

**CITY OF SAN BERNARDINO  
CALIFORNIA**

**Comprehensive Annual Financial Report**

**Year Ended June 30, 2012**

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# CITY OF SAN BERNARDINO

## Comprehensive Annual Financial Report Year Ended June 30, 2012

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300 North "D" Street · San Bernardino · CA 92418-0001  
www.sbcity.org

June 16, 2014

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, 2012.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Rogers, Anderson, Malody & Scott, LLP, a firm of independent 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, 2012 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 a qualified opinion that the City's financial statements for the fiscal year ended June 30, 2012, were fairly presented in conformity with GAAP, except as noted with respect to adopting and implementing methodologies for reviewing (i) the valuation of property held for resale, and (ii) the collectability of notes receivable. 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 also included a 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 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 209,924 as of the 2010 census. 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 Councilmembers serve four-year terms. Under the supervision of the Mayor, the City Manager is the Chief Administrative Officer. The City Manager directs most City Departments, other than those governed by separate boards (Water Dept., Civil Service, and 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 the former redevelopment agency, the Successor Agency to the former redevelopment agency, and the financing authority, all of which are reported 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 if less than \$25,000. Elected officials may also make transfers of personnel appropriations within their department with Mayor and Common Council approval. 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 brought the City's sales tax revenues to a stagnant state. 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 with slight improvement in the economy, property tax revenues have stayed flat to moderate, but are expected to slightly increase in the following year.

**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 562 at June 30, 2012. The average yield on investments was 2.18 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, 2012 for these activities is \$17.8 million. 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, 2012, the City of San Bernardino has succeeded in funding (Miscellaneous, Safety, and EDA) 83.5% of the present value of the projected benefits earned by employees.

The City also provides "Other Post-Employment Benefits" (OPEB), which include 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.

**Dissolution of Redevelopment Agency.** Effective February 1, 2012, per state legislation, all redevelopment agencies within California were dissolved. The City of San Bernardino Economic Development Agency ("Economic Development Agency" or "EDA"), which administered redevelopment activities for the City as well as other economic development activities (including HUD programs and low and moderate income housing) ceased operations on that date. All redevelopment activity was transferred to a Successor Agency for administration of the dissolution, and all other EDA activities were assumed by the City. The impact of this process was a significant reduction in assets and liabilities on the City's books, and the loss of on-going property tax increment revenues.

Mayor, Members of the City Council and Citizens of the City of San Bernardino  
June 16, 2014

**Bankruptcy.** The City filed a voluntary petition on August 1, 2012 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 balanced the budget and provided time for the City to work on a longer-term plan of adjustment. This plan was 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 note 2 to the financial statements.

Respectfully submitted,



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Allen Parker  
City Manager



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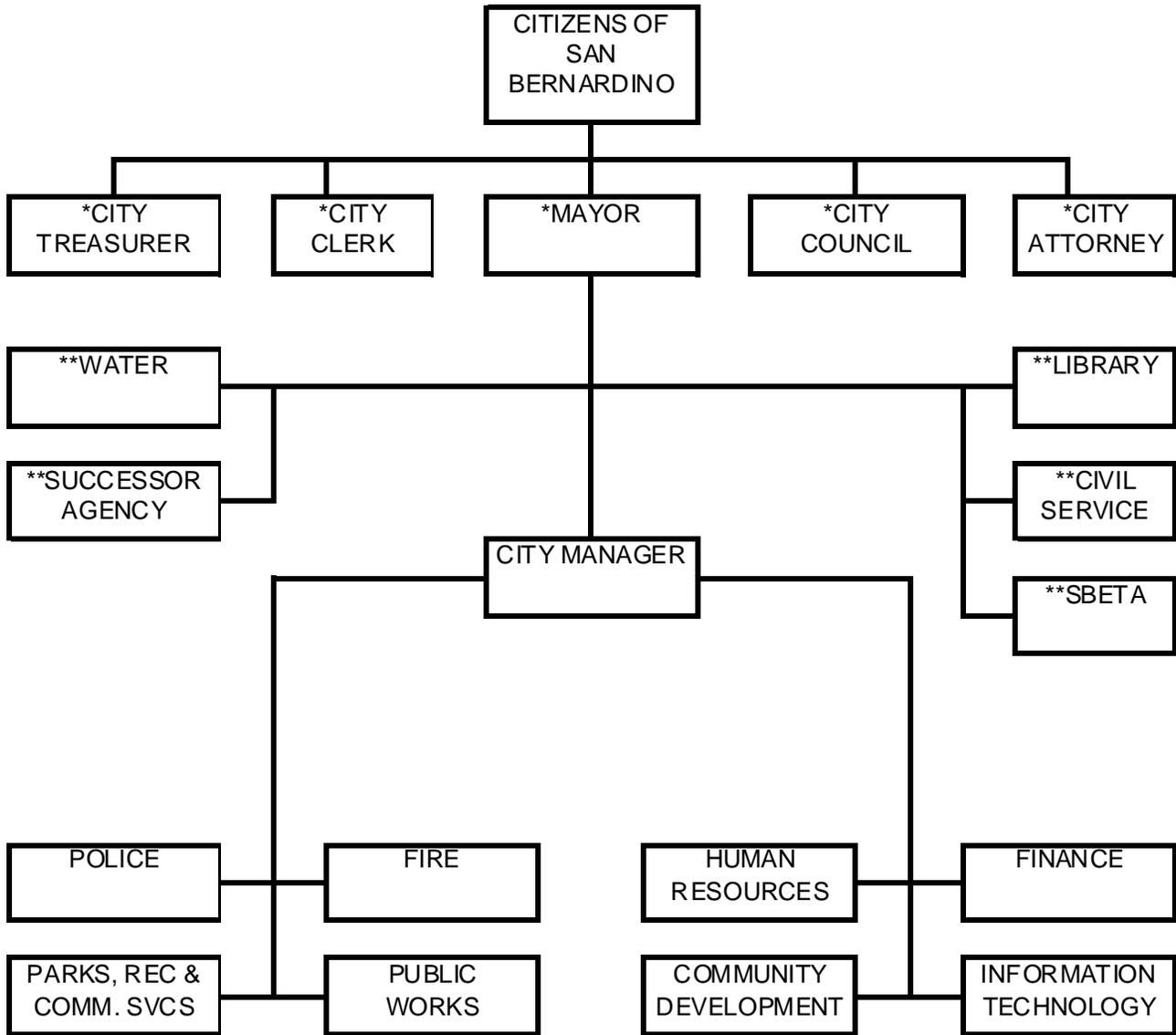
David Cain  
Director of Administrative Services

# CITY OF SAN BERNARDINO

## Organizational Chart

As of June 30, 2012

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\* ELECTED OFFICIALS

\*\* GOVERNED BY A BOARD

# CITY OF SAN BERNARDINO

## List of City Officials

As of June 30, 2012

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### LEGISLATIVE OFFICIALS

Patrick J. Morris.....	Mayor*
Virginia Marquez.....	Member of Common Council-Ward 1*
Robert Jenkins.....	Member of Common Council-Ward 2*
John Valdivia.....	Member of Common Council-Ward 3*
Fred Shorett.....	Member of Common Council-Ward 4*
Chas A. Kelly.....	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

Andrea Travis Miller.....	Interim City Manager
---------------------------	----------------------

### DEPARTMENT HEADS

Georgeann "Gigi" Hanna.....	City Clerk*
James F. Penman.....	City Attorney*
David Kennedy.....	City Treasurer*
Jason Simpson.....	Director of Finance
Margo Wheeler.....	Community Development Director
Rob Handy.....	Chief of Police
Paul Drasil.....	Interim Fire Chief
Kevin Hawkins.....	Parks and Recreation Director
Deborah Clark.....	Interim Library Director
Ernest Dowdy.....	Executive Director (Federal Programs)
Tony Frossard.....	Public Works Director
Linn Livingston.....	Human Resources Director

\* Elected Officials



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

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## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council Members  
City of San Bernardino, California

### PARTNERS

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

### MANAGERS / STAFF

Bradferd A. Welebir, CPA, MBA  
Jenny Liu, CPA, MST  
Papa Matar Thiaw, CPA, MBA  
Maya S. Ivanova, CPA, MBA  
Seong-Hyea Lee, CPA, MBA  
Charles De Simoni, CPA  
Yiann Fang, CPA  
Daniel T. Turner, CPA, MSA  
David D. Henwood, CPA  
Nathan Statham, CPA, MBA  
Brigitta Bartha, CPA  
Gardenya Duran, CPA  
Juan Romero, CPA  
Ivan Gonzales, CPA, MSA

### MEMBERS

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of San Bernardino, California'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 Enterprise Funds, which are major funds and represent 96%, 99%, and 73%, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

Management has not adopted a methodology for reviewing the valuation of property held for resale in the major governmental funds and the Successor Agency to the City of San Bernardino Economic Development Agency (Successor Agency) fiduciary fund in order to determine the net realizable value of the property, and, accordingly, property held for resale is reported at acquisition cost plus improvement costs. Accounting principles generally accepted in the United States of America require that the carrying amount of property held for resale, or development and sale, should not exceed net realizable value. We were unable to obtain sufficient appropriate audit evidence about the valuation of property held for resale by other auditing procedures. The amount by which this departure would affect the assets, fund balances, and expenditures of the major governmental funds, and the assets, fiduciary net assets, and deductions of the Successor Agency is not reasonably determinable.

## **Independent Auditors' Report (continued)**

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Management has not adopted and implemented a methodology for reviewing the collectability of notes receivable in the major governmental funds and the Successor Agency fiduciary fund, and, accordingly, has not considered the need to provide an allowance for uncollectible amounts. Accounting principles generally accepted in the United States of America require that an adequate allowance be provided for uncollectible receivables. We were unable to obtain sufficient appropriate audit evidence about the valuation of notes receivable by other auditing procedures. The amount by which this departure would affect the assets, fund balances, and expenditures of the major governmental funds, and the assets, fiduciary net assets, and deductions of the Successor Agency is not reasonably determinable.

In our opinion, except for the effects of such adjustments, if any, needed to report property held for resale at net realizable value, and to report an adequate allowance for uncollectible notes receivable as described in the preceding paragraphs, based on our audit and the report of the other auditor, the financial statements referred to previously 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 and for the year ended June 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the City of San Bernardino, California, will continue as a going concern. As discussed in Note 2 to the financial statements, on August 1, 2012, the City filed a case seeking bankruptcy protection and the adjustment of its liabilities under Chapter 9 of the United States Bankruptcy Code. These conditions raise substantial doubt about the City's ability to continue as a going concern. Management's plans regarding those matters also are described in Note 2. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 that provides for the dissolution of all redevelopment agencies in the State of California. Therefore, the City of San Bernardino Economic Development Agency (the City's redevelopment agency), a component unit of the City of San Bernardino, was dissolved on February 1, 2012. As discussed in Note 26 to the financial statements, the City Council adopted resolutions to serve as the Successor Agency to the former redevelopment agency (for non-housing functions), and the Successor Housing Agency to the former redevelopment agency (for housing functions). On February 1, 2012, housing assets and liabilities were transferred to the City and are reported in the Low and Moderate Income Housing Special Revenue Fund, and non-housing assets and liabilities were transferred to the Successor Agency to the Economic Development Agency of the City of San Bernardino and are reported in the fiduciary funds. Certain transactions undertaken by the City of San Bernardino Economic Development Agency prior to the date of dissolution are subject to an asset transfer review by the State of California and Due Diligence Reviews to be performed on behalf of the State. The State issued its asset transfer review report on March 6, 2013, and its final determination on the Low and Moderate Income Housing Fund Due Diligence Review on March 21, 2014. The Other Assets Due Diligence Review has not been completed. The effects of this review cannot be determined at this time, and the accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

## Independent Auditors' Report (continued)

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As discussed in Note 23 to the accompanying financial statements, the City of San Bernardino, California, has expended certain federal grant funds in a manner that may have violated certain of the restrictive provisions of the related grants. The possible outcome of these matters, which is under review of the appropriate federal officials, is uncertain at this time. Accordingly, no provision for any liability resulting from the outcome of this uncertain matter has been made in the accompanying financial statements for possible federal claims for refunds of those grant monies.

As discussed in Note 23 to the accompanying financial statements, the City of San Bernardino, California, has expended certain gas tax revenues in a manner that may have violated State guidelines relating to gas tax expenditures. The possible outcome of this matter is uncertain at this time. Accordingly, no provision for any liability resulting from the outcome of this uncertain matter has been made in the accompanying financial statements for the possible return of gas tax monies from the General Fund to the Gas Tax Fund (a restricted fund).

As discussed in Note 23 to the accompanying financial statements, the City of San Bernardino, California, has been named as a defendant in various claims and legal actions. The City's position on these matters is not a position of settled law and there is considerable legal uncertainty regarding these matters. It is possible that legal determinations may be made at a later date by an appropriate judicial authority that would resolve this issue favorably or unfavorably to the City. The City has reported a contingent liability of \$20.9 million in the accompanying financial statements related to these matters. There are no reserves set aside for these contingencies.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2014, on our consideration of the City of San Bernardino, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, the defined benefit pension plans schedule of funding progress, the other post-employment benefit plans schedule of funding progress, and the budgetary comparison 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.

## Independent Auditors' Report (continued)

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of San Bernardino, California's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and 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 statements 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*

San Bernardino, California  
June 16, 2014

# CITY OF SAN BERNARDINO

## Management's Discussion and Analysis

June 30, 2012

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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, 2012. 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 government-wide statements, including 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.

### Financial Highlights

On August 1, 2012 the City of San Bernardino filed an emergency petition for Chapter 9 Bankruptcy with the United States Bankruptcy Court for the Central District of California, Riverside Division. The City Council declared a fiscal emergency shortly before filing the petition noting that the City would not be able to pay its financial obligations in the next 60 days. Following the petition, a pre-pendency and a pendency plan were filed that allowed the City to operate while it completes a Plan of Adjustment to regain solvency. As of date of this report, the City is still in mediation and negotiating with creditors to complete the Plan of Adjustment.

All changes in financial conditions, except those discussed in the preceding paragraph, relate to fiscal year 2011-12. Please note that each of these changes will be discussed in detail in the appropriate section of this analysis.

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$640.7 million (net assets). This amount includes net assets from (i) governmental activities of \$380.4 million and (ii) business-type activities of \$260.3 million.
- Overall the City's total net assets increased by \$16.4 million (which is comprised of an ordinary decrease of \$33.4 million and an extraordinary gain in net assets of \$49.8 million due to the dissolution of the Economic Development Agency).
- Total City long-term liabilities decreased by \$169.4 million, primarily due to the dissolution of the Economic Development Agency.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$90.0 million, a decrease of \$120.4 million (which is comprised of an ordinary decrease of \$10.1 million and an extraordinary decrease in net assets of \$110.3 million due to the dissolution of the Economic Development Agency).

# CITY OF SAN BERNARDINO

## Management's Discussion and Analysis June 30, 2012

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### 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 a supplemental section that presents combining statements for non-major governmental funds, internal service funds, and agency 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 utility systems.
- *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 basic financial 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.

# CITY OF SAN BERNARDINO

## Management's Discussion and Analysis June 30, 2012

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

	Government-wide Statements	Governmental 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
Types 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
Types 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.

# CITY OF SAN BERNARDINO

## Management's Discussion and Analysis June 30, 2012

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These two statements report the City's net assets and changes in net assets. The City's net assets, which is the difference between assets and liabilities, is 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. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, should be considered to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, two types of activities are presented:

- 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 costs 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 resources for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other funding sources. 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 to determine whether there were sufficient financial resources to fund current period activities, and whether there are remaining resources that can be spent in the near future to finance the City's programs. The relationship or differences between *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental fund*, are described 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. The City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities.

# CITY OF SAN BERNARDINO

## Management's Discussion and Analysis June 30, 2012

### Government-wide Financial Statements

A summary of the government-wide statement of net assets follows:

Table 1  
Net Assets  
June 30, 2012 and 2011  
(in millions)

	2012			2011		
	Govt Activities	Bus-type Activities	Total	Govt Activities	Bus-type Activities	Total
Current and other assets	\$ 115.6	\$ 137.0	\$ 252.6	\$ 252.0	\$ 140.5	\$ 392.5
Capital assets	425.4	255.1	680.5	452.0	264.3	716.3
Total Assets	<u>541.0</u>	<u>392.1</u>	<u>933.1</u>	<u>704.0</u>	<u>404.8</u>	<u>1,108.8</u>
Long-term liabilities	142.0	59.5	202.3	250.3	69.8	320.1
Other liabilities	18.5	72.2	89.9	75.3	96.9	172.2
Total Liabilities	<u>160.5</u>	<u>131.7</u>	<u>292.2</u>	<u>325.6</u>	<u>166.7</u>	<u>492.3</u>
Net assets:						
Invested in capital assets, net of debt	394.7	212.3	607.0	423.5	206.6	630.1
Restricted	104.0	7.4	111.4	197.6	8.3	205.9
Unrestricted	(118.2)	40.7	(77.5)	(242.7)	23.2	(219.5)
Total net assets	<u>\$ 380.5</u>	<u>\$ 260.4</u>	<u>\$ 640.9</u>	<u>\$ 378.4</u>	<u>\$ 238.1</u>	<u>\$ 616.5</u>

# CITY OF SAN BERNARDINO

## Management's Discussion and Analysis June 30, 2012

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

Table 2  
Changes in Net Assets  
Years Ended June 30, 2012 and 2011  
(in millions)

	2012			2011		
	Govt Activities	Bus-type Activities	Total	Govt Activities	Bus-type Activities	Total
Program revenues:						
Charges for services	\$ 24.6	\$ 87.4	\$ 112.0	\$ 21.9	\$ 81.0	\$ 102.9
Operating contributions and grants	26.3	1.8	28.1	33.1	1.9	35.0
Capital contributions and grants	11.3	3.1	14.4	15.7	4.4	20.1
General revenue:						
Sales tax	32.3	-	32.3	29.4	-	29.4
Property tax	46.7	-	46.7	63.4	-	63.4
Other taxes	34.2	-	34.2	31.1	-	31.1
Other general	4.8	2.4	7.2	19.1	2.0	21.1
Total revenue	<u>180.2</u>	<u>94.7</u>	<u>274.9</u>	<u>213.7</u>	<u>89.3</u>	<u>303.0</u>
Program expenses:						
General government	22.9	-	22.9	23.0	-	23.0
Public safety	108.9	-	108.9	106.4	-	106.4
Streets	30.1	-	30.1	31.8	-	31.8
Culture and recreation	7.7	-	7.7	7.1	-	7.1
Community development	9.6	-	9.6	16.3	-	16.3
Economic development	24.1	-	24.1	31.2	-	31.2
Community service	7.8	-	7.8	11.2	-	11.2
Integrated Waste	-	26.9	26.9	-	24.2	24.2
Water	-	40.0	40.0	-	36.3	36.3
Sewer	-	23.3	23.3	-	24.1	24.1
Interest on long-term debt	7.2	-	7.2	13.3	-	13.3
Total expenses	<u>218.3</u>	<u>90.2</u>	<u>308.5</u>	<u>240.3</u>	<u>84.6</u>	<u>324.9</u>
Excess (deficiency) before transfer and extraordinary item:	(38.1)	4.5	(33.6)	(26.6)	4.7	(21.9)
Transfers	(0.1)	0.1	-	3.4	(3.4)	-
Extraordinary item: Gain on dissolution of Economic Development Agency	49.8	-	49.8	-	-	-
Increase (decrease) in net assets	11.6	4.6	16.2	(23.2)	1.3	(21.9)
Beginning net assets	362.5	254.0	616.5	385.7	252.7	638.4
Prior period adjustment	6.3	1.7	8.0	-	-	-
Ending net assets	<u>\$ 380.4</u>	<u>\$ 260.3</u>	<u>\$ 640.7</u>	<u>\$ 362.5</u>	<u>\$ 254.0</u>	<u>\$ 616.5</u>

# CITY OF SAN BERNARDINO

## Management's Discussion and Analysis June 30, 2012

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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. The net assets of the City's governmental activities increased by 3.2 percent (to \$380.5 million from \$368.7 million). The primary contributor to the increase was the extraordinary gain of \$49.8 million from the transfer of assets of the EDA to the Successor Agency. Excluding this item, net assets declined by \$38.1 million, resulting from expenditures exceeding revenues. Revenue and expense fluctuations are described below for the governmental and business-type activities of the City. Restricted net assets, established by debt covenants, enabling legislation, or other legal requirements, was \$120.0 million at the end of the year, and the resources are limited in their future use for the related purpose restrictions. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints, was a \$86.1 million deficit at the end of the year. The net assets of the City's business-type activities increased by 2.5 percent during the year (to \$260.4 million from \$255.7 million).

### Governmental Activities

The cost of all governmental activities during the year was \$218.3 million. As reported in the Statement of Activities, the amount that the City's taxpayers ultimately financed for these activities through City taxes and other sources was only \$167.8 million because some of the costs were paid by those who directly benefited from the programs (\$24.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$37.6 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services were \$62.2 million. The City paid for the \$152.5 million remaining "public benefit" portion of governmental activities with \$118.1 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 \$49.8 million of assets that resulted from the dissolution of the Economic Development Agency.

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

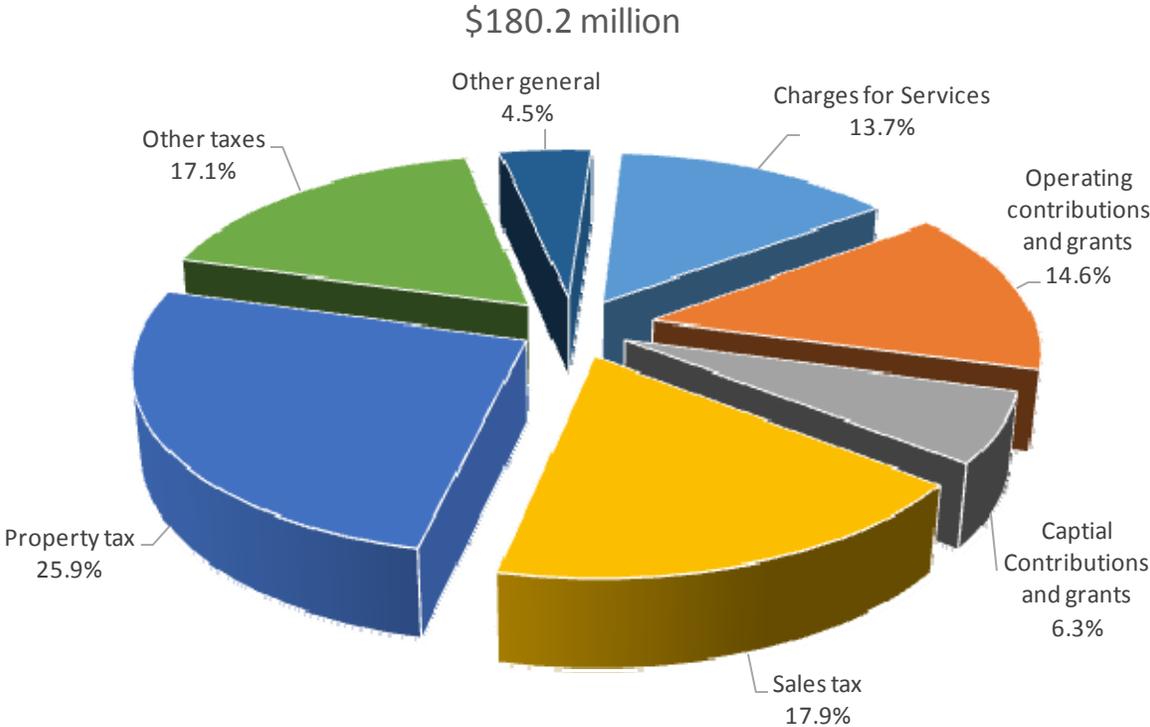
- Revenues of ordinary governmental activities decreased by 15.3% (\$180.2 million in 2012 from \$213.7 million in 2011). This decrease was primarily due to a \$16.7 million decrease in property taxes and a \$12.7 million decrease in general revenues. The \$32.5 million decrease in operating revenues from ordinary governmental activities was offset by the \$49.8 million one-time (extraordinary) gain realized from the dissolution of the Economic Development Agency.
- The cost of governmental functions/programs decreased by \$22.0 million (9.2%), from \$240.3 million in 2011 to \$218.3 million in 2012. The largest decreases were due to decreased charges for Community Development (\$6.7 million), Economic Development (\$7.1 million) and decreased interest paid on long-term debt (\$6.1 million).
- The overall increase in net assets for governmental activities in 2012 was \$11.6 million. This increase includes a prior period adjustment of \$6.3 million to beginning net assets.

# CITY OF SAN BERNARDINO

## Management's Discussion and Analysis June 30, 2012

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### Revenue by Source – Governmental Activities

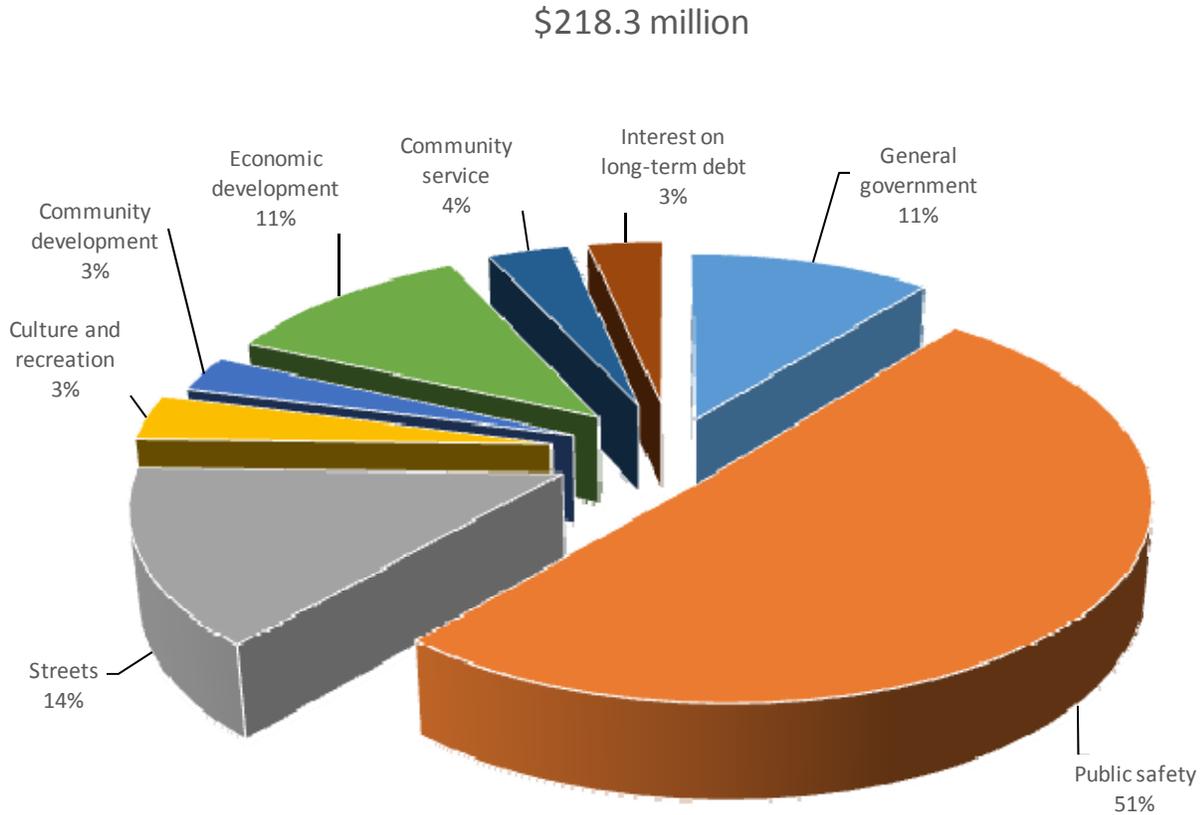


# CITY OF SAN BERNARDINO

## Management's Discussion and Analysis June 30, 2012

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### Expenses by Function – Governmental Activities



### Business-Type Activities

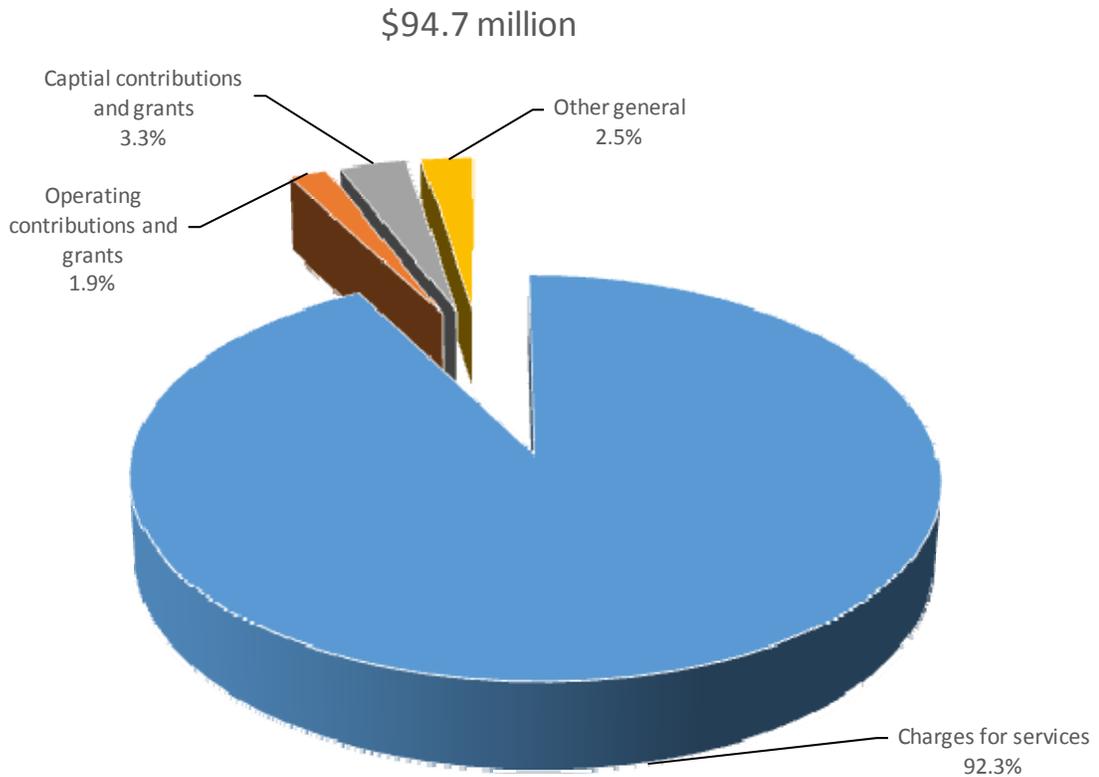
Current year operating revenues of the City's business-type activities decreased by 0.4 % for Integrated Waste, increased 12.4% for the Water Utility, and increased 10.7% for the Sewer Utility. Capital Contributions in the Water and Sewer Utilities were equal to 11.3% and 2.3% of operating revenues, respectively. Net assets for the Water and Sewer Utilities increased by 4.4% and 1.6%, respectively, including prior period adjustments. Integrated Waste net assets decreased by \$2.1 million after non-operating revenues and expenses and transfers.

# CITY OF SAN BERNARDINO

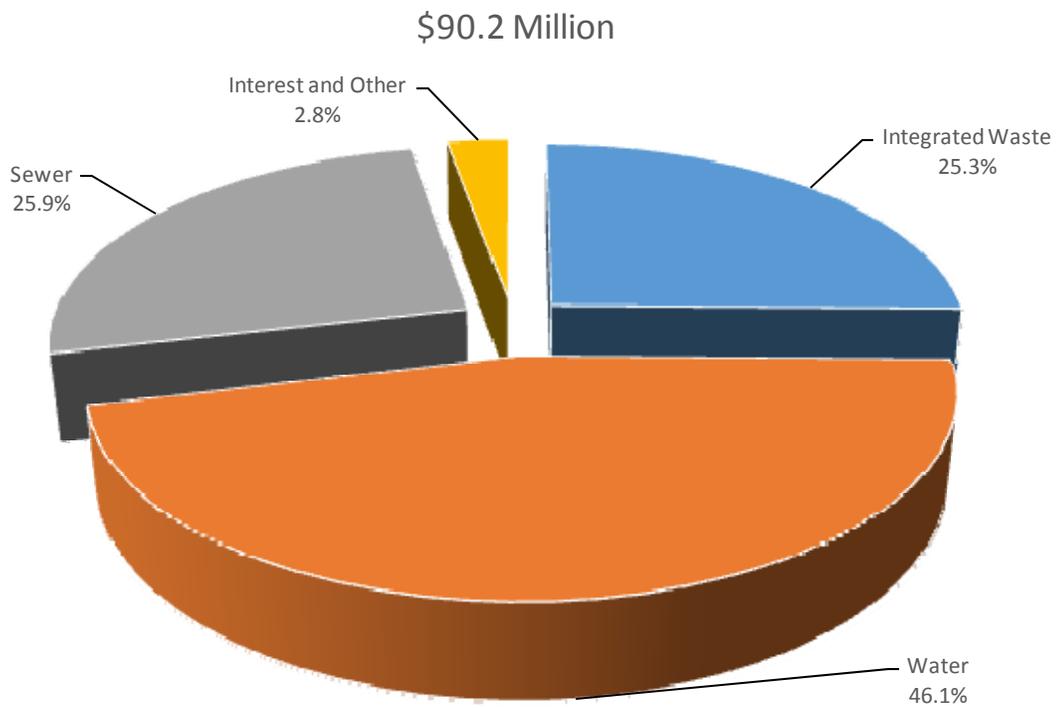
## Management's Discussion and Analysis June 30, 2012

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### Revenue by Source – Business-type Activities



### Expenses by Function – Business-type Activities



# CITY OF SAN BERNARDINO

## Management's Discussion and Analysis

June 30, 2012

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### Major Funds

As previously noted, 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 (\$12.2 million) unassigned fund balance in the General Fund. Total fund balance decreased by \$11.0 million to a negative (\$12.2 million). The General Fund had no reserves.

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

- Total revenues decreased by \$0.4 million, due primarily to a decrease in intergovernmental revenue of \$4.8 million, offset by an increase in tax revenue of \$3.2 million.
- Total expenditures increased by \$3.5 million due primarily to an increase in general government expenditures of \$2.5 million.
- Other financing sources and uses decreased by \$5.5 million due to a decrease in asset sales of \$2.4 million and net transfers out to other funds of \$3.1 million.

The dissolution of the Economic Development Agency (EDA) was completed in 2011-12 resulting in the elimination of fund balances in the EDA Special Revenue, EDA Debt Service, and EDA Capital Projects major funds from the Governmental Fund Balance Sheet at June 30, 2012. Revenues and expenditures, and extraordinary gains and losses on EDA Special Revenue, EDA Debt Service, and EDA Capital Projects major funds are as follows:

- EDA Special Revenue Fund – Expenditures exceeded revenues by \$4.8 million; total other financing sources and uses contributed \$8.9 million to operations; and the extraordinary item on the dissolution of the Economic Development Agency resulted in an extraordinary loss of \$79.2 million.
- EDA Debt Service Fund – Expenditures exceeded revenues by \$11.8 million; total other financing sources and uses contributed \$9.9 million to operations; and the extraordinary item on the dissolution of the Economic Development Agency resulted in an extraordinary loss of \$36.8 million.
- EDA Capital Projects Fund – Expenditures exceeded revenues by \$9.6 million; total other financing sources and uses utilized \$12.6 million; and the extraordinary item on the dissolution of the Economic Development Agency resulted in an extraordinary loss of \$67.8 million.

A number of federal grant funds of the City were reported with the EDA special revenue funds in prior years, as the EDA was administering the grants. The City's federal grants were transferred from the EDA back to the City on July 1, 2011, and are included in the Federal and State Grants fund in the accompanying financial statements. The addition of these grants to the Federal and State Grants fund contributed to the fund becoming a major fund during the year. The City's federal grants are subject to a Single Audit under Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The results of the Single Audit are available in a separate report received by the City.

# CITY OF SAN BERNARDINO

## Management's Discussion and Analysis June 30, 2012

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### **Major Funds (continued)**

The Low and Moderate Income Housing fund was reported with the EDA special revenue funds in prior year, as the EDA administered the redevelopment related housing activities. Upon dissolution of the EDA on February 1, 2012, the City became the Housing Successor, which established the Low and Moderate Income Housing fund as a separate major fund of the City.

Major Enterprise Funds – At year-end, unrestricted net assets of the Sewer Fund were \$29.9 million, \$13.7 million for the Water Fund and a deficit of \$2.8 million for the Integrated Waste Fund. The change in net assets for the funds was an increase of \$1.6 million for the Sewer Fund (including a prior period adjustment decrease of \$2.5 million), an increase of \$6.9 million for the Water Fund (including a prior period adjustment increase of \$4.1 million), and a decrease of \$2.1 million for the Integrated Waste Fund, which includes an accrual for future environmental pollution remediation of \$5.0 million. Other factors concerning the finances of these funds were previously addressed in the discussion of the City's business-type activities.

### **General Fund Budget**

The original \$126.2 million budget appropriations of the General Fund was increased by \$1.9 million to the final amended budget appropriation amount of \$128.1 million. The primary reason for the increase in appropriations was to provide for contracted attorney charges of \$1.4 million related to the City's bankruptcy.

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

- Total tax revenues were \$1.1 million more than budgeted.
- Licenses and permits revenues were \$1.3 million more than budgeted.
- General governmental expenditures were \$1.1 less than budgeted.
- Public safety expenditures were \$1.2 million more than budgeted.
- Debt principal payments were \$1.1 more than budgeted and debt interest payments were \$2.7 more than budgeted.
- Transfers in from other funds were \$1.1 million less than budgeted and transfers out to other funds were \$3.8 million more than budgeted.

# CITY OF SAN BERNARDINO

## Management's Discussion and Analysis June 30, 2012

### Capital Assets

Capital Assets  
(net of depreciation)  
June 30, 2012 and 2011  
(in millions)

	2012			2011		
	Govt Activities	Bus-type Activities	Total	Govt Activities	Bus-type Activities	Total
Land	\$ 113.8	\$ 15.7	\$ 129.5	\$ 125.5	\$ 15.5	\$ 141.0
Infrastructure	269.2	-	269.2	269.0	-	269.0
Systems, pumping, wells	-	147.7	147.7	-	141.5	141.5
Building and improvements	17.2	75.7	92.9	24.9	68.2	93.1
Machinery and equipment	9.5	6.5	16.0	13.1	17.9	31.0
Construction in progress	10.5	9.6	20.1	22.6	12.5	35.1
Total	<u>\$ 420.2</u>	<u>\$ 255.2</u>	<u>\$ 675.4</u>	<u>\$ 455.1</u>	<u>\$ 255.6</u>	<u>\$ 710.7</u>

The major additions to capital assets during the year ended June 30, 2012 were as follows:

- \$7.0 million of infrastructure assets were completed and transferred from construction in process for governmental activities.
- \$2.9 million in pumping and distribution systems were completed and transferred from construction in process for business-type activities.

Additional information on the City's capital assets can be found in the Capital Assets Note 5 in the accompanying financial statements as listed in the table of contents.

# CITY OF SAN BERNARDINO

## Management's Discussion and Analysis June 30, 2012

### Long-term Liabilities

At the end of the current fiscal year, the City had bonded debt outstanding of \$81 million and additional debt of \$116.1 million. Bonded indebtedness included \$46.1 million of pension obligation bonds and \$25.1 million of certificates of participation.

The City's total long-term liabilities decreased by \$174.2 million (46.4%), including a decrease in long-term debt of \$120.2 million (56.0%), during the fiscal year due primarily to the dissolution of the Economic Development Agency and the transfer of related tax allocation bonds of \$130.0 million to the Successor Agency (which, as a separate entity, is reported as a fiduciary fund, and is not included as part of the government-wide statements).

#### Outstanding Debt and Long-term Liabilities June 30, 2012 and 2011 (in millions)

	2012			2011		
	Govt Activities	Bus-type Activities	Total	Govt Activities	Bus-type Activities	Total
Tax allocation bonds	\$ -	\$ -	\$ -	\$ 134.7	\$ -	\$ 134.7
Revenue bonds	9.8	-	9.8	11.1	-	11.1
Infrastructure loans	8.0	-	8.0	9.3	-	9.3
Notes payable	5.7	31.5	37.2	33.2	24.4	57.6
Certificates of participation	4.5	14.8	19.3	10.9	17.2	28.1
Pension obligation bonds	46.1	-	46.1	47.1	-	47.1
Other	67.9	13.2	81.1	65.2	22.6	87.8
<b>Total</b>	<b>\$ 142.0</b>	<b>\$ 59.5</b>	<b>\$ 201.5</b>	<b>\$ 311.5</b>	<b>\$ 64.2</b>	<b>\$ 375.7</b>

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 \$179.5 million, which is significantly in excess of the City's outstanding general obligation debt of \$55.4 million.

Additional information on the City's long-term debt can be found in the long-term liabilities note 8 in the accompanying financial statements as listed in the table of contents.

### Requests for Information

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the financial resources it receives for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Administrative Services, City of San Bernardino, 300 N. "D" St., San Bernardino, California 92418.

## **BASIC FINANCIAL STATEMENTS**

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# CITY OF SAN BERNARDINO

## Statement of Net Assets

June 30, 2012 (with comparative totals as of June 30, 2011)

	Governmental Activities	Business-type Activities	Totals	
			2012	2011
<b>ASSETS</b>				
Cash and investments	\$ 12,924,831	\$ 75,711,312	\$ 88,636,143	\$ 128,179,014
Cash and investments with fiscal agents	36,110	750	36,860	40,962,247
Receivables, net:				
Accounts	2,642,226	9,804,756	12,446,982	14,375,430
Interest	4,378	175,903	180,281	198,481
Notes	47,574,234	-	47,574,234	32,162,796
Other	-	-	-	20,509,042
Special assessments	297,125	-	297,125	-
Deposits	271,073	-	271,073	300,000
Inventory	235,514	1,615,750	1,851,264	2,081,589
Prepays	5,100	37,620,116	37,625,216	36,895,297
Internal balances	(277,600)	277,600	-	-
Due from other governments	16,958,908	1,374,260	18,333,168	20,656,531
Property held for resale	34,721,733	-	34,721,733	100,438,846
Deferred charges	-	287,261	287,261	1,679,056
Other assets	214,671	10,000,000	10,214,671	291,492
Capital assets:				
Not being depreciated	124,299,790	25,077,286	149,377,076	176,041,354
Being depreciated, net	295,920,490	230,126,145	526,046,635	536,250,932
Intangible assets, net	5,103,931	-	5,103,931	5,698,564
Total assets	<u>540,932,514</u>	<u>392,071,139</u>	<u>933,003,653</u>	<u>1,116,720,671</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	8,143,004	10,489,178	18,632,182	17,199,129
Accrued interest	943,475	567,462	1,510,937	4,281,573
Retentions payable	134,960	-	134,960	107,738
Deposits payable	1,084,829	3,692,469	4,777,298	3,496,806
Unearned revenue	1,037,985	57,471,166	58,509,151	75,254,884
Due to other governments	4,174,411	-	4,174,411	21,737
Due to agency funds	659,486	-	659,486	-
Due to Successor Agency	2,232,925	-	2,232,925	-
Short-term note payable	-	-	-	16,250,000
Noncurrent liabilities:				
Due within one year	19,548,118	10,761,808	30,309,926	36,924,784
Due in more than one year	122,515,140	48,716,278	171,231,418	338,799,861
Total liabilities	<u>160,474,333</u>	<u>131,698,361</u>	<u>292,172,694</u>	<u>492,336,512</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	394,655,658	212,255,999	606,911,657	631,742,670
Restricted for:				
Public safety	1,552,213	-	1,552,213	774,855
Streets and capital projects	24,246,718	-	24,246,718	25,406,968
Culture and recreation	2,357,706	-	2,357,706	81,331
Community development	76,110,877	-	76,110,877	-
Economic development	7,472,526	-	7,472,526	139,555,336
Community service	813,439	-	813,439	-
Debt service	80,692	-	80,692	38,035,678
Capital related fees	-	7,389,246	7,389,246	8,276,462
Unrestricted	(126,831,648)	40,727,533	(86,104,115)	(219,489,141)
Total net assets	<u>\$ 380,458,181</u>	<u>\$ 260,372,778</u>	<u>\$ 640,830,959</u>	<u>\$ 624,384,159</u>

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

# CITY OF SAN BERNARDINO

## Statement of Activities

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 22,915,176	\$ 3,466,570	\$ 1,018,038	\$ -
Public safety	108,865,770	8,399,399	9,358,675	-
Streets	30,143,061	6,476,362	-	11,305,306
Culture and recreation	7,649,897	965,629	-	-
Community development	9,605,305	4,981,622	6,585,152	-
Economic development	24,074,629	-	5,816,888	-
Community service	7,823,261	322,873	3,533,708	-
Interest on long-term debt	7,234,246	-	-	-
Total governmental activities	<u>218,311,345</u>	<u>24,612,455</u>	<u>26,312,461</u>	<u>11,305,306</u>
Business-type activities:				
Integrated Waste	26,931,095	24,371,665	-	-
Water	39,951,698	37,106,217	1,838,223	2,384,710
Sewer	23,232,878	25,888,729	-	671,211
Total business-type activities	<u>90,115,671</u>	<u>87,366,611</u>	<u>1,838,223</u>	<u>3,055,921</u>
Total	<u>\$ 308,427,016</u>	<u>\$ 111,979,066</u>	<u>\$ 28,150,684</u>	<u>\$ 14,361,227</u>

### General revenues:

#### Taxes:

Sales tax

Property taxes

Other taxes

Franchises

Investment income, unrestricted

Other

Intergovernmental (unrestricted)

Gain on sale of capital assets

#### Extraordinary item:

Gain on dissolution of economic development agency

#### Transfers

Total general revenues, extraordinary item and transfers

Change in net assets

Net assets, beginning of year, as restated (Note 25)

Net assets, end of year

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

<b>Net (Expense) Revenue and Changes in Net Assets</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>	
		<b>2012</b>	<b>2011</b>
\$ (18,430,568)	\$ -	\$ (18,430,568)	\$ (20,623,918)
(91,107,696)	-	(91,107,696)	(90,029,491)
(12,361,393)	-	(12,361,393)	(9,754,179)
(6,684,268)	-	(6,684,268)	(5,230,977)
1,961,469	-	1,961,469	(1,369,481)
(18,257,741)	-	(18,257,741)	(26,916,877)
(3,966,680)	-	(3,966,680)	(2,444,460)
(7,234,246)	-	(7,234,246)	(13,299,213)
<u>(156,081,123)</u>	<u>-</u>	<u>(156,081,123)</u>	<u>(169,668,596)</u>
-	(2,559,430)	(2,559,430)	357,319
-	1,377,452	1,377,452	1,395,120
-	3,327,062	3,327,062	969,753
<u>-</u>	<u>2,145,084</u>	<u>2,145,084</u>	<u>2,722,192</u>
32,347,377	-	32,347,377	29,378,969
46,708,872	-	46,708,872	63,442,311
30,911,640	-	30,911,640	31,124,606
3,268,800	-	3,268,800	3,164,830
-	1,031,912	1,031,912	3,673,189
4,824,838	1,444,963	6,269,801	10,662,325
-	-	-	1,068,331
-	-	-	2,546,550
49,844,437	-	49,844,437	-
<u>(65,000)</u>	<u>65,000</u>	<u>-</u>	<u>-</u>
<u>167,840,964</u>	<u>2,541,875</u>	<u>170,382,839</u>	<u>145,061,111</u>
11,759,841	4,686,959	16,446,800	(21,885,293)
<u>368,698,340</u>	<u>255,685,819</u>	<u>624,384,159</u>	<u>646,269,452</u>
<u>\$ 380,458,181</u>	<u>\$ 260,372,778</u>	<u>\$ 640,830,959</u>	<u>\$ 624,384,159</u>

# CITY OF SAN BERNARDINO

## Balance Sheet

June 30, 2012 (with comparative totals as of June 30, 2011)

	<u>General Fund</u>	<u>Economic Development Agency Special Revenue Fund</u>	<u>Economic Development Agency Debt Service Fund</u>	<u>Economic Development Agency Capital Projects Fund</u>
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Cash and investments with fiscal agents	36,110	-	-	-
Deposits	71,073	-	-	-
Receivables, net:				
Accounts	2,615,419	-	-	-
Interest	-	-	-	-
Leases	-	-	-	-
Notes	-	-	-	-
Other	-	-	-	-
Special assessments	-	-	-	-
Taxes	-	-	-	-
Inventory	19,133	-	-	-
Prepays	5,100	-	-	-
Due from other governments	7,032,123	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
Property held for resale	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 9,778,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

continued

Federal and State Grants	Low and Moderate Income Housing	Nonmajor Governmental Funds	Totals	
			2012	2011
\$ 1,764,093	\$ 4,240,617	\$ 6,920,121	\$ 12,924,831	\$ 45,957,913
-	-	-	36,110	38,857,027
-	200,000	-	271,073	376,821
7,178	-	17,587	2,640,184	3,746,917
184	-	3,787	3,971	85,544
-	-	-	-	16,932,502
8,765,390	38,808,844	-	47,574,234	32,162,288
-	-	-	-	3,022,335
-	-	297,125	297,125	333,839
-	-	-	-	220,366
-	-	-	19,133	19,133
-	-	-	5,100	102,250
8,018,321	-	1,832,359	16,882,803	18,948,515
-	155,500	20,895,135	21,050,635	15,285,592
-	9,347,332	1,837,174	11,184,506	18,299,841
-	-	214,671	214,671	214,671
16,296,266	18,425,467	-	34,721,733	100,438,846
<u>\$ 34,851,432</u>	<u>\$ 71,177,760</u>	<u>\$ 32,017,959</u>	<u>\$ 147,826,109</u>	<u>\$ 295,004,400</u>

# CITY OF SAN BERNARDINO

## Balance Sheet

June 30, 2012 (with comparative totals as of June 30, 2011)

	<u>General Fund</u>	<u>Economic Development Agency Special Revenue Fund</u>	<u>Economic Development Agency Debt Service Fund</u>	<u>Economic Development Agency Capital Projects Fund</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,396,621	\$ -	\$ -	\$ -
Accrued liabilities	49,270	-	-	-
Due to other funds	15,345,420	-	-	-
Due to agency funds	-	-	-	-
Retentions payable	-	-	-	-
Deferred revenues	183,687	-	-	-
Deposits	1,050,719	-	-	-
Short-term note payable	-	-	-	-
Advances from other funds	1,629,400	-	-	-
Due to other governments	-	-	-	-
Due to Successor Agency	1,332,925	-	-	-
<b>Total liabilities</b>	<b>21,988,042</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:				
Nonspendable:				
Deposits	71,073	-	-	-
Inventory	19,133	-	-	-
Prepays	5,100	-	-	-
Restricted for:				
Low-Moderate Income Housing	-	-	-	-
Other special revenue funds	-	-	-	-
Community development	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(12,304,390)	-	-	-
<b>Total fund balances (deficit)</b>	<b>(12,209,084)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,778,958</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

continued

Federal and State Grants	Low and Moderate Income Housing	Nonmajor Governmental Funds	Totals	
			2012	2011
\$ 2,336,453	\$ 276,031	\$ 1,172,515	\$ 6,181,620	\$ 6,095,200
45,879	-	-	95,149	-
4,555,504	-	2,544,527	22,445,451	17,311,389
659,486	-	-	659,486	-
12,708	-	122,252	134,960	107,738
8,510,511	-	998,650	9,692,848	26,568,927
-	-	34,110	1,084,829	55,040
-	-	-	-	16,250,000
9,347,332	-	158,000	11,134,732	18,172,067
759,256	3,415,155	-	4,174,411	21,737
-	-	900,000	2,232,925	-
<u>26,227,129</u>	<u>3,691,186</u>	<u>5,930,054</u>	<u>57,836,411</u>	<u>84,582,098</u>
-	-	-	71,073	76,821
-	-	-	19,133	19,133
-	-	-	5,100	5,100
-	67,486,574	-	67,486,574	62,120,420
8,624,303	-	7,888,492	16,512,795	6,291,998
-	-	-	-	116,414,464
-	-	80,692	80,692	30,049,030
-	-	20,690,281	20,690,281	32,264,600
-	-	589,180	589,180	356,373
-	-	79,971	79,971	118,462
-	-	(3,240,711)	(15,545,101)	(37,294,099)
<u>8,624,303</u>	<u>67,486,574</u>	<u>26,087,905</u>	<u>89,989,698</u>	<u>210,422,302</u>
<u>\$ 34,851,432</u>	<u>\$ 71,177,760</u>	<u>\$ 32,017,959</u>	<u>\$ 147,826,109</u>	<u>\$ 295,004,400</u>

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# CITY OF SAN BERNARDINO

## Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide Statement of Net Assets June 30, 2012

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Fund balances of governmental funds		\$	89,989,698
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.			
Capital assets not being depreciated			124,299,790
Capital assets being depreciated, net of accumulated depreciation			293,655,598
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in funds.			
Pension obligation bonds	\$	(46,140,860)	
Certificates of participation		(4,520,000)	
Notes payable		(1,200,000)	
Lease revenue bonds		(9,810,000)	
OPEB obligation payable		(25,068,601)	
Capital leases payable		(1,949,536)	
Compensated absences		(18,375,000)	
Accrued interest payable		(943,475)	
California Infrastructure Bank		<u>(8,005,034)</u>	(116,012,506)
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.			
			(20,129,262)
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.			
			<u>8,654,863</u>
Net assets of governmental activities		\$	<u><u>380,458,181</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

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	General Fund	Economic Development Agency Special Revenue Fund	Economic Development Agency Debt Service Fund
<b>REVENUES</b>			
Taxes	\$ 88,609,313	\$ -	\$ -
Licenses and permits	9,353,890	-	-
Impact fees	-	-	-
Fines and forfeitures	1,904,361	-	-
Investment income	661,900	82,076	341,054
Lease	-	-	-
Intergovernmental	2,913,751	2,592,368	-
Charges for services	7,469,936	-	-
Other	4,579,180	14,671	-
Total revenues	<u>115,492,331</u>	<u>2,689,115</u>	<u>341,054</u>
<b>EXPENDITURES</b>			
Current:			
General government	19,449,039	-	-
Public safety	93,351,536	-	-
Streets	7,862,657	-	-
Culture and recreation	5,561,811	-	-
Community development	-	-	-
Community service	1,926,188	-	-
Economic development	-	6,995,065	-
Debt service:			
Principal	1,119,577	-	6,625,000
Interest and fiscal charges	2,677,403	531,185	5,511,240
Total expenditures	<u>131,948,211</u>	<u>7,526,250</u>	<u>12,136,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,455,880)</u>	<u>(4,837,135)</u>	<u>(11,795,186)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	18,000,000	-
Gain/(Loss) on sale of property	124,160	(5,455,317)	-
Transfers in	11,904,286	4,410,862	9,895,266
Transfers out	(6,600,046)	(7,992,735)	-
Total other financing sources (uses)	<u>5,428,400</u>	<u>8,962,810</u>	<u>9,895,266</u>
<b>EXTRAORDINARY ITEM</b>			
Gain (loss) on dissolution of economic development agency	-	(79,206,232)	(36,773,859)
Net change in fund balances	<u>(11,027,480)</u>	<u>(75,080,557)</u>	<u>(38,673,779)</u>
Fund balances (deficit), beginning of year, as previously stated	(1,181,604)	72,180,185	38,673,779
Prior period adjustment	-	2,900,372	-
Fund balances (deficit), beginning of year, as restated	<u>(1,181,604)</u>	<u>75,080,557</u>	<u>38,673,779</u>
Fund balances, end of year	<u>\$ (12,209,084)</u>	<u>\$ -</u>	<u>\$ -</u>

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

continued

Economic Development Agency Capital Projects Fund	Federal and State Grants	Low and Moderate Income Housing	Nonmajor Governmental Funds	Totals	
				2012	2011
\$ 19,003,377	\$ -	\$ -	\$ 1,906,293	\$ 109,518,983	\$ 123,896,615
-	485	-	888,857	10,243,232	8,516,516
-	-	-	239,553	239,553	618,030
-	-	-	68,686	1,973,047	2,338,684
28,354	9,654	36,752	(10,959)	1,148,831	1,257,290
2,049,151	-	-	-	2,049,151	1,227,763
5,000	15,762,698	-	12,756,230	34,030,047	48,457,193
-	-	-	4,855,764	12,325,700	12,886,715
489,844	2,878,899	3,560	69,873	8,036,027	8,925,459
<u>21,575,726</u>	<u>18,651,736</u>	<u>40,312</u>	<u>20,774,297</u>	<u>179,564,571</u>	<u>208,124,265</u>
-	1,999,879	-	242,648	21,691,566	17,234,673
-	6,713,174	-	2,812,057	102,876,767	101,657,184
-	385,716	-	8,531,639	16,780,012	24,433,688
-	983,950	-	977,022	7,522,783	6,579,287
-	3,850,086	6,002,494	-	9,852,580	15,901,097
-	3,779,227	-	2,262,203	7,967,618	10,266,256
11,079,138	-	-	-	18,074,203	29,735,854
410,000	472,182	-	1,245,478	9,872,237	12,627,234
497,390	275,065	-	223,931	9,716,214	13,745,859
<u>11,986,528</u>	<u>18,459,279</u>	<u>6,002,494</u>	<u>16,294,978</u>	<u>204,353,980</u>	<u>232,181,132</u>
<u>9,589,198</u>	<u>192,457</u>	<u>(5,962,182)</u>	<u>4,479,319</u>	<u>(24,789,409)</u>	<u>(24,056,867)</u>
-	-	-	-	18,000,000	23,171,122
-	83,000	-	-	(5,248,157)	2,546,549
-	7,883,898	-	4,344,836	38,439,148	33,952,713
(12,632,831)	-	-	(9,268,762)	(36,494,374)	(30,530,449)
<u>(12,632,831)</u>	<u>7,966,898</u>	<u>-</u>	<u>(4,923,926)</u>	<u>14,696,617</u>	<u>29,139,935</u>
<u>(67,808,477)</u>	<u>-</u>	<u>73,448,756</u>	<u>-</u>	<u>(110,339,812)</u>	<u>-</u>
<u>(70,852,110)</u>	<u>8,159,355</u>	<u>67,486,574</u>	<u>(444,607)</u>	<u>(120,432,604)</u>	<u>5,083,068</u>
71,237,110	(3,507,266)	-	26,851,212	204,253,416	198,851,648
(385,000)	3,972,214	-	(318,700)	6,168,886	6,487,586
<u>70,852,110</u>	<u>464,948</u>	<u>-</u>	<u>26,532,512</u>	<u>210,422,302</u>	<u>205,339,234</u>
<u>\$ -</u>	<u>\$ 8,624,303</u>	<u>\$ 67,486,574</u>	<u>\$ 26,087,905</u>	<u>\$ 89,989,698</u>	<u>\$ 210,422,302</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 Government-Wide Statement of Activities Year Ended June 30, 2012

Net change in fund balance - total governmental funds \$ (120,432,604)

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	\$ 4,608,197	
Depreciation	<u>(18,195,383)</u>	(13,587,186)

Certain revenues in the governmental funds are deferred because they are measurable but not available under the modified accrual basis of accounting. However, the revenues are included under the accrual basis of accounting used in the government-wide statements. This amount represents the change during the year. 76,829

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.

Issuance of debt	\$ (18,000,000)	
Principal payments on debt	<u>9,872,237</u>	(8,127,763)

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	\$ 648,759	
Change in accrued interest payable	2,730,921	
Change in unfunded OPEB obligation	(5,217,893)	
Change in component of lease revenue bonds shared with internal service funds prior to dissolution of economic development agency	(125,000)	
Amortization of bond issuance costs	(48,555)	
Amortization of deferred charges	<u>(72,057)</u>	(2,083,825)

Internal service funds are used by management to charge costs of activities involved in rendering services to departments within the City. The changes in net assets of the internal service funds are included in the statement of activities. (4,269,859)

The transfer of long-term assets and liabilities to the Successor Agency and housing successor (the City) resulted in an extraordinary gain/loss due to the dissolution of the Economic Development Agency (EDA). The capital assets were not current resources and the long-term liabilities were not payable in the current period, and, therefore, were not reported in the governmental funds. Certain deferred revenues under the modified accrual basis of accounting were transferred to the housing successor but are not deferred on the accrual basis of accounting used in the government-wide statements. 160,184,249

Change in net assets of governmental activities \$ 11,759,841

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

# CITY OF SAN BERNARDINO

## Statement of Net Assets

### Proprietary Funds

June 30, 2012 (with comparative totals as of June 30, 2011)

	Business-type Activities - Enterprise funds			Totals
	Integrated Waste	Water	Sewer	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 3,208,578	\$ 10,294,297	\$ 27,100,276	\$ 40,603,151
Cash and investments with fiscal agents	750	-	-	750
Receivables, net:				
Accounts	3,418	6,612,142	3,189,196	9,804,756
Interest	-	-	-	-
Other	-	-	-	-
Inventory	-	1,615,750	-	1,615,750
Prepays	-	1,140,386	920,615	2,061,001
Due from other governments	19,519	998,535	356,206	1,374,260
Due from other funds	2,264,989	799,077	850,894	3,914,960
Total current assets	5,497,254	21,460,187	32,417,187	59,374,628
Noncurrent assets:				
Cash and investments:				
Restricted for debt service	-	41,281	3,560,901	3,602,182
Restricted for capital related fees	-	41,320	7,347,926	7,389,246
Restricted for deposits	-	3,159,351	-	3,159,351
Restricted for consent decree	-	20,957,382	-	20,957,382
Interest receivable	-	95,138	80,765	175,903
Prepaid insurance - consent decree	-	35,559,115	-	35,559,115
Note proceeds held by State	-	10,000,000	-	10,000,000
Total restricted assets	-	69,853,587	10,989,592	80,843,179
Note receivable	-	-	-	-
Capital assets:				
Land and easements	-	2,989,179	12,470,740	15,459,919
Construction in progress	-	6,058,101	3,559,266	9,617,367
Intangible asset, net	-	-	-	-
Capital assets being depreciated, net	10,045,463	153,543,144	66,537,538	230,126,145
Total capital assets	10,045,463	162,590,424	82,567,544	255,203,431
Other assets:				
Debt issue costs, net	-	-	94,188	94,188
Deferred call premium	-	-	193,073	193,073
Total other assets	-	-	287,261	287,261
Total noncurrent assets	10,045,463	232,444,011	93,844,397	336,333,871
Total assets	\$ 15,542,717	\$ 253,904,198	\$ 126,261,584	\$ 395,708,499

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

continued

Governmental Activities - Internal Service Funds	Totals	
	2012	2011
\$ -	\$ 40,603,151	\$ 45,186,196
-	750	2,105,220
2,042	9,806,798	10,626,142
407	407	8,378
-	-	2,371
216,381	1,832,131	2,062,456
-	2,061,001	1,202,647
76,105	1,450,365	1,708,016
2,713,916	6,628,876	4,849,717
<u>3,008,851</u>	<u>62,383,479</u>	<u>67,751,143</u>
-	3,602,182	3,615,442
-	7,389,246	8,276,462
-	3,159,351	3,040,423
-	20,957,382	21,783,878
-	175,903	104,559
-	35,559,115	35,590,400
-	10,000,000	-
<u>-</u>	<u>80,843,179</u>	<u>72,411,164</u>
<u>-</u>	<u>-</u>	<u>508</u>
-	15,459,919	15,459,919
-	9,617,367	12,498,216
5,103,931	5,103,931	5,698,564
<u>2,264,892</u>	<u>232,391,037</u>	<u>230,666,631</u>
<u>7,368,823</u>	<u>262,572,254</u>	<u>264,323,330</u>
-	94,188	122,716
-	193,073	235,198
<u>-</u>	<u>287,261</u>	<u>357,914</u>
<u>7,368,823</u>	<u>343,702,694</u>	<u>337,092,916</u>
<u>\$ 10,377,674</u>	<u>\$ 406,086,173</u>	<u>\$ 404,844,059</u>

# CITY OF SAN BERNARDINO

## Statement of Net Assets

### Proprietary Funds

June 30, 2012 (with comparative totals as of June 30, 2011)

	Business-type Activities - Enterprise funds			Totals
	Integrated Waste	Water	Sewer	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,335,561	\$ 1,970,485	\$ 1,303,540	\$ 4,609,586
Accrued liabilities	5,000,000	612,983	266,609	5,879,592
Interest payable	-	214,150	353,312	567,462
Due to other funds	1,260,112	2,042,095	335,153	3,637,360
Advances from other funds	-	-	-	-
Deposits payable	-	544,868	-	544,868
Claims and judgments payable - current	-	327,988	96,453	424,441
Compensated absences - current	283,603	1,029,021	449,584	1,762,208
Capital lease payable - current	2,936,684	-	-	2,936,684
Due to New World - current	-	-	-	-
Notes payable - current	-	993,436	2,000,399	2,993,835
Facility lease payable - current	-	-	-	-
Water bonds payable - current	-	15,000	-	15,000
Certificates of participation - current	-	-	2,629,640	2,629,640
<b>Total current liabilities</b>	<b>10,815,960</b>	<b>7,750,026</b>	<b>7,434,690</b>	<b>26,000,676</b>
Noncurrent liabilities:				
Consumer deposits	-	3,147,601	-	3,147,601
Claims and judgments payable	-	-	-	-
Compensated absences	436,066	212,621	93,136	741,823
Deferred revenue - consent decree	-	57,471,166	-	57,471,166
Capital lease payable	7,343,373	-	-	7,343,373
Due to New World	-	-	-	-
Notes payable	-	23,560,165	4,993,225	28,553,390
Facility lease payable	-	-	-	-
Water bonds payable	-	-	-	-
Certificates of participation	-	-	12,077,692	12,077,692
OPEB obligation	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>7,779,439</b>	<b>84,391,553</b>	<b>17,164,053</b>	<b>109,335,045</b>
<b>Total liabilities</b>	<b>18,595,399</b>	<b>92,141,579</b>	<b>24,598,743</b>	<b>135,335,721</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	(234,594)	148,063,104	64,427,489	212,255,999
Restricted for:				
Capital related fees	-	41,320	7,347,926	7,389,246
Unrestricted (deficit)	(2,818,088)	13,658,195	29,887,426	40,727,533
<b>Total net assets (deficit)</b>	<b>\$ (3,052,682)</b>	<b>\$ 161,762,619</b>	<b>\$ 101,662,841</b>	<b>\$ 260,372,778</b>

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

continued

Governmental Activities - Internal Service Funds	Totals	
	2012	2011
\$ 1,796,573	\$ 6,406,159	\$ 7,194,624
69,662	5,949,254	3,590,605
-	567,462	607,177
1,596,700	5,234,060	2,823,920
49,774	49,774	127,774
-	544,868	423,832
3,121,931	3,546,372	6,331,289
367,679	2,129,887	2,484,282
176,818	3,113,502	3,419,043
513,540	513,540	645,000
-	2,993,835	2,893,389
-	-	50,000
-	15,000	-
-	2,629,640	2,488,988
<u>7,692,677</u>	<u>33,693,353</u>	<u>33,079,923</u>
-	3,147,601	3,017,934
17,800,041	17,800,041	14,099,413
520,593	1,262,416	939,633
-	57,471,166	57,263,991
458,380	7,801,753	10,915,250
4,035,245	4,035,245	4,486,987
-	28,553,390	21,546,606
-	-	85,000
-	-	15,000
-	12,077,692	14,707,332
-	-	6,530,000
<u>22,814,259</u>	<u>132,149,304</u>	<u>133,607,146</u>
<u>30,506,936</u>	<u>165,842,657</u>	<u>166,687,069</u>
2,184,840	214,440,839	206,686,177
-	7,389,246	8,276,462
(22,314,102)	18,413,431	23,194,351
<u>\$ (20,129,262)</u>	<u>\$ 240,243,516</u>	<u>\$ 238,156,990</u>

# CITY OF SAN BERNARDINO

## Statement of Revenues, Expenses, and Changes in Net Assets

### Proprietary Funds

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Business-type Activities - Enterprise funds			Totals
	Integrated Waste	Water	Sewer	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 24,371,665	\$ 34,562,985	\$ 24,250,417	\$ 83,185,067
Other operating revenues	-	2,543,232	1,638,312	4,181,544
Total operating revenues	<u>24,371,665</u>	<u>37,106,217</u>	<u>25,888,729</u>	<u>87,366,611</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and services	17,339,587	-	-	17,339,587
Administration	1,247,509	15,683,420	2,224,773	19,155,702
Engineering, operations and distribution administration	-	621,410	1,598,854	2,220,264
Plant operations	-	8,663,046	9,770,245	18,433,291
Maintenance	-	1,628,764	3,257,127	4,885,891
Environmental control	5,000,000	-	557,828	5,557,828
Distribution	-	4,296,461	-	4,296,461
Engineering	-	2,492,056	-	2,492,056
Claims expense	-	-	-	-
Depreciation and amortization	2,952,864	5,770,673	4,645,127	13,368,664
Total operating expenses	<u>26,539,960</u>	<u>39,155,830</u>	<u>22,053,954</u>	<u>87,749,744</u>
Operating income (loss)	<u>(2,168,295)</u>	<u>(2,049,613)</u>	<u>3,834,775</u>	<u>(383,133)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	-	219,027	812,885	1,031,912
Noncapital grants	-	1,838,223	-	1,838,223
Interest expense and fiscal charges	(427,794)	(526,915)	(1,147,810)	(2,102,519)
Gain/(loss) on disposal of capital assets	36,659	(268,953)	(31,114)	(263,408)
Other	366,040	1,175,067	(96,144)	1,444,963
Total nonoperating revenues (expenses)	<u>(25,095)</u>	<u>2,436,449</u>	<u>(462,183)</u>	<u>1,949,171</u>
Income before contributions and transfers	<u>(2,193,390)</u>	<u>386,836</u>	<u>3,372,592</u>	<u>1,566,038</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	-	2,384,710	671,211	3,055,921
Transfers in	65,000	-	-	65,000
Transfers out	-	-	-	-
Total contributions and transfers	<u>65,000</u>	<u>2,384,710</u>	<u>671,211</u>	<u>3,120,921</u>
Change in net assets	<u>(2,128,390)</u>	<u>2,771,546</u>	<u>4,043,803</u>	<u>4,686,959</u>
Net assets (deficit), beginning of year, as previously stated	(924,292)	154,850,957	100,089,728	254,016,393
Prior period adjustment	-	4,140,116	(2,470,690)	1,669,426
Net assets (deficit), beginning of year, as restated	<u>(924,292)</u>	<u>158,991,073</u>	<u>97,619,038</u>	<u>255,685,819</u>
Net assets (deficit), end of year	<u>\$ (3,052,682)</u>	<u>\$ 161,762,619</u>	<u>\$ 101,662,841</u>	<u>\$ 260,372,778</u>

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

continued

Governmental Activities - Internal Service Funds	Totals	
	2012	2011
\$ 23,981,833	\$ 107,166,900	\$ 100,995,192
-	4,181,544	3,713,323
<u>23,981,833</u>	<u>111,348,444</u>	<u>104,708,515</u>
17,872,644	35,212,231	34,143,038
-	19,155,702	20,580,464
-	2,220,264	2,112,247
-	18,433,291	17,282,277
-	4,885,891	4,743,620
-	5,557,828	490,593
-	4,296,461	3,925,108
-	2,492,056	2,220,956
6,738,749	6,738,749	13,113,331
1,896,818	15,265,482	15,760,616
<u>26,508,211</u>	<u>114,257,955</u>	<u>114,372,250</u>
<u>(2,526,378)</u>	<u>(2,909,511)</u>	<u>(9,663,735)</u>
(3,983)	1,027,929	1,391,472
-	1,838,223	1,928,999
(176,896)	(2,279,415)	(2,414,135)
-	(263,408)	40,137
<u>447,172</u>	<u>1,892,135</u>	<u>1,021,456</u>
<u>266,293</u>	<u>2,215,464</u>	<u>1,967,929</u>
<u>(2,260,085)</u>	<u>(694,047)</u>	<u>(7,695,806)</u>
-	3,055,921	4,390,162
-	65,000	128,800
<u>(2,009,774)</u>	<u>(2,009,774)</u>	<u>(3,551,064)</u>
<u>(2,009,774)</u>	<u>1,111,147</u>	<u>967,898</u>
<u>(4,269,859)</u>	<u>417,100</u>	<u>(6,727,908)</u>
(15,859,403)	238,156,990	244,884,898
-	1,669,426	-
<u>(15,859,403)</u>	<u>239,826,416</u>	<u>244,884,898</u>
<u>\$ (20,129,262)</u>	<u>\$ 240,243,516</u>	<u>\$ 238,156,990</u>

# CITY OF SAN BERNARDINO

## Statement of Cash Flows

### Proprietary Funds

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Business-type Activities - Enterprise Funds			
	Integrated			Totals
	Waste	Water	Sewer	
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 24,270,019	\$ 35,327,878	\$ 24,853,267	\$ 84,451,164
Cash received from user departments	-	-	-	-
Cash payments to employees and suppliers for goods and services	(18,321,822)	(28,961,845)	(15,864,999)	(63,148,666)
Cash payments for claims and insurance	-	-	-	-
Cash payments to employees for services	-	(10,794,906)	(4,431,172)	(15,226,078)
Cash received from (paid for) other activities	366,040	1,175,067	(67,616)	1,473,491
Net cash provided by (used for) operating activities	<u>6,314,237</u>	<u>(3,253,806)</u>	<u>4,489,480</u>	<u>7,549,911</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfer from other funds	65,000	-	-	65,000
Transfer to other funds	-	-	-	-
Interfund loans	-	-	-	-
Collection on notes receivable	-	508	-	508
Consent decree insurance drawdowns	-	2,076,683	-	2,076,683
Net cash provided by (used for) noncapital financing activities	<u>65,000</u>	<u>2,077,191</u>	<u>-</u>	<u>2,142,191</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(2,042,547)	(7,924,063)	(1,602,831)	(11,569,441)
Proceeds from capital debt	-	-	-	-
Principal payments on long-term debt	(2,869,838)	(974,027)	(4,417,731)	(8,261,596)
Interest paid on long-term debt	(427,794)	(505,819)	(1,166,496)	(2,100,109)
Proceeds from sale of capital assets	77,530	(164,911)	54,246	(33,135)
Charges to property owners for capital projects	-	2,247,743	671,211	2,918,954
Grant proceeds received	-	136,967	-	136,967
Net cash provided by (used for) capital and related financing activities	<u>(5,262,649)</u>	<u>(7,184,110)</u>	<u>(6,461,601)</u>	<u>(18,908,360)</u>

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

continued

Governmental Activities - Internal Service Funds	Totals	
	2012	2011
\$ -	\$ 84,451,164	\$ 82,522,431
24,644,648	24,644,648	22,688,203
(16,955,809)	(80,104,475)	(65,391,927)
(5,958,796)	(5,958,796)	(6,242,189)
-	(15,226,078)	(13,429,057)
447,172	1,920,663	1,198,695
<u>2,177,215</u>	<u>9,727,126</u>	<u>21,346,156</u>
-	65,000	128,800
(2,009,774)	(2,009,774)	(3,551,064)
1,728,812	1,728,812	3,466,928
-	508	2,937
-	2,076,683	1,928,999
<u>(280,962)</u>	<u>1,861,229</u>	<u>1,976,600</u>
(505,812)	(12,075,253)	(12,170,401)
-	-	387,501
(1,257,402)	(9,518,998)	(4,811,155)
(176,896)	(2,277,005)	104,610
-	(33,135)	(4,587,544)
-	2,918,954	3,744,686
-	136,967	-
<u>(1,940,110)</u>	<u>(20,848,470)</u>	<u>(17,332,303)</u>

# CITY OF SAN BERNARDINO

## Statement of Cash Flows

### Proprietary Funds

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Business-type Activities - Enterprise Funds			Totals
	Integrated Waste	Water	Sewer	
<b>Cash flows from investing activities:</b>				
Sale of investments	\$ -	\$ -	\$ -	\$ -
Interest received	-	147,683	812,885	960,568
Net cash provided by investing activities	-	147,683	812,885	960,568
Net increase (decrease) in cash and investments	1,116,588	(8,213,042)	(1,159,236)	(8,255,690)
Cash and investments, beginning of year	2,092,740	42,706,673	35,607,438	80,406,851
Cash and investments, end of year	<u>\$ 3,209,328</u>	<u>\$ 34,493,631</u>	<u>\$ 34,448,202</u>	<u>\$ 72,151,161</u>
Reconciliation of cash and investments to amounts reported on statement of net assets:				
Cash and investments	\$ 3,208,578	\$ 10,294,297	\$ 27,100,276	\$ 40,603,151
Cash and investments with fiscal agents	750	-	-	750
Cash and investments:				
Restricted for debt service	-	41,281	3,560,901	3,602,182
Restricted for capital related fees	-	41,320	7,347,926	7,389,246
Restricted for deposits	-	3,159,351	-	3,159,351
Restricted for consent decree	-	20,957,382	-	20,957,382
Less restricted cash and investments reported with investing activities				
Cash and investments:				
Restricted for debt service	-	-	(3,560,901)	(3,560,901)
Cash and investments, end of year	<u>\$ 3,209,328</u>	<u>\$ 34,493,631</u>	<u>\$ 34,448,202</u>	<u>\$ 72,151,161</u>

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

continued

Governmental Activities - Internal Service Funds	Totals	
	2012	2011
\$ -	\$ -	\$ 6,179,053
3,988	964,556	1,297,282
<u>3,988</u>	<u>964,556</u>	<u>7,476,335</u>
(39,869)	(8,295,559)	13,466,788
<u>39,869</u>	<u>80,446,720</u>	<u>66,979,932</u>
<u>\$ -</u>	<u>\$ 72,151,161</u>	<u>\$ 80,446,720</u>
\$ -	\$ 40,603,151	\$ 47,291,416
-	750	-
-	3,602,182	3,615,442
-	7,389,246	8,276,462
-	3,159,351	3,040,423
-	20,957,382	21,783,878
-	(3,560,901)	(3,560,901)
<u>\$ -</u>	<u>\$ 72,151,161</u>	<u>\$ 80,446,720</u>

# CITY OF SAN BERNARDINO

## Statement of Cash Flows

### Proprietary Funds

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Business-type Activities - Enterprise Funds			Totals
	Integrated Waste	Water	Sewer	
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ (2,168,295)	\$ (2,049,613)	\$ 3,834,775	\$ (383,133)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	2,952,864	5,770,673	4,645,127	13,368,664
Other nonoperating revenues (expenses)	366,040	1,175,067	(67,616)	1,473,491
(Increase) decrease in assets:				
Accounts receivable	2,182,862	(930,894)	(430,582)	821,386
Other receivables	-	-	-	-
Inventory	-	115,168	-	115,168
Prepays	-	(937,467)	79,113	(858,354)
Due from other governments	(19,519)	(823,249)	15,503	(827,265)
Due from other funds	(2,264,989)	(220,598)	(620,383)	(3,105,970)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	128,148	(1,615,610)	(538,593)	(2,026,055)
Accrued liabilities	5,000,000	-	-	5,000,000
Due to other funds	141,881	85,678	(32,980)	194,579
Deposits payable	-	250,703	-	250,703
Claims and judgments	-	117,972	17,786	135,758
Deferred revenue	-	-	-	-
Compensated absences	(4,755)	(94,636)	20,330	(79,061)
OPEB obligation	-	(4,097,000)	(2,433,000)	(6,530,000)
 Net cash provided by (used for) operating activities	 <u>\$ 6,314,237</u>	 <u>\$ (3,253,806)</u>	 <u>\$ 4,489,480</u>	 <u>\$ 7,549,911</u>
 <b>Noncash, investing, capital and financing activities:</b>				
Acquisition of capital asset through capital lease	\$ -	\$ -	\$ -	\$ -
Developer contributions	-	-	-	-

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

continued

Governmental Activities - Internal Service Funds	Totals	
	2012	2011
\$ (2,526,378)	\$ (2,909,511)	\$ (9,663,735)
1,896,818	15,265,482	15,760,616
447,172	1,920,663	1,202,564
-	821,386	1,639,904
329	329	927
115,157	230,325	22,757
-	(858,354)	252,208
662,486	(164,779)	1,217,577
-	(3,105,970)	287,014
684,567	(1,341,488)	1,553,747
69,662	5,069,662	-
-	194,579	1,224,272
-	250,703	(842)
779,953	915,711	6,165,894
-	-	(63,188)
47,449	(31,612)	67,441
-	(6,530,000)	1,679,000
<u>\$ 2,177,215</u>	<u>\$ 9,727,126</u>	<u>\$ 21,346,156</u>

\$ -	\$ -	\$ 448,158
-	-	732,322

# CITY OF SAN BERNARDINO

## Statement of Fiduciary Net Assets

### Fiduciary Funds

June 30, 2012 (with comparative totals as of June 30, 2011)

	Redevelopment Obligation Retirement Fund (Successor Agency)	Agency Funds	
	2012	2012	2011
<b>ASSETS</b>			
Cash and investments	\$ 34,506,252	\$ 2,629,936	\$ 4,058,896
Cash with fiscal agents	36,912,220	-	-
Deposits	300,000	-	-
Accounts receivable, net	134,766	13,970	144,005
Interest receivable	202	78	1,314
Taxes receivable	11,206	-	-
Notes receivable	1,364,254	-	-
Due from other governments	-	55,103	3,021
Due from City of San Bernardino	2,232,925	659,486	-
Property held for resale	48,607,836	-	-
Unamortized bond issuance costs	1,237,905	-	-
Capital assets (Note 26):			
Not being depreciated	11,631,572	-	-
Being depreciated, net	8,572,842	-	-
Total assets	<u>145,511,980</u>	<u>\$ 3,358,573</u>	<u>\$ 4,207,236</u>
<b>LIABILITIES</b>			
Accounts payable	5,080,994	\$ -	\$ 101,151
Retention payable	143,505	-	-
Deposits payable	4,532	2,843,516	3,590,678
Interest payable	2,410,453	-	-
Short-term note payable	16,250,000	-	-
Long-term liabilities (Note 26):			
Due within one year	9,472,064	-	-
Due in more than one year	169,582,209	-	-
Due to bond holders	-	515,057	515,407
Total liabilities	<u>202,943,757</u>	<u>\$ 3,358,573</u>	<u>\$ 4,207,236</u>
<b>NET ASSETS</b>			
Net assets (deficit) held for dissolution of economic development agency	<u>(57,431,777)</u>		
Total net assets (deficit)	<u>\$ (57,431,777)</u>		

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

# CITY OF SAN BERNARDINO

## Statement of Changes in Fiduciary Net Assets Fiduciary Funds Five Months Ended June 30, 2012

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	Redevelopment Obligation Retirement Fund (Successor Agency)
<b>ADDITIONS</b>	
Property tax revenue	\$ 11,581,222
Investment income	186,231
Intergovernmental	50,331
Intergovernmental - City of San Bernardino	2,003,980
Lease revenue	1,348,683
Other revenue	221,760
	<hr/>
Total additions	15,392,207
	<hr/>
<b>DEDUCTIONS</b>	
Administrative expenses	2,391,206
Professional services	1,512,491
Operation of acquired property	319,604
Project costs	5,284,487
Pass-through contributions to other governments	1,348,246
Interest expense	7,654,292
Remittance to County under AB 1484	4,183,433
Depreciation and amortization	285,788
	<hr/>
Total deductions	22,979,547
	<hr/>
Extraordinary loss on dissolution of economic development agency	(49,844,437)
	<hr/>
Change in net assets	(57,431,777)
	<hr/>
Net assets, beginning of year	-
	<hr/>
Net assets (deficit), end of year	<u><u>\$ (57,431,777)</u></u>

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

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 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 Successor Agency to the redevelopment agency of the City of San Bernardino (Successor Agency) was established following the dissolution of all redevelopment agencies in the State of California on February 1, 2012 (resulting from Assembly Bill X1 26) (See note 26). The former redevelopment agency of the City of San Bernardino, commonly identified as the City of San Bernardino Economic Development Agency (EDA), was governed by a board composed of the City's elected Mayor and Common Council. The activity of the EDA is reported in the accompanying financial statements as separate special revenue, debt service and capital projects funds, consistent with prior years, through the date of dissolution, February 1, 2012. There are no separate financial statements issued for the EDA.

The San Bernardino Joint Powers Financing Authority (Authority) was established pursuant to a Joint Exercise of Powers Agreement dated August 21, 1989, by and between the City and the EDA. The Authority was created for the purpose of providing financing for redevelopment activities for the City, the EDA, 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 EDA, or such other local agencies to provide financing for redevelopment activities of the City or the EDA. The Authority is governed by a board composed of the City's elected council. There are no individual financial statements issued for the Authority.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 1. Summary of Significant Accounting Policies (continued)

#### 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 Governmental Accounting Standards Board (GASB) pronouncements. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, establishes accounting and financial reporting standards for financial statements of state and local governments. The standard incorporates into the GASB's authoritative literature the applicable guidance previously only found in certain FASB and American Institute of Certified Public Accountants (AICPA) pronouncements issued before November 30, 1989.

#### 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 any 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.

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.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 1. Summary of Significant Accounting Policies (continued)

#### b. Basis of Accounting and Measurement Focus (continued)

##### Government-wide Financial Statements (continued)

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 another 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.

In the government-wide statements, when an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

##### 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 Year Ended June 30, 2012

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### 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.

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.

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 *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 1. Summary of Significant Accounting Policies (continued)

#### b. Basis of Accounting and Measurement Focus (continued)

##### Proprietary 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 expenditures. Proceeds of long-term debt are recorded as liabilities in the proprietary fund financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the proprietary funds are reported as a reduction of the related liability, rather than as expenditures.

##### Fiduciary Funds

The City maintains two fiduciary fund types. The first is a private-purpose trust fund which uses the economic resources measurement focus and the accrual basis of accounting. Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The second is an agency fund, which has no measurement focus. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses. The Successor Agency is reported as a private-purpose trust fund within these statements.

#### c. Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. The City reports the following major governmental funds:

*General Fund* – This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 1. Summary of Significant Accounting Policies (continued)

#### c. Fund Classifications (continued)

*Economic Development Agency Special Revenue Fund* – This fund represents the Low- and Moderate-Income Housing portion of redevelopment tax increment as required by California state law. As of February 1, 2012, the EDA was dissolved as a matter of State law, and ceased to exist. The activity reported in these financial statements is for the period from July 1, 2011 through January 31, 2012.

*Economic Development Agency Debt Service Fund* – This fund is used to account for the accumulation of resources for, and the payment of, principal, interest and related costs of liabilities of the redevelopment agency. As of February 1, 2012, the EDA was dissolved as a matter of State law, and ceased to exist. The activity reported in these financial statements is for the period from July 1, 2011 through January 31, 2012.

*Economic Development Agency Capital Projects Fund* – This fund is used to account for the financing and construction of projects of the redevelopment agency in accordance with the State's Community Redevelopment Law, as well as administrative expenditures incurred in sustaining EDA activities. As of February 1, 2012, the EDA was dissolved as a matter of State law, and ceased to exist. The activity reported in these financial statements is for the period from July 1, 2011 through January 31, 2012.

*Federal and State Grants* – This fund is used to report 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.

*Low and Moderate Income Housing* – This fund is used for the continued maintenance and operations of low and moderate income housing project activities of the former redevelopment agency. This fund was established on February 1, 2012 when the City elected to become the Housing Successor to the housing related activities of the former redevelopment agency.

The City reports the following major enterprise funds:

*Integrated Waste Fund* – This fund is used to account for the provision of refuse collection to the residential, commercial and industrial segments of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

*Water Fund* – This fund is used to account for the provision of water services to the residential, commercial and industrial segments of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 1. Summary of Significant Accounting Policies (continued)

#### c. Fund Classifications (continued)

*Sewer Fund* – This fund is used to account for the provision of wastewater collection and treatment to residential, commercial and industrial segments of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

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

*Special Revenue Funds* – These funds are used to account for the proceeds of specific revenue sources that are legally restricted and expended for specified purposes other than debt service or capital projects.

*Debt Service Funds* – These funds are used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the long-term debt of the governmental funds.

*Capital Projects Funds* – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

*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, San Bernardino Regional Water Resource Authority, and Sturges Center for the Arts. 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.

#### d. Cash and Investments

Investments are reported in the accompanying financial statements 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, and may result in negative investment income in the accompanying financial statements. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 1. Summary of Significant Accounting Policies (continued)

#### d. Cash and Investments (continued)

The City pools cash and investments of all funds, except for cash and investments held by fiscal agents. Each fund's share in this pool is reported 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.

#### e. Cash Equivalents

For purposes of the statement of cash flows, amounts reported as cash and investments are treated as cash equivalents, 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. All cash of the Proprietary Funds and Internal Service Funds are held in a City pool, and are considered cash and cash equivalents for purposes of the statement of cash flows.

#### f. Receivables

Customer or trade receivables are reported as "accounts receivable" and are shown net of an allowance for uncollectible accounts based on historical and management estimates. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Long-term interfund advances are recorded as advances to other funds and as nonspendable fund balance by the advancing governmental fund.

Noncurrent portions of long-term receivables (e.g. "notes receivable") 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 notes receivable are offset by nonspendable fund balance in the general fund, and by restricted, committed or assigned fund balance in other funds.

#### g. Inventories

Inventories are valued on the average cost method, which approximates the first-in-first-out (FIFO) method. Inventory balances represent expendable supplies held for consumption. Reported expenditures reflecting the purchase of supplies have been restated to reflect the consumption method of recognizing inventory-related expenditures. Inventory reported in governmental funds is offset with nonspendable fund balance to show that inventories do not constitute available spendable resources, even though they are a component of fund balance.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 1. Summary of Significant Accounting Policies (continued)

#### h. Prepaid Items

Prepaid items are reported in the governmental funds under the consumption method and are reported as a nonspendable component of fund balance to indicate that they are not spendable for appropriation and are not expendable financial resources.

#### i. Property Held for Resale

Property held for resale represents land, structures, and related improvements that were acquired for resale as part of the City's redevelopment and grant activities. Property held for resale is reported at cost. These costs will be charged to current year project expenditures when the related properties are sold or disposed.

#### j. Restricted Assets

Amounts reported as restricted assets in the enterprise funds have been restricted by bond indentures or are to be used for specified purposes based on contract provisions, such as bonded debt service.

#### k. 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 public domain (infrastructure) consisting of certain improvements other than buildings, including pavement, curbs and gutters, streets and sidewalks, drainage systems, traffic control devices, streetlights, and right-of-way corridors within the City.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the 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:

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 1. Summary of Significant Accounting Policies (continued)

#### k. Capital Assets (continued)

	<u>Years</u>
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.

#### l. 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.

#### m. Compensated Absences

Certain employees are permitted to accumulate a limited amount of earned vacation and sick leave. Various negotiation groups have different sell-back and cash out options. Additionally, cash out options upon retirement or death of the employee vary based on the negotiation group. Employee's accrued vacation and sick leave benefits are recognized as a liability, and are reported as compensated absences in the government-wide and proprietary financial statements.

#### n. Fund Balances

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 1. Summary of Significant Accounting Policies (continued)

#### n. Fund Balances (continued)

- 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 a resolution. The Council may also direct City officials to determine assignments of fund balance. When both restricted and unrestricted resources are available for use, restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources.

#### o. Net Assets

Net assets are the excess of assets over liabilities, as reported in the government-wide and proprietary financial statements. Net assets are classified into three categories as follows:

- Invested in Capital Assets, Net of Related Debt – this component of net assets consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.
- Restricted – this component of net assets consists of constraints placed on net assets through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – this component of net assets consists of net assets that do not meet the definition of *restricted* or *invested in capital assets, net of related debt*.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 1. Summary of Significant Accounting Policies (continued)

#### p. Property Taxes

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities in the current period.

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The County of San Bernardino, bills and collects the property taxes and remits them to the City at various times throughout the year. Property taxes are attached as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are due in two installments. The first installment is due on November 1, and is payable through December 10 without penalty. The second installment is due February 1, and is payable through April 10 without penalty.

#### q. Capital Contributions

Contributions in aid of construction represent cash and utility plant additions contributed to the City by property owners or developers desiring services that require capital expenditures or capacity commitment.

#### r. 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 reclassifications of prior year data have been made in order to enhance their comparability with current year amounts.

The prior year financial statements reported an Agency Fund titled "Payroll Trust Fund", the purpose of which was described as being used for the disposition of funds charged to departments for the payment of wages, related withholdings and retirement benefits. This fund was treated as a Payroll Clearing Fund and was used for administrative and accounting purposes only, and, therefore, has more appropriately been internally combined with the general fund in the City's financial reporting framework, and all balances included in the General Fund as reported in the accompanying financial statements.

#### s. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 2. Bankruptcy

#### Events Giving Rise to the Petition for Bankruptcy

At the end of fiscal year ended June 30, 2012, the City's Finance Department completed a budget report in which it was determined that the City faced a projected budget deficit of over \$45.8 million in the 2012-13 fiscal year and the budget deficit was projected to grow even larger for each of the following five years. The City prepared a staff report in July, 2012, which determined that (i) it was unlikely that at that time the City could meet its payroll and other financial obligations in the next thirty (30) to sixty (60) days (including debt obligations and lease payments for critical City assets), (ii) an unusually large number of employees were retiring and leaving the City triggering immediate cash-outs of accrued vacation and sick leave benefits, (iii) the City's credit line had been terminated, (iv) vendors were demanding cash up front before providing essential materials, goods and services to the City, (v) the City had no ability to access short-term credit markets to solve its cash flow problems and had no General Fund reserves, and (vi) cash flow projections showed that the City had projected monthly General Fund deficits ranging between \$2 million and \$5.6 million from July through September.

On July 18, 2012, the Mayor and Common Council declared a fiscal emergency, as the Common Council found that the City was unable to pay its obligations within the next sixty (60) days, nor would it meet its next payroll. The Mayor, Common Council, and City staff began exploring financial alternatives in response to its situation, including the option of bankruptcy.

As an initial step in developing a budget for operating in bankruptcy, the City did not make (i) debt payments on debt obligations due, including a payment for pension bond debt, (ii) bi-monthly payments to fund retiree health obligations, (iii) equipment purchases and payments on capital projects, (iv) semi-monthly payments on the General Fund employer contribution to the California Public Employee Retirement System ("CalPERS") pension plan (the City continued withholding semi-monthly payments to CalPERS through June 30, 2013), and (v) payments on trade payables or payments under certain settlement agreements.

#### The City's Chapter 9 Bankruptcy Filing

In response to on-going fiscal challenges, on August 1, 2012 ("Petition Date") the City commenced a bankruptcy case under Chapter 9 of the Bankruptcy Code (the "Bankruptcy Case") by filing of a voluntary petition for relief in the United States Bankruptcy Court for the Central District of California (Riverside Division) (the "Bankruptcy Court") on an emergency basis.

#### The Bankruptcy Court's Determination that the City is Eligible for Chapter 9 Relief

In the first few weeks of the Bankruptcy Case, the City filed a motion requesting that the Court set a deadline to file objections to the City's eligibility for Chapter 9 relief. On August 24, 2012, the Court entered its "Order Directing And Approving Form Of Notice And Setting Deadline For Filing Objections To The City Of San Bernardino, California's Petition" which established the deadline to file and serve all objections to eligibility as October 24, 2012.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 2. Bankruptcy (continued)

#### The Bankruptcy Court's Determination that the City is Eligible for Chapter 9 Relief (continued)

On August 28, 2013, the Bankruptcy Court found that the City was authorized under California law to be a Chapter 9 debtor because the City was insolvent, the City had filed its bankruptcy case in good faith and with the desire to effect a plan of adjustment of debts, and, under the circumstances, it was impracticable for the City to have conducted pre-bankruptcy negotiations with its creditors.

CalPERS appealed the finding of eligibility, and CalPERS' opening brief to the appellate court is currently due on July 19, 2014.

#### Approval and Implementation of the City's Pendency Plan

The City promptly prepared its Pre-Pendency Plan. On August 30, 2012, a budget for fiscal year 2012-2013 was presented to the City's Common Council to remain effective until a Pendency Plan was finalized and approved. During the preparation of the Pre-Pendency Plan, the City deferred payment of certain obligations in order to curtail the increasing deficit in the General Fund and the City's dire liquidity crisis. These deferred payments included General Fund employer pension contribution payments to CalPERS, bond debt, and certain trade debt. On November 26, 2012, the Common Council adopted a Pendency Plan which incorporated the Pre-Pendency Plan. On April 22, 2013, the City adopted its budget for fiscal years 2012-13 and 2013-14, which was based on the Pendency Plan noted above.

#### Chapter 9 Labor Negotiations

Following the Petition Date, the City's labor negotiating team began discussions with all seven of the City's bargaining units. The City reached agreements with five of its seven bargaining units on modifications to the terms and conditions of employment, and those modifications took effect on February 1, 2013. Unable to reach agreements with its two other bargaining units on the modifications, the Common Council voted on January 28, 2013 to impose modifications to the terms and conditions of employment on these units. In February and March 2013, in response to the City's actions, the two bargaining groups representing fire safety and police safety filed motions for relief from the stay to exercise remedies to challenge the City's unilateral modifications. The City filed a motion to reject its collective bargaining agreements with those two unions. These matters were postponed, and the last status conference on the motions was held on May 8, 2014 with a further status conference set for June 19, 2014.

#### Deferral of CalPERS Payments

The City deferred certain payments, including the City's general fund employer portion of retirement contributions to CalPERS. CalPERS sought relief from the stay in order to commence a state court action against the City to attempt to recoup the deferred payments, and to compel the payment of future pension contributions from the City. The Bankruptcy Court denied CalPERS' motion for relief from the automatic stay. Beginning in July 2013, the City resumed payments of the City's employer portion of retirement contributions to CalPERS.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 2. Bankruptcy (continued)

#### The City's Debt Obligations and Creditor Claims

The Bankruptcy Court established February 7, 2014 as the deadline for all creditors other than governmental units and certain employees and retirees to file proofs of claims, and March 21, 2014 as the deadline for governmental units to file proofs of claims. The City's proposed plan of adjustment will address claims timely filed against the City and the City's outstanding obligations. In addition, the City continues to make regular payments on financing obligations secured by dedicated special use restricted resources outside the General Fund, such as sewer improvement and infrastructure obligations or lease payments secured by restricted "special revenues," from those restricted sources.

#### Impact of the Bankruptcy Case on the City's Ability to Provide Services

The City continues to provide essential services to its residents and is committed to continuing to provide such services throughout the Bankruptcy Case. The goal for the Chapter 9 process is to allow the City the time it needs to correct its structural budget imbalance and cash flow problems and set it on a sound financial course moving forward.

#### Mediation Respecting the Terms of a Chapter 9 Plan of Adjustment and Further Status Conference

In October 2013, the Bankruptcy Court appointed a bankruptcy judge as case and plan mediator, and ordered the City, CalPERS, and the other principal creditors into confidential mediation over the terms of a Chapter 9 plan of adjustment. The Bankruptcy Court has put on hold related litigation in the Chapter 9 case to give the mediation a chance to succeed. The City, CalPERS, the City's bondholders, the labor unions, and a committee of retirees have participated in several mediation sessions, the purpose of which is to attempt to negotiate a consensual Chapter 9 plan of adjustment. Additional mediation sessions are anticipated to be scheduled and held. The Bankruptcy Court has set a further status conference for June 19, 2014.

Although the outcome of CalPERS' appeal of the City's eligibility for Chapter 9 relief and any challenges the City may receive to a plan of adjustment are uncertain, the City is working toward a consensual plan of adjustment with its creditors. If a consensual plan cannot be achieved, then the City will seek to have the Bankruptcy Court confirm the City's plan of adjustment over potential objections from creditors.

Until a plan of adjustment is filed with the Bankruptcy Court, no terms of adjustment can be disclosed. Currently, the City is unable to provide an estimate of the gain, if any, resulting from the re-measuring of liabilities, nor can an estimate be provided of when the plan of adjustment will be completed.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 3. Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2012 as follows:

Statement of net assets:	
Cash and investments	\$ 88,636,143
Statement of fiduciary net assets:	
Cash and investments - Redevelopment Obligation Retirement Fund	34,506,252
Cash and investments - Agency Funds	<u>2,629,936</u>
 Total cash and investments	 <u>125,772,331</u>
 Statement of net assets:	
Cash and investments with fiscal agents	36,860
Statement of fiduciary net assets:	
Cash and investments with fiscal agents - Redevelopment Obligation Retirement Fund	<u>36,912,220</u>
 Total cash and investments with fiscal agents	 <u>36,949,080</u>
 Total	 <u><u>\$ 162,721,411</u></u>

Cash and investments at June 30, 2012 consisted of the following:

Cash on hand	\$ 13,450
Demand deposits	4,728,162
Investments	<u>157,979,799</u>
 Total cash and investments	 <u><u>\$ 162,721,411</u></u>

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

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

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

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 3. Cash and Investments (continued)

#### Investments Authorized by the California Government Code and the City's Investment Policy (continued)

<u>Authorized Investment Types</u>	<u>Maximum Maturity*</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer*</u>
United States Treasury Obligations	5 years	None	None
United States Federal Agency Securities Bonds, Notes or Registered Warrants Issued by the State of California or Local Agencies within the State of California	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	15%
Negotiable Certificates of Deposit	5 years	30%	None
Time Certificates of Deposit	N/A	25%	None
Medium-term Corporate Notes	5 years	30%	15%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-through Securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

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

#### 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 policy. 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.

<u>Authorized Investment Types</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	None	None	N/A
United States Federal Agency Securities Bonds, Notes or Registered Warrants Issued by the State of California or Local Agencies within the State of California	None	None	None
Bankers' Acceptances	180 - 360 days	None	None
Commercial Paper	92 - 180 days	None	None
Medium-term Corporate Notes	None	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 3. Cash and Investments (continued)

#### 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.

Investment Type	Total	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 Months or More
Local Agency Investment Fund (State Investment Pool)	\$ 36,768,093	\$ 36,768,093	\$ -	\$ -
Money Market Mutual Funds	4,248,473	4,248,473	-	-
Certificates of Deposit	998,872	-	998,872	-
Negotiable Certificates of Deposit	497,721	-	497,721	-
Federal Agency Securities	54,469,084	6,636,355	11,452,989	36,379,740
U.S. Treasury Securities	12,561,601	2,959,568	1,139,270	8,462,763
Medium-term Corporate Notes	7,925,974	1,830,458	2,389,054	3,706,462
Held by Bond Trustee:				
Money Market Funds	34,797,080	34,797,080	-	-
U.S. Treasury Securities	1,005,000	1,005,000	-	-
Mutual Funds	87,151	87,151	-	-
Investment Contracts	4,620,750	-	-	4,620,750
<b>Total</b>	<b>\$ 157,979,799</b>	<b>\$ 88,332,178</b>	<b>\$ 16,477,906</b>	<b>\$ 53,169,715</b>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 3. Cash and Investments (continued)

#### Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Ratings at Year End AA or AAA	Not Rated
Local Agency Investment Fund (State Investment Pool)	\$ 36,768,093	N/A	\$ -	\$ 36,768,093
Money Market Mutual Funds	4,248,473	N/A	-	4,248,473
Certificates of Deposit	998,872	N/A	-	998,872
Negotiable Certificates of Deposit	497,721	N/A	-	497,721
Federal Agency Securities	54,469,084	AA	54,469,084	-
U.S. Treasury Securities	12,561,601	N/A	12,561,601	-
Medium-term Corporate Notes	7,925,974	AA	7,925,974	-
Held by Bond Trustee:				
Money Market Funds	34,797,080	N/A	-	34,797,080
U.S. Treasury Securities	1,005,000	N/A	1,005,000	-
Mutual Funds	87,151	N/A	-	87,151
Investment Contracts	4,620,750	N/A	-	4,620,750
<b>Total</b>	<b>\$ 157,979,799</b>		<b>\$ 75,961,659</b>	<b>\$ 82,018,140</b>

#### Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount	Percentage of Portfolio
Federal Home Loan Bank	Federal Agency Security	\$ 16,600,949	11%
Federal Home Loan Mortgage Corp.	Federal Agency Security	9,241,751	6%
Federal National Mortgage Association	Federal Agency Security	19,253,073	12%

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 3. Cash and Investments (continued)

#### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2012, the City's deposits (bank balances) were collateralized under California Law.

#### Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 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.

### 4. Notes Receivable

Notes receivable represent loan agreements entered into between the EDA and unrelated non-governmental entities as part of the EDA's redevelopment activities, including single-family home buyer assistance, and real estate development and construction loans. Approximately 155 notes are reported in the Federal and State Grants Fund (a nonmajor special revenue fund) ranging in amount from approximately \$25,000 to \$3.5 million, and totaling \$8.8 million. The Low and Moderate Income Housing Fund (a nonmajor special revenue fund) includes approximately 40 notes ranging in amount from approximately \$8,000 to \$7 million, and totaling \$38.7 million. Collection of these notes receivable is subject to the terms of each individual loan agreement.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 5. Interfund Receivables, Payables and Transfers

#### Due To / From Other Funds

Amounts due to and due from other funds at June 30, 2012 are summarized as follows:

	Due From Other Funds (asset):						Total
	Nonmajor Governmental Funds	Low and Moderate Income Housing Fund	Integrated Waste Enterprise Fund	Water Enterprise Fund	Sewer Enterprise Fund	Internal Service Funds	
Due To Other Funds (liability):							
General Fund	\$ 15,345,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,345,420
Federal and State Grants Fund	1,841,588	-	-	-	-	2,713,916	4,555,504
Nonmajor Govern- mental Funds	2,389,027	155,500	-	-	-	-	2,544,527
Integrated Waste Enterprise Fund	-	-	-	409,218	850,894	-	1,260,112
Water Enterprise Fund	-	-	2,042,095	-	-	-	2,042,095
Sewer Enterprise Fund	-	-	222,894	112,259	-	-	335,153
Internal Service Funds	1,319,100	-	-	277,600	-	-	1,596,700
<b>Total</b>	<b>\$ 20,895,135</b>	<b>\$ 155,500</b>	<b>\$ 2,264,989</b>	<b>\$ 799,077</b>	<b>\$ 850,894</b>	<b>\$ 2,713,916</b>	<b>\$ 27,679,511</b>

Amounts due to and due from other funds reflect (a) Monies owed to the Integrated Waste Enterprise (IWE) fund from Water Enterprise and Sewer Enterprise funds for monies for services collected by the Water Department on behalf of the IWE fund; and (b) inter-fund borrowings to cover short-term operating deficits and cash overdrafts.

**CITY OF SAN BERNARDINO**

**Notes to Basic Financial Statements  
Year Ended June 30, 2012**

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**5. Interfund Receivables, Payables and Transfers (continued)**

Advances To / From Other Funds

Advance to and advances from other funds at June 30, 2012, are summarized as follows:

	<u>Advances To Other Funds (asset):</u>		<u>Total</u>
	<u>Low and Moderate Income Housing Fund</u>	<u>Nonmajor Governmental Funds</u>	
<u>Advances From Other Funds (liability):</u>			
General Fund	\$ -	\$ 1,629,400	\$ 1,629,400
Federal and State Grants Fund	9,347,332	-	9,347,332
Nonmajor Governmental Funds	-	158,000	158,000
Internal Service Funds	-	49,774	49,774
Total	<u>\$ 9,347,332</u>	<u>\$ 1,837,174</u>	<u>\$ 11,184,506</u>

The interfund advances above resulted from (1) a General Fund budget shortfall of \$1,629,400 covered by a short term loan from the City's impact fees fund, (2) loans to fund infrastructure and other capital improvements.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 5. Interfund Receivables, Payables and Transfers (continued)

#### Transfers

Interfund transfers during the year ended June 30, 2012 consisted of the following:

	Transfers out:					Total
	General Fund	Economic Development Agency Special Revenue Fund	Economic Development Agency Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	
<u>Transfers in:</u>						
General Fund	\$ -	\$ -	\$ 625,750	\$ 9,268,762	\$ 2,009,774	\$ 11,904,286
Economic Development Agency Special Revenue Fund	-	-	4,410,862	-	-	4,410,862
Economic Development Agency Debt Service Fund	1,611,512	687,535	7,596,219	-	-	9,895,266
Federal and State Grants Fund	578,698	7,305,200	-	-	-	7,883,898
Nonmajor Govern- mental Funds	4,344,836	-	-	-	-	4,344,836
Integrated Waste Fund	65,000	-	-	-	-	65,000
<b>Total</b>	<b>\$ 6,600,046</b>	<b>\$ 7,992,735</b>	<b>\$ 12,632,831</b>	<b>\$ 9,268,762</b>	<b>\$ 2,009,774</b>	<b>\$ 38,504,148</b>

Interfund transfers were principally used to fund (a) operating deficits in non-major funds, (b) debt service payments, and (c) reimbursement of costs of the general fund related to accomplishing activities of other funds.

### 6. Property Held for Resale

Property held for resale represents single-family, multi-family, commercial, and retail real estate acquired by the EDA under its low and moderate income housing activities and the City's federal grant programs. Approximately 60 properties are reported in the Federal and State Grants Fund (a nonmajor special revenue fund) ranging in amount from approximately \$78,000 to \$640,000, and totaling \$16.3 million. The Low and Moderate Income Housing Fund (a nonmajor special revenue fund) includes approximately 30 properties ranging in amount from approximately \$5,000 to \$11.8 million, and totaling \$18.4 million. The properties are reported at cost basis. These costs will be charged to current year project expenditures when the related properties are sold or disposed.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 7. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2012, was as follows:

	Beginning balance	Additions	Deletions	Reclass- ifications	Transfers to Successor Agency	Ending balance
<b>Governmental activities:</b>						
Capital assets, not being depreciated:						
Land <sup>(1)</sup>	\$ 125,475,931	\$ -	\$ -	\$ -	\$ (11,631,572)	\$ 113,844,359
Construction in progress <sup>(2)</sup>	22,607,288	5,259,176	(17,411,033)	-	-	10,455,431
Total capital assets, not being depreciated	148,083,219	5,259,176	(17,411,033)	-	(11,631,572)	124,299,790
Capital assets, being depreciated:						
Infrastructure	531,619,693	14,503,740	(25,512)	-	-	546,097,921
Buildings and improvements	85,138,141	1,025,240	-	4,608,946	(16,508,665)	74,263,662
Machinery, vehicles and equipment	59,858,218	1,736,886	(684,392)	(4,608,946)	(1,282,198)	55,019,568
Total capital assets, being depreciated	676,616,052	17,265,866	(709,904)	-	(17,790,863)	675,381,151
Less accumulated depreciation for:						
Infrastructure	(262,647,499)	(14,271,847)	25,512	-	-	(276,893,834)
Buildings and improvements	(60,199,399)	(1,708,899)	-	(3,085,155)	7,941,664	(57,051,789)
Machinery, vehicles and equipment	(46,793,014)	(3,516,822)	684,392	3,085,155	1,025,251	(45,515,038)
Total accumulated depreciation	(369,639,912)	(19,497,568)	709,904	-	8,966,915	(379,460,661)
Total capital assets, being depreciated net	306,976,140	(2,231,702)	-	-	(8,823,948)	295,920,490
Intangible assets	5,946,327	-	-	-	-	5,946,327
Less accum. amortization	(247,763)	(594,633)	-	-	-	(842,396)
Total intangible assets, net	5,698,564	(594,633)	-	-	-	5,103,931
Governmental activities capital assets, net	\$ 460,757,923	\$ 2,432,841	\$ (17,411,033)	\$ -	\$ (20,455,520)	\$ 425,324,211

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

(2) Current year deletions of construction in progress include \$1,901,829 of prior year project costs that no longer meet the criteria for capitalization.

Capital assets of the former redevelopment agency (Economic Development Agency or "EDA") were transferred to the Successor Agency upon dissolution at February 1, 2012. Capital asset activities for the seven months ended January 31, 2012 are included in the governmental activities of the City.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 7. Capital Assets (continued)

Certain reclassifications between capital asset classes in the governmental activities were made to ensure consistency with the City's classifications and capital asset subsidiary schedules. There were no changes to carrying amounts or depreciation lives, and there was no effect on the City's changes in net assets.

Capital asset activity for business-type activities for the year ended June 30, 2012, was as follows:

	Beginning balance	Additions	Deletions	Adjustments	Ending balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land and easements	\$ 15,459,919	\$ -	\$ -	\$ -	\$ 15,459,919
Construction in progress	12,498,216	9,052,195	(11,933,044)	-	9,617,367
Total capital assets, not being depreciated	27,958,135	9,052,195	(11,933,044)	-	25,077,286
Capital assets, being depreciated:					
Water rights, wells and pumping	83,225,598	2,919,221	(11,062)	-	86,133,757
Distribution systems	117,057,748	3,989,998	(401,611)	-	120,646,135
Building, plant, and store yards	157,307,070	4,847,862	-	-	162,154,932
Other assets	45,237,805	2,693,211	(2,736,759)	-	45,194,257
Total capital assets, being depreciated	402,828,221	14,450,292	(3,149,432)	-	414,129,081
Less accumulated depreciation for:					
Water rights, wells and pumping	(29,994,658)	(2,351,987)	10,621	2,156,538	(30,179,486)
Distribution systems	(28,812,112)	(2,429,340)	323,057	2,024,342	(28,894,053)
Building, plant, and store yards	(89,126,236)	(4,556,075)	-	(2,586,336)	(96,268,647)
Other assets	(27,289,849)	(4,031,262)	2,585,479	74,882	(28,660,750)
Total accumulated depreciation	(175,222,855)	(13,368,664)	2,919,157	1,669,426	(184,002,936)
Total capital assets, being depreciated, net	227,605,366	1,081,628	(230,275)	1,669,426	230,126,145
Business-type activities capital assets, net	\$ 255,563,501	\$ 10,133,823	\$ (12,163,319)	\$ 1,669,426	\$ 255,203,431

There were adjustments made to beginning accumulated depreciation to account for errors noted in the calculation of depreciation subsequent to the issuing of the June 30, 2011 financial statements of \$4,140,116 and \$(2,470,690) to the water and sewer enterprise funds, respectively, for a net adjustment to the business-type activities of \$1,669,426.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 7. Capital Assets (continued)

Depreciation expense was charged to the following functions in the Statement of Activities:

Function:	Governmental activities	Business-type activities
General government	\$ 234,909	\$ -
Public safety	1,935,379	-
Streets	14,897,503	-
Culture and recreation	520,194	-
Economic development	351,548	-
Community services	255,850	-
Integrated waste enterprise fund	-	2,952,864
Water enterprise fund	-	5,770,673
Sewer enterprise fund	-	4,645,127
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,302,185</u>	<u>-</u>
Total depreciation expense	<u><u>\$ 19,497,568</u></u>	<u><u>\$ 13,368,664</u></u>

### 8. Long-Term Liabilities – Governmental Activities

Changes in the long-term liabilities of the governmental activities for the year ended June 30, 2012 were as follows:

	Balance June 30, 2011	Additions	Reductions	Transfer to Successor Agency on Feb. 1, 2012	Balance June 30, 2012	Amount Due Within One Year
<b>Governmental activities:</b>						
Capital leases payable	\$ 3,685,809	\$ -	\$ (1,101,075)	\$ -	\$ 2,584,734	\$ 739,557
Claims and judgments (Note 13)	<u>20,142,019</u>	<u>5,630,933</u>	<u>(4,850,980)</u>	<u>-</u>	<u>20,921,972</u>	<u>6,276,592</u>
Compensated absences (Note 12)	<u>20,287,987</u>	<u>217,671</u>	<u>(818,981)</u>	<u>(423,405)</u>	<u>19,263,272</u>	<u>8,114,405</u>
OPEB obligation (Note 17)	<u>20,732,739</u>	<u>5,217,893</u>	<u>-</u>	<u>(882,031)</u>	<u>25,068,601</u>	<u>-</u>
<u>Participation agreement:</u>						
Yellow Freight	<u>277,688</u>	<u>-</u>	<u>-</u>	<u>(277,688)</u>	<u>-</u>	<u>-</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 8. Long-Term Liabilities – Governmental Activities (continued)

	Balance June 30, 2011	Additions	Reductions	Transfer to Successor Agency on Feb. 1, 2012	Balance June 30, 2012	Amount Due Within One Year
<b>Governmental activities</b>						
<b>(continued):</b>						
<u>Notes payable:</u>						
HUD Section 108:						
Cinema project	\$ 3,860,000	\$ -	\$ (410,000)	\$ (3,450,000)	\$ -	\$ -
Arden Guthrie	7,500,000	-	-	(7,500,000)	-	-
Reynolds	506,637	-	-	(506,637)	-	-
Fire maintenance facility note	1,200,000	-	-	-	1,200,000	-
CMB note payable	15,000,000	18,000,000	-	(33,000,000)	-	-
New World note payable	5,131,987	-	(583,202)	-	4,548,785	513,540
Total notes payable	<u>33,198,624</u>	<u>18,000,000</u>	<u>(993,202)</u>	<u>(44,456,637)</u>	<u>5,748,785</u>	<u>513,540</u>
<u>Lease revenue bonds:</u>						
Public Facilities Lease (Lease Revenues Refunding 1997, Series A)						
	2,570,000	-	(815,000)	-	1,755,000	855,000
City Hall Lease (Refunding Bonds, Series 1996)						
	8,575,000	-	(520,000)	-	8,055,000	550,000
Total lease revenue bonds	<u>11,145,000</u>	<u>-</u>	<u>(1,335,000)</u>	<u>-</u>	<u>9,810,000</u>	<u>1,405,000</u>
<u>California Infrastructure</u>						
<u>Bank:</u>						
Fire station lease	2,153,425	-	(86,396)	-	2,067,029	88,919
Street construction	5,814,565	-	(1,109,082)	-	4,705,483	1,135,367
Harriman Place Street Extension Lease	1,338,015	-	(105,493)	-	1,232,522	108,458
Total California Infrastructure Bank	<u>9,306,005</u>	<u>-</u>	<u>(1,300,971)</u>	<u>-</u>	<u>8,005,034</u>	<u>1,332,744</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 8. Long-Term Liabilities – Governmental Activities (continued)

	Balance June 30, 2011	Additions	Reductions	Transfer to Successor Agency on Feb. 1, 2012	Balance June 30, 2012	Amount Due Within One Year
<b>Governmental activities (continued):</b>						
<u>Tax allocation bonds:</u>						
Bonds 2010A	\$ 6,505,000	\$ -	\$ -	\$ (6,505,000)	\$ -	\$ -
Bonds 2010B	3,075,000	-	-	(3,075,000)	-	-
Refunding Bonds, 2002A	22,330,000	-	-	(22,330,000)	-	-
Bonds 2002	3,095,000	-	(75,000)	(3,020,000)	-	-
Refunding Bonds, 1998A	10,880,000	-	(855,000)	(10,025,000)	-	-
Refunding Bonds, 1998B	5,320,000	-	(355,000)	(4,965,000)	-	-
Refunding Bonds, 2005A	45,110,000	-	(2,500,000)	(42,610,000)	-	-
Refunding Bonds, 2005B	16,980,000	-	(965,000)	(16,015,000)	-	-
Taxable 2006	23,035,000	-	-	(23,035,000)	-	-
Less: deferred charges	(1,659,462)	-	72,057	1,587,405	-	-
Total tax allocation bonds	<u>134,670,538</u>	<u>-</u>	<u>(4,677,943)</u>	<u>(129,992,595)</u>	<u>-</u>	<u>-</u>
<u>Assessment District bonds:</u>						
Assessment District No. 987	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Certificates of Participation:</u>						
1999 Certificates of participation	<u>10,940,000</u>	<u>-</u>	<u>(540,000)</u>	<u>(5,880,000)</u>	<u>4,520,000</u>	<u>250,000</u>
<u>Pension obligation bonds payable:</u>						
Taxable Pension Obligation Bonds, 2005 Series A	<u>47,075,251</u>	<u>-</u>	<u>(934,391)</u>	<u>-</u>	<u>46,140,860</u>	<u>916,280</u>
Total governmental activities long-term liabilities	<u>\$ 311,511,660</u>	<u>\$ 29,066,497</u>	<u>\$ (16,602,543)</u>	<u>\$ (181,912,356)</u>	<u>\$ 142,063,258</u>	<u>\$ 19,548,118</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At June 30, 2012, \$635,198 of capital leases payable, \$20,921,972 of claims and judgments, \$888,272 of compensated absences, and \$4,548,785 of notes payable (New World) for internal service funds are included in the above amounts for governmental activities. For governmental activities, compensated absences and other post-employment benefit obligations (OPEB) are generally liquidated by the General Fund.

**CITY OF SAN BERNARDINO**

**Notes to Basic Financial Statements  
Year Ended June 30, 2012**

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**8. Long-Term Liabilities – Governmental Activities (continued)**

A. Capital Leases Payable

Amount  
Outstanding at  
June 30, 2012

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The City has entered into several lease agreements for the financing of fire vehicles and equipment, air conditioners, and police vehicles. These lease agreements 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.

\$ 2,584,734

Assets acquired through capital leases are as follows:

	Amount
Machinery, vehicles and equipment	\$ 5,347,420
Less: accumulated depreciation	<u>(3,018,059)</u>
 Total	 <u>\$ 2,329,361</u>

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

Year ending June 30,	Principal	Interest	Total
2013	\$ 739,557	\$ 94,939	\$ 834,496
2014	625,124	67,514	692,638
2015	622,010	43,920	665,930
2016	309,686	21,578	331,264
2017	121,229	11,542	132,771
2018 - 2019	<u>167,128</u>	<u>9,890</u>	<u>177,018</u>
 Totals	 <u>\$ 2,584,734</u>	 <u>\$ 249,383</u>	 <u>\$ 2,834,117</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 8. Long-Term Liabilities – Governmental Activities (continued)

#### B. Notes Payable

	<u>Amount Outstanding at June 30, 2012</u>
<u>Fire Maintenance Facility Note</u>	
On August 1, 2009, the City entered into a note agreement 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% per annum. Due to the nature of the terms of the note, an amortization schedule is not available.	\$ 1,200,000
<u>New World Note Payable</u>	
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>4,548,785</u>
Total notes payable	<u><u>\$ 5,748,785</u></u>

Future debt service requirements for notes payable outstanding as of June 30, 2012, are as follows (due to the nature of the terms of the fire maintenance facility note does not have an amortization schedule, and therefore no interest is scheduled):

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 513,540	\$ 131,460	\$ 645,000
2014	528,381	116,619	645,000
2015	543,652	101,348	645,000
2016	559,363	85,637	645,000
2017	575,529	69,471	645,000
2018 - 2020	<u>3,028,320</u>	<u>106,680</u>	<u>3,135,000</u>
Totals	<u><u>\$ 5,748,785</u></u>	<u><u>\$ 611,215</u></u>	<u><u>\$ 6,360,000</u></u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 8. Long-Term Liabilities – Governmental Activities (continued)

#### C. Lease Revenue Bonds

Amount  
Outstanding at  
June 30, 2012

#### 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 EDA's Public Facilities Lease Revenue Bonds, 1989 Series A, and to provide funds for the construction and leasing of a fueling station. The bonds currently outstanding consist of \$4,790,000 of term bonds due September 1, 2013, bearing interest at 5.0% per annum. 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 bonds are subject to optional redemption before maturity from available funds. 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, 2012 the reserve requirement was \$945,000 and the amount actually held in the reserve account was \$945,196.

The bond payments were previously paid by the EDA and secured by and payable from the lease revenue payments received by the EDA as lessor, under lease agreements with the City of San Bernardino. Upon dissolution of the EDA, the bonds became a liability of the City.

\$ 1,755,000

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 8. Long-Term Liabilities – Governmental Activities (continued)

#### C. Lease Revenue Bonds (continued)

Amount  
Outstanding at  
June 30, 2012

#### 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. Remaining term bonds are due 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 bonds are subject to optional redemption as a whole or in part 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, 2012 the reserve requirement was \$1,008,190 and the amount actually held in the reserve account was \$1,051,460.

The bonds and the interest thereon were previously 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 EDA 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 EDA, 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. Upon dissolution of the EDA, the bonds became a liability of the City.

Total lease revenue bonds

8,055,000

\$ 9,810,000

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 8. Long-Term Liabilities – Governmental Activities (continued)

#### C. Lease Revenue Bonds (continued)

Future debt service requirements for lease revenue bonds outstanding as of June 30, 2012 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,405,000	\$ 538,330	\$ 1,943,330
2014	1,480,000	464,495	1,944,495
2015	610,000	410,355	1,020,355
2016	645,000	377,035	1,022,035
2017	685,000	341,573	1,026,573
2018 - 2022	4,035,000	1,095,255	5,130,255
2023	<u>950,000</u>	<u>106,875</u>	<u>1,056,875</u>
Totals	<u>\$ 9,810,000</u>	<u>\$ 3,333,918</u>	<u>\$ 13,143,918</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 8. Long-Term Liabilities – Governmental Activities (continued)

#### D. California Infrastructure Bank

	<u>Amount Outstanding at June 30, 2012</u>
<u>Fire Station Lease</u>	
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.	\$ 2,067,029
<u>Harriman Place Street Extension Lease</u>	
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.	4,705,483
<u>Street Construction</u>	
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, 2012, the City had drawn a total of \$9,613,878 of the \$10,000,000 available.	<u>1,232,522</u>
Total California Infrastructure Bank liabilities	<u>\$ 8,005,034</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 8. Long-Term Liabilities – Governmental Activities (continued)

#### D. California Infrastructure Bank (continued)

Future debt service requirements for California Infrastructure Bank liabilities outstanding as of June 30, 2012, are as follows:

Year ending June 30,	Principal	Interest	Total
2013	\$ 1,332,744	\$ 190,235	\$ 1,522,979
2014	1,365,295	157,284	1,522,579
2015	1,398,648	123,522	1,522,170
2016	1,432,818	88,933	1,521,751
2017	220,941	68,268	289,209
2018 - 2022	1,203,169	241,467	1,444,636
2023 - 2027	628,524	108,681	737,205
2028 - 2030	422,895	18,760	441,655
Totals	<u>\$ 8,005,034</u>	<u>\$ 997,150</u>	<u>\$ 9,002,184</u>

#### E. Assessment District Bonds

##### Assessment District No. 987 Bonds Payable

Assessment District No. 987 bonds, series 1991, were issued on December 2, 1991 in the amount of \$709,000. The bonds consisted of coupon bonds with interest ranging from 5.75% to 7.30% per annum. Interest was payable semiannually on March 2 and September 2. Serial Bonds matured 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 of the bonds was paid in full during the year ended June 30, 2012.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 8. Long-Term Liabilities – Governmental Activities (continued)

#### F. 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 (Certificates). 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 (201 Building Projects).

The Certificates mature on September 1 of each year through September 1, 2024, in amounts ranging from \$330,000 to \$1,080,000. The interest represented by the Certificates is 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% per annum.

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, 2012, the reserve requirement was \$1,147,000 and the amount actually held in the reserve account was \$1,147,000. The total outstanding balance of the Certificates at June 30, 2012 was \$10,400,000, of which \$4,520,000 is reported as a long-term liability of the City, which is the portion of the Certificates that represent the Police Station portion. Repayment of this portion of the Certificates is funded from the City's general revenues under the terms of the lease agreement.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 8. Long-Term Liabilities – Governmental Activities (continued)

#### F. Certificates of Participation (continued)

Future debt service requirements for certificates of participation outstanding as of June 30, 2012 are as follows:

Year ending June 30,	Principal	Interest	Total
2013	\$ 250,000	\$ 572,000	\$ 822,000
2014	260,000	540,375	800,375
2015	275,000	507,375	782,375
2016	290,000	472,450	762,450
2017	305,000	435,600	740,600
2018 - 2022	1,805,000	1,552,375	3,357,375
2023 - 2025	1,335,000	344,025	1,679,025
Totals	<u>\$ 4,520,000</u>	<u>\$ 4,424,200</u>	<u>\$ 8,944,200</u>

#### G. Pension Obligation Bonds

##### Taxable Pension Obligation Bonds, 2005 Series A

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% per annum, 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% per annum, maturing annually commencing October 1, 2007 through October 1, 2024.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 8. Long-Term Liabilities – Governmental Activities (continued)

#### G. Pension Obligation Bonds (continued)

Future debt service requirements for pension obligation bonds outstanding as of June 30, 2012 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 916,280	\$ 2,422,615	\$ 3,338,895
2014	895,138	2,493,756	3,388,894
2015	873,241	2,565,653	3,438,894
2016	856,483	2,637,411	3,493,894
2017	833,750	2,715,144	3,548,894
2018-2022	3,810,786	14,743,685	18,554,471
2023-2027	6,715,182	13,295,441	20,010,623
2028-2032	14,725,000	6,848,854	21,573,854
2033-2036	<u>16,515,000</u>	<u>1,943,771</u>	<u>18,458,771</u>
Totals	<u>\$ 46,140,860</u>	<u>\$ 49,666,330</u>	<u>\$ 95,807,190</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 9. Long-Term Liabilities – Business-type Activities

Changes in the long-term liabilities of the business-type activities for the year ended June 30, 2012 were as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amount Due Within One Year
<b>Business-type activities:</b>					
Capital leases payable	\$ 13,149,895	\$ -	\$ (2,869,838)	\$ 10,280,057	\$ 2,936,684
Claims payable (Note 13)	288,683	233,438	(97,680)	424,441	424,441
Compensated absences (Note 12)	2,583,092	2,238,315	(2,317,376)	2,504,031	1,762,208
OPEB obligation (Note 17)	6,530,000	2,510,000	(9,040,000)	-	-
Notes payable	24,439,995	10,000,000	(2,892,770)	31,547,225	2,993,835
Certificates of participation:					
Refunding sewer revenues COPs	17,305,000	-	(2,510,000)	14,795,000	2,650,000
Less: deferred charges	(108,680)	-	21,012	(87,668)	(20,360)
Subtotal	17,196,320	-	(2,488,988)	14,707,332	2,629,640
Water bonds payable	25,000	-	(10,000)	15,000	15,000
Total business-type activities long-term liabilities	<u>\$ 64,212,985</u>	<u>\$ 14,981,753</u>	<u>\$ (19,716,652)</u>	<u>\$ 59,478,086</u>	<u>\$ 10,761,808</u>

#### A. 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, 2012

#### 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 are 84 months each, with individual semi-annual payments ranging from \$59,370 to \$384,437. These lease agreements 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.

\$ 10,280,057

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 9. Long-Term Liabilities – Business-type Activities (continued)

#### A. Capital Leases Payable (continued)

Assets acquired through capital leases are as follows:

	<u>Amount</u>
Machinery, vehicles and equipment	\$ 19,972,082
Less: accumulated depreciation	<u>(10,509,111)</u>
Total	<u><u>\$ 9,462,971</u></u>

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 2,936,684	\$ 328,011	\$ 3,264,695
2014	2,550,418	225,007	2,775,425
2015	2,140,362	145,780	2,286,142
2016	1,438,444	78,821	1,517,265
2017	889,210	32,560	921,770
2018	<u>324,939</u>	<u>7,060</u>	<u>331,999</u>
Totals	<u><u>\$ 10,280,057</u></u>	<u><u>\$ 817,239</u></u>	<u><u>\$ 11,097,296</u></u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 9. Long-Term Liabilities – Business-type Activities (continued)

#### B. Notes Payable

	<u>Amount Outstanding at June 30, 2012</u>
<u>California Infrastructure and Economic Development Bank (CIEDB)</u>	
In April 2002, CIEDB issued a \$10,000,000 note to the City Water Department to provide funding for transmission mains, booster stations and a reservoir identified in the Water System Reliability Schedule of Improvements. The note was issued with an interest rate of 3.34% per annum with interest payable semiannually on February 1 and August 1. Principal payments are due annually on February 1.	\$ 6,272,528
In July 2007, CIEDB issued a \$10,000,000 note to the City Water Department to provide funding for booster stations and transmission mains in the Verdemon area. The note was issued with an interest rate of 2.71% per annum with interest payable semiannually on February 1 and August 1. Principal payments are due annually on August 1.	8,281,073
In May 2012, CIEDB issued a \$10,000,000 note to the City Water Department to provide funding for the construction of the 12 million gallon Ogden Reservoir and certain pipeline improvements. The note was issued with an interest rate of 2.61% per annum with interest payable semiannually on February 1 and August 1. Principal payments are due annually on August 1.	10,000,000
<u>San Bernardino Valley Municipal Water District (SBVMWD) SARI Line Rights</u>	
The City Water Department entered into an agreement with the SBVMWD for the purchase of 2.5 million gallons per day of discharge rights in the Santa Ana Regional Interceptor (SARI) pipeline (now called the Inland Empire Brine Line). SBVMWD issued a note to the City Water Department in the amount of \$5,084,723 with an interest rate of 7.25% per annum, annual debt service payments of \$456,250, and a maturity of 2013.	425,408
<u>State Revolving Fund</u>	
The State Water Resources Control Board issued a note to Santa Ana Watershed Authority to provide funding the San Bernardino/Colton Rapid Infiltration Extraction (RIX) project in the amount of \$25,978,599. In April 2001, the agreement was amended to transfer the note obligation to the successors in interest being the City of San Bernardino Board of Water Commissioners, and the City of Colton. The City Water Department will use revenues from the sewer treatment utility fund towards repayment of the note. The note matures in 2016 and bear interest at a rate of 2.80% per annum.	<u>6,568,216</u>
Total notes payable	<u>\$ 31,547,225</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 9. Long-Term Liabilities – Business-type Activities (continued)

#### B. Notes Payable (continued)

Future debt service requirements for notes payable outstanding as of June 30, 2012, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 2,993,835	\$ 828,109	\$ 3,821,944
2014	3,056,103	792,692	3,848,795
2015	3,143,473	705,008	3,848,481
2016	3,232,041	614,802	3,846,843
2017	1,566,895	522,036	2,088,931
2018 - 2022	8,550,615	1,888,788	10,439,403
2013 - 2027	5,881,662	807,355	6,689,017
2028 - 2032	3,122,601	207,947	3,330,548
Totals	<u>\$ 31,547,225</u>	<u>\$ 6,366,737</u>	<u>\$ 37,913,962</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 9. Long-Term Liabilities – Business-type Activities (continued)

#### C. Certificates of Participation

##### 1998 Refunding Sewer Revenue Certificates of Participation

In 1998, the sewer treatment utility issued \$36,230,000 in Certificates of Participation to advance refund the 1992 Sewer Certificates of Participation and fund additional capital improvements. The 1992 Certificates originally provided for the construction of certain capital improvements. The proceeds of the 1998 Certificates were invested and used to pay interest on the 1998 issue until February 1, 2001, when the 1992 Certificates were called at a prepayment premium of two percent. The City Water Department now pays the installment payments on the 1998 Certificates from the net revenues of the sewer treatment system. Interest is payable semiannually on February 1, and August 1. The issue has interest rates ranging between 3.95% and 5.25% per annum, annual debt service payments ranging from \$1,697,000 to \$3,474,000, and a maturity date of 2017.

The advance refunding resulted in an economic gain of \$1,277,994 (difference between the present value of the annual debt service payments between old and new debt).

Future debt service requirements for certificates of participation outstanding as of June 30, 2012, are as follows:

Year ending June 30,	Principal	Interest	Total
2013	\$ 2,650,000	\$ 736,175	\$ 3,386,175
2014	2,805,000	607,650	3,412,650
2015	2,965,000	474,412	3,439,412
2016	3,155,000	318,750	3,473,750
2017	3,220,000	161,000	3,381,000
	<u>14,795,000</u>	<u>2,297,987</u>	<u>17,092,987</u>
Less: Deferred Charges	<u>(87,668)</u>	<u>-</u>	<u>(87,668)</u>
Totals	<u>\$ 14,707,332</u>	<u>\$ 2,297,987</u>	<u>\$ 17,005,319</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 9. Long-Term Liabilities – Business-type Activities (continued)

#### D. Water Bonds Payable

##### Waterworks Bonds, Series C

During the year ended June 30, 1992, the South San Bernardino Water District merged with the City Water Department, and assumed all the 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 \$16,200. Interest accrues at 7.75% per annum. The outstanding balance at June 30, 2012 is \$15,000.

Future debt service requirements for water bonds payable outstanding as of June 30, 2012, are as follows:

Year ending June 30,	Principal	Interest	Total
2013	\$ 15,000	\$ 1,163	\$ 16,163
Totals	\$ 15,000	\$ 1,163	\$ 16,163

### 10. Operating Leases

Effective December 15, 2008, the City's Water Department took possession of leased space from Superior Homes LLC for administrative office and warehouse space for a term of ten years. The following is a schedule of minimum lease payments as of June 30, 2012.

Year	Water Utility	Sewer Utility	Total
2013	\$ 384,737	\$ 52,631	\$ 437,368
2014	384,737	52,631	437,368
2015	384,737	52,631	437,368
2016	384,737	52,631	437,368
2017	384,737	52,631	437,368
	\$ 1,923,685	\$ 263,155	\$ 2,186,840

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 11. Mortgage Revenue Bonds Without Government Commitment

The accompanying financial statements do not include certain mortgage revenue bonds issued by the Economic Development Agency (EDA). 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 EDA. 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 EDA is pledged to the payment of the principal of or the interest on the bonds. Mortgage revenue bonds outstanding as of June 30, 2012 include the Multifamily Housing Revenue Bonds (Highland Lutheran Senior Housing Project) 1995 Series for \$1,270,000 and the Multifamily Housing Revenue Bonds (Ramona Senior Complex Project) Series 1995 for \$1,120,000.

### 12. Compensated Absences Liability

City employees receive between 10 and 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 determined at their present salary rate. 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 determined at their present salary rate. At June 30, 2012, \$19,263,272 and \$2,504,031 of vacation and leave have been accrued for governmental and business-type activities, respectively.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 13. 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, 2012 and 2011, are as follows:

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Incurred Claims and Changes in Estimated Claims</u>	<u>Payments on Claims</u>	<u>Ending Balance</u>
2010-2011:				
Workers compensation	\$ 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>
2011-2012:				
Workers compensation	\$ 10,408,449	\$ 4,889,070	\$ (2,697,797)	\$ 12,599,722
Liability claims	<u>9,733,570</u>	<u>741,863</u>	<u>(2,153,183)</u>	<u>8,322,250</u>
Total 2011-2012	<u>\$ 20,142,019</u>	<u>\$ 5,630,933</u>	<u>\$ (4,850,980)</u>	<u>\$ 20,921,972</u>

Changes in the claims liability for the business-type activities for the years ended June 30, 2012 and 2011, are as follows:

<u>Business-type activities</u>	<u>Beginning Balance</u>	<u>Incurred Claims and Changes in Estimated Claims</u>	<u>Payments on Claims</u>	<u>Ending Balance</u>
2010-2011:				
Workers compensation	<u>\$ 313,994</u>	<u>\$ 135,751</u>	<u>\$ (161,062)</u>	<u>\$ 288,683</u>
2011-2012:				
Workers compensation	<u>\$ 288,683</u>	<u>\$ 233,438</u>	<u>\$ (97,680)</u>	<u>\$ 424,441</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 13. Claims and Judgments Payable (continued)

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.

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

Estimated claims liabilities at June 30, 2012, including estimates for claims incurred but not reported, have been recorded by BICEP and the City's corresponding share of cost (Premium) is included in claims expense in the Liability Insurance Internal Service Fund.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 14. Fund Deficits and Expenditures in Excess of Appropriations

At June 30, 2012, the following governmental funds have deficits that are anticipated to be funded from future grants, other revenues and operating transfers:

	<u>Deficit Amount</u>
General Fund	\$ 12,209,084
<u>Special revenue fund:</u>	
Fire Station	3,156
<u>Debt service fund:</u>	
Assessment District #1015	287,790
<u>Capital projects funds:</u>	
Special Assessments	2,700
Street Construction	2,947,065

At June 30, 2012, 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>
<u>Internal service funds:</u>	
Unemployment Insurance	\$ 128,381
Workers' Compensation	13,759,290
Liability Insurance	6,681,950
Utility	882,996
Central Services	92,431

As of June 30, 2012, the General Fund does not have the financial capacity to fund such accumulated deficits. Therefore, management expects that funding for the accumulated deficits will take years to accomplish. The accumulated deficit of the Workers' Compensation Internal Service Fund, which accounts for self-insurance activities, is due to higher claims experienced versus amounts charged to the various departments.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 14. Fund Deficits and Expenditures in Excess of Appropriations (continued)

The General Fund reported expenditures in excess of appropriations for the year ended June 30, 2012, based on the level of budgetary control:

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<u>General Fund:</u>			
General government:			
Mayor:			
Other	\$ 149,800	\$ 170,486	\$ (20,686)
City treasurer:			
Personnel salaries and benefits	180,600	185,930	(5,330)
City manager:			
Other	145,900	160,305	(14,405)
Human resources:			
Personnel salaries and benefits	462,800	485,744	(22,944)
Finance:			
Personnel salaries and benefits	1,525,000	2,148,955	(623,955)
Other	238,285	431,939	(193,654)
Public safety:			
Police:			
Personnel salaries and benefits	54,416,000	55,306,727	(890,727)
Fire:			
Personnel salaries and benefits	28,391,800	31,647,977	(3,256,177)
Streets:			
Community development:			
Personnel salaries and benefits	1,713,400	1,857,785	(144,385)
Culture and recreation:			
Park, recreation and community services:			
Other	2,604,400	3,079,434	(475,034)
Debt service:			
Principal	-	1,119,577	(1,119,577)
Interest and fiscal charges	-	2,677,403	(2,677,403)

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 15. Net Assets

The government-wide statement of net assets reports net assets as follows:

	Governmental Activities	Business-type Activities	Total
Invested in capital assets, net of related debt:			
Total capital assets, net	\$ 425,324,211	\$ 255,203,431	\$ 680,527,642
Cash and investments, restricted for debt service	-	3,602,182	3,602,182
Note proceeds held by state	-	10,000,000	10,000,000
Less related debt:			
Capital leases payable	(2,584,734)	(10,280,057)	(12,864,791)
Notes payable	(5,748,785)	(31,547,225)	(37,296,010)
Lease revenue bonds	(9,810,000)	-	(9,810,000)
California Infrastructure Bank	(8,005,034)	-	(8,005,034)
Certificates of participation	(4,520,000)	(14,707,332)	(19,227,332)
Bonds payable	-	(15,000)	(15,000)
Total invested in capital assets, net of related debt	<u>394,655,658</u>	<u>212,255,999</u>	<u>606,911,657</u>
Restricted for:			
Public safety	1,552,213	-	1,552,213
Streets and capital projects	24,246,718	-	24,246,718
Culture and recreation	2,357,706	-	2,357,706
Community development	76,110,877	-	76,110,877
Economic development	7,472,526	-	7,472,526
Community service	813,439	-	813,439
Debt service	80,692	-	80,692
Capital related fees	-	7,389,246	7,389,246
Total restricted net assets	<u>112,634,171</u>	<u>7,389,246</u>	<u>120,023,417</u>
Unrestricted net assets	<u>(126,831,648)</u>	<u>40,727,533</u>	<u>(86,104,115)</u>
Total net assets	<u>\$ 380,458,181</u>	<u>\$ 260,372,778</u>	<u>\$ 640,830,959</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 16. Defined Benefit Pension Plan

#### Plan Description

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 and disability benefits, annual cost-of-living adjustments, 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. Benefit provisions and all other requirements are established by state statute and City contracts with employee bargaining groups. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814, or at [www.calpers.ca.gov](http://www.calpers.ca.gov).

#### Funding Policy

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.

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, 2011 to June 30, 2012 has been determined by an actuarial valuation of the plan as of June 30, 2009. The contribution rate indicated for the fiscal year ended June 30, 2012 was 28.277% of covered payroll for the safety plan, and 17.248% for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2012, these contribution rates would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2011 to June 30, 2012.

#### Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2009
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Average Remaining Period	29 (safety) 26 (miscellaneous) 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	3.55% 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 growth of 3.0% and an annual production growth of 0.25%.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 16. Defined Benefit Pension Plan (continued)

#### Actuarial Methods and Assumptions (continued)

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. 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.

#### Contributions

The following is the three-year trend information for contributions to PERS

(Dollar amounts in thousands)

#### **City - Miscellaneous**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$ 4,161	100%	\$ -
June 30, 2011	4,375	100%	-
June 30, 2012	5,608	100%	-

#### **City - Safety**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$ 11,225	100%	\$ -
June 30, 2011	11,042	100%	-
June 30, 2012	13,077	100%	-

#### **Economic Development Agency**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$ 377,362	100%	\$ -
June 30, 2011	400,310	100%	-
June 30, 2012	679,501	100%	-

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 16. Defined Benefit Pension Plan (continued)

#### Benefits

All full-time City employees are eligible to participate in PERS, with benefits vesting after 5 years of credited service. Classic members who retire at age 50 with at least 5 years of credited service are entitled to a service retirement benefit, payable monthly for life, equal to the product of the benefit factor, years of service, and final compensation. The years of service is the amount credited by PERS to a member while he or she is employed in the group. The benefit factors come from the 2.0% at 55 and 2.7% at 55 Miscellaneous benefit factor tables, the 3.0% at 50 Safety benefit factor table, and the 2.0% at 55 and 3.0% at 60 EDA benefit factor tables, and depends on the member's age at retirement. The factors range from 1.426% at age 50 to 3.0% at age 63 and up. Final compensation for members is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. The Miscellaneous service retirement benefit is not capped. The Safety service retirement benefit is capped at 90% of final compensation.

#### Funded Status and Funding Progress

As of the most recent actuarial valuation dates of June 30, 2012, the combined plans (Miscellaneous, Safety, and EDA) were 83.5% funded based on the actuarial value of assets. The actuarial accrued liability for benefits was \$1.08 billion, and the actuarial value of assets was \$902 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$179 million. The covered payroll (annual payroll of active employees covered by the plan) was \$93.1 million, and the ratio of the UAAL to the covered payroll was 191.9%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) 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.

### 17. Other Post-Employment Benefits

#### **City (Excluding Water Department)**

#### 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. Life insurance premiums are paid 100% by retirees. The Plan covers both active and retired members. Benefits provisions are established through negotiations between the City and various union bargaining groups. The Plan does not issue a publicly available financial report.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 17. Other Post-Employment Benefits (continued)

#### Funding Policy

Contribution requirements of the Plan are established through negotiations between the City and union representatives. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2012, the City contributed \$627,000 to the Plan. The City currently contributes \$112 per month 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 \$112 per month, assigned to them, except for sworn police employees. The City's monthly contribution for sworn police employees is in accordance with the following schedule:

<u>Years of service</u>	<u>Monthly Contribution</u>
20	\$ 200
25	350
30	450

#### Annual OPEB Cost and Net OPEB Obligation

The City's annual other OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 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 (ARC)	\$ 7,293,000
Interest on net OPEB obligation	998,000
Adjustment to annual required contribution	<u>(1,666,000)</u>
Annual OPEB cost (expense)	<u>6,625,000</u>
Contributions made	
Benefit payments (cash subsidy)	(627,000)
Benefit payments (implied subsidy)	<u>(886,000)</u>
Total contributions made	<u>(1,513,000)</u>
Increase in net OPEB obligation	5,112,000
Net OPEB obligation - beginning of year	<u>19,956,601</u>
Net OPEB obligation - end of year	<u>\$ 25,068,601</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 17. Other Post-Employment Benefits (continued)

#### Annual OPEB Cost and Net OPEB Obligation (continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2012 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, 2010	\$ 5,790,000	19%	\$ 14,960,736
June 30, 2011	6,197,000	19%	19,956,601
June 30, 2012	6,625,000	23%	25,068,601

#### Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, the most recent valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 48,819,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 48,819,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 84,166,000
UAAL as a percentage of covered payroll	58%

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

#### Actuarial Methods and Assumptions

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

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 17. Other Post-Employment Benefits (continued)

#### Actuarial Methods and Assumptions (continued)

In the June 30, 2012 actuarial valuation, the actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 4.25% discount rate, 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 8.5% initially, reduced by increments of 0.5% per year to an ultimate rate of 5.0%. The unfunded actuarial accrued liability (UAAL) at June 30, 2012 is being amortized as a level percent of payroll over a 21-year fixed (closed) period. Future assumption changes, plan changes, and gain/losses are amortized over a 15-year fixed (closed) period. The maximum combined period amortization is 30-years. It is assumed the City's payroll will increase 3.25% per year.

#### **Water Department**

##### Plan Description

The City Water Department (Department) provides health benefits to all qualifying retirees and their spouses in accordance with Memorandums of Understanding under various labor agreements. The Department maintains the financial activity of the plan as a trust fund, and no separate financial report is publically available. Employees are eligible for retiree health benefits if they retire from the Department on or after age 50 with at least 10, 12, or 15 years of service, depending on bargaining unit, 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 2012, the Department has funded \$1,728,000 for the current year, plus \$6,530,000 for previous years to the trust. Plan members receiving benefits contributed \$141,400 (approximately 5.9% of total premiums) through their required contribution. The Department pays up to the entire cost of health benefits for eligible retirees and their spouses, 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 (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 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 Department's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Department's net OPEB obligation:

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 17. Other Post-Employment Benefits (continued)

#### Annual OPEB Cost and Net OPEB Obligation (continued)

Annual Required Contribution (ARC)	\$ 2,729,000
Interest on net OPEB obligation	327,000
Adjustment to annual required contribution	<u>(546,000)</u>
Annual OPEB cost (expense)	2,510,000
Contributions made	<u>(9,040,000)</u>
Decrease in net OPEB obligation	(6,530,000)
Net OPEB obligation - beginning of year	<u>6,530,000</u>
Net OPEB obligation - end of year	<u><u>\$ -</u></u>

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 2,213,000	30%	\$ 4,851,000
June 30, 2011	2,355,000	29%	6,530,000
June 30, 2012	2,510,000	360%	-

#### Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 28,676,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 28,676,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 12,619,000
UAAL as a percentage of covered payroll	227%

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 Year Ended June 30, 2012

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

In the June 30, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a rate of return of 5% and annual healthcare costs trend rates of 10.9% initially, reduced by increments to an ultimate rate of 4.5% after ten years. Both rates included a 3% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012 was 28 years.

#### **Economic Development Agency**

##### Plan Description

The Economic Development Agency (EDA) administers a single employer defined benefit healthcare plan (the Plan). The EDA 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 EDA service. The Plan does not issue a publicly available financial report.

##### Funding Policy

The contribution requirements of the EDA are established and may be amended by the EDA's Board. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2012, the EDA contributed \$18,326 to the plan, which was 100% of the total current premiums.

##### Annual OPEB Cost and Net OPEB Obligation

The EDA's annual other OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement No. 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 EDA's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the EDA's net OPEB obligation:

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 17. Other Post-Employment Benefits (continued)

#### Annual OPEB Cost and Net OPEB Obligation (continued)

Annual Required Contribution (ARC)	\$ 211,490
Interest on net OPEB obligation	34,926
Adjustment to annual required contribution	<u>(46,559)</u>
Annual OPEB cost (expense)	199,857
Contributions made	<u>(18,326)</u>
Increase in net OPEB obligation	181,531
Net OPEB obligation - beginning of year	<u>776,138</u>
Net OPEB obligation - end of year	<u><u>\$ 957,669</u></u>

The EDA's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 208,055	8%	\$ 587,669
June 30, 2011	204,639	8%	776,138
June 30, 2012	199,857	9%	957,669

#### Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, the most recent valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 749,208
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 749,208</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 1,763,100
UAAL as a percentage of covered payroll	42%

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 Year Ended June 30, 2012

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

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 4.5% discount rate, 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 to 5.0% in the fourteenth year. The UAAL is being amortized as level percentage of projected payroll over 20 years.

### 18. 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 police 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 \$518,084 in 2012 and \$566,368 in 2011.

### 19. 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, 2012, the outstanding balance due from IVDA was \$34,519. Additional financial information can be obtained by contacting the IVDA at 1601 E. Third Street, San Bernardino, CA 92408.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 19. Jointly Governed Organizations (continued)

#### 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 1601 E. Third Street, 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. Additional financial information can be obtained by contacting the Authority at 201 North "E" Street, Third Floor, San Bernardino, CA 92401.

#### Colton / San Bernardino Regional Tertiary Treatment and Water Reclamation Authority

On August 2, 1994, the City of San Bernardino, through the Water Department formed a joint powers authority with the City of Colton to construct, operate, use and maintain tertiary wastewater treatment, disposal and water reclamations systems, including the Regional Rapid Infiltration and Extraction Facility (RIX). This authority is governed by a separate board consisting of four members; two appointed by the City through the Water Department's Board of Water Commissioners and two appointed by the City Council of the City of Colton. Construction of RIX was administered by the Santa Ana Watershed Project Authority and was substantially completed during 1996. Administration and operation was turned over at that time. The cities of San Bernardino and Colton each have an undivided interest in the real property and any related debt of the RIX projects based on an 80% / 20% split, respectively. The Water Department's investment in the joint venture is included as capital assets of the Sewer Fund. The joint venture is not experiencing financial stress.

#### 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 City Water Department by resolution in October 1973, all the assets were transferred to the Water Department and are included in the capital assets of the Sewer Fund. The Water Department utilized the PSA to issue the 1998 Certificates of Participation debt. The joint venture is not experiencing financial stress.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 19. Jointly Governed Organizations (continued)

#### 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 Water Department's investment in the joint venture is included in capital assets of the Water Fund. The joint venture is not experiencing financial stress.

### 20. 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 City's Water 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.

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 Water Department's capacity to deliver potable water and (ii) funding work performed by the Water 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 Water 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.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 20. Consent Decree (continued)

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 a diversified portfolio managed by PFM Asset Management.

### 21. Pollution Remediation

The City operated a municipal non-hazardous solid waste facility, identified as the "Waterman Landfill", from 1950 to 1960. The City is the primary responsible party for pollution remediation obligations related to the Waterman Landfill. During the 1990s, groundwater monitoring wells were installed and placed into service as part of the overall remediation plan. In 2004, it was determined that additional work was required to comply with state regulations. State regulatory agencies approved a plan for final closure of the Waterman Landfill in 2012. The City is currently in the design phase of the remediation project, and anticipates the construction phase to begin in 2016. Pollution remediation costs for the closure of the Waterman Landfill are estimated at \$5,000,000, measured using the expected cash flow technique. This estimate is subject to change in future periods due to various factors including changes in the remediation plan or operating conditions, the type of equipment and services that will be used, price increases or reductions for specific outlay elements such as ongoing monitoring requirements, changes in technology, or changes in legal or regulatory requirements. The liability is reported in the Integrated Waste Fund in the accompanying financial statements. Post-closure care costs to maintain and monitor the site are not recognized in the accompanying financial statements.

### 22. Commitments

#### Contractual Obligations

Commitments in the form of signed contracts for costs to complete construction projects or other improvements, including street repairs and infrastructure improvements, at June 30, 2012, amounted to \$1,954,378 in the governmental funds, \$10,958,722 in the water enterprise fund, and \$1,588,560 sewer enterprise fund.

### 23. Contingencies

#### Federal and State Grants

Amounts received or receivable from grantor agencies are subject to audits or adjustments by grantor agencies, principally the federal and state governments. Such audits could lead to disallowed claims under the terms of the grants, including amounts already collected, which may constitute a liability of the City.

The City was subject to an audit of its Community Development Block Grant Program, administered by the United States Department of Housing and Urban Development (HUD). The audit was conducted by the Office of the Inspector General of HUD. The audit report, dated April 23, 2013, identified approximately \$7.1 million of reimbursed expenses as ineligible or unsupported. The City, on behalf of the Successor Agency (and former Economic Development

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 23. Contingencies (continued)

#### Federal and State Grants (continued)

Agency) has responded to the audit report, and is currently compiling and preparing documentation to be submitted to reduce and/or eliminate certain specific findings. The City anticipates that the disallowed costs related to the audit findings will be significantly smaller than initially reported, and therefore, no contingent liability related to this matter has been accrued in the accompanying financial statements. There is no assurance, however, that the amounts related to any of the findings will be reduced and/or eliminated, and consequently, the City may be liable for repayment of unsupported grant funds received.

#### Gas Tax Revenues

The City is subject to periodic audits of its use of gas tax revenues by the State Controller's Office. The City used a portion of gas tax revenues to make certain debt service payments on a note payable related to pavement rehabilitation (street-related) projects. State guidelines relating to gas tax expenditures limit the amount of revenue available for debt service expenditures, as well as the type of debt that may be paid. State regulatory authorities have not issued an opinion on the matter and the potential exposure to the City's General Fund is uncertain, and therefore, no contingent liability related to this matter has been accrued in the accompanying financial statements.

#### Litigation

The City has been named as a defendant in various claims and legal actions. The outcomes and ultimate liability for these claims and legal actions have been evaluated based on legal counsel's estimated range of loss and the probability of an unfavorable outcome for each case. A contingent liability of \$20.9 million is reported as claims and judgments payable in the Internal Service Funds of the accompanying financial statements. There are no reserves set aside for these contingencies.

### 24. Subsequent Events

#### Purchase of Real Property

In July 2012, the City's Water Department closed escrow on the purchase of real property from the San Bernardino Valley Municipal Water District, which included a down payment of \$1,000,000 and a promissory note of \$1,117,500 to be paid in sixty (60) monthly installments.

#### Correspondence with California Department of Finance

A March 21, 2014 letter from the California Department of Finance (DOF) indicated that \$3,413,155 of Low- and Moderate-Income Housing Fund (LMIHF) balances are to be transferred from the LMIHF to the County Auditor-Controller for distribution to the affected taxing entities. The City does not contest \$200,000 of this total balance. Through correspondence with the DOF subsequent to the issuance of their letter on March 21, 2014, the DOF acknowledged that it did not have a complete data set with respect to the disputed items. The City intends to forward the missing data to the DOF for its review. If the DOF determines that the data received provides sufficient justification, the amount in dispute may be adjusted or eliminated.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 25. Restatement of Prior Year Balances

Net assets at the beginning of the year were restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net assets at the beginning of the year, as previously reported	\$ 362,529,454	\$ 254,016,393
Net increase resulting from items expended in previous years that have been reclassified as notes receivable and property held for resale in the Economic Development Agency Special Revenue Fund.	2,621,424	-
Increase resulting from the reversal of accrued expenses that were paid in a previous year in the Economic Development Agency Special Revenue Fund.	278,948	-
Decrease resulting from the disposition of property held for resale where the sale was recognized in a previous year in the Economic Development Agency Capital Projects Fund.	(385,000)	-
Net increase resulting from items expended in previous years that have been reclassified as notes receivable and property held for resale in the Federal and State Grants Special Revenue Fund.	3,972,214	-
Decrease resulting from the reversal of a transfer reported in fiscal year 2010-11 between the Cemetery Special Revenue Fund and the Cemetery Perpetual Care Trust Fund.	(318,700)	-
Increase resulting from the correction of errors discovered in the beginning balance of accumulated depreciation due to the capital assets tracking system calculating depreciation incorrectly in the Water Enterprise Fund.	-	4,140,116
Increase resulting from the correction of errors discovered in the beginning balance of accumulated depreciation due to the capital assets tracking system calculating depreciation incorrectly in the Sewer Enterprise Fund.	-	<u>(2,470,690)</u>
Net assets at the beginning of the year, as restated	<u>\$ 368,698,340</u>	<u>\$ 255,685,819</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (the "Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City since the City had previously reported its redevelopment agency (commonly referred to as the "Economic Development Agency" or "EDA") as a blended component unit on the City's financial statements.

The Bill provides that upon dissolution of the redevelopment agency, either the city or another unit of local government may serve as the "successor agency" to hold the assets of the dissolved redevelopment agency until they are disposed of in accordance with applicable laws and regulations. On January 9, 2012, the City Council adopted resolution 2012-12, electing to serve as the Successor Agency to the former redevelopment agency of the City of San Bernardino in accordance with the Bill. On January 23, 2012, the City Council adopted resolution 2012-19 to have the City of San Bernardino serve as the Successor Housing Agency to the former redevelopment agency of the City of San Bernardino.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California were prohibited from entering into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution, including the completion of any unfinished projects that were subject to legally enforceable contractual commitments.

In future fiscal years, successor agencies will only be allocated tax increment revenue (to the extent available in the Redevelopment Property Tax Trust Fund, or "RPTTF", as maintained by the County Auditor/Controller) in the amount that is necessary to pay the estimated annual payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been redistributed or liquidated.

The Bill 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 the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final seven months of activity of the redevelopment agency continued to be reported in the governmental funds of the City. These funds included the Economic Development Agency Special Revenue Fund, the Economic Development Agency Debt Service Fund, and the Economic Development Agency Capital Projects Fund. After the date of dissolution, the assets, liabilities, and activities of the dissolved redevelopment agency are reported in the Low and Moderate Income Housing Fund, a City special revenue fund (for housing assets, liabilities, and activities), and a private-purpose trust fund, a type of fiduciary fund (for non-housing assets, liabilities, and activities), in the financial statements of the City.

The transfer of assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from the governmental funds of the City to a special revenue fund (housing) and a fiduciary fund (non-housing) were reported as an extraordinary gain/loss in the governmental fund and fiduciary fund financial statements.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

Because of the different measurement focus of the governmental funds (current financial resources measurement focus), and the measurement focus of the trust fund (economic resources measurement focus), the extraordinary gain/loss recognized in the governmental funds will not be the same amount as the extraordinary gain/loss that will be recognized in the fiduciary fund financial statements.

The difference between the extraordinary losses recognized in the fund financial statements, and the extraordinary loss reported in the fiduciary fund financial statements are reconciled as follows:

Total extraordinary loss reported in governmental funds	\$ (110,339,812)
Capital assets reported in the government-wide financial statements	(20,455,520)
Deferred charges (cost of issuance) reported in the government-wide financial statements	(1,272,587)
Long-term debt reported in the government-wide financial statements	<u>181,912,356</u>
Total extraordinary gain reported in the government-wide financial statements	<u>\$ 49,844,437</u>
Total extraordinary loss reported in the fiduciary funds	<u>\$ 49,844,437</u>

The EDA and the Successor Agency to the EDA conducted some of their activities through three affiliated entities: San Bernardino Economic Development Corporation (SBEDC), Affordable Housing Solutions (AHS), and Sustainable Communities Reinvestment Partnership (SCRIP). The financial activities of these affiliated entities are reported in the fiduciary funds of the accompanying financial statements, as components of the Successor Agency.

San Bernardino Economic Development Corporation – SBEDC was incorporated in 1973 as a nonprofit public benefit corporation. SBEDC's purpose is to assist the EDA in promoting development and redevelopment of properties within the City of San Bernardino (City). SBEDC currently holds title to approximately 300 parcels of real property in the City pursuant to a March 2011 Funding Agreement with the EDA, under which the EDA transferred properties to SBEDC, and SBEDC committed to develop the properties using funding provided by the EDA. These parcels include 128 parcels for the Bice Property project, 74 parcels for the Arden Guthrie Property project, and 5 parcels for the Carousel Mall (an approximately 650,000 square foot indoor mall) which is owned and operated through the Carousel Mall LLC (a single-member limited liability company with SBEDC as the single member). The funding agreement and the transfer of the properties were validated in a judgment entered on July 27, 2011 by the Superior Court of the State of California, County of San Bernardino, in an action brought by the EDA as Case No. CIVDS1103893 (Validation Judgment). Subsequently, however, the State Controller's Office (SCO), as authorized by the June 2011 and June 2012 legislation providing for the dissolution of redevelopment agencies, conducted a review of the transfers and issued a report dated March 6, 2013 (SCO's "City of San Bernardino Economic Development Agency – Asset Transfer Review Report."). The SCO contended in the report that the transfers were unallowable and that the Validation Judgment was not effective. The Successor Agency contested these contentions but the matter remains unresolved and the ultimate disposition of the properties is undetermined.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

Affordable Housing Solutions – AHS was incorporated in 2005 as a nonprofit public benefit corporation and was acquired by the EDA in 2009 to assist it in promoting economic development and increasing the availability of low and moderate income housing in the City. AHS has developed several successful affordable housing projects, including Phoenix Square and the Magnolia Square Project. AHS is also the City’s contracted Neighborhood Stabilization Program administrator as well as its property holding entity for the Home Investment Partnership Program (HOME) and the Low and Moderate Income Housing Fund (LMHIF). AHS, like SBEDC, entered into an agreement with the EDA in March 2011 for the receipt of properties and funding from the EDA. This agreement, and property transfers made pursuant to it, were validated in the Validation Judgment. As with SBEDC, the SCO disputed the validity of the EDA-AHS transactions.

Sustainable Communities Reinvestment Partnership – SCRIP was organized as a limited liability company in 2009 to pursue renewable energy and sustainability projects in the City to help improve energy efficiency and reduce greenhouse gas emissions in the region. SCRIP’s priorities include the development of solar power systems and coordination with the City-owned geothermal energy operation that serves governmental and private users in the City. In 2010, SCRIP facilitated the construction of a 250kW photovoltaic solar power system on the roof of a city-occupied building at 201 North “E” Street, San Bernardino. SCRIP also facilitated construction of a 448kW solar power system at the San Bernardino International Airport in conjunction with the Inland Valley Development Agency.

#### A. Cash and Investments

Cash and investments as of June 30, 2012, are classified in the accompanying financial statements as follows:

Cash and investments	\$ 34,506,252
Cash and investments with fiscal agents	<u>36,912,220</u>
	<u>\$ 71,418,472</u>

#### B. Notes Receivable

Notes receivable represent loan agreements entered into between the EDA and unrelated non-governmental entities as part of the EDA’s redevelopment activities. There are five notes ranging in amount from approximately \$11,000 to \$609,000, and totaling \$1.4 million. Collection of these notes receivable is subject to the terms of each individual loan agreement.

#### C. Property Held for Resale

Property held for resale represents vacant land, commercial, and retail real estate acquired by the EDA as part of its redevelopment activities. Over 55 properties, reported at cost basis ranging from under \$1,000 to \$16.4 million each, and totaling \$48.6 million, were transferred to the Successor Agency upon dissolution of the redevelopment agency. These properties are being held for disposition in accordance with applicable laws and regulations.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### D. Capital Assets

In accordance with the provisions of the Bill and the court case, all assets of the former redevelopment agency (also identified as the "Economic Development Agency" or "EDA") were transferred to the Successor Agency upon dissolution on February 1, 2012. Capital assets transferred to the Successor Agency and related capital asset activities for the five months ended June 30, 2012 were as follows:

	Transfer in from EDA on Feb. 1, 2012	Additions	Deletions	Balance June 30, 2012
Capital assets, not being depreciated:				
Land	\$ 11,631,572	\$ -	\$ -	\$ 11,631,572
Total capital assets, not being depreciated	<u>11,631,572</u>	<u>-</u>	<u>-</u>	<u>11,631,572</u>
Capital assets, being depreciated:				
Buildings and improvements	16,508,665	-	-	16,508,665
Machinery, vehicles and equipment	<u>1,282,198</u>	<u>-</u>	<u>-</u>	<u>1,282,198</u>
Total capital assets, being depreciated	<u>17,790,863</u>	<u>-</u>	<u>-</u>	<u>17,790,863</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,941,664)	(185,082)	-	(8,126,746)
Machinery, vehicles and equipment	<u>(1,025,251)</u>	<u>(66,024)</u>	<u>-</u>	<u>(1,091,275)</u>
Total accumulated depreciation	<u>(8,966,915)</u>	<u>(251,106)</u>	<u>-</u>	<u>(9,218,021)</u>
Total capital assets, being depreciated net	<u>8,823,948</u>	<u>(251,106)</u>	<u>-</u>	<u>8,572,842</u>
Capital assets, net	<u>\$ 20,455,520</u>	<u>\$ (251,106)</u>	<u>\$ -</u>	<u>\$ 20,204,414</u>

#### E. Short-Term Note Payable

The Economic Development Agency entered into a short-term loan agreement on May 3, 2010 in the amount of \$16,250,000. The terms of the note specified that interest-only payments equal to the Prime Rate of interest be made monthly. The note was amended twice to extend its term. The note ultimately matured on June 3, 2013, and the outstanding balance was paid off at that time.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### F. Long-Term Liabilities

In accordance with the provisions of the Bill and the court case, the obligations of the former redevelopment agency ("Economic Development Agency" or "EDA") became vested with the funds established for the Successor Agency upon the date of dissolution, February 1, 2012. Tax revenue is pledged to fund the debts of the Successor Agency Trust subject to the reapportionment of such revenues as provided by the Bill. The debt of the Successor Agency Trust as of June 30, 2012 was as follows:

	Transfer in from EDA on Feb. 1, 2012	Additions	Reductions	Balance June 30, 2012	Amount Due Within One Year
Compensated absences (Note 12)	\$ 423,405	\$ 125,236	\$ (268,827)	\$ 279,814	\$ 69,954
OPEB obligation (Note 17)	882,031	75,638	-	957,669	-
<u>Participation agreement:</u>					
Yellow Freight	277,688	-	(61,600)	216,088	-
<u>Notes payable:</u>					
HUD Section 108:					
Cinema project	3,450,000	-	-	3,450,000	435,000
Arden Guthrie	7,500,000	-	-	7,500,000	334,000
Reynolds	506,637	-	-	506,637	506,637
CMB note payable	33,000,000	-	-	33,000,000	-
Total notes payable	44,456,637	-	-	44,456,637	1,275,637
<u>Tax allocation bonds:</u>					
Bonds 2010A	6,505,000	-	(170,000)	6,335,000	180,000
Bonds 2010B	3,075,000	-	(170,000)	2,905,000	160,000
Refunding Bonds, 2002A	22,330,000	-	(1,125,000)	21,205,000	1,190,000
Bonds 2002	3,020,000	-	-	3,020,000	75,000
Refunding Bonds, 1998A	10,025,000	-	-	10,025,000	895,000
Refunding Bonds, 1998B	4,965,000	-	-	4,965,000	375,000
Refunding Bonds, 2005A	42,610,000	-	-	42,610,000	2,640,000
Refunding Bonds, 2005B	16,015,000	-	-	16,015,000	1,020,000
Taxable 2006	23,035,000	-	(1,315,000)	21,720,000	1,390,000
Less: deferred charges	(1,587,405)	-	51,470	(1,535,935)	(123,527)
Total tax allocation bonds	129,992,595	-	(2,728,530)	127,264,065	7,801,473
<u>Certificates of Participation:</u>					
1999 Certificates of participation	5,880,000	-	-	5,880,000	325,000
Total successor agency long-term liabilities	\$ 181,912,356	\$ 200,874	\$ (3,058,957)	\$ 179,054,273	\$ 9,472,064

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### F. Long-Term Liabilities (continued)

##### (1) Participation Agreements

Amount  
Outstanding at  
June 30, 2012

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##### Yellow Freight

On January 22, 2001, the City of San Bernardino Economic Development Agency (EDA) entered into a Property Owner Redevelopment Agreement with Yellow Freight Systems. As part of the agreement, the EDA agreed to provide public assistance to the offset costs associated with acquisition and development of a freight terminal. Only EDA 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.

\$ 216,088

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##### (2) Notes Payable

Amount  
Outstanding at  
June 30, 2012

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##### HUD Section 108 Notes:

##### Cinema Project

The City of San Bernardino Economic Development Agency (EDA) and MDA-San Bernardino Associates, LLC (MDA) entered into a HUD Section 108 Loan Agreement in December of 1998. The proceeds of the EDA 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. In order for the EDA to be able to make the loan, the EDA entered into a Contract for Loan Guarantee Assistance, a Master Fiscal Agency Agreement, and executed promissory notes with the United States of America through its Department of Housing and Urban Development pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended.

Interest payments are due semiannually on February 1 and August 1 through August 1, 2018. Principal payments are to be made annually on August 1, and continue through August 1, 2018.

\$ 3,450,000

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### F. Long-Term Liabilities (continued)

##### (2) Notes Payable (continued)

Amount  
Outstanding at  
June 30, 2012

HUD Section 108 Notes (continued):

##### Arden-Guthrie Focused Neighborhood Revitalization Project

The City of San Bernardino entered into a Contract for Loan Guarantee Assistance, a Master Fiscal Agency Agreement, and executed a promissory note with the United States Department of Housing and Urban Development pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended (Section 108 Loan). The proceeds of the loan were then loaned to the EDA to be used for the Arden-Guthrie Focused Neighborhood Revitalization Project, which affects approximately 20 acres of land located at the NWC of Arden Avenue and 20<sup>th</sup> Street (Arden-Guthrie Site). Once the Arden-Guthrie Site is sold to a third party, the proceeds of the sale are required to be paid to the City. All of the debt service payments on the Section 108 Loan are the responsibility of the City. The source of funds available for the repayment of the Loan is the CDBG Program Revenue of the City.

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.

Interest payments are due semiannually on February 1 and August 1 and continue through August 1, 2025. Principal payments are due annually on August 1, and continue through August 1, 2025.

\$ 7,500,000

##### Reynolds of San Bernardino, a California Corporation

On December 5, 2006, the former EDA 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 and continue through January 1, 2013. The Note is secured by a deed of trust. The Note was fully repaid on May 8, 2013.

506,637

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### F. Long-Term Liabilities (continued)

##### (2) Notes Payable (continued)

Amount  
Outstanding at  
June 30, 2012

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##### CMB Notes Payable

On October 5, 2009, the former EDA entered into a Loan Agreement (Loan) for borrowing funds from CMB Infrastructure Investment Group III, in the amount of \$15,000,000, in accordance with the Employment-Based Immigration Fifth Preference (EB-5) Immigrant Investor Visa Program. The Note matures on September 30, 2015. Interest only payments are due on the first day of each quarter at the rate of 5.25% per annum.

On September 1, 2010, the former EDA entered into a Loan Agreement (Loan) for borrowing funds from CMB Infrastructure Investment Group V, in the amount of \$8,000,000, in accordance with the EB-5 Immigrant Investor Visa Program. The Note matures on October 1, 2016. Interest only payments are due on the first day of each quarter at the rate of 5.25% per annum.

On March 1, 2011, the former EDA entered into a Loan Agreement (Loan) for borrowing funds from CMB Infrastructure Investment Group VI-C, in the amount of \$10,000,000, in accordance with the EB-5 Immigrant Investor Visa Program. The Note matures on January 1, 2018. Interest only payments are due on the first day of each quarter at the rate of 5.25% per annum.

As of June 30, 2012, \$33,000,000 has been drawn against the Loans. 33,000,000

Total notes payable \$ 44,456,637

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### F. Long-Term Liabilities (continued)

##### (2) Notes Payable (continued)

Future debt service requirements for notes payable outstanding as of June 30, 2012 are as follows:

Year ending June 30,	Principal	Interest	Total
2013	\$ 1,275,637	\$ 2,399,178	\$ 3,674,815
2014	804,000	2,335,206	3,139,206
2015	844,000	2,280,787	3,124,787
2016	15,914,000	1,828,592	17,742,592
2017	8,964,000	1,162,053	10,126,053
2018 - 2022	13,455,000	1,735,391	15,190,391
2023 - 2026	3,200,000	458,243	3,658,243
Totals	<u>\$ 44,456,637</u>	<u>\$ 12,199,450</u>	<u>\$ 56,656,087</u>

Note: The amounts above are scheduled payments in accordance with the loan agreements. Payments after June 30, 2012 were impacted by the City's bankruptcy (see note 2).

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### F. Long-Term Liabilities (continued)

##### (3) 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 4<sup>th</sup> 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 ranging from \$170,000 to \$655,000. Term bonds of \$740,000 are due in 2015, term bonds of \$1,515,000 are due in 2021, and term bonds of \$4,250,000 are due in 2030. Interest is payable semi-annually on April 1 and October 1 at rates ranging from 3.5% to 9.3% per annum.

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 former EDA 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 \$706,500. The balance held in the reserve account as of June 30, 2012 was \$687,819. At June 30, 2012, \$6,335,000 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 term bonds of \$1,085,000 maturing from 2013 to 2020 in annual installments ranging from \$100,000 to \$160,000, and term bonds of \$1,820,000 maturing from 2021 to 2028 in annual installments ranging from \$25,000 to \$690,000. Interest is payable semi-annually on April 1 and October 1 at rates ranging from 3.0% to 7.0% per annum.

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.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### F. Long-Term Liabilities (continued)

##### (3) Tax Allocation Bonds (continued)

##### Tax Allocation Bonds, Series 2010B (continued)

The former EDA agreed to pay the Authority principal and interest payments solely from the EDA's tax revenues from the Northwest Redevelopment Project Area.

A reserve account is required to be maintained in the amount of \$322,000. The balance held in the reserve account as of June 30, 2012 was \$309,619. At June 30, 2012, \$2,905,000 of the bonds were outstanding.

##### Tax Allocation Refunding Bonds, Series 2002A

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 former EDA'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 term bonds of \$8,290,000 maturing from 2013 to 2018 in annual installments ranging from \$1,190,000 to \$1,500,000, term bonds of \$3,475,000 maturing from 2019 to 2020 in annual installments ranging from \$1,685,000 to \$1,790,000, and term bonds of \$9,440,000 maturing from 2021 to 2026 in annual installments ranging from \$1,120,000 to \$2,770,000. Interest is payable semi-annually on October 1 and April 1 at rates ranging from 3.25% to 5.625% per annum.

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 former EDA agreed to pay the Authority principal and interest payments solely from the EDA'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 \$2,524,776. The balance held in the reserve account as of June 30, 2012 was \$2,685,267. At June 30, 2012, \$21,205,000 of the bonds were outstanding.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### F. Long-Term Liabilities (continued)

##### (3) 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 on December 1 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, 2012 was \$263,658. At June 30, 2012, \$3,020,000 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% per annum. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on July 1 through July 1, 2020.

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.

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. A reserve account is required to be maintained in the amount of \$1,433,720. The balance held in the reserve account as of June 30, 2012 was \$1,456,879. At June 30, 2012, \$10,025,000 of the bonds were outstanding.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### F. Long-Term Liabilities (continued)

##### (3) 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% per annum and \$3,775,000 of term bonds, bearing interest at 6.000% per annum. 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 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.

Bonds maturing on or after July 1, 2009 are subject to redemption before maturity, at the option of the former EDA, 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, 2012, the reserve requirement was \$660,158 and the amount actually held in the reserve account was \$639,172. At June 30, 2012, \$4,965,000 of the bonds were outstanding.

##### Tax Allocation Revenue Refunding Bonds, Series 2005A

In September 2005, the San Bernardino Joint Powers Financing Authority issued \$55,800,000 in tax allocation refunding bonds to current refund \$55,800,000 of the outstanding 1995A Tax Allocation Refunding Bonds. The remaining portion of the 1995A Bonds was refunded with the proceeds of the Authority's Tax Allocation Refunding Bonds, Series 2005B (see following section). 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% per annum. Interest is payable semi-annually on April 1 and October 1. Serial bonds mature annually on October 1 through October 1, 2025.

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

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### F. Long-Term Liabilities (continued)

##### (3) Tax Allocation Bonds (continued)

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

A reserve account is required to be maintained in the amount of \$5,014,937. The balance held in the reserve account as of June 30, 2012 was \$5,100,919. At June 30, 2012, \$42,610,000 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 preceding section). 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% per annum. Interest is payable semi-annually on April 1 and October 1. Serial bonds mature annually on October 1 through October 1, 2025.

The Series 2005B bonds are not subject to optional redemption. The former EDA agreed to pay the Authority principal and interest payments solely from the EDA'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 \$1,911,094. The balance held in the reserve account as of June 30, 2012 was \$1,942,801. At June 30, 2012, \$16,015,000 of the bonds were outstanding.

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

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

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

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### F. Long-Term Liabilities (continued)

##### (3) Tax Allocation Bonds (continued)

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

The 2006 bonds consist of term bonds of \$7,370,000 maturing from 2012 to 2016 in annual installments ranging from \$1,315,000 to \$1,640,000, and term bonds of \$15,665,000 maturing from 2017 to 2027 in annual installments ranging from \$1,015,000 to \$1,850,000. Interest is payable semi-annually on May 1 and November 1 at interest rates ranging from 5.20% to 6.15% per annum.

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 former EDA, at par, plus accrued interest, without premium.

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

A reserve account is required to be maintained in the amount of \$2,698,116. The balance held in the reserve account as of June 30, 2012 was \$2,634,491. At June 30, 2012, \$21,720,000 of the bonds were outstanding.

Future debt service requirements for tax allocation bonds outstanding as of June 30, 2012 are as follows:

Year ending June 30,	Principal	Interest	Total
2013	\$ 7,925,000	\$ 7,641,269	\$ 15,566,269
2014	8,365,000	7,184,498	15,549,498
2015	8,825,000	6,697,439	15,522,439
2016	9,315,000	6,178,477	15,493,477
2017	9,835,000	5,626,185	15,461,185
2018 - 2022	52,000,000	18,614,391	70,614,391
2023 - 2027	28,800,000	6,111,941	34,911,941
2028 - 2032	3,735,000	618,776	4,353,776
	<u>128,800,000</u>	<u>58,672,976</u>	<u>187,472,976</u>
Less: Deferred Charges	<u>(1,535,935)</u>	<u>-</u>	<u>(1,535,935)</u>
Totals	<u>\$ 127,264,065</u>	<u>\$ 58,672,976</u>	<u>\$ 185,937,041</u>

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### F. Long-Term Liabilities (continued)

##### (4) 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 (Certificates). 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 (201 Building Projects).

The Certificates mature on September 1 of each year through September 1, 2024, in amounts ranging from \$330,000 to \$1,080,000. The interest represented by the Certificates is 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% per annum.

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, 2012, the reserve requirement was \$1,147,000 and the amount actually held in the reserve account was \$1,147,000. The total outstanding balance of the Certificates at June 30, 2012 was \$10,400,000, of which \$5,880,000 is reported as a long-term liability of the Successor Agency, which is the portion of the Certificates that represent the South Valle Refunding and 201 Building Projects portions. Repayments of these portions of the Certificates are funded from the Redevelopment Property Tax Trust Fund, as a result of the dissolution of the redevelopment agency.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements Year Ended June 30, 2012

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### 26. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

#### F. Long-Term Liabilities (continued)

##### (4) Certificates of Participation (continued)

Future debt service requirements for certificates of participation outstanding as of June 30, 2012 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 325,000	\$ 572,000	\$ 897,000
2014	340,000	540,375	880,375
2015	360,000	507,375	867,375
2016	380,000	472,450	852,450
2017	400,000	435,600	835,600
2018 - 2022	2,340,000	1,552,375	3,892,375
2023 - 2025	<u>1,735,000</u>	<u>344,025</u>	<u>2,079,025</u>
Totals	<u>\$ 5,880,000</u>	<u>\$ 4,424,200</u>	<u>\$ 10,304,200</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF SAN BERNARDINO

## Required Supplementary Information Defined Benefit Pension Plan Public Employees Retirement System (PERS) Schedule of Funding Progress Year Ended June 30, 2012

Amounts in thousands

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Liability (UAAL) (a) - (b)	Funded Ratio Based on AVA (b) / (a)	Market Value of Assets (MVA) (c)	Funded Ratio Based on MVA (c) / (a)	Annual Covered Payroll (d)	UAAL as a % of Covered Payroll [(a)-(b)]/(d)
<b>6/30/2007</b>								
Misc.	\$ 321,501	\$ 301,929	\$ 19,572	93.9%	\$ 350,362	109.0%	\$ 49,541	39.5%
Safety	452,834	401,023	51,811	88.6%	467,301	103.2%	44,581	116.2%
Totals	<u>\$ 774,335</u>	<u>\$ 702,952</u>	<u>\$ 71,383</u>	<u>90.8%</u>	<u>\$ 817,663</u>	<u>105.6%</u>	<u>\$ 94,122</u>	<u>75.8%</u>
<b>6/30/2008</b>								
Misc.	\$ 350,911	\$ 323,746	\$ 27,165	92.3%	\$ 330,625	94.2%	\$ 52,567	51.7%
Safety	482,224	426,485	55,739	88.4%	437,394	90.7%	48,292	115.4%
Totals	<u>\$ 833,135</u>	<u>\$ 750,231</u>	<u>\$ 82,904</u>	<u>90.0%</u>	<u>\$ 768,019</u>	<u>92.2%</u>	<u>\$ 100,859</u>	<u>82.2%</u>
<b>6/30/2009</b>								
Misc.	\$ 391,360	\$ 337,732	\$ 53,628	86.3%	\$ 246,645	63.0%	\$ 51,175	104.8%
Safety	527,185	445,549	81,636	84.5%	326,595	62.0%	48,800	167.3%
Totals	<u>\$ 918,545</u>	<u>\$ 783,281</u>	<u>\$ 135,264</u>	<u>85.3%</u>	<u>\$ 573,240</u>	<u>62.4%</u>	<u>\$ 99,975</u>	<u>135.3%</u>
<b>6/30/2010</b>								
Misc.	\$ 406,904	\$ 351,048	\$ 55,856	86.3%	\$ 274,500	67.5%	\$ 50,284	111.1%
Safety	552,316	464,836	87,480	84.2%	365,169	66.1%	48,004	182.2%
Totals	<u>\$ 959,220</u>	<u>\$ 815,884</u>	<u>\$ 143,336</u>	<u>85.1%</u>	<u>\$ 639,669</u>	<u>66.7%</u>	<u>\$ 98,288</u>	<u>145.8%</u>
<b>6/30/2011</b>								
Misc.	\$ 427,258	\$ 366,217	\$ 61,041	85.7%	\$ 324,464	75.9%	\$ 49,853	122.4%
Safety	587,025	487,333	99,692	83.0%	434,464	74.0%	46,293	215.4%
EDA	18,125	15,503	2,622	85.5%	14,008	77.3%	2,537	103.4%
Totals	<u>\$ 1,032,408</u>	<u>\$ 869,053</u>	<u>\$ 163,355</u>	<u>84.2%</u>	<u>\$ 772,936</u>	<u>74.9%</u>	<u>\$ 98,683</u>	<u>165.5%</u>
<b>6/30/2012</b>								
Misc.	\$ 446,677	\$ 379,291	\$ 67,386	84.9%	\$ 316,291	70.8%	\$ 47,802	141.0%
Safety	614,962	506,240	108,722	82.3%	422,275	68.7%	44,163	246.2%
EDA	18,720	16,116	2,604	86.1%	13,724	73.3%	1,152	226.0%
Totals	<u>\$ 1,080,359</u>	<u>\$ 901,647</u>	<u>\$ 178,712</u>	<u>83.5%</u>	<u>\$ 752,290</u>	<u>69.6%</u>	<u>\$ 93,117</u>	<u>191.9%</u>

# CITY OF SAN BERNARDINO

## Required Supplementary Information Other Post-Employment Benefit Plans Schedule of Funding Progress Year Ended June 30, 2012

### Schedule of Funding Progress (in thousands)

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Accrued Liability (UAAL) (a) - (b)	Funded Ratio Based on AVA (b) / (a)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll [(a)-(b)]/(c)
<i>City</i>						
6/30/2007	\$ 60,158	\$ -	\$ 60,158	0.0%	\$ 79,135	76.02%
6/30/2009	61,371	-	61,371	0.0%	78,951	77.73%
6/30/2012*	48,819	-	48,819	0.0%	73,320	66.58%
<i>Water Department</i>						
6/30/2008	\$ 26,190	\$ -	\$ 26,190	0.0%	\$ 12,755	205.33%
6/30/2010*	28,676	-	28,676	0.0%	12,619	227.24%
<i>Economic Development Agency</i>						
6/30/2008*	\$ 749	\$ -	\$ 749	0.0%	\$ 1,763	42.48%

\* Most recent actuarial valuation available

### Schedule of Employers Contributions (in thousands)

Year Ended June 30,	Annual Required Contribution	Amount Contributed	Percentage Contributed
<i>City</i>			
2010	\$ 6,084	\$ 1,116	18%
2011	6,660	1,201	18%
2012	7,293	1,513	21%
<i>Water Department</i>			
2010	\$ 2,307	\$ 670	29%
2011	2,505	676	27%
2012	2,729	9,040	331%
<i>Economic Development Agency</i>			
2010	\$ 211	\$ 16	8%
2011	211	16	8%
2012	211	18	9%

# CITY OF SAN BERNARDINO

## Required Supplementary Information Budgetary Comparison Schedule – General Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Prior Year Actual
	Original	Final			
<b>REVENUES</b>					
Taxes:					
Sales and use	\$ 31,127,500	\$ 31,127,500	\$ 33,127,325	\$ 1,999,825	\$ 30,169,313
Utility users	22,500,000	22,500,000	22,127,129	(372,871)	22,089,888
Property	27,375,000	27,375,000	27,524,214	149,214	26,965,590
Franchise	3,376,300	3,376,300	3,268,800	(107,500)	3,164,830
Transient occupancy	2,600,000	2,600,000	2,217,325	(382,675)	2,507,283
Property transfer	500,000	500,000	344,520	(155,480)	531,343
<b>Total taxes</b>	<b>87,478,800</b>	<b>87,478,800</b>	<b>88,609,313</b>	<b>1,130,513</b>	<b>85,428,247</b>
Licenses and permits:					
Business registration	6,000,000	6,000,000	6,222,666	222,666	5,996,091
Building permits	500,000	500,000	723,657	223,657	489,493
Mechanical permits	160,000	160,000	137,062	(22,938)	157,861
Onsite permits	100,300	100,300	391,681	291,381	151,825
Onsite plan check fees	35,000	35,000	155,629	120,629	106,559
Public works construction permit	25,000	25,000	175,909	150,909	41,620
Paramedic/EMS subscription	20,000	20,000	8,897	(11,103)	9,555
Street cut permit	150,000	150,000	404,544	254,544	183,369
Other	1,102,400	1,102,400	1,133,845	31,445	955,449
<b>Total licenses and permits</b>	<b>8,092,700</b>	<b>8,092,700</b>	<b>9,353,890</b>	<b>1,261,190</b>	<b>8,091,822</b>
Fines and forfeitures:					
General fines	200,000	200,000	104,012	(95,988)	102,896
Parking citation	1,150,000	1,150,000	729,249	(420,751)	936,594
Code admin citations	550,000	550,000	145,399	(404,601)	259,499
Fire citation	60,000	60,000	20,429	(39,571)	73,570
Other	924,000	924,000	905,272	(18,728)	910,867
<b>Total fines and forfeitures</b>	<b>2,884,000</b>	<b>2,884,000</b>	<b>1,904,361</b>	<b>(979,639)</b>	<b>2,283,426</b>
Investment income (loss):					
Investment income (loss)	200,000	200,000	(8,098)	(208,098)	(20,754)
Land and building rental	607,000	607,000	641,053	34,053	602,981
Other	30,000	30,000	28,945	(1,055)	27,494
<b>Total investment income (loss)</b>	<b>837,000</b>	<b>837,000</b>	<b>661,900</b>	<b>(175,100)</b>	<b>609,721</b>
Intergovernmental:					
Motor vehicle in lieu tax	725,000	725,000	-	(725,000)	946,143
Vehicle license fee in excess	-	-	104,424	104,424	-
Homeowners exemption	130,000	130,000	123,434	(6,566)	122,188
State police training grants	88,700	88,700	84,107	(4,593)	70,154
State grants	600,000	600,000	343,580	(256,420)	828,155
Other	2,165,200	2,165,200	2,258,206	93,006	5,752,224
<b>Total intergovernmental</b>	<b>3,708,900</b>	<b>3,708,900</b>	<b>2,913,751</b>	<b>(795,149)</b>	<b>7,718,864</b>

continued

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Prior Year Actual
	Original	Final			
Charges for services:					
Plan check fees	\$ 200,000	\$ 200,000	\$ 288,382	\$ 88,382	\$ 203,181
Paramedics/emergency medical services	755,200	755,200	693,420	(61,780)	726,909
Board up/demolition assessment	750,000	750,000	851,865	101,865	1,022,795
Storm drain utility fee	265,000	265,000	235,392	(29,608)	249,723
Weed abatement	175,000	175,000	217,102	42,102	168,804
Planning development projects	200,000	200,000	205,691	5,691	182,460
Sale of photos	15,000	15,000	6,222	(8,778)	9,844
Alarm system fee	100,000	100,000	61,409	(38,591)	67,231
Engineering fees	50,000	50,000	14,189	(35,811)	57,934
Miscellaneous police receipts	900,000	1,089,000	1,052,072	(36,928)	1,183,914
Swimming pool fees	51,000	51,000	78,634	27,634	59,942
Other charges	3,256,100	3,256,100	3,765,558	509,458	3,491,078
Total charges for services	6,717,300	6,906,300	7,469,936	563,636	7,423,815
Other revenues:					
Off track betting	100,000	100,000	76,238	(23,762)	78,547
Miscellaneous receipts	895,300	895,300	192,810	(702,490)	641,302
Other revenues	3,651,900	3,651,900	4,310,132	658,232	3,621,748
Total other revenues	4,647,200	4,647,200	4,579,180	(68,020)	4,341,597
Total revenues	\$ 114,365,900	\$ 114,554,900	\$ 115,492,331	\$ 937,431	\$ 115,897,492

# CITY OF SAN BERNARDINO

## Required Supplementary Information Budgetary Comparison Schedule – General Fund (continued) Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Prior Year Actual
	Original	Final			
Current:					
General government:					
Mayor					
Personnel salaries and benefits	\$ 614,800	\$ 614,800	\$ 583,078	\$ 31,722	\$ 526,939
Other	149,800	149,800	170,486	(20,686)	117,499
Common council					
Personnel salaries and benefits	481,800	481,800	439,450	42,350	397,787
Other	134,200	199,900	139,342	60,558	61,652
City clerk					
Personnel salaries and benefits	576,100	1,262,600	612,816	649,784	1,215,661
Other	869,100	1,001,415	911,716	89,699	291,390
City treasurer					
Personnel salaries and benefits	180,600	180,600	185,930	(5,330)	183,561
Other	29,800	29,800	23,600	6,200	18,963
City attorney					
Personnel salaries and benefits	2,671,200	2,671,200	2,578,541	92,659	2,662,022
Other	354,800	1,770,650	1,526,006	244,644	1,433,503
City manager					
Personnel salaries and benefits	1,136,100	1,136,100	1,080,813	55,287	1,109,861
Other	145,900	145,900	160,305	(14,405)	69,725
Human resources					
Personnel salaries and benefits	462,800	462,800	485,744	(22,944)	449,478
Other	151,500	151,500	127,217	24,283	58,893
Finance					
Personnel salaries and benefits	2,161,500	1,525,000	2,148,955	(623,955)	1,342,504
Other	356,900	238,285	431,939	(193,654)	560,374
Civil service					
Personnel salaries and benefits	288,400	288,400	279,278	9,122	270,826
Other	77,000	77,000	75,973	1,027	15,696
Code compliance					
Personnel salaries and benefits	1,518,200	1,518,200	1,445,576	72,624	2,323,194
Other	690,000	730,400	714,134	16,266	353,771
Facilities management					
Personnel salaries and benefits	1,297,400	1,247,400	1,219,219	28,181	1,356,584
Other	816,000	898,500	756,394	142,106	743,278
Nondepartmental					
Personnel salaries and benefits	(100,000)	(139,200)	(386,957)	247,757	(428,015)
Other	3,841,200	3,902,200	3,739,484	162,716	1,775,537
Total general government	<u>18,905,100</u>	<u>20,545,050</u>	<u>19,449,039</u>	<u>1,096,011</u>	<u>16,910,683</u>
Public safety:					
Police					
Personnel salaries and benefits	54,416,000	54,416,000	55,306,727	(890,727)	55,839,845
Other	6,665,400	6,672,800	4,958,081	1,714,719	4,714,692
Fire					
Personnel salaries and benefits	28,338,600	28,391,800	31,647,977	(3,256,177)	30,870,141
Other	2,589,000	2,620,000	1,438,751	1,181,249	1,307,951
Total public safety	<u>92,009,000</u>	<u>92,100,600</u>	<u>93,351,536</u>	<u>(1,250,936)</u>	<u>92,732,629</u>

continued

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Prior Year Actual
	Original	Final			
Streets:					
Community development					
Personnel salaries and benefits	\$ 1,724,400	\$ 1,713,400	\$ 1,857,785	\$ (144,385)	\$ 2,134,852
Other	1,559,700	1,533,400	1,225,266	308,134	1,216,623
Public works					
Personnel salaries and benefits	1,219,700	1,269,700	1,053,651	216,049	1,104,375
Other	3,694,500	3,730,500	3,725,955	4,545	3,862,417
Total streets	8,198,300	8,247,000	7,862,657	384,343	8,318,267
Culture and recreation:					
Park, recreation and community services					
Personnel salaries and benefits	2,570,900	2,570,900	2,482,377	88,523	2,913,406
Other	2,546,000	2,604,400	3,079,434	(475,034)	2,154,122
Total culture and recreation	5,116,900	5,175,300	5,561,811	(386,511)	5,067,528
Community services:					
Planning, plan check and building inspection					
Personnel salaries and benefits	1,683,300	1,694,300	1,679,579	14,721	1,189,696
Other	284,700	322,200	246,609	75,591	54,833
Total community services	1,968,000	2,016,500	1,926,188	90,312	1,244,529
Debt service:					
Principal	-	-	1,119,577	(1,119,577)	1,623,576
Interest and fiscal charges	-	-	2,677,403	(2,677,403)	2,516,407
Total debt service	-	-	3,796,980	(3,796,980)	4,139,983
Total expenditures	126,197,300	128,084,450	131,948,211	(3,863,761)	128,413,619
Deficiency of revenues under expenditures	(11,831,400)	(13,529,550)	(16,455,880)	(2,926,330)	(12,516,127)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	-	124,160	124,160	2,546,549
Transfers in	12,961,100	12,961,100	11,904,286	(1,056,814)	13,023,914
Transfers out	(2,780,100)	(2,780,100)	(6,600,046)	(3,819,946)	(4,646,233)
Total other financing sources	10,181,000	10,181,000	5,428,400	(4,752,600)	10,924,230
Net change in fund balances	(1,650,400)	(3,348,550)	(11,027,480)	(7,678,930)	(1,591,897)
Fund balances, beginning of year	(1,181,604)	(1,181,604)	(1,181,604)	-	410,293
Fund balances (deficits), end of year	\$ (2,832,004)	\$ (4,530,154)	\$ (12,209,084)	\$ (7,678,930)	\$ (1,181,604)

# CITY OF SAN BERNARDINO

## Required Supplementary Information Budgetary Comparison Schedule – Economic Development Agency Special Revenue Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Prior Year Actual
	Original	Final			
<b>REVENUES</b>					
Investment income	\$ 62,800	\$ 62,800	\$ 82,076	\$ 19,276	\$ 157,055
Intergovernmental	12,396,040	12,396,040	2,592,368	(9,803,672)	11,316,634
Other	-	-	14,671	14,671	2,584,030
Total revenues	<u>12,458,840</u>	<u>12,458,840</u>	<u>2,689,115</u>	<u>(9,769,725)</u>	<u>14,057,719</u>
<b>EXPENDITURES</b>					
Current:					
Economic development:					
Personnel salaries and benefits	1,129,257	1,129,257	1,059,608	69,649	1,828,246
Other	17,071,677	17,071,677	5,935,457	11,136,220	21,155,230
Debt service:					
Principal	2,693,000	2,693,000	-	2,693,000	-
Interest and fiscal charges	28,538	28,538	531,185	(502,647)	-
Total expenditures	<u>20,922,472</u>	<u>20,922,472</u>	<u>7,526,250</u>	<u>13,396,222</u>	<u>22,983,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,463,632)</u>	<u>(8,463,632)</u>	<u>(4,837,135)</u>	<u>3,626,497</u>	<u>(8,925,757)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	18,000,000	18,000,000	-
Sale of property	-	-	(5,455,317)	(5,455,317)	-
Transfers in	8,463,632	8,463,632	4,410,862	(4,052,770)	9,617,873
Transfers out	-	-	(7,992,735)	(7,992,735)	(2,697,282)
Total other financing sources (uses)	<u>8,463,632</u>	<u>8,463,632</u>	<u>8,962,810</u>	<u>499,178</u>	<u>6,920,591</u>
<b>EXTRAORDINARY ITEM</b>					
Loss on dissolution of economic development agency	-	-	(79,206,232)	(79,206,232)	-
Net change in fund balance	-	-	(75,080,557)	(75,080,557)	(2,005,166)
Fund balance, beginning of year, as restated	<u>75,080,557</u>	<u>75,080,557</u>	<u>75,080,557</u>	<u>-</u>	<u>77,085,723</u>
Fund balance, end of year	<u>\$ 75,080,557</u>	<u>\$ 75,080,557</u>	<u>\$ -</u>	<u>\$ (75,080,557)</u>	<u>\$ 75,080,557</u>

# CITY OF SAN BERNARDINO

## Required Supplementary Information Budgetary Comparison Schedule – Federal and State Grants Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ 485	\$ 485	\$ -
Investment income	-	9,654	9,654	(55,895)
Intergovernmental	1,633,800	15,762,698	14,128,898	9,013,197
Other	3,229,900	2,878,899	(351,001)	12,503
	<u>4,863,700</u>	<u>18,651,736</u>	<u>13,788,036</u>	<u>8,969,805</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
General government	2,358,700	1,999,879	358,821	188,561
Public safety	546,700	6,713,174	(6,166,474)	5,179,070
Streets	322,900	385,716	(62,816)	25,141
Culture and recreation	159,500	983,950	(824,450)	377,117
Community development	1,415,900	3,850,086	(2,434,186)	-
Communtiy service	2,423,600	3,779,227	(1,355,627)	6,800,675
Debt service:				
Principal	-	472,182	(472,182)	-
Interest and fiscal charges	-	275,065	(275,065)	-
	<u>7,227,300</u>	<u>18,459,279</u>	<u>(11,231,979)</u>	<u>12,570,564</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	(2,363,600)	192,457	2,556,057	(3,600,759)
<b>OTHER FINANCING SOURCES</b>				
Sale of property	-	83,000	83,000	-
Transfers in	-	7,883,898	7,883,898	-
	<u>-</u>	<u>7,966,898</u>	<u>7,966,898</u>	<u>-</u>
Total other financing sources				
Net change in fund balances	(2,363,600)	8,159,355	10,522,955	(3,600,759)
Fund balance (deficit), beginning of year, as previously stated	(3,507,266)	(3,507,266)	-	93,493
Prior period adjustment	-	3,972,214	3,972,214	-
Fund balance, beginning of year, as restated	464,948	464,948	-	93,493
Fund balance (deficit), end of year	<u>\$ (1,898,652)</u>	<u>\$ 8,624,303</u>	<u>\$ 10,522,955</u>	<u>\$ (3,507,266)</u>

# CITY OF SAN BERNARDINO

## Required Supplementary Information Budgetary Comparison Schedule – Low and Moderate Income Housing Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income	\$ -	\$ 36,752	\$ 36,752	\$ -
Other	-	3,560	3,560	-
Total revenues	-	40,312	40,312	-
<b>EXPENDITURES</b>				
Current:				
Community development	-	6,002,494	(6,002,494)	-
Total expenditures	-	6,002,494	(6,002,494)	-
Excess (deficiency) of revenues over (under) expenditures	-	(5,962,182)	(5,962,182)	-
<b>EXTRAORDINARY ITEM</b>				
Gain on dissolution of economic development agency	-	73,448,756	73,448,756	-
Net change in fund balance	-	67,486,574	67,486,574	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ 67,486,574	\$ 67,486,574	\$ -

# CITY OF SAN BERNARDINO

## Notes to Required Supplementary Information Year Ended June 30, 2012

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### 1. Budgetary control and accounting

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

The annual budget adopted by the Common Council provides for the City's general operations, and 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, supplemental budget appropriations in the General Fund amounted to \$1,887,150.

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:

- Cable TV
- Low and Moderate Income Housing (previously a component of the redevelopment agency)
- Baseball Stadium

Debt service funds:

- Assessment District #985

Capital projects funds:

- Public Park Extension
- CIEDB Street Construction
- Assessment District #1015

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**SUPPLEMENTARY SCHEDULES**

# CITY OF SAN BERNARDINO

## Combining Balance Sheet

### Nonmajor Governmental Funds

June 30, 2012 (with comparative totals as of June 30, 2011)

	Special Revenue	Debt Service	Capital Projects	Totals	
				2012	2011
<b>ASSETS</b>					
Cash and investments	\$ 1,461,915	\$ 113,112	\$ 5,345,094	\$ 6,920,121	\$ 15,552,410
Cash and investments with fiscal agent	-	-	-	-	48,853
Receivables, net:					
Accounts	17,587	-	-	17,587	24,495
Interest	934	15	2,838	3,787	64,441
Special assessments	-	297,125	-	297,125	333,839
Due from other governments	1,052,694	-	779,665	1,832,359	2,285,583
Due from other funds	6,470,104	-	14,425,031	20,895,135	15,151,687
Advances to other funds	128,774	-	1,708,400	1,837,174	2,550,599
Other assets	-	-	214,671	214,671	214,671
<b>Total assets</b>	<b>\$ 9,132,008</b>	<b>\$ 410,252</b>	<b>\$ 22,475,699</b>	<b>\$ 32,017,959</b>	<b>\$ 36,226,578</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 317,669	\$ -	\$ 854,846	\$ 1,172,515	\$ 2,160,779
Due to other funds	11,354	155,500	2,377,673	2,544,527	5,651,785
Retentions payable	7,731	-	114,521	122,252	98,667
Deferred revenues	310,222	297,125	391,303	998,650	653,924
Deposits	10,516	6,725	16,869	34,110	10,516
Advances from other funds	-	158,000	-	158,000	1,096,800
Due to other governments	-	-	-	-	21,595
Due to Successor Agency	-	-	900,000	900,000	-
<b>Total liabilities</b>	<b>657,492</b>	<b>617,350</b>	<b>4,655,212</b>	<b>5,930,054</b>	<b>9,694,066</b>
Fund balances:					
Restricted	7,888,492	80,692	20,690,281	28,659,465	34,020,915
Committed	589,180	-	-	589,180	356,373
Assigned	-	-	79,971	79,971	118,462
Unassigned	(3,156)	(287,790)	(2,949,765)	(3,240,711)	(7,963,238)
<b>Total fund balances (deficit)</b>	<b>8,474,516</b>	<b>(207,098)</b>	<b>17,820,487</b>	<b>26,087,905</b>	<b>26,532,512</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,132,008</b>	<b>\$ 410,252</b>	<b>\$ 22,475,699</b>	<b>\$ 32,017,959</b>	<b>\$ 36,226,578</b>

# CITY OF SAN BERNARDINO

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Special Revenue	Debt Service	Capital Projects	Totals	
				2012	2011
<b>REVENUES</b>					
Taxes	\$ 588,445	\$ 76,798	\$ 1,241,050	\$ 1,906,293	\$ 1,991,647
Licenses and permits	490,081	-	398,776	888,857	424,694
Impact fees	-	-	239,553	239,553	618,030
Fines and forfeitures	68,686	-	-	68,686	55,258
Investment income	3,505	(8)	(14,456)	(10,959)	186,758
Intergovernmental revenues	11,024,576	-	1,731,654	12,756,230	18,604,662
Charges for services	4,691,731	-	164,033	4,855,764	5,462,900
Other	69,873	-	-	69,873	782,097
Total revenues	<u>16,936,897</u>	<u>76,790</u>	<u>3,760,610</u>	<u>20,774,297</u>	<u>28,126,046</u>
<b>EXPENDITURES</b>					
Current:					
General government	235,099	7,549	-	242,648	135,429
Public safety	2,742,378	-	69,679	2,812,057	3,745,485
Streets	3,566,101	-	4,965,538	8,531,639	16,090,280
Culture and recreation	385,112	-	591,910	977,022	1,134,642
Community service	2,262,203	-	-	2,262,203	2,221,052
Debt service:					
Principal	1,109,082	50,000	86,396	1,245,478	1,212,350
Interest and fiscal charges	142,106	13,746	68,079	223,931	270,594
Total expenditures	<u>10,442,081</u>	<u>71,295</u>	<u>5,781,602</u>	<u>16,294,978</u>	<u>24,809,832</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,494,816</u>	<u>5,495</u>	<u>(2,020,992)</u>	<u>4,479,319</u>	<u>3,316,214</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	-	-	386,122
Transfers in	4,125,003	-	219,833	4,344,836	2,195,904
Transfers out	<u>(8,539,345)</u>	<u>-</u>	<u>(729,417)</u>	<u>(9,268,762)</u>	<u>(9,472,850)</u>
Total other financing sources (uses)	<u>(4,414,342)</u>	<u>-</u>	<u>(509,584)</u>	<u>(4,923,926)</u>	<u>(6,890,824)</u>
Net change in fund balances	<u>2,080,474</u>	<u>5,495</u>	<u>(2,530,576)</u>	<u>(444,607)</u>	<u>(3,574,610)</u>
Fund balances (deficit), beginning of year, as previously stated	6,712,742	(212,593)	20,351,063	26,851,212	30,107,122
Prior period adjustment	<u>(318,700)</u>	<u>-</u>	<u>-</u>	<u>(318,700)</u>	<u>-</u>
Fund balances (deficit), beginning of year, as restated	<u>6,394,042</u>	<u>(212,593)</u>	<u>20,351,063</u>	<u>26,532,512</u>	<u>30,107,122</u>
Fund balances (deficit), end of year	<u>\$ 8,474,516</u>	<u>\$ (207,098)</u>	<u>\$ 17,820,487</u>	<u>\$ 26,087,905</u>	<u>\$ 26,532,512</u>

# **CITY OF SAN BERNARDINO**

## **Nonmajor Special Revenue Funds**

**June 30, 2012 (with comparative totals for the year ended June 30, 2011)**

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Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The City maintains the following Nonmajor Special Revenue Funds for the purposes indicated:

### **Library**

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

### **Cemetery**

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

### **Cable TV**

For the regulatory oversight of the City's cable companies for franchise compliance, consumer protection, and franchise renewal negotiations, as well as operating two access channels.

### **Asset Seizure**

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

### **Alternative Transportation**

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

### **Animal Control**

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

### **Traffic Congestion**

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

### **Special Gas Tax**

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

### **Traffic Safety**

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

### **Sewerline Maintenance**

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

### **Sales and Road**

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

**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.

**CITY OF SAN BERNARDINO**

**Combining Balance Sheet**

**Nonmajor Special Revenue Funds**

**June 30, 2012 (with comparative totals as of June 30, 2011)**

	<u>Library</u>	<u>Cemetery</u>	<u>Cable TV</u>
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ -
Receivables, net:			
Accounts	631	265	-
Interest	-	59	3
Due from other governments	-	-	-
Due from other funds	83,090	6,707	240,965
Advances to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 83,721</u>	 <u>\$ 7,031</u>	 <u>\$ 240,968</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 6,275	\$ 6,396	\$ -
Due to other funds	-	-	-
Retentions payable	-	-	-
Deferred revenues	-	-	-
Deposits	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>6,275</u>	 <u>6,396</u>	 <u>-</u>
 Fund balances:			
Restricted	77,446	635	240,968
Committed	-	-	-
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
 Total fund balances (deficit)	 <u>77,446</u>	 <u>635</u>	 <u>240,968</u>
 Total liabilities and fund balances	 <u>\$ 83,721</u>	 <u>\$ 7,031</u>	 <u>\$ 240,968</u>

continued

<u>Asset Seizure</u>	<u>Alternative Transportation</u>	<u>Animal Control</u>	<u>Traffic Congestion</u>	<u>Special Gas Tax</u>	<u>Traffic Safety</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	6,031	-	-	-
109	6	-	-	26	-
32,408	65,350	36,355	-	578,211	80,999
1,111,482	2,742	225,229	-	292,412	-
-	-	-	-	-	-
<u>\$ 1,143,999</u>	<u>\$ 68,098</u>	<u>\$ 267,615</u>	<u>\$ -</u>	<u>\$ 870,649</u>	<u>\$ 80,999</u>
\$ 4,244	\$ 2,685	\$ 28,835	\$ -	\$ 57,648	\$ 69,645
-	-	-	-	-	11,354
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,244</u>	<u>2,685</u>	<u>28,835</u>	<u>-</u>	<u>57,648</u>	<u>80,999</u>
1,139,755	65,413	-	-	813,001	-
-	-	238,780	-	-	-
-	-	-	-	-	-
<u>1,139,755</u>	<u>65,413</u>	<u>238,780</u>	<u>-</u>	<u>813,001</u>	<u>-</u>
<u>\$ 1,143,999</u>	<u>\$ 68,098</u>	<u>\$ 267,615</u>	<u>\$ -</u>	<u>\$ 870,649</u>	<u>\$ 80,999</u>

# CITY OF SAN BERNARDINO

## Combining Balance Sheet

### Nonmajor Special Revenue Funds (continued)

June 30, 2012 (with comparative totals as of June 30, 2011)

	Sewerline Maintenance	Sales and Road	Baseball Stadium
<b>ASSETS</b>			
Cash and investments	\$ 1,461,915	\$ -	\$ -
Receivables, net:			
Accounts	6,160	-	-
Interest	249	402	-
Due from other governments	259,371	-	-
Due from other funds	-	3,822,035	-
Advances to other funds	128,774	-	-
	<u>128,774</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,856,469</u>	<u>\$ 3,822,437</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 88,184	\$ 31,717	\$ -
Due to other funds	-	-	-
Retentions payable	7,731	-	-
Deferred revenues	-	-	-
Deposits	-	-	-
	<u>95,915</u>	<u>31,717</u>	<u>-</u>
Total liabilities	<u>95,915</u>	<u>31,717</u>	<u>-</u>
Fund balances:			
Restricted	1,760,554	3,790,720	-
Committed	-	-	-
Unassigned	-	-	-
	<u>1,760,554</u>	<u>3,790,720</u>	<u>-</u>
Total fund balances (deficit)	<u>1,760,554</u>	<u>3,790,720</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,856,469</u>	<u>\$ 3,822,437</u>	<u>\$ -</u>

continued

Soccer Field	Fire Station	Totals	
		2012	2011
\$ -	\$ -	\$ 1,461,915	\$ 4,060,289
4,500	-	17,587	24,495
37	43	934	13,317
-	-	1,052,694	1,403,005
367,903	317,539	6,470,104	1,924,285
-	-	128,774	226,174
<u>\$ 372,440</u>	<u>\$ 317,582</u>	<u>\$ 9,132,008</u>	<u>\$ 7,651,565</u>
\$ 22,040	\$ -	\$ 317,669	\$ 606,362
-	-	11,354	320,560
-	-	7,731	-
-	310,222	310,222	320,085
-	10,516	10,516	10,516
<u>22,040</u>	<u>320,738</u>	<u>657,492</u>	<u>1,257,523</u>
-	-	7,888,492	9,799,264
350,400	-	589,180	356,373
-	(3,156)	(3,156)	(3,761,595)
<u>350,400</u>	<u>(3,156)</u>	<u>8,474,516</u>	<u>6,394,042</u>
<u>\$ 372,440</u>	<u>\$ 317,582</u>	<u>\$ 9,132,008</u>	<u>\$ 7,651,565</u>

**CITY OF SAN BERNARDINO**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)**

	<u>Library</u>	<u>Cemetery</u>	<u>Cable TV</u>
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	240,940
Fines and forfeitures	-	-	-
Investment income (loss)	-	(139)	28
Intergovernmental	-	-	-
Charges for services	32,099	16,916	-
Other	33,115	-	-
Total revenues	<u>65,214</u>	<u>16,777</u>	<u>240,968</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets	-	-	-
Culture and recreation	-	-	-
Community service	2,090,055	172,148	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>2,090,055</u>	<u>172,148</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,024,841)</u>	<u>(155,371)</u>	<u>240,968</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,066,000	430,362	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>2,066,000</u>	<u>430,362</u>	<u>-</u>
Net change in fund balances	<u>41,159</u>	<u>274,991</u>	<u>240,968</u>
Fund balances (deficit), beginning of year, as previously stated	36,287	44,344	-
Prior period adjustment	<u>-</u>	<u>(318,700)</u>	<u>-</u>
Fund balances (deficit), beginning of year, as restated	<u>36,287</u>	<u>(274,356)</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ 77,446</u>	<u>\$ 635</u>	<u>\$ 240,968</u>

continued

Asset Seizure	Alternative Transportation	Animal Control	Traffic Congestion	Special Gas Tax	Traffic Safety
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	249,141	-	-	-
-	-	68,686	-	-	-
(251)	(27)	-	-	329	-
848,300	265,340	-	-	5,842,290	1,143,798
-	-	1,124,049	-	-	-
-	5,200	-	-	-	-
<u>848,049</u>	<u>270,513</u>	<u>1,441,876</u>	<u>-</u>	<u>5,842,619</u>	<u>1,143,798</u>
-	235,099	-	-	-	-
401,818	-	1,825,625	-	-	514,935
-	-	-	-	225,061	-
-	-	-	-	-	-
-	-	-	-	1,109,082	-
-	-	-	-	142,106	-
<u>401,818</u>	<u>235,099</u>	<u>1,825,625</u>	<u>-</u>	<u>1,476,249</u>	<u>514,935</u>
446,231	35,414	(383,749)	-	4,366,370	628,863
-	-	572,088	6,459	-	975,312
-	(70,000)	-	-	(4,165,000)	(1,400,000)
-	(70,000)	572,088	6,459	(4,165,000)	(424,688)
<u>446,231</u>	<u>(34,586)</u>	<u>188,339</u>	<u>6,459</u>	<u>201,370</u>	<u>204,175</u>
693,524	99,999	50,441	(6,459)	611,631	(204,175)
-	-	-	-	-	-
<u>693,524</u>	<u>99,999</u>	<u>50,441</u>	<u>(6,459)</u>	<u>611,631</u>	<u>(204,175)</u>
<u>\$ 1,139,755</u>	<u>\$ 65,413</u>	<u>\$ 238,780</u>	<u>\$ -</u>	<u>\$ 813,001</u>	<u>\$ -</u>

# CITY OF SAN BERNARDINO

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds (continued) Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Sewerline Maintenance	Sales and Road	Baseball Stadium
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment income (loss)	4,752	(749)	-
Intergovernmental	-	2,924,848	-
Charges for services	3,135,460	-	-
Other	-	-	-
Total revenues	<u>3,140,212</u>	<u>2,924,099</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets	2,293,836	1,047,204	-
Culture and recreation	-	-	15,042
Community service	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>2,293,836</u>	<u>1,047,204</u>	<u>15,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>846,376</u>	<u>1,876,895</u>	<u>(15,042)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	18,990	55,792
Transfers out	<u>(1,510,900)</u>	<u>(805,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,510,900)</u>	<u>(786,010)</u>	<u>55,792</u>
Net change in fund balances	<u>(664,524)</u>	<u>1,090,885</u>	<u>40,750</u>
Fund balances (deficit), beginning of year, as previously stated	2,425,078	2,699,835	(40,750)
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit), beginning of year, as restated	<u>2,425,078</u>	<u>2,699,835</u>	<u>(40,750)</u>
Fund balances (deficit), end of year	<u>\$ 1,760,554</u>	<u>\$ 3,790,720</u>	<u>\$ -</u>

continued

Soccer Field	Fire Station	Totals	
		2012	2011
\$ -	\$ 588,445	\$ 588,445	\$ 585,053
-	-	490,081	274,798
-	-	68,686	55,258
(227)	(211)	3,505	294,503
-	-	11,024,576	10,197,452
383,207	-	4,691,731	4,311,368
31,558	-	69,873	59,031
<u>414,538</u>	<u>588,234</u>	<u>16,936,897</u>	<u>15,777,463</u>
-	-	235,099	107,755
-	-	2,742,378	3,175,865
-	-	3,566,101	5,588,594
370,070	-	385,112	443,266
-	-	2,262,203	2,221,052
-	-	1,109,082	1,083,405
-	-	142,106	171,261
<u>370,070</u>	<u>-</u>	<u>10,442,081</u>	<u>12,791,198</u>
<u>44,468</u>	<u>588,234</u>	<u>6,494,816</u>	<u>2,986,265</u>
-	-	4,125,003	2,195,904
-	(588,445)	(8,539,345)	(8,758,150)
-	(588,445)	(4,414,342)	(6,562,246)
<u>44,468</u>	<u>(211)</u>	<u>2,080,474</u>	<u>(3,575,981)</u>
305,932	(2,945)	6,712,742	9,970,023
-	-	(318,700)	-
<u>305,932</u>	<u>(2,945)</u>	<u>6,394,042</u>	<u>9,970,023</u>
<u>\$ 350,400</u>	<u>\$ (3,156)</u>	<u>\$ 8,474,516</u>	<u>\$ 6,394,042</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Special Revenue Fund – Library Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Intergovernmental	\$ 30,000	\$ -	\$ (30,000)	\$ 70,052
Charges for services	40,000	32,099	(7,901)	37,911
Other	37,200	33,115	(4,085)	37,237
Total revenues	107,200	65,214	(41,986)	145,200
<b>EXPENDITURES</b>				
Current:				
Community service:				
Personnel salaries and benefits	1,542,400	1,486,020	56,380	1,449,511
Other	663,900	604,035	59,865	633,223
Total expenditures	2,206,300	2,090,055	116,245	2,082,734
Excess (deficiency) of revenues over (under) expenditures	(2,099,100)	(2,024,841)	74,259	(1,937,534)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	2,066,000	2,066,000	-	1,937,534
Total other financing sources	2,066,000	2,066,000	-	1,937,534
Net change in fund balance	(33,100)	41,159	74,259	-
Fund balance, beginning of year	36,287	36,287	-	36,287
Fund balance, end of year	\$ 3,187	\$ 77,446	\$ 74,259	\$ 36,287

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Special Revenue Fund – Cemetery Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ 10,000	\$ (139)	\$ (10,139)	\$ (1,693)
Intergovernmental	-	-	-	318,700
Charges for services	17,500	16,916	(584)	22,038
Total revenues	<u>27,500</u>	<u>16,777</u>	<u>(10,723)</u>	<u>339,045</u>
<b>EXPENDITURES</b>				
Current:				
Community service:				
Personnel salaries and benefits	109,000	117,830	(8,830)	112,913
Other	54,100	54,318	(218)	25,405
Total expenditures	<u>163,100</u>	<u>172,148</u>	<u>(9,048)</u>	<u>138,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(135,600)</u>	<u>(155,371)</u>	<u>(19,771)</u>	<u>200,727</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	134,400	430,362	295,962	-
Total other financing sources	<u>134,400</u>	<u>430,362</u>	<u>295,962</u>	<u>-</u>
Net change in fund balance	<u>(1,200)</u>	<u>274,991</u>	<u>276,191</u>	<u>200,727</u>
Fund balance (deficit), beginning of year, as previously stated	44,344	44,344	-	(156,383)
Prior period adjustment	-	(318,700)	(318,700)	-
Fund balance (deficit), beginning of year, as restated	<u>(274,356)</u>	<u>(274,356)</u>	<u>-</u>	<u>(156,383)</u>
Fund balance (deficit), end of year	<u>\$ (275,556)</u>	<u>\$ 635</u>	<u>\$ 276,191</u>	<u>\$ 44,344</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Special Revenue Fund – Cable TV Fund Year Ended June 30, 2012 (with comparative totals 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>
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ 240,940	\$ 240,940	\$ -
Investment income	-	28	28	-
Total revenues	<u>-</u>	<u>240,968</u>	<u>240,968</u>	<u>-</u>
Net change in fund balance	-	240,968	240,968	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 240,968</u>	<u>\$ 240,968</u>	<u>\$ -</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Special Revenue Fund – Asset Seizure Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ 9,200	\$ (251)	\$ (9,451)	\$ (2,498)
Intergovernmental	340,000	848,300	508,300	680,089
Total revenues	<u>349,200</u>	<u>848,049</u>	<u>498,849</u>	<u>677,591</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Other	501,677	401,818	99,859	824,003
Total expenditures	<u>501,677</u>	<u>401,818</u>	<u>99,859</u>	<u>824,003</u>
Net change in fund balance	(152,477)	446,231	598,708	(146,412)
Fund balance, beginning of year	693,524	693,524	-	839,936
Fund balance, end of year	<u>\$ 541,047</u>	<u>\$ 1,139,755</u>	<u>\$ 598,708</u>	<u>\$ 693,524</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Special Revenue Fund – Alternative Transportation Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ 1,000	\$ (27)	\$ (1,027)	\$ (134)
Intergovernmental	240,000	265,340	25,340	225,913
Other	5,200	5,200	-	5,200
Total revenues	<u>246,200</u>	<u>270,513</u>	<u>24,313</u>	<u>230,979</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Personnel salaries and benefits	85,700	73,883	11,817	82,238
Other	171,800	161,216	10,584	25,517
Total expenditures	<u>257,500</u>	<u>235,099</u>	<u>22,401</u>	<u>107,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,300)</u>	<u>35,414</u>	<u>46,714</u>	<u>123,224</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>	<u>(70,000)</u>
Total other financing sources (uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>	<u>(70,000)</u>
Net change in fund balance	(81,300)	(34,586)	46,714	53,224
Fund balance, beginning of year	<u>99,999</u>	<u>99,999</u>	<u>-</u>	<u>46,775</u>
Fund balance, end of year	<u>\$ 18,699</u>	<u>\$ 65,413</u>	<u>\$ 46,714</u>	<u>\$ 99,999</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Special Revenue Fund – Animal Control Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Licenses and permits	\$ 300,500	\$ 249,141	\$ (51,359)	\$ 274,798
Fines and forfeitures	50,000	68,686	18,686	55,258
Charges for services	1,152,500	1,124,049	(28,451)	1,005,505
Total revenues	<u>1,503,000</u>	<u>1,441,876</u>	<u>(61,124)</u>	<u>1,335,561</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Personnel salaries and benefits	1,170,000	1,152,867	17,133	1,099,669
Other	871,000	672,758	198,242	434,281
Total expenditures	<u>2,041,000</u>	<u>1,825,625</u>	<u>215,375</u>	<u>1,533,950</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(538,000)</u>	<u>(383,749)</u>	<u>154,251</u>	<u>(198,389)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	449,100	572,088	122,988	197,070
Total other financing sources	<u>449,100</u>	<u>572,088</u>	<u>122,988</u>	<u>197,070</u>
Net change in fund balance	(88,900)	188,339	277,239	(1,319)
Fund balance, beginning of year	50,441	50,441	-	51,760
Fund balance (deficit), end of year	<u>\$ (38,459)</u>	<u>\$ 238,780</u>	<u>\$ 277,239</u>	<u>\$ 50,441</u>

**CITY OF SAN BERNARDINO**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
 Nonmajor Special Revenue Fund – Traffic Congestion Fund  
 Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)**

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ -	\$ -	\$ -	\$ (1,092)
Total revenues	-	-	-	(1,092)
<b>EXPENDITURES</b>				
Current:				
Streets:				
Personnel salaries and benefits	-	-	-	3,279
Other	1,041,900	-	1,041,900	1,799,249
Total expenditures	1,041,900	-	1,041,900	1,802,528
Excess (deficiency) of revenues over (under) expenditures	(1,041,900)	-	1,041,900	(1,803,620)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	6,459	6,459	-
Total other financing sources	-	6,459	6,459	-
Net change in fund balance	(1,041,900)	6,459	1,048,359	(1,803,620)
Fund balance (deficit), beginning of year	(6,459)	(6,459)	-	1,797,161
Fund balance (deficit), end of year	<u>\$ (1,048,359)</u>	<u>\$ -</u>	<u>\$ 1,048,359</u>	<u>\$ (6,459)</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Special Revenue Fund – Special Gas Tax Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ 5,000	\$ 329	\$ (4,671)	\$ (46)
Intergovernmental	5,488,300	5,842,290	353,990	5,113,876
Total revenues	<u>5,493,300</u>	<u>5,842,619</u>	<u>349,319</u>	<u>5,113,830</u>
<b>EXPENDITURES</b>				
Current:				
Streets:				
Personnel salaries and benefits	-	17,050	(17,050)	16,748
Other	2,242,900	208,011	2,034,889	1,723,675
Debt service:				
Principal	-	1,109,082	(1,109,082)	-
Interest and fiscal charges	-	142,106	(142,106)	-
Total expenditures	<u>2,242,900</u>	<u>1,476,249</u>	<u>766,651</u>	<u>1,740,423</u>
Excess of revenues over expenditures	<u>3,250,400</u>	<u>4,366,370</u>	<u>1,115,970</u>	<u>3,373,407</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(4,165,000)</u>	<u>(4,165,000)</u>	<u>-</u>	<u>(3,620,000)</u>
Total other financing sources (uses)	<u>(4,165,000)</u>	<u>(4,165,000)</u>	<u>-</u>	<u>(3,620,000)</u>
Net change in fund balance	(914,600)	201,370	1,115,970	(246,593)
Fund balance, beginning of year	611,631	611,631	-	858,224
Fund balance (deficit), end of year	<u>\$ (302,969)</u>	<u>\$ 813,001</u>	<u>\$ 1,115,970</u>	<u>\$ 611,631</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Special Revenue Fund – Traffic Safety Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Intergovernmental	\$ 2,329,300	\$ 1,143,798	\$ (1,185,502)	\$ 1,794,478
Total revenues	2,329,300	1,143,798	(1,185,502)	1,794,478
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Other	669,200	514,935	154,265	817,690
Total expenditures	669,200	514,935	154,265	817,690
Excess of revenues over expenditures	1,660,100	628,863	(1,031,237)	976,788
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	975,312	975,312	-
Transfers out	(1,400,000)	(1,400,000)	-	(1,180,999)
Total other financing sources (uses)	(1,400,000)	(424,688)	975,312	(1,180,999)
Net change in fund balance	260,100	204,175	(55,925)	(204,211)
Fund balance (deficit), beginning of year	(204,175)	(204,175)	-	36
Fund balance (deficit), end of year	\$ 55,925	\$ -	\$ (55,925)	\$ (204,175)

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Special Revenue Fund – Sewerline Maintenance Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ -	\$ 4,752	\$ 4,752	\$ (506)
Charges for services	4,200,000	3,135,460	(1,064,540)	3,164,303
Total revenues	4,200,000	3,140,212	(1,059,788)	3,163,797
<b>EXPENDITURES</b>				
Current:				
Streets:				
Personnel salaries and benefits	1,323,800	1,300,395	23,405	1,262,665
Other	3,574,400	993,441	2,580,959	1,356,737
Total expenditures	4,898,200	2,293,836	2,604,364	2,619,402
Excess (deficiency) of revenues over (under) expenditures	(698,200)	846,376	1,544,576	544,395
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,510,900)	(1,510,900)	-	(1,949,600)
Total other financing sources (uses)	(1,510,900)	(1,510,900)	-	(1,949,600)
Net change in fund balance	(2,209,100)	(664,524)	1,544,576	(1,405,205)
Fund balance, beginning of year	2,425,078	2,425,078	-	3,830,283
Fund balance, end of year	\$ 215,978	\$ 1,760,554	\$ 1,544,576	\$ 2,425,078

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Special Revenue Fund – Sales and Road Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ 35,000	\$ (749)	\$ (35,749)	\$ (11,572)
Intergovernmental	2,500,000	2,924,848	424,848	2,313,044
Total revenues	<u>2,535,000</u>	<u>2,924,099</u>	<u>389,099</u>	<u>2,301,472</u>
<b>EXPENDITURES</b>				
Current:				
Streets:				
Personnel salaries and benefits	-	330,495	(330,495)	297,858
Other	5,946,500	716,709	5,229,791	383,049
Total expenditures	<u>5,946,500</u>	<u>1,047,204</u>	<u>4,899,296</u>	<u>680,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,411,500)</u>	<u>1,876,895</u>	<u>5,288,395</u>	<u>1,620,565</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	18,990	18,990	-
Transfers out	(805,000)	(805,000)	-	(1,350,000)
Total other financing sources (uses)	<u>(805,000)</u>	<u>(786,010)</u>	<u>18,990</u>	<u>(1,350,000)</u>
Net change in fund balance	(4,216,500)	1,090,885	5,307,385	270,565
Fund balance, beginning of year	<u>2,699,835</u>	<u>2,699,835</u>	<u>-</u>	<u>2,429,270</u>
Fund balance (deficit), end of year	<u>\$ (1,516,665)</u>	<u>\$ 3,790,720</u>	<u>\$ 5,307,385</u>	<u>\$ 2,699,835</u>

**CITY OF SAN BERNARDINO**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
 Nonmajor Special Revenue Fund – Baseball Stadium Fund  
 Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)**

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ -	\$ -	\$ -	\$ 363
Total revenues	-	-	-	363
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Other	-	15,042	(15,042)	21,434
Total expenditures	-	15,042	(15,042)	21,434
Excess (deficiency) of revenues over (under) expenditures	-	(15,042)	(15,042)	(21,071)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	55,792	55,792	61,300
Total other financing sources	-	55,792	55,792	61,300
Net change in fund balance	-	40,750	40,750	40,229
Fund balance (deficit), beginning of year	(40,750)	(40,750)	-	(80,979)
Fund balance (deficit), end of year	<u>\$ (40,750)</u>	<u>\$ -</u>	<u>\$ 40,750</u>	<u>\$ (40,750)</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Special Revenue Fund – Soccer Field Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ 5,000	\$ (227)	\$ (5,227)	\$ 313,102
Charges for services	404,000	383,207	(20,793)	81,611
Other	4,000	31,558	27,558	16,594
	<u>413,000</u>	<u>414,538</u>	<u>1,538</u>	<u>411,307</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Personnel salaries and benefits	273,500	208,289	65,211	272,320
Other	190,800	161,781	29,019	149,512
	<u>464,300</u>	<u>370,070</u>	<u>94,230</u>	<u>421,832</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51,300)</u>	<u>44,468</u>	<u>95,768</u>	<u>(10,525)</u>
Net change in fund balance	(51,300)	44,468	95,768	(10,525)
Fund balance, beginning of year	<u>305,932</u>	<u>305,932</u>	-	<u>316,457</u>
Fund balance, end of year	<u>\$ 254,632</u>	<u>\$ 350,400</u>	<u>\$ 95,768</u>	<u>\$ 305,932</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Special Revenue Fund – Fire Station Fund Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Taxes	\$ 567,800	\$ 588,445	\$ 20,645	\$ 585,053
Investment income (loss)	5,900	(211)	(6,111)	(1,421)
Total revenues	<u>573,700</u>	<u>588,234</u>	<u>14,534</u>	<u>583,632</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	-	-	222
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>222</u>
Excess of revenues over expenditures	<u>573,700</u>	<u>588,234</u>	<u>14,534</u>	<u>583,410</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(573,700)</u>	<u>(588,445)</u>	<u>(14,745)</u>	<u>(587,551)</u>
Total other financing sources (uses)	<u>(573,700)</u>	<u>(588,445)</u>	<u>(14,745)</u>	<u>(587,551)</u>
Net change in fund balance	-	(211)	(211)	(4,141)
Fund balance (deficit), beginning of year	<u>(2,945)</u>	<u>(2,945)</u>	<u>-</u>	<u>1,196</u>
Fund balance (deficit), end of year	<u><u>\$ (2,945)</u></u>	<u><u>\$ (3,156)</u></u>	<u><u>\$ (211)</u></u>	<u><u>\$ (2,945)</u></u>

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# CITY OF SAN BERNARDINO

## Major and Nonmajor Debt Service Funds June 30, 2012

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Debt Service Funds are used to account for the accumulation of resources for, and payment of, principal, interest and related costs of the long-term debt. The City maintains the following Nonmajor 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 Successor Agency of the former redevelopment agency (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 Debt Service Fund**

For the accumulation of resources for, and the payment of, principal, interest and related costs of liabilities of the redevelopment agency. As of February 1, 2012, the EDA was dissolved as a matter of State law, and ceased to exist. The activity reported in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is for the period from July 1, 2011 through January 31, 2012.

# CITY OF SAN BERNARDINO

## Combining Balance Sheet

### Nonmajor Debt Service Funds

June 30, 2012 (with comparative totals as of June 30, 2011)

	Assessment District #985	Assessment District #987	Assessment District #1015
<b>ASSETS</b>			
Cash and investments	\$ 68,280	\$ 19,127	\$ 25,705
Cash and investments with fiscal agent	-	-	-
Receivables, net:			
Interest	8	2	5
Special assessments	-	-	297,125
Due from other governments	-	-	-
<b>Total assets</b>	<b><u>\$ 68,288</u></b>	<b><u>\$ 19,129</u></b>	<b><u>\$ 322,835</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	155,500
Deferred revenues	-	-	297,125
Deposits	-	6,725	-
Advances from other funds	-	-	158,000
Due to other governments	-	-	-
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>6,725</u></b>	<b><u>610,625</u></b>
Fund balances (deficit):			
Restricted	68,288	12,404	-
Unassigned	-	-	(287,790)
<b>Total fund balances (deficit)</b>	<b><u>68,288</u></b>	<b><u>12,404</u></b>	<b><u>(287,790)</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 68,288</u></b>	<b><u>\$ 19,129</u></b>	<b><u>\$ 322,835</u></b>

continued

Totals	
<u>2012</u>	<u>2011</u>
\$ 113,112	\$ 81,990
-	48,853
15	169
297,125	333,839
-	15,421
<u>\$ 410,252</u>	<u>\$ 480,272</u>
\$ -	\$ 6,726
155,500	133,905
297,125	333,839
6,725	-
158,000	196,800
-	21,595
<u>617,350</u>	<u>692,865</u>
80,692	318,178
<u>(287,790)</u>	<u>(530,771)</u>
<u>(207,098)</u>	<u>(212,593)</u>
<u>\$ 410,252</u>	<u>\$ 480,272</u>

**CITY OF SAN BERNARDINO**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Debt Service Funds**

**Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)**

	Assessment District #985	Assessment District #987	Assessment District #1015
<b>REVENUES</b>			
Taxes	\$ -	\$ 12,772	\$ 64,026
Investment income (loss)	(18)	(2)	12
Total revenues	(18)	12,770	64,038
<b>EXPENDITURES</b>			
Current:			
General government	-	1,500	6,049
Debt service:			
Principal	-	50,000	-
Interest and fiscal charges	-	1,938	11,808
Total expenditures	-	53,438	17,857
Excess (deficiency) of revenues over (under) expenditures	(18)	(40,668)	46,181
Net change in fund balances	(18)	(40,668)	46,181
Fund balances (deficit), beginning of year	68,306	53,072	(333,971)
Fund balances (deficit), end of year	\$ 68,288	\$ 12,404	\$ (287,790)

continued

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Totals	
<u>2012</u>	<u>2011</u>
\$ 76,798	\$ 108,660
<u>(8)</u>	<u>(337)</u>
<u>76,790</u>	<u>108,323</u>
7,549	27,674
50,000	45,000
<u>13,746</u>	<u>28,515</u>
<u>71,295</u>	<u>101,189</u>
<u>5,495</u>	<u>7,134</u>
5,495	7,134
<u>(212,593)</u>	<u>(219,727)</u>
<u>\$ (207,098)</u>	<u>\$ (212,593)</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Debt Service Fund – Assessment District #985 Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 14,902
Investment income (loss)	-	(18)	(18)	(226)
Total revenues	-	(18)	(18)	14,676
Net change in fund balance	-	(18)	(18)	14,676
Fund balance, beginning of year	68,306	68,306	-	53,630
Fund balance, end of year	\$ 68,306	\$ 68,288	\$ (18)	\$ 68,306

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Debt Service Fund – Assessment District #987 Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Taxes	\$ 51,400	\$ 12,772	\$ (38,628)	\$ 22,836
Investment income (loss)	1,400	(2)	(1,402)	(75)
Total revenues	<u>52,800</u>	<u>12,770</u>	<u>(40,030)</u>	<u>22,761</u>
<b>EXPENDITURES</b>				
Current:				
General government	15,100	1,500	13,600	14,057
Debt Service:				
Principal	45,000	50,000	(5,000)	45,000
Interest and fiscal charges	5,600	1,938	3,662	5,619
Total expenditures	<u>65,700</u>	<u>53,438</u>	<u>12,262</u>	<u>64,676</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,900)</u>	<u>(40,668)</u>	<u>(27,768)</u>	<u>(41,915)</u>
Net change in fund balance	(12,900)	(40,668)	(27,768)	(41,915)
Fund balance, beginning of year	<u>53,072</u>	<u>53,072</u>	-	<u>94,987</u>
Fund balance, end of year	<u>\$ 40,172</u>	<u>\$ 12,404</u>	<u>\$ (27,768)</u>	<u>\$ 53,072</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Debt Service Fund – Assessment District #1015 Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Taxes	\$ 68,000	\$ 64,026	\$ (3,974)	\$ 70,922
Investment income (loss)	300	12	(288)	(36)
Total revenues	<u>68,300</u>	<u>64,038</u>	<u>(4,262)</u>	<u>70,886</u>
<b>EXPENDITURES</b>				
Current:				
General government	8,000	6,049	1,951	13,617
Debt Service:				
Interest	<u>28,200</u>	<u>11,808</u>	<u>16,392</u>	<u>22,896</u>
Total expenditures	<u>36,200</u>	<u>17,857</u>	<u>18,343</u>	<u>36,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,100</u>	<u>46,181</u>	<u>14,081</u>	<u>34,373</u>
Net change in fund balance	32,100	46,181	14,081	34,373
Fund balance (deficit), beginning of year	<u>(333,971)</u>	<u>(333,971)</u>	<u>-</u>	<u>(368,344)</u>
Fund balance (deficit), end of year	<u>\$ (301,871)</u>	<u>\$ (287,790)</u>	<u>\$ 14,081</u>	<u>\$ (333,971)</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Major Debt Service Fund – Economic Development Agency Debt Service Fund Seven Months Ended January 31, 2012 (with comparative totals for the year ended June 30, 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Prior Year Actual
	Original	Final			
<b>REVENUES</b>					
Investment income	\$ 34,160	\$ 34,160	\$ 341,054	\$ 306,894	\$ 1,380,224
Total revenues	34,160	34,160	341,054	306,894	1,380,224
<b>EXPENDITURES</b>					
Debt service:					
Principal	16,556,558	16,556,558	6,625,000	9,931,558	8,800,000
Interest and fiscal charges	161,714	161,714	5,511,240	(5,349,526)	9,442,637
Total expenditures	16,718,272	16,718,272	12,136,240	4,582,032	18,242,637
Excess (deficiency) of revenues over (under) expenditures	(16,684,112)	(16,684,112)	(11,795,186)	4,888,926	(16,862,413)
<b>OTHER FINANCING SOURCES</b>					
Issuance of debt	31,445,986	31,445,986	-	(31,445,986)	10,285,000
Transfers in	17,491,739	17,491,739	9,895,266	(7,596,473)	16,408,299
Total other financing sources	48,937,725	48,937,725	9,895,266	(39,042,459)	26,693,299
<b>EXTRAORDINARY ITEM</b>					
Loss on dissolution of economic development agency	-	-	(36,773,859)	(36,773,859)	-
Net change in fund balance	32,253,613	32,253,613	(38,673,779)	(70,927,392)	9,830,886
Fund balance, beginning of year	38,673,779	38,673,779	38,673,779	-	28,842,893
Fund balance, end of year	\$ 70,927,392	\$ 70,927,392	\$ -	\$ (70,927,392)	\$ 38,673,779

# CITY OF SAN BERNARDINO

## Major and Nonmajor Capital Projects Funds June 30, 2012

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Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The City maintains the following Nonmajor 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.

#### **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 the 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 paid by assessments on properties.

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

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

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

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

#### **Impact Fees**

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

**Street Construction**

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

**Public Improvements**

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

**Prop 1b Local Street**

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

**MAJOR FUND**

**Economic Development Agency Capital Projects Fund**

For the financing and construction of projects of the redevelopment agency in accordance with the State's Community Redevelopment Law, as well as administrative expenditures incurred in sustaining EDA activities. As of February 1, 2012, the EDA was dissolved as a matter of State law, and ceased to exist. The activity reported in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is for the period from July 1, 2011 through January 31, 2012.

# CITY OF SAN BERNARDINO

## Combining Balance Sheet

### Nonmajor Capital Projects Funds

June 30, 2012 (with comparative totals as of June 30, 2011)

	<u>Verdemont</u>	<u>Public Park Extension</u>	<u>CIEDB Street Construction</u>	<u>Fire Equipment Acquisition</u>
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables, net:				
Interest	32	-	-	-
Due from other governments	-	-	-	-
Due from other funds	250,191	-	-	87,471
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 250,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,471</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 4,430	\$ -	\$ -	\$ 7,500
Due to other funds	-	-	-	-
Retentions payable	-	-	-	-
Deferred revenues	-	-	-	-
Deposits	-	-	-	-
Advances from other funds	-	-	-	-
Due to Successor Agency	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>4,430</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
Fund balances:				
Restricted	245,793	-	-	-
Assigned	-	-	-	79,971
Unassigned	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances (deficit)	<u>245,793</u>	<u>-</u>	<u>-</u>	<u>79,971</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 250,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,471</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>
\$ -	\$ -	\$ 2,629,231	\$ -	\$ 98,770	\$ -
73	6	381	382	229	60
-	-	-	-	6,822	-
364,294	52,328	-	2,938,225	-	439,324
-	-	79,000	-	-	-
-	-	214,671	-	-	-
<u>\$ 364,367</u>	<u>\$ 52,334</u>	<u>\$ 2,923,283</u>	<u>\$ 2,938,607</u>	<u>\$ 105,821</u>	<u>\$ 439,384</u>
\$ 192,016	\$ -	\$ 281,705	\$ 117,136	\$ 91,652	\$ -
-	-	-	-	-	-
50,889	-	14,053	12,804	-	-
-	-	-	-	-	-
-	-	-	-	16,869	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>242,905</u>	<u>-</u>	<u>295,758</u>	<u>129,940</u>	<u>108,521</u>	<u>-</u>
121,462	52,334	2,627,525	2,808,667	-	439,384
-	-	-	-	-	-
-	-	-	-	(2,700)	-
<u>121,462</u>	<u>52,334</u>	<u>2,627,525</u>	<u>2,808,667</u>	<u>(2,700)</u>	<u>439,384</u>
<u>\$ 364,367</u>	<u>\$ 52,334</u>	<u>\$ 2,923,283</u>	<u>\$ 2,938,607</u>	<u>\$ 105,821</u>	<u>\$ 439,384</u>

**CITY OF SAN BERNARDINO**

**Combining Balance Sheet (continued)  
 Nonmajor Capital Projects Funds  
 June 30, 2012 (with comparative totals as of June 30, 2011)**

	Assessment District #1015	Impact Fees	Street Construction
<b>ASSETS</b>			
Cash and investments	\$ 33,656	\$ 2,583,437	\$ -
Receivables, net:			
Interest	4	1,201	-
Due from other governments	-	-	772,843
Due from other funds	-	6,790,210	-
Advances to other funds	-	1,629,400	-
Other assets	-	-	-
<b>Total assets</b>	<b>\$ 33,660</b>	<b>\$ 11,004,248</b>	<b>\$ 772,843</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 117,983	\$ 30,176
Due to other funds	-	-	2,377,673
Retentions payable	-	-	20,756
Deferred revenues	-	-	391,303
Deposits	-	-	-
Advances from other funds	-	-	-
Due to Successor Agency	-	-	900,000
<b>Total liabilities</b>	<b>-</b>	<b>117,983</b>	<b>3,719,908</b>
Fund balances:			
Restricted	33,660	10,886,265	-
Assigned	-	-	-
Unassigned	-	-	(2,947,065)
<b>Total fund balances (deficit)</b>	<b>33,660</b>	<b>10,886,265</b>	<b>(2,947,065)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 33,660</b>	<b>\$ 11,004,248</b>	<b>\$ 772,843</b>

continued

Public Improvements	Prop 1b Local Street	Totals	
		2012	2011
\$ -	\$ -	\$ 5,345,094	\$ 11,410,131
141	329	2,838	50,955
-	-	779,665	867,157
1,075,220	2,427,768	14,425,031	13,227,402
-	-	1,708,400	2,324,425
-	-	214,671	214,671
<u>\$ 1,075,361</u>	<u>\$ 2,428,097</u>	<u>\$ 22,475,699</u>	<u>\$ 28,094,741</u>
\$ -	\$ 12,248	\$ 854,846	\$ 1,547,691
-	-	2,377,673	5,197,320
-	16,019	114,521	98,667
-	-	391,303	-
-	-	16,869	-
-	-	-	900,000
-	-	900,000	-
<u>-</u>	<u>28,267</u>	<u>4,655,212</u>	<u>7,743,678</u>
1,075,361	2,399,830	20,690,281	23,903,473
-	-	79,971	118,462
<u>-</u>	<u>-</u>	<u>(2,949,765)</u>	<u>(3,670,872)</u>
<u>1,075,361</u>	<u>2,399,830</u>	<u>17,820,487</u>	<u>20,351,063</u>
<u>\$ 1,075,361</u>	<u>\$ 2,428,097</u>	<u>\$ 22,475,699</u>	<u>\$ 28,094,741</u>

# CITY OF SAN BERNARDINO

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Capital Projects Funds Year Ended June 30, 2012 (with comparative totals 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>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Impact fees	-	-	-	-
Investment income (loss)	(352)	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	(352)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	24,000
Streets	7,529	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	7,529	-	-	24,000
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(7,881)	-	-	(24,000)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	9,049	-
Transfers out	-	(4,491)	-	(10,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(4,491)	9,049	(10,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(7,881)	(4,491)	9,049	(34,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit), beginning of year	253,674	4,491	(9,049)	113,971
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit), end of year	<u>\$ 245,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,971</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>
\$ -	\$ -	\$ -	\$ -	\$ 1,241,050	\$ -
-	-	-	-	-	398,776
-	-	-	-	-	-
(568)	(37)	2,791	(2,351)	(2,225)	(166)
-	-	-	-	-	-
-	40	119,698	44,069	226	-
-	-	-	-	-	-
<u>(568)</u>	<u>3</u>	<u>122,489</u>	<u>41,718</u>	<u>1,239,051</u>	<u>398,610</u>
-	-	-	-	-	-
-	-	859,695	346,079	1,564,995	-
545,644	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>545,644</u>	<u>-</u>	<u>859,695</u>	<u>346,079</u>	<u>1,564,995</u>	<u>-</u>
(546,212)	3	(737,206)	(304,361)	(325,944)	398,610
-	-	-	-	-	-
-	-	-	-	200,000	-
-	-	(225,000)	(132,700)	(226)	(357,000)
<u>-</u>	<u>-</u>	<u>(225,000)</u>	<u>(132,700)</u>	<u>199,774</u>	<u>(357,000)</u>
(546,212)	3	(962,206)	(437,061)	(126,170)	41,610
<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>\$ 121,462</u>	<u>\$ 52,334</u>	<u>\$ 2,627,525</u>	<u>\$ 2,808,667</u>	<u>\$ (2,700)</u>	<u>\$ 439,384</u>

# CITY OF SAN BERNARDINO

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)

### Nonmajor Capital Projects Funds

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Assessment District #1015	Impact Fees	Street Construction
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Impact fees	-	239,553	-
Investment income (loss)	(23)	(7,366)	-
Intergovernmental	-	-	1,731,654
Charges for services	-	-	-
Other	-	-	-
	<u>(23)</u>	<u>232,187</u>	<u>1,731,654</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	45,679	-
Streets	-	699,453	1,016,896
Culture and recreation	-	46,266	-
Debt service:			
Principal	-	86,396	-
Interest and fiscal charges	-	68,079	-
	<u>-</u>	<u>945,873</u>	<u>1,016,896</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23)</u>	<u>(713,686)</u>	<u>714,758</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	-
Transfers in	-	10,784	-
Transfers out	-	-	-
	<u>-</u>	<u>10,784</u>	<u>-</u>
Net change in fund balances	(23)	(702,902)	714,758
Fund balances (deficit), beginning of year	<u>33,683</u>	<u>11,589,167</u>	<u>(3,661,823)</u>
Fund balances (deficit), end of year	<u>\$ 33,660</u>	<u>\$ 10,886,265</u>	<u>\$ (2,947,065)</u>

continued

Public Improvements	Prop 1b Local Street	Totals	
		2012	2011
\$ -	\$ -	\$ 1,241,050	\$ 1,297,934
-	-	398,776	149,896
-	-	239,553	618,030
(891)	(3,268)	(14,456)	(107,408)
-	-	1,731,654	8,407,210
-	-	164,033	1,151,532
-	-	-	723,066
<u>(891)</u>	<u>(3,268)</u>	<u>3,760,610</u>	<u>12,240,260</u>
-	-	69,679	569,620
57,746	413,145	4,965,538	10,501,686
-	-	591,910	691,376
-	-	86,396	83,945
-	-	68,079	70,818
<u>57,746</u>	<u>413,145</u>	<u>5,781,602</u>	<u>11,917,445</u>
<u>(58,637)</u>	<u>(416,413)</u>	<u>(2,020,992)</u>	<u>322,815</u>
-	-	-	386,122
-	-	219,833	-
-	-	(729,417)	(714,700)
-	-	(509,584)	(328,578)
(58,637)	(416,413)	(2,530,576)	(5,763)
<u>1,133,998</u>	<u>2,816,243</u>	<u>20,351,063</u>	<u>20,356,826</u>
<u>\$ 1,075,361</u>	<u>\$ 2,399,830</u>	<u>\$ 17,820,487</u>	<u>\$ 20,351,063</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Capital Projects Fund – Verdemont Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ -	\$ (352)	\$ (352)	\$ (1,949)
Total revenues	-	(352)	(352)	(1,949)
<b>EXPENDITURES</b>				
Current:				
Streets	239,200	7,529	231,671	468,933
Total expenditures	239,200	7,529	231,671	468,933
Excess (deficiency) of revenues over (under) expenditures	(239,200)	(7,881)	231,319	(470,882)
Net change in fund balance	(239,200)	(7,881)	231,319	(470,882)
Fund balance, beginning of year	253,674	253,674	-	724,556
Fund balance, end of year	<u>\$ 14,474</u>	<u>\$ 245,793</u>	<u>\$ 231,319</u>	<u>\$ 253,674</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Capital Projects Fund – Public Park Extension Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ -	\$ -	\$ -	\$ (6)
Total revenues	-	-	-	(6)
<b>EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(4,491)	(4,491)	-
Total other financing sources (uses)	-	(4,491)	(4,491)	-
Net change in fund balance	-	(4,491)	(4,491)	(6)
Fund balance, beginning of year	4,491	4,491	-	4,497
Fund balance, end of year	<u>\$ 4,491</u>	<u>\$ -</u>	<u>\$ (4,491)</u>	<u>\$ 4,491</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Capital Projects Fund – CIEDB Street Construction Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES</b>				
Issuance of debt	-	-	-	386,122
Transfers in	-	9,049	9,049	-
Total other financing sources	-	9,049	9,049	386,122
Net change in fund balance	-	9,049	9,049	386,122
Fund (deficit), beginning of year	(9,049)	(9,049)	-	(395,171)
Fund balance (deficit), end of year	\$ (9,049)	\$ -	\$ 9,049	\$ (9,049)

**CITY OF SAN BERNARDINO**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
 Nonmajor Capital Projects Fund – Fire Equipment Acquisition  
 Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)**

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Personnel salaries and benefits	-	-	-	18,000
Other	58,500	24,000	34,500	-
Total expenditures	58,500	24,000	34,500	18,000
Excess (deficiency) of revenues over (under) expenditures	(58,500)	(24,000)	34,500	(18,000)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(10,000)	(10,000)	-
Total other financing sources (uses)	-	(10,000)	(10,000)	-
Net change in fund balance	(58,500)	(34,000)	24,500	(18,000)
Fund balance, beginning of year	113,971	113,971	-	131,971
Fund balance, end of year	<u>\$ 55,471</u>	<u>\$ 79,971</u>	<u>\$ 24,500</u>	<u>\$ 113,971</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Capital Projects Fund – Park Construction Fee Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ 5,000	\$ (568)	\$ (5,568)	\$ (3,543)
Intergovernmental	-	-	-	1,292
Charges for services	1,120,800	-	(1,120,800)	723,773
Other	336,000	-	(336,000)	-
	<u>1,461,800</u>	<u>(568)</u>	<u>(1,462,368)</u>	<u>721,522</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Personnel salaries and benefits	-	5,598	(5,598)	1,192
Other	2,049,600	540,046	1,509,554	632,267
	<u>2,049,600</u>	<u>545,644</u>	<u>1,503,956</u>	<u>633,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(587,800)</u>	<u>(546,212)</u>	<u>41,588</u>	<u>88,063</u>
Net change in fund balance	(587,800)	(546,212)	41,588	88,063
Fund balance, beginning of year	<u>667,674</u>	<u>667,674</u>	<u>-</u>	<u>579,611</u>
Fund balance, end of year	<u>\$ 79,874</u>	<u>\$ 121,462</u>	<u>\$ 41,588</u>	<u>\$ 667,674</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Capital Projects Fund – Cemetery Construction Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ 1,000	\$ (37)	\$ (1,037)	\$ (221)
Charges for services	500	40	(460)	260
Total revenues	<u>1,500</u>	<u>3</u>	<u>(1,497)</u>	<u>39</u>
<b>EXPENDITURES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,500	3	(1,497)	39
Fund balance, beginning of year	<u>52,331</u>	<u>52,331</u>	<u>-</u>	<u>52,292</u>
Fund balance, end of year	<u>\$ 53,831</u>	<u>\$ 52,334</u>	<u>\$ (1,497)</u>	<u>\$ 52,331</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Capital Projects Fund – Sewerline Construction Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ 60,000	\$ 2,791	\$ (57,209)	\$ (8,557)
Charges for services	100,000	119,698	19,698	152,813
Total revenues	<u>160,000</u>	<u>122,489</u>	<u>(37,511)</u>	<u>144,256</u>
<b>EXPENDITURES</b>				
Current:				
Streets:				
Personnel salaries and benefits	-	57,804	(57,804)	138,730
Other	3,877,500	801,891	3,075,609	324,606
Total expenditures	<u>3,877,500</u>	<u>859,695</u>	<u>3,017,805</u>	<u>463,336</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,717,500)</u>	<u>(737,206)</u>	<u>2,980,294</u>	<u>(319,080)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(225,000)</u>	<u>(225,000)</u>	-	<u>(225,000)</u>
Total other financing sources (uses)	<u>(225,000)</u>	<u>(225,000)</u>	-	<u>(225,000)</u>
Net change in fund balance	(3,942,500)	(962,206)	2,980,294	(544,080)
Fund balance, beginning of year	<u>3,589,731</u>	<u>3,589,731</u>	-	<u>4,133,811</u>
Fund balance (deficit), end of year	<u>\$ (352,769)</u>	<u>\$ 2,627,525</u>	<u>\$ 2,980,294</u>	<u>\$ 3,589,731</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Capital Projects Fund – Storm Drain Construction Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ 40,000	\$ (2,351)	\$ (42,351)	\$ (14,722)
Charges for services	175,000	44,069	(130,931)	274,686
Total revenues	<u>215,000</u>	<u>41,718</u>	<u>(173,282)</u>	<u>259,964</u>
<b>EXPENDITURES</b>				
Current:				
Streets:				
Personnel salaries and benefits	-	141,136	(141,136)	123,636
Other	3,236,900	204,943	3,031,957	273,594
Total expenditures	<u>3,236,900</u>	<u>346,079</u>	<u>2,890,821</u>	<u>397,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,021,900)</u>	<u>(304,361)</u>	<u>2,717,539</u>	<u>(137,266)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(132,700)</u>	<u>(132,700)</u>	-	<u>(132,700)</u>
Total other financing sources (uses)	<u>(132,700)</u>	<u>(132,700)</u>	-	<u>(132,700)</u>
Net change in fund balance	(3,154,600)	(437,061)	2,717,539	(269,966)
Fund balance, beginning of year	<u>3,245,728</u>	<u>3,245,728</u>	-	<u>3,515,694</u>
Fund balance, end of year	<u>\$ 91,128</u>	<u>\$ 2,808,667</u>	<u>\$ 2,717,539</u>	<u>\$ 3,245,728</u>

**CITY OF SAN BERNARDINO**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
Nonmajor Capital Projects Fund – Special Assessments  
Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)**

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Taxes	\$ 1,255,000	\$ 1,241,050	\$ (13,950)	\$ 1,297,934
Investment income (loss)	-	(2,225)	(2,225)	(10,486)
Charges for services	-	226	226	-
	<u>1,255,000</u>	<u>1,239,051</u>	<u>(15,949)</u>	<u>1,287,448</u>
<b>EXPENDITURES</b>				
Current:				
Streets:				
Personnel salaries and benefits	997,900	1,055,929	(58,029)	1,109,365
Other	<u>274,700</u>	<u>509,066</u>	<u>(234,366)</u>	<u>416,420</u>
Total expenditures	<u>1,272,600</u>	<u>1,564,995</u>	<u>(292,395)</u>	<u>1,525,785</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,600)</u>	<u>(325,944)</u>	<u>(308,344)</u>	<u>(238,337)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	200,000	200,000	-	-
Transfers out	<u>-</u>	<u>(226)</u>	<u>(226)</u>	<u>-</u>
Total other financing sources (uses)	<u>200,000</u>	<u>199,774</u>	<u>(226)</u>	<u>-</u>
Net change in fund balance	182,400	(126,170)	(308,570)	(238,337)
Fund balance, beginning of year	<u>123,470</u>	<u>123,470</u>	<u>-</u>	<u>361,807</u>
Fund balance (deficit), end of year	<u><u>\$ 305,870</u></u>	<u><u>\$ (2,700)</u></u>	<u><u>\$ (308,570)</u></u>	<u><u>\$ 123,470</u></u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Capital Projects Fund – Cultural Development Construction Fee Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Licenses and permits	\$ 200,000	\$ 398,776	\$ 198,776	\$ 149,896
Investment income (loss)	15,000	(166)	(15,166)	(1,666)
Total revenues	<u>215,000</u>	<u>398,610</u>	<u>183,610</u>	<u>148,230</u>
<b>EXPENDITURES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>215,000</u>	<u>398,610</u>	<u>183,610</u>	<u>148,230</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(357,000)</u>	<u>(357,000)</u>	<u>-</u>	<u>(357,000)</u>
Total other financing sources (uses)	<u>(357,000)</u>	<u>(357,000)</u>	<u>-</u>	<u>(357,000)</u>
Net change in fund balance	(142,000)	41,610	183,610	(208,770)
Fund balance, beginning of year	<u>397,774</u>	<u>397,774</u>	<u>-</u>	<u>606,544</u>
Fund balance, end of year	<u>\$ 255,774</u>	<u>\$ 439,384</u>	<u>\$ 183,610</u>	<u>\$ 397,774</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Capital Projects Fund – Assessment District #1015 Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ -	\$ (23)	\$ (23)	\$ (132)
Total revenues	-	(23)	(23)	(132)
<b>EXPENDITURES</b>	-	-	-	-
Net change in fund balance	-	(23)	(23)	(132)
Fund balance, beginning of year	33,683	33,683	-	33,815
Fund balance, end of year	\$ 33,683	\$ 33,660	\$ (23)	\$ 33,683

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Capital Projects Fund – Impact Fees Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Impact fees	\$ 345,000	\$ 239,553	\$ (105,447)	\$ 618,030
Investment income (loss)	108,500	(7,366)	(115,866)	(46,575)
Charges for services	5,000	-	(5,000)	-
Other	340,000	-	(340,000)	-
Total revenues	<u>798,500</u>	<u>232,187</u>	<u>(566,313)</u>	<u>571,455</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	309,000	45,679	263,321	551,620
Streets	8,507,500	699,453	7,808,047	92,475
Culture and recreation	62,000	46,266	15,734	57,917
Debt service:				
Principal	-	86,396	(86,396)	83,945
Interest and fiscal charges	-	68,079	(68,079)	70,818
Total expenditures	<u>8,878,500</u>	<u>945,873</u>	<u>7,932,627</u>	<u>856,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,080,000)</u>	<u>(713,686)</u>	<u>7,366,314</u>	<u>(285,320)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	10,784	10,784	-
Total other financing sources	<u>-</u>	<u>10,784</u>	<u>10,784</u>	<u>-</u>
Net change in fund balance	(8,080,000)	(702,902)	7,377,098	(285,320)
Fund balance, beginning of year	<u>11,589,167</u>	<u>11,589,167</u>	<u>-</u>	<u>11,874,487</u>
Fund balance, end of year	<u>\$ 3,509,167</u>	<u>\$ 10,886,265</u>	<u>\$ 7,377,098</u>	<u>\$ 11,589,167</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Capital Projects Fund – Street Construction Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Intergovernmental	\$ 21,138,500	\$ 1,731,654	\$ (19,406,846)	\$ 8,405,918
Other	5,286,800	-	(5,286,800)	723,066
Total revenues	<u>26,425,300</u>	<u>1,731,654</u>	<u>(24,693,646)</u>	<u>9,128,984</u>
<b>EXPENDITURES</b>				
Current:				
Streets:				
Personnel salaries and benefits	-	87,625	(87,625)	109,399
Other	22,824,700	929,271	21,895,429	6,442,649
Total expenditures	<u>22,824,700</u>	<u>1,016,896</u>	<u>21,807,804</u>	<u>6,552,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,600,600</u>	<u>714,758</u>	<u>(2,885,842)</u>	<u>2,576,936</u>
Net change in fund balance	3,600,600	714,758	(2,885,842)	2,576,936
Fund balance (deficit), beginning of year	<u>(3,661,823)</u>	<u>(3,661,823)</u>	<u>-</u>	<u>(6,238,759)</u>
Fund balance (deficit), end of year	<u>\$ (61,223)</u>	<u>\$ (2,947,065)</u>	<u>\$ (2,885,842)</u>	<u>\$ (3,661,823)</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Capital Projects Fund – Public Improvements Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ -	\$ (891)	\$ (891)	\$ (5,646)
Total revenues	-	(891)	(891)	(5,646)
<b>EXPENDITURES</b>				
Current:				
Streets:				
Personnel salaries and benefits	-	2,834	(2,834)	55,636
Other	881,000	54,912	826,088	589,094
Total expenditures	881,000	57,746	823,254	644,730
Net change in fund balance	(881,000)	(58,637)	822,363	(650,376)
Fund balance, beginning of year	1,133,998	1,133,998	-	1,784,374
Fund balance, end of year	<u>\$ 252,998</u>	<u>\$ 1,075,361</u>	<u>\$ 822,363</u>	<u>\$ 1,133,998</u>

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Nonmajor Capital Projects Fund – Prop 1b Local Street Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Final Budget	Actual Amounts	Variance with Final Budget	Prior Year Actual
<b>REVENUES</b>				
Investment income (loss)	\$ -	\$ (3,268)	\$ (3,268)	\$ (13,905)
Total revenues	-	(3,268)	(3,268)	(13,905)
<b>EXPENDITURES</b>				
Current:				
Streets:				
Personnel salaries and benefits	-	105,506	(105,506)	76,083
Other	2,294,800	307,639	1,987,161	281,066
Total expenditures	2,294,800	413,145	1,881,655	357,149
Net change in fund balance	(2,294,800)	(416,413)	1,878,387	(371,054)
Fund balance, beginning of year	2,816,243	2,816,243	-	3,187,297
Fund balance, end of year	\$ 521,443	\$ 2,399,830	\$ 1,878,387	\$ 2,816,243

# CITY OF SAN BERNARDINO

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Major Capital Projects Fund – Economic Development Agency Capital Projects Fund Seven Months Ended January 31, 2012 (with comparative totals for the year ended June 30, 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Prior Year Actual
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 37,500,200	\$ 37,500,200	\$ 19,003,377	\$ (18,496,823)	\$ 36,476,721
Investment income	736,240	736,240	28,354	(707,886)	207,190
Lease	4,956,143	4,956,143	2,049,151	(2,906,992)	-
Intergovernmental	310,000	310,000	5,000	(305,000)	1,803,836
Other	538,500	538,500	489,844	(48,656)	1,205,232
Total revenues	<u>44,041,083</u>	<u>44,041,083</u>	<u>21,575,726</u>	<u>(22,465,357)</u>	<u>39,692,979</u>
<b>EXPENDITURES</b>					
Current:					
Economic development:					
Personnel salaries and benefits	4,005,401	4,005,401	2,073,859	1,931,542	1,888,104
Other	68,894,606	68,894,606	9,005,279	59,889,327	20,765,371
Debt service:					
Principal	-	-	410,000	(410,000)	991,308
Interest and fiscal charges	-	-	497,390	(497,390)	1,516,221
Total expenditures	<u>72,900,007</u>	<u>72,900,007</u>	<u>11,986,528</u>	<u>60,913,479</u>	<u>25,161,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(28,858,924)</u>	<u>(28,858,924)</u>	<u>9,589,198</u>	<u>38,448,122</u>	<u>14,531,975</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	-	-	12,500,000
Transfers in	7,400,367	7,400,367	-	(7,400,367)	-
Transfers out	<u>(10,795,056)</u>	<u>(10,795,056)</u>	<u>(12,632,831)</u>	<u>(1,837,775)</u>	<u>(21,007,361)</u>
Total other financing sources (uses)	<u>(3,394,689)</u>	<u>(3,394,689)</u>	<u>(12,632,831)</u>	<u>(9,238,142)</u>	<u>(8,507,361)</u>
<b>EXTRAORDINARY ITEM</b>					
Loss on dissolution of economic development agency	-	-	<u>(67,808,477)</u>	<u>(67,808,477)</u>	-
Net change in fund balance	(32,253,613)	(32,253,613)	(70,852,110)	(38,598,497)	6,024,614
Fund balance, beginning of year, as restated	<u>70,852,110</u>	<u>70,852,110</u>	<u>70,852,110</u>	-	<u>64,827,496</u>
Fund balance, end of year	<u>\$ 38,598,497</u>	<u>\$ 38,598,497</u>	<u>\$ -</u>	<u>\$ (38,598,497)</u>	<u>\$ 70,852,110</u>

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# CITY OF SAN BERNARDINO

## Internal Service Funds June 30, 2012

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Internal Service Funds are used to account for activities and services performed for other organizational units within the City. Charges to other City departments are made to support these activities. 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, 2012 (with comparative totals as of June 30, 2011)

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Cash and investments with fiscal agent	-	-	-	-
Receivables:				
Accounts	-	-	167	-
Interest	-	-	375	-
Other	-	-	-	-
Inventory	-	-	-	216,381
Due from other governments	-	62,488	-	-
Due from other funds	-	-	1,689,495	250
Total current assets	<u>-</u>	<u>62,488</u>	<u>1,690,037</u>	<u>216,631</u>
Noncurrent assets:				
Intangible assets, net	-	-	-	-
Capital assets, net	-	-	78	973,606
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>78</u>	<u>973,606</u>
Total assets	<u>-</u>	<u>62,488</u>	<u>1,690,115</u>	<u>1,190,237</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	201,602	36,528	280,361
Accrued liabilities	-	-	-	-
Due to other funds	128,381	910,894	-	194,954
Advances from other funds	-	-	-	-
Claims and judgments payable - current	-	3,121,931	-	-
Compensated absences - current	-	93,603	3,986	116,618
Capital lease payable - current	-	-	-	112,044
Due to New World - current	-	-	-	-
Facility lease payable - current	-	-	-	-
Total current liabilities	<u>128,381</u>	<u>4,328,030</u>	<u>40,514</u>	<u>703,977</u>
Noncurrent liabilities:				
Claims and judgments payable	-	9,477,791	8,322,250	-
Compensated absences	-	15,957	9,301	197,871
Capital lease payable	-	-	-	-
Due to New World	-	-	-	-
Facility lease payable	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>9,493,748</u>	<u>8,331,551</u>	<u>197,871</u>
Total liabilities	<u>128,381</u>	<u>13,821,778</u>	<u>8,372,065</u>	<u>901,848</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	-	78	861,562
Unrestricted (deficit)	<u>(128,381)</u>	<u>(13,759,290)</u>	<u>(6,682,028)</u>	<u>(573,173)</u>
Total net assets (deficit)	<u>\$ (128,381)</u>	<u>\$ (13,759,290)</u>	<u>\$ (6,681,950)</u>	<u>\$ 288,389</u>

continued

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2012	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,055
-	-	-	-	-	14,814
1,875	-	-	-	2,042	-
9	11	12	-	407	8,378
-	-	-	-	-	2,371
-	-	-	-	216,381	331,538
10,496	2,640	-	481	76,105	738,591
218,626	400,976	404,569	-	2,713,916	4,463,157
<u>231,006</u>	<u>403,627</u>	<u>404,581</u>	<u>481</u>	<u>3,008,851</u>	<u>5,583,904</u>
-	5,103,931	-	-	5,103,931	5,698,564
241,579	695,541	354,088	-	2,264,892	3,061,265
<u>241,579</u>	<u>5,799,472</u>	<u>354,088</u>	<u>-</u>	<u>7,368,823</u>	<u>8,759,829</u>
<u>472,585</u>	<u>6,203,099</u>	<u>758,669</u>	<u>481</u>	<u>10,377,674</u>	<u>14,343,733</u>
64,744	124,201	1,085,023	4,114	1,796,573	1,112,006
-	69,662	-	-	69,662	-
176,000	101,600	-	84,871	1,596,700	1,539,129
-	49,774	-	-	49,774	127,774
-	-	-	-	3,121,931	6,042,606
5,949	136,299	10,046	1,178	367,679	295,996
-	-	64,774	-	176,818	549,200
-	513,540	-	-	513,540	645,000
-	-	-	-	-	40,000
<u>246,693</u>	<u>995,076</u>	<u>1,159,843</u>	<u>90,163</u>	<u>7,692,677</u>	<u>10,351,711</u>
-	-	-	-	17,800,041	14,099,413
13,881	257,392	23,442	2,749	520,593	544,827
-	-	458,380	-	458,380	635,198
-	4,035,245	-	-	4,035,245	4,486,987
-	-	-	-	-	85,000
<u>13,881</u>	<u>4,292,637</u>	<u>481,822</u>	<u>2,749</u>	<u>22,814,259</u>	<u>19,851,425</u>
<u>260,574</u>	<u>5,287,713</u>	<u>1,641,665</u>	<u>92,912</u>	<u>30,506,936</u>	<u>30,203,136</u>
241,579	1,250,687	(169,066)	-	2,184,840	2,318,444
(29,568)	(335,301)	(713,930)	(92,431)	(22,314,102)	(18,177,847)
<u>\$ 212,011</u>	<u>\$ 915,386</u>	<u>\$ (882,996)</u>	<u>\$ (92,431)</u>	<u>\$ (20,129,262)</u>	<u>\$ (15,859,403)</u>

# CITY OF SAN BERNARDINO

## Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets Internal Service Funds Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
<b>OPERATING REVENUES</b>				
Charges for services	\$ 283,923	\$ 3,889,425	\$ 3,094,300	\$ 6,850,288
Total operating revenues	283,923	3,889,425	3,094,300	6,850,288
<b>OPERATING EXPENSES</b>				
Cost of sales and services	3,500	1,240,096	329,961	6,757,820
Claims expense	262,100	4,744,286	1,732,363	-
Amortization expense	-	-	-	-
Depreciation	-	-	116	841,351
Total operating expenses	265,600	5,984,382	2,062,440	7,599,171
Operating income (loss)	18,323	(2,094,957)	1,031,860	(748,883)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	-	-	(4,334)	-
Interest expense	-	-	-	(18,773)
Miscellaneous income	-	-	-	435,011
Total nonoperating revenues (expenses)	-	-	(4,334)	416,238
Income before transfers	18,323	(2,094,957)	1,027,526	(332,645)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(2,000,000)	(9,774)
Total other financing sources (uses)	-	-	(2,000,000)	(9,774)
Change in net assets	18,323	(2,094,957)	(972,474)	(342,419)
Net assets (deficit), beginning of year	(146,704)	(11,664,333)	(5,709,476)	630,808
Net assets (deficit), end of year	\$ (128,381)	\$ (13,759,290)	\$ (6,681,950)	\$ 288,389

continued

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2012	2011
<u>\$ 1,363,914</u>	<u>\$ 4,023,384</u>	<u>\$ 4,401,188</u>	<u>\$ 75,411</u>	<u>\$ 23,981,833</u>	<u>\$ 23,717,495</u>
<u>1,363,914</u>	<u>4,023,384</u>	<u>4,401,188</u>	<u>75,411</u>	<u>23,981,833</u>	<u>23,717,495</u>
1,037,492	3,466,718	4,919,080	117,977	17,872,644	16,793,905
-	-	-	-	6,738,749	13,113,331
-	594,633	-	-	594,633	247,763
<u>91,050</u>	<u>251,883</u>	<u>117,785</u>	<u>-</u>	<u>1,302,185</u>	<u>1,996,552</u>
<u>1,128,542</u>	<u>4,313,234</u>	<u>5,036,865</u>	<u>117,977</u>	<u>26,508,211</u>	<u>32,151,551</u>
<u>235,372</u>	<u>(289,850)</u>	<u>(635,677)</u>	<u>(42,566)</u>	<u>(2,526,378)</u>	<u>(8,434,056)</u>
98	121	132	-	(3,983)	(19,166)
-	(131,460)	(26,663)	-	(176,896)	(46,845)
<u>9,443</u>	<u>2,718</u>	<u>-</u>	<u>-</u>	<u>447,172</u>	<u>436,043</u>
<u>9,541</u>	<u>(128,621)</u>	<u>(26,531)</u>	<u>-</u>	<u>266,293</u>	<u>370,032</u>
<u>244,913</u>	<u>(418,471)</u>	<u>(662,208)</u>	<u>(42,566)</u>	<u>(2,260,085)</u>	<u>(8,064,024)</u>
-	-	-	-	-	63,800
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,009,774)</u>	<u>(38,564)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,009,774)</u>	<u>25,236</u>
244,913	(418,471)	(662,208)	(42,566)	(4,269,859)	(8,038,788)
<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>
<u>\$ 212,011</u>	<u>\$ 915,386</u>	<u>\$ (882,996)</u>	<u>\$ (92,431)</u>	<u>\$ (20,129,262)</u>	<u>\$ (15,859,403)</u>

# CITY OF SAN BERNARDINO

## Combining Statement of Cash Flows Internal Service Funds

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Liability Insurance</u>	<u>Motorpool</u>
<b>Cash flows from operating activities:</b>				
Cash received from user departments	\$ 283,923	\$ 3,836,937	\$ 3,094,300	\$ 6,850,554
Cash payments to employees and suppliers for goods and services	(3,500)	(1,233,620)	(379,744)	(6,592,967)
Cash payments for claims and insurance	(262,100)	(2,553,013)	(3,143,683)	-
Cash received for other activities	-	-	-	435,011
	<u>18,323</u>	<u>50,304</u>	<u>(429,127)</u>	<u>692,598</u>
Net cash provided by (used for) operating activities				
<b>Cash flows from noncapital financing activities:</b>				
Transfer from other funds	-	-	-	-
Transfer to other funds	-	-	(2,000,000)	(9,774)
Interfund loans	(18,323)	(50,304)	2,400,653	256,326
	<u>(18,323)</u>	<u>(50,304)</u>	<u>400,653</u>	<u>246,552</u>
Net cash provided by (used for) noncapital financing activities				
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	-	-	-	(323,088)
Principal payments on long-term debt	-	-	-	(612,353)
Interest paid on long-term debt	-	-	-	(18,773)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(954,214)</u>
Net cash used for capital and related financing activities				
<b>Cash flows from investing activities:</b>				
Interest received	-	-	3,669	-
	<u>-</u>	<u>-</u>	<u>3,669</u>	<u>-</u>
Net cash provided by investing activities				
Net increase (decrease) in cash and investments	-	-	(24,805)	(15,064)
Cash and investments, beginning of year	-	-	24,805	15,064
Cash and investments, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**continued**

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2012	2011
\$ 1,523,039	\$ 4,578,594	\$ 4,401,188	\$ 76,113	\$ 24,644,648	\$ 22,609,727
(1,108,211)	(3,493,340)	(4,032,936)	(111,491)	(16,955,809)	(16,282,268)
-	-	-	-	(5,958,796)	(6,242,189)
9,443	2,718	-	-	447,172	436,043
<u>424,271</u>	<u>1,087,972</u>	<u>368,252</u>	<u>(35,378)</u>	<u>2,177,215</u>	<u>521,313</u>
-	-	-	-	-	63,800
-	-	-	-	(2,009,774)	(38,564)
(424,360)	(190,696)	(279,862)	35,378	1,728,812	1,567,122
<u>(424,360)</u>	<u>(190,696)</u>	<u>(279,862)</u>	<u>35,378</u>	<u>(280,962)</u>	<u>1,592,358</u>
-	(182,724)	-	-	(505,812)	(1,514,228)
-	(583,202)	(61,847)	-	(1,257,402)	(880,471)
-	(131,460)	(26,663)	-	(176,896)	(66,009)
<u>-</u>	<u>(897,386)</u>	<u>(88,510)</u>	<u>-</u>	<u>(1,940,110)</u>	<u>(2,460,708)</u>
89	110	120	-	3,988	4,187
<u>89</u>	<u>110</u>	<u>120</u>	<u>-</u>	<u>3,988</u>	<u>4,187</u>
-	-	-	-	(39,869)	(342,850)
-	-	-	-	39,869	382,719
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,869</u>

# CITY OF SAN BERNARDINO

## Combining Statement of Cash Flows (continued)

### Internal Service Funds

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Liability Insurance</u>	<u>Motorpool</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 18,323	\$ (2,094,957)	\$ 1,031,860	\$ (748,883)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Amortization	-	-	-	-
Depreciation	-	-	116	841,351
Other nonoperating revenues	-	-	-	435,011
(Increase) decrease in assets:				
Other receivables	-	-	-	266
Inventory	-	-	-	115,157
Prepays	-	-	-	-
Due from other governments	-	(52,488)	-	-
Increase (decrease) in liabilities:				
Accounts payable	-	636	(29,844)	57,843
Accrued liabilities	-	-	-	-
Claims and judgments	-	2,191,273	(1,411,320)	-
Compensated absences	-	5,840	(19,939)	(8,147)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided by (used for) operating activities	<u>\$ 18,323</u>	<u>\$ 50,304</u>	<u>\$ (429,127)</u>	<u>\$ 692,598</u>
<b>Noncash, investing, capital and financing activities:</b>				
Acquisition of capital assets through capital lease	\$ -	\$ -	\$ -	\$ -

continued

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2012	2011
\$ 235,372	\$ (289,850)	\$ (635,677)	\$ (42,566)	\$ (2,526,378)	\$ (8,434,056)
-	594,633	-	-	594,633	247,763
91,050	251,883	117,785	-	1,302,185	1,996,552
9,443	2,718	-	-	447,172	436,043
63	-	-	-	329	927
-	-	-	-	115,157	131,005
-	-	-	-	-	198,663
159,062	555,210	-	702	662,486	(710,564)
(80,680)	(149,303)	882,642	3,273	684,567	264,904
-	69,662	-	-	69,662	-
-	-	-	-	779,953	6,479,888
9,961	53,019	3,502	3,213	47,449	(89,812)
<u>\$ 424,271</u>	<u>\$ 1,087,972</u>	<u>\$ 368,252</u>	<u>\$ (35,378)</u>	<u>\$ 2,177,215</u>	<u>\$ 521,313</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 840,470

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# CITY OF SAN BERNARDINO

## Agency Funds June 30, 2012

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The Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other 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.

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

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

### Agency Funds

June 30, 2012 (with comparative totals as of June 30, 2011)

	Assessment District #961	Assessment District #977A	Assessment District #977B	Assessment District #1003
<b>ASSETS</b>				
Cash and investments	\$ 368,257	\$ 61,914	\$ 26,629	\$ 58,192
Accounts receivable, net	-	-	-	-
Interest receivable	47	8	3	7
Due from other governments	-	-	-	-
Due from City of San Bernardino	-	-	-	-
	<u>368,304</u>	<u>61,922</u>	<u>26,632</u>	<u>58,199</u>
Total assets	<u>\$ 368,304</u>	<u>\$ 61,922</u>	<u>\$ 26,632</u>	<u>\$ 58,199</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Due to bond holders	368,304	61,922	26,632	58,199
	<u>368,304</u>	<u>61,922</u>	<u>26,632</u>	<u>58,199</u>
Total liabilities	<u>\$ 368,304</u>	<u>\$ 61,922</u>	<u>\$ 26,632</u>	<u>\$ 58,199</u>

continued

Special Deposits	Cemetery Perpetual Care	San Bernardino Regional Water Resource Authority	Sturges Center for the Arts	Totals	
				2012	2011
\$ 2,027,617	\$ -	\$ 74,584	\$ 12,743	\$ 2,629,936	\$ 4,058,896
13,970	-	-	-	13,970	144,005
13	-	-	-	78	1,314
55,103	-	-	-	55,103	3,021
-	659,486	-	-	659,486	-
<u>\$ 2,096,703</u>	<u>\$ 659,486</u>	<u>\$ 74,584</u>	<u>\$ 12,743</u>	<u>\$ 3,358,573</u>	<u>\$ 4,207,236</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,151
2,096,703	659,486	74,584	12,743	2,843,516	3,590,678
-	-	-	-	515,057	515,407
<u>\$ 2,096,703</u>	<u>\$ 659,486</u>	<u>\$ 74,584</u>	<u>\$ 12,743</u>	<u>\$ 3,358,573</u>	<u>\$ 4,207,236</u>

# CITY OF SAN BERNARDINO

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
<b><u>Assessment District #961</u></b>				
<b>Assets</b>				
Cash and investments	\$ 367,801	\$ 456	\$ -	\$ 368,257
Interest receivable	757	47	757	47
	<u>368,558</u>	<u>503</u>	<u>757</u>	<u>368,304</u>
Total assets	<u>\$ 368,558</u>	<u>\$ 503</u>	<u>\$ 757</u>	<u>\$ 368,304</u>
<b>Liabilities</b>				
Due to bondholders	\$ 368,558	\$ 503	\$ 757	\$ 368,304
	<u>368,558</u>	<u>503</u>	<u>757</u>	<u>368,304</u>
Total liabilities	<u>\$ 368,558</u>	<u>\$ 503</u>	<u>\$ 757</u>	<u>\$ 368,304</u>
<b><u>Assessment District #977A</u></b>				
<b>Assets</b>				
Cash and investments	\$ 61,522	\$ 392	\$ -	\$ 61,914
Interest receivable	127	8	127	8
Due from other governments	315	-	315	-
	<u>61,964</u>	<u>400</u>	<u>442</u>	<u>61,922</u>
Total assets	<u>\$ 61,964</u>	<u>\$ 400</u>	<u>\$ 442</u>	<u>\$ 61,922</u>
<b>Liabilities</b>				
Due to bond holders	\$ 61,964	\$ 400	\$ 442	\$ 61,922
	<u>61,964</u>	<u>400</u>	<u>442</u>	<u>61,922</u>
Total liabilities	<u>\$ 61,964</u>	<u>\$ 400</u>	<u>\$ 442</u>	<u>\$ 61,922</u>
<b><u>Assessment District #977B</u></b>				
<b>Assets</b>				
Cash and investments	\$ 23,891	\$ 2,738	\$ -	\$ 26,629
Interest receivable	49	3	49	3
Due from other governments	2,706	-	2,706	-
	<u>26,646</u>	<u>2,741</u>	<u>2,755</u>	<u>26,632</u>
Total assets	<u>\$ 26,646</u>	<u>\$ 2,741</u>	<u>\$ 2,755</u>	<u>\$ 26,632</u>
<b>Liabilities</b>				
Due to bond holders	\$ 26,646	\$ 2,741	\$ 2,755	\$ 26,632
	<u>26,646</u>	<u>2,741</u>	<u>2,755</u>	<u>26,632</u>
Total liabilities	<u>\$ 26,646</u>	<u>\$ 2,741</u>	<u>\$ 2,755</u>	<u>\$ 26,632</u>

# CITY OF SAN BERNARDINO

## Combining Statement of Changes in Fiduciary Assets and Liabilities (continued)

### Agency Funds

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
<b><u>Assessment District #1003</u></b>				
<b>Assets</b>				
Cash and investments	\$ 58,121	\$ 71	\$ -	\$ 58,192
Interest receivable	118	7	118	7
	<u>58,239</u>	<u>78</u>	<u>118</u>	<u>58,199</u>
Total assets	<u>\$ 58,239</u>	<u>\$ 78</u>	<u>\$ 118</u>	<u>\$ 58,199</u>
<b>Liabilities</b>				
Due to bondholders	\$ 58,239	\$ 78	\$ 118	\$ 58,199
	<u>58,239</u>	<u>78</u>	<u>118</u>	<u>58,199</u>
Total liabilities	<u>\$ 58,239</u>	<u>\$ 78</u>	<u>\$ 118</u>	<u>\$ 58,199</u>
<b><u>Special Deposits</u></b>				
<b>Assets</b>				
Cash and investments	\$ 2,936,218	\$ 3,309,287	\$ 4,217,888	\$ 2,027,617
Accounts receivable, net	144,005	260,753	390,788	13,970
Interest receivable	263	13	263	13
Due from other governments	-	55,103	-	55,103
	<u>2,936,218</u>	<u>3,309,287</u>	<u>4,217,888</u>	<u>2,027,617</u>
Total assets	<u>\$ 3,080,486</u>	<u>\$ 3,625,156</u>	<u>\$ 4,608,939</u>	<u>\$ 2,096,703</u>
<b>Liabilities</b>				
Deposits payable	\$ 3,080,486	\$ 3,625,156	\$ 4,608,939	\$ 2,096,703
	<u>3,080,486</u>	<u>3,625,156</u>	<u>4,608,939</u>	<u>2,096,703</u>
Total liabilities	<u>\$ 3,080,486</u>	<u>\$ 3,625,156</u>	<u>\$ 4,608,939</u>	<u>\$ 2,096,703</u>
<b><u>Cemetery Perpetual Care</u></b>				
<b>Assets</b>				
Cash and investments	\$ 659,341	\$ 134,545	\$ 793,886	\$ -
Due from City of San Bernardino	-	659,486	-	659,486
	<u>659,341</u>	<u>659,486</u>	<u>793,886</u>	<u>659,486</u>
Total assets	<u>\$ 659,341</u>	<u>\$ 794,031</u>	<u>\$ 793,886</u>	<u>\$ 659,486</u>
<b>Liabilities</b>				
Deposits payable	\$ 659,341	\$ 794,031	\$ 793,886	\$ 659,486
	<u>659,341</u>	<u>794,031</u>	<u>793,886</u>	<u>659,486</u>
Total liabilities	<u>\$ 659,341</u>	<u>\$ 794,031</u>	<u>\$ 793,886</u>	<u>\$ 659,486</u>

# CITY OF SAN BERNARDINO

## Combining Statement of Changes in Fiduciary Assets and Liabilities (continued)

### Agency Funds

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
<b><u>San Bernardino Regional</u></b>				
<b><u>Water Resource Authority</u></b>				
<b>Assets</b>				
Cash and investments	\$ 74,584	\$ -	\$ -	\$ 74,584
Total assets	<u>\$ 74,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,584</u>
<b>Liabilities</b>				
Deposits payable	\$ 74,584	\$ -	\$ -	\$ 74,584
Total liabilities	<u>\$ 74,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,584</u>
<b><u>Sturges Center for the Arts</u></b>				
<b>Assets</b>				
Cash and investments	\$ 12,743	\$ -	\$ -	\$ 12,743
Total assets	<u>\$ 12,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,743</u>
<b>Liabilities</b>				
Deposits payable	\$ 12,743	\$ -	\$ -	\$ 12,743
Total liabilities	<u>\$ 12,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,743</u>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets</b>				
Cash and investments	\$ 4,194,221	\$ 3,447,489	\$ 5,011,774	\$ 2,629,936
Accounts receivable, net	144,005	260,753	390,788	13,970
Interest receivable	1,314	78	1,314	78
Due from other governments	3,021	55,103	3,021	55,103
Due from City of San Bernardino	-	659,486	-	659,486
Total assets	<u>\$ 4,342,561</u>	<u>\$ 4,422,909</u>	<u>\$ 5,406,897</u>	<u>\$ 3,358,573</u>
<b>Liabilities</b>				
Deposits payable	\$ 3,827,154	\$ 4,419,187	\$ 5,402,825	\$ 2,843,516
Due to bondholders	515,407	3,722	4,072	515,057
Total liabilities	<u>\$ 4,342,561</u>	<u>\$ 4,422,909</u>	<u>\$ 5,406,897</u>	<u>\$ 3,358,573</u>

# CITY OF SAN BERNARDINO

## Statistical Section June 30, 2012

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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.

Contents:	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	224
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	234
<b>Debt Capacity</b> 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.	238
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	245
<b>Operating Information</b> 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.	247

# CITY OF SAN BERNARDINO

## Statistical Section Net Assets by Component Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006*
Governmental activities:				
Invested in capital assets, net of related debt	\$ 159,997,876	\$ 161,342,293	\$ 165,342,311	\$ 446,214,267
Restricted	44,041,492	96,428,026	113,377,790	135,155,865
Unrestricted	(83,153,847)	(134,736,718)	(139,222,042)	(190,675,069)
Total governmental activities net assets	<u>\$ 120,885,521</u>	<u>\$ 123,033,601</u>	<u>\$ 139,498,059</u>	<u>\$ 390,695,063</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 132,932,983	\$ 142,833,962	\$ 153,245,960	\$ 176,245,295
Restricted	8,719,489	12,532,379	20,007,026	24,859,169
Unrestricted	36,022,815	33,748,855	37,167,934	25,605,996
Total business-type activities net assets	<u>\$ 177,675,287</u>	<u>\$ 189,115,196</u>	<u>\$ 210,420,920</u>	<u>\$ 226,710,460</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 292,930,859	\$ 304,176,255	\$ 318,588,271	\$ 622,459,562
Restricted	52,760,981	108,960,405	133,384,816	160,015,034
Unrestricted	(47,131,032)	(100,987,863)	(102,054,108)	(165,069,073)
Total primary government net assets	<u>\$ 298,560,808</u>	<u>\$ 312,148,797</u>	<u>\$ 349,918,979</u>	<u>\$ 617,405,523</u>

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

Source: Statement of Net Assets

continued

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 439,241,654	\$ 457,017,602	\$ 456,769,519	\$ 417,644,510	\$ 425,705,511	\$ 394,655,658
172,975,182	189,545,448	206,065,382	188,976,306	197,685,282	112,634,171
<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>	<u>(126,831,648)</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>	<u>\$ 380,458,181</u>
\$ 188,668,410	\$ 196,936,845	\$ 197,034,723	\$ 200,989,638	\$ 204,367,733	\$ 212,255,999
27,280,333	24,205,033	19,831,726	11,992,059	8,276,462	7,389,246
<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>	<u>40,727,533</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>	<u>\$ 260,372,778</u>
\$ 627,910,064	\$ 653,954,447	\$ 653,804,242	\$ 618,634,148	\$ 630,073,244	\$ 606,911,657
200,255,515	213,750,481	225,897,108	200,968,365	205,961,744	120,023,417
<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>	<u>(86,104,115)</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>	<u>\$ 640,830,959</u>

# CITY OF SAN BERNARDINO

## Statistical Section Changes in Net Assets Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
General Government	\$ 10,110,920	\$ 21,656,283	\$ 24,808,713	\$ 23,892,333
Public Safety	71,475,265	74,407,316	80,039,649	136,667,148
Streets	12,349,490	14,669,079	13,891,216	27,057,006
Culture and Recreation	6,691,192	7,169,744	7,161,720	6,982,538
Community Development	6,065,117	8,884,530	12,687,620	8,346,669
Economic Development	20,259,952	24,495,651	18,044,434	13,049,495
Community Service	11,133,083	11,482,351	2,137,139	8,721,633
Interest on long-term debt	13,031,339	14,163,424	9,139,110	13,196,169
Total governmental activities expenses	<u>151,116,358</u>	<u>176,928,378</u>	<u>167,909,601</u>	<u>237,912,991</u>
Business-type activities:				
Integrated Waste	15,040,394	16,594,002	18,558,293	21,008,588
Water	18,825,102	21,317,663	22,734,007	25,236,041
Sewer	19,413,795	18,976,067	21,541,197	22,728,156
Total business-type activities expenses	<u>53,279,291</u>	<u>56,887,732</u>	<u>62,833,497</u>	<u>68,972,785</u>
Total primary government expenses	<u>204,395,649</u>	<u>233,816,110</u>	<u>230,743,098</u>	<u>306,885,776</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General Government	2,747,466	2,738,254	3,398,519	3,035,106
Public Safety	4,685,593	4,311,566	4,206,552	5,584,791
Streets	4,650,313	5,692,784	7,825,117	10,375,349
Culture and Recreation	1,351,930	1,299,275	1,886,925	2,148,929
Community Development	3,055,541	3,384,534	4,496,494	5,455,580
Economic Development				
Community Service	1,438,110	1,468,455	1,588,046	1,575,304
Operating grants and contributions	17,360,240	19,109,855	15,612,353	16,749,511
Capital grants and contributions	13,953,933	16,081,187	18,350,510	8,560,691
Total governmental activities program revenues	<u>49,243,126</u>	<u>54,085,910</u>	<u>57,364,516</u>	<u>53,485,261</u>
Business-type activities:				
Charges for services:				
Integrated Waste	18,412,352	19,149,079	21,585,381	22,751,076
Water	20,306,056	24,159,556	18,605,346	19,702,252
Sewer	17,009,204	17,339,174	19,551,823	19,492,372
Operating grants and contributions	794,044	1,214,167	1,001,047	1,983,509
Capital grants and contributions	6,520,569	7,942,497	18,906,564	18,430,146
Total business-type activities program revenues	<u>63,042,225</u>	<u>69,804,473</u>	<u>79,650,161</u>	<u>82,359,355</u>
Total primary government program revenues	<u>112,285,351</u>	<u>123,890,383</u>	<u>137,014,677</u>	<u>135,844,616</u>

continued

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 27,262,344	\$ 28,690,682	\$ 31,889,888	\$ 30,091,111	\$ 22,992,136	\$ 22,915,176
93,515,654	101,494,843	100,515,707	96,151,341	106,367,139	108,865,770
27,069,798	29,851,158	28,471,766	26,308,728	31,801,002	30,143,061
7,641,107	9,008,014	7,119,434	5,682,806	7,112,156	7,649,897
9,035,671	7,280,167	12,214,813	29,981,845	16,303,880	9,605,305
10,484,282	18,262,699	22,276,482	18,333,565	31,253,168	24,074,629
7,859,979	7,900,685	4,224,880	9,092,811	11,223,506	7,823,261
14,091,476	13,486,264	14,035,536	13,852,035	13,299,213	7,234,246
<u>196,960,311</u>	<u>215,974,512</u>	<u>220,748,506</u>	<u>229,494,242</u>	<u>240,352,200</u>	<u>218,311,345</u>
21,484,555	24,356,571	23,703,876	23,871,383	24,172,161	26,931,095
28,410,534	33,045,283	33,227,061	32,608,484	36,343,754	39,951,698
25,357,620	25,053,649	24,145,799	26,037,956	24,072,074	23,232,878
<u>75,252,709</u>	<u>82,455,503</u>	<u>81,076,736</u>	<u>82,517,823</u>	<u>84,587,989</u>	<u>90,115,671</u>
<u>272,213,020</u>	<u>298,430,015</u>	<u>301,825,242</u>	<u>312,012,065</u>	<u>324,940,189</u>	<u>308,427,016</u>
3,049,407	2,634,674	3,520,136	4,035,539	509,158	3,466,570
6,830,785	7,847,150	8,132,156	8,397,172	7,696,287	8,399,399
13,220,302	15,292,390	10,402,510	7,611,158	6,357,593	6,476,362
2,264,397	2,141,227	1,045,559	1,897,352	1,009,023	965,629
5,035,631	3,829,972	2,986,531	3,681,075	4,413,761	4,981,622
1,665,858	1,740,995	1,564,959	1,539,532	1,869,805	322,873
15,674,299	16,270,234	20,318,765	29,834,546	33,138,747	26,312,461
10,742,679	11,883,134	10,006,137	8,127,158	15,689,230	11,305,306
<u>58,483,358</u>	<u>61,639,776</u>	<u>57,976,753</u>	<u>65,123,532</u>	<u>70,683,604</u>	<u>62,230,222</u>
24,035,457	24,410,492	25,095,208	26,074,292	24,529,480	24,371,665
26,281,951	27,337,093	27,258,954	27,688,694	33,027,707	37,106,217
21,002,484	20,847,984	21,208,021	22,424,943	23,433,833	25,888,729
4,287,943	2,715,957	2,043,889	1,894,624	1,928,999	1,838,223
14,904,830	13,263,336	5,197,854	6,325,571	4,390,162	3,055,921
<u>90,512,665</u>	<u>88,574,862</u>	<u>80,803,926</u>	<u>84,408,124</u>	<u>87,310,181</u>	<u>92,260,755</u>
<u>148,996,023</u>	<u>150,214,638</u>	<u>138,780,679</u>	<u>149,531,656</u>	<u>157,993,785</u>	<u>154,490,977</u>

# CITY OF SAN BERNARDINO

## Statistical Section Changes in Net Assets (continued) Last Ten Fiscal Years (accrual basis of accounting)

(continued)	Fiscal Year			
	2003	2004	2005	2006
Net revenues (expenses):				
Governmental activities	(101,873,232)	(122,842,468)	(110,545,085)	(184,427,730)
Business-type activities	9,762,934	12,916,741	16,816,664	13,386,570
Total net revenues (expenses)	<u>(92,110,298)</u>	<u>(109,925,727)</u>	<u>(93,728,421)</u>	<u>(171,041,160)</u>
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Sales tax	29,894,441	32,277,342	34,768,847	36,753,095
Property tax	26,327,504	28,965,153	32,611,618	49,242,321
Other taxes	27,919,423	30,203,483	31,468,545	34,033,797
Franchise tax	2,878,719	3,084,720	3,137,384	3,343,990
Investment income (unrestricted)	8,850,414	8,535,567	8,670,285	8,867,706
Other general revenues	8,140,146	9,282,701	3,322,507	4,805,836
Intergovernmental (unrestricted)	11,142,549	11,200,846	7,260,757	1,541,439
Gain on sale of capital assets	-	-	-	-
Extraordinary item:				
Gain on dissolution of economic development agency	-	-	-	-
Transfers	1,598,246	2,316,200	2,316,200	2,810,900
Total governmental activities	<u>116,751,442</u>	<u>125,866,012</u>	<u>123,556,143</u>	<u>141,399,084</u>
Business-type activities				
Investment income (unrestricted)	2,382,963	839,368	4,783,660	4,024,042
Other revenues	-	-	2,021,600	1,689,828
Loss on disposal of capital assets	-	-	-	-
Transfers	(1,598,246)	(2,316,200)	(2,316,200)	(2,810,900)
Total business-type activities	<u>784,717</u>	<u>(1,476,832)</u>	<u>4,489,060</u>	<u>2,902,970</u>
Total primary government	<u>117,536,159</u>	<u>124,389,180</u>	<u>128,045,203</u>	<u>144,302,054</u>
Changes in net assets:				
Governmental activities	14,878,210	3,023,544	13,011,058	(43,028,646)
Business-type activities	10,547,651	11,439,909	21,305,724	16,289,540
Total primary government	<u>\$ 25,425,861</u>	<u>\$ 14,463,453</u>	<u>\$ 34,316,782</u>	<u>\$ (26,739,106)</u>

Source: Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

continued

Fiscal Year					
2007	2008	2009	2010	2011	2012
(138,476,953)	(154,334,736)	(162,771,753)	(164,370,710)	(169,668,596)	(156,081,123)
15,259,956	6,119,359	(272,810)	1,890,301	2,722,192	2,145,084
<u>(123,216,997)</u>	<u>(148,215,377)</u>	<u>(163,044,563)</u>	<u>(162,480,409)</u>	<u>(166,946,404)</u>	<u>(153,936,039)</u>
36,011,631	36,101,446	29,601,414	25,569,302	29,378,969	32,347,377
58,061,978	65,324,686	74,661,731	63,565,610	63,442,311	46,708,872
34,952,626	34,423,896	33,460,958	31,087,543	31,124,606	30,911,640
3,348,564	3,611,073	3,513,508	3,125,973	3,164,830	3,268,800
7,723,375	5,649,984	3,921,832	1,112,028	2,262,551	-
9,455,462	12,104,881	11,409,423	11,213,503	10,036,775	4,824,838
1,529,664	1,193,173	951,828	853,324	1,068,331	-
-	-	-	-	2,546,550	-
-	-	-	-	-	49,844,437
2,533,000	2,617,300	2,782,300	3,511,700	3,447,500	(65,000)
<u>153,616,300</u>	<u>161,026,439</u>	<u>160,302,994</u>	<u>140,038,983</u>	<u>146,472,423</u>	<u>167,840,964</u>
3,270,023	4,116,288	2,808,251	2,333,045	1,410,638	1,031,912
463,980	835,984	607,753	540,421	625,550	1,444,963
-	(533,198)	-	-	-	-
<u>(2,533,000)</u>	<u>(2,617,300)</u>	<u>(2,782,300)</u>	<u>(3,511,700)</u>	<u>(3,447,500)</u>	<u>65,000</u>
<u>1,201,003</u>	<u>1,801,774</u>	<u>633,704</u>	<u>(638,234)</u>	<u>(1,411,312)</u>	<u>2,541,875</u>
<u>154,817,303</u>	<u>162,828,213</u>	<u>160,936,698</u>	<u>139,400,749</u>	<u>145,061,111</u>	<u>170,382,839</u>
15,139,347	6,691,703	(2,468,759)	(24,331,727)	(23,196,173)	11,759,841
16,460,959	7,921,133	360,894	1,252,067	1,310,880	4,686,959
<u>\$ 31,600,306</u>	<u>\$ 14,612,836</u>	<u>\$ (2,107,865)</u>	<u>\$ (23,079,660)</u>	<u>\$ (21,885,293)</u>	<u>\$ 16,446,800</u>

# CITY OF SAN BERNARDINO

## Statistical Section Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
General fund:				
Reserved	\$ 1,149,167	\$ 1,667,321	\$ 565,637	\$ 372,840
Unreserved	11,740,916	10,811,053	17,674,733	16,891,900
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>12,890,083</u>	<u>12,478,374</u>	<u>18,240,370</u>	<u>17,264,740</u>
All other governmental funds:				
Reserved	100,773,650	92,518,419	86,310,076	106,294,213
Unreserved, reported in:				
Special revenue funds	6,399,819	6,948,361	10,402,126	15,924,138
Debt service funds	(2,226,126)	(2,266,242)	(2,075,698)	(2,806,294)
Capital project funds	11,876,357	17,133,417	33,126,970	39,757,743
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 116,823,700</u>	<u>\$ 114,333,955</u>	<u>\$ 127,763,474</u>	<u>\$ 159,169,800</u>

Source: Governmental Funds Balance Sheet

continued

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 916,003	\$ 600,241	\$ 222,157	\$ 1,107,232	\$ -	\$ -
17,680,645	15,552,803	2,486,162	(696,939)	-	-
-	-	-	-	101,054	95,306
-	-	-	-	(1,282,658)	(12,304,390)
<u>18,596,648</u>	<u>16,153,044</u>	<u>2,708,319</u>	<u>410,293</u>	<u>(1,181,604)</u>	<u>(12,209,084)</u>
113,001,861	115,642,734	126,666,344	189,764,830	-	-
22,423,967	15,519,741	21,082,573	(14,349,535)	-	-
(782,226)	1,623,105	(406,895)	(581,544)	-	-
55,231,122	67,966,965	62,722,731	23,607,604	-	-
-	-	-	-	2,962,070	-
-	-	-	-	242,457,518	104,770,342
-	-	-	-	356,373	589,180
-	-	-	-	118,462	79,971
-	-	-	-	(40,459,403)	(3,240,711)
<u>\$ 189,874,724</u>	<u>\$ 200,752,545</u>	<u>\$ 210,064,753</u>	<u>\$ 198,441,355</u>	<u>\$ 205,435,020</u>	<u>\$ 102,198,782</u>

# CITY OF SAN BERNARDINO

## Statistical Section Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Taxes	\$ 84,123,265	\$ 91,755,978	\$ 107,732,349	\$ 120,977,254
Licenses and permits	7,262,108	7,876,768	9,585,532	10,277,240
Impact fees	-	-	-	843,458
Fines and forfeitures	1,559,840	1,758,510	1,974,534	2,554,720
Investment Income	6,053,106	5,206,478	4,414,204	5,312,423
Lease	-	-	-	-
Intergovernmental	39,313,349	46,348,639	35,933,532	29,179,616
Charges for services	9,512,656	10,066,984	13,447,328	16,296,784
Other	11,583,609	10,855,822	14,914,028	6,926,240
Total revenues	<u>159,407,933</u>	<u>173,869,179</u>	<u>188,001,507</u>	<u>192,367,735</u>
Expenditures:				
Current:				
General Government	15,317,801	18,560,589	21,725,050	23,405,697
Public Safety	69,742,970	73,516,373	79,860,210	134,891,847
Streets	17,173,949	17,101,303	19,596,406	24,060,239
Culture and Recreation	6,901,194	7,450,410	6,987,251	6,898,492
Community Development	12,763,319	20,291,613	13,527,724	10,695,256
Community Service	10,827,093	6,977,775	4,299,772	8,485,029
Economic Development	15,038,436	17,593,938	11,222,530	12,469,103
Debt service:				
Principal retirement	9,584,617	8,939,434	7,831,737	12,546,394
Interest and fiscal charges	11,529,630	11,282,798	11,984,266	12,067,597
Bond issuance costs	-	-	-	1,267,051
Payment to refunded escrow	-	-	-	5,497,751
Total expenditures	<u>168,879,009</u>	<u>181,714,233</u>	<u>177,034,946</u>	<u>252,284,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,471,076)</u>	<u>(7,845,054)</u>	<u>10,966,561</u>	<u>(59,916,721)</u>
Other financing sources (uses):				
Transfers in	31,143,372	36,782,713	30,033,293	34,251,343
Transfers out	(28,503,926)	(34,066,513)	(27,454,893)	(31,773,743)
Issuance of long-term debt	3,500,000	2,401,954	2,193,154	107,337,383
Pension bonds issued	-	-	-	62,095,000
Discounts on pension bonds issued	-	-	-	(10,155,317)
Payment to refunded escrow agent	-	-	-	(71,407,249)
Forgiveness of debt	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>6,139,446</u>	<u>5,118,154</u>	<u>4,771,554</u>	<u>90,347,417</u>
Extraordinary item:				
Gain (loss) on dissolution of economic development agency	-	-	-	-
Net change in fund balances	<u>\$ (3,331,630)</u>	<u>\$ (2,726,900)</u>	<u>\$ 15,738,115</u>	<u>\$ 30,430,696</u>
Debt service as a percentage of noncapital expenditures	13.7%	12.3%	12.0%	13.1%

Source: Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

continued

		Fiscal Year									
		2007	2008	2009	2010	2011	2012				
\$	129,060,182	\$	135,605,049	\$	138,027,508	\$	120,443,480	\$	123,896,615	\$	109,518,983
	12,499,578		11,116,513		10,048,833		8,796,052		8,516,516		10,243,232
	3,450,896		5,268,475		1,065,305		2,036,352		618,030		239,553
	3,183,008		3,880,674		4,721,725		5,850,072		2,338,684		1,973,047
	9,974,811		8,413,713		5,708,816		4,191,386		2,485,053		1,148,831
	-		-		-		-		-		2,049,151
	34,294,304		36,683,544		37,970,647		42,318,633		48,775,893		34,030,047
	14,268,495		13,465,003		11,020,644		10,932,430		12,886,715		12,325,700
	8,940,357		6,803,988		6,213,253		8,603,639		8,925,459		8,036,027
	<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>		<u>179,564,571</u>
	24,355,666		24,983,025		23,468,564		23,815,033		17,234,673		21,691,566
	91,978,732		100,534,357		105,613,213		96,130,768		101,657,184		102,876,767
	26,555,429		27,129,532		25,150,386		20,267,012		24,433,688		16,780,012
	8,261,185		9,480,585		6,842,658		5,228,540		6,579,287		7,522,783
	8,563,125		9,363,769		11,777,679		12,817,428		15,901,097		9,852,580
	6,547,021		6,914,615		4,329,133		9,150,336		10,266,256		7,967,618
	10,178,004		18,165,689		22,276,482		34,168,768		29,735,854		18,074,203
	8,949,418		10,759,184		11,223,004		12,285,742		12,627,234		9,872,237
	14,676,189		13,146,478		14,101,348		13,420,944		13,745,859		9,716,214
	-		-		-		-		-		-
	-		-		-		-		-		-
	<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>204,353,980</u>
	15,606,862		759,725		(10,005,736)		(24,112,527)		(23,738,167)		(24,789,409)
	53,516,613		47,095,652		48,744,845		38,698,615		33,952,713		38,439,148
	(50,711,595)		(44,964,252)		(47,090,561)		(34,665,002)		(30,530,449)		(36,494,374)
	13,624,952		3,638,489		4,218,935		4,227,490		23,171,122		18,000,000
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		1,556,000		-		-		-		-
	-		-		-		1,930,000		2,546,549		(5,248,157)
	<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>14,696,617</u>
	-		-		-		-		-		(110,339,812)
\$	<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>	\$	<u>(120,432,604)</u>
	12.6%		11.5%		12.3%		11.8%		11.9%		9.8%

# CITY OF SAN BERNARDINO

## Statistical Section

### Assessed Value and Estimated Actual Value of Taxable Property

#### Last Ten Fiscal Years

Fiscal Year Ended June 30	City			Taxable Assessed Value
	Secured	Unsecured	Less Exemptions	
2003	3,890,771,009	240,855,914	(142,450,899)	3,989,176,024
2004	4,131,145,783	243,179,161	(146,771,273)	4,227,553,671
2005	4,356,175,834	246,018,029	(146,527,117)	4,455,666,746
2006	4,775,068,600	251,599,885	(144,877,914)	4,881,790,571
2007	5,423,944,631	252,834,944	(144,547,076)	5,532,232,499
2008	6,132,855,990	257,839,081	(144,303,550)	6,246,391,521
2009	6,233,169,050	261,272,249	(145,708,938)	6,348,732,361
2010	5,185,425,176	260,923,761	(143,959,857)	5,302,389,080
2011	4,956,261,271	252,261,265	(143,550,006)	5,064,972,530
2012	4,959,942,790	252,999,295	(141,201,758)	5,071,740,327

**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

continued

Redevelopment Agency				
Secured	Unsecured	Less Exemptions	Taxable Assessed Value	Total Direct Tax Rate
1,762,347,247	269,287,123	-	2,031,634,370	0.44%
1,974,759,124	310,354,838	-	2,285,113,962	0.44%
2,388,824,098	292,415,626	-	2,681,239,724	0.46%
2,844,012,789	335,148,475	-	3,179,161,264	0.61%
3,663,290,709	374,962,702	-	4,038,253,411	0.61%
4,514,199,489	391,939,126	-	4,906,138,615	0.59%
5,178,960,928	500,192,233	-	5,679,153,161	0.62%
5,120,754,081	577,948,187	-	5,698,702,268	0.58%
4,678,734,272	602,483,225	-	5,281,217,497	0.61%
4,486,175,902	607,066,114	-	5,093,242,016	0.46%

# CITY OF SAN BERNARDINO

## Statistical Section Principal Property Tax Payers Current Year and Ten Years Ago

Taxpayer:	2012		2002	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Stater Bros Markets	\$ 361,321,350	3.51%	\$ 15,846,217	0.27%
Rancon Realty Fund	154,593,902	1.50%	-	0.00%
LIT Industrial LTD Partnership	116,262,783	1.13%	-	0.00%
Opus R/E CA VII Northpointe	77,918,620	0.76%	-	0.00%
Kohl's Department Stores Inc	65,067,247	0.63%	21,907,600	0.38%
WP CT Cajon LLC	63,140,500	0.61%	-	0.00%
WM Inland Investors LLC IV	58,576,104	0.57%	-	0.00%
786 Central LLC	52,500,000	0.51%	-	0.00%
Westgate No 1 LP	51,300,000	0.50%	-	0.00%
Tec Park Land LP	49,667,118	0.48%	-	0.00%
Catholic Healthcare West			101,698,219	1.75%
Rancon Realty Fund V			34,823,519	0.60%
St Bernardine Medical Center			47,973,462	0.83%
Pera Castlepark Inc			39,366,000	0.68%
CNP & Media News Group			27,031,223	0.47%
Rancon Realty Fund IV			22,626,272	0.39%
Capital Foresight San Bernardino			21,600,000	0.37%
Universe at Acacia LLC			19,400,000	0.33%
6155 Palm Avenue Apartments LLC			18,054,000	0.31%
Costco Wholesale Corp			10,716,279	0.18%
Community Hospital of San Bernardino			13,914,897	0.24%
Yellow Freight System Inc			13,190,399	0.23%
Delta Investors II LLC			12,970,084	0.22%
California Newspaper Partnership			11,259,416	0.19%
SB Tri-City Associates			10,469,242	0.18%
Cinemastar Luxury Theaters Inc			10,404,000	0.18%
Roman Catholic Bishop of San Bernardino			9,127,990	0.16%
Central City Company LLC			8,736,700	0.15%
	<u>\$1,050,347,624</u>	<u>10.20%</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.

Sources: HdL Coren & Cone for 2012, City of San Bernardino Real Property Section for 2002

# CITY OF SAN BERNARDINO

## Statistical Section 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
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%
2012	10,547,495	9,552,101	90.56%	291,277	9,843,378	93.32%

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

## Statistical Section Ratios of Outstanding Debt by Type Last Seven Fiscal Years

	2006	2007	2008	2009
<b>Governmental Activities:</b>				
Lease revenue bonds	\$ 17,360,000	\$ 15,855,000	\$ 14,765,000	\$ 13,615,000
Tax allocation bonds	155,217,904	149,821,430	144,119,956	138,113,483
Certificates of participation	13,275,000	12,850,000	12,405,000	11,935,000
Pension obligation bonds	50,401,583	50,401,583	49,564,907	48,599,907
Other	15,236,681	27,149,462	28,360,145	31,207,863
Total governmental activities	<u>251,491,168</u>	<u>256,077,475</u>	<u>249,215,008</u>	<u>243,471,253</u>
<b>Business-type Activities:</b>				
Capital leases	914,381	6,176,079	10,004,851	12,029,423
Notes payable	28,021,736	25,728,019	33,352,913	30,895,419
Certificates of participation	27,732,673	25,846,450	23,859,730	21,757,488
Water bonds	75,000	65,000	55,000	45,000
Total business-type activities	<u>56,743,790</u>	<u>57,815,548</u>	<u>67,272,494</u>	<u>64,727,330</u>
<b>Total Primary Government</b>	<u><u>\$ 308,234,958</u></u>	<u><u>\$ 313,893,023</u></u>	<u><u>\$ 316,487,502</u></u>	<u><u>\$ 308,198,583</u></u>
Percentage of Personal Income*	6.25%	6.37%	5.79%	5.37%
Debt per Capita*	\$ 1,570	\$ 1,599	\$ 1,571	\$ 1,506

\* = Based on most current data available

**Notes:**

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

Certain debts of the City were transferred to the Successor Agency to the City's redevelopment agency upon dissolution of the agency on February 1, 2012.

continued

<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 12,410,000	\$ 11,145,000	\$ -
131,777,008	134,670,538	-
11,450,000	10,940,000	4,520,000
47,902,051	47,075,251	46,140,860
<u>31,850,996</u>	<u>46,518,126</u>	<u>16,338,553</u>
<u>235,390,055</u>	<u>250,348,915</u>	<u>66,999,413</u>
13,598,053	13,149,895	10,280,057
27,912,613	24,439,995	31,547,225
19,539,695	17,196,320	14,707,332
35,000	25,000	15,000
<u>61,085,361</u>	<u>54,811,210</u>	<u>56,549,614</u>
<u>\$ 296,475,416</u>	<u>\$ 305,160,125</u>	<u>\$ 123,549,027</u>
4.71%	4.95%	1.98%
\$ 1,443	\$ 1,465	\$ 589

# CITY OF SAN BERNARDINO

## Statistical Section Ratio of General Bonded Debt Outstanding Last Seven Fiscal Years

(amounts 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
2012	-	46,141	-	46,141	0.45%	220

**Notes:**

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

Certain debts of the City were transferred to the Successor Agency to the City's redevelopment agency upon dissolution of the agency on February 1, 2012.

# CITY OF SAN BERNARDINO

## Statistical Section Direct and Overlapping Bonded Debt

2011-12 Assessed Valuation	\$ 10,306,184,101
Redevelopment Incremental Valuation:	(5,093,242,016)
Adjusted Assessed Valuation:	<u>5,212,942,085</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 6/30/12	Percent Applicable (1)	City's Share of Debt 6/30/12
San Bernardino Community College District	\$ 427,595,651	14.128 %	\$ 60,410,714
Colton Joint Unified School District	188,244,422	2.982	5,613,449
Redlands Unified School District	105,269,784	0.847	891,635
Rialto Unified School District	76,992,225	10.760	8,284,363
San Bernardino City Unified School District	165,304,799	70.849	117,116,797
Colton Joint Unified School District CFD No. 2	4,245,000	42.720	1,813,464
Total Overlapping Tax and Assessment Debt			<u>\$ 194,130,422</u>

### Ratios to 2011-12 Assessed Valuation

Total Overlapping Tax and Assessment Debt 1.88%

### DIRECT AND OVERLAPPING GENERAL FUND DEBT:

San Bernardino County General Fund Obligations	\$ 613,235,000	4.580 %	\$ 28,086,163
San Bernardino County Pension Obligations	547,885,591	4.580	25,093,160
San Bernardino County Flood Control District General Fund Obligations	108,210,000	4.580	4,956,018
Colton Joint Unified School District Certificates of Participation	4,871,757	2.982	145,276
Redlands Unified School District Certificates of Participation	5,000,000	0.847	42,350
Rialto Unified School District Certificates of Participation	6,840,000	10.760	735,984
San Bernardino City Unified School District Certificates of Participation	53,080,000	70.849	37,606,649
City of San Bernardino General Fund Obligations	20,210,000	100.000	20,210,000
City of San Bernardino Pension Obligations	46,140,860	100.000	46,140,860
Total Direct and Overlapping General Fund Debt			<u>\$ 163,016,460</u>

Total Direct Debt	\$ 66,350,860
Total Overlapping Debt	<u>290,796,022</u>

Combined Total Debt (2) \$ 357,146,882

(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 (\$66,350,860)	1.27%
Combined Total Debt	6.85%

<u>State School Building Aid Repayable as of 6/30/12:</u>	\$ -
AB: (\$450)	

Note: The most recent information available was as of June 30, 2011.

# CITY OF SAN BERNARDINO

## Statistical Section Legal Debt Margin Information Last Ten Fiscal Years

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(amounts in thousands)

	Fiscal Year			
	2003	2004	2005	2006
Assessed valuation	\$ 4,131,627	\$ 4,374,325	\$ 4,602,194	\$ 5,026,668
Conversion percentage	25%	25%	25%	25%
Adjusted assessed value	1,032,907	1,093,581	1,150,548	1,256,667
Debt limit percentage	15%	15%	15%	15%
Debt limit	154,936	164,037	172,582	188,500
Total net debt applicable to limit:				
General obligation bonds	27,765	28,090	24,745	81,037
Legal debt margin	\$ 127,171	\$ 135,947	\$ 147,837	\$ 107,463
Total debt applicable to the limit as a percentage of debt limit	17.9%	17.1%	14.3%	43.0%

**Note:**

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.

continued

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 5,676,780	\$ 6,390,695	\$ 6,494,441	\$ 5,446,349	\$ 5,208,523	\$ 5,212,942
25%	25%	25%	25%	25%	25%
1,419,195	1,597,674	1,623,610	1,361,587	1,302,131	1,303,236
15%	15%	15%	15%	15%	15%
212,879	239,651	243,542	204,238	195,320	195,485
79,107	76,735	74,150	71,762	69,160	66,436
\$ 133,773	\$ 162,916	\$ 169,392	\$ 132,476	\$ 126,159	\$ 129,049
37.2%	32.0%	30.4%	35.1%	35.4%	34.0%

# CITY OF SAN BERNARDINO

## Statistical Section Pledged-Revenue Coverage Last Seven Fiscal Years

(amounts in thousands)

Fiscal Year Ended June 30	Water Utility					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	27,153	20,985	6,167	457	317	7.97
2007	35,284	23,691	11,593	472	602	10.80
2008	38,687	27,397	11,290	472	602	10.51
2009	33,194	27,457	5,737	926	578	3.81
2010	31,703	25,888	5,815	955	553	3.86
2011	35,614	29,884	5,730	964	504	3.90
2012	40,610	32,858	7,752	993	471	5.29

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
2012	25,623	16,261	9,362	4,651	951	1.67

Fiscal Year Ended June 30	Tax Allocation Bonds				
	Tax Increment	Debt Service		Coverage	
		Principal	Interest		
2006	17	10	5	1.13	
2007	18	10	5	1.21	
2008	20	10	4	1.43	
2009	28	10	3	2.10	
2010	28	10	3	2.23	
2011	54	10	2	4.53	
2012*	41	15	1	2.55	

\* Outstanding Tax Allocation Bonds were transferred to the Successor Agency to the City's redevelopment agency that was dissolved on February 1, 2012

Notes:

Operating expenses do not include interest or depreciation expense.

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

## Statistical Section Demographic and Economic Statistics Last Ten Calendar Years

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<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>
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%
2010*	209,924	6,245,029	29,749	14.3%

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

## Statistical Section Principal Employers Last Six Fiscal 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.

2011 is the most recent data available.

# CITY OF SAN BERNARDINO

## Statistical Section Full-time and Part-time City Employees by Function Last Ten Fiscal Years

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	228	222	209	210	223	289	269	264	245	204
Public Safety	628	633	653	667	688	790	754	746	779	640
Streets	121	118	107	110	110	120	94	68	82	61
Culture & Recreation	268	268	272	272	274	162	160	157	175	218
Community Development	22	22	23	27	33	32	23	32	36	28
Economic Development	22	22	22	17	17	22	35	39	44	0
Community Service	270	269	268	268	269	159	111	204	115	213
Enterprise	349	357	356	369	380	398	379	385	361	365
<b>Total</b>	<b>1,908</b>	<b>1,911</b>	<b>1,910</b>	<b>1,940</b>	<b>1,994</b>	<b>1,972</b>	<b>1,825</b>	<b>1,895</b>	<b>1,837</b>	<b>1,729</b>

Source: Budgeted positions for full and part time employees

# CITY OF SAN BERNARDINO

## Statistical Section Operating Indicators by Function Last Seven Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Police:				
Arrest	16,955	15,967	15,600	14,725
Parking citations issued	25,411	21,917	30,782	35,042
Fire:				
Number of emergency calls	25,282	24,323	29,668	29,436
Inspections	7,646	5,242	5,464	6,211
Public Works/Public Services:				
Street resurfacing (lane miles)	382	80	28	24
Parks and Recreation:				
Number of recreation classes	150	150	29	153
Number of facility rentals	410	410	556	474
Water:				
New connections	563	511	172	138
Average daily consumption (thousands of gallons)	44,583	44,863	48,208	45,825
Sewer:				
New connections	952	542	240	67
Average daily sewage treatment (thousands of gallons)	26,500	27,000	26,090	24,590

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

Source: Various City departments

continued

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Fiscal Year		
2010	2011	2012
13,733	13,620	8,346
24,266	27,606	16,608
29,578	25,720	25,734
5,344	6,144	3,476
31	23	7
346	501	357
372	268	247
37	43	96
41,228	41,489	41,354
26	25	53
21,670	23,590	22,890

# CITY OF SAN BERNARDINO

## Statistical Section Capital Asset Statistics by Function/Program Last Ten Fiscal Years

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Public Safety:						
Police stations	1	1	1	1	1	1
Fire stations	12	12	12	12	12	12
Streets/Community Development:						
Miles of streets	614	621	621	625	628	628
Street lights (City maintained)	5,000	5,000	5,000	5,100	5,100	5,100
Street lights (SCE maintained)	6,351	6,351	6,351	6,400	6,400	6,980
Street traffic controllers (signals)	237	246	251	255	255	262
Street traffic controllers (ped-xing)	21	21	21	21	21	21
Culture and Leisure:						
Parks	43	43	43	26	28	39
Park acreage	510	510	510	498	504	550
Water:						
Water mains (miles)	579	590	600	551	575	581
Sewer:						
Sanitary sewers (miles)	500	507	507	509	509	510

Source: Various City departments

continued

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Fiscal Year			
2009	2010	2011	2012
1	1	1	1
12	12	12	12
628	629	629	629
5,100	5,100	5,100	5,900
6,502	7,700	7,700	7,500
268	272	272	272
20	19	19	19
39	39	39	37
618	618	618	441
583	584	586	587
510	510	510	510

# CITY OF SAN BERNARDINO

## Statistical Section Water Sold by Type of Customer Last Ten Fiscal Years

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(in millions of gallons)

Type of Customer:	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Residential	9,415	10,278	9,494	10,023	10,491	9,893
Commercial	2,569	2,791	2,681	2,753	2,949	2,744
Municipal	536	526	511	534	586	559
Landscape	1,480	1,521	1,376	1,585	1,736	1,699
Other Agencies	364	117	77	51	613	441
Total	<u>14,363</u>	<u>15,234</u>	<u>14,140</u>	<u>14,945</u>	<u>16,375</u>	<u>15,335</u>
Total direct rate per 1,000 gallons	\$ 1.30	\$ 1.28	\$ 1.29	\$ 1.29	\$ 1.52	\$ 1.57

continued

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Fiscal Year			
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
9,463	8,779	8,399	8,627
2,442	2,208	2,188	2,144
547	528	470	501
1,818	1,637	1,579	1,723
<u>408</u>	<u>285</u>	<u>154</u>	<u>149</u>
<u><u>14,677</u></u>	<u><u>13,437</u></u>	<u><u>12,791</u></u>	<u><u>13,144</u></u>
\$ 1.70	\$ 1.82	\$ 2.17	\$ 2.53

# CITY OF SAN BERNARDINO

## Statistical Section Water Rates Last Ten Fiscal Years

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<u>Fiscal Year Ended June 30</u>	<u>Monthly Base Rate</u>	<u>Rate per 1,000 Gallons</u>
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
2012	12.90	1.66

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.

Source: City Water Department

# CITY OF SAN BERNARDINO

## Statistical Section Principal Water Customers Current Fiscal Year and Ten Years Ago

Water Customer	2012		2002	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
City of San Bernardino	\$ 897,479	2.61%	\$ 107,224	0.57%
SB Unified School District	763,294	2.22%	559,267	2.97%
County of San Bernardino	325,578	0.95%	223,392	1.19%
Baseline Mutual Water	270,116	0.78%		
Housing Authority	259,938	0.75%	267,579	1.26%
California State University	237,410	0.69%	269,486	1.43%
Cott Beverages	228,404	0.66%	106,001	0.56%
City of San Bernardino E.D.A	211,000	0.61%		
California Dept. of Transportation	164,449	0.48%	149,937	0.80%
Pama Management	118,218	0.34%		
City of Colton			299,218	1.59%
Rialto School District			114,240	0.61%
North Pointe Apts			84,336	0.45%
	<u>\$ 3,475,886</u>	<u>10.09%</u>	<u>\$ 2,180,680</u>	<u>11.43%</u>

Source: Customer Services Department