

CITY OF SAN BERNARDINO, CALIFORNIA
Comprehensive Annual Financial Report
Year Ended June 30, 2009

PREPARED BY
FINANCE DEPARTMENT

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**City of San Bernardino
Comprehensive Annual Financial Report
Year Ended June 30, 2009**

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www.sbcity.org

January 15, 2010

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, 2009.

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

The City's financial statements have been audited by ROGERS, ANDERSON, MALODY & SCOTT, L.L.P., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2009 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon that audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2009, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of San Bernardino, incorporated as a Charter City in 1854, is located in Southern California, approximately 60 miles east of Los Angeles and 55 miles west of Palm Springs. The City has a land area of approximately 59.3 square miles and population of over 205,000. The City is the County Seat of San Bernardino County, the largest county in the nation. Along with adjacent Riverside County, these two counties comprise what is called the "Inland Empire," so-named because it formerly was a vast agriculture domain (primarily citrus). This area is immediately east of the Los Angeles/Orange County metropolitan area and has one of the fastest growing populations in the United States, a trend that is expected to continue through the next decade.

The City operates under a hybrid Mayor-Council-City Manager form of government. The Mayor is elected by the voters at large, and is the City's Chief Executive Officer. Each of the seven members of the City Council is elected by voters in their respective wards. The Mayor and Councilmembers serve four-year terms. Under the supervision of the Mayor, the City Manager is the Chief Administrative Officer. The City Manager directs most City Departments, other than those governed by separate boards (Water Dept., Civil Service, Library) and the offices of elected officials. The City Manager's office, in addition to assisting the Mayor and Council in policy formation, focuses on special projects. The City of San Bernardino also has an elected City Attorney, City Treasurer and City Clerk.

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

The annual budget serves as the foundation for the City's financial planning and control. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

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

Cash management policies and practices. Cash temporarily idle during the year was invested by the City Treasurer in authorized investments including obligations of the U.S. Treasury, corporate bonds, investment contracts, and the State Treasurer's investment pool. The maturities of the investments range from current to 5 years, with average days to maturity of 482 at 6/30/09. The average yield on investments was 3.62 percent. Investment income includes changes in the fair value of investments. Changes in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

Risk management. The City of San Bernardino is self-insured for workers' compensation and liability. The unpaid claims and judgements payable as of June 30, 2009 for these activities is \$14,176,918. Third-party coverage is currently maintained from the CSAC Excess Insurance Authority and ACE American Insurance Company for workers' compensation claims in excess of \$1,000,000, 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, 2008 (the most recent year for which the calculation is available), the City of San Bernardino has succeeded in funding 92.2% of the present value of the projected benefits earned by employees.

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

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

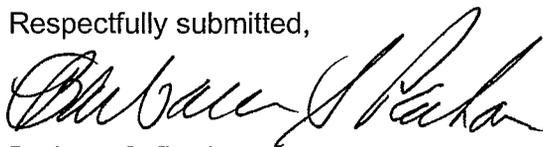
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Bernardino for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the fifth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Barbara S. Pachon
Finance Director

CITY OF SAN BERNARDINO, CALIFORNIA

ROSTER OF CITY OFFICIALS

JUNE 30, 2009

LEGISLATIVE OFFICIALS

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

CHIEF ADMINISTRATIVE OFFICERS

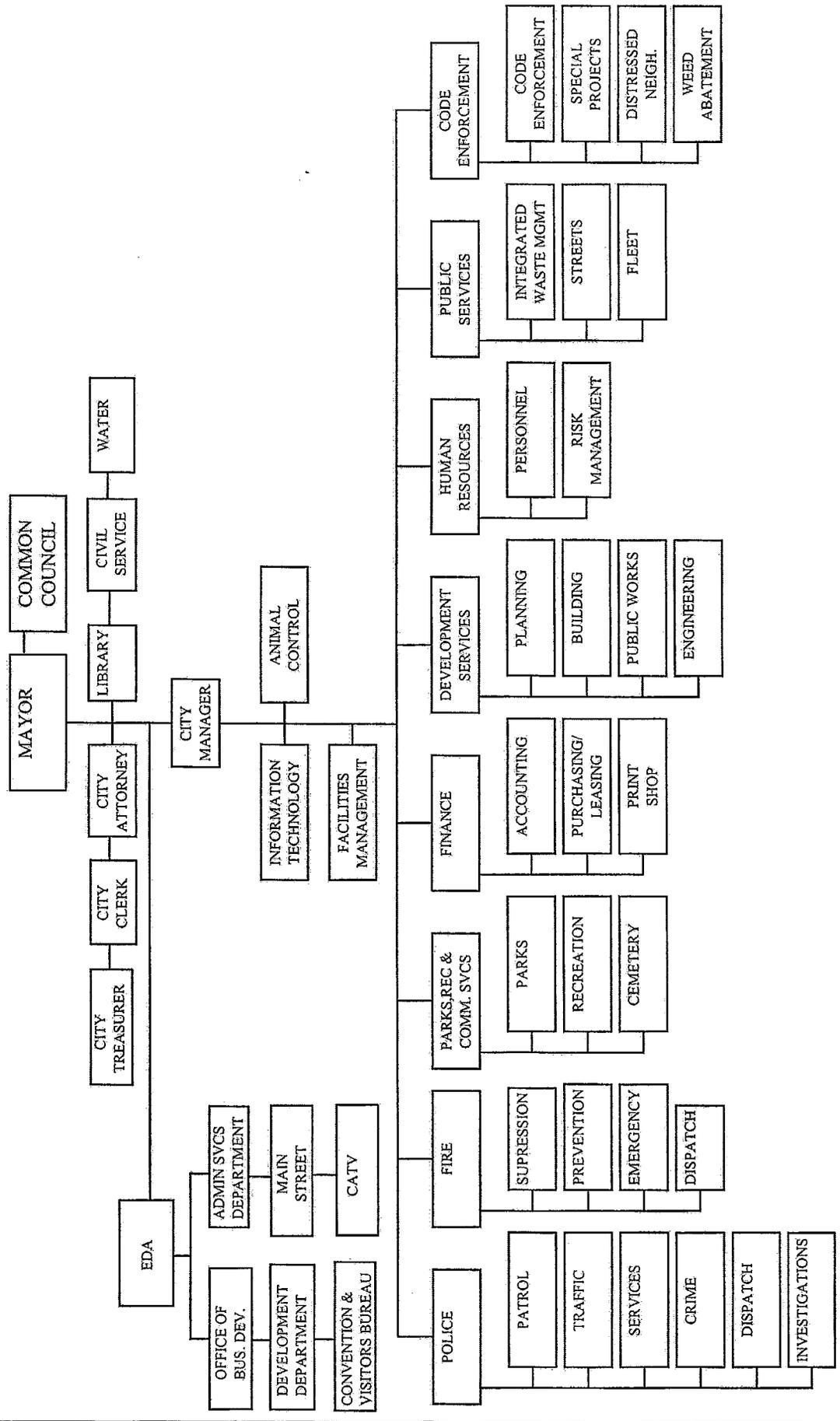
Charles McNeely.	City Manager
Emil Marzullo	Executive Director, Economic Development Agency
Stacey Aldstadt	General Manager, San Bernardino Municipal Water Department

DEPARTMENT HEADS

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

*Elected Officials

CITY OF SAN BERNARDINO



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Bernardino
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



President

Executive Director

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ROGERS, ANDERSON, MALODY & SCOTT, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

OF COUNSEL
JAY H. ZERCHER, C.P.A.

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

NANCY O'RAFFERTY, C.P.A.
BRADFORD A. WELEBIR, C.P.A.
JENNY LIU, C.P.A.
TIMOTHY P. HORN, C.P.A.
KATIE L. MILLSOM, C.P.A.
JOHN J. BADIA, C.P.A.
JONATHAN R. KUHN, C.P.A.
BRADFORD L. ROCKABRAND, C.P.A.
PAPA MATAR THIAW, C.P.A.
KATHERINE J. MUIR, C.P.A.

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bernardino, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of San Bernardino's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the water and sewer funds, which are both major funds and 96%, 99% and 63%, respectively, of the assets, net assets, and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities and proprietary fund financial statements, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bernardino, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

PCPS THE AICPA ALLIANCE FOR CPA FIRMS

CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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Website: www.ramscpa.net

In accordance with *Government Auditing Standards*, we have also issued a report dated January 15, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Rogers, Anderson, Malody + Scott, LLP

January 15, 2010

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of San Bernardino (the City) provides an overview of the City's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Reporting the City as a Whole

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

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

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

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

Reporting the City’s Most Significant Funds

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Table 1 Net Assets June 30, 2009 and 2008 (in millions)						
	----- June 30, 2009 -----			----- June 30, 2008 -----		
	Govt. <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>	Govt. <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
Current and other assets	\$ 234.6	\$ 140.8	\$ 375.4	\$ 237.8	\$ 145.0	\$ 382.8
Capital assets	<u>474.8</u>	<u>254.6</u>	<u>729.4</u>	<u>475.5</u>	<u>255.0</u>	<u>730.5</u>
Total assets	709.4	395.4	1,104.8	713.3	400.0	1,113.3
Long-term debt outstanding	260.7	61.1	321.8	261.4	63.0	324.4
Other liabilities	<u>38.6</u>	<u>82.9</u>	<u>121.5</u>	<u>39.3</u>	<u>85.9</u>	<u>125.2</u>
Total liabilities	299.3	144.0	443.3	300.7	148.9	449.6
Net assets:						
Invested in capital assets net of debt	456.8	197.0	653.8	457.0	196.9	653.9
Restricted	206.1	19.8	225.9	189.5	24.2	213.7
Unrestricted	<u>(252.8)</u>	<u>34.6</u>	<u>(218.2)</u>	<u>(234.0)</u>	<u>30.0</u>	<u>(204.0)</u>
Total net assets	\$ 410.1	\$ 251.4	\$ 661.5	\$ 412.5	\$ 251.1	\$ 663.6

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

	----- June 30, 2009 -----			----- June 30, 2008 -----		
	Business		Total	Business		Total
	Govt. Activities	Type Activities		Govt. Activities	Type Activities	
Revenue						
Program revenues:						
Charges for Services	\$ 27.7	\$ 73.6	\$ 101.3	\$ 33.5	\$ 72.6	\$ 106.1
Federal and state grants	30.3	7.2	37.5	28.1	16.0	44.1
General revenue:						
Sales taxes	29.6		29.6	36.1		36.1
Property taxes	74.7		74.7	65.3		65.3
Other taxes	33.4		33.4	34.5		34.5
Other general revenues	19.8	3.4	23.2	22.6	4.9	27.5
Total revenues	215.5	84.2	299.7	220.1	93.5	313.6
Program expenses:						
General government	31.9		31.9	28.7		28.7
Public safety	100.5		100.5	101.5		101.5
Streets	28.5		28.5	29.8		29.8
Culture & recreation	7.1		7.1	9.0		9.0
Community development	12.2		12.2	7.3		7.3
Economic development	22.3		22.3	18.3		18.3
Community service	4.2		4.2	7.9		7.9
Interest on long-term debt	14.0		14.0	13.5		13.5
Integrated Waste		23.7	23.7		24.4	24.4
Water		33.2	33.2		33.5	33.5
Sewer		24.2	24.2		25.1	25.1
Total expenses	220.7	81.1	301.8	216.0	83.0	299.0
Excess (deficiency) before Special items and transfers	(5.2)	3.1	(2.1)	4.1	10.5	14.6
Transfers	2.8	(2.8)	-	2.6	(2.6)	-
Increase (decrease) in net assets	(2.4)	0.3	(2.1)	6.7	7.9	14.6
Beginning net assets	412.5	251.1	663.6	405.8	243.2	649.0
Ending net assets	\$ 410.1	\$ 251.4	\$ 661.5	\$ 412.5	\$ 251.1	\$ 663.6

The increase or decrease in net assets can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Net assets of the City's governmental activities decreased by .6 percent (\$410.1 million compared to \$412.5 million). Revenue and expense fluctuations are described below for the governmental and business-type activities of the City. *Unrestricted* net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$252.8 million deficit at the end of this year. The net assets of the City's business-type activities increased by .1 percent (\$251.4 million compared to \$251.1 million).

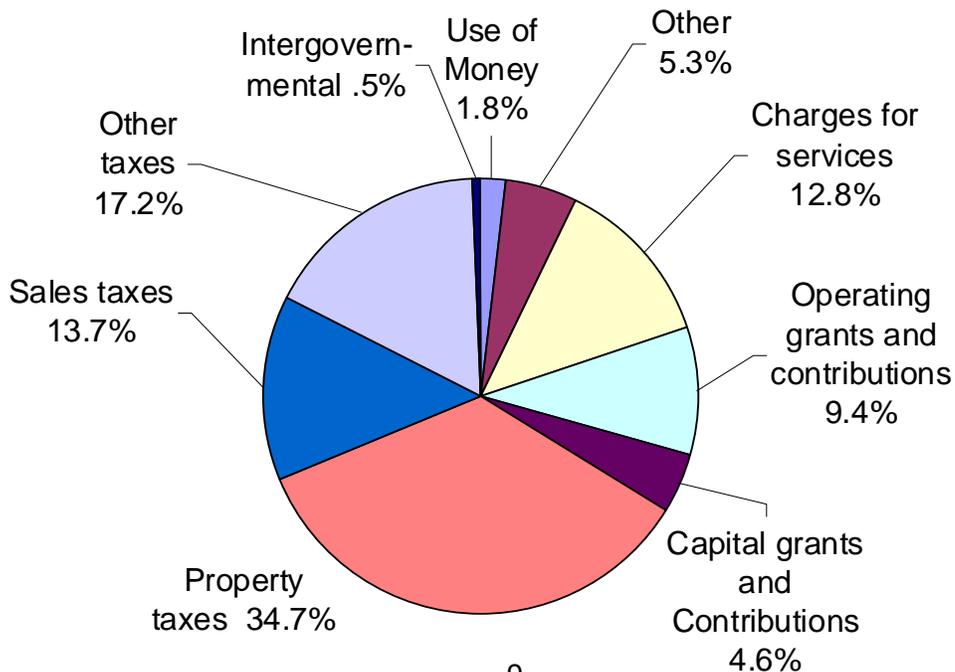
Governmental Activities

The cost of all *governmental* activities this year was \$220.7 million. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes and other sources was only \$162.7 million because some of the cost was paid by those who directly benefited from the programs (\$27.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$30.3 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services were \$58.0 million. The City paid for the remaining "public benefit" portion of governmental activities with \$157.5 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

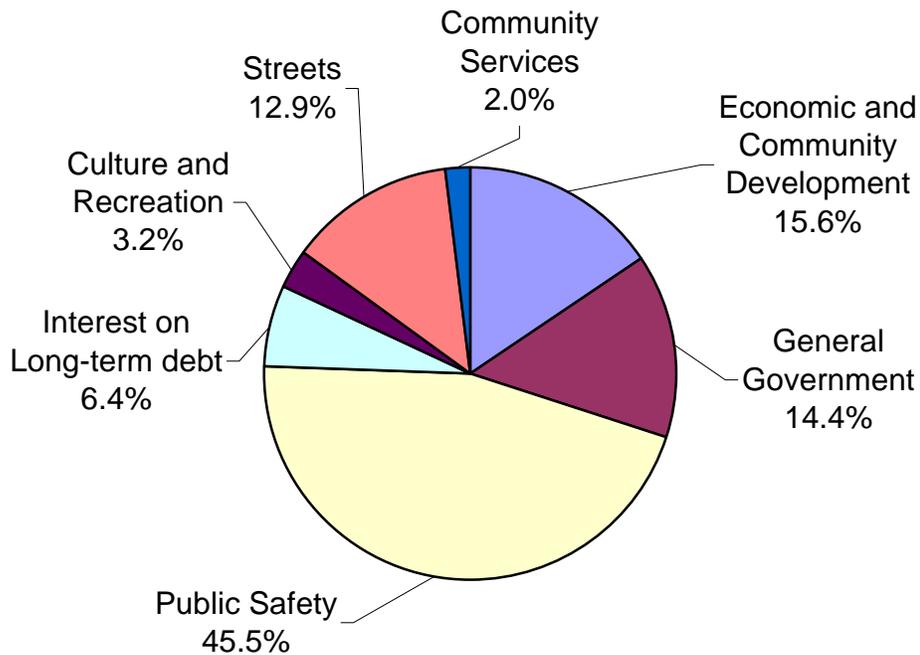
The reasons for significant changes in the revenues and expenses of the City's' governmental activities presented above are as follows:

- Total revenues in governmental activities decreased by 2.1% (\$215.5 million in 2009 vs. \$220.1 million in 2008). This was primarily due to a \$6.5 million decrease in sales taxes which was a result of decreased local sales due to the downturn in the local economy.
- The cost of governmental functions/programs increased by \$4.7 million. The largest increases were due to increased Community and Economic Development activity.
- The overall decrease in net assets for governmental activities was \$2.4 million in 2008-09.

Revenue by Source – Governmental Activities



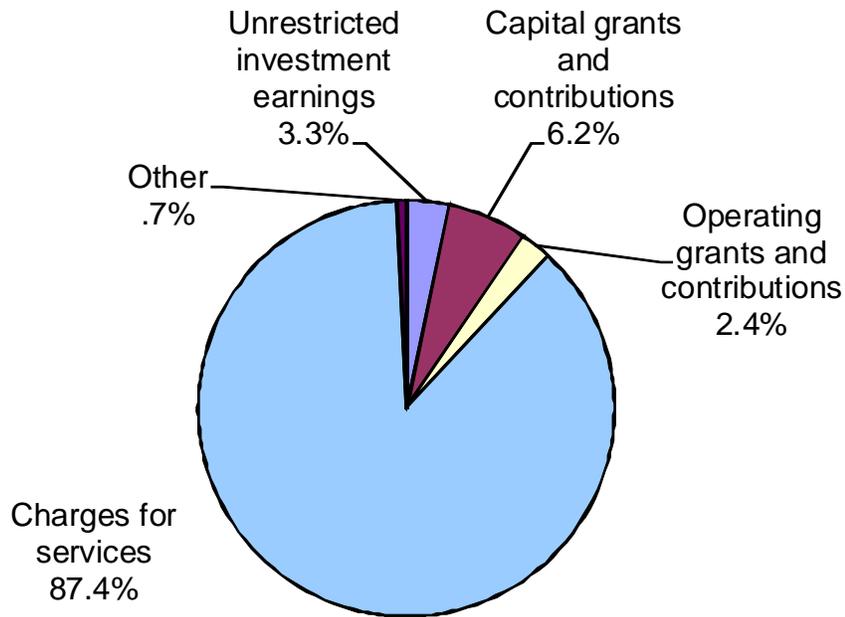
Expenses by Function – Governmental Activities



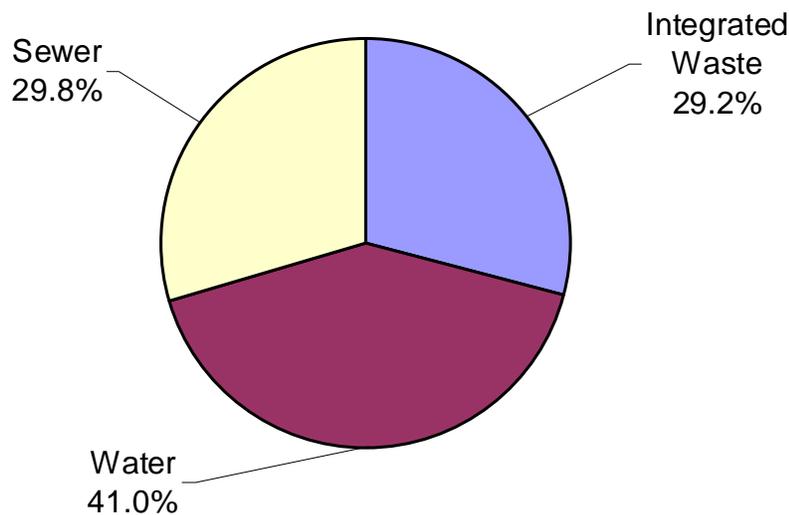
Business-Type Activities

Current years' operating revenues of the City's business-type activities increased by 2.8% for Integrated Waste and 1.7% for Sewer, and decreased by .3% for the Water Enterprise. Capital Contributions in Water and Sewer were equal to 14.4 and 6.0 percent of operating revenues, respectively. Net assets increased by .7 percent for Water. Integrated Waste and Sewer net assets for the year decreased by \$681,857 and \$53,944 after non-operating revenues and expenses and transfers.

Revenue by Source – Business-type Activities



Expenses by Function – Business-type Activities



MAJOR FUNDS

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

Major Governmental Funds. The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, there was no unreserved and undesignated fund balance in the general fund, the designated budget reserve was \$2.5 million while total fund balance decreased by \$13.4 million to \$2.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 0 percent of total general fund expenditures, while total fund balance represents 1.8 percent of that same amount.

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

- Overall, General Fund revenues decreased by \$7.4 million, with the largest decreases in Taxes (\$6.4 million) and Licenses and Permits (\$.7 million).
- Total expenditures in the General Fund increased by \$1.08 million (.75 percent). The largest increases were in Public Safety (\$5.0 million) and in Interest expense (\$.4 million).
- The change in fund balance in the General Fund (including transfers) was a decrease of \$13.4 million in 2008/09.

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

- Special Revenue Fund - Fund balance increased by \$5.7 million due to an increase in intergovernmental revenues and an increase in investment income from notes receivable.
- Debt Service Fund – Fund balance increased by \$4.8 million due primarily from transfers in from the Capital Projects Fund of \$22.2 million exceeding current year debt service payments of \$17.5 million.
- Capital Projects Fund – Fund balance decreased by \$.8 million. Tax increment revenue increased by \$7.9 million. The increase in revenue was offset by and an increase in project costs of \$6.5 million and an increase in transfers out of \$7.2 million over the prior year.

Major Enterprise Funds. At year-end unrestricted net assets of the **Sewer Fund** were \$20.6 million, \$9.0 million for the **Water Fund** and \$5.0 million for the **Integrated Waste**. The change in net assets for the funds was a decrease of \$53,944, an increase of \$1.1 million and a decrease of \$.7 million for each of the three funds, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGET

Differences between the original budget and the final amended budget of the General Fund were \$2,064,600 and can be briefly summarized as follows:

- Appropriations were increased by \$1,135,300 for encumbrance and continuing appropriation carryovers, \$226,900 for Charter 186 increases.
- \$2.4 million transferred in the budget from general government non-departmental to departments for salary increases including part of Charter 186

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

- Sales Tax was \$8.1 million and total taxes were \$7.6 million less than budget
- Property Tax was \$1.7 million greater than budget
- Total Revenues were \$9.8 million less than budget
- Total expenditures were \$2.7 million less than budget
- Debt service expenditures were \$1.0 million greater than budget
- Public Safety expenditures were \$.6 million greater than budget

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

CAPITAL ASSETS

Capital Assets (net of depreciation) June 30, 2009 and 2008 (in millions)						
	-----June 30, 2009-----			-----June 30, 2008-----		
	Business			Business		
	Govt	Type		Govt	Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Land	\$ 126.0	\$ 15.4	\$ 141.4	\$ 126.0	\$ 15.4	\$ 141.4
Infrastructure	288.1		288.1	294.9		294.9
Buildings & Improv.	28.8	76.4	105.2	28.1	81.5	109.6
Machinery & Equip	16.7	142.8	159.5	14.4	136.5	150.9
Construction in Progress	<u>15.2</u>	<u>20.0</u>	<u>35.2</u>	<u>12.0</u>	<u>21.6</u>	<u>33.6</u>
Total	\$ 474.8	\$ 254.6	\$ 729.4	\$ 475.4	\$ 255.0	\$ 730.4

The major additions to capital assets during the year ended June 30, 2009 were as follows:

- \$7.0 million of infrastructure expenditures and \$3.2 million increase in construction improvements.
- \$9.4 million of capital assets related to governmental activities
- Water Department acquired capital assets of \$8.7 million, primarily distribution system and capacity improvements.

Additional information on the City's capital assets can be found in the Capital Assets Note 4 in the accompanying financial statements, beginning on page number 63.

LONG-TERM DEBT

At the end of the current fiscal year, the City had bonded debt outstanding of \$234.3 million and additional debt of \$124.3 million. Of the bonded indebtedness, \$138.1 million relates to tax allocation bonds, \$48.6 is pension obligation bonds, \$13.7 million is revenue bonds, \$33.6 million is certificates of participation, and \$.3 million is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment.

Outstanding Debt June 30, 2009 and 2008 (in millions)						
	----- June 30, 2009 -----			----- June 30, 2008 -----		
	Govt	Business		Govt	Business	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Tax Allocation Bonds	\$ 138.1	\$ -	\$ 138.1	\$ 144.1	\$ -	\$ 144.1
Revenue Bonds	13.6	0.1	13.7	14.8	0.1	14.9
Notes Payable	12.7	30.9	43.6	13.0	33.4	46.4
Cert., Of Part.	11.9	21.7	33.6	12.4	23.8	36.2
Pension Obligation Bonds	48.6	-	48.6	49.6	-	49.6
Assmt Dist Bonds	0.3	-	0.3	0.3		0.3
Other	<u>62.7</u>	<u>18.0</u>	<u>80.7</u>	<u>54.5</u>	<u>14.2</u>	<u>68.7</u>
Total	\$ 287.9	\$ 70.7	\$ 358.6	\$ 288.7	\$ 71.5	\$ 360.2

The City's total debt decreased by \$1.6 million (.4 percent) during the current fiscal year.

State statutes limit the amount of general obligation debt a city may issue to 15 percent of its total assessed valuation. The current debt limitation for the City is \$243,541,549 which is significantly in excess of the City's outstanding general obligation debt of \$74,149,907.

Additional information on the City's long-term debt can be found in the Long-Term Liabilities Note 5 in the accompanying financial statements, beginning on page number 65.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

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**City of San Bernardino
Statement of Net Assets
June 30, 2009**

(with prior year data for comparative purposes only)

	Governmental Activities	Business-type Activities	Totals	
			2009	2008
ASSETS				
Cash and investments	\$ 93,275,399	\$ 78,822,920	\$ 172,098,319	\$ 181,057,181
Cash and investments with fiscal Agents	29,762,207	3,647,212	33,409,419	29,976,017
Receivables:				
Accounts, net	3,562,147	9,426,820	12,988,967	13,630,560
Interest	551,300	236,342	787,642	1,901,035
Notes	25,406,783	6,295	25,413,078	27,022,048
Other	650,989	-	650,989	1,948,812
Inventory	441,324	1,604,597	2,045,921	1,801,016
Prepays	47,520	40,493,880	40,541,400	42,804,248
Internal balances	(409,603)	409,603	-	-
Due from other governments	16,026,640	2,114,469	18,141,109	20,199,072
Land held for resale	64,104,285	-	64,104,285	60,203,274
Deferred charges	919,307	-	919,307	975,481
Other assets	289,169	4,012,933	4,302,102	1,309,073
Capital assets:				
Land, improvements, and construction in progress	141,171,927	35,365,994	176,537,921	175,037,377
Other capital assets, net of depreciation	333,592,855	219,276,486	552,869,341	555,358,043
Total assets	709,392,249	395,417,551	1,104,809,800	1,113,223,237
LIABILITIES				
Accounts payable and accrued expenses	5,015,064	8,734,760	13,749,824	16,959,649
Accrued interest	3,806,980	752,083	4,559,063	4,806,003
Retentions payable	62,861	-	62,861	446,451
Deposits payable	105,011	3,275,448	3,380,459	3,814,980
Unearned revenue	2,291,081	60,473,518	62,764,599	63,064,262
Due to other governments	181,300	-	181,300	298,197
Noncurrent liabilities:				
Due within one year	27,135,174	9,264,066	36,399,240	35,543,579
Due in more than one year	260,737,424	61,464,230	322,201,654	324,671,451
Total liabilities	299,334,895	143,964,105	443,299,000	449,604,572
NET ASSETS				
Invested in capital assets, net of related debt	456,769,519	197,034,723	653,804,242	653,954,447
Restricted for:				
Streets and capital projects	33,359,750	-	33,359,750	34,077,066
Economic development	146,820,581	-	146,820,581	141,885,544
Capital related fees	-	19,831,726	19,831,726	24,205,033
Public safety	604,555	-	604,555	461,368
Debt service	25,280,496	-	25,280,496	13,121,470
Unrestricted	(252,777,547)	34,586,997	(218,190,550)	(204,086,263)
Total net assets	\$ 410,057,354	\$ 251,453,446	\$ 661,510,800	\$ 663,618,665

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

City of San Bernardino
Statement of Activities
For the year ended June 30, 2009
(with prior year data for comparative purposes only)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 31,889,888	\$ 3,520,136	\$ 1,557,925	\$ -
Public safety	100,515,707	8,132,156	3,455,958	-
Streets	28,471,766	10,402,510	-	10,006,137
Culture and recreation	7,119,434	1,045,559	917,110	-
Community development	12,214,813	2,986,531	9,988,294	-
Economic development	22,276,482	-	-	-
Community services	4,224,880	1,564,959	4,399,478	-
Interest on long-term debt	14,035,536	-	-	-
Total governmental activities	<u>220,748,506</u>	<u>27,651,851</u>	<u>20,318,765</u>	<u>10,006,137</u>
Business-type activities:				
Integrated waste	23,703,876	25,095,208	-	-
Water	33,227,061	27,258,954	2,043,889	3,919,197
Sewer	24,145,799	21,208,021	-	1,278,657
Total business-type activities	<u>81,076,736</u>	<u>73,562,183</u>	<u>2,043,889</u>	<u>5,197,854</u>
Total government	<u>\$ 301,825,242</u>	<u>\$101,214,034</u>	<u>\$ 22,362,654</u>	<u>\$ 15,203,991</u>

General revenues:

Taxes:

Sales tax

Property tax

Other taxes

Franchises

Unrestricted investment earnings

Other

Intergovernmental (unrestricted)

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

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

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Totals	
		2009	2008
\$ (26,811,827)	\$ -	\$ (26,811,827)	\$ (25,708,970)
(88,927,593)	-	(88,927,593)	(89,082,343)
(8,063,119)	-	(8,063,119)	(2,675,634)
(5,156,765)	-	(5,156,765)	(6,488,450)
760,012	-	760,012	3,727,821
(22,276,482)	-	(22,276,482)	(18,262,699)
1,739,557	-	1,739,557	(2,358,197)
(14,035,536)	-	(14,035,536)	(13,486,264)
(162,771,753)	-	(162,771,753)	(154,334,736)
-	1,391,332	1,391,332	56,035
-	(5,021)	(5,021)	7,874,186
-	(1,659,121)	(1,659,121)	(2,344,060)
-	(272,810)	(272,810)	5,586,161
29,601,414	-	29,601,414	36,101,446
74,661,731	-	74,661,731	65,324,686
33,460,958	-	33,460,958	34,423,896
3,513,508	-	3,513,508	3,611,073
3,921,832	2,808,251	6,730,083	9,766,272
11,409,423	607,753	12,017,176	12,940,865
951,828	-	951,828	1,193,173
2,782,300	(2,782,300)	-	-
160,302,994	633,704	160,936,698	163,361,411
(2,468,759)	360,894	(2,107,865)	14,612,836
412,526,113	251,092,552	663,618,665	649,005,829
<u>\$ 410,057,354</u>	<u>\$ 251,453,446</u>	<u>\$ 661,510,800</u>	<u>\$ 663,618,665</u>

City of San Bernardino
Balance Sheet
Governmental Funds
June 30, 2009
(with prior year data for comparative purposes only)

	General	Special Revenue Funds	
		Federal and State Programs	Economic Development Agency
ASSETS			
Cash and investments	\$ 4,930	\$ -	\$ 21,936,617
Cash and investments with fiscal agents	130,979	-	-
Deposits	-	-	-
Receivables, net:			
Accounts	3,435,610	65,225	-
Interest	13,401	18,472	75,776
Leases	-	-	-
Taxes	-	-	-
Special assessments	-	-	-
Notes	-	-	23,687,410
Other	-	-	123,491
Inventory	19,327	-	-
Prepays	-	47,520	-
Due from other governments	7,613,753	2,871,975	820,915
Due from other funds	-	-	238,530
Advances to other funds	-	-	255,539
Property held for resale	-	-	38,827,209
Sewer capacity rights held	-	-	-
Other assets	74,498	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 11,292,498	\$ 3,003,192	\$ 85,965,487

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

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total	
			2009	2008
Economic Development Agency	Economic Development Agency			
\$ -	\$ 38,637,016	\$ 32,653,358	\$ 93,231,921	\$100,910,161
28,812,133	-	65,063	29,008,175	27,573,063
-	-	-	-	228,698
-	-	59,886	3,560,721	4,038,129
-	134,167	278,690	520,506	822,367
-	56,963	-	56,963	11,012
-	1,259,132	-	1,259,132	1,433,828
-	-	442,585	442,585	501,667
-	1,719,373	-	25,406,783	21,379,659
-	27,950	-	151,441	2,305
-	-	-	19,327	19,489
-	-	-	47,520	19,033
-	-	3,005,925	14,312,568	16,935,098
-	270,000	7,596,778	8,105,308	1,530,901
-	10,185,813	513,374	10,954,726	10,429,703
-	25,277,076	-	64,104,285	60,203,274
-	-	-	-	226,678
-	-	214,671	289,169	268,857
<u>\$ 28,812,133</u>	<u>\$ 77,567,490</u>	<u>\$ 44,830,330</u>	<u>\$ 251,471,130</u>	<u>\$246,533,922</u>

**City of San Bernardino
Balance Sheet
Governmental Funds
June 30, 2009**

	General	Special Revenue Funds	
		Federal and State Programs	Economic Development Agency
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 830,335	\$ 255,641	\$ 438,421
Due to other funds	7,753,844	715,407	-
Retentions payable	-	-	-
Deferred revenues	-	2,694,844	5,752,106
Deposits	-	-	-
Advances from other funds	-	-	9,285,813
Due to other governments	-	-	-
Total liabilities	8,584,179	3,665,892	15,476,340
Fund balances:			
Reserved for:			
Encumbrances	197,900	-	-
Deposits	-	-	-
Notes receivable	-	-	19,526,979
Inventory	19,327	-	-
Prepaid items	-	47,520	-
Debt service	-	-	-
Advances to other funds	-	-	494,069
Property held for resale	-	-	38,827,209
Sewer capacity rights	-	-	-
Petty cash	4,930	-	-
Unreserved:			
General Fund:			
Designated for continuing appropriations	-	-	-
Designated for budget reserve	2,486,162	-	-
Undesignated	-	-	-
Special revenue funds:			
Designated for continuing appropriations	-	-	-
Undesignated	-	(710,220)	11,640,890
Debt service funds:			
Undesignated	-	-	-
Capital projects funds:			
Designated	-	-	-
Undesignated	-	-	-
Total fund balances (deficit)	2,708,319	(662,700)	70,489,147
Total liabilities and fund balances	\$ 11,292,498	\$ 3,003,192	\$ 85,965,487

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

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total			
			Economic Development Agency	Economic Development Agency	2009	2008
\$ -	\$ 605,506	\$ 1,979,552	\$ 4,109,455	\$ 5,236,261		
-	270,000	5,600,736	14,339,987	6,241,317		
-	-	62,861	62,861	446,451		
-	-	781,542	9,228,492	7,328,178		
-	105,011	-	105,011	10,000		
-	255,539	1,129,600	10,670,952	10,067,929		
-	-	181,300	181,300	298,197		
-	1,236,056	9,735,591	38,698,058	29,628,333		
-	-	315,000	512,900	758,500		
-	105,011	-	105,011	228,698		
-	2,700,221	-	22,227,200	19,605,561		
-	-	-	19,327	19,489		
-	-	-	47,520	19,033		
28,812,133	-	275,343	29,087,476	24,224,971		
-	9,555,813	513,374	10,563,256	10,736,070		
-	25,277,076	-	64,104,285	60,203,274		
-	-	214,671	214,671	441,349		
-	-	1,925	6,855	6,030		
-	-	-	-	610,000		
-	-	-	2,486,162	10,779,300		
-	-	-	-	4,163,503		
-	-	52,700	52,700	300,600		
-	-	10,099,203	21,029,873	15,219,141		
-	-	(406,895)	(406,895)	1,623,105		
-	38,693,313	418,200	39,111,513	31,788,844		
-	-	23,611,218	23,611,218	36,178,121		
28,812,133	76,331,434	35,094,739	212,773,072	216,905,589		
<u>\$ 28,812,133</u>	<u>\$ 77,567,490</u>	<u>\$ 44,830,330</u>	<u>\$ 251,471,130</u>	<u>\$ 246,533,922</u>		

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**City of San Bernardino
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
June 30, 2009**

Fund balances of governmental funds		\$212,773,072
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		469,336,814
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in funds.		
Bonds payable	\$(188,619,907)	
Certificates of participation	(11,935,000)	
Notes payable	(12,706,637)	
Pension obligation payable	(10,682,779)	
Lease revenue bonds	(13,415,000)	
Capital leases payable	(3,554,392)	
Compensated absences	(18,655,139)	
Accrued interest payable	(3,806,980)	
Other long-term liabilities	(12,135,497)	
Deferred loss, charges and premium, net	<u>2,825,824</u>	(272,685,507)
Internal service funds are used by management to charge various costs to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		
Capital assets, net	\$ 5,427,968	
Long-term liabilities	(13,099,308)	
Other assets and liabilities	<u>1,366,901</u>	(6,304,439)
Certain assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>6,937,414</u>
Net assets of governmental activities		<u><u>\$410,057,354</u></u>

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

City of San Bernardino
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2009
(with prior year data for comparative purposes only)

	General	Special Revenue Funds	
		Federal and State Programs	Economic Development Agency
REVENUES			
Taxes	\$ 94,030,428	\$ -	\$ -
Licenses and permits	9,385,470	-	-
Impact fees	-	-	-
Fines and forfeitures	2,250,060	-	-
Investment income	736,536	-	1,513,218
Intergovernmental	8,916,249	6,906,878	9,213,191
Charges for services	6,419,995	-	-
Other revenues	4,122,007	162,155	403,573
Total revenues	125,860,745	7,069,033	11,129,982
EXPENDITURES			
Current:			
General government	22,936,346	20,989	-
Public safety	100,610,784	2,274,467	-
Streets	8,280,754	-	-
Culture and recreation	5,770,269	247,949	-
Community development	2,039,117	75,240	6,615,754
Community service	-	4,329,133	-
Economic development	-	-	4,470,216
Debt Service:			
Principal	1,824,372	-	-
Interest	2,590,600	-	-
Total expenditures	144,052,242	6,947,778	11,085,970
Excess (deficiency) of revenues over (under) expenditures	(18,191,497)	121,255	44,012
OTHER FINANCING SOURCES (USES)			
Issuance of debt	55,294	-	-
Transfers in	11,326,953	-	8,374,642
Transfers out	(6,635,475)	-	(2,672,407)
Total other financing sources (uses)	4,746,772	-	5,702,235
SPECIAL ITEM			
Forgiveness of debt	-	-	-
Net change in fund balances	(13,444,725)	121,255	5,746,247
Fund balances (deficit), beginning of year	16,153,044	(783,955)	64,742,900
Fund balances (deficit), end of year	\$ 2,708,319	\$ (662,700)	\$ 70,489,147

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

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals			
			Economic Development Agency	Economic Development Agency	2009	2008
\$ -	\$ 41,873,199	\$ 2,123,881	\$ 138,027,508	\$ 135,605,049		
-	-	663,363	10,048,833	11,116,513		
-	-	1,065,305	1,065,305	5,268,475		
-	-	2,471,665	4,721,725	3,880,674		
246,382	1,963,304	1,249,376	5,708,816	8,413,713		
-	-	12,934,329	37,970,647	36,683,544		
-	-	4,600,649	11,020,644	13,465,003		
-	963,101	562,417	6,213,253	6,803,988		
<u>246,382</u>	<u>44,799,604</u>	<u>25,670,985</u>	<u>214,776,731</u>	<u>221,236,959</u>		
-	-	511,229	23,468,564	24,983,025		
-	-	2,727,962	105,613,213	100,534,357		
-	-	16,869,632	25,150,386	27,129,532		
-	-	824,440	6,842,658	9,480,585		
-	-	3,047,568	11,777,679	9,363,769		
-	-	-	4,329,133	6,914,615		
-	17,806,266	-	22,276,482	18,165,689		
7,749,999	343,663	1,304,970	11,223,004	10,759,184		
9,840,534	1,408,658	261,556	14,101,348	13,146,478		
<u>17,590,533</u>	<u>19,558,587</u>	<u>25,547,357</u>	<u>224,782,467</u>	<u>220,477,234</u>		
<u>(17,344,151)</u>	<u>25,241,017</u>	<u>123,628</u>	<u>(10,005,736)</u>	<u>759,725</u>		
-	-	4,163,641	4,218,935	3,638,489		
22,208,945	1,092,892	5,741,413	48,744,845	47,095,652		
-	(27,145,119)	(10,637,560)	(47,090,561)	(44,964,252)		
<u>22,208,945</u>	<u>(26,052,227)</u>	<u>(732,506)</u>	<u>5,873,219</u>	<u>5,769,889</u>		
-	-	-	-	1,556,000		
4,864,794	(811,210)	(608,878)	(4,132,517)	8,085,614		
<u>23,947,339</u>	<u>77,142,644</u>	<u>35,703,617</u>	<u>216,905,589</u>	<u>208,819,975</u>		
<u>\$ 28,812,133</u>	<u>\$ 76,331,434</u>	<u>\$ 35,094,739</u>	<u>\$ 212,773,072</u>	<u>\$ 216,905,589</u>		

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**City of San Bernardino
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2009**

Net change in fund balance – total governmental funds \$ (4,132,517)

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	\$ 18,516,195	
Depreciation	<u>(18,950,551)</u>	(434,356)

Revenues that are measurable but not available are not recorded as revenues under the modified accrual basis of accounting. 583,274

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

Debt issued	\$ (4,218,935)	
Principal payments on debt	<u>11,223,004</u>	7,004,069

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	\$ 1,254,001	
Change in accrued interest payable	189,339	
Change in unfunded OPEB obligation	(5,152,899)	
Amortization of bond issuance costs	(106,691)	
Amortization of bond premium	73,243	
Amortization of deferred charge on refunding	<u>(146,253)</u>	(3,889,260)

Internal service funds are used by management to charge various costs to individual funds. The net revenue of the internal service funds are reported with governmental activities. (1,599,969)

Changes in net assets of governmental activities \$ (2,468,759)

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

**City of San Bernardino
Statement of Net Assets
Proprietary Funds
June 30, 2009**

(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Funds			Totals
	Integrated Waste	Water	Sewer	
ASSETS				
Current assets:				
Cash and investments	\$ 50	\$ 10,988,446	\$ 20,756,145	\$ 31,744,641
Cash and investments with fiscal agents	3,647,212	-	-	3,647,212
Receivables:				
Accounts, net	2,621,927	4,313,408	2,491,485	9,426,820
Interest	6,192	-	-	6,192
Other	-	-	-	-
Inventories	-	1,604,597	-	1,604,597
Prepays	-	73,201	1,006,657	1,079,858
Due from other governments	-	1,295,066	819,403	2,114,469
Due from other funds	409,603	197,149	-	606,752
Total current assets	6,684,984	18,471,867	25,073,690	50,230,541
Noncurrent assets:				
Cash and investments				
Restricted for debt service	-	32,840	3,560,993	3,593,833
Restricted for capital related fees	-	6,328,449	13,503,277	19,831,726
Restricted for deposits	-	2,592,741	-	2,592,741
Restricted for consent decree	-	21,059,979	-	21,059,979
Guaranteed investment contract	-	-	-	-
Interest receivable	-	149,385	80,765	230,150
Prepaid insurance - consent decree	-	39,414,022	-	39,414,022
Note proceeds held by State	-	3,506,098	-	3,506,098
Total restricted assets	-	73,083,514	17,145,035	90,228,549
Note receivable	-	6,295	-	6,295
Capital assets:				
Land and easements	-	2,944,972	12,470,740	15,415,712
Construction in progress	-	12,660,529	7,289,753	19,950,282
Capital assets being depreciated, net	9,416,355	132,520,867	77,339,264	219,276,486
Total capital assets	9,416,355	148,126,368	97,099,757	254,642,480
Other assets	-	-	506,835	506,835
Total noncurrent assets	9,416,355	221,216,177	114,751,627	345,384,159
Total assets	16,101,339	239,688,044	139,825,317	395,614,700

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

Governmental Activities - Internal Service Funds	Totals	
	2009	2008
\$ 43,478	\$ 31,788,119	\$ 30,145,210
754,032	4,401,244	2,402,954
-	9,426,820	9,586,649
30,794	36,986	47,279
1,426	1,426	5,782
421,997	2,026,594	1,781,527
-	1,079,858	1,327,303
454,940	2,569,409	3,263,974
5,855,082	6,461,834	5,018,172
<u>7,561,749</u>	<u>57,792,290</u>	<u>53,578,850</u>
-	3,593,833	24,205,033
-	19,831,726	2,533,998
-	2,592,741	3,501,829
-	21,059,979	2,215,690
-	-	17,545,260
-	230,150	1,031,389
-	39,414,022	41,457,912
-	3,506,098	5,642,389
<u>-</u>	<u>90,228,549</u>	<u>98,133,500</u>
<u>-</u>	<u>6,295</u>	<u>-</u>
-	15,415,712	15,415,712
-	19,950,282	21,620,323
<u>5,427,968</u>	<u>224,704,454</u>	<u>223,588,214</u>
<u>5,427,968</u>	<u>260,070,448</u>	<u>260,624,249</u>
<u>-</u>	<u>506,835</u>	<u>584,840</u>
<u>5,427,968</u>	<u>350,812,127</u>	<u>359,342,589</u>
<u>12,989,717</u>	<u>408,604,417</u>	<u>412,921,439</u>

**City of San Bernardino
Statement of Net Assets
Proprietary Funds
June 30, 2009**

(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Funds			Totals
	Integrated Waste	Water	Sewer	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 601,834	\$ 3,617,011	\$ 1,892,734	\$ 6,111,579
Accrued liabilities	-	1,664,226	537,656	2,201,882
Interest payable	-	221,275	530,808	752,083
Due to other funds	-	-	197,149	197,149
Advances from other funds	-	-	-	-
Deposits payable	383,626	312,123	-	695,749
Claims and judgments payable - current	-	323,062	98,237	421,299
Compensated absences - current	584,886	966,929	472,561	2,024,376
Capital lease payable - current	2,009,449	19,642	-	2,029,091
Notes payable - current	-	926,464	2,056,342	2,982,806
Lease revenue bonds - current	-	10,000	-	10,000
Water bonds payable - current	-	-	-	-
Certificates of participation - current	-	-	2,217,793	2,217,793
Total current liabilities	3,579,795	8,060,732	8,003,280	19,643,807
Noncurrent liabilities:				
Consumer deposits	-	2,579,699	-	2,579,699
Claims and judgments payable	-	-	-	-
Compensated absences	164,156	447,308	57,126	668,590
Deferred revenue - consent decree	-	60,473,518	-	60,473,518
Capital lease payable	10,000,332	-	-	10,000,332
Notes payable	-	16,859,776	11,052,837	27,912,613
Water bonds payable	-	35,000	-	35,000
Certificates of participation	-	-	19,539,695	19,539,695
OPEB obligation	-	2,071,000	1,237,000	3,308,000
Total noncurrent liabilities	10,164,488	82,466,301	31,886,658	124,517,447
Total liabilities	13,744,283	90,527,033	39,889,938	144,161,254
NET ASSETS				
Invested in capital assets, net of related debt	(2,593,426)	133,834,066	65,794,083	197,034,723
Restricted for:				
Capital related fees	-	6,328,449	13,503,277	19,831,726
Unrestricted (deficit)	4,950,482	8,998,496	20,638,019	34,586,997
Total net assets (deficit)	\$ 2,357,056	\$149,161,011	\$ 99,935,379	\$251,453,446

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

Governmental Activities – Internal Service Funds	Totals	
	2009	2008
\$ 905,612	\$ 7,017,191	\$ 9,305,019
-	2,201,882	2,027,000
-	752,083	809,684
30,006	227,155	307,756
283,774	283,774	361,774
-	695,749	1,222,474
3,661,400	4,082,699	4,452,768
287,953	2,312,329	2,504,538
991,103	3,020,194	2,512,806
-	2,982,806	2,457,494
35,000	45,000	35,000
-	-	10,000
-	2,217,793	2,102,242
<u>6,194,848</u>	<u>25,838,655</u>	<u>28,108,555</u>
-	2,579,699	2,582,506
10,515,518	10,515,518	9,159,424
598,556	1,267,146	931,148
-	60,473,518	62,055,217
1,820,234	11,820,566	9,166,596
-	27,912,613	30,895,419
-	35,000	45,000
165,000	19,704,695	21,957,488
-	3,308,000	1,632,000
<u>13,099,308</u>	<u>137,616,755</u>	<u>138,424,798</u>
<u>19,294,156</u>	<u>163,455,410</u>	<u>166,533,353</u>
2,348,201	199,382,924	200,636,334
-	19,831,726	24,205,033
<u>(8,652,640)</u>	<u>25,934,357</u>	<u>21,546,719</u>
<u>\$ (6,304,439)</u>	<u>\$245,149,007</u>	<u>\$ 246,388,086</u>

City of San Bernardino
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Proprietary Funds
For the year ended June 30, 2009
(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Funds			Totals
	Integrated Waste	Water	Sewer	
OPERATING REVENUES				
Charges for services	\$ 25,095,208	\$ 25,308,524	\$ 20,124,192	\$ 70,527,924
Other operating revenues	-	1,950,430	1,083,829	3,034,259
Total operating revenues	<u>25,095,208</u>	<u>27,258,954</u>	<u>21,208,021</u>	<u>73,562,183</u>
OPERATING EXPENSES				
Cost of sales and service	17,213,260	-	-	17,213,260
Administration	3,325,872	8,275,959	-	11,601,831
Engineering, operations and distribution administration	-	3,625,741	3,334,540	6,960,281
Plant operations	-	7,155,031	9,644,861	16,799,892
Maintenance	-	1,853,244	2,928,189	4,781,433
Environmental control	-	-	592,629	592,629
Distribution	-	3,753,301	-	3,753,301
Engineering	-	3,046,765	16,278	3,063,043
Claims expense	-	-	-	-
Depreciation and amortization	2,399,761	5,224,933	5,888,314	13,513,008
Total operating expenses	<u>22,938,893</u>	<u>32,934,974</u>	<u>22,404,811</u>	<u>78,278,678</u>
Operating income (loss)	<u>2,156,315</u>	<u>(5,676,020)</u>	<u>(1,196,790)</u>	<u>(4,716,495)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	19,126	1,109,737	1,679,388	2,808,251
Noncapital grants	-	2,043,889	-	2,043,889
Interest expense and fiscal charges	(321,194)	(601,795)	(1,737,252)	(2,660,241)
Gain (loss) on disposal of capital assets	(443,789)	309,708	(3,736)	(137,817)
Miscellaneous	689,985	(8,021)	(74,211)	607,753
Total nonoperating revenues (expenses)	<u>(55,872)</u>	<u>2,853,518</u>	<u>(135,811)</u>	<u>2,661,835</u>
Income before contributions and transfers	<u>2,100,443</u>	<u>(2,822,502)</u>	<u>(1,332,601)</u>	<u>(2,054,660)</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	-	3,919,197	1,278,657	5,197,854
Transfers in	-	-	-	-
Transfers out	(2,782,300)	-	-	(2,782,300)
Total contributions and transfers	<u>(2,782,300)</u>	<u>3,919,197</u>	<u>1,278,657</u>	<u>2,415,554</u>
Change in net assets	(681,857)	1,096,695	(53,944)	360,894
Net assets (deficit), beginning of year	<u>3,038,913</u>	<u>148,064,316</u>	<u>99,989,323</u>	<u>251,092,552</u>
Net assets (deficit), end of year	<u>\$ 2,357,056</u>	<u>\$149,161,011</u>	<u>\$ 99,935,379</u>	<u>\$251,453,446</u>

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

Governmental Activities - Internal Service Funds	Totals	
	2009	2008
\$ 22,980,577	\$ 93,508,501	\$ 96,320,417
-	3,034,259	2,879,584
<u>22,980,577</u>	<u>96,542,760</u>	<u>99,200,001</u>
16,781,293	33,994,553	37,055,281
-	11,601,831	11,233,066
-	6,960,281	8,921,244
-	16,799,892	17,219,429
-	4,781,433	4,951,819
-	592,629	703,880
-	3,753,301	3,621,228
-	3,063,043	2,437,557
7,102,350	7,102,350	3,427,374
2,326,638	15,839,646	14,381,516
<u>26,210,281</u>	<u>104,488,959</u>	<u>103,952,394</u>
<u>(3,229,704)</u>	<u>(7,946,199)</u>	<u>(4,752,393)</u>
94,961	2,903,212	4,290,200
-	2,043,889	2,715,957
(110,470)	(2,770,711)	(2,765,397)
49,140	(88,677)	(541,538)
468,084	1,075,837	929,526
<u>501,715</u>	<u>3,163,550</u>	<u>4,628,748</u>
<u>(2,727,989)</u>	<u>(4,782,649)</u>	<u>(123,645)</u>
-	5,197,854	13,263,336
1,128,016	1,128,016	550,900
-	(2,782,300)	(2,682,300)
<u>1,128,016</u>	<u>3,543,570</u>	<u>11,131,936</u>
(1,599,973)	(1,239,079)	11,008,291
<u>(4,704,466)</u>	<u>246,388,086</u>	<u>235,379,795</u>
<u>\$ (6,304,439)</u>	<u>\$245,149,007</u>	<u>\$246,388,086</u>

City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2009
(with prior year data for comparative purposes only)

	Business-type Activities - Enterprise Funds			Totals
	Integrated Waste	Water	Sewer	
Cash flows from operating activities:				
Cash received from customers	\$ 25,046,988	\$ 27,477,387	\$ 21,412,636	\$ 73,937,011
Cash received from user departments	-	-	-	-
Cash payments to suppliers for goods and services	(14,305,709)	(18,935,373)	(13,464,015)	(46,705,097)
Cash payments for claims	-	-	-	-
Cash payments to employees for services	(6,888,646)	(7,665,862)	(3,397,946)	(17,952,454)
Cash received from other activities	689,985	402,817	(51,121)	1,041,681
Net cash provided by operating activities	4,542,618	1,278,969	4,499,554	10,321,141
Cash flows from noncapital financing activities:				
Transfer from other funds	-	-	-	-
Transfer to other funds	(2,782,300)	-	-	(2,782,300)
Interfund loans	(409,603)	-	-	(409,603)
Collection on notes receivable	-	(6,295)	-	(6,295)
Consent decree insurance drawdowns	-	2,043,889	-	2,043,889
Net cash provided by (used for) noncapital financing activities	(3,191,903)	2,037,594	-	(1,154,309)
Cash flows from capital and related financing activities:				
Cash paid for acquisition of capital assets	(123,530)	(8,777,437)	(839,053)	(9,740,020)
Proceeds from capital debt	1,369,107	2,136,291	-	3,505,398
Principal payments on long-term debt	(1,537,772)	(559,106)	(4,197,317)	(6,294,195)
Proceeds from sale of capital assets	86,252	156,615	-	242,867
Interest paid on long-term debt	(321,194)	(608,368)	(1,687,518)	(2,617,080)
Charges to property owners for capital projects	-	2,442,273	1,278,657	3,720,930
Net cash (used for) capital and related financing activities	(527,137)	(5,209,732)	(5,445,231)	(11,182,100)

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

Governmental Activities - Internal Service Funds	Totals	
	2009	2008
\$ -	\$ 73,937,011	\$ 72,506,694
22,656,346	22,656,346	26,285,854
(12,029,315)	(58,734,412)	(52,492,090)
(5,851,248)	(5,851,248)	(4,423,314)
(5,046,588)	(22,999,042)	(33,327,527)
468,084	1,509,765	518,887
197,279	10,518,420	9,068,504
1,128,016	1,128,016	550,900
-	(2,782,300)	(2,682,300)
(1,207,695)	(1,617,298)	(4,404,215)
-	(6,295)	785,250
-	2,043,889	2,715,957
(79,679)	(1,233,988)	(3,034,408)
(632,522)	(10,372,542)	(15,464,398)
880,687	4,386,085	4,357,611
(1,245,265)	(7,539,460)	(6,197,242)
49,140	292,007	82,367
(110,470)	(2,727,550)	(2,608,246)
-	3,720,930	8,288,613
(1,058,430)	(12,240,530)	(11,541,295)

City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2009
(with prior year data for comparative purposes only)

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>
	<u>Integrated Waste</u>	<u>Water</u>	<u>Sewer</u>	
Cash flows from investing activities:				
Liquidation of investments	\$ -	\$ 17,545,260	\$ -	\$ 17,545,260
Interest received	22,764	1,809,845	1,652,562	3,485,171
Net cash provided by investing activities	<u>22,764</u>	<u>19,355,105</u>	<u>1,652,562</u>	<u>21,030,431</u>
Net increase (decrease) in cash and investments	846,342	17,461,936	706,885	19,015,163
Cash and investments, beginning of year	<u>2,800,920</u>	<u>23,540,519</u>	<u>33,552,537</u>	<u>59,893,976</u>
Cash and investments, end of year	<u>\$ 3,647,262</u>	<u>\$ 41,002,455</u>	<u>\$ 34,259,422</u>	<u>\$ 78,909,139</u>
Reconciliation of cash and cash equivalents to amounts reported on statement of net assets:				
Reported on statement of net assets:				
Cash and investments	\$ 3,647,262	\$ 10,988,446	\$ 20,756,145	\$ 35,391,853
Restricted assets	-	73,083,514	17,145,035	90,228,549
Less restricted assets not meeting the definition of cash equivalents:				
Investment agreements	-	-	(3,560,993)	(3,560,993)
Prepaid insurance	-	(39,414,022)	-	(39,414,022)
Interest and other receivables	-	(149,385)	(80,765)	(230,150)
Note proceeds held by State	-	(3,506,098)	-	(3,506,098)
Cash and cash equivalents at end of year	<u>\$ 3,647,262</u>	<u>\$ 41,002,455</u>	<u>\$ 34,259,422</u>	<u>\$ 78,909,139</u>

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

Governmental Activities - Internal Service Funds	Totals	
	2009	2008
\$ -	\$ 17,545,260	\$ -
101,460	3,586,631	4,080,100
101,460	21,131,891	4,080,100
(839,370)	18,175,793	(1,427,099)
1,636,880	61,530,856	62,957,955
<u>\$ 797,510</u>	<u>\$ 79,706,649</u>	<u>\$ 61,530,856</u>
\$ 797,510	\$ 36,189,363	\$ 32,548,164
-	90,228,549	98,133,500
-	(3,560,993)	(21,019,118)
-	(39,414,022)	(41,457,912)
-	(230,150)	(1,031,389)
-	(3,506,098)	(5,642,389)
<u>\$ 797,510</u>	<u>\$ 79,706,649</u>	<u>\$ 61,530,856</u>

City of San Bernardino
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2009
(with prior year data for comparative purposes only)

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>
	<u>Integrated Waste</u>	<u>Water</u>	<u>Sewer</u>	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 2,156,315	\$ (5,676,020)	\$ (1,196,790)	\$ (4,716,495)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	2,399,761	5,224,933	5,888,314	13,513,008
Other nonoperating revenues (expenses)	689,985	402,817	(51,121)	1,041,681
(Increase) decrease in assets:				
Accounts receivables	(64,341)	218,433	5,737	159,829
Other receivables	-	-	-	-
Inventories	-	(130,297)	-	(130,297)
Prepays	-	13,480	53,152	66,632
Due from other governments	-	585,421	80,865	666,286
Due from other funds	-	253,888	213,650	467,538
Note proceeds held by state	-	-	-	-
Other assets	-	-	275,343	275,343
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(779,365)	(643,922)	(700,347)	(2,123,634)
Due to other funds	-	72,672	(94,192)	(21,520)
Deposits payable	16,121	(545,653)	-	(529,532)
Claims and judgments payable	-	(318,074)	24,943	(293,131)
Retentions payable	-	-	-	-
Notes payable	-	-	-	-
Compensated absences	124,142	462,191	-	586,333
OPEB obligation	-	1,359,100	-	1,359,100
	<u>-</u>	<u>1,359,100</u>	<u>-</u>	<u>1,359,100</u>
Net cash provided by operating activities	<u>\$ 4,542,618</u>	<u>\$ 1,278,969</u>	<u>\$ 4,499,554</u>	<u>\$ 10,321,141</u>
Noncash, investing, capital and financing activities:				
Acquisition of capital asset through capital lease	\$ 2,270,030	\$ -	\$ -	\$ 2,270,030
Developer contributions	-	1,476,924	-	1,476,924

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

Governmental Activities – Internal Service Funds	Totals	
	2009	2008
\$ (3,229,704)	\$ (7,946,199)	\$ (4,752,393)
2,326,638	15,839,646	14,381,516
468,084	1,509,765	519,457
-	159,829	(247,727)
68,378	68,378	1,784
(114,770)	(245,067)	103,916
180,813	247,445	151,150
(407,847)	258,439	(1,064,790)
203	467,741	(262,648)
-	-	934,000
-	275,343	(329,516)
(105,022)	(2,228,656)	3,160
15,036	(6,484)	(149,016)
-	(529,532)	(680,245)
956,094	662,963	(1,016,375)
-	-	(40,405)
-	-	41,698
39,376	625,709	184,938
-	1,359,100	1,290,000
<u>\$ 197,279</u>	<u>\$ 10,518,420</u>	<u>\$ 9,068,504</u>
\$ 1,466,521	\$ 3,736,551	\$ 6,196,904
-	1,476,924	4,974,723

City of San Bernardino
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009
(with prior year data for comparative purposes only)

	2009	2008
ASSETS		
Cash and investments	\$ 7,827,675	\$ 10,830,144
Cash and investments with fiscal agents	251,890	390,522
Receivables:		
Accounts	90,145	89,475
Interest	15,633	11,039
Due from other governmental agencies	215,417	255,131
Total assets	\$ 8,400,760	\$ 11,576,311
LIABILITIES		
Accounts payable	\$ -	\$ 184,433
Deposits payable	7,357,417	10,388,508
Due to bond holders	1,043,343	1,003,370
Total liabilities	\$ 8,400,760	\$ 11,576,311

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies

The City of San Bernardino, California (City) was incorporated on April 13, 1854, as a Charter City. The City operates under a Mayor/Council form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, community development (planning, building and zoning), public utilities (water, sewage and solid waste), and general administrative services.

a. Reporting Entity

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

a. Reporting Entity (continued)

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

b. Basis of Accounting and Measurement Focus

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

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

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

Government-wide Financial Statements

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements (continued)

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

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

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

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

Governmental Funds

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Governmental Funds (continued)

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

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

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

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Governmental Funds (continued)

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

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

Proprietary and Fiduciary Funds

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Fund Classifications

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

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

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Fund Classifications (continued)

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

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

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

c. Cash and Investments

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

d. Cash Equivalents

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

e. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$500 are capitalized if they have an expected useful life of three years or more. Infrastructure projects individually exceeding \$50,000 are capitalized if the project does not represent routine ordinary maintenance to keep the infrastructure assets in the condition necessary to perform its intended function, but rather improves the asset beyond its original condition or functionally, or extraordinarily extends the life of the asset beyond its original condition of functionality, or extraordinarily extends the life of the asset beyond original expectations. Generally, street slurry seals and repairs adding one inch or less of asphalt are considered to be routine maintenance regardless of the cost of the project.

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

Note 1: Summary of Significant Accounting Policies (continued)

e. Capital Assets (continued)

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

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

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

f. Long-Term Receivables

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

g. Inventories

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

h. Property Held for Resale

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

i. Deferred Charges

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

j. Fund Equity

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

k. Property Taxes

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

l. Comparative Data

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

m. Use of Estimates

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

Note 2: Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2009 as follows:

Statement of net assets:	
Cash and investments	\$ 172,098,319
Statement of fiduciary assets and liabilities:	
Cash and investments	<u>7,827,675</u>
Total cash and investments	<u>179,925,994</u>
Statement of net assets:	
Cash and investments with fiscal agents	33,409,419
Statement of fiduciary assets and liabilities:	
Cash and investments with fiscal agents	<u>251,890</u>
Total cash and investments with fiscal agents	<u>33,661,309</u>
Total cash and investments	<u><u>\$ 213,587,303</u></u>

Cash and investments at June 30, 2009 consisted of the following:

Petty cash	\$ 7,755
Demand deposits	(2,801,671)
Investments	<u>216,381,219</u>
Total cash and investments	<u><u>\$ 213,587,303</u></u>

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 2: Cash and Investments (continued)

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

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

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

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 2: Cash and Investments (continued)

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 2: Cash and Investments (continued)

Investment type	Total	Remaining maturity		
		12 months or less	13 to 24 months	25 to 60 months
Federal agency securities	\$ 78,513,849	\$ 32,767,062	\$ 24,835,216	\$ 20,911,571
U.S. Treasury securities	4,922,156	-	-	4,922,156
Corporate debt securities	6,700,438	954,487	847,846	4,898,105
Sweep account (money market fund)	4,144,486	4,144,486	-	-
Money market mutual funds	8,603,737	8,603,737	-	-
State investment pool	72,604,699	72,604,699	-	-
Commercial paper	3,669,550	3,669,550	-	-
Held by bond trustee:				
Federal agency issues	87,243	87,243	-	-
Investment contract	8,620,750	-	-	8,620,750
Money market funds	28,514,311	28,514,311	-	-
Total	\$216,381,219	\$151,345,575	\$ 25,683,062	\$ 39,352,582

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum legal rating	Ratings as of year end	Exempt from rating	Not rated
Federal agency securities	\$ 78,513,849	AA/Aa2	Aaa	\$ -	\$ -
U.S. Treasury securities	4,922,156	N/A	Not rated	4,922,156	-
Corporate debt securities	6,700,438	AA/Aa2	Aa3	-	-
Sweep account (money market fund)	4,144,486	A	Not rated	-	4,144,486
Money market mutual funds	8,603,737	A	Not rated	-	8,603,737
State investment pool	72,604,699	N/A	Not rated	-	72,604,699
Commercial paper	3,669,550	A-1	A-1	-	-
Held by bond trustee:					
Federal agency issues	87,243	AA/Aa2	Aaa	87,243	-
Investment contract	8,620,750	N/A	Not rated	-	8,620,750
Money market funds	28,514,311	AAA	AAA	-	28,514,311
Total	\$ 216,381,219			\$ 5,009,399	\$122,487,983

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 2: Cash and Investments (continued)

Concentration of Credit Risk

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

Issuer	Investment type	Reported amount
Federal Home Loan Mortgage FNMA	Federal agency securities	\$ 19,666,538
	Federal agency securities	31,592,299
Federal Home Loan Bank	Federal agency securities	18,448,087

Custodial Credit Risk

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

Investment in State Investment Pool

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 3: Interfund Receivables, Payables and Transfers

Current interfund receivables and payables at June 30, 2009, are as follows:

	Amount
Due to Nonmajor Funds from:	
Federal and State Programs Special Revenue Fund	\$ 715,407
General Fund	4,800,731
Nonmajor governmental funds	2,080,640
Total due to Nonmajor Governmental Funds	\$ 7,596,778
Due to Integrated Waste Fund from:	
General Fund	\$ 409,603
Due to Water Enterprise Fund from:	
Sewer Enterprise Fund	\$ 197,149
Due to Economic Development Agency Special Revenue Fund from:	
General Fund	\$ 238,530
Due to Economic Development Agency Capital Projects Fund from:	
General Fund	\$ 270,000
Due to Internal Service Funds from:	
General Fund	\$ 2,304,980
Other Internal Service Funds	30,006
Nonmajor governmental funds	3,520,096
Total due to Internal Service Funds	\$ 5,855,082

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

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

Long-term interfund receivables and payables at June 30, 2009, are as follows:

Advances from Economic Development Agency Special Revenue Fund to:	
Economic Development Agency Capital Projects Fund	<u>\$ 255,539</u>
Advances from Economic Development Agency Capital Projects Fund to:	
Economic Development Agency Special Revenue Fund	\$ 9,285,813
Nonmajor governmental funds	<u>900,000</u>
Total advances from Economic Development Agency Capital Projects Fund to other funds	<u>\$ 10,185,813</u>
Advances from nonmajor governmental funds to:	
Other nonmajor governmental funds	\$ 229,600
Internal service funds	<u>283,774</u>
Total advances from nonmajor governmental funds	<u>\$ 513,374</u>

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

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

Interfund transfers during the year ended June 30, 2009 were as follows:

Fund receiving transfers	Fund making transfers	Amount
<i>General fund</i>	Nonmajor funds	\$ 8,544,653
	Integrated waste	2,782,300
<i>Nonmajor funds</i>	General Fund	3,648,506
	Nonmajor funds	2,092,907
<i>Internal Service Funds</i>	General Fund	1,128,016
<i>Economic Development Agency Capital Projects Fund</i>	Economic Development Agency Special Revenue Fund	1,092,892
<i>Economic Development Agency Special Revenue Fund</i>	Economic Development Agency Capital Projects Fund	8,374,642
<i>Economic Development Agency Debt Service Fund</i>	Economic Development Agency Special Revenue Fund	1,579,515
	Economic Development Agency Capital Projects Fund	18,770,477
	General fund	1,858,953
Total transfers in		\$ 49,872,861

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities:				
Capital assets, not being depreciated:				
Land (1)	\$126,026,489	\$ -	\$ -	\$126,026,489
Construction in progress	11,974,853	9,958,425	(6,787,840)	15,145,438
Total capital assets, not being depreciated	<u>138,001,342</u>	<u>9,958,425</u>	<u>(6,787,840)</u>	<u>141,171,927</u>
Capital assets, being depreciated:				
Infrastructure	515,727,774	7,023,318	(21,659)	522,729,433
Buildings and improvements	82,816,813	2,862,169	-	85,678,982
Machinery, vehicles and equipment	65,812,747	7,574,891	(1,001,699)	72,385,939
Total capital assets, being depreciated	<u>664,357,334</u>	<u>17,460,378</u>	<u>(1,023,358)</u>	<u>680,794,354</u>
Less accumulated depreciation for:				
Infrastructure	(220,785,307)	(13,866,348)	14,479	(234,637,176)
Buildings and improvements	(54,739,651)	(2,328,778)	183,258	(56,885,171)
Machinery, vehicles and equipment	(51,406,984)	(5,082,063)	809,895	(55,679,152)
Total accumulated depreciation	<u>(326,931,942)</u>	<u>(21,277,189)</u>	<u>1,007,632</u>	<u>(347,201,499)</u>
Total capital assets, being depreciated, net	<u>337,425,392</u>	<u>(3,816,811)</u>	<u>(15,726)</u>	<u>333,592,855</u>
Governmental activities capital assets, net	<u>\$475,426,734</u>	<u>\$ 6,141,614</u>	<u>\$ (6,803,566)</u>	<u>\$474,764,782</u>

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 4: Capital Assets (continued)

	Beginning balance	Additions	Deletions	Ending balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and easements	\$ 15,415,712	\$ -	\$ -	\$ 15,415,712
Construction in progress	21,620,323	11,091,355	(12,761,396)	19,950,282
Total capital assets, not being depreciated	37,036,035	11,091,355	(12,761,396)	35,365,994
Capital assets, being depreciated:				
Water rights, wells and pumping plants	65,181,301	7,757,856	(62,652)	72,876,505
Distribution systems	100,339,018	4,008,441	(374,855)	103,972,604
Building, plants and store yards	155,053,204	345,322	(19,280)	155,379,246
Machinery, vehicles and equipment	32,123,515	3,226,805	(3,770,012)	31,580,308
Office leasehold improvements	2,190,680	-	-	2,190,680
Office, computer, engineering equipment	4,449,106	207,334	(1,040,611)	3,615,829
Radio and interoffice communication equipment	382,940	12,440	-	395,380
Telemetry system and equipment	1,623,161	42,065	-	1,665,226
Miscellaneous	426,549	-	-	426,549
Total capital assets, being depreciated	361,769,474	15,600,263	(5,267,410)	372,102,327
Less accumulated depreciation for:				
Water rights, wells and pumping plants	(23,850,248)	(2,139,645)	94,066	(25,895,827)
Distribution systems	(23,043,468)	(2,223,459)	369,724	(24,897,203)
Building, plants and store yards	(73,494,246)	(5,527,019)	35,808	(78,985,457)
Machinery, vehicles and equipment	(18,342,942)	(3,012,532)	3,122,708	(18,232,766)
Office leasehold improvements	(342,478)	(142,353)	-	(484,831)
Office, computer, engineering equipment	(3,485,720)	(212,459)	955,590	(2,742,589)
Radio and interoffice communication equipment	(295,964)	(565)	-	(296,529)
Telemetry system and equipment	(716,172)	(289,061)	-	(1,005,233)
Miscellaneous	(265,585)	(19,821)	-	(285,406)
Total accumulated depreciation	(143,836,823)	(13,566,914)	4,577,896	(152,825,841)
Total capital assets, being depreciated, net	217,932,651	2,033,349	(689,514)	219,276,486
Business-type activities capital assets, net	<u>\$ 254,968,686</u>	<u>\$ 13,124,704</u>	<u>\$(13,450,910)</u>	<u>\$ 254,642,480</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 4: Capital Assets (continued)

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

	Governmental activities	Business-type activities
Function:		
General government	\$ 930,290	\$ -
Public safety	2,251,017	-
Streets	14,499,022	-
Culture and recreation	503,248	-
Community development	413,127	-
Economic development	112,116	-
Community services	241,731	-
Integrated waste	-	2,399,781
Water	-	5,224,933
Sewer	-	5,888,314
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	2,326,638	-
Total depreciation expense	\$ 21,277,189	\$ 13,513,028

Note 5: Long-Term Liabilities - Governmental Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Governmental activities:					
<i>Capital leases payable</i>	\$ 5,935,942	\$ 2,402,345	\$ 1,972,558	\$ 6,365,729	\$ 1,811,394
<i>Claims and judgments</i>	13,220,824	5,287,581	4,331,487	14,176,918	3,661,400
<i>Compensated absences</i>	20,756,271	11,828,857	13,043,480	19,541,648	11,734,578
<i>OPEB obligation</i>	5,529,880	6,737,205	1,584,306	10,682,779	-
<i>Participation agreements:</i>					
Yellow Freight	455,963	-	-	455,963	-

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

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

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<i>Notes payable:</i>					
HUD Section 108:					
Cinema project	\$ 4,940,000	\$ -	\$ 340,000	\$ 4,600,000	\$ 360,000
Arden Guthrie	7,500,000	-	-	7,500,000	-
Reynolds	606,637	-	-	606,637	606,637
Bobbitt	3,662	-	3,662	-	-
Total notes payable	13,050,299	-	343,662	12,706,637	966,637
<i>Lease revenue bonds:</i>					
Public Facilities Lease (Lease Revenues Refunding 1997A, Series A)	4,790,000	-	705,000	4,085,000	705,000
City Hall Lease (Refunding Bonds, Series 1996)	9,975,000	-	445,000	9,530,000	445,000
Total lease revenue bonds	14,765,000	-	1,150,000	13,615,000	1,150,000
<i>California Infrastructure</i>					
Fire station lease	2,398,183	-	79,249	2,318,934	81,563
Street construction	4,440,350	4,163,641	1,033,821	7,570,170	1,058,323
Harriman Place Street Extension Lease	1,637,508	-	97,078	1,540,430	99,805
Total California infrastructure	8,476,041	4,163,641	1,210,148	11,429,534	1,239,691
<i>Tax allocation bonds:</i>					
Refunding Bonds, 2002	25,350,000	-	960,000	24,390,000	960,000
Bonds 2002A	3,290,000	-	60,000	3,230,000	60,000
Refunding Bonds, 1998A	13,205,000	-	735,000	12,470,000	735,000
Refunding Bonds, 1998B	6,275,000	-	300,000	5,975,000	300,000
Taxable 2006	26,595,000	-	1,125,000	25,470,000	1,125,000
Refunding Bonds, 2005A	51,855,000	-	2,130,000	49,725,000	2,130,000
Refunding Bonds, 2005B	19,580,000	-	820,000	18,760,000	820,000
Less: deferred charges	(2,030,044)	-	(123,527)	(1,906,517)	(123,526)
Total tax allocation bonds	144,119,956	-	6,006,473	138,113,483	6,006,474
<i>Assessment District bonds:</i>					
Assessment District No. 985	160,000	-	45,000	115,000	55,000
Assessment District No. 987	175,000	-	40,000	135,000	40,000
Total assessment district bonds	335,000	-	85,000	250,000	95,000

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

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

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<i>Certificates of Participation:</i>					
1999 Certificates of participation	\$ 12,405,000	\$ -	\$ 470,000	\$ 11,935,000	\$ 470,000
<i>Pension obligation bonds payable:</i>					
Taxable Pension Obligation Bonds, 2005 Series A	49,564,907	-	965,000	48,599,907	-
<i>Purchase agreement:</i>					
Foundation for California State University, San Bernardino	106,900	-	106,900	-	-
Governmental activities long-term liabilities	<u>\$ 288,721,983</u>	<u>\$ 30,419,629</u>	<u>\$ 31,269,014</u>	<u>\$ 287,872,598</u>	<u>\$ 27,135,174</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$886,510 of compensated absences, \$14,176,918 of claims and judgments payable, \$2,811,337 of capital leases payable, and \$200,000 of lease revenue bonds for internal service funds are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

Amount
outstanding at
June 30, 2009

Capital Leases Payable

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

\$ 6,365,729

Assets acquired through capital leases are as follows:

	Governmental activities
Machinery, vehicles and equipment	\$ 10,885,966
Less: accumulated depreciation	<u>(5,131,430)</u>
Total	<u>\$ 5,754,536</u>

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

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

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

Year ending June 30,	Principal	Interest
2010	\$ 1,818,393	\$ 216,086
2011	1,359,815	154,953
2012	918,811	109,640
2013	549,537	81,289
2014	543,422	60,695
2015 – 2019	1,175,751	82,595
2020 – 2024	-	-
Total	<u>\$ 6,365,729</u>	<u>\$ 705,258</u>
		Amount outstanding at June 30, 2009

Participation Agreements

Yellow Freight

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

\$ 455,963

Notes Payable

Section 108 Notes:

Cinema Project

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

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

Amount
outstanding at
June 30, 2009

Notes Payable (continued)

Section 108 Notes (continued):

Cinema Project (continued)

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

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

\$ 4,600,000

Arden-Guthrie Focused Neighborhood Revitalization Project

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

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

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

Amount
Outstanding at
June 30, 2009

Notes Payable (continued)

Section 108 Notes (continued):

Arden-Guthrie Focused Neighborhood Revitalization Project (continued)

On the Conversion Date a fixed rate of interest will be determined and interest payments will be due semiannually on February 1 and August 1 beginning February 1, 2007 through August 1, 2025. Principal payments are to be made annually on August 1, beginning August 1, 2011 through August 1, 2025. \$ 7,500,000

Reynolds of San Bernardino, a California Corporation

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

Total notes payable \$ 12,706,637

The annual requirements to amortize notes payable outstanding as of June 30, 2009 are as follows:

Year ending June 30,	Principal	Interest
2010	\$ 966,637	\$ 777,212
2011	380,000	724,105
2012	744,000	686,183
2013	779,000	637,092
2014	814,000	585,046
2015 – 2019	4,715,000	2,013,764
2020 – 2024	3,040,000	812,817
2025 – 2027	<u>1,268,000</u>	<u>73,369</u>
Totals	<u><u>\$ 12,706,637</u></u>	<u><u>\$ 6,309,588</u></u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

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

Lease Revenue Bonds

Public Facilities Lease Revenue Refunding Bonds, 1997 Series A

\$10,370,000 of Public Facilities Lease Revenue Refunding Bonds, issue of 1997, Series A, were issued for the purpose of refunding the Agency's Public Facilities Lease Revenue Bonds, 1989 Series A and to provide funds for the construction and leasing of a fueling station. The bonds consist of \$5,580,000 of serial bonds with interest rates varying from 3.850% to 4.750%, maturing annually on September 1 of each year through September 1, 2007 and \$4,790,000 of term bonds due September 1, 2013, bearing interest at 5.000%. Interest is payable semiannually on March 1, and September 1. The term bonds shall be redeemed prior to maturity beginning September 1, 2008 to September 1, 2013 from the Term Bond Sinking Fund. The amount outstanding at June 30, 2009 is \$4,085,000.

Bonds maturing on or after September 1, 2008 are subject to redemption before maturity, at the option of the Agency, from available funds, on any date after September 1, 2007. Such bonds will be redeemed at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2009 the reserve requirement was \$945,000 and the amount actually held in the reserve account was \$945,152.

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

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

\$16,320,000 of Lease Revenue Refunding Bonds (City Hall Project), Series 1996, were issued to refund the Central City Project, \$12,000,000 Certificates of Participation (Series 1992) and to finance the acquisition of certain equipment and other capital improvements by the City. These bonds consisted of: \$4,235,000 of serial bonds with interest rates varying from 4.15% to 5.00%; and \$1,690,000 of term bonds bearing interest at 5.10%; \$865,000 of term bonds, bearing interest of 5.30%; \$3,215,000 of term bonds, bearing interest at 5.60% and \$6,315,000 of term bonds, bearing interest at 5.70%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on January 1, 1999 through January 1, 2005. Term bonds are due January 1, 2007, January 1, 2009, January 1, 2015 and January 1, 2023 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund. The amount outstanding at June 30, 2009 is \$9,530,000.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

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

Lease Revenue Bonds (continued)

The Bonds are subject to optional redemption as a whole or in part on any date on or after January 1, 2007, at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2008 the reserve requirement was \$1,008,580 and the amount actually held in the reserve account was \$1,018,690.

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

The annual requirements to amortize lease revenue bonds outstanding as of June 30, 2009 are as follows:

Year ending June 30,	Principal	Interest
2010	\$ 1,205,000	\$ 725,745
2011	1,265,000	661,830
2012	1,335,000	594,640
2013	1,405,000	523,770
2014	1,480,000	449,095
2015 – 2019	3,420,000	1,604,510
2020 – 2023	3,505,000	513,285
Totals	<u>\$ 13,615,000</u>	<u>\$ 5,072,875</u>

Fire Station Lease

On August 2, 2004, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a lease agreement in regard to the purchase of a Fire Station. Subject to the provisions of the lease, the City agrees to pay to the CIEDB as rental for use and occupancy of the Fire Station lease payments on February 1 and August 1 of each year. The lease amount outstanding at June 30, 2009 is \$2,318,934.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

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

Harriman Place Street Extension Lease

On August 28, 2001, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a lease agreement in regard to the Harriman Place Street Extension Project (Project). The Project will be located on real property owned by the City. Subject to the provisions of the lease, the City agrees to pay to the CIEDB as rental for use and occupancy of the Harriman Street Extension lease payments on February 1 and August 1 of each year. The lease amount outstanding at June 30, 2009 is \$1,540,340.

Street Construction

On September 27, 2005, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a financing agreement for the pavement reconstruction and 25.5 miles of pavement rehabilitation projects on public streets throughout the City. The City agrees to pay the CIEDB on August 1 and February 1, beginning in fiscal year 2009. During the fiscal year ended June 30, 2009, the City had drawn a total of \$9,613,878 of the \$10,000,000 available. The lease amount outstanding at June 30, 2009 was \$7,570,170. Since the full amount of the debt has not been drawn, there is no set debt service schedule.

The annual requirements to amortize the leases as of June 30, 2009 are as follows:

Year ending June 30,	Principal	Interest
2010	\$ 1,239,691	\$ 284,429
2011	1,269,960	253,789
2012	1,300,971	222,397
2013	1,332,744	190,235
2014	1,365,295	157,284
2015 – 2019	3,127,299	397,851
2020 – 2024	982,765	178,767
2025 – 2029	665,766	70,896
2030 – 2034	145,043	2,116
Totals	<u>\$ 11,429,534</u>	<u>\$ 1,757,764</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

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

Tax Allocation Bonds

2002 Tax Allocation Refunding Bonds

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

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

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

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

A reserve account is required to be maintained in the amount of \$2,683,230. The balance held in the reserve account as of June 30, 2009 was \$2,683,586. At June 30, 2009, \$24,390,000 of the bonds were outstanding.

Tax Allocation Bonds, Series 2002A

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

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

Tax Allocation Bonds (continued)

Tax Allocation Bonds, Series 2002A (continued)

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, 2009 was \$263,629. At June 30, 2009, \$3,230,000 of the bonds were outstanding.

Refunding Bonds, Series 1998A

The \$19,000,000 of tax allocation refunding bonds, issue of 1998, Series A, consist of serial bonds with varying interest rates from 3.600% to 5.750%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on July 1 through July 1, 2020. The amount outstanding at June 30, 2009 is \$12,470,000.

The Series A bonds are not subject to optional redemption. The bonds are secured by a pledge of property tax apportionments from the Central City Project Area. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2009 the reserve requirement was \$1,456,515 and the amount actually held in the reserve account was \$1,456,772.

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

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

Tax Allocation Bonds (continued)

Subordinate Refunding Bonds, Series 1998B

The \$8,590,000 of subordinated tax allocation refunding bonds, issue of 1998, consist of \$4,815,000 of serial bonds with varying interest rates from 4.500% to 5.875% and \$3,775,000 of term bonds, bearing interest at 6.000%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on July 1 through July 1, 2014. Term bonds are due July 1, 2020 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund on July 1, 2015 to July 1, 2020 without premium. The amount outstanding at June 30, 2009 is \$5,975,000.

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

The bonds are secured by a pledge of property tax apportionments from the Central City Project Area. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2009 the reserve requirement was \$639,012 and the amount actually held in the reserve account was \$639,124.

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

Tax Allocation Revenue Refunding Bonds, Series 2005A

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

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

Tax Allocation Bonds (continued)

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

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

A reserve account is required to be maintained in the amount of \$5,068,736. The balance held in the reserve account as of June 30, 2009 was \$5,095,035. At June 30, 2009, \$49,725,000 of the bonds were outstanding.

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

Tax Allocation Revenue Refunding Bonds, Series 2005B

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

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

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

A reserve account is required to be maintained in the amount of \$1,929,293. The balance held in the reserve account as of June 30, 2009 was \$1,942,427. At June 30, 2009, \$18,760,000 of the bonds were outstanding.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

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

Tax Allocation Bonds (continued)

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

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

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

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

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

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

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

A reserve account is required to be maintained in the amount of \$2,698,116. The balance held in the reserve account as of June 30, 2009 was \$2,698,294. At June 30, 2009, \$25,470,000 of the bonds were outstanding.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

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

Tax Allocation Bonds (continued)

The annual requirements to amortize tax allocation debt outstanding as of June 30, 2009 are as follows:

Year ending June 30	Principal	Interest
2010	\$ 6,460,000	\$ 8,052,758
2011	6,810,000	7,697,083
2012	7,190,000	7,319,343
2013	7,585,000	6,910,670
2014	8,020,000	6,473,398
2015 – 2019	47,465,000	24,715,840
2020 – 2024	41,565,000	10,244,655
2025 – 2029	14,055,000	1,541,236
2030 – 2032	870,000	95,790
Totals	<u>\$ 140,020,000</u>	<u>\$ 73,050,773</u>

Pledged Revenues

The Agency has pledged 100% of future tax increment revenue (less amounts payable by or required to be set-aside by the Agency under any pass-through agreements and by the amount required to be set-aside for low and moderate housing as required by the California Health and Safety Code) as security for the bonds (as listed below) in the amount of \$212,070,773 (total principal and interest). The pledges are considered outstanding for the duration of the debt service requirements. Total pledged revenues for the fiscal year ended June 30, 2009, totaled \$41,873,199 with the required debt service amount of \$14,520,642 for the following Bonds:

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

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

Assessment District Bonds

Assessment District No. 985 Bonds Payable

\$1,102,000 of Assessment District No. 985 bonds, issue of 1991, were issued on February 28, 1990. The bonds consist of coupon bonds from 6.10% to 7.70%. Interest is payable semiannually on March 2 and September 2. Serial Bonds mature annually on September 2 through September 2, 2010. The bonds were issued to provide funds, acquire and construct the work and improvements authorized by the City in the legal proceedings of Assessment District No. 985 located in the City and to pay the authorized incidental expenses of the Assessment District Project and improvement bond financing. The outstanding balance at June 30, 2009 was \$115,000.

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

Assessment District No. 987 Bonds Payable

\$709,000 of Assessment District No. 987 bonds, issue of 1991, were issued on December 2, 1991. The bonds consist of coupon bonds from 5.75% to 7.30%. Interest is payable semiannually on March 2 and September 2. Serial Bonds mature annually on September 2 through September 2, 2011. The bonds were issued to provide funds, acquire and construct the work and improvements authorized by the City in the legal proceedings for Assessment District No. 987 located in the City and to pay the Authorized incidental expenses of the Assessment District Project and improvement bond financing. The outstanding balance at June 30, 2009 was \$135,000.

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

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

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

Assessment District Bonds (continued)

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

Year ending June 30,	Principal	Interest
2010	\$ 95,000	\$ 15,650
2011	105,000	7,929
2012	50,000	1,938
Totals	<u>\$ 250,000</u>	<u>\$ 25,517</u>

Certificates of Participation

1999 Certificates of Participation

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

The Certificates mature on September 1 of each year, beginning September 1, 2001 through September 1, 2024, in amounts ranging from \$330,000 to \$1,080,000. The interest represented by the Certificates will be calculated, on the basis of a 360-day year of twelve 30-day months, from September 1, 1999, at the rates per annum set forth in the bond documents and will represent the sum of the portions of the Lease Payments designated as interest coming due during the six months preceding each Interest Payment Date. The interest rates will range approximately from 3.70% to 5.50%. The outstanding balance at June 30, 2009 was \$11,935,000.

**City of San Bernardino,
Notes to Basic Financial Statements
For the year ended June 30, 2009**

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

Certificates of Participation (continued)

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

The Certificates represent direct, undivided fractional interest in lease payments to be made by the City under the lease agreements. A reserve fund is required to be maintained in an amount equal to the maximum annual debt service. At June 30, 2009, the reserve requirement was \$1,147,000 and the amount actually held in the reserve account was \$1,171,536.

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

Year ending June 30,	Principal	Interest
2010	\$ 485,000	\$ 641,511
2011	510,000	615,725
2012	540,000	586,850
2013	575,000	556,188
2014	600,000	523,875
2015 – 2019	3,535,000	2,070,888
2020 – 2024	4,610,000	957,550
2025	1,080,000	29,700
Totals	<u>\$ 11,935,000</u>	<u>\$ 5,982,287</u>

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

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

Pension Obligation Bonds

2006 Taxable Pension Obligation Bonds

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

The standard bonds are dated October 1, 2005, with an interest rate of 5.628%, maturing annually commencing October 1, 2024 through October 1, 2035. Interest is due annually commencing on October 1, 2006 through October 1, 2035.

The capital appreciation bonds are dated October 1, 2005, with interest rates varying from 4.993% to 5.877%, maturing annually commencing October 1, 2007 through October 1, 2024.

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

Year ending June 30,	Principal	Interest
2010	\$ 829,038	\$ 2,028,894
2011	826,800	2,028,894
2012	934,391	2,028,894
2013	916,280	2,028,894
2014	895,138	2,028,894
2015 – 2019	4,157,060	10,144,470
2020 – 2024	3,591,100	10,144,470
2025 – 2029	7,841,283	9,017,041
2030 – 2034	15,910,000	5,455,777
2035 – 2039	12,698,817	507,646
Totals	<u>\$ 48,599,907</u>	<u>\$ 45,413,874</u>

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

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

The following is a summary of changes in business-type long-term liabilities for the year ended June 30, 2009:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Business-type activities:					
<i>Capital leases payable</i>	\$ 10,004,851	\$ 3,639,138	\$ 1,614,566	\$ 12,029,423	\$ 2,029,091
<i>Compensated absences</i>	2,588,553	584,886	480,473	2,692,966	2,024,376
<i>Notes payable</i>	33,352,913	-	2,457,494	30,895,419	2,982,806
<i>Certificates of Participation:</i>					
Refunding sewer revenue COPS	24,035,000	-	2,125,000	21,910,000	2,240,000
Less: deferred charges	(175,270)	-	(22,758)	(152,512)	(22,207)
Subtotal	23,859,730	-	2,102,242	21,757,488	2,217,793
<i>Water bonds payable</i>	55,000	-	10,000	45,000	10,000
<i>OPEB obligation</i>	1,632,000	1,676,000	-	3,308,000	-
Business-type activities long-term liabilities	<u>\$ 71,493,047</u>	<u>\$ 5,900,024</u>	<u>\$ 6,664,775</u>	<u>\$ 70,728,296</u>	<u>\$ 9,264,066</u>

Capital Leases Payable

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

	Amount outstanding at June 30, 2009
<i>Integrated Waste Equipment</i>	
The City entered into several lease purchase agreements for the financing of the acquisition of refuse trucks and street sweepers. The terms of leases vary from 48 to 84 months with individual semi-annual payments ranging from \$33,339 to \$595,502.	\$ 12,009,781
<i>Water Equipment</i>	
The City entered into a lease purchase agreements for the financing of furniture and equipment. The terms of the leases are for 60 months with quarterly payments of \$19,772.	<u>19,642</u>
Total capital leases payable	<u>\$ 12,029,423</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

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

Capital Leases Payable (continued)

Year ending June 30,	Business-Type Activities	
	Principal	Interest
2010	\$ 2,029,092	\$ 400,337
2011	2,080,504	329,103
2012	2,120,757	255,511
2013	2,641,841	190,364
2014	1,267,833	96,545
2015 – 2019	1,310,147	54,231
2020 – 2024	579,249	16,254
Totals	<u>\$ 12,029,423</u>	<u>\$ 1,342,345</u>

Water Bonds Payable

Waterworks Bonds, Series C

During the year ended June 30, 1992, the South San Bernardino Water District merged with the Water Department. The department assumed all bonds. The bonds were initially issued March 1, 1988, for \$150,000 and mature annually commencing September 1, 1993, through September 1, 2013 in principal amounts ranging from \$5,000 to \$15,000. Interest accrues at 7.75%. The outstanding balance at June 30, 2009 is \$45,000.

The annual requirements to amortize bonds payable subsequent to June 30, 2009 are as follows:

Year ending June 30,	Principal	Interest
2010	\$ 10,000	\$ 3,488
2011	10,000	2,713
2012	10,000	1,938
2013	15,000	1,163
Totals	<u>\$ 45,000</u>	<u>\$ 9,302</u>

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

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

Certificates of Participation

Refunding Sewer Revenue Certificates of Participation

\$36,230,000 of refunding sewer revenue certificates of participation, 1998, were issued consisting of \$29,855,000 of serial certificates with variable interest rates ranging from 3.95% to 5.25% and \$6,375,000 of term certificates, bearing interest at 5.00%. Interest is payable semiannually of February 1, and August 1. Serial certificates mature annually on February 1 through February 1, 2015. Term certificates are due February 1, 2017, and are subject to mandatory sinking fund prepayments beginning February 1, 2016. The outstanding balance at June 30, 2009, net of deferred charges of \$152,512 is \$21,757,488.

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

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

The required reserve for the 1998 Refunding Sewer Revenue Certificates of Participation is \$2,240,000. As of June 30, 2009, the reserve was fully funded.

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

It has been determined that the amount of \$22,664 was due under Internal Revenue Code Section 148(f)(4)(B) for the temporary investments of the 1998 Refinancing Sewer Revenue Certificates of Participation and for arbitrage rebate.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

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

Certificates of Participation (continued)

The annual requirements to amortize certificates of participation subsequent to June 30, 2009 are as follows:

Year ending June 30,	Principal	Interest
2010	\$ 2,240,000	\$ 1,078,930
2011	2,365,000	973,650
2012	2,510,000	855,400
2013	2,650,000	736,175
2014	2,805,000	607,650
2015 – 2017	9,340,000	954,163
Subtotals	21,910,000	5,205,968
Less: deferred charges	(152,512)	-
Totals	<u>\$ 21,757,488</u>	<u>\$ 5,205,968</u>

Notes Payable

California Infrastructure and Economic Development Bank

California Infrastructure and Economic Development Bank note is to be repaid in annual principal and interest payment ranging from \$776,905 to \$750,319, matures in 2022, and bears interest at 3.34%. The outstanding balance at June 30, 2009 is \$7,786,240.

State Water Resources Control Board

State Water Resources Control Board (SWRCB) note is to be repaid over a 20-year period at 3.30% interest with the first payment due one year after completion of construction on the demonstration project. Annual principal and interest payments of \$279,293 are to be made over the 20-year period. The note matures in 2011. The outstanding balance at June 30, 2009 is \$532,008.

San Bernardino Valley Municipal Water District

San Bernardino Valley Municipal Water District note is to be repaid in annual principal and interest payment of \$456,250, matures in 2013, and bears interest at 7.25%. The outstanding balance at June 30, 2009 is \$1,536,733.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

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

Notes Payable (continued)

State Water Resources Board

A loan from the State Water Resources Control Board was provided for the construction of the San Bernardino/Colton Rapid Infiltration Extraction (RIX) project. Twenty annual principal and interest payments of \$1,761,739 began in 1997. The loan matures in 2016, and bears interest at 2.80%. The loan requires the Department to establish a Wastewater Capital Reserve Fund (WCRF) for expansion, major repair or replacement of wastewater treatment works at one-half of one percent of the total loan amount for a period of ten years. The outstanding balance at June 30, 2009 is \$11,040,438.

California Infrastructure and Economic Development Bank

California Infrastructure and Economic Development Bank note is to be repaid in annual principal and interest payment ranging from \$733,438 to \$702,091, matures in 2026, and bears interest at 2.71%. The outstanding balance at June 30, 2009 is \$10,000,000.

The annual requirements to amortize notes payable subsequent to June 30, 2009 are as follows:

Year ending June 30,	Principal	Interest
2010	\$ 2,982,806	\$ 1,016,581
2011	3,085,118	911,227
2012	2,913,058	801,067
2013	3,014,053	696,951
2014	2,663,608	587,930
2015 – 2019	9,093,220	1,833,886
2020 – 2024	5,125,762	695,317
2025 – 2027	2,017,794	95,213
Totals	<u>\$ 30,895,419</u>	<u>\$ 6,638,172</u>

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 7: Compensated Absences Liability

The City employees receive from 10 to 25 vacation days each year depending upon length of service. An employee may accumulate earned vacation time to a maximum not to exceed 60 days. Upon termination, employees are paid the full value of their unused vacation time at their existing salary. The City employees receive 12 personal necessity/sick leave days each year. Upon termination or retirement, employees are paid one-half the value of their unused personal necessity/sick leave time at their existing salary. At June 30, 2009, \$19,541,648 and \$2,692,966 have been recorded, respectively, for governmental and business-type activities accrued vacation and sick leave.

Note 8: Prior Year Defeasance of Debt

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

Note 9: Claims and Judgments Payable

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

Changes in the funds' claims liability for the years ended June 30, 2009 and 2008, are as follows:

	<u>Liability beginning of year</u>	<u>Claims and changes in estimates</u>	<u>Claims paid</u>	<u>Liability end of year</u>
2007-2008				
Workers' comp.	\$ 8,541,478	\$ 1,544,535	\$ (2,330,189)	\$ 7,755,824
Liability claims	<u>5,650,000</u>	<u>703,954</u>	<u>(888,954)</u>	<u>5,465,000</u>
Total 2007-2008	<u>\$ 14,191,478</u>	<u>\$ 2,248,489</u>	<u>\$ (3,219,143)</u>	<u>\$13,220,824</u>
2008-2009				
Workers' comp.	\$ 7,755,824	\$ 4,266,252	\$ (3,042,228)	\$ 8,979,848
Liability claims	<u>5,465,000</u>	<u>1,021,329</u>	<u>(1,289,259)</u>	<u>5,197,070</u>
Total 2008-2009	<u>\$ 13,220,824</u>	<u>\$ 5,287,581</u>	<u>\$ (4,331,487)</u>	<u>\$14,176,918</u>

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

Note 9: 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, 2009, including estimates for claims incurred but not reported, have been recorded by BICEP and the City's corresponding share of cost (Premium) is included in claims expense in the Liability Insurance Internal Service Fund.

Note 10: Fund Deficits/Accumulated Deficits and Expenditures in Excess of Appropriations

At June 30, 2009, the following governmental funds have deficits that are anticipated to be funded from future grants, other revenues and operating transfers:

	<u>Deficit Amount</u>
Special Revenue Funds:	
Federal and State Programs	\$ 662,700
Cemetery	38,614
Fire Station	126

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

Note 10: Fund Deficits/Accumulated Deficits and Expenditures in Excess of Appropriations (continued)

Debt Service Funds:	
Assessment District #1015	406,591
Fire Station	5
Verdemont Improvement Loan	299
Capital Projects Funds:	
Street Construction	3,643,078
CIEDB Street Construction	54,663

At June 30, 2009, the following proprietary funds have accumulated deficits that are anticipated to be recovered in future periods from user charges and/or operating transfers, as follows:

	<u>Deficit Amount</u>
Internal Service Funds:	
Workers' Compensation	\$ 8,967,329
Liability Insurance	720,809
Utility	403,925
Central Services	57,733

As of June 30, 2009, the General Fund does not have the financial capacity to fund such accumulated deficits. Therefore, management expects that funding for the accumulated deficits will take years to accomplish. The accumulated deficit of the workers' compensation Internal Service Fund, of which accounts for self-insurance activities, is due to higher claims experienced versus amounts charged to the various departments.

The following funds/departments reported an excess of expenditures over appropriations at June 30, 2009:

	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
<i>General fund:</i>			
City treasurer – personal salaries and benefits	\$ 181,300	\$ 191,768	\$ (10,468)
City attorney - other	960,700	1,043,377	(82,677)
City administrator – personnel salaries and benefits	796,500	948,113	(151,613)
Finance - other	180,500	225,405	(44,905)
Civil service – personnel salaries and benefits	276,000	280,266	(4,266)
Fire – personnel salaries and benefits	30,952,200	31,561,260	(609,060)
Fire – other	1,901,900	5,111,016	(3,209,116)

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 10: Fund Deficits/Accumulated Deficits and Expenditures in Excess of Appropriations (continued)

	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
<i>Economic Development Agency</i>			
<i>Debt Service Fund</i>			
Principal	6,625,000	7,749,999	(1,124,999)
Interest	7,188,700	9,840,534	(2,651,834)
<i>Debt Service Funds</i>			
Assessment District No. 985	63,800	70,461	(6,661)
Assessment District No. 987	60,400	67,034	(6,634)
<i>Capital Projects Funds</i>			
Special Assessment Fund	1,362,100	1,524,640	(162,540)

Note 11: Defined Benefit Pension Plan

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

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

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. The contribution rate indicated for the period 7/08 through 12/08 is 18.951% and for the period 1/09 through 6/09 it is 24.009% of payroll for the safety plan. The contribution rate indicated for the miscellaneous plan for the period 7/08 through 6/09 is 13.427% of payroll. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2009, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2008 to June 30, 2009.

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

Note 11: Defined Benefit Pension Plan (continued)

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

Valuation Date	June 30, 2006
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	32 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 13.15% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%.

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

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

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

City

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/07	\$ 11,390	100%	\$ -
6/30/08	13,422	100%	-
6/30/09	15,582	100%	-

Economic Development Agency

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/07	\$ 224	100%	\$ -
6/30/08	274	100%	-
6/30/09	341	100%	-

**City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009**

Note 11: Defined Benefit Pension Plan (continued)

Schedule of Funding Progress (in thousands):

6/30/2007

Miscellaneous	\$ 321,501	\$ 301,929	\$ 19,572	93.9%	\$ 49,541	39.5%
Safety	<u>452,834</u>	<u>401,023</u>	<u>51,811</u>	<u>88.6%</u>	<u>44,581</u>	<u>116.2%</u>
	<u>\$ 774,335</u>	<u>\$ 702,952</u>	<u>\$ 71,383</u>	<u>90.8%</u>	<u>\$ 94,122</u>	<u>75.8%</u>

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

Note 12: Other Post-Employment Benefits

City

Plan Description

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

Funding Policy

Contribution requirements of the Plan are also established through negotiations between the City and union representatives. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2008-09, the City contributed \$392,209 to the Plan. The City currently contributes \$101 of the required premium costs of active employees. Retired employees are permitted to participate with active employees in the health-care plan but retirees must pay all premiums as calculated by Mercer, less the City's payment of \$101, assigned to them, except for public safety. Public safety pays in accordance with the following schedule:

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 12: Other Post-Employment Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 6,250,215
Interest on net OPEB obligation	266,550
Adjustment to annual required contribution	<u>(418,655)</u>
Annual OPEB cost (expense)	<u>6,098,110</u>
Contributions made	
Benefit payments (cash subsidy)	(392,209)
Benefit payments (implied subsidy)	<u>(750,000)</u>
Total contributions made	<u>(1,142,209)</u>
Increase in net OPEB obligation	4,955,901
Net OPEB obligation - beginning of year	<u>5,330,990</u>
Net OPEB obligation - end of year	<u>\$ 10,286,891</u>

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 2009 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, 2007	N/A	N/A	N/A
June 30, 2008	\$ 5,648,000	5.6%	\$ 5,330,990
June 30, 2009	6,098,110	18.7%	10,286,891

Funded Status and Progress

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 12: Other Post-Employment Benefits (continued)

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

Actuarial Methods and Assumptions

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

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

Water Department

Plan Description

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 12: Other Post-Employment Benefits (continued)

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 2008-09, the Department contributed \$743,000 to the Plan, including \$743,000 for current premiums (100% of total premiums). Plan members receiving benefits contributed \$150,000 (approximately 6.2% of total premiums) through their required contribution. The Department pays up to the entire cost of health benefits for eligible retirees and their spouses until age 65 subject to the City's vesting schedule.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 2,419,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>2,419,000</u>
Contributions made	<u>(743,000)</u>
Increase in net OPEB obligation	1,676,000
Net OPEB obligation - beginning of year	<u>1,632,000</u>
Net OPEB obligation - end of year	<u><u>\$ 3,308,000</u></u>

The Department's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
6/30/07	N/A	N/A	N/A
6/30/08	\$ 2,264,000	72.1%	\$ 1,632,000
6/30/09	2,419,000	69.3%	3,308,000

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 12: Other Post-Employment Benefits (continued)

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

Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 5.0 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate between 9.5-10.9 percent initially, reduced by decrements of between 0.65-.080% per year to an ultimate rate of 4.5 percent after the tenth year. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the Department's payroll will increase 3.25% per year.

Economic Development Agency

Plan description

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 12: Other Post-Employment Benefits (continued)

Funding Policy

The contribution requirements of the Agency are established and may be amended by the Agency Board. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2008-09, the Agency contributed \$13,300 to the plan, which was 100% of the total current premiums.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 211,490
Interest on net OPB obligation	8,950
Adjustment to annual required contribution	<u>(10,142)</u>
Annual OPEB cost (expense)	210,298
Contributions made	<u>(13,300)</u>
Increase in net OPEB obligation	196,998
Net OPEB obligation - beginning of year	<u>198,890</u>
Net OPEB obligation - end of year	<u><u>\$ 395,888</u></u>

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/07	N/A	N/A	N/A
6/30/08	\$ 211,490	6.0%	\$ 198,890
6/30/09	210,298	6.3%	395,888

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 12: Other Post-Employment Benefits (continued)

Funded Status and Progress

As of June 30, 2009, the most recent valuation date, the Plan was 0.0% funded. The actuarial accrued liability for benefits was \$749,208, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$749,208, and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0.0%. The covered payroll (annual payroll of active employees covered by Plan) was \$2,032,245, and the ratio of the UAAL to the covered payroll was 36.9%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for the benefits.

Actuarial Methods and Assumptions

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 13: Special Assessment Debt Without Government Commitment

Assessment District No. 977A issued \$683,000 Improvement Bonds on April 2, 1990, Assessment District No. 977B issued \$1,013,000 Improvement Bonds on April 2, 1991, and Assessment District No. 1003 issued \$857,000 on July 1, 1992; all under the Refunding Act of 1984, for 1915 Improvement Act Bonds. The Bonds are payable from the annual installments collected on the regular property tax bills sent to owners of property having unpaid assessments levied against land benefited by the projects. Neither the faith, credit nor taxing power of the City is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the financial statements. At June 30, 2009, \$575,000 of Improvement Bonds remain outstanding.

Note 14: Mortgage Revenue and Industrial Development Revenue Bonds

Not included in the accompanying financial statements are mortgage revenue bonds and industrial development revenue bonds issued by the Agency. The bonds are special obligations payable solely from payments made on and secured by a pledge of the acquired mortgage loans and certain reserve funds and other monies in connection therewith, all pledged under the resolution authorizing the issuance of the bonds. The bonds are not payable from any other revenues or assets of the Agency. Neither the faith nor credit of the taxing powers of the City of San Bernardino, California, the State of California or any political subdivision thereof, or the Agency is pledged to the payment of the principal of or the interest on the bonds. Mortgage revenue bonds outstanding as of June 30, 2009 include the Multifamily Housing Revenue Bonds (Highland Lutheran Senior Housing Project) 1995 Series for \$1,515,000 and the Multifamily Housing Revenue Bonds (Ramona Senior Complex Project) Series 1995 for \$1,245,000.

Note 15: Contingencies

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

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 16: 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, 2009, the outstanding balance due from IVDA is \$185,162. Additional financial information can be obtained by contacting IVDA at 294 S. Leland Norton Way, Suite 1, San Bernardino, CA 92408.

San Bernardino International Airport Authority

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

San Bernardino Regional Water Resource Authority

In August 1998, the City entered into a joint powers agreement with the Inland Valley Development Agency (IVDA) and the San Bernardino Valley Municipal Water District (the District) to form the San Bernardino Regional Water Resources Authority (the Authority). The Authority was created primarily for the purpose of conducting a water resource and storage project. The Authority board is comprised of three members from the City, one member from IVDA and two from the District. The primary sources of funding are loans and grants. As of June 30, 2009, the outstanding balance due from the Authority is \$306,389. Additional financial information can be obtained by contacting the Authority at 201 North "E" Street, Third Floor, San Bernardino, CA 92401.

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 17: Consent Decree

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

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

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

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 expanded the Department's capacity to deliver potable water, and (ii) funding for work performed by the Department to complete construction of the Muscoy Operable Unit extraction system. These "capital facility" funds may not be used for costs incurred to operate, maintain, repair or retrofit components of the site extraction of treatment systems constructed by EPA.

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

City of San Bernardino
Notes to Basic Financial Statements
For the year ended June 30, 2009

Note 17: 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 concern rose regarding AIG's financial credibility, on October 9, 2008, the Department negotiated and accepted a "payout" of the Guaranteed Investment Contract in the amount of \$18,661,876 which represented the principal and accrued interest as of that date. These funds are currently invested in the Local Agency Investment Fund and Federal Agencies investments. The Department is reviewing alternate investment options for these funds.

Note 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 management employees employed as of January 1, 2004, meeting specific requirements as outlined in the Plan document, supplemental retirement benefits in addition to the benefits employees will receive from the Public Employees Retirement System (PERS). The Plan is entirely funded through City contributions amounting to 1.30% of employee salaries. The City's contributions to the Plan amounted to \$559,119 in 2009 and \$392,159 in 2008.

Note 19: Construction Commitments

Commitments in the form of signed contracts for costs to complete construction projects or other improvements amounted to \$4,340,533 and \$5,730,384 at June 30, 2009 and June 30, 2008 respectively.

Note 20: Net Assets

The government-wide statement of net assets reports \$198,710,886 of restricted net assets, of which \$21,100,966 is restricted by enabling legislation.

REQUIRED SUPPLEMENTARY INFORMATION

**Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2009**

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Taxes:					
Sales and use	\$ 38,550,000	\$ 38,550,000	\$30,465,303	\$ (8,084,697)	\$37,084,248
Utility users	24,788,400	24,788,400	24,355,172	(433,228)	24,407,034
Property	31,130,000	31,130,000	32,788,532	1,658,532	31,429,967
Franchise	3,496,000	3,496,000	3,513,505	17,505	3,611,072
Transient occupancy	3,100,000	3,100,000	2,517,102	(582,898)	3,262,131
Property transfer	600,000	600,000	390,814	(209,186)	649,329
Total taxes	101,664,400	101,664,400	94,030,428	(7,633,972)	100,443,781
Licenses and permits:					
Business registration	6,638,800	6,638,800	6,197,871	(440,929)	6,105,401
Building permits	615,000	615,000	498,626	(116,374)	646,352
Mechanical permits	200,000	200,000	144,792	(55,208)	208,593
Onsite permits	600,700	600,700	623,489	22,789	1,183,749
Onsite plan check fees	300,000	300,000	209,377	(90,623)	341,996
Public works construction permit	250,000	250,000	122,992	(127,008)	300,800
Paramedic/EMS subscription	15,000	15,000	2,172	(12,828)	6,148
Street cut permit	175,000	175,000	295,086	120,086	229,645
Other	1,209,000	1,429,000	1,291,065	(137,935)	1,100,313
Total licenses and permits	10,003,500	10,223,500	9,385,470	(838,030)	10,122,997
Fines and forfeitures:					
General fines	183,300	183,300	135,875	(47,425)	153,371
Parking citation	1,350,000	1,350,000	1,145,492	(204,508)	1,126,510
Code admin. citations	240,000	240,000	182,982	(57,018)	145,468
Fire citation	65,000	65,000	96,767	31,767	73,865
Other	-	-	688,944	688,944	-
Total fines and forfeitures	1,838,300	1,838,300	2,250,060	411,760	1,499,214
Investment income:					
Investment income	500,000	500,000	198,928	(301,072)	993,492
Land and building rental	415,000	433,700	498,389	64,689	407,302
Other	70,000	70,000	39,219	(30,781)	40,622
Total investment income	985,000	1,003,700	736,536	(267,164)	1,441,416
Intergovernmental:					
Motor vehicle in lieu tax	800,000	800,000	817,737	17,737	1,038,879
Homeowners exemption	150,000	150,000	134,091	(15,909)	154,290
State police training grants	100,000	100,000	100,876	876	127,242
State grants	560,000	560,000	795,269	235,269	1,206,619
Booking fee subvention	-	-	-	-	-
Other	6,049,500	6,198,300	7,068,276	869,976	6,654,649
Total intergovernmental	7,659,500	7,808,300	8,916,249	1,107,949	9,181,679

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2009
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Charges for services:					
Plan check fees	\$ 350,000	\$ 350,000	\$ 230,880	\$ (119,120)	\$ 392,707
Paramedics/emergency medical services	789,100	828,000	670,531	(157,469)	486,470
Board up/demolition assessment	675,000	675,000	765,997	90,997	740,701
Storm drain utility fee	260,000	260,000	271,148	11,148	288,708
Weed abatement	200,000	200,000	150,733	(49,267)	204,399
Planning development projects	250,000	250,000	301,612	51,612	483,683
Sale of photos	30,000	30,000	15,187	(14,813)	58,757
Alarm system fee	60,000	60,000	55,806	(4,194)	54,034
Engineering fees	92,700	92,700	96,408	3,708	95,656
Miscellaneous police receipts	800,000	800,000	882,574	82,574	794,747
Swimming pool fees	50,000	53,000	54,250	1,250	62,028
Other charges	4,713,100	4,204,500	2,924,869	(1,279,631)	2,726,979
Total charges for services	<u>8,269,900</u>	<u>7,803,200</u>	<u>6,419,995</u>	<u>(1,383,205)</u>	<u>6,388,869</u>
Other revenues:					
Off track betting	120,000	120,000	110,107	(9,893)	132,643
Miscellaneous receipts	149,900	273,000	441,034	168,034	305,450
Other revenues	4,161,600	4,960,800	3,570,866	(1,389,934)	3,743,347
Total other revenues	<u>4,431,500</u>	<u>5,353,800</u>	<u>4,122,007</u>	<u>(1,231,793)</u>	<u>4,181,440</u>
Total revenues	<u>\$134,852,100</u>	<u>\$ 135,695,200</u>	<u>\$ 125,860,745</u>	<u>\$ (9,834,455)</u>	<u>\$133,259,396</u>

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2009
(Continued)

EXPENDITURES	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Current:					
General government:					
Mayor					
Personnel salaries and benefits	\$ 730,300	\$ 730,300	\$ 667,661	\$ 62,639	\$ 714,805
Other	294,600	237,000	137,906	99,094	231,134
Common council					
Personnel salaries and benefits	452,200	452,200	431,286	20,914	452,568
Other	61,200	124,400	56,931	67,469	55,179
City clerk					
Personnel salaries and benefits	1,309,100	1,309,100	1,297,421	11,679	1,330,435
Other	419,100	419,100	320,082	99,018	785,192
City treasurer					
Personnel salaries and benefits	181,300	181,300	191,768	(10,468)	168,817
Other	21,100	21,100	17,693	3,407	20,132
City attorney					
Personnel salaries and benefits	2,580,400	2,641,100	2,566,122	74,978	2,515,573
Other	474,600	960,700	1,043,377	(82,677)	975,097
City administrator					
Personnel salaries and benefits	761,500	796,500	948,113	(151,613)	805,011
Other	48,600	48,600	42,810	5,790	42,736
Personnel					
Personnel salaries and benefits	427,200	427,200	400,321	26,879	371,883
Other	72,800	72,800	40,038	32,762	64,207
Finance					
Personnel salaries and benefits	1,476,100	1,476,100	1,363,009	113,091	1,328,130
Other	178,500	180,500	225,405	(44,905)	311,285
Civil service					
Personnel salaries and benefits	276,000	276,000	280,266	(4,266)	329,421
Other	14,100	14,100	12,389	1,711	54,737
Code compliance					
Personnel salaries and benefits	3,491,500	3,491,500	3,037,806	453,694	2,526,776
Other	1,443,400	1,404,200	1,078,272	325,928	1,440,604
Facilities management					
Personnel salaries and benefits	1,988,000	1,988,000	1,917,964	70,036	2,106,369
Other	1,643,700	1,766,200	1,429,701	336,499	1,790,744
Nondepartmental					
Personnel salaries and benefits	1,578,600	-	-	-	-
Other	6,274,800	5,489,400	5,430,005	59,395	5,886,621
Total general government	26,198,700	24,507,400	22,936,346	1,571,054	24,307,456
Public safety:					
Police					
Personnel salaries and benefits	56,525,600	58,592,900	58,073,303	519,597	55,217,922
Other	8,040,800	8,571,300	5,865,205	2,706,095	7,857,008
Fire					
Personnel salaries and benefits	30,402,500	30,952,200	31,561,260	(609,060)	30,292,818
Other	1,679,200	1,901,900	5,111,016	(3,209,116)	2,244,170
Total public safety	96,648,100	100,018,300	100,610,784	(592,484)	95,611,918

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – General Fund
For the year ended June 30, 2009
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
Streets:					
Development services					
Personnel salaries and benefits	\$ 2,906,300	\$ 2,906,300	\$ 2,395,717	\$ 510,583	\$ 2,537,490
Other	747,600	855,400	651,863	203,537	1,019,363
Public services					
Personnel salaries and benefits	2,438,300	2,095,500	1,922,689	172,811	2,757,554
Other	3,381,200	3,516,400	3,310,485	205,915	3,352,405
Total streets	<u>9,473,400</u>	<u>9,373,600</u>	<u>8,280,754</u>	<u>1,092,846</u>	<u>9,666,812</u>
Culture and recreation:					
Park, recreation and community services					
Personnel salaries and benefits	4,029,500	4,195,200	3,786,821	408,379	4,114,145
Other	2,316,500	2,586,600	1,983,448	603,152	2,785,376
Total culture and recreation	<u>6,346,000</u>	<u>6,781,800</u>	<u>5,770,269</u>	<u>1,011,531</u>	<u>6,899,521</u>
Community development:					
Planning, plan check and building inspection					
Personnel salaries and benefits	2,103,500	2,103,500	1,842,909	260,591	2,117,122
Other	450,500	518,700	196,208	322,492	364,918
Total community development	<u>2,554,000</u>	<u>2,622,200</u>	<u>2,039,117</u>	<u>583,083</u>	<u>2,482,040</u>
Debt service:					
Principal	1,343,681	1,334,402	1,824,372	(489,970)	1,780,591
Interest	2,107,966	2,098,745	2,590,600	(491,855)	2,219,639
Total debt service	<u>3,451,647</u>	<u>3,433,147</u>	<u>4,414,972</u>	<u>(981,825)</u>	<u>4,000,230</u>
Total expenditures	<u>144,671,847</u>	<u>146,736,447</u>	<u>144,052,242</u>	<u>2,684,205</u>	<u>142,967,977</u>
(Deficiency) of revenues (under) expenditures	<u>(9,819,747)</u>	<u>(11,041,247)</u>	<u>(18,191,497)</u>	<u>(7,150,250)</u>	<u>(9,708,581)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	55,294	55,294	3,620,684
Transfers in	12,444,900	12,444,900	11,326,953	(1,117,947)	10,072,200
Transfers out	(6,617,953)	(6,940,553)	(6,635,475)	305,078	(6,427,907)
Total other financing sources (uses)	<u>5,826,947</u>	<u>5,504,347</u>	<u>4,746,772</u>	<u>(757,575)</u>	<u>7,264,977</u>
Net change in fund balance	(3,992,800)	(5,536,900)	(13,444,725)	(7,907,825)	(2,443,604)
Fund balance, beginning of year	16,153,044	16,153,044	16,153,044	-	18,596,648
Fund balance (deficit), end of year	<u>\$ 12,160,244</u>	<u>\$ 10,616,144</u>	<u>\$ 2,708,319</u>	<u>\$ (7,907,825)</u>	<u>\$ 16,153,044</u>

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – Federal and State Grants Fund
For the year ended June 30, 2009

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ 15
Intergovernmental	6,872,100	8,474,600	6,906,878	(1,567,722)	7,599,874
Other	-	-	162,155	162,155	77,862
Total revenues	<u>6,872,100</u>	<u>8,474,600</u>	<u>7,069,033</u>	<u>(1,405,567)</u>	<u>7,677,751</u>
EXPENDITURES					
Current:					
General government	-	57,400	20,989	36,411	62,385
Public safety	2,894,200	4,351,900	2,274,467	2,077,433	2,451,230
Streets	-	-	-	-	1,870
Culture and recreation	266,000	335,400	247,949	87,451	371,894
Community development	-	232,200	75,240	156,960	120,233
Community service	3,711,900	3,497,700	4,329,133	(831,433)	3,750,054
Total expenditures	<u>6,872,100</u>	<u>8,474,600</u>	<u>6,947,778</u>	<u>1,526,822</u>	<u>6,757,666</u>
Excess of revenues over expenditures	-	-	121,255	121,255	920,085
OTHER FINANCING (USES)					
Transfers out	-	-	-	-	(350,000)
Net change in fund balance	-	-	121,255	121,255	570,085
Fund (deficit), beginning of year	<u>(783,955)</u>	<u>(783,955)</u>	<u>(783,955)</u>	<u>-</u>	<u>(1,354,040)</u>
Fund balance (deficit), end of year	<u>\$ (783,955)</u>	<u>\$ (783,955)</u>	<u>\$ (662,700)</u>	<u>\$ 121,255</u>	<u>\$ (783,955)</u>

Required Supplementary Information
City of San Bernardino
Budgetary Comparison Schedule – Economic Development Agency Special Revenue Fund
For the year ended June 30, 2009

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Investment income	\$ 7,342,082	\$ 7,342,082	\$ 1,513,218	\$ (5,828,864)	\$ 1,056,327
Intergovernmental	14,473,367	14,473,367	9,213,191	(5,260,176)	7,487,962
Other revenues	-	-	403,573	403,573	617,204
	<u>21,815,449</u>	<u>21,815,449</u>	<u>11,129,982</u>	<u>(10,685,467)</u>	<u>9,161,493</u>
EXPENDITURES					
Current:					
Community development					
Personnel salaries and benefits	679,808	679,808	468,530	211,278	478,852
Other	22,269,932	22,269,932	6,147,224	16,122,708	6,282,644
Economic development					
Personnel salaries and benefits	665,959	665,959	440,101	225,858	683,012
Other	20,302,950	20,302,950	4,030,115	16,272,835	6,254,517
Debt service – other:					
Principal	1,125,000	1,125,000	-	1,125,000	-
Interest and fiscal charges	1,576,000	1,576,000	-	1,576,000	-
	<u>46,619,649</u>	<u>46,619,649</u>	<u>11,085,970</u>	<u>35,533,679</u>	<u>13,699,025</u>
Excess of (deficiency) of revenues over (under) expenditures	<u>(24,804,200)</u>	<u>(24,804,200)</u>	<u>44,012</u>	<u>24,848,212</u>	<u>(4,537,532)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	-	-
Transfers in	24,804,200	24,804,200	8,374,642	(16,429,558)	16,315,036
Transfers out	-	-	(2,672,407)	(2,672,407)	(2,763,063)
	<u>24,804,200</u>	<u>24,804,200</u>	<u>5,702,235</u>	<u>(19,101,965)</u>	<u>13,551,973</u>
Net change in fund balance	-	-	5,746,247	5,746,247	9,014,441
Fund balance, beginning of year	64,742,900	64,742,900	64,742,900	-	55,728,459
Fund balance, end of year	<u>\$ 64,742,900</u>	<u>\$64,742,900</u>	<u>\$70,489,147</u>	<u>\$ 5,746,247</u>	<u>\$64,742,900</u>

City of San Bernardino
Notes to Required Supplementary Information
For the year ended June 30, 2009

Note 1: Budgetary control and accounting

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

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

The City Manager and City Council are authorized to make the necessary changes to the budget to ensure adequate and proper standards of services. During the year, there were supplemental budget appropriations amounting to \$3,069,100.

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

**Required Supplementary Information
City of San Bernardino
Schedule of Funding Progress (in thousands)
Miscellaneous and Safety Plan of the California Public Employees Retirement System
For the year ended June 30, 2009**

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
6/30/2005						
Miscellaneous	\$ 321,501	\$ 301,929	\$ 19,572	93.9%	\$ 49,541	39.5%
Safety	452,834	401,023	51,811	88.6%	44,581	116.2%
	<u>\$ 774,335</u>	<u>\$ 702,952</u>	<u>\$ 71,383</u>	90.8%	<u>\$ 94,122</u>	75.8%
6/30/2006						
Miscellaneous	\$ 350,911	\$ 323,746	\$ 27,165	92.3%	\$ 52,567	51.7%
Safety	482,224	426,485	55,739	88.4%	48,292	115.4%
	<u>\$ 833,135</u>	<u>\$ 750,231</u>	<u>\$ 82,904</u>	90.0%	<u>\$ 100,859</u>	82.2%
6/30/2007						
Miscellaneous	\$ 350,911	\$ 232,746	\$ 118,165	66.3%	\$ 52,567	224.8%
Safety	482,224	426,485	55,739	88.4%	48,292	115.4%
	<u>\$ 833,135</u>	<u>\$ 659,231</u>	<u>\$ 659,231</u>	79.1%	<u>\$ 100,859</u>	172.4%

Required Supplementary Information
City of San Bernardino
Schedule of Funding Progress (in thousands)
Other Postemployment Benefit Plans
For the year ended June 30, 2009

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status	Annual Covered Payroll	UAAL as a % of payroll
<i>City</i> 6/30/2007	<u>\$ 60,158</u>	<u>\$ -</u>	<u>\$ 60,158</u>	0.0%	<u>\$ 78,511</u>	76.6%
<i>Water Department</i> 6/30/2009	<u>\$ 26,190</u>	<u>\$ -</u>	<u>\$ 26,190</u>	0.0%	<u>\$ 13,169</u>	198.9%
<i>Economic Development Agency</i> 6/30/2009	<u>\$ 749</u>	<u>\$ -</u>	<u>\$ 749</u>	0.0%	<u>\$ 2,032</u>	36.9%

SUPPLEMENTARY SCHEDULES

**City of San Bernardino
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009**

	Special Revenue	Debt Service	Capital Projects	Totals	
				2009	2008
ASSETS					
Cash and investments	\$ 6,870,619	\$ 217,872	\$25,564,867	\$ 32,653,358	\$38,812,345
Cash and investments with fiscal agent	-	65,063	-	65,063	70,475
Receivables, net:					
Accounts	59,886	-	-	59,886	71,699
Interest	71,893	1,503	205,294	278,690	390,828
Special assessments	-	442,585	-	442,585	501,667
Due from other governments	1,789,665	1,939	1,214,321	3,005,925	3,265,473
Due from other funds	2,886,431	-	4,710,347	7,596,778	1,348,667
Advances to other funds	398,574	-	114,800	513,374	607,774
Other assets	-	-	214,671	214,671	214,670
	<u>\$12,077,068</u>	<u>\$ 728,962</u>	<u>\$32,024,300</u>	<u>\$ 44,830,330</u>	<u>\$45,283,598</u>
Total assets					
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 479,708	\$ 7,029	\$ 1,492,815	\$ 1,979,552	\$ 1,772,644
Due to other funds	405,301	-	5,195,435	5,600,736	4,864,616
Retentions payable	-	-	62,861	62,861	446,451
Deferred revenues	338,957	442,585	-	781,542	1,156,070
Advances from other funds	-	229,600	900,000	1,129,600	1,146,000
Due to other governments	-	181,300	-	181,300	194,200
	<u>1,223,966</u>	<u>860,514</u>	<u>7,651,111</u>	<u>9,735,591</u>	<u>9,579,981</u>
Total liabilities					
Fund balances (deficit):					
Reserved for:					
Encumbrances	300,700	-	14,300	315,000	508,100
Debt service	-	275,343	-	275,343	277,632
Advances to other funds	398,574	-	114,800	513,374	607,774
Sewer capacity rights	-	-	214,671	214,671	214,671
Petty cash	1,925	-	-	1,925	1,100
Unreserved:					
Designated for continuing appropriations	52,700	-	418,200	470,900	309,000
Undesignated	10,099,203	(406,895)	23,611,218	33,303,526	33,785,340
	<u>10,853,102</u>	<u>(131,552)</u>	<u>24,373,189</u>	<u>35,094,739</u>	<u>35,703,617</u>
Total fund balances (deficit)					
Total liabilities and fund balances	<u>\$12,077,068</u>	<u>\$ 728,962</u>	<u>\$32,024,300</u>	<u>\$ 44,830,330</u>	<u>\$45,283,598</u>

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

City of San Bernardino
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2009

	Special Revenue	Debt Service	Capital Projects	Totals	
				2009	2008
REVENUES					
Taxes	\$ 557,899	\$ 201,406	\$ 1,364,576	\$ 2,123,881	\$ 1,266,549
Licenses and permits	350,652	-	312,711	663,363	993,516
Impact fees	-	-	1,065,305	1,065,305	5,268,475
Fines and forfeitures	2,471,665	-	-	2,471,665	2,381,460
Investment income	562,823	30,161	656,392	1,249,376	2,315,789
Intergovernmental revenues	8,031,529	-	4,902,800	12,934,329	12,414,029
Charges for services	4,256,629	-	344,020	4,600,649	7,076,134
Other revenues	308,402	-	254,015	562,417	1,188,863
Total revenues	<u>16,539,599</u>	<u>231,567</u>	<u>8,899,819</u>	<u>25,670,985</u>	<u>32,904,815</u>
EXPENDITURES					
Current:					
General government	474,270	36,959	-	511,229	613,184
Public safety	2,078,924	-	649,038	2,727,962	2,471,209
Streets	6,240,944	-	10,628,688	16,869,632	17,460,850
Culture and recreation	487,667	-	336,773	824,440	2,209,170
Community service	3,047,568	-	-	3,047,568	3,164,561
Debt service:					
Principal	1,140,721	85,000	79,249	1,304,970	1,240,287
Interest	136,502	48,990	76,064	261,556	223,443
Total expenditures	<u>13,606,596</u>	<u>170,949</u>	<u>11,769,812</u>	<u>25,547,357</u>	<u>27,382,704</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,933,003</u>	<u>60,618</u>	<u>(2,869,993)</u>	<u>123,628</u>	<u>5,522,111</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	3,648,506	-	2,092,907	5,741,413	3,746,774
Transfers out	(7,344,953)	(2,092,907)	(1,199,700)	(10,637,560)	(7,039,900)
Issuance of debt	-	-	4,163,641	4,163,641	17,805
Total other financing sources (uses)	<u>(3,696,447)</u>	<u>(2,092,907)</u>	<u>5,056,848</u>	<u>(732,506)</u>	<u>(3,275,321)</u>
SPECIAL ITEM					
Forgiveness of debt	-	-	-	-	1,556,000
Net change in fund balances	(763,444)	(2,032,289)	2,186,855	(608,878)	3,802,790
Fund balances, beginning of year	<u>11,616,546</u>	<u>1,900,737</u>	<u>22,186,334</u>	<u>35,703,617</u>	<u>31,900,827</u>
Fund balances (deficit), end of year	<u>\$10,853,102</u>	<u>\$ (131,552)</u>	<u>\$24,373,189</u>	<u>\$ 35,094,739</u>	<u>\$35,703,617</u>

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

Nonmajor Special Revenue Funds

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

Nonmajor Funds

Library

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

Cemetery

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

Cable TV

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

Asset Seizure

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

Alternative Transportation

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

Animal Control

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

Traffic Congestion

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

Special Gas Tax

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

Traffic Safety

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

Sewerline Maintenance

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

Sales and Road

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

**Nonmajor Special Revenue Funds
(Continued)**

Baseball Stadium

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

Soccer Field

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

IVDA

For local street improvements around former Norton Air Force Base as provided for by developer fees. (There is no adopted budget for the year-ended June 30, 2009 for this fund; therefore, no budget and actual data are presented in the following pages).

Fire Station

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

**City of San Bernardino
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009**

	Library	Cemetery	Cable TV
ASSETS			
Cash and investments	\$ 33,295	\$ 25	\$ -
Receivables, net:			
Accounts	397	140	-
Interest	-	4,542	-
Due from other governments	-	10,000	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
	\$ 33,692	\$ 14,707	\$ -
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,682	\$ 3,137	\$ -
Due to other funds	-	50,184	-
Retentions payable	-	-	-
Deferred revenues	-	-	-
	3,682	53,321	-
Fund balances (deficit):			
Reserved for:			
Encumbrances	-	-	-
Advances to other funds	-	-	-
Petty cash	275	25	-
Unreserved:			
Designated for continuing appropriations	30,000	-	-
Undesignated	(265)	(38,639)	-
	30,010	(38,614)	-
Total liabilities and fund balances	\$ 33,692	\$ 14,707	\$ -

<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>
\$ 612,988	\$ 14,192	\$ 925	\$ 1,184,168	\$ 761,187	\$ -
-	-	43,418	-	-	-
4,234	97	-	8,172	6,120	-
-	123,919	131,598	412,072	255,710	216,584
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 617,222</u>	<u>\$ 138,208</u>	<u>\$ 175,941</u>	<u>\$ 1,604,412</u>	<u>\$ 1,023,017</u>	<u>\$ 216,584</u>
\$ 12,667	\$ 2,086	\$ 15,099	\$ 141,831	\$ 39,102	\$ -
-	-	138,533	-	-	216,584
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,667</u>	<u>2,086</u>	<u>153,632</u>	<u>141,831</u>	<u>39,102</u>	<u>216,584</u>
12,300	-	22,300	-	-	-
-	-	-	-	-	-
-	-	925	-	-	-
-	-	-	-	-	-
<u>592,255</u>	<u>136,122</u>	<u>(916)</u>	<u>1,462,581</u>	<u>983,915</u>	<u>-</u>
<u>604,555</u>	<u>136,122</u>	<u>22,309</u>	<u>1,462,581</u>	<u>983,915</u>	<u>-</u>
<u>\$ 617,222</u>	<u>\$ 138,208</u>	<u>\$ 175,941</u>	<u>\$ 1,604,412</u>	<u>\$ 1,023,017</u>	<u>\$ 216,584</u>

**City of San Bernardino
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009
(continued)**

	Sewerline Maintenance	Sales and Road	Baseball Stadium
ASSETS			
Cash and investments	\$ 66,318	\$ 3,142,027	\$ 35,989
Receivables, net:			
Accounts	13,249	-	-
Interest	19,919	21,356	248
Due from other governments	275,521	364,261	-
Due from other funds	2,886,431	-	-
Advances to other funds	398,574	-	-
	<u>3,660,012</u>	<u>3,527,644</u>	<u>36,237</u>
Total assets	<u>\$ 3,660,012</u>	<u>\$ 3,527,644</u>	<u>\$ 36,237</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 122,944	\$ 101,667	\$ 9,679
Due to other funds	-	-	-
Retentions payable	-	-	-
Deferred revenues	-	-	-
	<u>122,944</u>	<u>101,667</u>	<u>9,679</u>
Total liabilities	<u>122,944</u>	<u>101,667</u>	<u>9,679</u>
Fund balances (deficit):			
Reserved for:			
Encumbrances	222,300	-	20,100
Advances to other funds	398,574	-	-
Petty cash	-	-	-
Unreserved:			
Designated for continuing appropriations	-	-	6,700
Undesignated	2,916,194	3,425,977	(242)
	<u>3,537,068</u>	<u>3,425,977</u>	<u>26,558</u>
Total fund balances (deficit)	<u>3,537,068</u>	<u>3,425,977</u>	<u>26,558</u>
Total liabilities and fund balances	<u>\$ 3,660,012</u>	<u>\$ 3,527,644</u>	<u>\$ 36,237</u>

Soccer Field	IVDA	Fire Station	Totals	
			2009	2008
\$ 279,366	\$ 393,359	\$ 346,780	\$ 6,870,619	\$ 7,851,824
2,682	-	-	59,886	71,699
1,923	2,715	2,567	71,893	97,168
-	-	-	1,789,665	2,736,106
-	-	-	2,886,431	1,348,667
-	-	-	398,574	484,774
<u>\$ 283,971</u>	<u>\$ 396,074</u>	<u>\$ 349,347</u>	<u>\$ 12,077,068</u>	<u>\$ 12,590,238</u>
\$ 17,298	\$ -	\$ 10,516	\$ 479,708	\$ 218,073
-	-	-	405,301	367,970
-	-	-	-	39,666
-	-	338,957	338,957	347,983
<u>17,298</u>	<u>-</u>	<u>349,473</u>	<u>1,223,966</u>	<u>973,692</u>
23,700	-	-	300,700	461,600
-	-	-	398,574	484,774
700	-	-	1,925	1,100
16,000	-	-	52,700	300,600
<u>226,273</u>	<u>396,074</u>	<u>(126)</u>	<u>10,099,203</u>	<u>10,368,472</u>
<u>266,673</u>	<u>396,074</u>	<u>(126)</u>	<u>10,853,102</u>	<u>11,616,546</u>
<u>\$ 283,971</u>	<u>\$ 396,074</u>	<u>\$ 349,347</u>	<u>\$ 12,077,068</u>	<u>\$ 12,590,238</u>

City of San Bernardino
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2009

	Library	Cemetery	Cable TV
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment income	-	12,917	-
Intergovernmental revenues	69,967	-	-
Charges for services	58,646	40,410	4,348
Other revenues	33,829	-	106,900
	<hr/>	<hr/>	<hr/>
Total revenues	162,442	53,327	111,248
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General government	-	-	369,763
Public safety	-	-	-
Streets	-	-	-
Culture and recreation	-	-	-
Community service	2,910,274	137,294	-
Debt service:			
Principal	-	-	106,900
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	2,910,274	137,294	476,663
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(2,747,832)	(83,967)	(365,415)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,769,500	-	365,415
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	2,769,500	-	365,415
	<hr/>	<hr/>	<hr/>
Net change in fund balances	21,668	(83,967)	-
Fund balances, beginning of year	8,342	45,353	-
	<hr/>	<hr/>	<hr/>
Fund balances (deficit), end of year	\$ 30,010	\$ (38,614)	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>Asset Seizure</u>	<u>Alternative Transportation</u>	<u>Animal Control</u>	<u>Traffic Congestion</u>	<u>Special Gas Tax</u>	<u>Traffic Safety</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	350,652	-	-	-
-	-	63,745	-	-	2,407,920
10,237	942	-	9,642	26,510	-
149,915	245,794	-	1,736,686	3,258,844	-
-	-	993,766	-	-	-
162,473	5,200	-	-	-	-
<u>322,625</u>	<u>251,936</u>	<u>1,408,163</u>	<u>1,746,328</u>	<u>3,285,354</u>	<u>2,407,920</u>
-	104,507	-	-	-	-
179,438	-	1,899,486	-	-	-
-	-	-	286,754	125,497	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>179,438</u>	<u>104,507</u>	<u>1,899,486</u>	<u>286,754</u>	<u>125,497</u>	<u>-</u>
<u>143,187</u>	<u>147,429</u>	<u>(491,323)</u>	<u>1,459,574</u>	<u>3,159,857</u>	<u>2,407,920</u>
-	-	513,591	-	-	-
-	(140,000)	-	-	(3,715,600)	(2,407,920)
-	(140,000)	513,591	-	(3,715,600)	(2,407,920)
143,187	7,429	22,268	1,459,574	(555,743)	-
461,368	128,693	41	3,007	1,539,658	-
<u>\$ 604,555</u>	<u>\$ 136,122</u>	<u>\$ 22,309</u>	<u>\$ 1,462,581</u>	<u>\$ 983,915</u>	<u>\$ -</u>

City of San Bernardino
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2009
(Continued)

	Sewerline Maintenance	Sales and Road	Baseball Stadium
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment income	83,601	75,515	297
Intergovernmental revenues	-	2,570,323	-
Charges for services	3,059,926	-	10,000
Other revenues	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	3,143,527	2,645,838	10,297
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets	4,063,918	1,764,775	-
Culture and recreation	-	-	75,992
Community service	-	-	-
Debt service:			
Principal	-	1,033,821	-
Interest	-	136,502	-
	<hr/>	<hr/>	<hr/>
Total expenditures	4,063,918	2,935,098	75,992
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(920,391)	(289,260)	(65,695)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(250,000)	(250,000)	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(250,000)	(250,000)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(1,170,391)	(539,260)	(65,695)
Fund balances, beginning of year	4,707,459	3,965,237	92,253
	<hr/>	<hr/>	<hr/>
Fund balances (deficit), end of year	<u>\$ 3,537,068</u>	<u>\$ 3,425,977</u>	<u>\$ 26,558</u>

Soccer Field	IVDA	Fire Station	Totals	
			2009	2008
\$ -	\$ -	\$ 557,899	\$ 557,899	\$ 66,655
-	-	-	350,652	383,314
-	-	-	2,471,665	2,381,460
327,947	7,625	7,590	562,823	876,710
-	-	-	8,031,529	7,486,621
89,533	-	-	4,256,629	4,377,319
-	-	-	308,402	320,721
<u>417,480</u>	<u>7,625</u>	<u>565,489</u>	<u>16,539,599</u>	<u>15,892,800</u>
-	-	-	474,270	582,257
-	-	-	2,078,924	2,205,735
-	-	-	6,240,944	8,018,579
411,675	-	-	487,667	404,677
-	-	-	3,047,568	3,164,561
-	-	-	1,140,721	1,116,787
-	-	-	136,502	127,007
<u>411,675</u>	<u>-</u>	<u>-</u>	<u>13,606,596</u>	<u>15,619,603</u>
<u>5,805</u>	<u>7,625</u>	<u>565,489</u>	<u>2,933,003</u>	<u>273,197</u>
-	-	-	3,648,506	3,746,774
-	-	(581,433)	(7,344,953)	(5,951,931)
-	-	(581,433)	(3,696,447)	(2,205,157)
5,805	7,625	(15,944)	(763,444)	(1,931,960)
<u>260,868</u>	<u>388,449</u>	<u>15,818</u>	<u>11,616,546</u>	<u>13,548,506</u>
<u>\$ 266,673</u>	<u>\$ 396,074</u>	<u>\$ (126)</u>	<u>\$ 10,853,102</u>	<u>\$ 11,616,546</u>

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City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Library Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Intergovernmental	\$ 78,800	\$ 69,967	\$ (8,833)	\$ 78,752
Charges for services	75,000	58,646	(16,354)	72,293
Other	-	33,829	33,829	78,000
Total revenues	<u>153,800</u>	<u>162,442</u>	<u>8,642</u>	<u>229,045</u>
EXPENDITURES				
Current:				
Community service:				
Personnel salaries and benefits	2,319,900	2,317,341	2,559	2,372,424
Other	649,400	592,933	56,467	611,454
Total expenditures	<u>2,969,300</u>	<u>2,910,274</u>	<u>59,026</u>	<u>2,983,878</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,815,500)</u>	<u>(2,747,832)</u>	<u>67,668</u>	<u>(2,754,833)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,815,500	2,769,500	(46,000)	2,762,900
Total other financing sources (uses)	<u>2,815,500</u>	<u>2,769,500</u>	<u>(46,000)</u>	<u>2,762,900</u>
Net change in fund balance	-	21,668	21,668	8,067
Fund balance, beginning of year	<u>8,342</u>	<u>8,342</u>	<u>-</u>	<u>275</u>
Fund balance, end of year	<u>\$ 8,342</u>	<u>\$ 30,010</u>	<u>\$ 21,668</u>	<u>\$ 8,342</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Cemetery Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 22,000	\$ 12,917	\$ (9,083)	\$ 22,766
Charges for services	169,200	40,410	(128,790)	165,697
Total revenues	<u>191,200</u>	<u>53,327</u>	<u>(137,873)</u>	<u>188,463</u>
EXPENDITURES				
Current:				
Community service:				
Personnel salaries and benefits	106,400	104,558	1,842	101,542
Other	84,400	32,736	51,664	79,141
Total expenditures	<u>190,800</u>	<u>137,294</u>	<u>53,506</u>	<u>180,683</u>
Net change in fund balance	400	(83,967)	(84,367)	7,780
Fund balance, beginning of year	<u>45,353</u>	<u>45,353</u>	<u>-</u>	<u>37,573</u>
Fund balance (deficit), end of year	<u><u>\$ 45,753</u></u>	<u><u>\$ (38,614)</u></u>	<u><u>\$ (84,367)</u></u>	<u><u>\$ 45,353</u></u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Cable TV Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Charges for services	\$ 70,000	\$ 4,348	\$ (65,652)	\$ 81,918
Other revenues	-	106,900	106,900	-
Total revenues	70,000	111,248	41,248	81,918
EXPENDITURES				
Current:				
General government:				
Personnel salaries and benefits	458,500	331,770	126,730	417,384
Other	68,800	37,993	30,807	63,908
Debt service:				
Principal	106,900	106,900	-	106,900
Total expenditures	634,200	476,663	157,537	588,192
Excess (deficiency) of revenues over (under) expenditures	(564,200)	(365,415)	198,785	(506,274)
OTHER FINANCING SOURCES (USES)				
Transfers in	564,200	365,415	(198,785)	499,874
Total other financing sources (uses)	564,200	365,415	(198,785)	499,874
Net change in fund balance	-	-	-	(6,400)
Fund balance, beginning of year	-	-	-	6,400
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Asset Seizure Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 12,500	\$ 10,237	\$ (2,263)	\$ 15,534
Intergovernmental revenues	100,000	149,915	49,915	292,924
Other revenues	143,000	162,473	19,473	119,252
Total revenues	<u>255,500</u>	<u>322,625</u>	<u>67,125</u>	<u>427,710</u>
EXPENDITURES				
Current:				
Public safety:				
Other	266,000	179,438	86,562	305,827
Total expenditures	<u>266,000</u>	<u>179,438</u>	<u>86,562</u>	<u>305,827</u>
Net change in fund balance	(10,500)	143,187	153,687	121,883
Fund balance, beginning of year	461,368	461,368	-	339,485
Fund balance, end of year	<u>\$ 450,868</u>	<u>\$ 604,555</u>	<u>\$ 153,687</u>	<u>\$ 461,368</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Alternative Transportation Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 3,000	\$ 942	\$ (2,058)	\$ 3,056
Intergovernmental revenues	245,000	245,794	794	246,936
Other revenues	5,100	5,200	100	5,100
	<u>253,100</u>	<u>251,936</u>	<u>(1,164)</u>	<u>255,092</u>
EXPENDITURES				
Current:				
General government:				
Personnel salaries and benefits	88,100	81,562	6,538	76,619
Other	44,800	22,945	21,855	24,346
	<u>132,900</u>	<u>104,507</u>	<u>28,393</u>	<u>100,965</u>
Excess of revenues over expenditures	<u>120,200</u>	<u>147,429</u>	<u>27,229</u>	<u>154,127</u>
OTHER FINANCING (USES)				
Transfers out	(140,000)	(140,000)	-	(140,000)
	<u>(140,000)</u>	<u>(140,000)</u>	<u>-</u>	<u>(140,000)</u>
Net change in fund balance	(19,800)	7,429	27,229	14,127
Fund balance, beginning of year	128,693	128,693	-	114,566
Fund balance, end of year	<u>\$ 108,893</u>	<u>\$ 136,122</u>	<u>\$ 27,229</u>	<u>\$ 128,693</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Animal Control Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Licenses and permits	\$ 459,700	\$ 350,652	\$ (109,048)	\$ 383,314
Fines and forfeitures	81,200	63,745	(17,455)	84,529
Charges for services	1,034,500	993,766	(40,734)	943,307
Other revenues	4,500	-	(4,500)	4,099
Total revenues	<u>1,579,900</u>	<u>1,408,163</u>	<u>(171,737)</u>	<u>1,415,249</u>
EXPENDITURES				
Current:				
Community services:				
Personnel salaries and benefits	1,461,300	1,449,835	11,465	1,478,869
Other	512,100	449,651	62,449	421,039
Total expenditures	<u>1,973,400</u>	<u>1,899,486</u>	<u>73,914</u>	<u>1,899,908</u>
(Deficiency) of revenues (under) expenditures	<u>(393,500)</u>	<u>(491,323)</u>	<u>(97,823)</u>	<u>(484,659)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>393,500</u>	<u>513,591</u>	<u>120,091</u>	<u>484,000</u>
Total other financing sources	<u>393,500</u>	<u>513,591</u>	<u>120,091</u>	<u>484,000</u>
Net change in fund balance	-	22,268	22,268	(659)
Fund balance, beginning of year	<u>41</u>	<u>41</u>	<u>-</u>	<u>700</u>
Fund balance, end of year	<u>\$ 41</u>	<u>\$ 22,309</u>	<u>\$ 22,268</u>	<u>\$ 41</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Traffic Congestion Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 40,000	\$ 9,642	\$ (30,358)	\$ 43,243
Intergovernmental	1,435,900	1,736,686	300,786	-
Other revenues	-	-	-	21,220
	<u>1,475,900</u>	<u>1,746,328</u>	<u>270,428</u>	<u>64,463</u>
EXPENDITURES				
Current:				
Streets:				
Personnel salaries and benefits	-	15,921	(15,921)	49,150
Other	1,022,700	270,833	751,867	1,377,723
	<u>1,022,700</u>	<u>286,754</u>	<u>735,946</u>	<u>1,426,873</u>
Net change in fund balance	453,200	1,459,574	1,006,374	(1,362,410)
Fund balance, beginning of year	3,007	3,007	-	1,365,417
Fund balance, end of year	<u>\$ 456,207</u>	<u>\$ 1,462,581</u>	<u>\$ 1,006,374</u>	<u>\$ 3,007</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Special Gas Tax Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 25,000	\$ 26,510	\$ 1,510	\$ 17,870
Intergovernmental revenues	3,580,000	3,258,844	(321,156)	3,592,976
Other revenues	246,700	-	(246,700)	-
Total revenues	<u>3,851,700</u>	<u>3,285,354</u>	<u>(566,346)</u>	<u>3,610,846</u>
EXPENDITURES				
Current:				
Streets - other	1,167,700	125,497	1,042,203	183,233
Total expenditures	<u>1,167,700</u>	<u>125,497</u>	<u>1,042,203</u>	<u>183,233</u>
Excess of revenues over expenditures	<u>2,684,000</u>	<u>3,159,857</u>	<u>475,857</u>	<u>3,427,613</u>
OTHER FINANCING (USES)				
Transfers out	(3,590,000)	(3,715,600)	(125,600)	(2,910,000)
Total other financing (uses)	<u>(3,590,000)</u>	<u>(3,715,600)</u>	<u>(125,600)</u>	<u>(2,910,000)</u>
Net change in fund balance	(906,000)	(555,743)	350,257	517,613
Fund balance, beginning of year	1,539,658	1,539,658	-	1,022,045
Fund balance, end of year	<u>\$ 633,658</u>	<u>\$ 983,915</u>	<u>\$ 350,257</u>	<u>\$ 1,539,658</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Traffic Safety Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Fines and forfeitures	\$ 3,776,700	\$ 2,407,920	\$ (1,368,780)	\$ 2,296,931
Total revenues	3,776,700	2,407,920	(1,368,780)	2,296,931
EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	3,776,700	2,407,920	(1,368,780)	2,296,931
OTHER FINANCING (USES)				
Transfers out	-	(2,407,920)	(2,407,920)	(2,296,931)
Total other financing (uses)	-	(2,407,920)	(2,407,920)	(2,296,931)
Net change in fund balance	3,776,700	-	(3,776,700)	-
Fund balance, beginning of year	-	-	-	-
Fund balance (deficit), end of year	<u>\$ 3,776,700</u>	<u>\$ -</u>	<u>\$ (3,776,700)</u>	<u>\$ -</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Sewerline Maintenance Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 160,000	\$ 83,601	\$ (76,399)	\$ 209,892
Charges for services	3,150,000	3,059,926	(90,074)	3,042,121
Other revenues	-	-	-	11,597
Total revenues	<u>3,310,000</u>	<u>3,143,527</u>	<u>(166,473)</u>	<u>3,263,610</u>
EXPENDITURES				
Current:				
Streets - other	8,445,800	4,063,918	4,381,882	3,840,729
Total expenditures	<u>8,445,800</u>	<u>4,063,918</u>	<u>4,381,882</u>	<u>3,840,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,135,800)</u>	<u>(920,391)</u>	<u>4,215,409</u>	<u>(577,119)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	78,000	-	(78,000)	-
Transfers out	(250,000)	(250,000)	-	(250,000)
Total other financing sources (uses)	<u>(172,000)</u>	<u>(250,000)</u>	<u>(78,000)</u>	<u>(250,000)</u>
Net change in fund balance	(5,307,800)	(1,170,391)	4,137,409	(827,119)
Fund balance, beginning of year	4,707,459	4,707,459	-	5,534,578
Fund balance (deficit), end of year	<u>\$ (600,341)</u>	<u>\$ 3,537,068</u>	<u>\$ 4,137,409</u>	<u>\$ 4,707,459</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Sales and Road Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 130,000	\$ 75,515	\$ (54,485)	\$ 180,145
Intergovernmental revenues	3,000,000	2,570,323	(429,677)	3,275,033
Other revenues	1,287,800	-	(1,287,800)	-
Total revenues	4,417,800	2,645,838	(1,771,962)	3,455,178
EXPENDITURES				
Current:				
Streets - other	8,351,700	1,764,775	6,586,925	2,567,744
Debt service:				
Principal	-	1,033,821	(1,033,821)	1,009,887
Interest	-	136,502	(136,502)	127,007
Total expenditures	8,351,700	2,935,098	5,416,602	3,704,638
Excess (deficiency) of revenues over (under) expenditures	(3,933,900)	(289,260)	3,644,640	(249,460)
OTHER FINANCING (USES)				
Transfers out	(250,000)	(250,000)	-	(250,000)
Total other financing (uses)	(250,000)	(250,000)	-	(250,000)
Net change in fund balance	(4,183,900)	(539,260)	3,644,640	(499,460)
Fund balance, beginning of year	3,965,237	3,965,237	-	4,464,697
Fund balance (deficit), end of year	<u>\$ (218,663)</u>	<u>\$ 3,425,977</u>	<u>\$ 3,644,640</u>	<u>\$ 3,965,237</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Baseball Stadium Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Charges for services	\$ 32,600	\$ 10,000	\$ (22,600)	\$ -
Investment earnings	-	297	297	4,691
Other revenues	1,000	-	(1,000)	81,453
Total revenues	<u>33,600</u>	<u>10,297</u>	<u>(23,303)</u>	<u>86,144</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personnel salaries and benefits	-	90	(90)	34
Other	124,900	75,902	48,998	75,782
Total expenditures	<u>124,900</u>	<u>75,992</u>	<u>48,908</u>	<u>75,816</u>
Net change in fund balance	(91,300)	(65,695)	25,605	10,328
Fund balance, beginning of year	<u>92,253</u>	<u>92,253</u>	<u>-</u>	<u>81,925</u>
Fund balance, end of year	<u>\$ 953</u>	<u>\$ 26,558</u>	<u>\$ 25,605</u>	<u>\$ 92,253</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Soccer Field Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 305,000	\$ 327,947	\$ 22,947	\$ 352,829
Charges for services	67,300	89,533	22,233	71,983
Total revenues	<u>372,300</u>	<u>417,480</u>	<u>45,180</u>	<u>424,812</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personnel salaries and benefits	197,100	170,423	26,677	119,339
Other	<u>268,400</u>	<u>241,252</u>	<u>27,148</u>	<u>209,522</u>
Total expenditures	<u>465,500</u>	<u>411,675</u>	<u>53,825</u>	<u>328,861</u>
Net change in fund balance	(93,200)	5,805	99,005	95,951
Fund balance, beginning of year	<u>260,868</u>	<u>260,868</u>	<u>-</u>	<u>164,917</u>
Fund balance, end of year	<u><u>\$ 167,668</u></u>	<u><u>\$ 266,673</u></u>	<u><u>\$ 99,005</u></u>	<u><u>\$ 260,868</u></u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Fire Station
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 1,105,000	\$ 557,899	\$ (547,101)	\$ 66,655
Investment earnings	26,600	7,590	(19,010)	13,445
Total revenues	<u>1,131,600</u>	<u>565,489</u>	<u>(566,111)</u>	<u>80,100</u>
EXPENDITURES				
Excess (deficiency) of revenues over (under) expenditures	<u>1,131,600</u>	<u>565,489</u>	<u>(566,111)</u>	<u>80,100</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(556,200)</u>	<u>(581,433)</u>	<u>25,233</u>	<u>(105,000)</u>
Total other financing sources (uses)	<u>(556,200)</u>	<u>(581,433)</u>	<u>25,233</u>	<u>(105,000)</u>
Net change in fund balance	575,400	(15,944)	(591,344)	(24,900)
Fund balance, beginning of year	<u>15,818</u>	<u>15,818</u>	<u>-</u>	<u>40,718</u>
Fund balance (deficit), end of year	<u><u>\$ 591,218</u></u>	<u><u>\$ (126)</u></u>	<u><u>\$ (591,344)</u></u>	<u><u>\$ 15,818</u></u>

Debt Service Funds

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

Nonmajor Funds

Assessment District # 985

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

Assessment District # 987

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

Assessment District #1015

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

Fire Station

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

Verdemon Improvement Loan

For the collection of the Verdemon Infrastructure fees on developing properties used to repay a loan from the Economic Development Agency used to install infrastructure in the related area. (There is no adopted budget for the year-ended June 30, 2009 for this fund; therefore, no budget and actual data are presented in the following pages).

Major Fund

Economic Development Agency

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

**City of San Bernardino
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2009**

	Assessment District #985	Assessment District #987
ASSETS		
Cash and investments	\$ 163,369	\$ 50,681
Cash and investments with fiscal agent	16,251	48,812
Receivables, net:		
Interest	1,127	350
Special assessments	-	35,507
Due from other governments	-	1,478
	<hr/>	<hr/>
Total assets	<u>\$ 180,747</u>	<u>\$ 136,828</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 6,725
Deferred revenues	-	35,507
Advances from other funds	-	-
Due to other governments	-	-
	<hr/>	<hr/>
Total liabilities	-	42,232
 Fund balances (deficit):		
Reserved for debt service	180,747	94,596
Unreserved, undesignated	-	-
	<hr/>	<hr/>
Total fund balances (deficit)	180,747	94,596
	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 180,747</u>	<u>\$ 136,828</u>

Assessment District #1015	Fire Station	Verdemont Improvement Loan	Totals	
			2009	2008
\$ 3,822	\$ -	\$ -	\$ 217,872	\$ 2,250,766
-	-	-	65,063	70,473
26	-	-	1,503	20,710
407,078	-	-	442,585	501,667
461	-	-	1,939	5,713
<u>\$ 411,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 728,962</u>	<u>\$ 2,849,329</u>
\$ -	\$ 5	\$ 299	\$ 7,029	\$ 6,725
407,078	-	-	442,585	501,667
229,600	-	-	229,600	246,000
181,300	-	-	181,300	194,200
<u>817,978</u>	<u>5</u>	<u>299</u>	<u>860,514</u>	<u>948,592</u>
-	-	-	275,343	277,632
<u>(406,591)</u>	<u>(5)</u>	<u>(299)</u>	<u>(406,895)</u>	<u>1,623,105</u>
<u>(406,591)</u>	<u>(5)</u>	<u>(299)</u>	<u>(131,552)</u>	<u>1,900,737</u>
<u>\$ 411,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 728,962</u>	<u>\$ 2,849,329</u>

**City of San Bernardino
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Debt Service Funds
For the year ended June 30, 2009**

	Assessment District #985	Assessment District #987
REVENUES		
Taxes	\$ 72,534	\$ 58,969
Investment income	2,798	905
	75,332	59,874
EXPENDITURES		
Current:		
General government	14,885	15,032
Debt service:		
Principal	45,000	40,000
Interest	10,576	12,002
	70,461	67,034
Total expenditures		
Excess (deficiency) of revenue over expenditures	4,871	(7,160)
OTHER FINANCING (USES)		
Transfers out	-	-
Total other financing (uses)	-	-
SPECIAL ITEM		
Forgiveness of debt	-	-
Net change in fund balances	4,871	(7,160)
Fund balances (deficit), beginning of year	175,876	101,756
Fund balances (deficit), end of year	\$ 180,747	\$ 94,596

Assessment District #1015	Fire Station	Verdemont Improvement Loan	Totals	
			2009	2008
\$ 61,665	\$ 7,488	\$ 750	\$ 201,406	\$ 186,543
349	4,472	21,637	30,161	78,662
<u>62,014</u>	<u>11,960</u>	<u>22,387</u>	<u>231,567</u>	<u>265,205</u>
7,042	-	-	36,959	30,927
-	-	-	85,000	123,500
<u>26,412</u>	<u>-</u>	<u>-</u>	<u>48,990</u>	<u>96,436</u>
<u>33,454</u>	<u>-</u>	<u>-</u>	<u>170,949</u>	<u>250,863</u>
<u>28,560</u>	<u>11,960</u>	<u>22,387</u>	<u>60,618</u>	<u>14,342</u>
<u>-</u>	<u>(785,535)</u>	<u>(1,307,372)</u>	<u>(2,092,907)</u>	<u>-</u>
<u>-</u>	<u>(785,535)</u>	<u>(1,307,372)</u>	<u>(2,092,907)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,556,000</u>
28,560	(773,575)	(1,284,985)	(2,032,289)	1,570,342
(435,151)	773,570	1,284,686	1,900,737	330,395
<u>\$ (406,591)</u>	<u>\$ (5)</u>	<u>\$ (299)</u>	<u>\$ (131,552)</u>	<u>\$ 1,900,737</u>

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City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Assessment District #985 Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 67,000	\$ 72,534	\$ 5,534	\$ 61,419
Investment income	3,700	2,798	(902)	4,596
	<u>70,700</u>	<u>75,332</u>	<u>4,632</u>	<u>66,015</u>
EXPENDITURES				
Current:				
General government:				
Other	8,200	14,885	(6,685)	8,803
Debt service:				
Principal	45,000	45,000	-	45,000
Interest	10,600	10,576	24	14,008
	<u>63,800</u>	<u>70,461</u>	<u>(6,661)</u>	<u>67,811</u>
Net change in fund balance	6,900	4,871	(2,029)	(1,796)
Fund balance, beginning of year	<u>175,876</u>	<u>175,876</u>	-	<u>177,672</u>
Fund balance (deficit), end of year	<u>\$ 182,776</u>	<u>\$ 180,747</u>	<u>\$ (2,029)</u>	<u>\$ 175,876</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Assessment District #987 Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 59,100	\$ 58,969	\$ (131)	\$ 51,583
Investment income	1,100	905	(195)	2,969
Total revenues	<u>60,200</u>	<u>59,874</u>	<u>(326)</u>	<u>54,552</u>
EXPENDITURES				
Current:				
General government:				
Other	8,400	15,032	(6,632)	8,253
Debt Service:				
Principal	40,000	40,000	-	40,000
Interest	12,000	12,002	(2)	15,083
Total expenditures	<u>60,400</u>	<u>67,034</u>	<u>(6,634)</u>	<u>63,336</u>
Net change in fund balance	(200)	(7,160)	(6,960)	(8,784)
Fund balance, beginning of year	<u>101,756</u>	<u>101,756</u>	<u>-</u>	<u>110,540</u>
Fund balance (deficit), end of year	<u>\$ 101,556</u>	<u>\$ 94,596</u>	<u>\$ (6,960)</u>	<u>\$ 101,756</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Assessment District #1015 Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 69,300	\$ 61,665	\$ (7,635)	\$ 73,541
Investment income	500	349	(151)	475
Total revenues	<u>69,800</u>	<u>62,014</u>	<u>(7,786)</u>	<u>74,016</u>
EXPENDITURES				
Current:				
General government:				
Other	13,300	7,042	6,258	13,871
Debt service:				
Interest	26,400	26,412	(12)	28,170
Total expenditures	<u>39,700</u>	<u>33,454</u>	<u>6,246</u>	<u>42,041</u>
Net change in fund balance	30,100	28,560	(1,540)	31,975
Fund (deficit), beginning of year	<u>(435,151)</u>	<u>(435,151)</u>	<u>-</u>	<u>(467,126)</u>
Fund (deficit), end of year	<u><u>\$ (405,051)</u></u>	<u><u>\$ (406,591)</u></u>	<u><u>\$ (1,540)</u></u>	<u><u>\$ (435,151)</u></u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Fire Station Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ -	\$ 7,488	\$ 7,488	\$ -
Investment income	-	4,472	4,472	26,836
Total revenues	-	11,960	11,960	26,836
EXPENDITURES				
Debt service:				
Principal	-	-	-	38,500
Interest	-	-	-	39,175
Total expenditures	-	-	-	77,675
Excess (deficiency) of revenues over (under) expenditures	-	11,960	11,960	(50,839)
OTHER FINANCING (USES)				
Transfer out	(769,000)	(785,535)	(16,535)	-
Total other financing (uses)	(769,000)	(785,535)	(16,535)	-
Net change in fund balance	(769,000)	(773,575)	(4,575)	(50,839)
Fund balance, beginning of year	773,570	773,570	-	824,409
Fund balance (deficit), end of year	\$ 4,570	\$ (5)	\$ (4,575)	\$ 773,570

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Economic Development Agency Debt Service Fund
For the year ended June 30, 2009

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Investment income	\$ 760,000	\$ 760,000	\$ 246,382	\$ (513,618)	\$ 288,587
Total revenues	760,000	760,000	246,382	(513,618)	288,587
EXPENDITURES					
Debt service – other:					
Principal	6,625,000	6,625,000	7,749,999	(1,124,999)	7,360,000
Interest	7,188,700	7,188,700	9,840,534	(2,651,834)	10,258,765
Total expenditures	13,813,700	13,813,700	17,590,533	(3,776,833)	17,618,765
(Deficiency) of revenues (under) expenditures	(13,053,700)	(13,053,700)	(17,344,151)	(4,290,451)	(17,330,178)
OTHER FINANCING SOURCES (USES)					
Transfers in	13,053,700	13,053,700	22,208,945	9,155,245	16,961,642
Transfers out	-	-	-	-	(9,536,081)
Total other financing sources (uses)	13,053,700	13,053,700	22,208,945	9,155,245	7,425,561
Net change in fund balance	-	-	4,864,794	4,864,794	(9,904,617)
Fund balance, beginning of year	23,947,339	23,947,339	23,947,339	-	33,851,956
Fund balance, end of year	<u>\$ 23,947,339</u>	<u>\$ 23,947,339</u>	<u>\$ 28,812,133</u>	<u>\$ 4,864,794</u>	<u>\$23,947,339</u>

Capital Projects Funds

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

Nonmajor Funds

Verdemont

For improvements in the Verdemont area from development fees collected. (There is no adopted budget for the year-ended June 30, 2009 for this fund; therefore, no budget and actual data are presented in the following pages).

Public Park Extension

For upgrades and improvements to parks from funds annually transferred from General Fund. (There is no adopted budget for the year-ended June 30, 2009 for this fund; therefore, no budget and actual data are presented in the following pages).

CIEDB Street Construction

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

Fire Equipment Acquisition

For acquisition of fire equipment from lease proceeds.

Park Construction Fee

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

Cemetery Construction

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

Sewerline Construction

For construction of sewer collection systems from development revenues.

Storm Drain Construction

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

Special Assessments

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

Cultural Development Construction Fee

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

Traffic Systems

For construction of traffic systems from development fees.

Capital Projects Funds (Continued)

Assessment District #1015

For construction of improvements from loans related to assessment district 1015. (There is no adopted budget for the year-ended June 30, 2009 for this fund; therefore, no budget and actual data are presented in the following pages).

Impact Fees

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

Street Construction

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

Public Improvements

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

Prop 1b Local Street

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

Major Funds

Economic Development Agency

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

**City of San Bernardino
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2009**

	Verdemont	Public Park Extension	CIEDB Street Construction	Fire Equipment Acquisition
ASSETS				
Cash and investments	\$ 902,147	\$ 4,497	\$ -	\$ 202,649
Cash and investments with fiscal agents	-	-	-	-
Receivables, net:				
Interest	6,525	31	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
	<u>\$ 908,672</u>	<u>\$ 4,528</u>	<u>\$ -</u>	<u>\$ 202,649</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	54,663	-
Retentions payable	-	-	-	-
Deferred revenues	-	-	-	-
Advance from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>54,663</u>	<u>-</u>
 Total liabilities				
	<u>-</u>	<u>-</u>	<u>54,663</u>	<u>-</u>
 Fund balances (deficit):				
Reserved for:				
Encumbrances	-	-	-	-
Advances to other funds	-	-	-	-
Sewer capacity rights	-	-	-	-
Unreserved:				
Designated for continuing appropriations	-	-	-	202,600
Undesignated	908,672	4,528	(54,663)	49
	<u>908,672</u>	<u>4,528</u>	<u>(54,663)</u>	<u>202,649</u>
 Total fund balances (deficit)				
	<u>908,672</u>	<u>4,528</u>	<u>(54,663)</u>	<u>202,649</u>
 Total liabilities and fund balances				
	<u>\$ 908,672</u>	<u>\$ 4,528</u>	<u>\$ -</u>	<u>\$ 202,649</u>

Park Construction Fee	Cemetery Construction	Sewerline Construction	Storm Drain Construction	Special Assessments	Cultural Development Construction Fee
\$ 61,353	\$ 50,755	\$ 4,081,994	\$ 4,516,283	\$ 2,441,925	\$ 1,161,041
-	-	-	-	-	-
424	350	27,929	30,441	16,738	8,012
610,016	-	-	-	39,988	-
-	-	-	-	-	-
-	-	114,800	-	-	-
-	-	214,671	-	-	-
<u>\$ 671,793</u>	<u>\$ 51,105</u>	<u>\$ 4,439,394</u>	<u>\$ 4,546,724</u>	<u>\$ 2,498,651</u>	<u>\$ 1,169,053</u>
\$ 11,340	\$ -	\$ -	\$ 463,660	\$ 131,960	\$ 689
-	-	-	-	2,080,640	-
2,989	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,329</u>	<u>-</u>	<u>-</u>	<u>463,660</u>	<u>2,212,600</u>	<u>689</u>
-	-	-	-	-	-
-	-	114,800	-	-	-
-	-	214,671	-	-	-
-	-	-	-	-	-
<u>657,464</u>	<u>51,105</u>	<u>4,109,923</u>	<u>4,083,064</u>	<u>286,051</u>	<u>1,168,364</u>
<u>657,464</u>	<u>51,105</u>	<u>4,439,394</u>	<u>4,083,064</u>	<u>286,051</u>	<u>1,168,364</u>
<u>\$ 671,793</u>	<u>\$ 51,105</u>	<u>\$ 4,439,394</u>	<u>\$ 4,546,724</u>	<u>\$ 2,498,651</u>	<u>\$ 1,169,053</u>

**City of San Bernardino
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2009
(continued)**

	Traffic Systems	Assessment District #1015	Impact Fees	Street Construction
ASSETS				
Cash and investments	\$ 27,240	\$ 33,102	\$ 5,694,516	\$ -
Cash and investments with fiscal agents	-	-	-	-
Receivables, net:				
Interest	187	228	70,837	-
Due from other governments	-	-	104,213	460,104
Due from other funds	-	-	4,710,347	-
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
	<u>\$ 27,427</u>	<u>\$ 33,330</u>	<u>\$10,579,913</u>	<u>\$ 460,104</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 113,663	\$ 143,050
Due to other funds	-	-	-	3,060,132
Retentions payable	-	-	-	-
Deferred revenues	-	-	-	-
Advance from other funds	-	-	-	900,000
	<u>-</u>	<u>-</u>	<u>113,663</u>	<u>4,103,182</u>
Total liabilities				
	<u>-</u>	<u>-</u>	<u>113,663</u>	<u>4,103,182</u>
Fund balances (deficit):				
Reserved for:				
Encumbrances	-	-	14,300	-
Advances to other funds	-	-	-	-
Sewer capacity rights	-	-	-	-
Unreserved:				
Designated for continuing appropriations	-	-	215,600	-
Undesignated	27,427	33,330	10,236,350	(3,643,078)
	<u>27,427</u>	<u>33,330</u>	<u>10,466,250</u>	<u>(3,643,078)</u>
Total fund balances (deficit)				
	<u>27,427</u>	<u>33,330</u>	<u>10,466,250</u>	<u>(3,643,078)</u>
Total liabilities and fund balances				
	<u>\$ 27,427</u>	<u>\$ 33,330</u>	<u>\$10,579,913</u>	<u>\$ 460,104</u>

Public Improvements	Prop 1b Local Street	Totals	
		2009	2008
\$ 1,841,582	\$ 4,545,783	\$ 25,564,867	\$ 28,709,755
-	-	-	2
12,722	30,870	205,294	272,950
-	-	1,214,321	523,654
-	-	4,710,347	-
-	-	114,800	123,000
-	-	214,671	214,670
<u>\$ 1,854,304</u>	<u>\$ 4,576,653</u>	<u>\$ 32,024,300</u>	<u>\$ 29,844,031</u>
\$ 21,103	\$ 607,350	\$ 1,492,815	\$ 1,547,846
-	-	5,195,435	4,496,646
-	59,872	62,861	406,785
-	-	-	306,420
-	-	900,000	900,000
<u>21,103</u>	<u>667,222</u>	<u>7,651,111</u>	<u>7,657,697</u>
-	-	14,300	46,500
-	-	114,800	123,000
-	-	214,671	214,671
-	-	418,200	8,400
<u>1,833,201</u>	<u>3,909,431</u>	<u>23,611,218</u>	<u>21,793,763</u>
<u>1,833,201</u>	<u>3,909,431</u>	<u>24,373,189</u>	<u>22,186,334</u>
<u>\$ 1,854,304</u>	<u>\$ 4,576,653</u>	<u>\$ 32,024,300</u>	<u>\$ 29,844,031</u>

City of San Bernardino
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the year ended June 30, 2009

	Verdemont	Public Park Extension	CIEDB Street Construction	Fire Equipment Acquisition
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Impact fees	-	-	-	-
Investment income	-	(10)	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	(10)	-	-
EXPENDITURES				
Current:				
Public safety	-	-	-	141,363
Streets	-	-	1,990,747	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	1,990,747	141,363
Excess (deficiency) of revenues over (under) expenditures	-	(10)	(1,990,747)	(141,363)
OTHER FINANCING SOURCES (USES)				
Transfers in	908,672	-	-	-
Transfers out	-	-	-	(425,000)
Issuance of debt	-	-	4,163,641	-
Total other financing sources (uses)	908,672	-	4,163,641	(425,000)
Net change in fund balances	908,672	(10)	2,172,894	(566,363)
Fund balances (deficit), beginning of year	-	4,538	(2,227,557)	769,012
Fund balances (deficit), end of year	\$ 908,672	\$ 4,528	\$ (54,663)	\$ 202,649

Park Construction Fee	Cemetery Construction	Sewerline Construction	Storm Drain Construction	Special Assessments	Cultural Development Construction Fee
\$ -	\$ -	\$ -	\$ -	\$ 1,364,576	\$ -
-	-	-	-	-	312,711
-	-	-	-	-	-
(1,606)	985	104,663	106,369	44,037	25,442
610,016	-	-	-	-	-
-	296	54,850	288,874	-	-
150	-	-	-	-	-
<u>608,560</u>	<u>1,281</u>	<u>159,513</u>	<u>395,243</u>	<u>1,408,613</u>	<u>338,153</u>
-	-	-	-	-	-
-	-	311,229	1,678,515	1,524,640	-
257,231	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>257,231</u>	<u>-</u>	<u>311,229</u>	<u>1,678,515</u>	<u>1,524,640</u>	<u>-</u>
<u>351,329</u>	<u>1,281</u>	<u>(151,716)</u>	<u>(1,283,272)</u>	<u>(116,027)</u>	<u>338,153</u>
101,000	-	-	-	-	-
-	-	(225,000)	(132,700)	-	(357,000)
-	-	-	-	-	-
<u>101,000</u>	<u>-</u>	<u>(225,000)</u>	<u>(132,700)</u>	<u>-</u>	<u>(357,000)</u>
452,329	1,281	(376,716)	(1,415,972)	(116,027)	(18,847)
205,135	49,824	4,816,110	5,499,036	402,078	1,187,211
<u>\$ 657,464</u>	<u>\$ 51,105</u>	<u>\$ 4,439,394</u>	<u>\$ 4,083,064</u>	<u>\$ 286,051</u>	<u>\$ 1,168,364</u>

City of San Bernardino
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the year ended June 30, 2009
(continued)

	Traffic Systems	Assessment District #1015	Impact Fees	Street Construction
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Impact fees	-	-	1,065,305	-
Investment income	2,796	641	235,377	-
Intergovernmental revenues	-	-	-	1,888,984
Charges for services	-	-	-	-
Other revenues	336	-	104,213	149,316
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	3,132	641	1,404,895	2,038,300
EXPENDITURES				
Current:				
Public safety	-	-	507,675	-
Streets	98,943	-	172,110	2,352,227
Culture and recreation	-	-	79,542	-
Debt service:				
Principal	-	-	79,249	-
Interest	-	-	76,064	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	98,943	-	914,640	2,352,227
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(95,811)	641	490,255	(313,927)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	785,535	297,700
Transfers out	(60,000)	-	-	-
Issuance of debt	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(60,000)	-	785,535	297,700
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(155,811)	641	1,275,790	(16,227)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit), beginning of year	183,238	32,689	9,190,460	(3,626,851)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit), end of year	<u>\$ 27,427</u>	<u>\$ 33,330</u>	<u>\$10,466,250</u>	<u>\$ (3,643,078)</u>

Public Improvements	Prop 1b Local Street	Totals	
		2009	2008
\$ -	\$ -	\$ 1,364,576	\$ 1,013,351
-	-	312,711	610,202
-	-	1,065,305	5,268,475
39,459	98,239	656,392	1,360,417
-	2,403,800	4,902,800	4,927,408
-	-	344,020	2,698,815
-	-	254,015	868,142
<u>39,459</u>	<u>2,502,039</u>	<u>8,899,819</u>	<u>16,746,810</u>
-	-	649,038	265,474
862,622	1,637,655	10,628,688	9,442,271
-	-	336,773	1,804,493
-	-	79,249	-
-	-	76,064	-
<u>862,622</u>	<u>1,637,655</u>	<u>11,769,812</u>	<u>11,512,238</u>
<u>(823,163)</u>	<u>864,384</u>	<u>(2,869,993)</u>	<u>5,234,572</u>
-	-	2,092,907	-
-	-	(1,199,700)	(1,087,969)
-	-	4,163,641	17,805
<u>-</u>	<u>-</u>	<u>5,056,848</u>	<u>(1,070,164)</u>
<u>(823,163)</u>	<u>864,384</u>	<u>2,186,855</u>	<u>4,164,408</u>
<u>2,656,364</u>	<u>3,045,047</u>	<u>22,186,334</u>	<u>18,021,926</u>
<u>\$ 1,833,201</u>	<u>\$ 3,909,431</u>	<u>\$ 24,373,189</u>	<u>\$ 22,186,334</u>

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City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CIEDB Street Construction Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Streets - other	2,217,500	1,990,747	226,753	558,247
Total expenditures	2,217,500	1,990,747	226,753	558,247
Excess (deficiency) of revenues over (under) expenditures	(2,217,500)	(1,990,747)	226,753	(558,247)
OTHER FINANCING SOURCES				
Issuance of debt	-	4,163,641	4,163,641	-
Total other financing source	-	4,163,641	4,163,641	-
Net change in fund balance	(2,217,500)	2,172,894	4,390,394	(558,247)
Fund (deficit), beginning of year	(2,227,557)	(2,227,557)	-	(1,669,310)
Fund balance (deficit), end of year	<u>\$ (4,445,057)</u>	<u>\$ (54,663)</u>	<u>\$ 4,390,394</u>	<u>\$ (2,227,557)</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fire Equipment Acquisition Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Other revenues	\$ -	\$ -	\$ -	\$ 863,329
Total revenues	-	-	-	863,329
EXPENDITURES				
Current:				
Public safety:				
Personnel salaries and benefits	115,700	115,600	100	7,193
Other	194,100	25,763	168,337	148,369
Total expenditures	309,800	141,363	168,437	155,562
Excess (deficiency) of revenues over (under) expenditures	(309,800)	(141,363)	168,437	707,767
OTHER FINANCING SOURCES (USES)				
Transfer out	(425,000)	(425,000)	-	(50,100)
Issuance of debt	-	-	-	17,805
Total other financing sources (uses)	(425,000)	(425,000)	-	(32,295)
Net change in fund balance	(734,800)	(566,363)	168,437	675,472
Fund balance, beginning of year	769,012	769,012	-	93,540
Fund balance, end of year	\$ 34,212	\$ 202,649	\$ 168,437	\$ 769,012

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Park Construction Fee Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 20,000	\$ (1,606)	\$ (21,606)	\$ 26,207
Intergovernmental	2,144,700	610,016	(1,534,684)	50,145
Charges for services	-	-	-	70
Other revenues	-	150	150	-
Total revenues	2,164,700	608,560	(1,556,140)	76,422
EXPENDITURES				
Current:				
Culture and recreation - other	2,369,800	257,231	2,112,569	1,434,568
Total expenditures	2,369,800	257,231	2,112,569	1,434,568
Excess (deficiency) of revenues over (under) expenditures	(205,100)	351,329	556,429	(1,358,146)
OTHER FINANCING SOURCES				
Transfers in	-	101,000	101,000	-
Total other financing sources	-	101,000	101,000	-
Net change in fund balance	(205,100)	452,329	657,429	(1,358,146)
Fund balance, beginning of year	205,135	205,135	-	1,563,281
Fund balance, end of year	\$ 35	\$ 657,464	\$ 657,429	\$ 205,135

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Cemetery Construction Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 1,600	\$ 985	\$ (615)	\$ 1,675
Charges for services	3,700	296	(3,404)	3,743
Total revenues	5,300	1,281	(4,019)	5,418
EXPENDITURES				
Current:				
Community services - other	15,000	-	15,000	-
Total expenditures	15,000	-	15,000	-
Net change in fund balance	(9,700)	1,281	10,981	5,418
Fund balance, beginning of year	49,824	49,824	-	44,406
Fund balance, end of year	<u>\$ 40,124</u>	<u>\$ 51,105</u>	<u>\$ 10,981</u>	<u>\$ 49,824</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Sewerline Construction Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 150,000	\$ 104,663	\$ (45,337)	\$ 247,367
Charges for services	250,000	54,850	(195,150)	378,884
Total revenues	400,000	159,513	(240,487)	626,251
EXPENDITURES				
Current:				
Streets - other	4,455,800	311,229	4,144,571	752,304
Total expenditures	4,455,800	311,229	4,144,571	752,304
Excess (deficiency) of revenues over (under) expenditures	(4,055,800)	(151,716)	3,904,084	(126,053)
OTHER FINANCING (USES)				
Transfers out	(225,000)	(225,000)	-	(225,000)
Total other financing (uses)	(225,000)	(225,000)	-	(225,000)
Net change in fund balance	(4,280,800)	(376,716)	3,904,084	(351,053)
Fund balance, beginning of year	4,816,110	4,816,110	-	5,167,163
Fund balance, end of year	<u>\$ 535,310</u>	<u>\$ 4,439,394</u>	<u>\$ 3,904,084</u>	<u>\$ 4,816,110</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Storm Drain Construction Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 100,000	\$ 106,369	\$ 6,369	\$ 277,287
Intergovernmental	-	-	-	-
Charges for services	1,800,000	288,874	(1,511,126)	2,316,118
Total revenues	1,900,000	395,243	(1,504,757)	2,593,405
EXPENDITURES				
Current:				
Streets - other	3,818,000	1,678,515	2,139,485	289,269
Total expenditures	3,818,000	1,678,515	2,139,485	289,269
Excess (deficiency) of revenues over (under) expenditures	(1,918,000)	(1,283,272)	634,728	2,304,136
OTHER FINANCING (USES)				
Transfers out	(132,700)	(132,700)	-	(132,700)
Total other financing (uses)	(132,700)	(132,700)	-	(132,700)
Net change in fund balance	(2,050,700)	(1,415,972)	634,728	2,171,436
Fund balance, beginning of year	5,499,036	5,499,036	-	3,327,600
Fund balance, end of year	\$ 3,448,336	\$ 4,083,064	\$ 634,728	\$ 5,499,036

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Assessments Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Taxes	\$ 1,362,100	\$ 1,364,576	\$ 2,476	\$ 1,010,182
Investment income	-	44,037	44,037	83,734
Total revenues	1,362,100	1,408,613	46,513	1,093,916
EXPENDITURES				
Current:				
Streets - other	1,362,100	1,524,640	(162,540)	1,043,620
Total expenditures	1,362,100	1,524,640	(162,540)	1,043,620
Net change in fund balance	-	(116,027)	(116,027)	50,296
Fund balance, beginning of year	402,078	402,078	-	351,782
Fund balance (deficit), end of year	\$ 402,078	\$ 286,051	\$ (116,027)	\$ 402,078

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Cultural Development Construction Fee Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Licenses and permits	\$ 400,000	\$ 312,711	\$ (87,289)	\$ 610,202
Investment income	50,000	25,442	(24,558)	48,352
Total revenues	450,000	338,153	(111,847)	658,554
EXPENDITURES				
	-	-	-	-
Excess (deficiency) of revenues over expenditures	450,000	338,153	(111,847)	658,554
OTHER FINANCING (USES)				
Transfers out	(357,000)	(357,000)	-	(617,000)
Total other financing (uses)	(357,000)	(357,000)	-	(617,000)
Net change in fund balance	93,000	(18,847)	(111,847)	41,554
Fund balance, beginning of year	1,187,211	1,187,211	-	1,145,657
Fund balance (deficit), end of year	<u>\$ 1,280,211</u>	<u>\$ 1,168,364</u>	<u>\$ (111,847)</u>	<u>\$ 1,187,211</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Systems Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ -	\$ 2,796	\$ 2,796	\$ -
Intergovernmental	75,000	-	(75,000)	74,545
Other revenues	-	336	336	-
Total revenues	<u>75,000</u>	<u>3,132</u>	<u>(71,868)</u>	<u>74,545</u>
EXPENDITURES				
Current:				
Streets - other	481,100	98,943	382,157	178,809
Total expenditures	<u>481,100</u>	<u>98,943</u>	<u>382,157</u>	<u>178,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(406,100)</u>	<u>(95,811)</u>	<u>310,289</u>	<u>(104,264)</u>
OTHER FINANCING (USES)				
Transfers out	(60,000)	(60,000)	-	(60,000)
Total other financing (uses)	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>
Net change in fund balance	(466,100)	(155,811)	310,289	(164,264)
Fund balance, beginning of year	<u>183,238</u>	<u>183,238</u>	<u>-</u>	<u>347,502</u>
Fund balance (deficit), end of year	<u>\$ (282,862)</u>	<u>\$ 27,427</u>	<u>\$ 310,289</u>	<u>\$ 183,238</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Impact Fees Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Impact fees	\$ 1,975,000	\$ 1,065,305	\$ (909,695)	\$ 5,268,475
Investment income	268,500	235,377	(33,123)	413,627
Other revenues	-	104,213	104,213	-
Total revenues	2,243,500	1,404,895	(838,605)	5,682,102
EXPENDITURES				
Current:				
Public safety	677,200	507,675	169,525	109,912
Streets	2,907,200	172,110	2,735,090	183,080
Culture and recreation	1,380,000	79,542	1,300,458	369,925
Debt service:				
Principal	-	79,249	(79,249)	-
Interest	-	76,064	(76,064)	-
Total expenditures	4,964,400	914,640	4,049,760	662,917
Excess (deficiency) of revenues over (under) expenditures	(2,720,900)	490,255	3,211,155	5,019,185
OTHER FINANCING SOURCES				
Transfers in	769,000	785,535	16,535	-
Total other financing sources	769,000	785,535	16,535	-
Net change in fund balance	(1,951,900)	1,275,790	3,227,690	5,019,185
Fund balance, beginning of year	9,190,460	9,190,460	-	4,171,275
Fund balance, end of year	\$ 7,238,560	\$ 10,466,250	\$ 3,227,690	\$ 9,190,460

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Construction Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Intergovernmental	\$ 21,153,400	\$ 1,888,984	\$ (19,264,416)	\$ 1,505,272
Other revenues	12,276,400	149,316	(12,127,084)	4,813
Total revenues	33,429,800	2,038,300	(31,391,500)	1,510,085
EXPENDITURES				
Current:				
Streets - other	29,802,900	2,352,227	27,450,673	3,412,754
Total expenditures	29,802,900	2,352,227	27,450,673	3,412,754
Excess (deficiency) of revenues over (under) expenditures	3,626,900	(313,927)	(3,940,827)	(1,902,669)
OTHER FINANCING SOURCES				
Transfers in	-	297,700	297,700	-
Total other financing sources	-	297,700	297,700	-
Net change in fund balance	3,626,900	(16,227)	(3,643,127)	(1,902,669)
Fund balance (deficit), beginning of year	(3,626,851)	(3,626,851)	-	(1,724,182)
Fund balance (deficit), end of year	\$ 49	\$ (3,643,078)	\$ (3,643,127)	\$ (3,626,851)

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Improvements Fund
For the year ended June 30, 2009

	<u>Final budget</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>	<u>Prior year actual</u>
REVENUES				
Investment income	\$ 125,000	\$ 39,459	\$ (85,541)	\$ 161,335
Total revenues	<u>125,000</u>	<u>39,459</u>	<u>(85,541)</u>	<u>161,335</u>
EXPENDITURES				
Current:				
Streets - other	<u>2,674,700</u>	<u>862,622</u>	<u>1,812,078</u>	<u>2,672,224</u>
Total expenditures	<u>2,674,700</u>	<u>862,622</u>	<u>1,812,078</u>	<u>2,672,224</u>
Net change in fund balance	(2,549,700)	(823,163)	1,726,537	(2,510,889)
Fund balance, beginning of year	<u>2,656,364</u>	<u>2,656,364</u>	<u>-</u>	<u>5,167,253</u>
Fund balance, end of year	<u>\$ 106,664</u>	<u>\$ 1,833,201</u>	<u>\$ 1,726,537</u>	<u>\$ 2,656,364</u>

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Proposition 1b Local Street Fund
For the year ended June 30, 2009

	Final budget	Actual amounts	Variance with final budget	Prior year actual
REVENUES				
Investment income	\$ 100,000	\$ 98,239	\$ (1,761)	\$ 99,565
Intergovernmental	4,045,800	2,403,800	(1,642,000)	3,297,446
Total revenues	4,145,800	2,502,039	(1,643,761)	3,397,011
EXPENDITURES				
Current:				
Streets - other	7,190,800	1,637,655	5,553,145	351,964
Total expenditures	7,190,800	1,637,655	5,553,145	351,964
Net change in fund balance	(3,045,000)	864,384	3,909,384	3,045,047
Fund balance, beginning of year	3,045,047	3,045,047	-	-
Fund balance, end of year	\$ 47	\$ 3,909,431	\$ 3,909,384	\$ 3,045,047

City of San Bernardino
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Economic Development Agency Capital Projects Fund
For the year ended June 30, 2009

	Budgeted amounts		Actual amounts	Variance with final budget	Prior year actual
	Original	Final			
REVENUES					
Taxes	\$30,521,000	\$30,521,000	\$41,873,199	\$ 11,352,199	\$33,894,719
Investment income	2,560,920	2,560,920	1,963,304	(597,616)	3,311,579
Other	1,701,000	1,701,000	963,101	(737,899)	738,619
Total revenues	<u>34,782,920</u>	<u>34,782,920</u>	<u>44,799,604</u>	<u>10,016,684</u>	<u>37,944,917</u>
EXPENDITURES					
Current:					
Economic development:					
Personnel salaries and benefits	2,471,190	2,471,190	1,444,112	1,027,078	910,619
Other	27,999,203	27,999,203	16,362,154	11,637,049	10,317,541
Debt service – other:					
Principal	429,063	429,063	343,663	85,400	378,306
Interest and fiscal charges	787,269	787,269	1,408,658	(621,389)	444,631
Total expenditures	<u>31,686,725</u>	<u>31,686,725</u>	<u>19,558,587</u>	<u>12,128,138</u>	<u>12,051,097</u>
Excess of revenues over expenditures	<u>3,096,195</u>	<u>3,096,195</u>	<u>25,241,017</u>	<u>22,144,822</u>	<u>25,893,820</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	16,061,705	16,061,705	1,092,892	(14,968,813)	-
Transfers out	(19,157,900)	(19,157,900)	(27,145,119)	(7,987,219)	(18,847,301)
Total other financing sources (uses)	<u>(3,096,195)</u>	<u>(3,096,195)</u>	<u>(26,052,227)</u>	<u>(22,956,032)</u>	<u>(18,847,301)</u>
Net change in fund balance	-	-	(811,210)	(811,210)	7,046,519
Fund balance, beginning of year	<u>77,142,644</u>	<u>77,142,644</u>	<u>77,142,644</u>	-	<u>70,096,125</u>
Fund balance (deficit), end of year	<u>\$77,142,644</u>	<u>\$77,142,644</u>	<u>\$76,331,434</u>	<u>\$ (811,210)</u>	<u>\$77,142,644</u>

Internal Service Funds

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

Unemployment Insurance

For administration of unemployment insurance claims paid to the Employment Development Department of the State of California.

Workers' Compensation

For administration of the City's self insurance for worker's compensation.

Liability Insurance

For administration of the City's liability claims, combined self insurance and umbrella coverage for liability.

Motorpool

For the maintenance and operating costs for the City's fleet of vehicles.

Telephone Support

For the operation cost and acquisition of the City's telephone communications systems.

Information Systems

For the acquisition and maintenance of the City's computer and emergency communications systems.

Utility

For the control and allocation of the City's utility costs.

Central Services

For the provision of printing, duplication and postal services and operation of City Stores for supply costs.

City of San Bernardino
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ -	\$ 43,228	\$ 250
Cash investments with fiscal agent	-	-	-	754,032
Receivables:				
Interest	-	-	30,794	-
Other	-	-	167	266
Inventories	-	-	-	421,997
Prepays	-	-	-	-
Due from other governments	-	84,500	-	2,608
Due from other funds	219,961	179,747	4,462,288	290,327
Total current assets	219,961	264,247	4,536,477	1,469,480
Noncurrent assets:				
Capital assets:				
Property, plant and equipment, net	-	213	1,641	3,141,369
Total assets	219,961	264,460	4,538,118	4,610,849
LIABILITIES				
Current liabilities:				
Accounts payable	-	179,355	53,081	172,943
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Claims and judgments payable - current	-	2,581,400	1,080,000	-
Compensated absences – current	-	49,526	10,526	198,226
Capital lease payable – current	-	-	-	920,683
Facility lease payable – current	-	-	-	35,000
Total current liabilities	-	2,810,281	1,143,607	1,326,852
Noncurrent liabilities:				
Claims and judgments payable	-	6,400,198	4,115,320	-
Compensated absences	-	21,310	-	179,314
Capital lease payable	-	-	-	1,042,218
Facility lease payable	-	-	-	165,000
Total noncurrent liabilities	-	6,421,508	4,115,320	1,386,532
Total liabilities	-	9,231,789	5,258,927	2,713,384
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	978,468
Unrestricted (deficit)	219,961	(8,967,329)	(720,809)	918,997
Total net assets (deficit)	\$ 219,961	\$ (8,967,329)	\$ (720,809)	\$ 1,897,465

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2009	2008
\$ -	\$ -	\$ -	\$ -	\$ 43,478	\$ 1,536,062
-	-	-	-	754,032	100,818
-	-	-	-	30,794	37,450
993	-	-	-	1,426	5,782
-	-	-	-	421,997	307,227
-	-	-	-	-	180,813
10,834	354,012	-	2,986	454,940	111,318
275,169	424,040	-	3,550	5,855,082	4,725,386
286,996	778,052	-	6,536	7,561,749	7,004,856
66,576	1,512,598	705,571	-	5,427,968	5,655,563
353,572	2,290,650	705,571	6,536	12,989,717	12,660,419
56,694	106,807	330,196	6,536	905,612	1,010,634
-	-	30,006	-	30,006	14,970
-	283,774	-	-	283,774	361,774
-	-	-	-	3,661,400	4,061,400
-	-	17,000	12,675	287,953	501,909
-	-	70,420	-	991,103	898,312
-	-	-	-	35,000	35,000
56,694	390,581	447,622	19,211	6,194,848	6,883,999
-	-	-	-	10,515,518	9,159,424
2,478	347,470	2,926	45,058	598,556	345,224
-	119,068	658,948	-	1,820,234	776,238
-	-	-	-	165,000	200,000
2,478	466,538	661,874	45,058	13,099,308	10,480,886
59,172	857,119	1,109,496	64,269	19,294,156	17,364,885
-	1,393,530	(23,797)	-	2,348,201	3,699,489
294,400	40,001	(380,128)	(57,733)	(8,652,640)	(8,403,955)
\$ 294,400	\$ 1,433,531	\$ (403,925)	\$ (57,733)	\$ (6,304,439)	\$ (4,704,466)

City of San Bernardino
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the year ended June 30, 2009

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
OPERATING REVENUES				
Charges for services	\$ 260,368	\$ 3,773,713	\$ 3,082,400	\$ 7,131,826
Total operating revenues	260,368	3,773,713	3,082,400	7,131,826
OPERATING EXPENSES				
Cost of sales and services	4,609	1,128,133	269,833	6,214,891
Claims expense	295,008	4,266,252	2,541,090	-
Depreciation	-	476	1,367	1,392,464
Total operating expenses	299,617	5,394,861	2,812,290	7,607,355
Operating income (loss)	(39,249)	(1,621,148)	270,110	(475,529)
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	-	93,539	157
Interest expense	-	-	-	(64,257)
Gain on disposal of assets	-	-	-	49,140
Miscellaneous income	-	-	-	89,757
Total nonoperating revenues (expenses)	-	-	93,539	74,797
Income before contributions and transfers	(39,249)	(1,621,148)	363,649	(400,732)
Transfers in	-	384,200	400,000	-
Change in net assets	(39,249)	(1,236,948)	763,649	(400,732)
Net assets (deficit), beginning of year	259,210	(7,730,381)	(1,484,458)	2,298,197
Net assets (deficit), end of year	\$ 219,961	\$ (8,967,329)	\$ (720,809)	\$ 1,897,465

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2009	2008
\$ 542,707	\$ 4,155,100	\$ 3,850,201	\$ 184,262	\$ 22,980,577	\$ 26,604,432
542,707	4,155,100	3,850,201	184,262	22,980,577	26,604,432
771,055	4,245,041	3,899,785	247,946	16,781,293	18,588,478
-	-	-	-	7,102,350	3,427,374
29,445	686,834	216,052	-	2,326,638	2,166,983
800,500	4,931,875	4,115,837	247,946	26,210,281	24,182,835
(257,793)	(776,775)	(265,636)	(63,684)	(3,229,704)	2,421,597
-	-	1,265	-	94,961	173,912
-	(9,202)	(37,011)	-	(110,470)	(79,453)
-	-	-	-	49,140	(8,340)
11,999	366,328	-	-	468,084	93,542
11,999	357,126	(35,746)	-	501,715	179,661
(245,794)	(419,649)	(301,382)	(63,684)	(2,727,989)	2,601,258
-	-	300,000	43,816	1,128,016	485,900
(245,794)	(419,649)	(1,382)	(19,868)	(1,599,973)	3,087,158
540,194	1,853,180	(402,543)	(37,865)	(4,704,466)	(7,791,624)
\$ 294,400	\$ 1,433,531	\$ (403,925)	\$ (57,733)	\$ (6,304,439)	\$ (4,704,466)

City of San Bernardino
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2009

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
Cash flows from operating activities:				
Cash received from user departments	\$ 260,368	\$ 3,753,236	\$ 3,082,400	\$ 7,137,082
Cash payments to suppliers for goods and services	(299,617)	(617,706)	(151,925)	(4,144,843)
Cash payments for claims	-	(3,042,228)	(2,809,020)	-
Cash payments to employees for services	-	(498,709)	(75,278)	(2,130,361)
Cash received for other activities	-	-	-	89,757
Net cash provided by (used for) operating activities	(39,249)	(405,407)	46,177	951,635
Cash flows from noncapital financing activities:				
Transfer from other funds	-	384,200	400,000	-
Interfund loans	(219,961)	(179,747)	(525,166)	26,568
Net cash provided by (used for) noncapital financing activities	(219,961)	204,453	(125,166)	26,568
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	(370,410)
Proceeds from capital debt	-	-	-	754,032
Principal payments on long-term debt	-	-	-	(683,296)
Proceeds from sale of capital assets	-	-	-	49,140
Interest paid on long-term debt	-	-	-	(64,257)
Net cash (used for) capital and related financing activities	-	-	-	(314,791)
Cash flows from investing activities:				
Interest received	-	1,858	98,337	-
Net cash provided by investing activities	-	1,858	98,337	-
Net increase (decrease) in cash and investments	(259,210)	(199,096)	19,348	663,412
Cash and investments, beginning of year	259,210	199,096	23,880	90,870
Cash and investments, end of year	\$ -	\$ -	\$ 43,228	\$ 754,282

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2009	2008
\$ 559,292	\$ 3,813,031	\$ 3,865,237	\$ 185,700	\$ 22,656,346	\$ 26,285,854
(694,716)	(2,277,851)	(3,720,338)	(122,319)	(12,029,315)	(14,313,880)
-	-	-	-	(5,851,248)	(4,423,314)
(66,153)	(1,973,725)	(174,954)	(127,408)	(5,046,588)	(5,329,156)
11,999	366,328	-	-	468,084	93,542
(189,578)	(72,217)	(30,055)	(64,027)	197,279	2,313,046
-	-	300,000	43,816	1,128,016	485,900
196,200	(502,040)	-	(3,549)	(1,207,695)	(4,404,215)
196,200	(502,040)	300,000	40,267	(79,679)	(3,918,315)
(6,622)	(223,944)	(31,546)	-	(632,522)	(1,062,155)
-	-	126,655	-	880,687	-
-	(232,661)	(329,308)	-	(1,245,265)	(913,550)
-	-	-	-	49,140	-
-	(9,202)	(37,011)	-	(110,470)	(79,453)
(6,622)	(465,807)	(271,210)	-	(1,058,430)	(2,055,158)
-	-	1,265	-	101,460	171,070
-	-	1,265	-	101,460	171,070
-	(1,040,064)	-	(23,760)	(839,370)	(3,489,357)
-	1,040,064	-	23,760	1,636,880	5,126,237
\$ -	\$ -	\$ -	\$ -	\$ 797,510	\$ 1,636,880

City of San Bernardino
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2009
(continued)

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Motorpool
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (39,249)	\$ (1,621,148)	\$ 270,110	\$ (475,529)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	476	1,367	1,392,464
Other nonoperating revenues	-	-	-	89,757
(Increase) decrease in assets:				
Other receivables	-	64,023	-	1,095
Inventories	-	-	-	(114,770)
Prepays	-	-	-	180,813
Due from other funds	-	-	-	-
Due from other governments	-	(84,500)	-	4,162
Increase (decrease) in liabilities:				
Accounts payable	-	(727)	39,838	(166,489)
Claims and judgments	-	1,224,024	(267,930)	-
Due to other funds	-	-	-	-
Compensated absences	-	12,445	2,792	40,132
Net cash provided by (used for) operating activities	\$ (39,249)	\$ (405,407)	\$ 46,177	\$ 951,635
Noncash, investing, capital and financing activities:				
Acquisition of capital assets through capital lease	\$ -	\$ -	\$ -	\$ 691,175

Telephone Support	Information Systems	Utility	Central Services	Totals	
				2009	2008
\$ (257,793)	\$ (776,775)	\$ (265,636)	\$ (63,684)	\$ (3,229,704)	\$ 2,421,597
29,445	686,834	216,052	-	2,326,638	2,166,983
11,999	366,328	-	-	468,084	93,542
2,025	-	-	1,235	68,378	1,784
-	-	-	-	(114,770)	(59,470)
-	-	-	-	180,813	212,455
-	-	-	203	203	(5,668)
14,560	(342,069)	-	-	(407,847)	(8,493)
10,170	17,256	(510)	(4,560)	(105,022)	(1,334,180)
-	-	-	-	956,094	(970,654)
-	-	15,036	-	15,036	(306,201)
16	(23,791)	5,003	2,779	39,376	101,351
<u>\$ (189,578)</u>	<u>\$ (72,217)</u>	<u>\$ (30,055)</u>	<u>\$ (64,027)</u>	<u>\$ 197,279</u>	<u>\$ 2,313,046</u>
\$ -	\$ -	\$ 775,346	\$ -	\$ 1,466,521	\$ 1,374,759

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Agency Funds

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

Assessment District # 961

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

Assessment District # 977A

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

Assessment District # 977B

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

Assessment District # 1003

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

Industrial Revenue Bonds

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

Community Facilities District #995

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

Special Deposits

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

Cemetery Perpetual Care

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

Payroll Trust Fund

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

San Bernardino Regional Water Resource Authority

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

City of San Bernardino
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2009

	Assessment District #961	Assessment District #977A	Assessment District #977B	Assessment District #1003	Industrial Revenue Bonds
ASSETS					
Cash and investments	\$ 362,308	\$ 60,780	\$ 96,266	\$ 257,703	\$ 69,351
Cash and investments with fiscal agents	-	95,661	156,229	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	2,501	419	665	1,778	-
Due from other governments	-	3,565	4,648	820	-
Total assets	\$ 364,809	\$ 160,425	\$ 257,808	\$ 260,301	\$ 69,351
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	69,351
Due to bondholders	364,809	160,425	257,808	260,301	-
Total liabilities	\$ 364,809	\$ 160,425	\$ 257,808	\$ 260,301	\$ 69,351

Community Facilities District #995	Special Deposits	Cemetery Perpetual Care	Payroll Trust Fund	San Bernardino Regional Water Resource Authority	Totals	
					2009	2008
\$ 1,795	\$ 6,085,336	\$ 658,050	\$ 160,794	\$ 75,292	\$ 7,827,675	\$10,830,144
-	-	-	-	-	251,890	390,522
-	90,145	-	-	-	90,145	89,475
12	3,568	-	6,690	-	15,633	11,039
-	206,384	-	-	-	215,417	255,131
<u>\$ 1,807</u>	<u>\$ 6,385,433</u>	<u>\$ 658,050</u>	<u>\$ 167,484</u>	<u>\$ 75,292</u>	<u>\$ 8,400,760</u>	<u>\$11,576,311</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,433
1,807	6,385,433	658,050	167,484	75,292	7,357,417	10,388,508
-	-	-	-	-	1,043,343	1,003,370
<u>\$ 1,807</u>	<u>\$ 6,385,433</u>	<u>\$ 658,050</u>	<u>\$ 167,484</u>	<u>\$ 75,292</u>	<u>\$ 8,400,760</u>	<u>\$11,576,311</u>

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2009

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Assessment District # 961				
Assets				
Cash and investments	\$ 354,524	\$ 7,784	\$ -	\$ 362,308
Interest receivable	3,263	5,121	5,883	2,501
Total assets	<u>\$ 357,787</u>	<u>\$ 12,905</u>	<u>\$ 5,883</u>	<u>\$ 364,809</u>
Liabilities				
Due to bondholders	\$ 357,787	\$ 12,905	\$ 5,883	\$ 364,809
Total liabilities	<u>\$ 357,787</u>	<u>\$ 12,905</u>	<u>\$ 5,883</u>	<u>\$ 364,809</u>
Assessment District # 977A				
Assets				
Cash and investments	\$ 2,456	\$ 68,159	\$ 9,835	\$ 60,780
Cash and investments with fiscal agents	148,856	618	53,813	95,661
Interest receivable	22	859	462	419
Due from other governments	3,043	3,565	3,043	3,565
Total assets	<u>\$ 154,377</u>	<u>\$ 73,201</u>	<u>\$ 67,153</u>	<u>\$ 160,425</u>
Liabilities				
Due to bondholders	\$ 154,377	\$ 73,201	\$ 67,153	\$ 160,425
Total liabilities	<u>\$ 154,377</u>	<u>\$ 73,201</u>	<u>\$ 67,153</u>	<u>\$ 160,425</u>
Assessment District #977B				
Assets				
Cash and investments	\$ 2,243	\$ 179,692	\$ 85,669	\$ 96,266
Cash and investments with fiscal agents	241,666	78,056	163,493	156,229
Interest receivable	21	1,361	717	665
Due from other governments	1,937	4,648	1,937	4,648
Total assets	<u>\$ 245,867</u>	<u>\$ 263,757</u>	<u>\$ 251,816</u>	<u>\$ 257,808</u>
Liabilities				
Due to bondholders	\$ 245,867	\$ 263,757	\$ 251,816	\$ 257,808
Total liabilities	<u>\$ 245,867</u>	<u>\$ 263,757</u>	<u>\$ 251,816</u>	<u>\$ 257,808</u>

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2009
(continued)

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Assessment District #1003				
Assets				
Cash and investments	\$ 240,542	\$ 95,112	\$ 77,951	\$ 257,703
Interest receivable	2,213	3,642	4,077	1,778
Due from other governments	2,584	820	2,584	820
Total assets	<u>\$ 245,339</u>	<u>\$ 99,574</u>	<u>\$ 84,612</u>	<u>\$ 260,301</u>
Liabilities				
Due to bondholders	\$ 245,339	\$ 99,574	\$ 84,612	\$ 260,301
Total liabilities	<u>\$ 245,339</u>	<u>\$ 99,574</u>	<u>\$ 84,612</u>	<u>\$ 260,301</u>
Industrial Revenue Bonds				
Assets				
Cash and investments	\$ 69,351	\$ -	\$ -	\$ 69,351
Total assets	<u>\$ 69,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,351</u>
Liabilities				
Deposits payable	\$ 69,351	\$ -	\$ -	\$ 69,351
Total liabilities	<u>\$ 69,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,351</u>
Community Facilities District #995				
Assets				
Cash and investments	\$ 3,295	\$ -	\$ 1,500	\$ 1,795
Interest receivable	30	25	43	12
Total assets	<u>\$ 3,325</u>	<u>\$ 25</u>	<u>\$ 1,543</u>	<u>\$ 1,807</u>
Liabilities				
Deposits payable	\$ 3,325	\$ 25	\$ 1,543	\$ 1,807
Total liabilities	<u>\$ 3,325</u>	<u>\$ 25</u>	<u>\$ 1,543</u>	<u>\$ 1,807</u>

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2009
(continued)

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Special Deposits				
Assets				
Cash and investments	\$ 6,814,308	\$ 6,996,919	\$ 7,725,891	\$ 6,085,336
Accounts receivable	89,475	419,842	419,172	90,145
Interest receivable	5,490	7,307	9,229	3,568
Due from other governments	247,567	206,384	247,567	206,384
Total assets	<u>\$ 7,156,840</u>	<u>\$ 7,630,452</u>	<u>\$ 8,401,859</u>	<u>\$ 6,385,433</u>
Liabilities				
Deposits payable	<u>\$ 7,156,840</u>	<u>\$ 7,630,452</u>	<u>\$ 8,401,859</u>	<u>\$ 6,385,433</u>
Total liabilities	<u>\$ 7,156,840</u>	<u>\$ 7,630,452</u>	<u>\$ 8,401,859</u>	<u>\$ 6,385,433</u>
Cemetery Perpetual Care				
Assets				
Cash and investments	\$ 657,024	\$ 1,026	\$ -	\$ 658,050
Total assets	<u>\$ 657,024</u>	<u>\$ 1,026</u>	<u>\$ -</u>	<u>\$ 658,050</u>
Liabilities				
Deposits payable	<u>\$ 657,024</u>	<u>\$ 1,026</u>	<u>\$ -</u>	<u>\$ 658,050</u>
Total liabilities	<u>\$ 657,024</u>	<u>\$ 1,026</u>	<u>\$ -</u>	<u>\$ 658,050</u>
Payroll Trust Fund				
Assets				
Cash and investments	\$ 2,610,997	\$ 135,189,823	\$ 137,640,026	\$ 160,794
Due from other governments	-	6,690	-	6,690
Total assets	<u>\$ 2,610,997</u>	<u>\$ 135,196,513</u>	<u>\$ 137,640,026</u>	<u>\$ 167,484</u>
Liabilities				
Accounts payable	\$ 184,433	\$ 3,398,945	\$ 3,583,378	\$ -
Deposits payable	2,426,564	131,797,568	134,056,648	167,484
Total liabilities	<u>\$ 2,610,997</u>	<u>\$ 135,196,513</u>	<u>\$ 137,640,026</u>	<u>\$ 167,484</u>

City of San Bernardino
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2009
(continued)

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
San Bernardino Regional Water Resource Authority				
Assets				
Cash and investments	\$ 75,404	\$ -	\$ 112	\$ 75,292
Total assets	<u>\$ 75,404</u>	<u>\$ -</u>	<u>\$ 112</u>	<u>\$ 75,292</u>
Liabilities				
Deposits payable	\$ 75,404	\$ -	\$ 112	\$ 75,292
Total liabilities	<u>\$ 75,404</u>	<u>\$ -</u>	<u>\$ 112</u>	<u>\$ 75,292</u>
TOTALS – ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 10,830,144	\$ 142,538,515	\$145,540,984	\$ 7,827,675
Cash and investments with fiscal agents	390,522	78,674	217,306	251,890
Accounts receivable	89,475	419,842	419,172	90,145
Interest receivable	11,039	18,315	20,411	8,943
Due from other governments	255,131	222,107	255,131	222,107
Total assets	<u>\$ 11,576,311</u>	<u>\$143,277,453</u>	<u>\$146,453,004</u>	<u>\$ 8,400,760</u>
Liabilities				
Accounts payable	\$ 184,433	\$ 3,398,945	\$ 3,583,378	\$ -
Deposits payable	10,388,508	139,429,071	142,460,162	7,357,417
Due to bondholders	1,003,370	449,437	409,464	1,043,343
Total liabilities	<u>\$ 11,576,311</u>	<u>\$ 143,277,453</u>	<u>\$146,453,004</u>	<u>\$ 8,400,760</u>

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STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	198
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	202
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.</i>	205
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	210
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report is related to the services it provides and the activities it performs.</i>	212

**City of San Bernardino
Net Assets by Component
Last Eight Fiscal Years
(accrual basis of accounting)**

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

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

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

**City of San Bernardino
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)**

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses:								
Governmental activities:								
General government	\$ 20,324,940	\$ 10,110,920	\$ 21,656,283	\$ 24,808,713	\$ 23,892,333	\$ 27,262,344	\$ 28,690,682	\$ 31,889,888
Public safety	66,107,141	71,475,265	74,407,316	80,039,649	136,667,148	93,515,654	101,494,843	100,515,707
Streets	12,345,936	12,349,490	14,669,079	13,891,216	27,057,006	27,069,798	29,851,158	28,471,766
Culture and recreation	6,126,953	6,691,192	7,169,744	7,161,720	6,982,538	7,641,107	9,008,014	7,119,434
Community development	1,824,993	6,065,117	8,884,530	12,687,520	8,346,669	9,035,671	7,280,167	12,214,813
Economic development	17,593,672	20,259,952	24,495,651	18,044,434	13,049,495	10,484,282	18,262,699	22,276,482
Community services	8,731,557	11,133,083	11,482,351	2,137,139	8,721,633	7,859,979	7,900,685	4,224,880
Interest on long-term debt	13,060,843	13,031,339	14,163,424	9,139,110	13,196,169	14,091,476	13,486,264	14,035,536
Total governmental activities expenses	146,116,035	151,116,358	176,928,378	167,909,601	237,912,991	196,960,311	215,974,512	220,748,506
Business-type activities:								
Integrated Waste	15,697,689	15,040,394	16,594,002	18,558,293	21,008,588	21,484,555	24,356,571	23,260,087
Water	18,802,599	18,825,102	21,317,663	22,734,007	25,236,041	28,410,534	33,045,283	33,536,769
Sewer	18,710,526	19,413,795	18,976,067	21,541,197	22,728,156	25,357,620	25,053,649	24,142,063
Total business-type activities expenses	53,210,814	53,279,291	56,867,732	62,833,497	68,972,785	75,252,709	82,455,503	80,938,919
Total primary government expenses	199,326,849	204,395,649	233,816,110	230,743,098	306,885,776	272,213,020	298,430,015	301,687,425
Program revenues:								
Governmental activities:								
Charges for services:								
General government	2,083,487	2,747,466	2,738,254	3,398,519	3,035,106	3,049,407	2,634,674	3,520,136
Public safety	4,278,024	4,685,593	4,311,566	4,206,552	5,584,791	6,830,785	7,847,150	8,132,156
Streets	4,223,767	4,650,313	5,692,784	7,825,117	10,375,349	13,220,302	15,292,390	10,402,510
Culture and recreation	754,444	1,351,930	1,299,275	1,886,925	2,148,929	2,264,397	2,141,227	1,045,559
Community development	2,234,857	3,055,541	3,384,534	4,496,494	5,455,580	5,035,631	3,829,972	2,986,531
Economic development	47,543	-	-	-	-	-	-	-
Community services	1,444,300	1,438,110	1,468,455	1,588,046	1,575,304	1,665,858	1,740,995	1,564,959
Operating grants and contributions	17,672,341	17,360,240	19,109,855	15,612,353	16,749,511	15,674,299	16,270,234	20,318,765
Capital grants and contributions	8,072,268	13,953,933	16,081,187	18,350,510	8,560,691	10,742,679	11,883,134	10,006,137
Total governmental activities program revenues	40,811,031	49,243,126	54,085,910	57,364,516	53,485,261	58,483,358	61,639,776	57,976,753
Business-type activities:								
Charges for services:								
Integrated Waste	17,470,111	18,412,352	19,149,079	21,585,381	22,751,076	24,035,457	24,410,492	25,095,208
Water	20,403,144	20,306,056	24,159,556	18,605,346	19,702,252	26,281,951	27,337,093	27,258,954
Sewer	16,829,698	17,009,204	17,339,174	19,551,823	19,492,372	21,002,484	20,847,984	21,208,021
Operating grants and contributions	990,282	794,044	1,214,167	1,001,047	1,983,509	4,287,943	2,715,957	2,043,889
Capital grants and contributions	5,917,958	6,520,569	7,942,497	18,906,564	18,430,146	14,904,830	13,263,336	5,197,854
Total business-type activities program revenues	61,611,193	63,042,225	69,804,473	79,650,161	82,359,355	90,512,685	88,574,862	80,803,926
Total primary government program revenues	102,422,224	112,285,351	123,890,383	137,014,677	135,844,616	148,996,023	150,214,638	138,780,679
Net revenues (expenses):								
Governmental activities	(105,305,004)	(101,873,232)	(122,842,468)	(110,545,085)	(184,427,730)	(138,476,953)	(154,334,736)	(162,771,753)
Business-type activities	8,400,379	9,762,934	12,916,741	16,816,664	13,886,570	15,259,956	6,119,359	(134,993)
Total net revenues (expenses)	(96,904,625)	(92,110,298)	(109,925,727)	(93,728,421)	(171,041,160)	(123,216,997)	(148,215,377)	(162,906,746)
General revenues and other changes in net assets:								
Governmental activities:								
Taxes:								
Sales tax	27,102,137	29,894,441	32,277,342	34,768,847	36,753,095	36,011,631	36,101,446	29,601,414
Property tax	25,523,014	26,327,504	28,965,153	32,611,618	49,242,321	58,061,978	65,324,686	74,661,731
Other taxes	26,520,455	27,919,423	30,203,483	31,468,545	34,033,797	34,952,626	34,423,896	33,460,958
Franchises	2,879,949	2,878,719	3,084,720	3,137,384	3,343,990	3,348,564	3,611,073	3,513,508
Unrestricted investment earnings	10,433,917	8,850,414	8,535,567	8,670,285	8,867,706	7,723,375	5,649,984	3,921,832
Other general revenues	6,167,267	8,140,146	9,282,701	3,322,507	4,805,836	9,455,462	12,104,881	11,409,423
Intergovernmental - unrestricted	10,733,002	11,142,549	11,200,846	7,260,757	1,541,439	1,529,664	1,193,173	951,828
Transfers	1,616,200	1,598,246	2,316,200	2,316,200	2,810,900	2,533,000	2,617,300	2,782,300
Total governmental activities	110,975,941	116,751,442	125,866,012	123,556,143	141,399,084	153,616,300	161,026,439	160,302,994
Business-type activities								
Unrestricted investment earnings	2,601,625	2,382,963	839,368	4,783,660	4,024,042	3,270,023	4,116,288	2,808,251
Other general revenues				2,021,600	1,689,828	463,980	835,984	607,753
Loss on disposal of capital assets							(533,199)	(137,817)
Transfers	(1,616,200)	(1,598,246)	(2,316,200)	(2,316,200)	(2,810,900)	(2,533,000)	(2,617,300)	(2,782,300)
Total business-type activities	985,425	784,717	(1,476,832)	4,489,060	2,902,970	1,201,003	1,801,774	495,887
Total primary government	111,961,366	117,536,159	124,389,180	128,045,203	144,302,054	154,817,303	162,828,213	160,798,881
Changes in net assets								
Governmental activities	5,670,937	14,878,210	3,023,544	13,011,058	(43,028,646)	15,139,347	6,691,703	(2,468,759)
Business-type activities	9,385,804	10,547,651	11,439,909	21,305,724	16,289,540	16,460,959	7,921,133	360,894
Total primary government	\$ 15,056,741	\$ 25,425,861	\$ 14,463,453	\$ 34,316,782	\$ (26,739,106)	\$ 31,600,306	\$ 14,612,836	\$ (2,107,865)

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

City of San Bernardino
Fund Balances of Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)

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

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

City of San Bernardino
Changes in Fund Balances of Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:								
Taxes	\$ 79,291,036	\$ 84,123,265	\$ 91,755,978	\$ 107,732,349	\$ 120,977,254	\$ 129,060,182	\$ 135,605,049	\$ 138,027,508
Licenses and permits	6,735,142	7,262,108	7,876,768	9,585,532	10,277,240	12,499,578	11,116,513	10,048,833
Impact fees	-	-	-	-	843,458	3,450,896	5,268,475	1,065,305
Fines and forfeitures	1,541,486	1,559,840	1,758,510	1,974,534	2,554,720	3,183,008	3,880,674	4,721,725
Investment Income	6,539,320	6,053,106	5,206,478	4,414,204	5,312,423	9,974,811	8,413,713	5,708,816
Intergovernmental	38,907,758	39,313,349	46,348,639	35,933,532	29,179,616	34,294,304	36,683,544	37,970,647
Charges for services	7,466,950	9,512,656	10,066,984	13,447,328	16,296,784	14,268,495	13,465,003	11,020,644
Other revenues	7,141,110	11,583,609	10,855,822	14,914,028	6,926,240	8,940,357	6,803,988	6,213,253
Total revenues	147,622,802	159,407,933	173,869,179	188,001,507	192,367,735	215,671,631	221,236,959	214,776,731
Expenditures:								
Current:								
General government	14,868,972	15,317,801	18,560,589	21,725,050	23,405,697	24,355,666	24,983,025	23,468,564
Public safety	65,804,551	69,742,970	73,516,373	79,860,210	134,891,847	91,978,732	100,534,357	105,613,213
Streets	15,899,968	17,173,949	17,101,303	19,596,406	24,060,239	26,555,429	27,129,532	25,150,386
Culture and recreation	7,671,272	6,901,194	7,450,410	6,987,251	6,898,492	8,261,185	9,480,585	6,842,658
Community development	9,629,321	12,763,319	20,291,613	13,527,724	10,695,256	8,563,125	9,363,769	11,777,679
Community service	8,563,476	10,827,093	6,977,775	4,299,772	8,485,029	6,547,021	6,914,615	4,329,133
Economic development	10,797,518	15,038,436	17,593,938	11,222,530	12,469,103	10,178,004	18,165,689	22,276,482
Debt service:								
Principal retirement	14,069,891	9,584,617	8,939,434	7,831,737	12,546,394	8,949,418	10,759,184	11,223,004
Interest and fiscal charges	11,733,567	11,529,630	11,282,798	11,984,266	12,067,597	14,676,189	13,146,478	14,101,348
Payment to escrow agent	1,470,150	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	1,267,051	-	-	-
Payment to refunded escrow	-	-	-	-	5,497,751	-	-	-
Total expenditures	160,508,686	168,879,009	181,714,233	177,034,946	252,284,456	200,064,769	220,477,234	224,782,467
Excess (deficiency) of revenues over (under) expenditures	(12,885,884)	(9,471,076)	(7,845,054)	10,966,561	(59,916,721)	15,606,862	759,725	(10,005,736)
Other financing sources (uses):								
Transfers in	43,028,600	31,143,372	36,782,713	30,033,293	34,251,343	53,516,613	47,095,652	48,744,845
Transfers out	(43,067,300)	(28,503,926)	(34,066,513)	(27,454,893)	(31,773,743)	(50,711,595)	(44,964,252)	(47,090,561)
Issuance of long-term debt	36,142,464	3,500,000	2,401,954	2,193,154	107,337,383	13,624,952	3,638,489	4,218,935
Payments to bond escrow agents	(16,309,848)	-	-	-	-	-	-	-
Pension bonds issued	-	-	-	-	62,095,000	-	-	-
Discounts on pension bonds issued	-	-	-	-	(10,155,317)	-	-	-
Payment to refunded escrow agent	-	-	-	-	(71,407,249)	-	-	-
Forgiveness of debt	-	-	-	-	-	-	1,556,000	-
Total other financing sources (uses)	19,793,916	6,139,446	5,118,154	4,771,554	90,347,417	16,429,970	7,325,889	5,873,219
Net change in fund balances	\$ 6,908,032	\$ (3,331,630)	\$ (2,726,900)	\$ 15,738,115	\$ 30,430,696	\$ 32,036,832	\$ 8,085,614	\$ (4,132,517)
Debt service as a percentage of noncapital expenditures	22.3%	15.9%	14.1%	13.6%	15.1%	14.4%	13.0%	14.0%

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

**City of San Bernardino
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
2000	\$ 3,646,106,635	\$ 243,278,681	\$ (144,651,755)	\$ 3,744,733,561	\$ 1,501,493,168	\$ 206,050,192	\$ -	\$ 1,707,543,360	0.45%
2001	3,694,823,003	239,145,672	(139,392,031)	3,794,576,644	1,553,594,455	207,105,539	-	1,760,699,994	0.46%
2002	3,781,844,181	239,214,043	(141,805,755)	3,879,252,469	1,655,813,165	262,049,000	-	1,917,862,165	0.44%
2003	3,890,771,009	240,855,914	(142,450,899)	3,989,176,024	1,762,347,247	269,287,123	-	2,031,634,370	0.44%
2004	4,131,145,783	243,179,161	(146,771,273)	4,227,553,671	1,974,759,124	310,354,838	-	2,285,113,962	0.44%
2005	4,356,175,834	246,018,029	(146,527,117)	4,455,666,746	2,388,824,098	292,415,626	-	2,681,239,724	0.46%
2006	4,775,068,600	251,599,885	(144,877,914)	4,881,790,571	2,844,012,789	335,148,475	-	3,179,161,264	0.61%
2007	5,423,944,631	252,834,944	(144,547,076)	5,532,232,499	3,663,290,709	374,962,702	-	4,038,253,411	0.61%
2008	6,132,855,990	257,839,081	(144,303,550)	6,246,391,521	4,514,199,489	391,939,126	-	4,906,138,615	0.59%
2009	6,233,169,050	261,272,249	(145,708,938)	6,348,732,361	5,178,960,928	500,192,233	-	5,679,153,161	0.62%

NOTE:

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

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

**City of San Bernardino
Principal Property Tax Payers
Current Year and Seven Years Ago**

Taxpayer	2009		2002	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Catholic Healthcare West	\$ 118,702,712	0.99%	\$ 101,698,219	1.75%
North San Bernardino Industrial Park	107,198,277	0.89%		
Opus R/E CA VII Northpointe	76,000,000	0.63%		
Stater Bros Markets	67,316,332	0.56%	15,846,217	0.27%
Westgate No 1	58,944,164	0.49%		
WM Inland Investors IV LLC	58,335,717	0.49%		
SP 4 Gateway North	54,674,040	0.45%		
Prologis-A5 CA I	51,700,000	0.43%		
St Bernardine Medical Center	51,036,286	0.42%	47,973,462	0.83%
Tec Park Land LP	48,444,145	0.40%		
Industrial Parkway LLC	46,833,028	0.39%		
Pera Castlepark Inc	43,406,576	0.36%	39,366,000	0.68%
Rancon Realty Fund V	37,662,794	0.31%	34,823,519	0.60%
Broadstone Serrano LLC	34,814,640	0.29%		
VTSD LLC	32,897,448	0.27%		
Loma Linda University	30,525,748	0.25%		
Rancon Realty Fund IV	28,487,868	0.24%	22,626,272	0.39%
Universe at Acacia LLC	28,417,267	0.24%	19,400,000	0.33%
Macy's California	28,235,098	0.23%		
Camden Holdings LLC	27,277,045	0.23%		
Rancon Realty Fund V, Sub Two	26,797,623	0.22%		
Rancon Realty Fund V, Sub LLC	24,251,322	0.20%		
Kohl's Department Stores Inc	24,156,223	0.20%	21,907,600	0.38%
Telacu Housing San Bernardino III Inc	23,269,497	0.19%		
Mountainside Apts	23,141,763	0.19%		
CNP & Media News Group		0.00%	27,031,223	0.47%
Community Hospital of San Bernardino		0.00%	13,914,897	0.24%
Capital Foresight San Bernardino		0.00%	21,600,000	0.37%
6155 Palm Avenue Apartments LLC		0.00%	18,054,000	0.31%
Costco Wholesale Corp		0.00%	10,716,279	0.18%
Yellow Freight System Inc		0.00%	13,190,399	0.23%
Delta Investors II LLC		0.00%	12,970,084	0.22%
California Newspaper Partnership		0.00%	11,259,416	0.19%
SB Tri-City Associates		0.00%	10,469,242	0.18%
Cinemastar Luxury Theaters Inc		0.00%	10,404,000	0.18%
Roman Catholic Bishop of San Bernardino		0.00%	9,127,990	0.16%
Central City Company LLC		0.00%	8,736,700	0.15%
	<u>\$ 1,152,525,613</u>	<u>9.58%</u>	<u>\$ 471,115,519</u>	<u>8.13%</u>

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

Source: City of San Bernardino Real Property Section

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

**City of San Bernardino
Property Tax Levies and Collections
Last Eight Fiscal Years**

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

NOTE:

The amounts presented include City property taxes only.

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

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

**City of San Bernardino
Ratios of Outstanding Debt by Type
Last Four Fiscal Years**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities				
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	<u>15,236,681</u>	<u>27,149,462</u>	<u>28,360,145</u>	<u>31,207,863</u>
Total governmental activities	<u>251,491,168</u>	<u>256,077,475</u>	<u>249,215,008</u>	<u>243,471,253</u>
Business-type Activities				
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	<u>75,000</u>	<u>65,000</u>	<u>55,000</u>	<u>45,000</u>
Total business-type activities	<u>56,743,790</u>	<u>57,815,548</u>	<u>67,272,494</u>	<u>64,727,330</u>
Total Primary Government	<u>\$ 308,234,958</u>	<u>\$ 313,893,023</u>	<u>\$ 316,487,502</u>	<u>\$ 308,198,583</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

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

City of San Bernardino
Ratio of General Bonded Debt Outstanding
Last Four Fiscal Years
(In thousands, except per capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Total	Percent of Assessed Value	Per Capita
	Tax Allocation Bonds	Pension Obligation Bonds	Lease Revenue Bonds			
2006	\$ 155,218	\$ 50,402	\$ 17,360	\$ 222,980	2.77%	\$ 1,136
2007	149,821	50,402	15,865	216,088	2.26%	1,101
2008	144,120	49,565	14,765	208,450	1.87%	1,035
2009	138,113	48,600	13,615	200,328	1.67%	979

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

**City of San Bernardino
Schedule of Direct and Overlapping Bonded Debt**

2008-09 Assessed Valuation	\$12,173,594,460
Redevelopment Incremental Valuation:	<u>5,679,153,161</u>
Adjusted Assessed Valuation:	6,494,441,299

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 06/30/09	% Applicable (1)	City's Share of Debt 6/30/09
San Bernardino Community College District	\$436,519,736	15.414 %	\$67,285,152
Colton Joint Unified School District	95,124,877	2.801	2,664,448
Redlands Unified School District	112,559,784	0.773	870,396
Rialto Unified School District	47,240,038	12.518	5,913,508
San Bernardino City Unified School District	158,572,567	70.976	112,548,465
Colton Joint Unified School District CFD No. 2	4,355,000	89.535	3,899,249
City of San Bernardino 1915 Act Bonds	825,000	100.000	<u>825,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$194,006,218
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Bernardino County General Fund Obligations	\$741,470,000	5.152 %	\$38,200,534
San Bernardino County Pension Obligations	688,325,591	5.152	35,462,534
San Bernardino County Flood Control District General Fund Obligations	117,495,000	5.152	6,053,342
Colton Joint Unified School District Certificates of Participation	6,805,000	2.801	190,608
Redlands Unified School District Certificates of Participation	5,000,000	0.773	38,650
Rialto Unified School District Certificates of Participation	14,850,000	12.518	1,858,923
City of San Bernardino General Fund Obligations	25,550,000	100.000	25,550,000
San Bdn Valley Municipal Water District Certificates of Participation	2,250,000	21.581	<u>485,573</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$107,840,164
Less: San Bernardino Valley Muni Water Dist Certificates of Part			485,573
Redlands Unified School District QZABS supported by investment fund			<u>38,650</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$107,315,941
 GROSS COMBINED TOTAL DEBT			 \$301,846,382 (2)
NET COMBINED TOTAL DEBT			\$301,322,159

- (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.

Ratios to 2008-09 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.59 %
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Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$25,550,000)	0.39 %
Gross Combined Total Debt	4.65 %
Net Combined Total Debt	4.64 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$0

Source: California Municipal Statistics, Inc.

**City of San Bernardino
Legal Debt Margin Information
Last Eight Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009
Assessed valuation	\$ 4,021,058,224	\$ 4,131,626,923	\$ 4,374,324,944	\$ 4,602,193,863	\$ 5,026,668,485	\$ 5,676,779,575	\$ 6,390,695,071	\$ 6,494,441,299
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed value	1,005,264,556	1,032,906,731	1,093,581,236	1,150,548,466	1,256,667,121	1,419,194,894	1,597,673,768	1,623,610,325
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	150,789,683	154,936,010	164,037,185	172,582,270	188,500,068	212,879,234	239,651,065	243,541,549
Total net debt applicable to limit: General obligation bonds	29,345,000	27,765,000	28,090,000	24,745,000	81,036,583	79,106,583	76,734,907	74,149,907
Legal debt margin	\$ 121,444,683	\$ 127,171,010	\$ 135,947,185	\$ 147,837,270	\$ 107,463,485	\$ 133,772,651	\$ 162,916,158	\$ 169,391,642
Total debt applicable to the limit as a percentage of debt limit	19.5%	17.9%	17.1%	14.3%	43.0%	37.2%	32.0%	30.4%

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

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

**City of San Bernardino Municipal Water Department
Pledged-Revenue Coverage
Last Four Fiscal Years
(In thousands)**

Fiscal Year Ended June 30	Water Utility						Tax Allocation Bonds			
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Tax Increment	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2006	\$ 27,153	\$ 20,985	\$ 6,167	\$ 457	\$ 317	7.97	\$ 17	\$ 10	\$ 5	1.13
2007	35,284	23,691	11,593	472	602	10.80	18	10	5	1.21
2008	38,687	27,397	11,290	472	602	10.51	20	10	4	1.43
2009	33,194	27,457	5,737	926	578	3.81	28	10	3	2.10

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

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

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

**City of San Bernardino
Demographic and Economic Statistics
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
1998	182,554	\$ 3,717,347	\$ 20,363	6.1%
1999	184,986	3,884,891	21,001	5.2%
2000	186,351	4,094,504	21,972	5.1%
2001	190,232	4,365,634	22,949	5.2%
2002	189,800	4,421,201	23,294	6.2%
2003	194,100	4,614,145	23,772	6.2%
2004	196,300	4,928,700	25,108	5.7%
2005	199,521	5,201,113	26,068	5.3%
2006	201,396	5,464,679	27,134	4.9%
2007 *	204,620	5,734,271	28,024	5.8%

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

**City of San Bernardino
Principal Employers
Fiscal Year 2009 and Three Prior years**

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

Source - City of San Bernardino Employment and Training Agency for years 2006-2008;

**City of San Bernardino
Full-time and Part-time City Employees
by Function
Last Ten Fiscal Years**

Full-time and part-time City employees by function										
Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	215	222	225	228	222	209	210	223	289	269
Public safety	629	616	627	628	633	653	667	688	790	754
Streets	116	118	120	121	118	107	110	110	120	94
Culture and recreation	269	269	267	268	268	272	272	274	162	160
Community development	21	21	22	22	22	23	27	33	32	23
Economic development	19	19	19	22	22	22	17	17	22	35
Community service	261	261	262	270	269	268	268	269	159	111
Enterprise	333	338	346	349	357	356	369	380	398	379
Total	1,863	1,864	1,888	1,908	1,911	1,910	1,940	1,994	1,972	1,825

Source: Budgeted positions for full and part time employees

**City of San Bernardino
Operating Indicators by Function
Last Four Fiscal Years**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
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

Source - various City departments

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

**City of San Bernardino
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	11	12	12	12	12	12	12	12	12	12
Streets/Community Development										
Miles of streets	576	576	614	614	621	621	625	628	628	628
Street lights (City maintained)	5,000	5,000	5,000	5,000	5,000	5,000	5,100	5,100	5,100	5,100
Street lights (SCE maintained)	6,000	6,000	6,351	6,351	6,351	6,351	6,400	6,400	6,980	6,502
Street traffic controllers (signals)	232	237	237	237	246	251	255	255	262	268
Street traffic controllers (ped-xing)	20	21	21	21	21	21	21	21	21	20
Culture and Leisure										
Parks	43	43	43	43	43	43	26	28	39	39
Park acreage	510.078	510.078	510.078	510.078	510.078	510.078	497.608	503.614	550.000	618.000
Water										
Water mains (miles)	552	552	552	579	590	600	551	575	581	583
Sewer										
Sanitary sewers (miles)	500	500	500	500	507	507	509	509	510	510

Source - various City departments

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

**City of San Bernardino Municipal Water Department
Water Sold by Type of Customer
Last Ten Fiscal Years
(in millions of gallons)**

Type of Customer:	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Residential	10,780.6	9,158.4	10,204.6	9,414.9	10,277.7	9,493.7	10,022.5	10,490.8	9,893.4	9,462.5
Commercial	2,795.7	2,149.0	2,302.9	2,568.6	2,791.3	2,680.6	2,752.7	2,949.4	2,744.2	2,441.5
Municipal	716.8	576.6	604.8	535.9	526.3	511.4	533.6	585.9	558.6	546.6
Landscape	2,044.0	1,777.8	1,460.9	1,480.2	1,521.4	1,376.4	1,585.1	1,735.9	1,698.5	1,818.2
Other Agencies	286.5	579.2	493.8	363.6	117.1	77.4	51.4	612.9	440.6	407.8
Total	16,623.6	14,241.0	15,067.0	14,363.2	15,233.8	14,139.5	14,945.3	16,374.9	15,335.3	14,676.6
 Total direct rate per 1,000 gallons \$	0.93	1.14	1.23	1.30	1.28	1.29	1.29	1.52	1.57	1.70

**City of San Bernardino Municipal Water Department
Water Rates
Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Monthly Base Rate</u>	<u>Rate per 1,000 Gallons</u>
2000	7.60	1.10
2001	7.60	1.10
2002	8.05	1.24
2003	8.05	1.24
2004	8.05	1.24
2005	8.05	1.24
2006	8.05	1.24
2007	8.32	1.28
2008	8.59	1.24
2009	8.80	1.36

Note:

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

**City of San Bernardino Municipal Water Department
Water Customers
Current Fiscal Year and Eight Years Ago**

Water Customer	2009		2001	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
SB Unified School District	\$ 632,312	2.85%	\$ 388,262	2.10%
City of Loma Linda	545,072	2.46%	51,954	0.28%
Housing Authority	262,037	1.18%	214,472	1.16%
California State University	255,882	1.15%	261,732	1.42%
County of San Bernardino	221,412	1.00%	201,044	1.09%
City of San Bernardino	190,787	0.86%	86,677	0.47%
Cott Beverages	168,591	0.76%	94,680	0.51%
Rialto School District	114,782	0.52%	79,938	0.43%
California Dept of Transportation	113,451	0.51%	136,399	0.74%
Castle Park Apartments	104,416	0.47%	53,431	0.29%
	<u>\$ 2,608,742</u>	<u>11.76%</u>	<u>\$ 1,568,589</u>	<u>8.49%</u>

Source: Customer Services Department

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