COUNTY OF SAN BERNARDINO
SPECIAL DISTRICTS
BLOOMINGTON PARK
AND RECREATION DISTRICT

REPORT ON AUDIT

JUNE 30, 2011

County of San Bernardino Special Districts
Bloomington Park and Recreation District
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County of San Bernardino Special
District Bloomington Park
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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of San Bernardino Special District Bloomington Park and Recreation District (the "District"), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the State Controller's Minimum Audit Requirement for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County of San Bernardino Special District Bloomington Park and Recreation District, as of June 30, 2011, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

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

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Rogers Anderson Malody & Scott, LLP

November 30, 2011

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Exhibit "A"

County of San Bernardino Special Districts
Bloomington Park and Recreation District
Statement of Net Assets
June 30, 2011

ASSETS	
Cash and cash equivalents	$ 1,301,404
Interest receivable	2,840
Taxes receivable	10,566
Due from other governments	684,415
Capital assets, net of depreciation	3,809,436
Total Assets	5,808,661
LIABILITIES	
Accounts payable	74,121
Salaries and benefits payable	12,071
Due to other governments	5,305
Retention payable	3,496
Compensated absences payable	8,181
Total Liabilities	103,174
NET ASSETS	
Invested in capital assets	3,809,436
Unrestricted	1,896,051
Total Net Assets	$ 5,705,487

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

Exhibit “B”

County of San Bernardino Special Districts
Bloomington Park and Recreation District
Statement of Activities
For the Year Ended June 30, 2011

EXPENSES		
Salaries and benefits	$	176,722
Services and supplies		205,129
Depreciation		48,346
Loss on disposal of capital asset		4,081
Total Program Expenses		434,278
PROGRAM REVENUES		-
Net Program Expense		(434,278)
GENERAL REVENUES		
Property taxes		256,597
Other taxes		1,982
State assistance		3,497
Investment earnings		11,095
Service fees		1,204
Other revenue		118,568
Total General Revenues		392,943
Change in Net Assets		(41,335)
Net Assets - beginning		5,746,822
Net Assets - ending	$	5,705,487

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

County of San Bernardino Special Districts
Bloomington Park and Recreation District
Balance Sheet
Governmental Funds
June 30, 2011

	SPECIAL REVENUE FUND	CAPITAL PROJECT FUND
	General (SSD)	Kessler Park Ball Field (CNJ)
ASSETS		
Cash and cash equivalents	$ 343,186	$ 841,877
Interest receivable	694	1,873
Taxes receivable	10,566	-
Due from other governments	650,000	34,415
Total Assets	$ 1,004,446	$ 878,165
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ -	$ 74,121
Salaries and benefits payable	5,373	-
Due to other governments	95	2,281
Retention payable	-	3,496
Total Liabilities	5,468	79,898
Fund Balances:		
Restricted for:		
Community parks and recreational areas	998,978	-
Assigned	-	798,267
Total Fund Balances	998,978	798,267
Total Liabilities and Fund Balances	$ 1,004,446	$ 878,165

Amounts reported for *governmental activities* in the statement of net assets (Exhibit "A") are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Compensated absences payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.
Compensated absences payable

Net Assets of Governmental Activities

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

Exhibit "C"

OTHER NON MAJOR GOVERNMENTAL FUNDS	Total Governmental Funds
$ 116,341	$ 1,301,404
273	2,840
-	10,566
-	684,415
$ 116,614	$ 1,999,225
$ -	$ 74,121
6,698	12,071
2,929	5,305
-	3,496
9,627	94,993
-	998,978
106,987	905,254
106,987	1,904,232
$ 116,614	
	3,809,436
	(8,181)
	$ 5,705,487

County of San Bernardino Special Districts
Bloomington Park and Recreation District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	SPECIAL REVENUE FUND	CAPITAL PROJECT FUND
	General (SSD)	Kessler Park Ball Field (CNJ)
REVENUES		
Property taxes	$ 256,597	$ -
Other taxes	1,982	-
State assistance	3,497	-
Investment earnings	322	9,784
Service fees	1,204	-
Other revenue	23	117,815
Total Revenues	263,625	127,599
EXPENDITURES		
Salaries and benefits	176,400	-
Services and supplies	122,115	-
Capital outlay:		
Improvements to land	-	339,301
Structures and improvements	-	-
Total Expenditures	298,515	339,301
Net Change in Fund Balances	(34,890)	(211,702)
Fund Balances - beginning	1,033,868	1,009,969
Fund Balances - ending	$ 998,978	$ 798,267

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

Exhibit "D"

OTHER GOVERNMENTAL FUNDS	Total Governmental Funds
$ -	$ 256,597
-	1,982
-	3,497
989	11,095
-	1,204
730	118,568
1,719	392,943
76	176,476
-	122,115
7,918	347,219
26,593	26,593
34,587	672,403
(32,868)	(279,460)
139,855	2,183,692
$ 106,987	$ 1,904,232

Exhibit “E”

County of San Bernardino Special Districts
Bloomington Park and Recreation District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	$	(279,460)
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 ($290,798) exceeded depreciation expense ($48,346) in the current period.		242,452
Compensated absences are not due and payable in the current year and, therefore, are not reported in the governemental funds.		
Increase in compensated absences payable		(246)
In the Statements of Activities, only the loss on the disposal of capital assets is reported. However, in the governmental funds, the loss from the disposal decreases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets disposed.		(4,081)
Change in Net Assets of Governmental Activities	$	(41,335)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The Bloomington Park and Recreation District (the "District") was established by an act of the Board of Supervisors of the County of San Bernardino (the County) on July 19, 1972. The District maintains two community parks, an equestrian area, sports fields, and a community center.

The District is a component unit of the County of San Bernardino and is governed by the actions of the County Board of Supervisors.

The accompanying financial statements reflect only the accounts of the Bloomington Park and Recreation District of the County of San Bernardino and are not intended to present the financial position of the County taken as a whole.

Because the District meets the reporting entity criteria established by the Governmental Accounting Standards Board (GASB), the District's financial statements have also been included in the Comprehensive Annual Financial Report of the County as a "component unit" for the fiscal year ended June 30, 2011.

Government-wide and fund financial statements

The government-wide financial statements (e.g., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Currently, the District does not have any proprietary or fiduciary fund types. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

> The *special revenue fund* labeled “General” is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> The *capital projects fund* labeled “Kessler Park Ball Field” is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Deposits and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All accounts receivable are shown net of an allowance for uncollectibles when applicable.

Property taxes

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on March 1 and become delinquent with penalties on August 31.

Inventories and prepaid items

Inventories, if any, are valued at cost using the first-in/first-out method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of two years. Structures with an initial cost of $100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	40 - 60
Structures and improvements	5 - 40
Equipment and vehicles	4 - 15

Fund equity

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

- *Nonspendable Fund Balance:* Amounts cannot be spent because they are: (a) not in spendable form or (b) legally or contractually required to be maintained intact. Due to the nature or form of the resources, they generally cannot be expected to be converted into cash or a spendable form.

- *Restricted Fund Balance:* Amounts are restricted by external parties, i.e., creditors, grantors, contributors, or laws/regulations of other governments or restricted by law through constitutional provisions or enabling legislation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Committed Fund Balance:* Amounts can only be used for a specific purpose pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Board of Supervisors). The formal action must occur prior to the end of the reporting period, however, the amount may be determined in the subsequent period. These are self-imposed limitations on available resources. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same level of action it employed to previously commit those amounts. These committed amounts would be approved and adopted by formal action of the Board.

- *Assigned Fund Balance:* Amounts are constrained by the government's intent to be used for specific purposes that are neither restricted nor committed. The intent will be expressed by the body or official to which the governing body has delegated the authority, i.e. the County Administrative Office. The County Administrative Office will assign fund balance for specific departmental projects through the use of the respective department's general fund savings. Such projects would not normally be feasible for the department without reserving funding over a multiple year period.

- *Unassigned Fund Balance:* The General Fund, as the principal operating fund, often has net resources in excess of what can properly be classified in one of the four categories already described. Therefore, in order to calculate unassigned fund balance, total fund balance less nonspendable, restricted, committed, or assigned equals unassigned fund balance. This amount is available for any purpose and will be placed in either the General Purpose Reserve, General Fund – Mandatory Contingencies or the General Fund - Uncertainties Contingencies until allocated for a specific purpose by the Board, by a four-fifths vote.

When both restricted and unrestricted resources are available for use when an expenditure is incurred, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. It is the County's policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Employee compensated absences

Accumulated vacation, holiday benefits, sick pay and compensatory time are recorded as an expense and liability as the benefits are earned. Compensated absence liabilities are recorded as a current liability. The District is not obligated to pay for unused sick leave if an employee terminates or retires.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated absences activity for the year ended June 30, 2011 was as follows:

Beginning Balance	Additions	Deletions	Ending Balance
$ 7,935	$ 5,792	$ 5,546	$ 8,181

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.

Stewardship, compliance and accountability

A. Budgetary information

In accordance with provisions of Section 29000 - 29143 of the Government code of the State of California, commonly known as the County Budget Act, the District prepares and adopts a budget on or before August 30 for each fiscal year.

Budgets are prepared on the modified accrual basis of accounting. The legal level of budgetary control is the object level and the sub-object level for fixed assets within each fund.

Amendments or transfers of appropriations between funds or departments must be approved by the Board. Transfers at the sub-object level or cost center level may be done at the discretion of the Special District's Administration Department head. Any deficiency of budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided for in the County Budget Act.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

County of San Bernardino Special Districts
Bloomington Park and Recreation District
Notes to Financial Statements
June 30, 2011

NOTE 2: CASH AND DEPOSITS

Cash and cash equivalents includes the cash balance of monies deposited with the County Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the District's account based upon the District's average daily deposit balance during the allocation period. Cash and cash equivalents are shown at the fair value as of June 30, 2011.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 92,750	$ -	$ -	$ 92,750
Construction in progress	2,521,762	290,798	-	2,812,560
Total capital assets, not being depreciated	2,614,512	290,798	-	2,905,310
Capital assets, being depreciated:				
Land improvements	871,589	-	-	871,589
Structures and improvements	1,175,487	-	-	1,175,487
Vehicles	51,191	-	(7,759)	43,432
Equipment	7,100	-	-	7,100
Total capital assets, being depreciated	2,105,367	-	(7,759)	2,097,608
Less accumulated depreciation for:				
Land improvements	(755,948)	(7,487)	-	(763,435)
Structures and improvements	(361,170)	(34,501)	-	(395,671)
Vehicles	(31,657)	(5,885)	3,678	(33,864)
Equipment	(39)	(473)	-	(512)
Total accumulated depreciation	(1,148,814)	(48,346)	3,678	(1,193,482)
Total capital assets, being depreciated, net	956,553	(48,346)	(4,081)	904,126
Governmental activities capital assets, net	$ 3,571,065	$ 242,452	$ (4,081)	$ 3,809,436

NOTE 4: RETIREMENT PLAN

Plan description

The San Bernardino County Employees' Retirement Association (SBCERA) is a cost-sharing multiple-employer defined benefit pension plan (the Plan) operating under the California County Employees' Retirement Act of 1937 (1937 Act). It provides retirement, death and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, California State Association of Counties, South Coast Air Quality Management District (SCAQMD), San Bernardino Associated Governments (SANBAG), Local Agency Formation Commission (LAFCO), San Bernardino County Law Library, Barstow Fire Protection District, Hesperia Recreation and Park District, SBCERA, City of Chino Hills, Crest Forest Fire Protection District, Mojave Desert Air Quality Management District (MDAQMD), California Electronic Recording Transaction Network Authority (CERTNA), Inland Valley Development Agency (IVDA), San Bernardino International Airport Authority (SBIAA), the San Bernardino County Superior Court, Inland Library System (ILS), Rim of the World Recreation and Park District (RIM-REC) and Crestline Sanitation District were later included, along with the County, and are collectively referred to as the "Participating Members." The Plan is governed by the SBCERA Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years of service credit. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd Floor, San Bernardino, California 92415-0014.

Fiduciary responsibility

SBCERA is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. SBCERA publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. SBCERA is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes SBCERA pension trust fund as of June 30, 2011.

Funding policy

Participating members are required by statute (Sections 31621.6 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). General members are required to contribute 7.42% - 12.96% and safety members 9.54% - 15.32% of their annual covered salaries, of which the County pays approximately 7%. County of San Bernardino employer contribution rates are as follows: County General 12.32%, County Safety 26.82%. All employers combined are required to contribute 15.4% of the current year covered payroll. For 2011, the County's annual pension cost of $213,311,000 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Sections 31453 and 31454 of the 1937 Act.

NOTE 4: RETIREMENT PLAN (continued)

The County's annual pension cost and prepaid asset, computed in accordance with GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2011, were as follows (in thousands):

Annual Required Contribution (County fiscal year basis)	$	213,311
Interest on Pension Assets		(2,331)
Adjustment to the Annual Required Contribution		24,585
Annual Pension Cost		235,565
Annual Contributions Made		213,311
Increase/(Decrease) in Pension Assets		(22,254)
Pension Assets, Beginning of Year		741,388
Pension Assets, End of Year	$	719,134

The following table shows the County's required contributions and percentage contributed for the current year and two preceding years:

	Annual Contributions Made (in thousands)				
Year Ended June 30,		SBCERA		County	Percentage Contributed
2009	$	246,232	$	200,300	100%
2010		243,773		197,097	100%
2011		258,128		213,311	100%

The County, along with the SCAQMD, issued Pension Refunding Bonds (Bonds) in November 1995 with an aggregate amount of $420,527,000. These Bonds were issued to allow the County and the SCAQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was $386,266,000. The outstanding liability at June 30, 2011 is $414,041,000.

On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in respective aggregate principal amounts of $189,070,000, $149,825,000, and $125,000,000. The Bonds were issued to finance the County's share of the unfunded accrued actuarial liability of the SBCERA. In April 2008, the County refunded all of the 2004 Series B. The outstanding liability at June 30, 2011 is $285,270,000.

NOTE 4: RETIREMENT PLAN (continued)

In April 2008, the County of San Bernardino issued its $160,900,000 in Pension Obligation Refunding Bonds (POB), Series 2008 (the Series 2008 Bonds). The outstanding liability at June 30, 2011 is $157,735,000.

NOTE 5: FEDERAL AND STATE GRANTS

From time to time, the District may receive funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE 6: RISK MANAGEMENT

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, and workers' compensation claims. Public liability claims are self-insured for up to $2.5 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to $100 million is provided through a combination of insurance policies as recommended by AON Risk Services, Broker of Record, as follows: Primary Liability coverage of $25 million excess of $2.5 million SIR with CV Starr/Everest; Excess Liability coverage of $10 million, excess of $25 million with Allied World Assurance Company (AWAC); and Excess Liability coverage of $15 million, excess of $35 million with Great American Insurance Company of New York. In addition, Ironshore Specialty Ins. Co. provides excess liability coverage of $10 million, excess of $50 million; Allied World National Ins. Co. provides $15 million, excess of $60 million; and Arch Insurance Co. provides $25 million in excess of $75 million. Workers' compensation claims are self-insured up to $5 million per occurrence, and covered by Arch Ins. Co. for up to $3 million for employer's liability, and up to statutory limits for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a $25 thousand deductible, and insured with several insurers like Lexington Ins. Co., Affiliated FM, and Lloyd’s of London, among others.

The County supplements its self-insurance for medical malpractice claims with a $10 million policy with Illinois Union Ins. Co., which provides annual coverage on a per claim basis with an SIR of $2 million for each claim. Additional coverage of $15 million, excess of $10 million is provided by Steadfast Ins. Co. All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, with National Union Fire Ins. Co. of Pittsburgh with a $100 thousand deductible, and excess limits up to $10 million per occurrence.

NOTE 6: RISK MANAGEMENT (continued)

The activities related to such programs are accounted for in Risk Management except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The IBNR (Incurred But Not Reported) and IBNS (Incurred But Not Settled) liabilities stated on Risk Management's balance sheet are based upon the results of actuarial studies, and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 1.17%. It is Risk Management's practice to obtain actuarial studies on an annual basis.

The total claims liability of $151 million reported at June 30, 2011 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Changes in the claims liability amount in fiscal years 2010 and 2011 were:

Fiscal Year	Beginning of Fiscal Year Liability (in thousands)	Current Year Claims and Changes in Estimates (in thousands)	Claims Payments (in thousands)	End of Fiscal Year Liability (in thousands)
2009-10	$ 149,941	$ 40,453	$ (45,000)	$ 145,394
2010-11	$ 145,394	$ 48,900	$ (43,343)	$ 150,951

NOTE 7: PROPOSITION 111 APPROPRIATION LIMITS

Proposition 111, which added Article XIIIB to the State Constitution, established limited on budget appropriations in order to restrict government spending. We have reviewed the proceeds of taxes received by the District during the 2010-2011 fiscal year, and have found the revenue to be within the guidelines established by Proposition 111.

NOTE 8: CONTINGENCIES

As of June 30, 2011, in the opinion of the District Administration, there are no outstanding matters, which would have a significant effect on the financial position of the District.

NOTE 9: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 30, 2011, which is the date the financial statements were available to be issued, and has determined that there are no transactions that will have a significant impact on the District.

Schedule One

Required Supplementary Information
County of San Bernardino Special Districts
Bloomington Park and Recreation District
Budgetary Comparison Schedule - Special Revenue Fund
For the Year Ended June 30, 2011

	SPECIAL REVENUE FUND			
	General (SSD)			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 285,361	$ 253,760	$ 256,597	$ 2,837
Other taxes	4,820	4,820	1,982	(2,838)
State assistance	1,322,515	3,497	3,497	-
Investment earnings	6,000	(3,145)	322	3,467
Rents, concessions and royalties	5,900	5,900	-	(5,900)
Service fees	1,205	(1,840)	1,204	3,044
Other revenue	3,600	23	23	-
Total Revenues	1,629,401	263,015	263,625	610
EXPENDITURES				
Salaries and benefits	191,372	168,753	176,400	(7,647)
Services and supplies	133,470	129,654	122,115	7,539
Reserves and contingencies	382,561	350,791	-	350,791
Total Expenditures	707,403	649,198	298,515	350,683
Excess of Revenues Over (Under) Expenditures	921,998	(386,183)	(34,890)	351,293
OTHER FINANCING SOURCES (USES)				
Transfer in	409,826	-	-	-
Transfer out	(1,718,007)	-	-	-
Total Other Financing Sources (Uses)	(1,308,181)	-	-	-
Net Change in Fund Balance	$ (386,183)	$ (386,183)	(34,890)	$ 351,293
Fund Balance - beginning			1,033,868	
Fund Balance - ending			$ 998,978	

County of San Bernardino Special Districts
Bloomington Park and Recreation District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND		
	Swim Program (SSE)	Bloomington Education Center (CAQ)	Soccer Field (CAR)	Total Nonmajor Governmental Funds (see Exhibit "C")
ASSETS				
Cash and cash equivalents	$ -	$ 69,251	$ 47,090	$ 116,341
Interest receivable	-	173	100	273
Total Assets	$ -	$ 69,424	$ 47,190	$ 116,614
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 3,371	$ 3,327	$ 6,698
Due to other governments	-	2,065	864	2,929
Total liabilities	-	5,436	4,191	9,627
Fund Balances:				
Assigned	-	63,988	42,999	106,987
Total Fund Balances	-	63,988	42,999	106,987
Total Liabilities and Fund Balances	$ -	$ 69,424	$ 47,190	$ 116,614

County of San Bernardino Special Districts
Bloomington Park and Recreation District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND		
	Swim Program (SSE)	Bloomington Education Center (CAQ)	Soccer Field (CAR)	Total Nonmajor Governmental Funds (see Exhibit "D")
REVENUES				
Investment earnings	$ -	$ 702	$ 287	$ 989
Other revenue	730	-	-	730
Total Revenues	730	702	287	1,719
EXPENDITURES				
Salaries and benefits	76	-	-	76
Capital outlay:				
Improvements to land	-	-	7,918	7,918
Structures and Improvements	-	26,593	-	26,593
Total Expenditures	76	26,593	7,918	34,587
Net Change in Fund Balances	654	(25,891)	(7,631)	(32,868)
Fund Balances - beginning	(654)	89,879	50,630	139,855
Fund Balances - ending	$ -	$ 63,988	$ 42,999	$ 106,987