health, safety and well-being of its citizenry through September 2012 by approving a fiscal emergency operating plan on July 24, 2012. While the fiscal emergency operating plan was in place, the City anticipated filing its Petition and preparing a pendency plan that would serve as a basis for a long term plan of adjustment of its debts, which under the oversight of the Court, would rebuild San Bernardino's financial structure on a sound and economically resilient foundation. Despite the City's efforts, certain creditor actions threatened to exacerbate the City's liquidity crisis and endanger the City's ability to provide essential services to its residents. The City had no choice but to seek emergency bankruptcy protection under Chapter 9 as a last resort. The City filed its voluntary petition ("Petition") on August 1, 2012 ("Petition Date") on an emergency basis seeking protection under Chapter 9 of the Bankruptcy Code because it faced an immediate and dire liquidity crisis and was on the brink of a fiscal collapse.

The chapter 9 filing has enabled the City to continue to operate and provide services to its residents by freezing certain pre-filing debts until a plan of adjustment can be negotiated and approved. By operation of law, the filing enjoined creditor enforcement actions against the City during the case, unless otherwise ordered by the court. The case has provided the City and its creditor constituencies, including employees and bond holders, with time to negotiate settlements while striving to attain long-term fiscal stability.

Component Units and Restricted Funds – The bankruptcy case seeks the adjustment of the obligations of the City, and does not extend to the City's component units that are separate legal entities, including the Successor Agency of the former Redevelopment Agency, Water and Sewer Enterprise Funds and the Housing Authority. Debt obligations secured by restricted "special revenues" are treated as secured obligations and will not be affected so long as those special revenues are sufficient to meet debt service.

Pendency Plan and Service Delivery – Since the bankruptcy filing, the City has operated under a Fiscal Emergency Operating Plan, a Pre-Pendency Plan, and Nine Point Plan Adjustments that identify and implement modifications to existing agreements, including reduced staffing, frozen wages, and reduced principal and interest payments on General Fund debt. These modifications have allowed the City to continue to provide essential services to residents during the pendency of the chapter 9 case, although at greatly diminished service levels.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 2: Bankruptcy (continued)

On July 24, 2012, the San Bernardino's City Council voted at a special session on steps to improve the City's immediate cash flow situation while a Pendency Budget was in the process of being prepared and steps were taken to pursue a Chapter 9 Municipal Bankruptcy filing. The Council passed, by a unanimous vote, a Fiscal Emergency Operating Plan intended to ensure, when combined with the anticipated protection of a Chapter 9 filing, the City's ability to pay its employees and continue its operations through at least the end of September. During that time, City officials anticipated submitting the bankruptcy filing, presenting a Pendency Plan for Council consideration, as well as beginning to construct the long-term Plan of Adjustment which, under oversight of the bankruptcy court, would rebuild San Bernardino's financial structure on a sound and more economically resilient foundation.

In September and October 2012, the City Council considered further options in resolving the fiscal crisis and did implement further reductions in expenditures, however, further measures were still needed. On November 4, 2012, the US Bankruptcy Judge ordered the City to return to court by November 30, 2012 with a balanced budget. The Judge further noted that the City must present a viable plan or risk having the stay lifted afforded by the August 1, 2012 filing petition under Chapter 9. On November 26, 2012, the City Council adopted a Pendency Plan, which will balance the budget and provide time for the City to work on a longer-term plan of adjustment.

The City has not ceased providing any services to the community and is committed to continuing to provide all essential services throughout the bankruptcy process. The goal for the Chapter 9 process is to allow the City of San Bernardino the time it needs to correct its cash flow situation and set it on a sound financial course moving forward.

Debt Obligations Burden The General Fund – The City's outstanding bond indebtedness is approximately \$90 million. To address growing public safety pension obligations, the City issued pension obligation bonds ("POBs") in 2005 which reduced unfunded pension liabilities. The City's annual pension costs were reduced by \$2 million after the issuance of the bonds. However, the issuance of bonds and subsequent deposit of bond proceeds into the City's public safety account was ill-timed as it occurred before CalPERS lost a significant amount of its pension portfolio in the financial markets. These losses negatively impacted the City beyond the loss of its deposited funds and have surpassed all the saving realized from the issuance of the POBs. The City's POBs liabilities will only increase over time. The City's current annual approximate \$3 million debt payment on its POBs is anticipated to nearly double by fiscal year 2021-22. In addition, the City has outstanding capital lease obligations approaching \$16 million for critical City assets such as City Hall, police, library and fire facilities. The City also leases equipment critical to the health, safety and welfare of its residents such as fire engines, police vehicles, fire station alerting system, refuse trucks and other critical equipment. In addition to its bonded indebtedness, loans, and capital leases, the City has infrastructure loans for capital improvements. At this time, the City has triggered a default under the POBs because it was unable to deposit the upcoming FY2012-13 debt service payments due on July 24, 2012 to the trustee.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 2: Bankruptcy (continued)

Debt service obligations paid from restricted resources outside the General Fund, such as sewer improvement bonds and infrastructure bank loans secured by restricted "special revenues," remain unimpaired and have been paid in full.

Court Rulings – On November 4, 2012, the Federal Bankruptcy Court noted that the City has until November 30, 2012 to submit a Plan that demonstrates substantial progress toward approving a Pendency Plan with measures that balance the budget in order to be eligible for chapter 9 relief. The City meets the eligibility requirements of the Bankruptcy Code, including that on the date of the filing, the City was "insolvent" within the meaning of the Code.

Uncertain Outlook – There is very little case law guiding the potential outcome of the City's filing. During the pendency of the case, the City has remained focused on negotiating settlements and developing strategies and measures that reduce or eliminate expenditures and provide a balanced fiscal future for the organization.

Note 3: Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2011 as follows:

Statement of net assets	
Cash and investments	\$ 128,179,014
Statement of fiduciary assets and liabilities	
Cash and investments	<u>4,058,896</u>
Total cash and investments	<u>132,237,910</u>
Statement of net assets	
Cash and investments with fiscal agents	<u>40,962,247</u>
Total cash and investments with fiscal agents	<u>40,962,247</u>
Total cash and investments	<u><u>\$ 173,200,157</u></u>

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 3: Cash and Investments (continued)

Cash and investments at June 30, 2011 consisted of the following:

Petty cash	\$	13,650
Demand deposits		1,808,308
Investments		171,378,199
 Total cash and investments	 \$	 173,200,157

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 may result in a negative balance due to outstanding checks.

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

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

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 3: Cash and Investments (continued)

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

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

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 3: Cash and Investments (continued)

Investment type	Total	Remaining maturity		
		12 months or less	13 to 24 months	25 to 60 months
Federal agency securities	\$ 50,402,301	\$ 1,611,910	\$ 3,158,438	\$ 34,923,091
US Treasury securities	4,884,720	525,000	2,730,200	1,629,520
Corporate debt securities	7,602,534	2,511,407	1,438,130	3,652,997
Sweep account (money market)	5,692,115	5,692,115	-	-
Money market mutual funds	10,159,699	10,159,699	-	-
State investment pool	49,269,130	49,269,130	-	-
Commercial paper	-	-	-	-
Certificates of Deposit	1,098,000	1,098,000	-	-
Held by bond trustee:				
Federal agency issues	2,681,334	-	-	2,681,334
Investment contract	4,680,306	-	-	4,680,306
Money market funds	34,908,060	34,908,060	-	-
Total	\$ 171,378,199	\$ 105,775,321	\$ 7,326,768	\$ 47,567,248

Disclosures Relating to Credit Risk

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

Investment type	Total	Minimum legal rating	Ratings as of year end	Exempt from rating	Not rated
Federal agency securities	\$ 50,402,301	AA/Aa2	Aaa	\$ -	\$ -
US Treasury securities	4,884,720	N/A	Not rated	4,884,720	-
Corporate debt securities	7,602,534	AA/Aa2	AA/Aa2	-	-
Sweep account (money market)	5,692,115	A	Not rated	-	5,692,115
Money market mutual funds	10,159,699	A	Not rated	-	10,159,699
State investment pool	49,269,130	N/A	Not rated	-	49,269,130
Commercial paper	-	A-1	A-1	-	-
Certificates of Deposit	1,098,000	N/A	Not rated	-	1,098,000
Held by bond trustee:					
US Treasury note	-	N/A	Not rated	-	-
Federal agency issues	2,681,334	AA/Aa2	AAA	2,681,334	-
Investment contract	4,680,306	N/A	Not rated	-	4,680,306
Money market funds	34,908,060	AAA	AAA	-	34,908,060
Total	\$ 171,378,199			\$ 7,566,054	\$ 105,807,310

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 3: Cash and Investments (continued)

Concentration of Credit Risk

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

Issuer	Investment type	Reported amount
Federal Home Loan Mortgage	Federal agency security	\$ 17,885,599
Federal National Mortgage Association	Federal agency security	22,516,086
Federal Home Loan Bank	Federal agency security	15,916,872

Custodial Credit Risk

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

Investment in State Investment Pool

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 4: Interfund Receivables, Payables and Transfers

Current interfund receivables and payables at June 30, 2011, are as follows:

	Amount
Due to Nonmajor Funds from:	
General Fund	\$ 7,787,726
Internal Service Funds	1,319,129
Integrated Waste	1,118,231
Nonmajor Governmental Funds	4,926,601
Total due to Nonmajor Governmental Funds	15,151,687
Due to Water Enterprise Fund from:	
Sewer Enterprise Fund	166,560
Nonmajor Governmental Funds	220,000
Total due to Water Enterprise Fund	386,560
Due to Economic Development Agency Special Revenue Fund from:	
Nonmajor Governmental Funds	133,905
Due to Internal Service Funds from:	
Nonmajor Governmental Funds	4,463,157
Total due to/from other funds	\$ 20,135,309

The interfund balances above resulted from loans to cover cash overdrafts, except for the amount due to the Water Enterprise fund, which resulted from cash advanced for purchases of capital assets.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 4: Interfund Receivables, Payables and Transfers (continued)

Long-term interfund receivables and payables at June 30, 2011, are as follows:

Advances from Economic Development Agency Special Revenue Fund to:	
Economic Development Agency Capital Projects Fund	<u>\$ 12,914,177</u>
Advances from Economic Development Agency Capital Projects Fund to:	
Economic Development Agency Special Revenue Fund	625,065
General Fund	1,310,000
Nonmajor governmental funds	<u>900,000</u>
Total advances from Economic Development Agency Capital Projects Fund to other funds	<u>2,835,065</u>
Advances from nonmajor governmental funds to:	
Other nonmajor governmental funds	196,800
Internal Service Funds	127,774
General Fund	<u>2,226,025</u>
Total advances from nonmajor governmental funds	<u>2,550,599</u>
Total advances	<u><u>\$ 18,299,841</u></u>

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 4: Interfund Receivables, Payables and Transfers (continued)

Interfund transfers during the year ended June 30, 2011, were as follows:

<u>Fund receiving transfers</u>	<u>Fund making transfers</u>	<u>Amount</u>
<i>General Fund</i>	Nonmajor funds	\$ 9,472,850 (A)
	Integrated Waste	3,512,500 (B)
	Internal Service Funds	38,564
<i>Nonmajor Funds</i>	General Fund	2,195,904 (C)
<i>Internal Service Funds</i>	General Fund	63,800
<i>Integrated Waste</i>	General Fund	65,000
<i>Economic Development Agency Special Revenue Fund</i>	Economic Development Agency Capital Projects Fund	7,295,344 (D)
	General fund	2,321,529
	Economic Development Agency Capital Projects Fund	1,000
<i>Economic Development Agency Capital Projects Fund</i>	Economic Development Agency Capital Projects Fund	(7,295,344)
	Economic Development Agency Capital Projects Fund	2,067
<i>Economic Development Agency Debt Service Fund</i>	Economic Development Agency Special Revenue Fund	2,697,282
	Economic Development Agency Capital Projects Fund	<u>13,711,017 (E)</u>
Total transfers		<u><u>\$ 34,081,513</u></u>

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

- (A) Transfer of \$3,620,000 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) Transfer 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.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 4: Interfund Receivables, Payables and Transfers (continued)

(C) \$1,937,534 was transferred to the Library Fund and the remainder to various funds from the General Fund for operating expenditures.

(D) Transfer of tax increment revenues into the Low/Mod Fund.

(E) Transfer portions of debt service payments.

Note 5: Capital Assets

Capital asset activity for both governmental and business-type activities for the year ended June 30, 2011, was as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities:				
Capital assets, not being depreciated:				
Land (1)	\$ 125,475,931	\$ -	\$ -	\$ 125,475,931
Construction in progress	20,142,230	14,739,872	(12,274,814)	22,607,288
Total capital assets, not being depreciated	<u>145,618,161</u>	<u>14,739,872</u>	<u>(12,274,814)</u>	<u>148,083,219</u>
Capital assets, being depreciated:				
Infrastructure	525,454,093	6,165,600	-	531,619,693
Buildings and improvements	85,678,982	620,761	(1,161,602)	85,138,141
Machinery, vehicles and equipment	74,496,382	2,715,797	(17,353,961)	59,858,218
Total capital assets, being depreciated	<u>685,629,457</u>	<u>9,502,158</u>	<u>(18,515,563)</u>	<u>676,616,052</u>
Less accumulated depreciation for:				
Infrastructure	(248,408,946)	(14,238,553)	-	(262,647,499)
Buildings and improvements	(59,249,811)	(2,096,669)	1,147,081	(60,199,399)
Machinery, vehicles and equipment	(59,385,879)	(4,765,178)	17,358,043	(46,793,014)
Total accumulated depreciation	<u>(367,044,636)</u>	<u>(21,100,400)</u>	<u>18,505,124</u>	<u>(369,639,912)</u>
Total capital assets, being depreciated net	<u>318,584,821</u>	<u>(11,598,242)</u>	<u>(10,439)</u>	<u>306,976,140</u>
Governmental activities capital assets, net	<u>\$ 464,202,982</u>	<u>\$ 3,141,630</u>	<u>\$ (12,285,253)</u>	<u>\$ 455,059,359</u>

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 5: Capital Assets (continued)

	Beginning balance	Additions	Deletions	Ending balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and easements	\$ 15,415,712	\$ 44,207	\$ -	\$ 15,459,919
Construction in progress	27,848,913	6,490,340	(21,841,037)	12,498,216
Total capital assets, not being depreciated	<u>43,264,625</u>	<u>6,534,547</u>	<u>(21,841,037)</u>	<u>27,958,135</u>
Capital assets, being depreciated:				
Water rights, wells and pumping	73,905,019	9,323,229	(2,650)	83,225,598
Distribution systems	105,915,851	11,772,732	(630,835)	117,057,748
Building, plant, and store yards	156,717,153	589,917	-	157,307,070
Other assets	42,872,238	4,728,590	(2,363,023)	45,237,805
Total capital assets, being depreciated	<u>379,410,261</u>	<u>26,414,468</u>	<u>(2,996,508)</u>	<u>402,828,221</u>
Less accumulated depreciation for:				
Water rights, wells and pumping	(28,009,504)	(2,057,693)	72,539	(29,994,658)
Distribution systems	(27,144,970)	(2,220,251)	553,109	(28,812,112)
Building, plant, and store yards	(84,235,441)	(4,890,795)	-	(89,126,236)
Other assets	(25,208,522)	(4,347,562)	2,266,235	(27,289,849)
Total accumulated depreciation	<u>(164,598,437)</u>	<u>(13,516,301)</u>	<u>2,891,883</u>	<u>(175,222,855)</u>
Total capital assets, being depreciated, net	<u>214,811,824</u>	<u>12,898,167</u>	<u>(104,625)</u>	<u>227,605,366</u>
Business-type activities capital assets, net	<u>\$ 258,076,449</u>	<u>\$ 19,432,714</u>	<u>\$ (21,945,662)</u>	<u>\$ 255,563,501</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 5: Capital Assets (continued)

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

	Governmental activities	Business-type activities
Function:		
General government	\$ 563,601	\$ -
Public safety	2,306,443	-
Streets	14,865,075	-
Culture and recreation	518,463	-
Community development	444,197	-
Economic development	147,034	-
Community services	259,035	-
Integrated waste	-	3,148,395
Water	-	5,396,135
Sewer	-	4,971,771
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,996,552	-
Total depreciation expense	\$ 21,100,400	\$ 13,516,301

Note 6: Long-Term Liabilities - Governmental Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Governmental activities:					
<i>Capital leases payable</i>	\$ 5,220,522	\$ -	\$ 1,534,713	\$ 3,685,809	\$ 1,101,074
<i>Claims and judgments (Note 9)</i>	13,662,131	6,479,888	-	20,142,019	6,042,606
<i>Compensated absences (Note 7)</i>	20,620,061	213,627	545,701	20,287,987	5,948,175
<i>OPEB obligation (Note 12)</i>	15,548,405	5,184,334	-	20,732,739	-
<i>Participation agreements:</i>					
Yellow Freight	398,996	-	121,308	277,688	-

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 6: Long-Term Liabilities - Governmental Activities (continued)

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<i>Notes payable:</i>					
HUD Section 108:					
Cinema project	\$ 4,240,000	\$ -	\$ 380,000	\$ 3,860,000	\$ 410,000
Arden Guthrie	7,500,000	-	-	7,500,000	334,000
Reynolds	506,637	-	-	506,637	-
Fire maintenance facility note	1,200,000	-	-	1,200,000	-
CMB note payable	2,500,000	12,500,000	-	15,000,000	-
New World note payable	-	5,131,987	-	5,131,987	645,000
	<u>15,946,637</u>	<u>17,631,987</u>	<u>380,000</u>	<u>33,198,624</u>	<u>1,389,000</u>
<i>Lease revenue bonds:</i>					
Public Facilities Lease (Lease Revenues Refunding 1997, Series A)	3,345,000	-	775,000	2,570,000	815,000
City Hall Lease (Refunding Bonds, Series 1996)	9,065,000	-	490,000	8,575,000	520,000
	<u>12,410,000</u>	<u>-</u>	<u>1,265,000</u>	<u>11,145,000</u>	<u>1,335,000</u>
<i>California Infrastructure Bank:</i>					
Fire station lease	2,237,370	-	83,945	2,153,425	86,396
Street construction Harriman Place Street Extension Lease	6,511,847	386,123	1,083,405	5,814,565	1,109,082
	<u>1,440,624</u>	<u>-</u>	<u>102,609</u>	<u>1,338,015</u>	<u>105,493</u>
	<u>10,189,841</u>	<u>386,123</u>	<u>1,269,959</u>	<u>9,306,005</u>	<u>1,300,971</u>
<i>Tax allocation bonds:</i>					
Tax Allocation 2010A	-	7,065,000	560,000	6,505,000	170,000
Tax Allocation 2010B	-	3,220,000	145,000	3,075,000	170,000
Refunding Bonds, 2002 Bonds 2002A	23,385,000	-	1,055,000	22,330,000	1,125,000
Refunding Bonds, 1998A	3,165,000	-	70,000	3,095,000	75,000
Refunding Bonds, 1998B	11,695,000	-	815,000	10,880,000	855,000
Refunding Bonds, 2005A	5,655,000	-	335,000	5,320,000	355,000
Refunding Bonds, 2005B	47,480,000	-	2,370,000	45,110,000	2,500,000
Refunding Bonds, 2006	17,895,000	-	915,000	16,980,000	965,000
Taxable 2006	24,285,000	-	1,250,000	23,035,000	1,315,000
Less: deferred charges	(1,782,992)	-	(123,530)	(1,659,462)	(123,525)
	<u>131,777,008</u>	<u>10,285,000</u>	<u>7,391,470</u>	<u>134,670,538</u>	<u>7,406,475</u>

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 6: Long-Term Liabilities - Governmental Activities (continued)

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<i>Assessment District bonds:</i>					
Assessment District No. 987	\$ 95,000	\$ -	\$ 45,000	\$ 50,000	\$ 50,000
<i>Certificates of Participation:</i>					
1999 Certificates of participation	11,450,000	-	510,000	10,940,000	540,000
<i>Pension obligation bonds payable:</i>					
Taxable Pension Obligation Bonds, 2005 Series A	47,902,051	-	826,800	47,075,251	934,391
Total governmental activities long-term liabilities	<u>\$ 285,220,652</u>	<u>\$ 45,312,946</u>	<u>\$ 13,889,951</u>	<u>\$ 311,511,660</u>	<u>\$ 26,692,692</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, \$840,823 of compensated absences, \$20,142,019 of claims and judgments payable, \$1,184,320 of capital leases payable, and \$125,000 of lease revenue bonds for internal service funds are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

Amount
outstanding at
June 30, 2011

Capital Leases Payable

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

\$ 3,685,809

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Assets acquired through capital leases are as follows:

	Governmental activities
Machinery, vehicles and equipment	\$ 8,930,782
Less: accumulated depreciation	(5,149,807)
Totals	\$ 3,780,975

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

Year ending June 30,	Governmental activities	
	Principal	Interest
2012	\$ 1,101,074	\$ 131,046
2013	739,477	95,018
2014	625,126	67,514
2015	622,009	43,920
2016	309,763	21,578
2017 - 2020	288,360	21,432
Totals	\$ 3,685,809	\$ 380,508

Amount
outstanding at
June 30, 2011

Participation Agreements

Yellow Freight

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

\$ 277,688

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Amount
outstanding at
June 30, 2011

Notes Payable

Section 108 Notes:

Cinema Project

The Economic Development Agency of City of San Bernardino (the "Agency") and MDA-San Bernardino Associates, LLC ("MDA") entered into a HUD Section 108 Loan Agreement in December of 1998. The proceeds of the Agency Loan, together with other sources of funds, were used and applied by MDA for the payment of the costs of the development, construction, improvement and financing of a multi-screen cinema complex and related common area improvements. The maximum amount of the loan is \$7,000,000. In order for the Agency to be able to make the loan, the Agency entered into a Contract for Loan Guarantee Assistance, a Master Fiscal Agency Agreement, and executed promissory notes with the United States of America through its Department of Housing and Urban Development pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended.

On the Conversion Date a fixed rate of interest was determined and interest payments are due semiannually on February 1 and August 1 beginning August 1, 2000 through August 1, 2018. Principal payments are to be made annually on August 1, beginning August 1, 2000 through August 1, 2018.

\$ 3,860,000

Arden-Guthrie Focused Neighborhood Revitalization Project

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Amount
Outstanding at
June 30, 2011

Notes Payable (continued)

Section 108 Notes (continued):

Arden-Guthrie Focused Neighborhood Revitalization Project (continued)

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

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

7,500,000

Reynolds of San Bernardino, a California Corporation

On December 5, 2006, the Agency entered into an Installment Note (Note) for the purchase of property with Reynolds of San Bernardino, a California Corporation, for \$606,637. This Note was amended on January 1, 2010. The Note matures on January 1, 2013. Interest only payments of \$2,494 per month at 4.93436% are due on the first day of the month commencing on February 1, 2010 through January 1, 2013. The Note is secured by a deed of trust.

506,637

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 6: Long-Term Liabilities - Governmental Activities (continued)

	Amount Outstanding at <u>June 30, 2011</u>
Notes Payable (continued)	
<i>Fire maintenance facility note</i>	
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.	1,200,000
<i>CMB note payable</i>	
On October 5, 2009, the Agency entered into a Loan Agreement (Loan) for borrowing funds from CMB Infrastructure Investment Group, in the amount of \$15,000,000, in accordance with the EB-5 Foreign Investor Visa Program. The Note matures on September 30, 2015. Interest only payments are due on the first day of each quarter commencing on January 1, 2010. As of June 30, 2011, \$15,000,000 has been drawn against the Loan.	15,000,000
<i>New World note payable</i>	
In 2011, the City entered into a subscription agreement for the acquisition of computer software. The agreement has the substance of a note payable for accounting purposes and has been recorded at the present value of the annual payments of \$645,000, calculated using a discount rate of 2.89%. The final payment is due July 1, 2019.	<u>5,131,987</u>
Total notes payable	<u><u>\$ 33,198,624</u></u>

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 6: Long-Term Liabilities - Governmental Activities (continued)

The annual requirements to amortize notes payable outstanding as of June 30, 2011, are as follows (the fire maintenance facility note dues not have an amortization schedule):

Year ending June 30,	Principal	Interest
2012	\$ 1,327,202	\$ 1,363,605
2013	1,799,177	1,568,551
2014	1,342,381	1,489,165
2015	1,417,653	1,418,388
2016	16,493,363	949,134
2017 - 2021	7,618,848	1,616,972
2022 - 2026	3,200,000	458,843
Totals	<u>\$ 33,198,624</u>	<u>\$ 8,864,658</u>

Lease Revenue Bonds

Public Facilities Lease Revenue Refunding Bonds, 1997 Series A

\$10,370,000 of Public Facilities Lease Revenue Refunding Bonds, issue of 1997, Series A, were issued for the purpose of refunding the Agency's Public Facilities Lease Revenue Bonds, 1989 Series A and to provide funds for the construction and leasing of a fueling station. The bonds consist of \$5,580,000 of serial bonds with interest rates varying from 3.850% to 4.750%, maturing annually on September 1 of each year through September 1, 2007 and \$4,790,000 of term bonds due September 1, 2013, bearing interest at 5.000%. Interest is payable semiannually on March 1, and September 1. The term bonds shall be redeemed prior to maturity beginning September 1, 2008 to September 1, 2013 from the Term Bond Sinking Fund. The amount outstanding at June 30, 2011 is \$2,570,000.

Bonds maturing on or after September 1, 2008 are subject to redemption before maturity, at the option of the Agency, from available funds, on any date after September 1, 2007. Such bonds will be redeemed at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2011 the reserve requirement was \$945,000 and the amount actually held in the reserve account was \$945,421.

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Lease Revenue Bonds (continued)

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

\$16,320,000 of Lease Revenue Refunding Bonds (City Hall Project), Series 1996, were issued to refund the Central City Project, \$12,000,000 Certificates of Participation (Series 1992) and to finance the acquisition of certain equipment and other capital improvements by the City. These bonds consisted of: \$4,235,000 of serial bonds with interest rates varying from 4.15% to 5.00%; and \$1,690,000 of term bonds bearing interest at 5.10%; \$865,000 of term bonds, bearing interest of 5.30%; \$3,215,000 of term bonds, bearing interest at 5.60% and \$6,315,000 of term bonds, bearing interest at 5.70%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on January 1, 1999 through January 1, 2005. Term bonds are due January 1, 2007, January 1, 2009, January 1, 2015 and January 1, 2023 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund. The amount outstanding at June 30, 2011 is \$8,575,000.

The Bonds are subject to optional redemption as a whole or in part on any date on or after January 1, 2007, at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2011 the reserve requirement was \$1,008,580 and the amount actually held in the reserve account was \$1,105,541.

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Lease Revenue Bonds (continued)

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

The annual requirements to amortize lease revenue bonds outstanding as of June 30, 2011 are as follows:

Year ending June 30,	Principal	Interest
2012	\$ 1,335,000	\$ 594,640
2013	1,405,000	523,770
2014	1,480,000	449,095
2015	610,000	394,115
2016	645,000	359,955
2017 - 2021	3,820,000	1,204,125
2022 - 2023	1,850,000	159,600
Totals	<u>\$ 11,145,000</u>	<u>\$ 3,685,300</u>

California Infrastructure Bank

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, 2011 is \$2,153,425.

Street Construction

On September 27, 2005, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a financing agreement for 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, 2011, the City had drawn a total of \$10,000,000 of the \$10,000,000 available. The lease amount outstanding at June 30, 2011 was \$5,814,565.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 6: Long-Term Liabilities - Governmental Activities (continued)

California Infrastructure Bank (continued)

Harriman Place Street Extension Lease

On August 28, 2001, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a lease agreement in regard to the Harriman Place Street Extension Project (Project). The Project is 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, 2011 is \$1,338,015.

The annual requirements to amortize the leases as of June 30, 2011, are as follows:

June 30,	Principal	Interest
2012	\$ 1,300,971	\$ 222,397
2013	1,332,744	190,235
2014	1,365,295	157,284
2015	1,398,648	123,522
2016	1,432,818	88,933
2017 - 2021	1,169,718	275,396
2022 - 2026	749,873	120,611
2027 - 2031	555,938	33,051
Totals	<u>\$ 9,306,005</u>	<u>\$ 1,211,429</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Tax Allocation Bonds

Tax Allocation Bonds, Series 2010A

In December 2010, the San Bernardino Joint Powers Financing Authority issued \$7,065,000 in tax allocation bonds to finance certain redevelopment activities of the 4th Street Corridor project, to fund a reserve fund for the bonds, fund the interest account, and pay all costs of issuance related to the bonds.

The Series 2010A bonds consist of term bonds of \$7,065,000 maturing from 2011 to 2030 in annual installments of \$560,000 to \$655,000. Term bonds of \$560,000, due in 2011, term bonds of \$740,000 due in 2015, term bonds of \$1,515,000 due in 2021, and term bonds of \$4,250,000 due in 2030. Interest is payable semi-annually on April 1 and October 1, commencing April 1, 2011, at rates ranging from 3.5% to 9.3%.

The term bonds maturing on April 2015 are subject to mandatory prepayment, on each April 1, commencing on April 1, 2012 through April 1, 2015. Term bonds maturing on April 1, 2021, are subject to mandatory prepayment, on each April 1, commencing on April 1, 2016 through April 1, 2021. Term bonds maturing on April 1, 2030, are subject to mandatory prepayment on each April 1, commencing on April 1, 2022 through April 1, 2030.

The Agency has agreed to pay the Authority principal and interest payments solely from the Tax Revenues from the Northwest Redevelopment Project Area.

A reserve account is required to be maintained in the amount of \$686,974. The balance held in the reserve account as of June 30, 2011 was \$687,474. At June 30, 2011, \$6,505,000 of the bonds were outstanding.

Tax Allocation Bonds, Series 2010B

In January 2011, the San Bernardino Joint Powers Financing Authority issued \$3,220,000 in tax allocation bonds to finance certain redevelopment activities of the Northwest project area, to fund a reserve fund for the bonds, fund the interest account, and pay all costs of issuance of the bonds.

The Series 2010B bonds consist of serial bonds of \$315,000 maturing from 2011 to 2012 in annual installments of \$145,000 to \$170,000, and term bonds of \$1,085,000, due in 2020, and term bonds of \$1,820,000 in 2028. Interest is payable semi-annually on April 1 and October 1, commencing on April 1, 2011, at rates ranging from 3.0% to 7.0%.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Tax Allocation Bonds (continued)

Tax Allocation Bonds, Series 2010B (continued)

The term bonds maturing in April 2020 are subject to mandatory prepayment, on each April 1, commencing on April 1, 2013 through April 1, 2020. Term bonds maturing on April 1, 2028, are subject to mandatory prepayment, on each April 1, commencing on April 1, 2021 through April 1, 2028.

The Agency has agreed to pay the Authority principal and interest payments solely from the Agency's Tax Revenues from the Northwest Redevelopment Project Area.

A reserve account is required to be maintained in the amount of \$309,567. The balance held in the reserve account as of June 30, 2011 was \$309,711. At June 30, 2011, \$3,075,000 of the bonds were outstanding.

2002A Tax Allocation Refunding Bonds

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

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

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

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

A reserve account is required to be maintained in the amount of \$2,683,230. The balance held in the reserve account as of June 30, 2011 was \$2,684,437. At June 30, 2011, \$22,330,000 of the bonds were outstanding.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Tax Allocation Bonds (continued)

Tax Allocation Bonds, Series 2002

In January 2002, the San Bernardino Joint Powers Financing Authority issued \$3,635,000 in tax allocation bonds to fund certain capital improvement projects in the Mount Vernon Project Area, to fund a reserve fund, and to pay costs of issuance of the bonds. Interest on the bonds is payable June 1, 2002 and semi-annually thereafter on June 1 and December 1 of each year at rates ranging from 4.7% to 6.2% per annum. The bonds consist of term bonds ranging in amounts from \$285,000 to \$2,025,000 maturing from 2006 to 2031. Principal installments are payable annually ranging in amount from \$50,000 to \$445,000 through December 1, 2031.

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

A reserve account is required to be maintained in the amount of \$263,625. The balance held in the reserve account as of June 30, 2011 was \$263,689. At June 30, 2011, \$3,095,000 of the bonds were outstanding.

Refunding Bonds, Series 1998A

The \$19,000,000 of tax allocation refunding bonds, issue of 1998, Series A, consist of serial bonds with varying interest rates from 3.600% to 5.750%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on July 1 through July 1, 2020. The amount outstanding at June 30, 2011, is \$10,880,000.

The Series A bonds are not subject to optional redemption. The bonds are secured by a pledge of property tax apportionments from the Central City Project Area. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2011, the reserve requirement was \$1,456,515 and the amount actually held in the reserve account was \$1,457,149.

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Tax Allocation Bonds (continued)

Subordinate Refunding Bonds, Series 1998B

The \$8,590,000 of subordinated tax allocation refunding bonds, issue of 1998 Series B, consists of \$4,815,000 of serial bonds with varying interest rates from 4.500% to 5.875% and \$3,775,000 of term bonds, bearing interest at 6.000%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on July 1 through July 1, 2014. Term bonds are due July 1, 2020 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund on July 1, 2015 to July 1, 2020 without premium. The amount outstanding at June 30, 2011 is \$5,320,000.

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

The bonds are secured by a pledge of property tax apportionments from the Central City Project Area. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2011, the reserve requirement was \$639,012 and the amount actually held in the reserve account was \$639,290.

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

Tax Allocation Revenue Refunding Bonds, Series 2005A

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Tax Allocation Bonds (continued)

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

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

A reserve account is required to be maintained in the amount of \$5,068,736. The balance held in the reserve account as of June 30, 2011 was \$5,097,360. At June 30, 2011, \$45,110,000 of the bonds were outstanding.

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

Tax Allocation Revenue Refunding Bonds, Series 2005B

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

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

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

A reserve account is required to be maintained in the amount of \$1,929,293. The balance held in the reserve account as of June 30, 2011 was \$1,943,275. At June 30, 2011, \$16,980,000 of the bonds were outstanding.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Tax Allocation Bonds (continued)

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

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

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

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

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

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

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

A reserve account is required to be maintained in the amount of \$2,698,116. The balance held in the reserve account as of June 30, 2011 was \$2,698,116. At June 30, 2011, \$23,035,000 of the bonds were outstanding.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Tax Allocation Bonds (continued)

The annual requirements to amortize tax allocation debt outstanding as of June 30, 2011, are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 7,530,000	\$ 7,608,891
2013	7,925,000	7,641,270
2014	8,365,000	7,184,498
2015	8,825,000	6,697,439
2016	9,315,000	6,178,476
2017 - 2021	56,075,000	21,861,888
2022 - 2026	32,255,000	8,030,018
2027 - 2031	5,595,000	1,065,591
2032 - 2033	445,000	13,795
Totals	<u>\$ 136,330,000</u>	<u>\$ 66,281,866</u>

AD Bonds - City

Pledged Revenues

The Agency has pledged 100% of future tax increment revenue (less amounts payable by or required to be set-aside by the Agency under any pass-through agreements and by the amount required to be set-aside for low and moderate housing as required by the California Health and Safety Code) as security for the bonds (as listed below) in the amount of \$212,070,773 (total principal and interest). The pledges are considered outstanding for the duration of the debt service requirements. Total pledged revenues for the fiscal year ended June 30, 2011, totaled \$36,476,721 with the required debt service amount of \$18,509,673 for the following Bonds:

Tax allocation refunding bonds, 2010A
Tax allocation bonds, series 2010B
Tax allocation refunding bonds, 2002
Tax allocation bonds, series 2002A
Tax allocation refunding bonds, series 1998A
Subordinate tax allocation refunding bonds, series 1998B
Tax allocation refunding bonds, series 2005A
Tax allocation refunding bonds, 2005B
Tax allocation bonds, taxable series 2006

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Assessment District Bonds

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, 2011 was \$50,000.

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

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

Year ending June 30,	Principal	Interest
2012	\$ 50,000	\$ 1,938
Totals	\$ 50,000	\$ 1,938

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Certificates of Participation

1999 Certificates of Participation

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

The Certificates mature on September 1 of each year, beginning September 1, 2001 through September 1, 2024, in amounts ranging from \$330,000 to \$1,080,000. The interest represented by the Certificates will be calculated, on the basis of a 360-day year of twelve 30-day months, from September 1, 1999, at the rates per annum set forth in the bond documents and will represent the sum of the portions of the lease payments designated as interest coming due during the six months preceding each interest payment date. The interest rates will range approximately from 3.70% to 5.50%. The outstanding balance at June 30, 2011 was \$10,940,000.

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

The Certificates represent direct, undivided fractional interest in lease payments to be made by the City under the lease agreements. A reserve fund is required to be maintained in an amount equal to the maximum annual debt service. At June 30, 2011, the reserve requirement was \$1,147,000 and the amount actually held in the reserve account was \$1,171,536.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Certificates of Participation (continued)

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

Year ending June 30,	Principal	Interest
2012	\$ 540,000	\$ 586,850
2013	575,000	556,188
2014	600,000	523,875
2015	635,000	489,912
2016	670,000	454,025
2017 - 2021	3,930,000	1,660,450
2022 - 2026	3,990,000	453,750
Totals	<u>\$ 10,940,000</u>	<u>\$ 4,725,050</u>

Pension Obligation Bonds

2006 Taxable 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.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 6: Long-Term Liabilities - Governmental Activities (continued)

Pension Obligation Bonds (continued)

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
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	856,483	2,028,894
2017 - 2021	3,928,277	10,144,470
2022 - 2026	5,131,441	10,051,608
2027 - 2031	13,605,000	8,046,060
2032 - 2036	19,935,000	2,969,478
Totals	<u>\$ 47,075,251</u>	<u>\$ 41,356,086</u>

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 7: Long-Term Liabilities – Business-type Activities

The following is a summary of changes in business-type long-term liabilities for the year ended June 30, 2011:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Business-type activities:					
<i>Capital leases payable</i>	\$ 13,598,053	\$ 2,090,402	\$ 2,538,560	\$ 13,149,895	\$ 2,869,843
<i>Claims payable (Note 9)</i>	313,994	135,751	161,062	288,683	288,683
<i>Compensated absences (Note 7)</i>	2,495,722	87,370	-	2,583,092	1,681,189
<i>Notes payable</i>	27,912,613	-	3,472,618	24,439,995	2,893,389
<i>Certificates of participation</i>					
Refunding sewer revenues COPS	19,670,000	-	2,365,000	17,305,000	2,510,000
Less: deferred charges	(130,305)	-	(21,625)	(108,680)	(21,012)
Subtotal	19,539,695	-	2,343,375	17,196,320	2,488,988
<i>Water bonds payable</i>	35,000	-	10,000	25,000	10,000
<i>OPEB obligation (Note 12)</i>	4,851,000	2,355,000	676,000	6,530,000	-
Total business-type activities long-term liabilities	<u>\$ 68,746,077</u>	<u>\$ 4,668,523</u>	<u>\$ 9,201,615</u>	<u>\$ 64,212,985</u>	<u>\$ 10,232,092</u>

Capital Leases Payable

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

Amount
outstanding at
June 30, 2011

Integrated Waste equipment

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

\$ 13,149,895

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 7: Long-Term Liabilities – Business-type Activities (continued)

Capital Leases Payable (continued)

Year ending June 30,	Business-type activities	
	Principal	Interest
2012	\$ 2,869,843	\$ 428,187
2013	2,936,689	328,011
2014	2,550,413	225,007
2015	2,140,362	145,780
2016	1,438,444	78,821
2016 - 2020	1,214,144	39,620
Totals	<u>\$ 13,149,895</u>	<u>\$ 1,245,426</u>

Assets acquired through capital leases are as follows:

	Business-type activities
Machinery, vehicles and equipment	\$ 18,182,629
Less: accumulated depreciation	<u>(7,915,786)</u>
Totals	<u>\$ 10,266,843</u>

Notes Payable

California Infrastructure and Economic Development Bank

California Infrastructure and Economic Development Bank note is to be repaid in annual principal and interest payment ranging from \$776,905 to \$750,319, matures in 2022, and bears interest at 3.34%.

State Water Resources Control Board

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

San Bernardino Valley Municipal Water District

San Bernardino Valley Municipal Water District note is to be repaid in annual principal and interest payment of \$456,250, matures in 2013, and bears interest at 7.25%.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 7: Long-Term Liabilities – Business-type Activities (continued)

Notes Payable (continued)

State Water Resources Board

A loan from the State Water Resources Control Board was provided for the construction of the San Bernardino/Colton Rapid Infiltration Extraction (RIX) project. Twenty annual principal and interest payments of \$1,758,901 began in 1997. The loan matures in 2016, and bears interest at 2.80%. The loan requires the Department to establish a Wastewater Capital Reserve Fund (WCRF) for expansion, major repair or replacement of wastewater treatment works at one-half of one percent of the total loan amount for a period of ten years.

California Infrastructure and Economic Development Bank

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

The annual requirements to amortize notes payable subsequent to June 30, 2011, are as follows:

Year ending June 30,	Business-type activities	
	Principal	Interest
2012	\$ 2,893,390	\$ 789,669
2013	2,993,852	686,153
2014	2,642,860	577,748
2015	2,719,445	497,920
2016	2,796,253	415,628
2017 - 2021	5,955,197	1,266,638
2022 - 2026	3,777,711	365,165
2027-2030	661,287	10,944
Totals	<u>\$ 24,439,995</u>	<u>\$ 4,609,865</u>

Certificates of Participation

Refunding Sewer Revenue Certificates of Participation

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 7: Long-Term Liabilities – Business-type Activities (continued)

Certificates of Participation (continued)

Refunding Sewer Revenue Certificates of Participation (continued)

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

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

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

The annual requirements to amortize certificates of participation subsequent to June 30, 2011, are as follows:

Year ending June 30,	Business-type activities	
	Principal	Interest
2012	\$ 2,510,000	\$ 855,400
2013	2,650,000	736,175
2014	2,805,000	607,650
2015	2,965,000	474,412
2016	3,155,000	318,750
2017	3,220,000	161,000
Sub-total - principal	17,305,000	\$ 3,153,387
Less: deferred charges	(108,680)	
Total	<u>\$ 17,196,320</u>	

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 7: Long-Term Liabilities – Business-type Activities (continued)

Water Bonds Payable

Waterworks Bonds, Series C

During the year ended June 30, 1992, the South San Bernardino Water District merged with the Water Department. The department assumed all bonds. The bonds were initially issued March 1, 1988, for \$150,000 and mature annually commencing September 1, 1993, through September 1, 2013 in principal amounts ranging from \$5,000 to \$15,000. Interest accrues at 7.75%. The outstanding balance at June 30, 2011 is \$25,000.

The annual requirements to amortize bonds payable subsequent to June 30, 2011 are as follows:

Year ending June 30,	Business-type activities	
	Principal	Interest
2012	\$ 10,000	\$ 1,938
2013	15,000	1,163
Totals	\$ 25,000	\$ 3,101

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 8: 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, 2011, \$20,287,987 and \$2,583,092 have been recorded, respectively, for governmental and business-type activities accrued vacation and sick leave.

Note 9: Prior Year Defeasance of Debt

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

Note 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 claims liability for the governmental activities for the years ended June 30, 2011 and 2010, are as follows:

<u>Governmental activities</u>	<u>Liability beginning of year</u>	<u>Claims and changes in estimates</u>	<u>Claims paid</u>	<u>Liability end of year</u>
2009-2010				
Workers comp	\$ 8,979,848	\$ 1,354,856	\$ (1,867,893)	\$ 8,466,811
Liability claims	<u>5,197,070</u>	<u>1,305,962</u>	<u>(1,307,712)</u>	<u>5,195,320</u>
Total 2009-2010	<u>\$ 14,176,918</u>	<u>\$ 2,660,818</u>	<u>\$ (3,175,605)</u>	<u>\$ 13,662,131</u>
2010-2011				
Workers comp	\$ 8,466,811	\$ 3,851,677	\$ (1,910,039)	\$ 10,408,449
Liability claims	<u>5,195,320</u>	<u>6,228,428</u>	<u>(1,690,178)</u>	<u>9,733,570</u>
Total 2010-2011	<u>\$ 13,662,131</u>	<u>\$ 10,080,105</u>	<u>\$ (3,600,217)</u>	<u>\$ 20,142,019</u>

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 10: Claims and Judgments Payable (continued)

Changes in the claims liability for the business-type activities for the years ended June 30, 2011 and 2010, are as follows:

<u>Business-type activities</u>	<u>Liability beginning of year</u>	<u>Claims and changes in estimates</u>	<u>Claims paid</u>	<u>Liability end of year</u>
2009-2010				
Workers comp	<u>\$ 421,299</u>	<u>\$ (34,781)</u>	<u>\$ (72,524)</u>	<u>\$ 313,994</u>
2010-2011				
Workers comp	<u>\$ 313,994</u>	<u>\$ 135,751</u>	<u>\$ (161,062)</u>	<u>\$ 288,683</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 Basic Financial Statements
For the year ended June 30, 2011**

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, 2011, 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: Fund Deficits/Accumulated Deficits and Expenditures in Excess of Appropriations

At June 30, 2011, the following governmental funds have deficits that are anticipated to be funded from budgetary cuts, future grants, other revenues and operating transfers:

	<u>Deficit amount</u>
General Fund	\$ 1,181,604
<i>Special revenue funds:</i>	
Federal and State Grant	3,507,266
Traffic Congestion	6,459
Traffic Safety	204,175
Baseball Stadium	40,750
Fire Station	2,945
<i>Debt service fund:</i>	
Assessment District #1015	333,971
<i>Capital projects funds:</i>	
CIEDB Street Construction	9,049
Street Construction	3,661,823

At June 30, 2011, the following proprietary funds have accumulated deficits that are anticipated to be recovered in future periods from user charges and/or operating transfers, as follows:

	<u>Deficit amount</u>
<i>Internal service funds:</i>	
Unemployment Insurance	\$ 146,704
Workers' Compensation	11,664,333
Liability Insurance	5,709,476
Telephone Support	32,902
Utility	220,788
Central Services	49,865

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

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

As of June 30, 2011, the General Fund does not have the financial capacity to fund such accumulated deficits. Therefore, management expects that funding for the accumulated deficits will take years to accomplish. The accumulated deficit of the Workers' Compensation Internal Service Fund, of which accounts for self-insurance activities, is due to higher claims experienced versus amounts charged to the various departments.

The following funds and General Fund departments reported an excess of expenditures over appropriations at June 30, 2011:

<i>General Fund:</i>	Final budget	Actual	Variance
City treasurer - personnel salaries and benefits	\$ 179,200	\$ 183,561	(4,361)
City attorney - personnel salaries and benefits	2,655,600	2,662,022	(6,422)
Other	1,040,300	1,433,503	(393,203)
City Manager			
Other	(57,700)	69,725	(127,425)
Finance			
Other	447,000	560,374	(113,374)
Code Compliance			
Personnel salaries and benefits	2,300,000	2,323,194	(23,194)
Facilities Management			
Personnel salaries and benefits	1,323,700	1,356,584	(32,884)
Nondepartmental - personnel salaries and benefits	(698,000)	(428,015)	(269,985)
Police			
Personnel salaries and benefits	54,652,000	55,839,845	(1,187,845)
Other	4,404,000	4,714,692	(310,692)
Fire			
Personnel salaries and benefits	29,249,400	30,870,141	(1,620,741)
Community Development			
Personnel salaries and benefits	2,067,300	2,134,852	(67,552)
Park, recreation and community services			
Personnel salaries and benefits	2,873,500	2,913,406	(39,906)
Debt service fund:			
Assessment District #1015	36,200	36,513	(313)
Capital projects fund:			
Special Assessments	993,000	1,525,785	(532,785)
Special revenue fund:			
Baseball Stadium Fund	16,700	21,434	(4,734)
Fire Station	-	222	(222)

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 12: Defined Benefit Pension Plan

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

Participants are required to contribute 8% (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.

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, 2010 to June 30, 2011 has been determined by an actuarial valuation of the plan as of June 30, 2008. The contribution rate indicated for the year under audit was 23.105% of payroll for the safety plan. The contribution rate indicated for the miscellaneous plan for the year under audit was 13.276%. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2011, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2010 to June 30, 2011.

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

Valuation Date	June 30, 2008
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Average Remaining Period	30 (safety) 29 (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 14.45% depending on age, service, type of employment and plan
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 12: Defined Benefit Pension Plan (continued)

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

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

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

City

Miscellaneous

<u>Fiscal year</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
June 30, 2009	\$ 4,855	100%	\$ -
June 30, 2010	4,161	100%	-
June 30, 2011	4,375	100%	-

Safety

<u>Fiscal year</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
June 30, 2009	\$ 10,727	100%	\$ -
June 30, 2010	11,225	100%	-
June 30, 2011	11,042	100%	-

Economic Development Agency

<u>Fiscal year</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
June 30, 2009	\$ 341,153	100%	\$ -
June 30, 2010	377,362	100%	-
June 30, 2011	400,310	100%	-

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 12: Defined Benefit Pension Plan (continued)

Schedule of Funding Progress (in thousands):

6/30/2010 Valuation	Accrued liability (a)	Actuarial value of assets (b)	Unfunded liability (a)-(b)	Funded ratio (b)/(a)	Annual covered payroll (c)	UL as a % of payroll [(a)-(b)/(c)]
Miscellaneous	\$ 350,910	\$ 323,745	\$ 27,165	92.3%	\$ 52,567	51.7%
Safety	482,224	426,484	55,740	88.4%	48,292	115.4%
Total	\$ 833,134	\$ 750,229	\$ 82,905	90.0%	\$ 100,859	82.2%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 13: Other Post-Employment Benefits

City

Plan Description

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

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 2011, the City contributed \$450,135 to the Plan. The City currently contributes \$108 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 \$108, 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 Basic Financial Statements
For the year ended June 30, 2011**

Note 13: Other Post-Employment Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 6,660,000
Interest on net OPEB obligation	748,000
Adjustment to annual required contribution	<u>(1,211,000)</u>
 Annual OPEB cost (expense)	 <u>6,197,000</u>
Contributions made	
Benefit payments (cash subsidy)	(450,135)
Benefit payments (implied subsidy)	<u>(751,000)</u>
 Total contributions made	 <u>(1,201,135)</u>
 Increase in net OPEB obligation	 4,995,865
Net OPEB obligation, beginning of year	<u>14,960,736</u>
Net OPEB obligation, end of year	<u>\$ 19,956,601</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal year ended	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
June 30, 2009	\$ 6,098,110	18.70%	\$ 10,286,891
June 30, 2010	5,790,000	19.30%	14,960,736
June 30, 2011	6,197,000	19.40%	19,956,601

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 13: Other Post-Employment Benefits (continued)

Funded Status and Progress

The funded status of the plan as of June 30, 2009, the most recent valuation date, was as follows (amounts in thousands):

Actuarial accrued liability (AAL)	\$ 61,371,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 61,371,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 78,951,000
UAAL as a percentage of covered payroll	77.73%

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 includes 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 and the inflation rate is assumed to be 3%.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 13: Other Post-Employment Benefits (continued)

Water Department

Plan Description

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

Funding Policy

The contribution requirements of plan members and the Department are established and may be amended by the Board of Water Commissioners. The required contribution is based in projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board of Water Commissioners. For fiscal year 2011, the Department contributed \$670,000 to the Plan (100% of current premiums). Plan members receiving benefits contributed \$136,000 (approximately 6.5% of total premiums) through their required contribution. The Department pays up to the entire cost of health benefits for eligible retirees and their spouses until age 65 subject to the City's vesting schedule.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 2,505,000
Interest on net OPEB obligation	243,000
Adjustment to annual required contribution	<u>(393,000)</u>
 Annual OPEB cost (expense)	 2,355,000
Contributions made	<u>(676,000)</u>
 Increase in net OPEB obligation	 1,679,000
Net OPEB obligation, beginning of year	<u>4,851,000</u>
Net OPEB obligation, end of year	<u><u>\$ 6,530,000</u></u>

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 13: Other Post-Employment Benefits (continued)

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal year ended	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
June 30, 2009	\$ 2,419,000	31.00%	\$ 3,308,000
June 30, 2010	2,213,000	30.00%	4,851,000
June 30, 2011	2,355,000	29.00%	6,530,000

Funded Status and Progress

The funded status of the plan as of June 30, 2010, the most recent valuation date, was as follows (amounts in thousands):

Actuarial accrued liability (AAL)	\$ 28,000,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 28,000,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 13,000,000
UAAL as a percentage of covered payroll	215.38%

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.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 13: Other Post-Employment Benefits (continued)

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 includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with long-term perspective of the calculations.

The 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 between 10.9% initially, reduced by decrements of between 0.65% per year to an ultimate rate of 4.5% percent after the tenth year. Both rates included a 3.0% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years.

Economic Development Agency

Plan description

The Agency administers a single employer defined benefit healthcare plan (the Plan). The Agency provides medical and dental plan coverage for retirees and their eligible surviving dependents. This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS), which is age 50 or older with at least eight years of Agency service. The healthcare coverage provided meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of the Agency are established and may be amended by the Agency Board. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2011, the Agency contributed \$16,274 to the plan, which was 100% of the total current premiums.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011**

Note 13: Other Post-Employment Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$	211,490
Interest on net OPEB obligation		26,445
Adjustment to annual required contribution		<u>(33,296)</u>
Annual OPEB cost (expense)		204,639
Contributions made		<u>(16,170)</u>
Increase in net OPEB obligation		188,469
Net OPEB obligation, beginning of year		<u>587,669</u>
Net OPEB obligation, end of year	\$	<u><u>776,138</u></u>

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal year ended	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
June 30, 2009	\$ 210,298	6.30%	\$ 395,888
June 30, 2010	208,055	7.80%	587,669
June 30, 2011	204,639	7.90%	776,138

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 13: Other Post-Employment Benefits (continued)

Funded Status and Progress

The funded status of the plan as of June 30, 2010, the most recent valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 749,208
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 749,208</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 2,032,245
UAAL as a percentage of covered payroll	36.87%

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and includes 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 actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.50% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of zero percent initially, which increases by 5.0% in the twelfth year. The UAAL is being amortized as level percentage of projected payroll over 20 years.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 14: 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 the regular property tax bills sent to owners of property having unpaid assessments levied against land benefited by the projects. Neither the faith, credit nor taxing power of the City is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the financial statements. At June 30, 2011, \$0 of Improvement Bonds remain outstanding.

Note 15: Mortgage Revenue and Industrial Development Revenue Bonds

Not included in the accompanying financial statements are mortgage revenue bonds and industrial development revenue bonds issued by the Agency. The bonds are special obligations payable solely from payments made on and secured by a pledge of the acquired mortgage loans and certain reserve funds and other monies in connection therewith, all pledged under the resolution authorizing the issuance of the bonds. The bonds are not payable from any other revenues or assets of the Agency. Neither the faith nor credit of the taxing powers of the City of San Bernardino, California, the State of California or any political subdivision thereof, or the Agency is pledged to the payment of the principal of or the interest on the bonds. Mortgage revenue bonds outstanding as of June 30, 2011 include the Multifamily Housing Revenue Bonds (Highland Lutheran Senior Housing Project) 1995 Series for \$1,365,000 and the Multifamily Housing Revenue Bonds (Ramona Senior Complex Project) Series 1995 for \$1,210,000.

Note 16: Contingencies

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 17: Jointly Governed Organizations

Inland Valley Development Agency

In January 1990, the City entered into a joint powers agreement with the Cities of Colton and Loma Linda and the County of San Bernardino to form the Inland Valley Development Agency (IVDA). The IVDA adopted a redevelopment plan, and its primary purpose is to promote the redevelopment of the former Norton Air Force Base and other areas within its project area. The IVDA board is comprised of three members from the City and two each from the other members. The primary sources of funding are tax increment and lease income. As of June 30, 2011, the outstanding balance due from IVDA is \$81,844. Additional financial information can be obtained by contacting IVDA at 294 S. Leland Norton Way, Suite 1, San Bernardino, CA 92408.

San Bernardino International Airport Authority

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

San Bernardino Regional Water Resource Authority

In August 1998, the City entered into a joint powers agreement with the Inland Valley Development Agency (IVDA) and the San Bernardino Valley Municipal Water District (the District) to form the San Bernardino Regional Water Resources Authority (the Authority). The Authority was created primarily for the purpose of conducting a water resource and storage project. The Authority board is comprised of three members from the City, one member from IVDA and two from the District. The primary sources of funding are loans and grants. As of June 30, 2011, the outstanding balance due from the Authority is \$306,389. Additional financial information can be obtained by contacting the Authority at 201 North "E" Street, Third Floor, San Bernardino, CA 92401.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 17: Jointly Governed Organizations (continued)

San Bernardino Public Safety Authority

On April 1, 1968, the City of San Bernardino and the County of San Bernardino formed the San Bernardino Public Safety Authority (PSA), a joint powers authority, as a financing vehicle to construct (1) public safety buildings and (2) improvements to the wastewater treatment plant. Effective with the transfer of the sewer treatment utility to the Department by resolution in October 1973, all the assets were transferred to the Department and are included in the property, plant and equipment of the Sewer Utility. The Department utilized the PSA to issue the 1998 Certificates of Participation debt. The joint venture is not experiencing financial stress.

West End Water Development, Treatment and Conservation Joint Powers Authority

On August 15, 1990, the City of San Bernardino joined the West End Water Development, Treatment and Conservation Joint Powers Authority (WEJPA) as a financing vehicle for construction of water facilities. A three-member Board consisting of one representative from each agency's governing body governs the WEJPA. The Department's investment in the joint venture is included in property, plant and equipment. The joint venture is not experiencing financial stress.

Note 18: Consent Decree

In 1996, the City of San Bernardino filed a complaint against the United States of America, Department of the Army to recover damages, response costs and other available remedies relating to contamination alleged to have originated at a World War II army installation known as Camp Ono. In March 2005, the United States District Court, Central Division entered judgment, in the form of a consent decree, in the matter of City of San Bernardino v. United States of America. The Consent Decree settles the City's and the State's claims arising from the groundwater contamination allegedly caused by the Army. The Consent Decree contains a number of provisions obligating the City (through the Department) to operate and maintain the Newmark Groundwater Superfund site (Site). The Site consists of two operable units, the Newmark Operable Unit and the Muscoy Operable Unit. The Newmark Operable Unit was declared operational and functional in 1998. The Muscoy Operable unit was declared operational and functional in 2007.

The Consent Decree provided for a payment of \$69 million from the Army to the City for performance of the work outlined in the Consent Decree. Upon acceptance of the Consent Decree, the Department received title to all facilities constructed by the United States Environmental Protection Agency (EPA) of the Site and agreed to operate and maintain the groundwater extraction and treatment system for a period of 50 years. The \$69 million payment consisted of \$59 million for operations and maintenance and \$10 million for the construction of certain capital facilities that would be required in the future; the funds are subject to strict limitations, contained in the Consent Decree, as to how the money may be spent.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 18: Consent Decree (continued)

Pursuant to the Consent Decree, \$10 million, including interest earned, has been set aside to be used only for (i) funding construction of treatment and directly related transmission systems that expand the Department's capacity to deliver potable water and (ii) funding work performed by the Department to complete construction of the Muscoy Operable Unit extraction system. These capital facility funds may not be used for costs incurred to operate, maintain, repair or retrofit components of the site extraction of treatment systems constructed by EPA.

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

The terms of the Guaranteed Investment Contract only provided the Department with the position of a secured creditor with respect to an AIG bankruptcy. As concerns rose regarding AIG's financial credibility, in October 2008, the Department negotiated and accepted a "payout" in the amount of \$18,661,876 which represented the principal and accrued interest as of that date. These funds are currently invested in LAIF and Federal Agencies investments. The Department continues to review alternate investment options for these funds.

Note 19: Recent changes in legislation affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each agency agreed to adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the agency "may use any available funds not otherwise obligated for other uses" to make this payment. The Agency intends to use available monies of its redevelopment agency for this purpose. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 19: Recent changes in legislation affecting California Redevelopment Agencies (continued)

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties, and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in ABX1 26.

On January 9, 2012, Agency Resolution 2012-19 was adopted, indicating that the Agency will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. An estimated \$1.48 million will be due annually. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any new debt is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low and moderate income housing fund so, as to permit the Agency to assemble sufficient funds to make its initial payments.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 19: Recent changes in legislation affecting California Redevelopment Agencies (continued)

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that fiscal year are dependent upon the outcome of litigation surrounding the actions of the state.

On December 29, 2011, the Supreme Court upheld ABX1 26 to abolish redevelopment agencies and ABX1 27 to be unconstitutional. With this determination, effective February 1, 2012, all redevelopment agencies within the state was eliminated. Due to this ruling, the EDA was dissolved as of February 1, 2012. The City of San Bernardino assumed the position of Successor Agency for the Redevelopment Agency as of February 1, 2012. The City has also elected to assume control of the Low/Mod housing functions of the former redevelopment agency. An oversight board has been appointed to oversee the expeditious wind down of the affairs of the former redevelopment agency by the Successor Agency. The financial ramifications of this change are not fully known at this time.

As a result of AB1X 26, the interagency receivable recognized by funds of the EDA that had previously loaned or advanced funds to the City has become uncollectible, resulting in a loss recognized by such funds of \$1,310,000. The City may additionally be impacted if reimbursement previously paid by the EDA to the City for shared administrative services are reduced or eliminated.

Note 20: 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 \$566,368 in 2011 and \$546,801 in 2010.

Note 21: Construction Commitments

Commitments in the form of signed contracts for costs to complete construction projects or other improvements amounted to \$2,585,238 and \$4,340,533 at June 30, 2011 and June 30, 2010 respectively.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2011

Note 22: Net Assets

The government-wide statement of net assets reports \$174,380,985 of restricted net assets, of which \$3,093,149 is restricted by enabling legislation.

Net assets are restricted as shown below:

	Governmental	Business-type	Totals	
	Activities	Activities	2011	2010
Restricted for:				
Streets and capital projects	\$ 25,406,968	\$ -	\$ 25,406,968	\$ 19,341,918
Economic development	133,386,450	-	133,386,450	139,811,291
Culture and recreation	81,331	-	81,331	287,770
Capital related fees	-	8,276,462	8,276,462	11,992,059
Public safety	774,855	-	774,855	692,434
Debt service	38,035,678	-	38,035,678	28,842,893
Total restricted net assets	\$ 197,685,282	\$ 8,276,462	\$ 205,961,744	\$ 200,968,365

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2011

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Taxes:					
Sales and use	\$ 25,631,600	\$ 25,931,600	\$ 30,169,313	\$ 4,237,713	\$ 26,330,784
Utility users	22,700,000	22,750,000	22,089,888	(660,112)	22,630,460
Property	27,740,000	27,740,000	26,965,590	(774,410)	28,815,781
Franchise	3,041,000	3,041,000	3,164,830	123,830	3,125,973
Transient occupancy	2,040,000	2,040,000	2,507,283	467,283	2,222,114
Property transfer	1,875,000	295,400	531,343	235,943	393,621
Total taxes	83,027,600	81,798,000	85,428,247	3,630,247	83,518,733
Licenses and permits:					
Business registration	5,700,000	5,700,000	5,996,091	296,091	5,841,349
Building permits	500,000	500,000	489,493	(10,507)	545,164
Mechanical permits	150,000	150,000	157,861	7,861	161,319
Onsite permits	100,000	100,000	151,825	51,825	104,328
Onsite plan check fees	20,000	20,000	106,559	86,559	25,780
Public works construction permit	70,000	70,000	41,620	(28,380)	56,222
Paramedic/EMS subscription	20,000	20,000	9,555	(10,445)	30,319
Street cut permit	300,000	300,000	183,369	(116,631)	418,072
Other	1,212,000	1,212,000	955,449	(256,551)	1,204,464
Total licenses and permits	8,072,000	8,072,000	8,091,822	19,822	8,387,017
Fines and forfeitures:					
General fines	200,000	200,000	102,896	(97,104)	245,685
Parking citation	1,046,600	1,046,600	936,594	(110,006)	1,152,652
Code admin citations	560,000	560,000	259,499	(300,501)	582,838
Fire citation	60,000	60,000	73,570	13,570	64,976
Other	1,637,000	1,637,000	910,867	(726,133)	1,332,984
Total fines and forfeitures	3,503,600	3,503,600	2,283,426	(1,220,174)	3,379,135
Investment income (loss):					
Investment income (loss)	200,000	200,000	(20,754)	(220,754)	110,208
Land and building rental	535,000	569,300	602,981	33,681	649,755
Other	40,000	40,000	27,494	(12,506)	29,475
Total investment income (loss)	775,000	809,300	609,721	(199,579)	789,438
Intergovernmental:					
Motor vehicle in lieu tax	500,000	500,000	946,143	446,143	711,560
Homeowners exemption	130,000	130,000	122,188	(7,812)	141,765
State police training grants	50,000	50,000	70,154	20,154	96,838
State grants	500,000	590,000	828,155	238,155	506,326
Other	4,169,100	4,349,000	5,752,224	1,403,224	5,756,564
Total intergovernmental	5,349,100	5,619,000	7,718,864	2,099,864	7,213,053

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2011
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Charges for services:					
Plan check fees	\$ 165,000	\$ 165,000	\$ 203,181	\$ 38,181	\$ 172,672
Paramedics/emergency medical services	780,000	780,000	726,909	(53,091)	834,487
Board up/demolition assessment	600,000	600,000	1,022,795	422,795	726,641
Storm drain utility fee	256,100	256,100	249,723	(6,377)	244,700
Weed abatement	175,000	175,000	168,804	(6,196)	174,268
Planning development projects	200,000	200,000	182,460	(17,540)	164,841
Sale of photos	15,000	15,000	9,844	(5,156)	8,132
Alarm system fee	71,400	71,400	67,231	(4,169)	50,944
Engineering fees	50,000	50,000	57,934	7,934	41,896
Miscellaneous police receipts	727,600	752,600	1,183,914	431,314	1,002,982
Swimming pool fees	63,000	63,000	59,942	(3,058)	70,286
Other charges	3,449,500	3,449,500	3,491,078	41,578	3,017,787
Total charges for services	<u>6,552,600</u>	<u>6,577,600</u>	<u>7,423,815</u>	<u>846,215</u>	<u>6,509,636</u>
Other revenues:					
Off track betting	100,000	100,000	78,547	(21,453)	91,986
Miscellaneous receipts	400,000	895,500	641,302	(254,198)	2,540,697
Other revenues	7,522,300	7,522,300	3,621,748	(3,900,552)	3,383,903
Total other revenues	<u>8,022,300</u>	<u>8,517,800</u>	<u>4,341,597</u>	<u>(4,176,203)</u>	<u>6,016,586</u>
Total revenues	<u>\$ 115,302,200</u>	<u>\$ 114,897,300</u>	<u>\$ 115,897,492</u>	<u>\$ 1,000,192</u>	<u>\$ 115,813,598</u>

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2011
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Expenditures					
Current:					
General government:					
Mayor					
Personnel salaries and benefits	\$ 533,500	\$ 533,600	\$ 526,939	\$ 6,661	\$ 631,086
Other	201,400	163,500	117,499	46,001	175,004
Common council					
Personnel salaries and benefits	501,200	455,700	397,787	57,913	432,027
Other	67,400	128,000	61,652	66,348	40,933
City clerk					
Personnel salaries and benefits	1,230,100	1,225,500	1,215,661	9,839	1,210,409
Other	774,700	431,100	291,390	139,710	678,508
City treasurer					
Personnel salaries and benefits	179,200	179,200	183,561	(4,361)	180,965
Other	23,200	23,200	18,963	4,237	16,798
City attorney					
Personnel salaries and benefits	2,714,700	2,655,600	2,662,022	(6,422)	2,534,080
Other	959,900	1,040,300	1,433,503	(393,203)	923,016
City manager					
Personnel salaries and benefits	1,211,500	1,237,800	1,109,861	127,939	945,692
Other	71,500	(57,700)	69,725	(127,425)	56,449
Human resources					
Personnel salaries and benefits	495,900	495,900	449,478	46,422	423,244
Other	68,900	68,900	58,893	10,007	53,162
Finance					
Personnel salaries and benefits	1,456,600	1,542,200	1,342,504	199,696	1,302,117
Other	211,600	447,000	560,374	(113,374)	238,917
Civil service					
Personnel salaries and benefits	284,700	284,700	270,826	13,874	269,794
Other	18,400	15,900	15,696	204	14,003
Code compliance					
Personnel salaries and benefits	2,607,900	2,300,000	2,323,194	(23,194)	2,680,614
Other	705,700	571,300	353,771	217,529	543,388
Facilities management					
Personnel salaries and benefits	1,323,700	1,323,700	1,356,584	(32,884)	1,723,671
Other	800,200	890,500	743,278	147,222	1,464,681
Nondepartmental					
Personnel salaries and benefits	(1,653,600)	(698,000)	(428,015)	(269,985)	-
Other	2,038,100	2,249,100	1,775,537	473,563	7,001,601
Total general government	<u>16,826,400</u>	<u>17,507,000</u>	<u>16,910,683</u>	<u>596,317</u>	<u>23,540,159</u>
Public safety:					
Police					
Personnel salaries and benefits	57,082,600	54,652,000	55,839,845	(1,187,845)	54,425,645
Other	4,634,000	4,404,000	4,714,692	(310,692)	3,243,347
Fire					
Personnel salaries and benefits	29,177,100	29,249,400	30,870,141	(1,620,741)	29,439,353
Other	1,624,300	1,466,100	1,307,951	158,149	2,013,079
Total public safety	<u>92,518,000</u>	<u>89,771,500</u>	<u>92,732,629</u>	<u>(2,961,129)</u>	<u>89,121,424</u>

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2011
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Streets:					
Community development					
Personnel salaries and benefits	\$ 2,435,800	\$ 2,067,300	\$ 2,134,852	\$ (67,552)	\$ 1,996,179
Other	1,377,700	1,476,500	1,216,623	259,877	467,231
Public works					
Personnel salaries and benefits	1,173,100	1,222,100	1,104,375	117,725	1,424,690
Other	4,515,500	4,252,600	3,862,417	390,183	3,468,236
Total streets	<u>9,502,100</u>	<u>9,018,500</u>	<u>8,318,267</u>	<u>700,233</u>	<u>7,356,336</u>
Culture and recreation:					
Park, recreation and community services					
Personnel salaries and benefits	2,933,400	2,873,500	2,913,406	(39,906)	2,665,998
Other	2,336,400	2,426,800	2,154,122	272,678	1,635,543
Total culture and recreation	<u>5,269,800</u>	<u>5,300,300</u>	<u>5,067,528</u>	<u>232,772</u>	<u>4,301,541</u>
Community services:					
Planning, plan check and building inspection					
Personnel salaries and benefits	1,186,500	1,250,700	1,189,696	61,004	1,220,151
Other	345,600	354,400	54,833	299,567	206,038
Total community services	<u>1,532,100</u>	<u>1,605,100</u>	<u>1,244,529</u>	<u>360,571</u>	<u>1,426,189</u>
Debt service:					
Principal	2,257,198	2,257,198	1,623,576	633,622	2,290,508
Interest and fiscal charges	3,003,102	3,003,102	2,516,407	486,695	3,054,448
Total debt service	<u>5,260,300</u>	<u>5,260,300</u>	<u>4,139,983</u>	<u>1,120,317</u>	<u>5,344,956</u>
Total expenditures	<u>130,908,700</u>	<u>128,462,700</u>	<u>128,413,619</u>	<u>49,081</u>	<u>131,090,605</u>
Deficiency of revenues under expenditures	<u>(15,606,500)</u>	<u>(13,565,400)</u>	<u>(12,516,127)</u>	<u>1,049,273</u>	<u>(15,242,284)</u>
Other financing sources (uses)					
Issuance of debt	-	-	-	-	1,200,000
Capital leases	-	-	-	-	527,490
Sale of capital assets	2,410,000	2,410,000	2,546,549	136,549	1,930,000
Transfers in	13,449,000	13,952,900	13,023,914	(928,986)	12,643,686
Transfers out	(2,769,800)	(2,869,900)	(4,646,233)	(1,776,333)	(3,356,918)
Total other financing sources (uses)	<u>13,089,200</u>	<u>13,493,000</u>	<u>10,924,230</u>	<u>(2,568,770)</u>	<u>12,944,258</u>
Net change in fund balances	<u>(2,517,300)</u>	<u>(72,400)</u>	<u>(1,591,897)</u>	<u>(1,519,497)</u>	<u>(2,298,026)</u>
Fund balances, beginning of year	<u>410,293</u>	<u>410,293</u>	<u>410,293</u>	<u>-</u>	<u>2,708,319</u>
Fund balances (deficits), end of year	<u>\$ (2,107,007)</u>	<u>\$ 337,893</u>	<u>\$ (1,181,604)</u>	<u>\$ (1,519,497)</u>	<u>\$ 410,293</u>

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – Economic Development Agency Special Revenue Fund
For the year ended June 30, 2011

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Investment income	\$ 507,000	\$ 507,000	\$ 157,055	\$ (349,945)	\$ 193,482
Intergovernmental	18,198,100	18,198,100	11,316,634	(6,881,466)	16,197,533
Other	-	-	2,584,030	2,584,030	488,842
	<hr/>		<hr/>		<hr/>
Total revenues	18,705,100	18,705,100	14,057,719	(4,647,381)	16,879,857
<hr/>					
EXPENDITURES					
Current:					
Community development					
Personnel salaries and benefits	893,858	893,858	1,113,687	(219,829)	905,715
Other	44,403,237	44,403,237	14,611,830	29,791,407	11,883,191
Economic development					
Personnel salaries and benefits	451,909	451,909	714,559	(262,650)	457,903
Other	7,314,520	7,314,520	6,543,400	771,120	4,193,136
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	6,000	6,000	-	6,000	-
	<hr/>		<hr/>		<hr/>
Total expenditures	53,069,524	53,069,524	22,983,476	30,086,048	17,439,945
	<hr/>		<hr/>		<hr/>
Excess (deficiency) of revenues over (under) expenditures	(34,364,424)	(34,364,424)	(8,925,757)	25,438,667	(560,088)
<hr/>					
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	-	-
Transfers in	16,838,400	16,838,400	9,617,873	(7,220,527)	6,949,966
Transfers out	(2,695,000)	(2,695,000)	(2,697,282)	(2,282)	(2,693,674)
	<hr/>		<hr/>		<hr/>
Total other financing sources (uses)	14,143,400	14,143,400	6,920,591	(7,222,809)	4,256,292
	<hr/>		<hr/>		<hr/>
Net change in fund balance	(20,221,024)	(20,221,024)	(2,005,166)	18,215,858	3,696,204
	<hr/>		<hr/>		<hr/>
Fund balance, beginning of year	74,185,351	74,185,351	74,185,351	-	70,489,147
	<hr/>		<hr/>		<hr/>
Fund balance, end of year	\$ 53,964,327	\$ 53,964,327	\$ 72,180,185	\$ 18,215,858	\$ 74,185,351
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City of San Bernardino
Notes to Required Supplementary Information
For the year ended June 30, 2011

Note 1: **Budgetary control and accounting**

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

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

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.

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 (except for the Federal and State Grants fund whose legal level of budgetary control is at the functional level).

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.

Annual budgets for the following funds have not been adopted:

Special revenue funds:

 IVDA

Debt service funds:

 Verdemont Improvement Loan

Capital projects funds:

 Verdemont

 Public Park Extension

 Assessment District #1015

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, 2011

Valuation date	Accrued liability (a)	Actuarial value of assets (b)	Unfunded liability (a)-(b)	Funded status (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>	<u>88.6%</u>	<u>44,581</u>	<u>116.2%</u>
Totals	<u>\$ 774,335</u>	<u>\$ 702,952</u>	<u>\$ 71,383</u>	<u>90.8%</u>	<u>\$ 94,122</u>	<u>75.8%</u>
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>	<u>88.4%</u>	<u>48,292</u>	<u>115.4%</u>
Totals	<u>\$ 833,135</u>	<u>\$ 750,231</u>	<u>\$ 82,904</u>	<u>90.0%</u>	<u>\$ 100,859</u>	<u>82.2%</u>
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>	<u>84.5%</u>	<u>48,800</u>	<u>167.3%</u>
Totals	<u>\$ 918,545</u>	<u>\$ 783,281</u>	<u>\$ 135,264</u>	<u>85.3%</u>	<u>\$ 99,975</u>	<u>135.3%</u>
6/30/2010						
Miscellaneous	\$ 350,910	\$ 323,745	\$ 27,165	92.3%	\$ 52,567	51.7%
Safety	<u>482,224</u>	<u>426,484</u>	<u>55,740</u>	<u>88.4%</u>	<u>48,292</u>	<u>115.4%</u>
Totals	<u>\$ 833,134</u>	<u>\$ 750,229</u>	<u>\$ 82,905</u>	<u>90.0%</u>	<u>\$ 100,859</u>	<u>82.2%</u>

Required Supplementary Information
City of San Bernardino
Schedule of Funding Progress (in thousands)
Other Postemployment Benefit Plans
For the year ended June 30, 2011

Valuation date	Actuarial accrued liability	Actuarial value of assets	Unfunded liability	Funded status	Annual covered payroll	UAAL as a % of payroll
<i>City</i>						
6/30/2008	\$ 60,158	\$ -	\$ 60,158	0.0%	\$ 78,511	76.62%
6/30/2009	61,371	-	61,371	0.0%	78,951	77.73%
6/30/2010	61,371	-	61,371	0.0%	78,951	77.73%
<i>Water Department</i>						
6/30/2009	\$ 26,190	\$ -	\$ 26,190	0.0%	\$ 13,169	198.88%
6/30/2010	26,000	-	26,000	0.0%	13,600	191.18%
6/30/2011	26,000	-	26,000	0.0%	13,600	191.18%
<i>Economic Development Agency</i>						
6/30/2009	\$ 749	\$ -	\$ 749	0.0%	\$ 2,032	36.86%
6/30/2010	749	-	749	0.0%	2,032	36.86%

Plan for Funding

On an ongoing basis, the City will be reviewing its assumptions, comparing them against actual experience and recalculating the needed funding with the goal of paying for postemployment benefits out of interest earned on designated funds.

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SUPPLEMENTARY SCHEDULES

**City of San Bernardino
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

	Special Revenue	Debt Service	Capital Projects	Totals	
				2011	2010
ASSETS					
Cash and investments	\$ 5,559,290	\$ 81,990	\$ 11,410,131	\$ 17,051,411	\$ 25,932,367
Cash and investments with fiscal agent	-	48,853	-	48,853	48,843
Receivables, net:					
Accounts	33,697	-	-	33,697	72,375
Interest	27,105	169	50,955	78,229	143,114
Special assessments	-	333,839	-	333,839	369,971
Prepays	97,150	-	-	97,150	513
Due from other governments	4,502,273	15,421	867,157	5,384,851	6,525,711
Due from other funds	1,924,285	-	13,227,402	15,151,687	11,128,615
Advances to other funds	226,174	-	2,324,425	2,550,599	2,048,374
Other assets	-	-	214,671	214,671	214,671
	<u>\$ 12,369,974</u>	<u>\$ 480,272</u>	<u>\$ 28,094,741</u>	<u>\$ 40,944,987</u>	<u>\$ 46,484,554</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,152,659	\$ 6,726	\$ 1,547,691	\$ 2,707,076	\$ 1,865,035
Due to other funds	4,192,438	133,905	5,197,320	9,523,663	10,105,555
Retentions payable	-	-	98,667	98,667	208,067
Deferred revenues	3,819,401	333,839	-	4,153,240	2,823,682
Advances from other funds	-	196,800	900,000	1,096,800	1,113,200
Due to other governments	-	21,595	-	21,595	168,400
	<u>9,164,498</u>	<u>692,865</u>	<u>7,743,678</u>	<u>17,601,041</u>	<u>16,283,939</u>
Fund balances:					
Nonspendable					
Advances to other funds	226,174	196,800	2,324,425	2,747,399	2,261,574
Prepays	-	-	214,671	214,671	214,670
Restricted	6,384,524	121,378	21,364,377	27,870,279	33,947,977
Committed	356,373	-	-	356,373	368,207
Assigned	-	-	118,462	118,462	861,024
Unassigned	(3,761,595)	(530,771)	(3,670,872)	(7,963,238)	(7,452,837)
	<u>3,205,476</u>	<u>(212,593)</u>	<u>20,351,063</u>	<u>23,343,946</u>	<u>30,200,615</u>
Total liabilities and fund balances	<u>\$ 12,369,974</u>	<u>\$ 480,272</u>	<u>\$ 28,094,741</u>	<u>\$ 40,944,987</u>	<u>\$ 46,484,554</u>

City of San Bernardino
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2011

	Special Revenue	Debt Service	Capital Projects	Totals	
				2011	2010
REVENUES					
Taxes	\$ 585,053	\$ 108,660	\$ 1,297,934	\$ 1,991,647	\$ 2,174,918
Licenses and permits	274,798	-	149,896	424,694	409,035
Impact fees	-	-	618,030	618,030	2,036,352
Fines and forfeitures	55,258	-	-	55,258	2,470,937
Investment income	238,608	(337)	(107,408)	130,863	929,284
Intergovernmental revenues	19,529,349	-	8,407,210	27,936,559	18,908,047
Charges for services	4,311,368	-	1,151,532	5,462,900	4,422,793
Other	71,534	-	723,066	794,600	1,519,680
Total revenues	25,065,968	108,323	12,240,260	37,414,551	32,871,046
EXPENDITURES					
Current:					
General government	296,316	27,674	-	323,990	274,874
Public safety	8,354,935	-	569,620	8,924,555	7,009,344
Streets	5,613,735	-	10,501,686	16,115,421	12,910,676
Culture and recreation	820,383	-	691,376	1,511,759	926,999
Community development	-	-	-	-	-
Community service	9,021,727	-	-	9,021,727	7,724,147
Debt service:					
Principal	1,083,405	45,000	83,945	1,212,350	1,328,267
Interest and fiscal charges	171,261	28,515	70,818	270,594	523,790
Total expenditures	25,361,762	101,189	11,917,445	37,380,396	30,698,097
Excess (deficiency) of revenues over (under) expenditures	(295,794)	7,134	322,815	34,155	2,172,949
OTHER FINANCING SOURCES (USES)					
Transfers in	2,195,904	-	-	2,195,904	2,369,926
Transfers out	(8,758,150)	-	(714,700)	(9,472,850)	(8,774,299)
Issuance of debt	-	-	386,122	386,122	-
Total other financing sources (uses)	(6,562,246)	-	(328,578)	(6,890,824)	(6,404,373)
Net change in fund balances	(6,858,040)	7,134	(5,763)	(6,856,669)	(4,231,424)
Fund balances (deficit), beginning of year	10,063,516	(219,727)	20,356,826	30,200,615	34,432,039
Fund balances (deficit), end of year	\$ 3,205,476	\$ (212,593)	\$ 20,351,063	\$ 23,343,946	\$ 30,200,615

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

Federal and State Grants

For 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.

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.

**Special Revenue Funds
(Continued)**

Sales and Road

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

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.

Fire Station

For the operation and maintenance of the Verdemont Fire Station.

Major Fund

Economic Development Agency

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for specific purposes.

**City of San Bernardino
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011**

	<u>Library</u>	<u>Cemetery</u>	<u>Asset Seizure</u>
ASSETS			
Cash and investments	\$ 46,099	\$ 36,527	\$ 693,874
Receivables, net:			
Accounts	622	265	-
Interest	-	774	1,427
Prepays	-	-	-
Due from other governments	-	10,000	153
Due from other funds	-	-	-
Advances to other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 46,721</u>	<u>\$ 47,566</u>	<u>\$ 695,454</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 10,434	\$ 3,222	\$ 1,930
Due to other funds	-	-	-
Deferred revenues	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>10,434</u>	<u>3,222</u>	<u>1,930</u>
 Fund balances:			
Nonspendable			
Advances to other funds	-	-	-
Prepays	-	-	-
Restricted	36,287	44,344	693,524
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>36,287</u>	<u>44,344</u>	<u>693,524</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 46,721</u>	<u>\$ 47,566</u>	<u>\$ 695,454</u>

Continued

<u>Alternative Transportation</u>	<u>Federal and State Grants</u>	<u>Animal Control</u>	<u>Traffic Congestion</u>	<u>Special Gas Tax</u>	<u>Traffic Safety</u>
\$ 46,354	1,180,301	\$ 520	\$ 379,801	\$ 7,561	\$ -
-	9,202	5,488	-	-	-
96	13,788	-	774	11	-
-	97,150	-	-	-	-
54,870	3,099,268	75,568	-	610,814	127,611
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 101,320</u>	<u>\$ 4,399,709</u>	<u>\$ 81,576</u>	<u>\$ 380,575</u>	<u>\$ 618,386</u>	<u>\$ 127,611</u>
\$ 1,321	\$ 535,781	\$ 17,012	387,034	\$ 6,755	65,946
-	3,871,878	14,123	-	-	265,840
-	3,499,316	-	-	-	-
<u>1,321</u>	<u>7,906,975</u>	<u>31,135</u>	<u>387,034</u>	<u>6,755</u>	<u>331,786</u>
-	-	-	-	-	-
-	-	-	-	-	-
99,999	-	-	-	611,631	-
-	-	50,441	-	-	-
-	-	-	-	-	-
-	(3,507,266)	-	(6,459)	-	(204,175)
<u>99,999</u>	<u>(3,507,266)</u>	<u>50,441</u>	<u>(6,459)</u>	<u>611,631</u>	<u>(204,175)</u>
<u>\$ 101,320</u>	<u>\$ 4,399,709</u>	<u>\$ 81,576</u>	<u>\$ 380,575</u>	<u>\$ 618,386</u>	<u>\$ 127,611</u>

**City of San Bernardino
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011
(continued)**

	<u>Sewerline Maintenance</u>	<u>Sales and Road</u>	<u>Baseball Stadium</u>
ASSETS			
Cash and investments	\$ 14,414	\$ 2,520,943	\$ -
Receivables, net:			
Accounts	11,637	-	-
Interest	3,844	5,090	-
Prepays	-	-	-
Due from other governments	273,585	250,010	-
Due from other funds	1,924,285	-	-
Advances to other funds	226,174	-	-
	<u>226,174</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 2,453,939</u>	<u>\$ 2,776,043</u>	<u>\$ -</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 28,861	\$ 76,208	\$ 153
Due to other funds	-	-	40,597
Deferred revenues	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>28,861</u>	<u>76,208</u>	<u>40,750</u>
 Fund balances:			
Nonspendable			
Advances to other funds	226,174	-	-
Prepays	-	-	-
Restricted	2,198,904	2,699,835	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	(40,750)
	<u>-</u>	<u>-</u>	<u>(40,750)</u>
Total fund balances (deficit)	<u>2,425,078</u>	<u>2,699,835</u>	<u>(40,750)</u>
 Total liabilities and fund balances	<u>\$ 2,453,939</u>	<u>\$ 2,776,043</u>	<u>\$ -</u>

Soccer Field	Fire Station	Totals	
		2011	2010
\$ 306,306	\$ 326,590	\$ 5,559,290	\$ 6,040,754
6,483	-	33,697	72,375
629	672	27,105	51,047
-	-	97,150	513
-	394	4,502,273	6,462,695
-	-	1,924,285	3,319,231
-	-	226,174	312,374
<u>\$ 313,418</u>	<u>\$ 327,656</u>	<u>\$ 12,369,974</u>	<u>\$ 16,258,989</u>
\$ 7,486	\$ 10,516	\$ 1,152,659	\$ 950,566
-	-	4,192,438	2,791,196
-	320,085	3,819,401	2,453,711
<u>7,486</u>	<u>330,601</u>	<u>9,164,498</u>	<u>6,195,473</u>
-	-	226,174	312,374
-	-	-	-
-	-	6,384,524	9,620,298
305,932	-	356,373	368,207
-	-	-	-
-	(2,945)	(3,761,595)	(237,363)
<u>305,932</u>	<u>(2,945)</u>	<u>3,205,476</u>	<u>10,063,516</u>
<u>\$ 313,418</u>	<u>\$ 327,656</u>	<u>\$ 12,369,974</u>	<u>\$ 16,258,989</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, 2011

	<u>Library</u>	<u>Cemetery</u>	<u>Asset Seizure</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment income (loss)	-	(1,693)	(2,498)
Intergovernmental	70,052	318,700	680,089
Charges for services	37,911	22,038	-
Other	37,237	-	-
	<u>145,200</u>	<u>339,045</u>	<u>677,591</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	824,003
Streets	-	-	-
Culture and recreation	-	-	-
Community service	2,082,734	138,318	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	<u>2,082,734</u>	<u>138,318</u>	<u>824,003</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,937,534)</u>	<u>200,727</u>	<u>(146,412)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,937,534	-	-
Transfers out	-	-	-
	<u>1,937,534</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	200,727	(146,412)
Fund balances (deficit), beginning of year	<u>36,287</u>	<u>(156,383)</u>	<u>839,936</u>
Fund balances (deficit), end of year	<u>\$ 36,287</u>	<u>\$ 44,344</u>	<u>\$ 693,524</u>

<u>Alternative Transportation</u>	<u>Federal and State Grants</u>	<u>Animal Control</u>	<u>Traffic Congestion</u>	<u>Special Gas Tax</u>	<u>Traffic Safety</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	274,798	-	-	-
-	-	55,258	-	-	-
(134)	(55,895)	-	(1,092)	(46)	-
225,913	9,013,197	-	-	5,113,876	1,794,478
-	-	1,005,505	-	-	-
5,200	12,503	-	-	-	-
<u>230,979</u>	<u>8,969,805</u>	<u>1,335,561</u>	<u>(1,092)</u>	<u>5,113,830</u>	<u>1,794,478</u>
107,755	188,561	-	-	-	-
-	5,179,070	1,533,950	-	-	817,690
-	25,141	-	1,802,528	485,757	-
-	377,117	-	-	-	-
-	6,800,675	-	-	-	-
-	-	-	-	1,083,405	-
-	-	-	-	171,261	-
<u>107,755</u>	<u>12,570,564</u>	<u>1,533,950</u>	<u>1,802,528</u>	<u>1,740,423</u>	<u>817,690</u>
<u>123,224</u>	<u>(3,600,759)</u>	<u>(198,389)</u>	<u>(1,803,620)</u>	<u>3,373,407</u>	<u>976,788</u>
-	-	197,070	-	-	-
(70,000)	-	-	-	(3,620,000)	(1,180,999)
<u>(70,000)</u>	<u>-</u>	<u>197,070</u>	<u>-</u>	<u>(3,620,000)</u>	<u>(1,180,999)</u>
53,224	(3,600,759)	(1,319)	(1,803,620)	(246,593)	(204,211)
<u>46,775</u>	<u>93,493</u>	<u>51,760</u>	<u>1,797,161</u>	<u>858,224</u>	<u>36</u>
<u>\$ 99,999</u>	<u>\$ (3,507,266)</u>	<u>\$ 50,441</u>	<u>\$ (6,459)</u>	<u>\$ 611,631</u>	<u>\$ (204,175)</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, 2011
(Continued)

	Sewerline Maintenance	Sales and Road	Baseball Stadium
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment income	(506)	(11,572)	363
Intergovernmental	-	2,313,044	-
Charges for services	3,164,303	-	-
Other	-	-	-
Total revenues	<u>3,163,797</u>	<u>2,301,472</u>	<u>363</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets	2,619,402	680,907	-
Culture and recreation	-	-	21,434
Community development	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>2,619,402</u>	<u>680,907</u>	<u>21,434</u>
Excess (deficiency) of revenues over (under) expenditures	<u>544,395</u>	<u>1,620,565</u>	<u>(21,071)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	61,300
Transfers out	<u>(1,949,600)</u>	<u>(1,350,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,949,600)</u>	<u>(1,350,000)</u>	<u>61,300</u>
Net change in fund balances	(1,405,205)	270,565	40,229
Fund balances (deficit), beginning of year	<u>3,830,283</u>	<u>2,429,270</u>	<u>(80,979)</u>
Fund balances (deficit), end of year	<u>\$ 2,425,078</u>	<u>\$ 2,699,835</u>	<u>\$ (40,750)</u>

Soccer Field	Fire Station	Totals	
		2011	2010
\$ -	\$ 585,053	\$ 585,053	\$ 567,896
-	-	274,798	274,176
-	-	55,258	2,470,937
313,102	(1,421)	238,608	520,271
-	-	19,529,349	18,814,189
81,611	-	4,311,368	4,165,022
16,594	-	71,534	185,544
<u>411,307</u>	<u>583,632</u>	<u>25,065,968</u>	<u>26,998,035</u>
-	-	296,316	244,518
-	222	8,354,935	6,794,462
-	-	5,613,735	4,961,272
421,832	-	820,383	802,887
-	-	9,021,727	7,724,147
-	-	1,083,405	1,058,323
-	-	171,261	199,638
<u>421,832</u>	<u>222</u>	<u>25,361,762</u>	<u>21,785,247</u>
<u>(10,525)</u>	<u>583,410</u>	<u>(295,794)</u>	<u>5,212,788</u>
-	-	2,195,904	2,342,200
-	(587,551)	(8,758,150)	(7,681,874)
-	(587,551)	(6,562,246)	(5,339,674)
(10,525)	(4,141)	(6,858,040)	(126,886)
<u>316,457</u>	<u>1,196</u>	<u>10,063,516</u>	<u>10,190,402</u>
<u>\$ 305,932</u>	<u>\$ (2,945)</u>	<u>\$ 3,205,476</u>	<u>\$ 10,063,516</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Library Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Intergovernmental	\$ 70,000	\$ 70,052	\$ 52	\$ -
Charges for services	45,000	37,911	(7,089)	42,486
Other	46,800	37,237	(9,563)	46,779
	<u>161,800</u>	<u>145,200</u>	<u>(16,600)</u>	<u>89,265</u>
EXPENDITURES				
Current:				
Community service:				
Personnel salaries and benefits	1,478,300	1,449,511	28,789	1,533,855
Other	676,300	633,223	43,077	602,933
	<u>2,154,600</u>	<u>2,082,734</u>	<u>71,866</u>	<u>2,136,788</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,992,800)</u>	<u>(1,937,534)</u>	<u>55,266</u>	<u>(2,047,523)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,097,300	1,937,534	(159,766)	2,053,800
	<u>2,097,300</u>	<u>1,937,534</u>	<u>(159,766)</u>	<u>2,053,800</u>
Net change in fund balance	104,500	-	(104,500)	6,277
Fund balance, beginning of year	36,287	36,287	-	30,010
Fund balance, end of year	<u>\$ 140,787</u>	<u>\$ 36,287</u>	<u>\$ (104,500)</u>	<u>\$ 36,287</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Cemetery Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 10,000	\$ (1,693)	\$ (11,693)	\$ 9,535
Intergovernmental	-	318,700	318,700	-
Charges for services	32,500	22,038	(10,462)	37,900
Total revenues	<u>42,500</u>	<u>339,045</u>	<u>296,545</u>	<u>47,435</u>
EXPENDITURES				
Current:				
Community service:				
Personnel salaries and benefits	116,000	112,913	3,087	109,897
Other	78,000	25,405	52,595	55,307
Total expenditures	<u>194,000</u>	<u>138,318</u>	<u>55,682</u>	<u>165,204</u>
Net change in fund balance	(151,500)	200,727	352,227	(117,769)
Fund balance (deficit), beginning of year	<u>(156,383)</u>	<u>(156,383)</u>	<u>-</u>	<u>(38,614)</u>
Fund balance (deficit), end of year	<u><u>\$ (307,883)</u></u>	<u><u>\$ 44,344</u></u>	<u><u>\$ 352,227</u></u>	<u><u>\$ (156,383)</u></u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Asset Seizure Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 9,000	\$ (2,498)	\$ (11,498)	\$ 12,213
Intergovernmental	150,000	680,089	530,089	391,668
Other	85,000	-	(85,000)	133,565
	<u>244,000</u>	<u>677,591</u>	<u>433,591</u>	<u>537,446</u>
EXPENDITURES				
Current:				
Public safety:				
Other	874,300	824,003	50,297	302,065
	<u>874,300</u>	<u>824,003</u>	<u>50,297</u>	<u>302,065</u>
Net change in fund balance	(630,300)	(146,412)	483,888	235,381
Fund balance, beginning of year	839,936	839,936	-	604,555
Fund balance, end of year	<u>\$ 209,636</u>	<u>\$ 693,524</u>	<u>\$ 483,888</u>	<u>\$ 839,936</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Alternative Transportation Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 1,000	\$ (134)	\$ (1,134)	\$ 523
Intergovernmental	240,000	225,913	(14,087)	233,643
Other	5,200	5,200	-	5,200
Total revenues	<u>246,200</u>	<u>230,979</u>	<u>(15,221)</u>	<u>239,366</u>
EXPENDITURES				
Current:				
General government:				
Personnel salaries and benefits	85,700	82,238	3,462	77,547
Other	34,400	25,517	8,883	21,166
Total expenditures	<u>120,100</u>	<u>107,755</u>	<u>12,345</u>	<u>98,713</u>
Excess of revenues over expenditures	<u>126,100</u>	<u>123,224</u>	<u>(2,876)</u>	<u>140,653</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>	<u>(230,000)</u>
Total other financing sources (uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>	<u>(230,000)</u>
Net change in fund balance	56,100	53,224	(2,876)	(89,347)
Fund balance, beginning of year	<u>46,775</u>	<u>46,775</u>	<u>-</u>	<u>136,122</u>
Fund balance, end of year	<u>\$ 102,875</u>	<u>\$ 99,999</u>	<u>\$ (2,876)</u>	<u>\$ 46,775</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Federal and State Grants Fund
For the year ended June 30, 2011

	<u>Final budget</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>	<u>Prior year actual</u>
REVENUES				
Investment income	\$ -	\$ (55,895)	\$ (55,895)	\$ 19,693
Intergovernmental	16,281,500	9,013,197	(7,268,303)	10,760,237
Other	-	12,503	12,503	-
	<u>16,281,500</u>	<u>8,969,805</u>	<u>(7,311,695)</u>	<u>10,779,930</u>
EXPENDITURES				
Current:				
General government	1,960,600	188,561	1,772,039	145,805
Public safety	10,949,500	5,179,070	5,770,430	4,142,967
Streets	-	25,141	(25,141)	15,425
Culture and recreation	-	377,117	(377,117)	297,385
Communtiy service	<u>3,371,400</u>	<u>6,800,675</u>	<u>(3,429,275)</u>	<u>5,422,155</u>
	<u>16,281,500</u>	<u>12,570,564</u>	<u>3,710,936</u>	<u>10,023,737</u>
Net change in fund balances	-	(3,600,759)	(3,600,759)	756,193
Fund (deficit), beginning of year	<u>93,493</u>	<u>93,493</u>	<u>-</u>	<u>(662,700)</u>
Fund balance (deficit), end of year	<u>\$ 93,493</u>	<u>\$ (3,507,266)</u>	<u>\$ (3,600,759)</u>	<u>\$ 93,493</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Animal Control Fund
For the year ended June 30, 2011

	<u>Final budget</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>	<u>Prior year actual</u>
REVENUES				
Licenses and permits	\$ 300,500	\$ 274,798	\$ (25,702)	\$ 274,176
Fines and forfeitures	33,500	55,258	21,758	36,160
Charges for services	1,005,000	1,005,505	505	879,604
Other	700	-	(700)	-
	<u>1,339,700</u>	<u>1,335,561</u>	<u>(4,139)</u>	<u>1,189,940</u>
EXPENDITURES				
Current:				
Community service:				
Personnel salaries and benefits	1,135,700	1,099,669	36,031	990,002
Other	586,500	434,281	152,219	458,887
	<u>1,722,200</u>	<u>1,533,950</u>	<u>188,250</u>	<u>1,448,889</u>
(Deficiency) of revenues (under) expenditures	<u>(382,500)</u>	<u>(198,389)</u>	<u>184,111</u>	<u>(258,949)</u>
OTHER FINANCING SOURCES				
Transfers in	270,700	197,070	(73,630)	288,400
	<u>270,700</u>	<u>197,070</u>	<u>(73,630)</u>	<u>288,400</u>
Net change in fund balance	(111,800)	(1,319)	110,481	29,451
Fund balance, beginning of year	51,760	51,760	-	22,309
Fund balance (deficit), end of year	<u>\$ (60,040)</u>	<u>\$ 50,441</u>	<u>\$ 110,481</u>	<u>\$ 51,760</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Traffic Congestion Fund
For the year ended June 30, 2011

	<u>Final budget</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>	<u>Prior year actual</u>
REVENUES				
Investment income	\$ -	\$ (1,092)	\$ (1,092)	\$ 16,421
Intergovernmental	-	-	-	1,849,954
Total revenues	<u>-</u>	<u>(1,092)</u>	<u>(1,092)</u>	<u>1,866,375</u>
EXPENDITURES				
Current:				
Streets:				
Personnel salaries and benefits	-	3,279	(3,279)	3,279
Other	1,947,500	1,799,249	148,251	1,528,516
Total expenditures	<u>1,947,500</u>	<u>1,802,528</u>	<u>144,972</u>	<u>1,531,795</u>
Net change in fund balance	(1,947,500)	(1,803,620)	143,880	334,580
Fund balance, beginning of year	<u>1,797,161</u>	<u>1,797,161</u>	<u>-</u>	<u>1,462,581</u>
Fund balance (deficit), end of year	<u>\$ (150,339)</u>	<u>\$ (6,459)</u>	<u>\$ 143,880</u>	<u>\$ 1,797,161</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Special Gas Tax Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 18,000	\$ (46)	\$ (18,046)	\$ 4,571
Intergovernmental	3,189,900	5,113,876	1,923,976	3,319,150
Other	76,700	-	(76,700)	-
Total revenues	<u>3,284,600</u>	<u>5,113,830</u>	<u>1,829,230</u>	<u>3,323,721</u>
EXPENDITURES				
Current:				
Streets:				
Personnel salaries and benefits	-	16,748	(16,748)	9,317
Other	2,259,100	1,723,675	535,425	220,095
Total expenditures	<u>2,259,100</u>	<u>1,740,423</u>	<u>518,677</u>	<u>229,412</u>
Excess of revenues over expenditures	<u>1,025,500</u>	<u>3,373,407</u>	<u>2,347,907</u>	<u>3,094,309</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(3,620,000)</u>	<u>(3,620,000)</u>	<u>-</u>	<u>(3,220,000)</u>
Total other financing sources (uses)	<u>(3,620,000)</u>	<u>(3,620,000)</u>	<u>-</u>	<u>(3,220,000)</u>
Net change in fund balance	(2,594,500)	(246,593)	2,347,907	(125,691)
Fund balance, beginning of year	<u>858,224</u>	<u>858,224</u>	<u>-</u>	<u>983,915</u>
Fund balance (deficit), end of year	<u><u>\$ (1,736,276)</u></u>	<u><u>\$ 611,631</u></u>	<u><u>\$ 2,347,907</u></u>	<u><u>\$ 858,224</u></u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Traffic Safety Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Intergovernmental	\$ 2,450,000	\$ 1,794,478	\$ (655,522)	2,434,777
Total revenues	<u>2,450,000</u>	<u>1,794,478</u>	<u>(655,522)</u>	<u>2,434,777</u>
EXPENDITURES				
Current:				
Public safety:				
Other	950,000	817,690	132,310	900,541
Total expenditures	<u>950,000</u>	<u>817,690</u>	<u>132,310</u>	<u>900,541</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,500,000</u>	<u>976,788</u>	<u>(523,212)</u>	<u>1,534,236</u>
OTHER FINANCING (USES)				
Transfers out	(1,500,000)	(1,180,999)	319,001	(1,534,200)
Total other financing (uses)	<u>(1,500,000)</u>	<u>(1,180,999)</u>	<u>319,001</u>	<u>(1,534,200)</u>
Net change in fund balance	-	(204,211)	(204,211)	36
Fund balance, beginning of year	<u>36</u>	<u>36</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 36</u>	<u>\$ (204,175)</u>	<u>\$ (204,211)</u>	<u>\$ 36</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Sewerline Maintenance Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 25,000	\$ (506)	\$ (25,506)	\$ 54,068
Charges for services	3,100,000	3,164,303	64,303	3,122,219
Total revenues	<u>3,125,000</u>	<u>3,163,797</u>	<u>38,797</u>	<u>3,176,287</u>
EXPENDITURES				
Current:				
Streets - other	6,955,300	2,619,402	4,335,898	2,503,072
Total expenditures	<u>6,955,300</u>	<u>2,619,402</u>	<u>4,335,898</u>	<u>2,503,072</u>
Excess (deficiency) of revenues over expenditures	<u>(3,830,300)</u>	<u>544,395</u>	<u>4,374,695</u>	<u>673,215</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	127,400	(1,949,600)	(2,077,000)	(380,000)
Total other financing sources (uses)	<u>127,400</u>	<u>(1,949,600)</u>	<u>(2,077,000)</u>	<u>(380,000)</u>
Net change in fund balance	(3,702,900)	(1,405,205)	2,297,695	293,215
Fund balance, beginning of year	<u>3,830,283</u>	<u>3,830,283</u>	<u>-</u>	<u>3,537,068</u>
Fund balance, end of year	<u>\$ 127,383</u>	<u>\$ 2,425,078</u>	<u>\$ 2,297,695</u>	<u>\$ 3,830,283</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Sales and Road Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 35,000	\$ (11,572)	\$ (46,572)	\$ 33,285
Intergovernmental	2,300,000	2,313,044	13,044	2,259,537
Other	1,913,200	-	(1,913,200)	-
Total revenues	<u>4,248,200</u>	<u>2,301,472</u>	<u>(1,946,728)</u>	<u>2,292,822</u>
EXPENDITURES				
Current:				
Streets:				
Personnel salaries and benefits	-	297,858	(297,858)	375,454
Other	5,203,900	383,049	4,820,851	306,114
Debt service:				
Principal	-	-	-	1,058,323
Interest and fiscal charges	-	-	-	199,638
Total expenditures	<u>5,203,900</u>	<u>680,907</u>	<u>4,522,993</u>	<u>1,939,529</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(955,700)</u>	<u>1,620,565</u>	<u>2,576,265</u>	<u>353,293</u>
OTHER FINANCING (USES)				
Transfers out	<u>(1,350,000)</u>	<u>(1,350,000)</u>	<u>-</u>	<u>(1,350,000)</u>
Total other financing (uses)	<u>(1,350,000)</u>	<u>(1,350,000)</u>	<u>-</u>	<u>(1,350,000)</u>
Net change in fund balance	(2,305,700)	270,565	2,576,265	(996,707)
Fund balance, beginning of year	<u>2,429,270</u>	<u>2,429,270</u>	<u>-</u>	<u>3,425,977</u>
Fund balance, end of year	<u>\$ 123,570</u>	<u>\$ 2,699,835</u>	<u>\$ 2,576,265</u>	<u>\$ 2,429,270</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Baseball Stadium Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ 363	\$ 363	\$ (178)
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>363</u>	<u>363</u>	<u>(178)</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personnel salaries and benefits	-	-	-	75
Other	16,700	21,434	(4,734)	107,284
Total expenditures	<u>16,700</u>	<u>21,434</u>	<u>(4,734)</u>	<u>107,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,700)</u>	<u>(21,071)</u>	<u>(4,371)</u>	<u>(107,537)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>61,300</u>	<u>61,300</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>61,300</u>	<u>61,300</u>	<u>-</u>
Net change in fund balance	(16,700)	40,229	56,929	(107,537)
Fund balance, beginning of year	<u>(80,979)</u>	<u>(80,979)</u>	<u>-</u>	<u>26,558</u>
Fund balance (deficit), end of year	<u>\$ (97,679)</u>	<u>\$ (40,750)</u>	<u>\$ 56,929</u>	<u>\$ (80,979)</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Soccer Field Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 315,000	\$ 313,102	\$ (1,898)	\$ 365,114
Charges for services	74,000	81,611	7,611	82,813
Other	-	16,594	16,594	-
	<u>389,000</u>	<u>411,307</u>	<u>22,307</u>	<u>447,927</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personnel salaries and benefits	285,300	272,320	12,980	215,999
Other	168,700	149,512	19,188	182,144
	<u>454,000</u>	<u>421,832</u>	<u>32,168</u>	<u>398,143</u>
Net change in fund balance	(65,000)	(10,525)	54,475	49,784
Fund balance, beginning of year	<u>316,457</u>	<u>316,457</u>	<u>-</u>	<u>266,673</u>
Fund balance, end of year	<u><u>\$ 251,457</u></u>	<u><u>\$ 305,932</u></u>	<u><u>\$ 54,475</u></u>	<u><u>\$ 316,457</u></u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Fire Station Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 5,900	\$ 585,053	\$ 579,153	\$ 567,896
Investment income	567,800	(1,421)	(569,221)	5,026
Total revenues	<u>573,700</u>	<u>583,632</u>	<u>9,932</u>	<u>572,922</u>
EXPENDITURES				
Current:				
Public Safety	-	222	(222)	-
Total expenditures	<u>-</u>	<u>222</u>	<u>(222)</u>	<u>-</u>
Excess of revenues over expenditures	<u>573,700</u>	<u>583,410</u>	<u>9,710</u>	<u>572,922</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(535,000)	(587,551)	52,551	(571,600)
Total other financing sources (uses)	<u>(535,000)</u>	<u>(587,551)</u>	<u>52,551</u>	<u>(571,600)</u>
Net change in fund balance	38,700	(4,141)	(42,841)	1,322
Fund balance (deficit), beginning of year	<u>1,196</u>	<u>1,196</u>	<u>-</u>	<u>(126)</u>
Fund balance (deficit), end of year	<u>\$ 39,896</u>	<u>\$ (2,945)</u>	<u>\$ (42,841)</u>	<u>\$ 1,196</u>

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Debt Service Funds

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

Nonmajor Funds

Assessment District #985

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

Assessment District #987

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

Assessment District #1015

For the collection of assessments from property owners and for the remittance of such 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.

Major Fund

Economic Development Agency

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

**City of San Bernardino
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2011**

	Assessment District #985	Assessment District #987
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 53,295	\$ 10,404
Cash and investments with fiscal agent	-	48,853
Receivables, net:		
Interest	110	21
Special assessments	-	-
Due from other governments	<u>14,901</u>	<u>520</u>
 Total assets	 <u><u>\$ 68,306</u></u>	 <u><u>\$ 59,798</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 6,726
Due to other funds	-	-
Deferred revenues	-	-
Advances from other funds	-	-
Due to other governments	<u>-</u>	<u>-</u>
 Total liabilities	 <u>-</u>	 <u>6,726</u>
 Fund balances (deficit):		
Nonspendable	-	-
Advances to other funds	-	-
Restricted	68,306	53,072
Unassigned	<u>-</u>	<u>-</u>
 Total fund balances (deficit)	 <u>68,306</u>	 <u>53,072</u>
 Total liabilities and fund balances	 <u><u>\$ 68,306</u></u>	 <u><u>\$ 59,798</u></u>

Assessment District #1015	Totals	
	2011	2010
18,291	\$ 81,990	\$ 116,644
-	48,853	48,843
38	169	375
333,839	333,839	369,971
-	15,421	2,736
<u>\$ 352,168</u>	<u>\$ 480,272</u>	<u>\$ 538,569</u>
\$ -	\$ 6,726	\$ 6,725
133,905	133,905	-
333,839	333,839	369,971
196,800	196,800	213,200
21,595	21,595	168,400
<u>686,139</u>	<u>692,865</u>	<u>758,296</u>
196,800	196,800	213,200
-	121,378	148,617
<u>(530,771)</u>	<u>(530,771)</u>	<u>(581,544)</u>
<u>(333,971)</u>	<u>(212,593)</u>	<u>(219,727)</u>
<u>\$ 352,168</u>	<u>\$ 480,272</u>	<u>\$ 538,569</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, 2011

	Assessment District #985	Assessment District #987
	<u> </u>	<u> </u>
REVENUES		
Taxes	\$ 14,902	\$ 22,836
Investment income	(226)	(75)
	<u> </u>	<u> </u>
Total revenues	<u>14,676</u>	<u>22,761</u>
 EXPENDITURES		
Current:		
General government	-	14,057
Debt service:		
Principal	-	45,000
Interest and fiscal charges	-	5,619
	<u> </u>	<u> </u>
Total expenditures	<u>-</u>	<u>64,676</u>
 Excess (deficiency) of revenues over expenditures	 <u>14,676</u>	 <u>(41,915)</u>
 OTHER FINANCING SOURCES (USES)		
Transfers in	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>
 Net change in fund balances	 14,676	 (41,915)
 Fund balances (deficit), beginning of year	 <u>53,630</u>	 <u>94,987</u>
 Fund balances (deficit), end of year	 <u>\$ 68,306</u>	 <u>\$ 53,072</u>

Assessment District #1015	Totals	
	2011	2010
\$ 70,922	\$ 108,660	\$ 135,547
(36)	(337)	1,123
<u>70,886</u>	<u>108,323</u>	<u>136,670</u>
13,617	27,674	30,356
-	45,000	155,000
<u>22,896</u>	<u>28,515</u>	<u>39,793</u>
<u>36,513</u>	<u>101,189</u>	<u>225,149</u>
<u>34,373</u>	<u>7,134</u>	<u>(88,479)</u>
-	-	304
-	-	304
34,373	7,134	(88,175)
<u>(368,344)</u>	<u>(219,727)</u>	<u>(131,552)</u>
<u>\$ (333,971)</u>	<u>\$ (212,593)</u>	<u>\$ (219,727)</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Assessment District #985 Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ -	\$ 14,902	\$ 14,902	\$ -
Investment income	-	(226)	(226)	283
Total revenues	-	14,676	14,676	283
EXPENDITURES				
Current:				
General government	-	-	-	6,173
Debt Service:				
Principal	-	-	-	115,000
Interest and fiscal charges	-	-	-	6,227
Total expenditures	-	-	-	127,400
Net change in fund balance	-	14,676	14,676	(127,117)
Fund balance, beginning of year	53,630	53,630	-	180,747
Fund balance, end of year	\$ 53,630	\$ 68,306	\$ 14,676	\$ 53,630

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Assessment District #987 Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ -	\$ 22,836	\$ 22,836	\$ 65,089
Investment income	-	(75)	(75)	478
Total revenues	-	22,761	22,761	65,567
EXPENDITURES				
Current:				
General government	15,100	14,057	1,043	16,264
Debt Service:				
Principal	45,000	45,000	-	40,000
Interest and fiscal charges	5,600	5,619	(19)	8,912
Total expenditures	65,700	64,676	1,024	65,176
Net change in fund balance	(65,700)	(41,915)	23,785	391
Fund balance, beginning of year	94,987	94,987	-	94,596
Fund balance (deficit), end of year	<u>\$ 29,287</u>	<u>\$ 53,072</u>	<u>\$ 23,785</u>	<u>\$ 94,987</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Assessment District #1015 Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ -	\$ 70,922	\$ 70,922	\$ 70,458
Investment income	-	(36)	(36)	362
Total revenues	-	70,886	70,886	70,820
EXPENDITURES				
Current:				
General government	8,000	13,617	(5,617)	7,919
Debt Service:				
Interest	28,200	22,896	5,304	24,654
Total expenditures	36,200	36,513	(313)	32,573
Net change in fund balance	(36,200)	34,373	70,573	38,247
Fund balance (deficit), beginning of year	(368,344)	(368,344)	-	(406,591)
Fund balance (deficit), end of year	\$ (404,544)	\$ (333,971)	\$ 70,573	\$ (368,344)

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Economic Development Agency Debt Service Fund
For the year ended June 30, 2011

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Investment income	\$ -	\$ -	\$ 1,380,224	\$ 1,380,224	\$ 865,612
Total revenues	-	-	1,380,224	1,380,224	865,612
EXPENDITURES					
Debt service:					
Principal	8,509,820	8,509,820	8,800,000	(290,180)	8,150,000
Interest and fiscal charges	9,596,180	9,596,180	9,442,637	153,543	9,419,889
Total expenditures	18,106,000	18,106,000	18,242,637	(136,637)	17,569,889
Excess (deficiency) of revenues over (under) expenditures	(18,106,000)	(18,106,000)	(16,862,413)	1,243,587	(16,704,277)
OTHER FINANCING SOURCES (USES)					
Transfers in	18,106,000	18,106,000	16,408,299	(1,697,701)	16,735,037
Total other financing sources (uses)	18,106,000	18,106,000	26,693,299	8,587,299	16,735,037
Net change in fund balance	-	-	9,830,886	9,830,886	30,760
Fund balance, beginning of year	28,842,893	28,842,893	28,842,893	-	28,812,133
Fund balance, end of year	\$ 28,842,893	\$ 28,842,893	\$ 38,673,779	\$ 9,830,886	\$ 28,842,893

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.

Public Park Extension

For upgrades and improvements to parks from funds annually transferred from the General Fund. (There is no adopted budget for the year-ended June 30, 2011 for this fund; therefore, no budget and actual data are presented in the following pages).

CIEDB Street Construction

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

Fire Equipment Acquisition

For acquisition of fire equipment from lease proceeds.

Park Construction Fee

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

Cemetery Construction

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

Sewerline Construction

For construction of sewer collection systems from development revenues.

Storm Drain Construction

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

Special Assessments

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

Cultural Development Construction Fee

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

Capital Projects Funds (Continued)

Assessment District #1015

For construction of improvements from loans related to Assessment District #1015. (There is no adopted budget for the year-ended June 30, 2011 for this fund; therefore, no budget and actual data are presented in the following pages).

Impact Fees

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

Street Construction

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

Public Improvements

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

Prop 1b Local Street

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

Major Funds

Economic Development Agency

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

**City of San Bernardino
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2011**

	<u>Verdemont</u>	<u>Public Park Extension</u>	<u>CIEDB Street Construction</u>	<u>Fire Equipment Acquisition</u>
ASSETS				
Cash and investments	\$ 339,656	\$ 4,482	\$ -	\$ 115,471
Receivables, net:				
Interest	696	9	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 340,352</u>	<u>\$ 4,491</u>	<u>\$ -</u>	<u>\$ 115,471</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 86,678	\$ -	\$ -	\$ 1,500
Due to other funds	-	-	9,049	-
Retentions payable	-	-	-	-
Advances from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>86,678</u>	<u>-</u>	<u>9,049</u>	<u>1,500</u>
 Fund balances:				
Nonspendable				
Advances to other funds	-	-	-	-
Prepays	-	-	-	-
Restricted	253,674	-	-	-
Assigned	-	4,491	-	113,971
Unassigned	-	-	(9,049)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>253,674</u>	<u>4,491</u>	<u>(9,049)</u>	<u>113,971</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 340,352</u>	<u>\$ 4,491</u>	<u>\$ -</u>	<u>\$ 115,471</u>

Continued

<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>
\$ 660,456	\$ 52,223	\$ 18,647	\$ 3,250,758	\$ 2,279,536	\$ 396,957
1,360	108	7,224	6,470	4,691	817
-	-	-	-	11,472	-
-	-	3,526,711	-	-	-
-	-	98,400	-	-	-
-	-	214,671	-	-	-
<u>\$ 661,816</u>	<u>\$ 52,331</u>	<u>\$ 3,865,653</u>	<u>\$ 3,257,228</u>	<u>\$ 2,295,699</u>	<u>\$ 397,774</u>
\$ (8,847)	\$ -	\$ 244,377	\$ 11,500	\$ 103,928	\$ -
-	-	-	-	2,068,301	-
2,989	-	31,545	-	-	-
-	-	-	-	-	-
<u>(5,858)</u>	<u>-</u>	<u>275,922</u>	<u>11,500</u>	<u>2,172,229</u>	<u>-</u>
-	-	98,400	-	-	-
-	-	214,671	-	-	-
667,674	52,331	3,276,660	3,245,728	123,470	397,774
-	-	-	-	-	-
-	-	-	-	-	-
<u>667,674</u>	<u>52,331</u>	<u>3,589,731</u>	<u>3,245,728</u>	<u>123,470</u>	<u>397,774</u>
<u>\$ 661,816</u>	<u>\$ 52,331</u>	<u>\$ 3,865,653</u>	<u>\$ 3,257,228</u>	<u>\$ 2,295,699</u>	<u>\$ 397,774</u>

**City of San Bernardino
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2011
(continued)**

	Assessment District #1015	Impact Fees	Street Construction	Public Improvements
ASSETS				
Cash and investments	\$ 33,614	\$ 98,813	\$ -	\$ 775,493
Receivables, net:				
Interest	69	20,290	-	2,402
Due from other governments	-	-	855,685	-
Due from other funds	-	9,308,982	-	391,709
Advances to other funds	-	2,226,025	-	-
Other assets	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 33,683</u>	<u>\$ 11,654,110</u>	<u>\$ 855,685</u>	<u>\$ 1,169,604</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 41,885	\$ 492,069	\$ -
Due to other funds	-	-	3,119,970	-
Retentions payable	-	23,058	5,469	35,606
Advances from other funds	-	-	900,000	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>64,943</u>	<u>4,517,508</u>	<u>35,606</u>
 Fund balances:				
Nonspendable				
Advances to other funds	-	2,226,025	-	-
Prepays	-	-	-	-
Restricted	33,683	9,363,142	-	1,133,998
Assigned	-	-	-	-
Unassigned	-	-	(3,661,823)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>33,683</u>	<u>11,589,167</u>	<u>(3,661,823)</u>	<u>1,133,998</u>
	<u>\$ 33,683</u>	<u>\$ 11,654,110</u>	<u>\$ 855,685</u>	<u>\$ 1,169,604</u>

Prop 1b Local Street	Totals	
	2011	2010
3,384,025	\$ 11,410,131	\$ 19,774,969
6,819	50,955	91,692
-	867,157	60,280
-	13,227,402	7,809,384
-	2,324,425	1,736,000
-	214,671	214,671
<u>\$ 3,390,844</u>	<u>\$ 28,094,741</u>	<u>\$ 29,686,996</u>
\$ 574,601	\$ 1,547,691	\$ 907,744
-	5,197,320	7,314,359
-	98,667	208,067
-	900,000	900,000
<u>574,601</u>	<u>7,743,678</u>	<u>9,330,170</u>
-	2,324,425	1,736,000
-	214,671	214,670
2,816,243	21,364,377	24,179,062
-	118,462	861,024
-	(3,670,872)	(6,633,930)
<u>2,816,243</u>	<u>20,351,063</u>	<u>20,356,826</u>
<u>\$ 3,390,844</u>	<u>\$ 28,094,741</u>	<u>\$ 29,686,996</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, 2011

	<u>Verdemont</u>	<u>Public Park Extension</u>	<u>CIEDB Street Construction</u>	<u>Fire Equipment Acquisition</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Impact fees	-	-	-	-
Investment income	(1,949)	(6)	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	(1,949)	(6)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
Public safety	-	-	-	18,000
Streets	468,933	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	468,933	-	-	18,000
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(470,882)	(6)	-	(18,000)
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	386,122	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	386,122	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(470,882)	(6)	386,122	(18,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit), beginning of year	724,556	4,497	(395,171)	131,971
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit), end of year	<u>\$ 253,674</u>	<u>\$ 4,491</u>	<u>\$ (9,049)</u>	<u>\$ 113,971</u>

Continued

<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>
\$ -	\$ -	\$ -	\$ -	\$ 1,297,934	\$ -
-	-	-	-	-	149,896
-	-	-	-	-	-
(3,543)	(221)	(8,557)	(14,722)	(10,486)	(1,666)
1,292	-	-	-	-	-
723,773	260	152,813	274,686	-	-
-	-	-	-	-	-
<u>721,522</u>	<u>39</u>	<u>144,256</u>	<u>259,964</u>	<u>1,287,448</u>	<u>148,230</u>
-	-	-	-	-	-
-	-	463,336	397,230	1,525,785	-
633,459	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>633,459</u>	<u>-</u>	<u>463,336</u>	<u>397,230</u>	<u>1,525,785</u>	<u>-</u>
88,063	39	(319,080)	(137,266)	(238,337)	148,230
-	-	-	-	-	-
-	-	(225,000)	(132,700)	-	(357,000)
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(225,000)</u>	<u>(132,700)</u>	<u>-</u>	<u>(357,000)</u>
88,063	39	(544,080)	(269,966)	(238,337)	(208,770)
579,611	52,292	4,133,811	3,515,694	361,807	606,544
<u>\$ 667,674</u>	<u>\$ 52,331</u>	<u>\$ 3,589,731</u>	<u>\$ 3,245,728</u>	<u>\$ 123,470</u>	<u>\$ 397,774</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, 2011
(continued)

	Assessment District #1015	Impact Fees	Street Construction	Public Improvements
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Impact fees	-	618,030	-	-
Investment income	(132)	(46,575)	-	(5,646)
Intergovernmental	-	-	8,405,918	-
Charges for services	-	-	-	-
Other	-	-	723,066	-
Total revenues	<u>(132)</u>	<u>571,455</u>	<u>9,128,984</u>	<u>(5,646)</u>
EXPENDITURES				
Current:				
Public safety	-	551,620	-	-
Streets	-	92,475	6,552,048	644,730
Culture and recreation	-	57,917	-	-
Debt service:				
Principal	-	83,945	-	-
Interest and fiscal charges	-	70,818	-	-
Total expenditures	<u>-</u>	<u>856,775</u>	<u>6,552,048</u>	<u>644,730</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(132)</u>	<u>(285,320)</u>	<u>2,576,936</u>	<u>(650,376)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(132)	(285,320)	2,576,936	(650,376)
Fund balances (deficit), beginning of year	<u>33,815</u>	<u>11,874,487</u>	<u>(6,238,759)</u>	<u>1,784,374</u>
Fund balances (deficit), end of year	<u>\$ 33,683</u>	<u>\$ 11,589,167</u>	<u>\$ (3,661,823)</u>	<u>\$ 1,133,998</u>

Prop 1b Local Street	Totals	
	2011	2010
\$ -	\$ 1,297,934	\$ 1,471,475
-	149,896	134,859
-	618,030	2,036,352
(13,905)	(107,408)	407,890
-	8,407,210	93,858
-	1,151,532	257,771
-	723,066	1,334,136
<u>(13,905)</u>	<u>12,240,260</u>	<u>5,736,341</u>
-	569,620	214,882
357,149	10,501,686	7,949,404
-	691,376	124,112
-	83,945	114,944
-	70,818	284,359
<u>357,149</u>	<u>11,917,445</u>	<u>8,687,701</u>
<u>(371,054)</u>	<u>322,815</u>	<u>(2,951,360)</u>
-	-	27,422
-	(714,700)	(1,092,425)
-	386,122	-
<u>-</u>	<u>(328,578)</u>	<u>(1,065,003)</u>
(371,054)	(5,763)	(4,016,363)
<u>3,187,297</u>	<u>20,356,826</u>	<u>24,373,189</u>
<u>\$ 2,816,243</u>	<u>\$ 20,351,063</u>	<u>\$ 20,356,826</u>

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City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Verdemont Fund
For the year ended June 30, 2011

	<u>Final budget</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>	<u>Prior year actual</u>
REVENUES				
Investment Income	\$ 5,000	\$ (1,949)	\$ (6,949)	\$ 11,230
Total revenues	<u>5,000</u>	<u>(1,949)</u>	<u>(6,949)</u>	<u>11,230</u>
EXPENDITURES				
Current:				
Streets	<u>707,200</u>	<u>468,933</u>	<u>238,267</u>	<u>195,048</u>
Total expenditures	<u>707,200</u>	<u>468,933</u>	<u>238,267</u>	<u>195,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(702,200)</u>	<u>(470,882)</u>	<u>231,318</u>	<u>(183,818)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(298)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(298)</u>
Net change in fund balances	(702,200)	(470,882)	231,318	(184,116)
Fund (deficit), beginning of year	<u>724,556</u>	<u>724,556</u>	<u>-</u>	<u>908,672</u>
Fund balance (deficit), end of year	<u>\$ 22,356</u>	<u>\$ 253,674</u>	<u>\$ 231,318</u>	<u>\$ 724,556</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
CIEDB Street Construction Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Streets	-	-	-	340,508
Total expenditures	-	-	-	340,508
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(340,508)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	386,122	386,122	-
Total other financing sources (uses)	-	386,122	386,122	-
Net change in fund balances	-	386,122	386,122	(340,508)
Fund (deficit), beginning of year	(395,171)	(395,171)	-	(54,663)
Fund balance (deficit), end of year	\$ (395,171)	\$ (9,049)	\$ 386,122	\$ (395,171)

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Fire Equipment Acquisition Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Public safety:				
Personnel salaries and benefits	27,000	18,000	9,000	-
Other	71,100	-	71,100	26,417
Debt service:				
Principal	-	-	-	33,381
Interest and fiscal charges		-	-	10,880
Total expenditures	<u>98,100</u>	<u>18,000</u>	<u>80,100</u>	<u>70,678</u>
Net change in fund balance	(98,100)	(18,000)	80,100	(70,678)
Fund balance, beginning of year	<u>131,971</u>	<u>131,971</u>	<u>-</u>	<u>202,649</u>
Fund balance, end of year	<u>\$ 33,871</u>	<u>\$ 113,971</u>	<u>\$ 80,100</u>	<u>\$ 131,971</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Park Construction Fee Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 5,000	\$ (3,543)	\$ (8,543)	\$ 12,825
Intergovernmental	1,432,400	1,292	(1,431,108)	-
Charges for services	-	723,773	723,773	-
Other	-	-	-	-
	<u>1,437,400</u>	<u>721,522</u>	<u>(715,878)</u>	<u>12,825</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personnel salaries and benefits	-	-	-	2,978
Other	2,344,900	633,459	1,711,441	87,700
	<u>2,344,900</u>	<u>633,459</u>	<u>1,711,441</u>	<u>90,678</u>
Net change in fund balance	(907,500)	88,063	995,563	(77,853)
Fund balance, beginning of year	<u>579,611</u>	<u>579,611</u>	<u>-</u>	<u>657,464</u>
Fund balance, end of year	<u>\$ (327,889)</u>	<u>\$ 667,674</u>	<u>\$ 995,563</u>	<u>\$ 579,611</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Cemetery Construction Fund
For the year ended June 30, 2011

	<u>Final budget</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>	<u>Prior year actual</u>
REVENUES				
Investment income	\$ 1,000	\$ (221)	\$ (1,221)	\$ 750
Charges for services	<u>500</u>	<u>260</u>	<u>(240)</u>	<u>437</u>
Total revenues	<u>1,500</u>	<u>39</u>	<u>(1,461)</u>	<u>1,187</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 balance	(3,500)	39	3,539	1,187
Fund balance, beginning of year	<u>52,292</u>	<u>52,292</u>	<u>-</u>	<u>51,105</u>
Fund balance, end of year	<u>\$ 48,792</u>	<u>\$ 52,331</u>	<u>\$ 3,539</u>	<u>\$ 52,292</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Sewerline Construction Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 40,000	\$ (8,557)	\$ (48,557)	\$ 59,275
Charges for services	60,000	152,813	92,813	96,001
Total revenues	100,000	144,256	44,256	155,276
EXPENDITURES				
Current:				
Streets:				
Personnel salaries and benefits	-	138,730	(138,730)	95,314
Other	2,533,600	324,606	2,208,994	140,545
Total expenditures	2,533,600	463,336	2,070,264	235,859
Excess (deficiency) of revenues over (under) expenditures	(2,433,600)	(319,080)	2,114,520	(80,583)
OTHER FINANCING (USES)				
Transfers out	(225,000)	(225,000)	-	(225,000)
Total other financing (uses)	(225,000)	(225,000)	-	(225,000)
Net change in fund balance	(2,658,600)	(544,080)	2,114,520	(305,583)
Fund balance, beginning of year	4,133,811	4,133,811	-	4,439,394
Fund balance, end of year	<u>\$ 1,475,211</u>	<u>\$ 3,589,731</u>	<u>\$ 2,114,520</u>	<u>\$ 4,133,811</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Storm Drain Construction Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 40,000	\$ (14,722)	\$ (54,722)	\$ 52,036
Intergovernmental	-	-	-	-
Charges for services	100,000	274,686	174,686	161,333
Other	-	-	-	277,463
	<u>140,000</u>	<u>259,964</u>	<u>119,964</u>	<u>490,832</u>
EXPENDITURES				
Current:				
Streets:				
Personnel salaries and benefits	-	123,636	(123,636)	59,001
Other	4,085,200	273,594	3,811,606	866,501
	<u>4,085,200</u>	<u>397,230</u>	<u>3,687,970</u>	<u>925,502</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,945,200)</u>	<u>(137,266)</u>	<u>3,807,934</u>	<u>(434,670)</u>
OTHER FINANCING (USES)				
Transfers out	<u>(132,700)</u>	<u>(132,700)</u>	<u>-</u>	<u>(132,700)</u>
Total other financing (uses)	<u>(132,700)</u>	<u>(132,700)</u>	<u>-</u>	<u>(132,700)</u>
Net change in fund balance	(4,077,900)	(269,966)	3,807,934	(567,370)
Fund balance, beginning of year	<u>3,515,694</u>	<u>3,515,694</u>	<u>-</u>	<u>4,083,064</u>
Fund balance (deficit), end of year	<u>\$ (562,206)</u>	<u>\$ 3,245,728</u>	<u>\$ 3,807,934</u>	<u>\$ 3,515,694</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Special Assessments Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 1,305,400	\$ 1,297,934	\$ (7,466)	\$ 1,471,475
Investment income	-	(10,486)	(10,486)	33,060
Total revenues	<u>1,305,400</u>	<u>1,287,448</u>	<u>(17,952)</u>	<u>1,504,535</u>
EXPENDITURES				
Current:				
Streets - other	<u>993,000</u>	<u>1,525,785</u>	<u>(532,785)</u>	<u>1,428,779</u>
Total expenditures	<u>993,000</u>	<u>1,525,785</u>	<u>(532,785)</u>	<u>1,428,779</u>
Net change in fund balance	312,400	(238,337)	(550,737)	75,756
Fund balance, beginning of year	<u>361,807</u>	<u>361,807</u>	<u>-</u>	<u>286,051</u>
Fund balance (deficit), end of year	<u>\$ 674,207</u>	<u>\$ 123,470</u>	<u>\$ (550,737)</u>	<u>\$ 361,807</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Cultural Development Construction Fee Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Licenses and permits	\$ 100,000	\$ 149,896	\$ 49,896	\$ 134,859
Investment income	15,000	(1,666)	(16,666)	10,321
Total revenues	<u>115,000</u>	<u>148,230</u>	<u>33,230</u>	<u>145,180</u>
EXPENDITURES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>115,000</u>	<u>148,230</u>	<u>33,230</u>	<u>145,180</u>
OTHER FINANCING (USES)				
Transfers out	<u>(357,000)</u>	<u>(357,000)</u>	<u>-</u>	<u>(707,000)</u>
Total other financing (uses)	<u>(357,000)</u>	<u>(357,000)</u>	<u>-</u>	<u>(707,000)</u>
Net change in fund balance	(242,000)	(208,770)	33,230	(561,820)
Fund balance, beginning of year	<u>606,544</u>	<u>606,544</u>	<u>-</u>	<u>1,168,364</u>
Fund balance (deficit), end of year	<u>\$ 364,544</u>	<u>\$ 397,774</u>	<u>\$ 33,230</u>	<u>\$ 606,544</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Impact Fees Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Impact fees	\$ 1,141,500	\$ 618,030	\$ (523,470)	\$ 2,036,352
Investment income	252,500	(46,575)	(299,075)	165,855
Other	58,900	-	(58,900)	30,346
Total revenues	1,452,900	571,455	(881,445)	2,232,553
EXPENDITURES				
Current:				
Public safety	403,500	551,620	(148,120)	188,465
Streets	4,481,700	92,475	4,389,225	274,797
Culture and recreation	1,306,800	57,917	1,248,883	33,434
Debt service:				
Principal	-	83,945	(83,945)	81,563
Interest and fiscal charges	355,300	70,818	284,482	273,479
Total expenditures	6,547,300	856,775	5,690,525	851,738
Excess (deficiency) of revenues over (under) expenditures	(5,094,400)	(285,320)	4,809,080	1,380,815
OTHER FINANCING SOURCES				
Transfers in	-	-	-	27,422
Total other financing sources	-	-	-	27,422
Net change in fund balance	(5,094,400)	(285,320)	4,809,080	1,408,237
Fund balance, beginning of year	11,874,487	11,874,487	-	10,466,250
Fund balance, end of year	<u>\$ 6,780,087</u>	<u>\$ 11,589,167</u>	<u>\$ 4,809,080</u>	<u>\$ 11,874,487</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Street Construction Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Intergovernmental	\$ 21,153,400	\$ 8,405,918	\$ (12,747,482)	\$ 22,458
Other	12,276,400	723,066	(11,553,334)	1,026,327
Total revenues	<u>33,429,800</u>	<u>9,128,984</u>	<u>(24,300,816)</u>	<u>1,048,785</u>
EXPENDITURES				
Current:				
Streets:				
Personnel salaries and benefits	-	109,399	(109,399)	248,547
Other	31,895,500	6,442,649	25,452,851	3,395,919
Total expenditures	<u>31,895,500</u>	<u>6,552,048</u>	<u>25,343,452</u>	<u>3,644,466</u>
Net change in fund balance	1,534,300	2,576,936	1,042,636	(2,595,681)
Fund balance (deficit), beginning of year	<u>(6,238,759)</u>	<u>(6,238,759)</u>	<u>-</u>	<u>(3,643,078)</u>
Fund balance (deficit), end of year	<u>\$ (4,704,459)</u>	<u>\$ (3,661,823)</u>	<u>\$ 1,042,636</u>	<u>\$ (6,238,759)</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Public Improvements Fund
For the year ended June 30, 2011

	<u>Final budget</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>	<u>Prior year actual</u>
REVENUES				
Investment income	\$ 30,000	\$ (5,646)	\$ (35,646)	\$ 25,492
Total revenues	<u>30,000</u>	<u>(5,646)</u>	<u>(35,646)</u>	<u>25,492</u>
EXPENDITURES				
Current:				
Streets:				
Personnel salaries and benefits	-	55,636	(55,636)	35,249
Other	<u>1,767,400</u>	<u>589,094</u>	<u>1,178,306</u>	<u>39,070</u>
Total expenditures	<u>1,767,400</u>	<u>644,730</u>	<u>1,122,670</u>	<u>74,319</u>
Net change in fund balance	(1,737,400)	(650,376)	1,087,024	(48,827)
Fund balance, beginning of year	<u>1,784,374</u>	<u>1,784,374</u>	<u>-</u>	<u>1,833,201</u>
Fund balance, end of year	<u>\$ 46,974</u>	<u>\$ 1,133,998</u>	<u>\$ 1,087,024</u>	<u>\$ 1,784,374</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Proposition 1b Local Street Fund
For the year ended June 30, 2011

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 45,000	\$ (13,905)	\$ (58,905)	\$ 36,592
Intergovernmental	1,280,400	-	(1,280,400)	71,400
Total revenues	<u>1,325,400</u>	<u>(13,905)</u>	<u>(1,339,305)</u>	<u>107,992</u>
EXPENDITURES				
Current:				
Streets:				
Personnel salaries and benefits	-	76,083	(76,083)	26,458
Other	4,095,400	281,066	3,814,334	803,668
Total expenditures	<u>4,095,400</u>	<u>357,149</u>	<u>3,738,251</u>	<u>830,126</u>
Net change in fund balance	(2,770,000)	(371,054)	2,398,946	(722,134)
Fund balance, beginning of year	<u>3,187,297</u>	<u>3,187,297</u>	<u>-</u>	<u>3,909,431</u>
Fund balance, end of year	<u>\$ 417,297</u>	<u>\$ 2,816,243</u>	<u>\$ 2,398,946</u>	<u>\$ 3,187,297</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Economic Development Agency Capital Projects Fund
For the year ended June 30, 2011

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Taxes	\$ 37,037,500	\$ 37,037,500	\$ 36,476,721	\$ (560,779)	\$ 34,749,829
Investment income	4,547,150	4,547,150	207,190	(4,339,960)	1,413,570
Intergovernmental	350,000	350,000	1,803,836	1,453,836	-
Other	1,003,700	1,003,700	1,205,232	201,532	543,809
Total revenues	42,938,350	42,938,350	39,692,979	(3,245,371)	36,707,208
EXPENDITURES					
Current:					
Economic development					
Personnel salaries and benefits	2,903,627	3,092,593	1,888,104	1,204,489	2,396,240
Other	32,898,823	35,039,857	20,765,371	14,274,486	27,150,011
Debt service - other:					
Principal	-	-	991,308	(991,308)	516,967
Interest and fiscal charges	15,166,250	15,166,250	1,516,221	13,650,029	422,817
Total expenditures	50,968,700	53,298,700	25,161,004	28,137,696	30,486,035
Excess (deficiency) of revenues over (under) expenditures	(8,030,350)	(10,360,350)	14,531,975	24,892,325	6,221,173
OTHER FINANCING SOURCES (USES)					
Issuance of debt	15,000,000	15,000,000	12,500,000	(2,500,000)	2,500,000
Transfers in	7,668,450	7,668,450	(7,293,277)	(14,961,727)	-
Transfers out	(7,407,500)	(7,407,500)	(13,714,084)	(6,306,584)	(19,840,111)
Total other financing uses	15,260,950	15,260,950	(8,507,361)	(23,768,311)	(17,340,111)
Net change in fund balance	7,230,600	4,900,600	6,024,614	1,124,014	(11,118,938)
Fund balance, beginning of year	65,212,496	65,212,496	65,212,496	-	76,331,434
Fund balance (deficit), end of year	\$ 72,443,096	\$ 70,113,096	\$ 71,237,110	\$ 1,124,014	\$ 65,212,496

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, 2011

	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Liability Insurance</u>	<u>Motorpool</u>
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ -	\$ 24,805	250
Cash and investments with fiscal agent	-	-	-	14,814
Receivables:				
Interest	-	-	8,378	-
Other	-	-	167	266
Inventory	-	-	-	331,538
Prepays	-	-	-	-
Due from other governments	-	10,000	-	-
Due from other funds	-	-	4,090,148	61,622
Total current assets	<u>-</u>	<u>10,000</u>	<u>4,123,498</u>	<u>408,490</u>
Noncurrent assets:				
Capital assets:				
Intangible assets, net	-	-	-	-
Property, plant and equipment, net	-	-	194	1,491,869
Total assets	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 4,123,692</u>	<u>\$ 1,900,359</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ 200,966	\$ 66,372	\$ 222,518
Due to other funds	146,704	961,198	-	-
Advances from other funds	-	-	-	-
Claims and judgments payable - current	-	3,122,535	2,920,071	-
Compensated absences - current	-	31,116	9,968	96,791
Capital lease payable - current	-	-	-	487,354
Due to New World - current	-	-	-	-
Facility lease payable - current	-	-	-	40,000
Total current liabilities	<u>146,704</u>	<u>4,315,815</u>	<u>2,996,411</u>	<u>846,663</u>
Noncurrent liabilities:				
Claims and judgments payable	-	7,285,914	6,813,499	-
Compensated absences	-	72,604	23,258	225,845
Capital lease payable	-	-	-	112,043
Due to New World	-	-	-	-
Facility lease payable	-	-	-	85,000
Total noncurrent liabilities	<u>-</u>	<u>7,358,518</u>	<u>6,836,757</u>	<u>422,888</u>
Total liabilities	<u>146,704</u>	<u>11,674,333</u>	<u>9,833,168</u>	<u>1,269,551</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	-	194	767,472
Unrestricted (deficit)	<u>(146,704)</u>	<u>(11,664,333)</u>	<u>(5,709,670)</u>	<u>(136,664)</u>
Total net assets (deficit)	<u>\$ (146,704)</u>	<u>\$ (11,664,333)</u>	<u>\$ (5,709,476)</u>	<u>\$ 630,808</u>

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2011	2010
\$ -	\$ -	\$ -	\$ -	\$ 25,055	\$ 59,019
-	-	-	-	14,814	323,700
-	-	-	-	8,378	14,503
1,938	-	-	-	2,371	1,360
-	-	-	-	331,538	462,543
-	-	-	-	-	199,846
169,558	557,850	-	1,183	738,591	20,161
-	186,680	124,707	-	4,463,157	5,608,576
<u>171,496</u>	<u>744,530</u>	<u>124,707</u>	<u>1,183</u>	<u>5,583,904</u>	<u>6,689,708</u>
-	5,698,564	-	-	5,698,564	-
332,629	764,700	471,873	-	3,061,265	4,137,930
<u>\$ 504,125</u>	<u>\$ 7,207,794</u>	<u>\$ 596,580</u>	<u>\$ 1,183</u>	<u>\$ 14,343,733</u>	<u>\$ 10,827,638</u>
\$ 145,424	\$ 273,504	\$ 202,381	\$ 841	\$ 1,112,006	\$ 847,104
381,734	-	-	49,493	1,539,129	812,742
-	127,774	-	-	127,774	205,774
-	-	-	-	6,042,606	4,098,639
2,763	146,148	8,996	214	295,996	279,100
-	-	61,846	-	549,200	346,625
-	645,000	-	-	645,000	-
-	-	-	-	40,000	40,000
<u>529,921</u>	<u>1,192,426</u>	<u>273,223</u>	<u>50,548</u>	<u>10,351,711</u>	<u>6,629,984</u>
-	-	-	-	14,099,413	9,563,492
7,106	194,524	20,990	500	544,827	651,535
-	-	523,155	-	635,198	1,678,242
-	4,486,987	-	-	4,486,987	-
-	-	-	-	85,000	125,000
<u>7,106</u>	<u>4,681,511</u>	<u>544,145</u>	<u>500</u>	<u>19,851,425</u>	<u>12,018,269</u>
<u>537,027</u>	<u>5,873,937</u>	<u>817,368</u>	<u>51,048</u>	<u>30,203,136</u>	<u>18,648,253</u>
332,629	1,331,277	(113,128)	-	2,318,444	1,908,864
(365,531)	2,580	(107,660)	(49,865)	(18,177,847)	(9,729,479)
<u>\$ (32,902)</u>	<u>\$ 1,333,857</u>	<u>\$ (220,788)</u>	<u>\$ (49,865)</u>	<u>\$ (15,859,403)</u>	<u>\$ (7,820,615)</u>

City of San Bernardino
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the year ended June 30, 2011

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
OPERATING REVENUES				
Charges for services	\$ 290,876	\$ 3,730,066	\$ 2,961,500	7,366,131
Total operating revenues	<u>290,876</u>	<u>3,730,066</u>	<u>2,961,500</u>	<u>7,366,131</u>
OPERATING EXPENSES				
Cost of sales and services	5,694	1,247,450	361,471	6,772,677
Claims expense	391,254	5,104,474	7,617,603	-
Amortization expense	-	-	-	-
Depreciation	-	106	195	1,312,892
Total operating expenses	<u>396,948</u>	<u>6,352,030</u>	<u>7,979,269</u>	<u>8,085,569</u>
Operating income (loss)	<u>(106,072)</u>	<u>(2,621,964)</u>	<u>(5,017,769)</u>	<u>(719,438)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	-		(19,166)	-
Interest expense	-	-	-	(46,845)
Miscellaneous income	-	-	-	420,316
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>(19,166)</u>	<u>373,471</u>
Income before contributions and transfers	<u>(106,072)</u>	<u>(2,621,964)</u>	<u>(5,036,935)</u>	<u>(345,967)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(38,564)
Change in net assets	(106,072)	(2,621,964)	(5,036,935)	(384,531)
Net assets (deficit), beginning of year	<u>(40,632)</u>	<u>(9,042,369)</u>	<u>(672,541)</u>	<u>1,015,339</u>
Net assets (deficit), end of year	<u>\$ (146,704)</u>	<u>\$ (11,664,333)</u>	<u>\$ (5,709,476)</u>	<u>\$ 630,808</u>

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2011	2010
<u>867,767</u>	<u>4,547,234</u>	<u>3,885,553</u>	<u>68,368</u>	<u>\$ 23,717,495</u>	<u>\$ 22,439,958</u>
<u>867,767</u>	<u>4,547,234</u>	<u>3,885,553</u>	<u>68,368</u>	<u>23,717,495</u>	<u>22,439,958</u>
873,755	3,502,613	3,899,494	130,751	16,793,905	16,034,718
-	-	-	-	13,113,331	5,809,956
-	247,763	-	-	247,763	-
<u>101,562</u>	<u>464,010</u>	<u>117,787</u>	<u>-</u>	<u>1,996,552</u>	<u>2,148,591</u>
<u>975,317</u>	<u>4,214,386</u>	<u>4,017,281</u>	<u>130,751</u>	<u>32,151,551</u>	<u>23,993,265</u>
<u>(107,550)</u>	<u>332,848</u>	<u>(131,728)</u>	<u>(62,383)</u>	<u>(8,434,056)</u>	<u>(1,553,307)</u>
-	-	-	-	(19,166)	50,689
-	-	-	-	(46,845)	(104,794)
<u>5,779</u>	<u>9,948</u>	<u>-</u>	<u>-</u>	<u>436,043</u>	<u>613,149</u>
<u>5,779</u>	<u>9,948</u>	<u>-</u>	<u>-</u>	<u>370,032</u>	<u>559,044</u>
<u>(101,771)</u>	<u>342,796</u>	<u>(131,728)</u>	<u>(62,383)</u>	<u>(8,064,024)</u>	<u>(994,263)</u>
-	-	-	63,800	63,800	362,500
-	-	-	-	(38,564)	(884,413)
<u>(101,771)</u>	<u>342,796</u>	<u>(131,728)</u>	<u>1,417</u>	<u>(8,038,788)</u>	<u>(1,516,176)</u>
<u>68,869</u>	<u>991,061</u>	<u>(89,060)</u>	<u>(51,282)</u>	<u>(7,820,615)</u>	<u>(6,304,439)</u>
<u>\$ (32,902)</u>	<u>\$ 1,333,857</u>	<u>\$ (220,788)</u>	<u>\$ (49,865)</u>	<u>\$ (15,859,403)</u>	<u>\$ (7,820,615)</u>

City of San Bernardino
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2011

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
Cash flows from operating activities:				
Cash received from user departments	\$ -	\$ 4,332,768	\$ 2,961,500	\$ 6,955,833
Cash payments to suppliers for goods and services	-	(1,184,475)	(319,554)	(6,385,836)
Cash payments for claims and insurance	-	(3,162,836)	(3,079,353)	-
Cash payments to employees for services	-	24,543	18,461	(36,762)
Cash received for other activities	-	-	-	420,316
Net cash provided by (used for) operating activities	-	10,000	(418,946)	953,551
Cash flows from noncapital financing activities:				
Transfer from other funds	-	-	-	-
Transfer to other funds	-	-	-	(38,564)
Interfund loans	-	(10,000)	398,023	(61,622)
Net cash provided by (used for) noncapital financing activities	-	(10,000)	398,023	(100,186)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	(308,886)
Proceeds from capital debt	-	-	-	-
Principal payments on long-term debt	-	-	-	(806,522)
Proceeds from sale of capital assets	-	-	-	-
Interest paid on long-term debt	-	-	(19,166)	(46,843)
Net cash used for capital and related financing activities	-	-	(19,166)	(1,162,251)
Cash flows from investing activities:				
Interest received	-	-	6,125	-
Net cash provided by investing activities	-	-	6,125	-
Net increase (decrease) in cash and investments	-	-	(33,964)	(308,886)
Cash and investments, beginning of year	-	-	58,769	323,950
Cash and investments, end of year	\$ -	\$ -	\$ 24,805	\$ 15,064

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2011	2010
\$ 490,009	\$ 3,995,355	\$ 3,885,553	\$ 67,185	\$ 22,688,203	\$ 23,657,541
(778,850)	(3,318,270)	(4,073,064)	(132,407)	(16,192,456)	(12,041,972)
-	-	-	-	(6,242,189)	(5,833,481)
5,446	(52,006)	5,075	(54,569)	(89,812)	(4,738,781)
5,777	9,950	-	-	436,043	613,149
<u>(277,618)</u>	<u>635,029</u>	<u>(182,436)</u>	<u>(119,791)</u>	<u>599,789</u>	<u>1,656,456</u>
-	-	-	63,800	63,800	362,500
-	-	-	-	(38,564)	(884,413)
455,040	394,829	256,385	55,991	1,488,646	168,504
<u>455,040</u>	<u>394,829</u>	<u>256,385</u>	<u>119,791</u>	<u>1,513,882</u>	<u>(353,409)</u>
(175,484)	(1,029,858)	-	-	(1,514,228)	(534,854)
-	-	-	-	-	-
-	-	(73,949)	-	(880,471)	(1,145,170)
-	-	-	-	-	-
-	-	-	-	(66,009)	(104,794)
<u>(175,484)</u>	<u>(1,029,858)</u>	<u>(73,949)</u>	<u>-</u>	<u>(2,460,708)</u>	<u>(1,784,818)</u>
(1,938)	-	-	-	4,187	66,980
<u>(1,938)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,187</u>	<u>66,980</u>
-	-	-	-	(342,850)	(414,791)
-	-	-	-	382,719	797,510
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,869</u>	<u>\$ 382,719</u>

City of San Bernardino
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2011
(continued)

	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Liability Insurance</u>	<u>Motorpool</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (106,072)	\$ (2,621,964)	\$ (5,017,769)	\$ (719,438)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	106	195	1,312,892
Other nonoperating revenues	-	-	-	420,316
(Increase) decrease in assets:				
Other receivables	-	-	-	-
Inventory	-	-	-	131,005
Prepays	-	-	-	199,846
Due from other funds	-	340	-	2,976
Due from other governments	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	-	62,975	41,917	55,990
Claims and judgments	-	1,941,638	4,538,250	-
Due to other funds	106,072	602,362	-	(413,274)
Compensated absences	-	24,543	18,461	(36,762)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used for) operating activities	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ (418,946)</u>	<u>\$ 953,551</u>
 Noncash, investing, capital and financing activities:				
Acquisition of capital assets through capital lease	\$ -	\$ -	\$ -	\$ 766,522

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2011	2010
\$ (107,550)	\$ 332,848	\$ (131,728)	\$ (62,383)	\$ (8,434,056)	\$ (1,553,307)
101,562	711,773	117,787	-	2,244,315	2,148,591
5,777	9,950	-	-	436,043	613,149
927	-	-	-	927	67
-	-	-	-	131,005	(40,546)
-	-	-	(1,183)	198,663	(199,846)
-	-	-	-	3,316	-
(158,685)	(551,879)	-	-	(710,564)	434,780
94,905	184,343	(173,570)	(1,656)	264,904	(58,508)
-	-	-	-	6,479,888	(514,787)
(220,000)	-	-	-	75,160	782,736
5,446	(52,006)	5,075	(54,569)	(89,812)	44,127
<u>\$ (277,618)</u>	<u>\$ 635,029</u>	<u>\$ (182,436)</u>	<u>\$ (119,791)</u>	<u>\$ 599,789</u>	<u>\$ 1,656,456</u>
\$ -	\$ -	\$ 73,948	\$ -	\$ 840,470	\$ 753,875

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Agency Funds

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

Assessment District #961

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

Assessment District #977A

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

Assessment District #977B

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

Assessment District #1003

For the collection of assessments from property owners and for the remittance of such assessments to bondholders as required by the Improvement Bond Act of 1915 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 withholdings and retirement benefits.

San Bernardino Regional Water Resource Authority

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

Sturges Center for the Arts

For the collection and disposition of funds received for the Sturges Center for the Arts.

City of San Bernardino
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2011

	Assessment District #961	Assessment District #977A	Assessment District #977B	Assessment District #1003	Special Deposits
ASSETS					
Cash and investments	\$ 367,801	\$ 61,522	\$ 23,891	\$ 58,121	\$ 2,936,218
Accounts receivable, net	-	-	-	-	144,005
Interest receivable	757	127	49	118	263
Due from other governments	-	315	2,706	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 368,558</u></u>	<u><u>\$ 61,964</u></u>	<u><u>\$ 26,646</u></u>	<u><u>\$ 58,239</u></u>	<u><u>\$ 3,080,486</u></u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	3,080,486
Due to bond holders	368,558	61,964	26,646	58,239	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u><u>\$ 368,558</u></u>	<u><u>\$ 61,964</u></u>	<u><u>\$ 26,646</u></u>	<u><u>\$ 58,239</u></u>	<u><u>\$ 3,080,486</u></u>

Cemetery Perpetual Care	Payroll Trust Fund	San Bernardino Regional Water Resource Authority	Sturges Center for the Arts	Totals	
				2011	2010
\$ 340,641	\$ 183,375	\$ 74,584	\$ 12,743	\$ 4,058,896	\$ 5,593,236
-	-	-	-	144,005	92,386
-	-	-	-	1,314	2,869
-	-	-	-	3,021	205,341
<u>\$ 340,641</u>	<u>\$ 183,375</u>	<u>\$ 74,584</u>	<u>\$ 12,743</u>	<u>\$ 4,207,236</u>	<u>\$ 5,893,832</u>
\$ -	\$ 101,151	\$ -	\$ -	\$ 101,151	\$ 3,812
340,641	82,224	74,584	12,743	3,590,678	5,168,773
-	-	-	-	515,407	721,247
<u>\$ 340,641</u>	<u>\$ 183,375</u>	<u>\$ 74,584</u>	<u>\$ 12,743</u>	<u>\$ 4,207,236</u>	<u>\$ 5,893,832</u>

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2011

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
Assessment District #961				
Assets				
Cash and investments	\$ 368,929	\$ 1,964	\$ 3,092	\$ 367,801
Interest receivable	1,187	757	1,187	757
	<u>370,116</u>	<u>2,721</u>	<u>4,279</u>	<u>368,558</u>
Total assets	<u>\$ 370,116</u>	<u>\$ 2,721</u>	<u>\$ 4,279</u>	<u>\$ 368,558</u>
Liabilities				
Due to bondholders	<u>\$ 370,116</u>	<u>\$ 2,721</u>	<u>\$ 4,279</u>	<u>\$ 368,558</u>
Total liabilities	<u>\$ 370,116</u>	<u>\$ 2,721</u>	<u>\$ 4,279</u>	<u>\$ 368,558</u>
Assessment District #977A				
Assets				
Cash and investments	\$ 59,861	\$ 2,524	\$ 863	\$ 61,522
Interest receivable	193	127	193	127
Due from other governments	173	315	173	315
	<u>60,227</u>	<u>2,966</u>	<u>1,229</u>	<u>61,964</u>
Total assets	<u>\$ 60,227</u>	<u>\$ 2,966</u>	<u>\$ 1,229</u>	<u>\$ 61,964</u>
Liabilities				
Due to bond holders	<u>\$ 60,227</u>	<u>\$ 2,966</u>	<u>\$ 1,229</u>	<u>\$ 61,964</u>
Total liabilities	<u>\$ 60,227</u>	<u>\$ 2,966</u>	<u>\$ 1,229</u>	<u>\$ 61,964</u>
Assessment District #977B				
Assets				
Cash and investments	\$ 22,486	\$ 4,560	\$ 3,155	\$ 23,891
Interest receivable	72	49	72	49
Due from other governments	1,478	2,706	1,478	2,706
	<u>24,036</u>	<u>7,315</u>	<u>4,705</u>	<u>26,646</u>
Total assets	<u>\$ 24,036</u>	<u>\$ 7,315</u>	<u>\$ 4,705</u>	<u>\$ 26,646</u>
Liabilities				
Due to bond holders	<u>\$ 24,036</u>	<u>\$ 7,315</u>	<u>\$ 4,705</u>	<u>\$ 26,646</u>
Total liabilities	<u>\$ 24,036</u>	<u>\$ 7,315</u>	<u>\$ 4,705</u>	<u>\$ 26,646</u>

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2011
(continued)

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
Assessment District #1003				
Assets				
Cash and investments	\$ 264,780	\$ 12,439	\$ 219,098	\$ 58,121
Cash with fiscal agent	-	207,375	207,375	-
Interest receivable	852	118	852	118
Due from other governments	1,236	-	1,236	-
	<u>\$ 266,868</u>	<u>\$ 219,932</u>	<u>\$ 428,561</u>	<u>\$ 58,239</u>
Total assets	<u>\$ 266,868</u>	<u>\$ 219,932</u>	<u>\$ 428,561</u>	<u>\$ 58,239</u>
Liabilities				
Due to bondholders	\$ 266,868	\$ 219,932	\$ 428,561	\$ 58,239
	<u>\$ 266,868</u>	<u>\$ 219,932</u>	<u>\$ 428,561</u>	<u>\$ 58,239</u>
Total liabilities	<u>\$ 266,868</u>	<u>\$ 219,932</u>	<u>\$ 428,561</u>	<u>\$ 58,239</u>
Special Deposits				
Assets				
Cash and investments	\$ 3,153,942	\$ 3,678,550	\$ 3,896,274	\$ 2,936,218
Accounts receivable, net	92,386	301,312	249,693	144,005
Interest receivable	565	263	565	263
Due from other governments	202,454	-	202,454	-
	<u>\$ 3,449,347</u>	<u>\$ 3,980,125</u>	<u>\$ 4,348,986</u>	<u>\$ 3,080,486</u>
Total assets	<u>\$ 3,449,347</u>	<u>\$ 3,980,125</u>	<u>\$ 4,348,986</u>	<u>\$ 3,080,486</u>
Liabilities				
Deposits payable	\$ 3,449,347	\$ 3,980,125	\$ 4,348,986	\$ 3,080,486
	<u>\$ 3,449,347</u>	<u>\$ 3,980,125</u>	<u>\$ 4,348,986</u>	<u>\$ 3,080,486</u>
Total liabilities	<u>\$ 3,449,347</u>	<u>\$ 3,980,125</u>	<u>\$ 4,348,986</u>	<u>\$ 3,080,486</u>
Cemetery Perpetual Care				
Assets				
Cash and investments	\$ 658,788	\$ 738	\$ 318,885	\$ 340,641
	<u>\$ 658,788</u>	<u>\$ 738</u>	<u>\$ 318,885</u>	<u>\$ 340,641</u>
Total assets	<u>\$ 658,788</u>	<u>\$ 738</u>	<u>\$ 318,885</u>	<u>\$ 340,641</u>
Liabilities				
Deposits payable	\$ 658,788	\$ 738	\$ 318,885	\$ 340,641
	<u>\$ 658,788</u>	<u>\$ 738</u>	<u>\$ 318,885</u>	<u>\$ 340,641</u>
Total liabilities	<u>\$ 658,788</u>	<u>\$ 738</u>	<u>\$ 318,885</u>	<u>\$ 340,641</u>

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2011
(continued)

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
Payroll Trust Fund				
Assets				
Cash and investments	\$ 989,482	\$ 121,228,261	\$ 122,034,368	\$ 183,375
Misc Accounts Receivable	-	9,968	9,968	-
Total assets	<u>\$ 989,482</u>	<u>\$ 121,238,229</u>	<u>\$ 122,044,336</u>	<u>\$ 183,375</u>
Liabilities				
Accounts payable	\$ 3,812	\$ 3,448,469	\$ 3,351,130	\$ 101,151
Deposits payable	985,670	117,789,760	118,693,206	82,224
Total liabilities	<u>\$ 989,482</u>	<u>\$ 121,238,229</u>	<u>\$ 122,044,336</u>	<u>\$ 183,375</u>
San Bernardino Regional Water Resource Authority				
Assets				
Cash and investments	\$ 74,968	\$ -	\$ 384	\$ 74,584
Total assets	<u>\$ 74,968</u>	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 74,584</u>
Liabilities				
Deposits payable	\$ 74,968	\$ -	\$ 384	\$ 74,584
Total liabilities	<u>\$ 74,968</u>	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 74,584</u>
Sturges Center for the Arts				
Assets				
Cash and investments	\$ -	\$ 12,743	\$ -	\$ 12,743
Total assets	<u>\$ -</u>	<u>\$ 12,743</u>	<u>\$ -</u>	<u>\$ 12,743</u>
Liabilities				
Deposits payable	\$ -	\$ 12,743	\$ -	\$ 12,743
Total liabilities	<u>\$ -</u>	<u>\$ 12,743</u>	<u>\$ -</u>	<u>\$ 12,743</u>

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2011
(continued)

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 5,593,236	\$ 124,941,779	\$ 126,476,119	\$ 4,058,896
Cash and investments with fiscal agent	-	207,375	207,375	-
Accounts receivable, net	92,386	301,312	249,693	144,005
Interest receivable	2,869	1,314	2,869	1,314
Due from other governments	205,341	3,021	205,341	3,021
Misc. accounts receivable	-	9,968	9,968	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 5,893,832</u></u>	<u><u>\$ 125,464,769</u></u>	<u><u>\$ 127,151,365</u></u>	<u><u>\$ 4,207,236</u></u>
Liabilities				
Accounts payable	\$ 3,812	\$ 3,448,469	\$ 3,351,130	\$ 101,151
Deposits payable	5,168,773	121,783,366	123,361,461	3,590,678
Due to bondholders	721,247	232,934	438,774	515,407
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u><u>\$ 5,893,832</u></u>	<u><u>\$ 125,464,769</u></u>	<u><u>\$ 127,151,365</u></u>	<u><u>\$ 4,207,236</u></u>

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STATISTICAL SECTION

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

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Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	209
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	216
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.</i>	219
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	224
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report is related to the services it provides and the activities it performs.</i>	227

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:										
Invested in capital assets, net of related debt	191,503,293	159,997,876	161,342,293	165,342,311	446,214,267	439,241,654	457,017,602	456,769,519	417,644,510	425,705,511
Restricted	43,125,990	44,041,492	96,428,026	113,377,790	135,155,865	172,975,182	189,545,448	206,065,382	188,976,306	197,685,282
Unrestricted	<u>(92,652,892)</u>	<u>(83,153,847)</u>	<u>(134,736,718)</u>	<u>(139,222,042)</u>	<u>(190,675,069)</u>	<u>(206,382,426)</u>	<u>(234,036,937)</u>	<u>(252,777,547)</u>	<u>(220,895,189)</u>	<u>(260,861,339)</u>
Total governmental activities net assets	<u>141,976,391</u>	<u>120,885,521</u>	<u>123,033,601</u>	<u>139,498,059</u>	<u>390,695,063</u>	<u>405,834,410</u>	<u>412,526,113</u>	<u>410,057,354</u>	<u>385,725,627</u>	<u>362,529,454</u>
Business-type activities:										
Invested in capital assets, net of related debt	130,804,501	132,932,983	142,833,962	153,245,960	176,245,295	188,668,410	196,936,845	197,034,723	200,989,638	204,367,733
Restricted	6,079,305	8,719,489	12,532,379	20,007,026	24,859,169	27,280,333	24,205,033	19,831,726	11,992,059	8,276,462
Unrestricted	<u>33,884,563</u>	<u>36,022,815</u>	<u>33,748,855</u>	<u>37,167,934</u>	<u>25,605,996</u>	<u>27,222,676</u>	<u>29,950,674</u>	<u>34,586,997</u>	<u>39,723,816</u>	<u>41,372,198</u>
Total business-type activities net assets	<u>170,768,369</u>	<u>177,675,287</u>	<u>189,115,196</u>	<u>210,420,920</u>	<u>226,710,460</u>	<u>243,171,419</u>	<u>251,092,552</u>	<u>251,453,446</u>	<u>252,705,513</u>	<u>254,016,393</u>
Primary government:										
Invested in capital assets, net of related debt	322,307,794	292,930,859	304,176,255	318,588,271	622,459,562	627,910,064	653,954,447	653,804,242	618,634,148	630,073,244
Restricted	49,205,295	52,760,981	108,960,405	133,384,816	160,015,034	200,255,515	213,750,481	225,897,108	200,968,365	205,961,744
Unrestricted	<u>(58,768,329)</u>	<u>(47,131,032)</u>	<u>(100,987,863)</u>	<u>(102,054,108)</u>	<u>(165,069,073)</u>	<u>(179,159,750)</u>	<u>(204,086,263)</u>	<u>(218,190,550)</u>	<u>(181,171,373)</u>	<u>(219,489,141)</u>
Total primary government net assets	<u>312,744,760</u>	<u>298,560,808</u>	<u>312,148,797</u>	<u>349,918,979</u>	<u>617,405,523</u>	<u>649,005,829</u>	<u>663,618,665</u>	<u>661,510,800</u>	<u>638,431,140</u>	<u>616,545,847</u>

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

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses:						
Governmental activities:						
General Government	20,324,940	10,110,920	21,656,283	24,808,713	23,892,333	27,262,344
Public Safety	66,107,141	71,475,265	74,407,316	80,039,649	136,667,148	93,515,654
Streets	12,345,936	12,349,490	14,669,079	13,891,216	27,057,006	27,069,798
Culture and Recreation	6,126,953	6,691,192	7,169,744	7,161,720	6,982,538	7,641,107
Community Development	1,824,993	6,065,117	8,884,530	12,687,620	8,346,669	9,035,671
Economic Development	17,593,672	20,259,952	24,495,651	18,044,434	13,049,495	10,484,282
Community Service	8,731,557	11,133,083	11,482,351	2,137,139	8,721,633	7,859,979
Interest on long-term debt	13,060,843	13,031,339	14,163,424	9,139,110	13,196,169	14,091,476
Total governmental activities expenses	146,116,035	151,116,358	176,928,378	167,909,601	237,912,991	196,960,311
Business-type activities:						
Integrated Waste	15,697,689	15,040,394	16,594,002	18,558,293	21,008,588	21,484,555
Water	18,802,599	18,825,102	21,317,663	22,734,007	25,236,041	28,410,534
Sewer	18,710,526	19,413,795	18,976,067	21,541,197	22,728,156	25,357,620
Total business-type activities expenses	53,210,814	53,279,291	56,887,732	62,833,497	68,972,785	75,252,709
Total primary government expenses	199,326,849	204,395,649	233,816,110	230,743,098	306,885,776	272,213,020
Program revenues:						
Governmental activities:						
Charges for services:						
General Government	2,083,487	2,747,466	2,738,254	3,398,519	3,035,106	3,049,407
Public Safety	4,278,024	4,685,593	4,311,566	4,206,552	5,584,791	6,830,785
Streets	4,223,767	4,650,313	5,692,784	7,825,117	10,375,349	13,220,302
Culture and Recreation	754,444	1,351,930	1,299,275	1,886,925	2,148,929	2,264,397
Community Development	2,234,857	3,055,541	3,384,534	4,496,494	5,455,580	5,035,631
Economic Development	47,543					
Community Service	1,444,300	1,438,110	1,468,455	1,588,046	1,575,304	1,665,858
Operating grants and contributions	17,672,341	17,360,240	19,109,855	15,612,353	16,749,511	15,674,299
Capital grants and contributions	8,072,268	13,953,933	16,081,187	18,350,510	8,560,691	10,742,679
Total governmental activities program revenues	40,811,031	49,243,126	54,085,910	57,364,516	53,485,261	58,483,358
Business-type activities:						
Charges for services:						
Integrated Waste	17,470,111	18,412,352	19,149,079	21,585,381	22,751,076	24,035,457
Water	20,403,144	20,306,056	24,159,556	18,605,346	19,702,252	26,281,951
Sewer	16,829,698	17,009,204	17,339,174	19,551,823	19,492,372	21,002,484
Operating grants and contributions	990,282	794,044	1,214,167	1,001,047	1,983,509	4,287,943
Capital grants and contributions	5,917,958	6,520,569	7,942,497	18,906,564	18,430,146	14,904,830
Total business-type activities program revenues	61,611,193	63,042,225	69,804,473	79,650,161	82,359,355	90,512,665
Total primary government program revenues	102,422,224	112,285,351	123,890,383	137,014,677	135,844,616	148,996,023
Net revenues (expenses):						
Governmental activities	(105,305,004)	(101,873,232)	(122,842,468)	(110,545,085)	(184,427,730)	(138,476,953)
Business-type activities	8,400,379	9,762,934	12,916,741	16,816,664	13,386,570	15,259,956
Total net revenues (expenses)	(96,904,625)	(92,110,298)	(109,925,727)	(93,728,421)	(171,041,160)	(123,216,997)
General revenues and other changes in net assets:						
Governmental activities:						
Taxes:						
Sales tax	27,102,137	29,894,441	32,277,342	34,768,847	36,753,095	36,011,631
Property tax	25,523,014	26,327,504	28,965,153	32,611,618	49,242,321	58,061,978
Other taxes	26,520,455	27,919,423	30,203,483	31,468,545	34,033,797	34,952,626
Franchise tax	2,879,949	2,878,719	3,084,720	3,137,384	3,343,990	3,348,564
Investment earnings	10,433,917	8,850,414	8,535,567	8,670,285	8,867,706	7,723,375
Other general revenues	6,167,267	8,140,146	9,282,701	3,322,507	4,805,836	9,455,462
Intergovernmental - unrestricted	10,733,002	11,142,549	11,200,846	7,260,757	1,541,439	1,529,664
Gain on sale of capital assets						
Transfers	1,616,200	1,598,246	2,316,200	2,316,200	2,810,900	2,533,000
Total governmental activities	110,975,941	116,751,442	125,866,012	123,556,143	141,399,084	153,616,300
Business-type activities						
Investment earnings	2,601,625	2,382,963	839,368	4,783,660	4,024,042	3,270,023
Other general revenues				2,021,600	1,689,828	463,980
Loss on disposal of capital assets						
Transfers	(1,616,200)	(1,598,246)	(2,316,200)	(2,316,200)	(2,810,900)	(2,533,000)
Total business-type activities	985,425	784,717	(1,476,832)	4,489,060	2,902,970	1,201,003
Total primary government	111,961,366	117,536,159	124,389,180	128,045,203	144,302,054	154,817,303
Changes in net assets						
Governmental activities	5,670,937	14,878,210	3,023,544	13,011,058	(43,028,646)	15,139,347
Business-type activities	9,385,804	10,547,651	11,439,909	21,305,724	16,289,540	16,460,959
Total primary government	15,056,741	25,425,861	14,463,453	34,316,782	(26,739,106)	31,600,306

Fiscal Year			
2008	2009	2010	2011
28,690,682	31,889,888	30,091,111	22,992,136
101,494,843	100,515,707	96,151,341	106,367,139
29,851,158	28,471,766	26,308,728	31,801,002
9,008,014	7,119,434	5,682,806	7,112,156
7,280,167	12,214,813	29,981,845	16,303,880
18,262,699	22,276,482	18,333,565	31,253,168
7,900,685	4,224,880	9,092,811	11,223,506
13,486,264	14,035,536	13,852,035	13,299,213
<u>215,974,512</u>	<u>220,748,506</u>	<u>229,494,242</u>	<u>240,352,200</u>
24,356,571	23,703,876	23,871,383	24,172,161
33,045,283	33,227,061	32,608,484	36,343,754
25,053,649	24,145,799	26,037,956	24,072,074
<u>82,455,503</u>	<u>81,076,736</u>	<u>82,517,823</u>	<u>84,587,989</u>
<u>298,430,015</u>	<u>301,825,242</u>	<u>312,012,065</u>	<u>324,940,189</u>
2,634,674	3,520,136	4,035,539	509,158
7,847,150	8,132,156	8,397,172	7,696,287
15,292,390	10,402,510	7,611,158	6,357,593
2,141,227	1,045,559	1,897,352	1,009,023
3,829,972	2,986,531	3,681,075	4,413,761
1,740,995	1,564,959	1,539,532	1,869,805
16,270,234	20,318,765	29,834,546	33,138,747
11,883,134	10,006,137	8,127,158	15,689,230
<u>61,639,776</u>	<u>57,976,753</u>	<u>65,123,532</u>	<u>70,683,604</u>
24,410,492	25,095,208	26,074,292	24,529,480
27,337,093	27,258,954	27,688,694	33,027,707
20,847,984	21,208,021	22,424,943	23,433,833
2,715,957	2,043,889	1,894,624	1,928,999
13,263,336	5,197,854	6,325,571	4,390,162
<u>88,574,862</u>	<u>80,803,926</u>	<u>84,408,124</u>	<u>87,310,181</u>
<u>150,214,638</u>	<u>138,780,679</u>	<u>149,531,656</u>	<u>157,993,785</u>
(154,334,736)	(162,771,753)	(164,370,710)	(169,668,596)
<u>6,119,359</u>	<u>(272,810)</u>	<u>1,890,301</u>	<u>2,722,192</u>
<u>(148,215,377)</u>	<u>(163,044,563)</u>	<u>(162,480,409)</u>	<u>(166,946,404)</u>
36,101,446	29,601,414	25,569,302	29,378,969
65,324,686	74,661,731	63,565,610	63,442,311
34,423,896	33,460,958	31,087,543	31,124,606
3,611,073	3,513,508	3,125,973	3,164,830
5,649,984	3,921,832	1,112,028	2,262,551
12,104,881	11,409,423	11,213,503	10,036,775
1,193,173	951,828	853,324	1,068,331
2,617,300	2,782,300	3,511,700	2,546,550
<u>161,026,439</u>	<u>160,302,994</u>	<u>140,038,983</u>	<u>146,472,423</u>
4,116,288	2,808,251	2,333,045	1,410,638
835,984	607,753	540,421	625,550
(533,198)	0	0	
<u>(2,617,300)</u>	<u>(2,782,300)</u>	<u>(3,511,700)</u>	<u>(3,447,500)</u>
<u>1,801,774</u>	<u>633,704</u>	<u>(638,234)</u>	<u>(1,411,312)</u>
<u>162,828,213</u>	<u>160,936,698</u>	<u>139,400,749</u>	<u>145,061,111</u>
6,691,703	(2,468,759)	(24,331,727)	(23,196,173)
7,921,133	360,894	1,252,067	1,310,880
<u>14,612,836</u>	<u>(2,107,865)</u>	<u>(23,079,660)</u>	<u>(21,885,293)</u>

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund:										
Reserved	1,436,009	1,149,167	1,667,321	565,637	372,840	916,003	600,241	222,157	1,107,232	
Unreserved	13,449,153	11,740,916	10,811,053	17,674,733	16,891,900	17,680,645	15,552,803	2,486,162	(696,939)	
Nonspendable										101,054
Restricted										
Committed										
Assigned										
Unassigned										(1,282,658)
Total general fund	14,885,162	12,890,083	12,478,374	18,240,370	17,264,740	18,596,648	16,153,044	2,708,319	410,293	(1,181,604)
All other governmental funds:										
Reserved	93,012,221	100,773,650	92,518,419	86,310,076	106,294,213	113,001,861	115,642,734	126,666,344	189,764,830	
Unreserved, reported in:										
Special revenue funds	7,959,410	6,399,819	6,948,361	10,402,126	15,924,138	22,423,967	15,519,741	21,082,573	(14,349,535)	
Debt service	(2,319,926)	(2,226,126)	(2,266,242)	(2,075,698)	(2,806,294)	(782,226)	1,623,105	(406,895)	(581,544)	
Capital project funds	19,177,626	11,876,357	17,133,417	33,126,970	39,757,743	55,231,122	67,966,965	62,722,731	23,607,604	
Nonspendable										2,962,070
Restricted										242,457,518
Committed										356,373
Assigned										118,462
Unassigned										(40,459,403)
Total all other governmental funds	117,829,331	116,823,700	114,333,955	127,763,474	159,169,800	189,874,724	200,752,545	210,064,753	198,441,355	205,435,020

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

	Fiscal Year			
	2002	2003	2004	2005
Revenues:				
Taxes	79,291,036	84,123,265	91,755,978	107,732,349
Licenses and permits	6,735,142	7,262,108	7,876,768	9,585,532
Impact fees				
Fines and forfeitures	1,541,486	1,559,840	1,758,510	1,974,534
Investment Income	6,539,320	6,053,106	5,206,478	4,414,204
Intergovernmental	38,907,758	39,313,349	46,348,639	35,933,532
Charges for services	7,466,950	9,512,656	10,066,984	13,447,328
Other	7,141,110	11,583,609	10,855,822	14,914,028
Total revenues	147,622,802	159,407,933	173,869,179	188,001,507
Expenditures:				
Current:				
General Government	14,868,972	15,317,801	18,560,589	21,725,050
Public Safety	65,804,551	69,742,970	73,516,373	79,860,210
Streets	15,899,968	17,173,949	17,101,303	19,596,406
Culture and Recreation	7,671,272	6,901,194	7,450,410	6,987,251
Community Development	9,629,321	12,763,319	20,291,613	13,527,724
Community Service	8,563,476	10,827,093	6,977,775	4,299,772
Economic Development	10,797,518	15,038,436	17,593,938	11,222,530
Debt service:				
Principal retirement	14,069,891	9,584,617	8,939,434	7,831,737
Interest and fiscal charges	11,733,567	11,529,630	11,282,798	11,984,266
Payment to escrow agent	1,470,150			
Bond issuance costs				
Payment to refunded escrow				
Total expenditures	160,508,686	168,879,009	181,714,233	177,034,946
Excess (deficiency) of revenues over (under) expenditures	(12,885,884)	(9,471,076)	(7,845,054)	10,966,561
Other financing sources (uses):				
Transfers in	43,028,600	31,143,372	36,782,713	30,033,293
Transfers out	(43,067,300)	(28,503,926)	(34,066,513)	(27,454,893)
Issuance of long-term debt	36,142,464	3,500,000	2,401,954	2,193,154
Payments to bond escrow agents	(16,309,848)			
Pension bonds issued				
Discounts on pension bonds issued				
Payment to refunded escrow agent				
Forgiveness of debt				
Sale of capital assets				
Total other financing sources (uses)	19,793,916	6,139,446	5,118,154	4,771,554
Net change in fund balances	6,908,032	(3,331,630)	(2,726,900)	15,738,115
Debt service as a percentage of noncapital expenditures	18.2%	13.7%	12.3%	12.0%

Fiscal Year					
2006	2007	2008	2009	2010	2011
120,977,254	129,060,182	135,605,049	138,027,508	120,443,480	123,896,615
10,277,240	12,499,578	11,116,513	10,048,833	8,796,052	8,516,516
843,458	3,450,896	5,268,475	1,065,305	2,036,352	618,030
2,554,720	3,183,008	3,880,674	4,721,725	5,850,072	2,338,684
5,312,423	9,974,811	8,413,713	5,708,816	4,191,386	2,485,053
29,179,616	34,294,304	36,683,544	37,970,647	42,318,633	48,775,893
16,296,784	14,268,495	13,465,003	11,020,644	10,932,430	12,886,715
6,926,240	8,940,357	6,803,988	6,213,253	8,603,639	8,925,459
<u>192,367,735</u>	<u>215,671,631</u>	<u>221,236,959</u>	<u>214,776,731</u>	<u>203,172,044</u>	<u>208,442,965</u>
23,405,697	24,355,666	24,983,025	23,468,564	23,815,033	17,234,673
134,891,847	91,978,732	100,534,357	105,613,213	96,130,768	101,657,184
24,060,239	26,555,429	27,129,532	25,150,386	20,267,012	24,433,688
6,898,492	8,261,185	9,480,585	6,842,658	5,228,540	6,579,287
10,695,256	8,563,125	9,363,769	11,777,679	12,817,428	15,901,097
8,485,029	6,547,021	6,914,615	4,329,133	9,150,336	10,266,256
12,469,103	10,178,004	18,165,689	22,276,482	34,168,768	29,735,854
12,546,394	8,949,418	10,759,184	11,223,004	12,285,742	12,627,234
12,067,597	14,676,189	13,146,478	14,101,348	13,420,944	13,745,859
1,267,051					
5,497,751					
<u>252,284,456</u>	<u>200,064,769</u>	<u>220,477,234</u>	<u>224,782,467</u>	<u>227,284,571</u>	<u>232,181,132</u>
<u>(59,916,721)</u>	<u>15,606,862</u>	<u>759,725</u>	<u>(10,005,736)</u>	<u>(24,112,527)</u>	<u>(23,738,167)</u>
34,251,343	53,516,613	47,095,652	48,744,845	38,698,615	33,952,713
(31,773,743)	(50,711,595)	(44,964,252)	(47,090,561)	(34,665,002)	(30,530,449)
107,337,383	13,624,952	3,638,489	4,218,935	4,227,490	23,171,122
62,095,000					
(10,155,317)					
(71,407,249)		1,556,000			
				1,930,000	2,546,549
<u>90,347,417</u>	<u>16,429,970</u>	<u>7,325,889</u>	<u>5,873,219</u>	<u>10,191,103</u>	<u>29,139,935</u>
<u>30,430,696</u>	<u>32,036,832</u>	<u>8,085,614</u>	<u>(4,132,517)</u>	<u>(13,921,424)</u>	<u>5,401,768</u>
13.1%	12.6%	11.5%	12.3%	11.8%	11.9%

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

Fiscal Year Ended June 30	City			Taxable Assessed Value	Redevelopment Agency			Total Direct Tax Rate	
	Secured	Unsecured	Less Exemptions		Secured	Unsecured	Less Exemptions		Taxable Assessed Value
2002	3,781,844,181	239,214,043	(141,805,755)	3,879,252,469	1,655,813,165	262,049,000		1,917,862,165	0.44%
2003	3,890,771,009	240,855,914	(142,450,899)	3,989,176,024	1,762,347,247	269,287,123		2,031,634,370	0.44%
2004	4,131,145,783	243,179,161	(146,771,273)	4,227,553,671	1,974,759,124	310,354,838		2,285,113,962	0.44%
2005	4,356,175,834	246,018,029	(146,527,117)	4,455,666,746	2,388,824,098	292,415,626		2,681,239,724	0.46%
2006	4,775,068,600	251,599,885	(144,877,914)	4,881,790,571	2,844,012,789	335,148,475		3,179,161,264	0.61%
2007	5,423,944,631	252,834,944	(144,547,076)	5,532,232,499	3,663,290,709	374,962,702		4,038,253,411	0.61%
2008	6,132,855,990	257,839,081	(144,303,550)	6,246,391,521	4,514,199,489	391,939,126		4,906,138,615	0.59%
2009	6,233,169,050	261,272,249	(145,708,938)	6,348,732,361	5,178,960,928	500,192,233		5,679,153,161	0.62%
2010	5,185,425,176	260,923,761	(143,959,857)	5,302,389,080	5,120,754,081	577,948,187		5,698,702,268	0.58%
2011	4,956,261,271	252,261,265	(143,550,006)	5,064,972,530	4,678,734,272	602,483,225		5,281,217,497	0.61%

NOTE:

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

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

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

Taxpayer	2011		2002	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Stater Bros Markets	248,291,333	2.26%	15,846,217	0.27%
Catholic Healthcare West	120,789,814	1.10%	101,698,219	1.75%
LIT Industrial LTD Partnership	115,393,867	1.05%		0.00%
WP of CT Cajon LLC	92,305,468	0.84%		0.00%
Opus R/E CA VII Northpointe	77,336,278	0.70%		0.00%
Rancon Realty Fund V	73,316,060	0.67%	34,823,519	0.60%
SP4 Gateway North I /LP	61,862,958	0.56%		
Westgate No 1	59,980,555	0.55%		0.00%
Kohl's Department Stores Inc	57,341,007	0.52%	21,907,600	0.38%
SP4 Gateway South I /LP	55,760,474	0.51%		0.00%
WM Inland Investors LLC IV	51,141,466	0.46%		0.00%
Tec Park Land LP	49,295,919	0.45%		0.00%
California Housing Foundation	48,493,958	0.44%		0.00%
SP4 Interchanges */LP	45,795,400	0.42%		0.00%
Prologis-A5 CA I	45,500,000	0.41%		0.00%
LIT Interchange LP	44,445,000	0.40%		0.00%
Pera Castlepark Inc	44,169,778	0.40%	39,366,000	0.68%
Industrial Parkway LLC	43,860,000	0.40%		0.00%
Community Hospital of San Bernardino	37,237,190	0.34%	13,914,897	0.24%
Rancon Realty Fund IV	36,573,559	0.33%	22,626,272	0.39%
Loma Linda University	34,874,694	0.32%		0.00%
VTSD LLC	33,475,871	0.30%		0.00%
Universe at Acacia LLC	28,916,917	0.26%	19,400,000	0.33%
Macy's California	28,490,745	0.26%		0.00%
Mountainside Appartments Investors LL	23,933,543	0.22%		0.00%
St Bernardine Medical Center		0.00%	47,973,462	0.83%
CNP & Media News Group		0.00%	27,031,223	0.47%
Capital Foresight San Bernardino		0.00%	21,600,000	0.37%
6155 Palm Avenue Apartments LLC		0.00%	18,054,000	0.31%
Costco Wholesale Corp		0.00%	10,716,279	0.18%
Yellow Freight System Inc		0.00%	13,190,399	0.23%
Delta Investors II LLC		0.00%	12,970,084	0.22%
California Newspaper Partnership		0.00%	11,259,416	0.19%
SB Tri-City Associates		0.00%	10,469,242	0.18%
Cinemastar Luxury Theaters Inc		0.00%	10,404,000	0.18%
Roman Catholic Bishop of San Bernardino		0.00%	9,127,990	0.16%
Central City Company LLC		0.00%	8,736,700	0.15%
	<u>1,558,581,854</u>	<u>14.17%</u>	<u>471,115,519</u>	<u>8.13%</u>

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

Source: City of San Bernardino Real Property Section

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

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2002	7,143,215	7,036,901	98.51%	353,987	7,390,888	103.47%
2003	7,357,853	7,209,686	97.99%	398,976	7,608,662	103.41%
2004	7,957,750	7,959,153	100.02%	388,958	8,348,111	104.91%
2005	8,506,453	8,571,117	100.76%	414,897	8,986,014	105.64%
2006	9,525,978	9,474,661	99.46%	389,394	9,864,055	103.55%
2007	11,085,242	10,461,907	94.38%	395,001	10,856,908	97.94%
2008	12,856,402	11,666,517	90.74%	542,358	12,208,875	94.96%
2009	13,190,847	12,391,917	93.94%	904,956	13,296,873	100.80%
2010	11,173,659	10,507,597	94.04%	943,324	11,450,921	102.48%
2011	10,567,101	10,184,419	96.38%	430,365	10,614,784	100.45%

NOTE:

The amounts presented include City property taxes only.
In 2011 penalties started to be excluded from amounts collected.

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

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

	2006	2007	2008	2009	2010	2011
Governmental Activities						
Lease revenue bonds	17,360,000	15,855,000	14,765,000	13,615,000	12,410,000	11,145,000
Tax allocation bonds	155,217,904	149,821,430	144,119,956	138,113,483	131,777,008	134,670,538
Certificates of participation	13,275,000	12,850,000	12,405,000	11,935,000	11,450,000	10,940,000
Pension obligation bonds	50,401,583	50,401,583	49,564,907	48,599,907	47,902,051	47,075,251
Other	15,236,681	27,149,462	28,360,145	31,207,863	31,850,996	46,518,126
Total governmental activities	251,491,168	256,077,475	249,215,008	243,471,253	235,390,055	250,348,915
Business-type Activities						
Capital leases	914,381	6,176,079	10,004,851	12,029,423	13,598,053	13,149,895
Notes payable	28,021,736	25,728,019	33,352,913	30,895,419	27,912,613	24,439,995
Certificates of participation	27,732,673	25,846,450	23,859,730	21,757,488	19,539,695	17,196,320
Water bonds	75,000	65,000	55,000	45,000	35,000	25,000
Total business-type activities	56,743,790	57,815,548	67,272,494	64,727,330	61,085,361	54,811,210
Total Primary Government	308,234,958	313,893,023	316,487,502	308,198,583	296,475,416	305,160,125
Percentage of Personal Income*	6.25%	6.37%	5.79%	5.37%	4.71%	4.95%
Debt per Capita*	1,570	1,599	1,571	1,506	1,443	1,465

* = Based on most current data available

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

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Total	Percent of Assessed Value	Per Capita
	Tax Allocation Bonds	Pension Obligation Bonds	Lease Revenue Bonds			
2006	155,218	50,402	17,360	222,980	2.77%	1,136
2007	149,821	50,402	15,865	216,088	2.26%	1,101
2008	144,120	49,565	14,765	208,450	1.87%	1,035
2009	138,113	48,600	13,615	200,328	1.67%	979
2010	131,777	47,902	12,410	192,089	1.75%	935
2011	134,671	47,075	11,145	192,891	1.86%	926

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

CITY OF SAN BERNARDINO
Schedule of Direct and Overlapping Bonded Debt

2010-11 Assessed Valuation	\$10,489,740,033
Redevelopment Incremental Valuation:	<u>5,281,217,497</u>
Adjusted Assessed Valuation:	5,208,522,536

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 06/30/11	% Applicable (1)	City's Share of Debt 6/30/11
San Bernardino Community College District	\$431,019,736	13.984 %	\$60,273,800
Colton Joint Unified School District	180,767,326	2.897	5,236,829
Redlands Unified School District	107,919,784	0.837	903,289
Rialto Unified School District	78,517,225	10.856	8,523,830
San Bernardino City Unified School District	151,853,228	70.887	107,644,198
Colton Joint Unified School District CFD No. 2	4,290,000	89.535	3,841,052
City of San Bernardino 1915 Act Bonds	185,000	100.000	185,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$186,607,997</u>

Ratios to 2010-11 Assessed Valuation

Total Overlapping Tax and Assessment Debt 1.78%

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

San Bernardino County General Fund Obligations	\$649,325,000	4.572 %	\$29,687,139
San Bernardino County Pension Obligations	601,765,591	4.572	27,512,723
San Bernardino County Flood Control District General Fund Obligations	111,555,000	4.572	5,100,295
Colton Joint Unified School District Certificates of Participation	5,845,000	2.897	169,330
Redlands Unified School District Certificates of Participation	5,000,000	0.837	41,850
Rialto Unified School District Certificates of Participation	13,895,000	10.856	1,508,441
San Bernardino City Unified School District Certificates of Participation	70,082,853	70.887	49,679,632
City of San Bernardino General Fund Obligations	22,085,000	100.000	22,085,000
City of San Bernardino Pension Obligations	47,075,251	100.000	<u>47,075,251</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$182,859,660

TOTAL DIRECT DEBT	\$69,160,251
TOTAL OVERLAPPING DEBT	\$300,307,408

COMBINED TOTAL DEBT **\$369,467,659 (2)**

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to Adjusted Assessed Valuation:

Total Direct Debt (\$69,160,251)	1.33 %
Combined Total Debt	7.09 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

AB: (\$450)

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed valuation	4,021,058,224	4,131,626,923	4,374,324,944	4,602,193,863	5,026,668,485	5,676,779,575	6,390,695,071	6,494,441,299	5,446,348,937	5,208,522,536
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed value	1,005,264,556	1,032,906,731	1,093,581,236	1,150,548,466	1,256,667,121	1,419,194,894	1,597,673,768	1,623,610,325	1,361,587,234	1,302,130,634
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	150,789,683	154,936,010	164,037,185	172,582,270	188,500,068	212,879,234	239,651,065	243,541,549	204,238,085	195,319,595
Total net debt applicable to limit:										
General obligation bonds	29,345,000	27,765,000	28,090,000	24,745,000	81,036,583	79,106,583	76,734,907	74,149,907	71,762,051	69,160,251
Legal debt margin	<u>121,444,683</u>	<u>127,171,010</u>	<u>135,947,185</u>	<u>147,837,270</u>	<u>107,463,485</u>	<u>133,772,651</u>	<u>162,916,158</u>	<u>169,391,642</u>	<u>132,476,034</u>	<u>126,159,344</u>
Total debt applicable to the limit as a percentage of debt limit	19.5%	17.9%	17.1%	14.3%	43.0%	37.2%	32.0%	30.4%	35.1%	35.4%

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

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

Fiscal Year Ended June 30	Water Utility						Tax Allocation Bonds			
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Tax Increment	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2006	27,153	20,985	6,167	457	317	7.97	17	10	5	1.13
2007	35,284	23,691	11,593	472	602	10.80	18	10	5	1.21
2008	38,687	27,397	11,290	472	602	10.51	20	10	4	1.43
2009	33,194	27,457	5,737	926	578	3.81	28	10	3	2.10
2010	31,703	25,888	5,815	955	553	3.86	28	10	3	2.23
2011	35,614	29,884	5,730	964	504	3.90	54	10	2	4.53

Fiscal Year Ended June 30	Sewer Utility					
	Sewer Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	22,788	13,022	9,766	3,761	2,000	1.70
2007	24,127	14,682	9,445	3,927	1,853	1.63
2008	22,900	15,920	6,981	4,110	1,684	1.20
2009	22,046	14,815	7,231	4,296	1,517	1.24
2010	23,047	17,365	5,682	4,495	1,338	0.97
2011	23,766	16,382	7,384	4,439	1,141	1.32

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

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

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2000	186,351	4,094,504	21,972	5.1%
2001	190,232	4,365,634	22,949	5.2%
2002	189,800	4,421,201	23,294	6.2%
2003	194,100	4,614,145	23,772	6.2%
2004	196,300	4,928,700	25,108	5.7%
2005	199,521	5,201,113	26,068	5.3%
2006	201,396	5,464,679	27,134	4.9%
2007	204,620	5,734,271	28,024	5.8%
2008	205,493	6,295,073	30,634	8.3%
2009	208,318	6,168,088	29,609	13.5%

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

CITY OF SAN BERNARDINO
Principal Employers
Fiscal Year 2011 and Five Prior years

Principal Employers	Approximate Number of Employees					
	2006	2007	2008	2009	2010	2011
Cal State University - San Bernardino	1000+	1000+	1000+	500-999	1000+	1000+
Caltrans District 8	1000+	1000+	1000+	1000+	1000+	1000+
City of San Bernardino	1000+	1000+	1000+	1000+	1000+	1000+
Community Hospital	1000+	1000+	1000+	500-999	1000+	1000+
Corona Regional Medical Center	1000+	1000+	*	*	*	*
Renzenberger, Inc	1000+	1000+	*	*	*	*
San Bernardino City Unified School District	1000+	1000+	1000+	1000+	1000+	1000+
San Bernardino Community College District	1000+	1000+	*	*	*	*
San Bernardino County Sheriff	1000+	1000+	1000+	1000+	1000+	1000+
San Bernardino County Superintendent of Schools	*	*	1000+	1000+	1000+	1000+
San Manuel Band of Mission Indians	*	*	1000+	1000+	1000+	1000+
Stater Bros Markets	*	*	1000+	1000+	1000+	#
St. Bernardine Medical Center	*	*	1000+	1000+	1000+	1000+
Arrowhead Credit Union	500-999	500-999	*	*	*	*
BNSF Railway	*	*	500-999	500-999	*	^
Inland Regional Center for Management	500-999	500-999	*	*	*	*
Omnitrans	500-999	500-999	500-999	1000+	500-999	500-999
San Bernardino County Public Works	*	*	500-999	1000+	500-999	500-999
San Bernardino Valley College	1000+	1000+	500-999	500-999	*	^
Starwood Vacation Ownership	500-999	*	*	*	*	*
Wells Fargo Home Mortgage	*	*	*	1000+	1000+	1000+
San Bernardino Community Hospital	*	*	*	*	1000+	1000+

Actual employment numbers not available.

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

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

^ = Could not verify for fiscal years 2010 or 2011

= Could not verify for fiscal year 2011

Source - City of San Bernardino Employment and Training Agency for years 2006-2008;
Employment Development Department for subsequent years.

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

<u>Function</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government	225	228	222	209	210	223	289	269	264	245
Public Safety	627	628	633	653	667	688	790	754	746	779
Streets	120	121	118	107	110	110	120	94	68	82
Culture & Recreation	267	268	268	272	272	274	162	160	157	175
Community Development	22	22	22	23	27	33	32	23	32	36
Economic Development	19	22	22	22	17	17	22	35	39	44
Community Service	262	270	269	268	268	269	159	111	204	115
Enterprise	<u>346</u>	<u>349</u>	<u>357</u>	<u>356</u>	<u>369</u>	<u>380</u>	<u>398</u>	<u>379</u>	<u>385</u>	<u>361</u>
Total	<u>1888</u>	<u>1908</u>	<u>1911</u>	<u>1910</u>	<u>1940</u>	<u>1994</u>	<u>1972</u>	<u>1825</u>	<u>1895</u>	<u>1837</u>

Source: Budgeted positions for full and part time employees

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police:						
Arrest	16,955	15,967	15,600	14,725	13,733	13,620
Parking citations issued	25,411	21,917	30,782	35,042	24,266	27,606
Fire:						
Number of emergency calls	25,282	24,323	29,668	29,436	29,578	25,720
Inspections	7,646	5,242	5,464	6,211	5,344	6,144
Public Works/Public Services:						
Street resurfacing (lane miles)	382	80	28	24	31	23
Parks and Recreation:						
Number of recreation classes	150	150	29	153	346	501
Number of facility rentals	410	410	556	474	372	268
Water:						
New connections	563	511	172	138	37	43
Average daily consumption (thousands of gallons)	44,583	44,863	48,208	45,825	41,228	41,489
Sewer:						
New connections	952	542	240	67	26	25
Average daily sewage treatment (thousands of gallons)	26,500	27,000	26,090	24,590	21,670	23,590

Source - various City departments

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

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	12	12	12	12	12	12	12	12	12	12
Streets/Community Development										
Miles of streets	614	614	621	621	625	628	628	628	629	629
Street lights (City maintained)	5,000	5,000	5,000	5,000	5,100	5,100	5,100	5,100	5,100	5,100
Street lights (SCE maintained)	6,351	6,351	6,351	6,351	6,400	6,400	6,980	6,502	7,700	7,700
Street traffic controllers (signals)	237	237	246	251	255	255	262	268	272	272
Street traffic controllers (ped-xing)	21	21	21	21	21	21	21	20	19	19
Culture and Leisure										
Parks	43	43	43	43	26	28	39	39	39	39
Park acreage	510.08	510.08	510.08	510.08	497.61	503.61	550.00	618.00	618.00	618.00
Water										
Water mains (miles)	552	579	590	600	551	575	581	583	584	586
Sewer										
Sanitary sewers (miles)	500	500	507	507	509	509	510	510	510	510

Source - various City departments

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

Type of Customer:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Residential	10,204.6	9,414.9	10,277.7	9,493.7	10,022.5	10,490.8	9,893.4	9,462.5	8,779.4	8,399.0
Commercial	2,302.9	2,568.6	2,791.3	2,680.6	2,752.7	2,949.4	2,744.2	2,441.5	2,207.6	2,188.2
Municipal	604.8	535.9	526.3	511.4	533.6	585.9	558.6	546.6	527.7	470.4
Landscape	1,460.9	1,480.2	1,521.4	1,376.4	1,585.1	1,735.9	1,698.5	1,818.2	1,636.9	1,578.7
Other Agencies	493.8	363.6	117.1	77.4	51.4	612.9	440.6	407.8	285.3	154.3
Total	15,067.0	14,363.2	15,233.8	14,139.5	14,945.3	16,374.9	15,335.3	14,676.6	13,436.9	12,790.6
Total direct rate per 1,000 gallons \$	1.23	1.30	1.28	1.29	1.29	1.52	1.57	1.70	1.82	2.17

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

Fiscal Year Ended June 30	Monthly Base Rate	Rate per 1,000 Gallons
2002	8.05	1.24
2003	8.05	1.24
2004	8.05	1.24
2005	8.05	1.24
2006	8.05	1.24
2007	8.32	1.28
2008	8.59	1.32
2009	8.80	1.36
2010	10.55	1.52
2011	12.20	1.59

Note:

Rates are based on 5/8" meter, which is the standard household meter size. The department charges \$0.22 per 1,000 gallons for excess-use rate above normal demand.

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

Water Customer	2011		2001	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
SB Unified School District	\$ 713,810	2.32%	\$ 383,920	2.33%
County of San Bernardino	311,232	1.01%	200,983	1.22%
Housing Authority	271,247	0.88%	210,805	1.28%
City of San Bernardino	240,450	0.78%	0	0.00%
Cott Beverages	227,567	0.74%	94,680	0.58%
California State University	212,538	0.69%	261,732	1.59%
Baseline Mutual Water	185,110	0.60%	0	0.00%
Pama Management	122,552	0.40%	0	0.00%
California Dept. of Transportation	121,592	0.40%	128,592	0.78%
City of San Bernardino E.D.A	115,962	0.38%	96,366	0.59%
	<u>2,522,060</u>	<u>8.20%</u>	<u>1,377,078</u>	<u>8.37%</u>

Source: Customer Services Department

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