

# **San Bernardino County Flood Control District**

## **2011 Continuing Disclosure**



**San Bernardino County Flood Control District  
2011 Continuing Disclosure**

- ❑ **Assessed Valuations**
- ❑ **Tax Levies and Delinquencies**
- ❑ **Discretionary Revenues and Expenditures**  
(an update of the information contained in Table No. 2 of the forepart of the Official Statement)
- ❑ **Budget Information**
  - Schedule of Adopted Budgets
  - 2011-12 Special Districts Adopted Budget (Filed as a separate document)  
(The budget of the San Bernardino County Flood Control District is published in this budget book.)
- ❑ **Statement of Revenues, Expenditures and Changes in Fund Balance**  
(an update of the information in Table No. 1 contained in Appendix A to the Official Statement)
- ❑ **Summary of Aggregate Debt Obligations**
  - Aggregate Annual Debt Obligations
  - Outstanding Indebtedness  
(An update of the information contained in Appendix A to the Official Statement under the heading titled "Outstanding Indebtedness".)
- ❑ **Pooled Investment Fund of the County**  
(an update of the information in Table No. 4 contained in Appendix A to the Official Statement)
- ❑ **Continuing Disclosure and CUSIP Information**
- ❑ **The District's Audited Financial Statements as of June 30, 2011 (Filed as a separate document)**

**San Bernardino County Flood Control District  
2011 Continuing Disclosure  
Assessed Valuations**

**SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT  
CHANGE IN ASSESSED VALUATION<sup>(1)</sup>  
Fiscal Years 2007-08 through 2011-12**

<b>Fiscal Year</b>	<b>Secured Valuation</b>	<b>Homeowner's Exemption</b>	<b>Unsecured Valuation</b>	<b>Percent Change in Secured Valuation</b>
2007-08	115,892,539,512	1,803,535,128	4,549,989,283	13.02%
2008-09	119,170,364,383	1,831,986,445	5,054,152,621	2.83%
2009-10	111,448,722,327	1,842,083,076	5,249,254,007	-6.48%
2010-11	106,969,298,847	1,859,052,633	5,106,289,521	-4.02%
2011-12	106,913,409,157	1,842,311,140	4,928,111,967	-0.05%

(1) Excludes amounts relating to redevelopment agency tax increment

Source: County of San Bernardino, Auditor-Controller/Treasurer/Tax Collector  
Property Tax Division

**San Bernardino County Flood Control District  
2011 Continuing Disclosure  
Tax Levies and Delinquencies**

**SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT  
SHARE OF COUNTY 1% PROPERTY TAX LEVY  
Fiscal Year 2006-07 through 2010-11**

<b>Fiscal Year</b>	<b>Total Tax Levy<sup>(1)</sup></b>	<b>Taxes Collected Through June 30<sup>(2)</sup></b>	<b>Percentage of Tax Levy Received in the Fiscal Year of the Levy<sup>(3)</sup></b>	<b>Percentage of Tax Levy Received to Date<sup>(3)</sup> (as of June 30, 2011)</b>
2006-07	33,307,160	36,073,999	94.30%	98.90%
2007-08	38,830,375	40,895,591	92.50%	99.00%
2008-09	39,383,643	39,548,748	93.43%	99.00%
2009-10	36,881,928	36,550,163	94.58%	99.00%
2010-11	35,508,349	35,134,990	95.11%	95.11%

Source: County of San Bernardino, Auditor-Controller/Treasurer/Tax Collector  
Property Tax Division

- (1) The total tax levy for the District includes, in addition to the portion of the property tax levy secured through the Teeter Plan, the unsecured tax roll, the Unitary roll, homeowners exemptions and the secured and unsecured portions of certain redevelopment area pass-throughs, none of which are part of the Teeter Plan.
- (2) Actuals are generally higher than levy figures because the original levy does not include supplemental tax roll revenues and actuals include supplemental roll collections. Amounts are not reduced by the administrative fee charged for property tax administration and deducted from property tax revenues.
- (3) Represents collection rates applicable to the Secured and Unitary tax levies within the County, including the District.

**San Bernardino County Flood Control District**  
**2011 Continuing Disclosure**  
**Discretionary Revenues and Expenditures**  
**for the Fiscal Year Ended June 30, 2011**

<b>Fund Balance July 1, 2010</b>	<b>\$55,797,466</b>
<b>Revenues</b>	
Property Taxes	\$36,164,377
Other Taxes	266,880
Governmental Aid	10,792,298
Intergovernmental	8,361
Rents, Concessions and Royalties	931,262
Interest	218,344
Other Revenues <sup>(1)</sup>	267,053
Sale of Fixed Assets	2,929,816
<b>Total Revenues</b>	<b>\$51,578,391</b>
<b>Operating Expenditures</b>	
Salaries and Benefits	\$9,904,951
Services and Supplies	14,859,251
Operating Transfers to Restricted Funds	189,922
Operating Transfers to County for joint projects	272,281
<b>Total Operating Expenditures</b>	<b>\$25,226,405</b>
<b>Net Operating Income</b>	<b>\$26,351,986</b>
<b>Debt Service</b>	
2007 Refunding Bond Debt Service	2,400,650
2007 Series A Judgment Obligation Bond Debt Service	4,339,994
2008 Judgment Obligation Refunding Bond Debt Service	84,287
Interest Owed to County General Fund	267,372
<b>Total Debt Service (2)</b>	<b>\$7,092,303</b>
<b>Debt Service Coverage Ratio</b>	<b>3.72</b>
<b>Adjusted Fund Balance After Debt Service</b>	<b>\$75,057,149</b>
<b>Capital Outlay and Emergency Maintenance</b>	
Capital Projects	\$90,259
West State Street Storm Drain	\$760
English Channel	\$0
West Fontana Channel	\$13,444
Sultana Cypress Storm Drain	\$5,249,284
Cucamonga Basin #6	\$2,917,437
San Antonio Storm Drain	\$0
Cactus Basins	\$2,399,605
Rialto Channel	\$173,705
Randall Basin	\$767,109
Del Rosa Channel	\$0
Alabama @ City Creek	\$128,986
Lytle Cajon Channel/Warm Creek Channel	\$18,214
Elder Creek	\$137,892
Plunge Creek Spillway	\$12,627
Sand Creek/Warm Creek Confluence	\$242,399
Wildwood Creek Detention Basin	\$205,825
Wilson II Basins/Oak Creek Basins	\$3,985
Line E-01 (Victorville)	\$103,134
Mojave River I-15 Levee	\$67,408
Kitchen/Dean Wash	\$17,639
Oro Grande Wash Detention Basins	\$170,951
Mountain View Acres	\$90,201
Sheep Creek	\$131,624
Hesperia Detention Basin	\$182,486
Donnell Basin	\$16,255
Houston Creek	\$0
San Timoteo Channel	\$59,561
Desert Knolls Wash	\$225,163
Yucca Loma Drainage	\$0
San Sevaine Channel	\$59,725
Rim Forest Drainage	\$52,113
Various Capital Projects	\$172,681
Emergency Maintenance due to extraordinary Flooding	7,532,220
<b>Total Capital Outlay and Emergency Maintenance</b>	<b>\$21,242,693</b>
<b>Adjusted Fund Balance after Debt Service and Capital Outlay 6/30/2011</b>	<b>\$53,814,456</b>
<b>Notes</b>	
(1) Other revenues include sales of plans, aerial photos and maps to the public, permit and inspection fees, and other miscellaneous revenues. Other revenues also include property tax administration fees paid and GASB 31 adjustments which are displayed in this category to be consistent with the audited financial statements.	
(2) For the 2007 Refunding Bonds, the 2007 Judgment Obligation Refunding Bonds, and the 2008 Judgment Obligation Bonds, Debt Service amounts include principal and interest amounts paid to bondholders in the 2010-11 fiscal year. These Debt Service amounts do not include principal and interest amounts paid by the District to the Trustee pursuant to the Indenture in the fiscal year ending June 30, 2011, but not due to bondholders until August 1, 2011.	

**San Bernardino County Flood Control District  
2011 Continuing Disclosure  
Schedule of Adopted Budgets**

<b>SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT ADOPTED BUDGETS<sup>(1)</sup> Fiscal Years 2007-08 through 2011-12</b>					
	<b>Fiscal Year 2007-08 <sup>(2)</sup></b>	<b>Fiscal Year 2008-09 <sup>(2)</sup></b>	<b>Fiscal Year 2009-10 <sup>(2)</sup></b>	<b>Fiscal Year 2010-11 <sup>(2)</sup></b>	<b>Fiscal Year 2011-12<sup>(3)</sup></b>
<b>Appropriation</b>					
Staffing Expenses	\$15,490,032	\$15,643,368	\$15,261,185	\$14,636,798	\$14,629,886
Operating Expenses	\$129,045,696	\$116,887,965	\$93,173,328	\$100,098,855	\$85,826,497
Capital Expenditures	\$1,213,382	\$1,317,000	\$1,359,000	\$1,582,950	\$1,039,200
Contingencies	\$0	\$0	\$500,000	\$8,087,533	\$26,681,686
Total Expenditure Authority	\$145,749,110	\$133,848,333	\$110,293,513	\$124,406,136	\$128,177,269
Reimbursements	(\$1,507,700)	(\$556,700)	(\$487,800)	(\$15,331,158)	(\$14,437,046)
Total Appropriation	\$144,241,410	\$133,291,633	\$109,805,713	\$109,074,978	\$113,740,223
Operating Transfers Out	\$33,656,518	\$21,322,250	\$23,543,673	\$13,891,209	\$16,647,663
Total Requirements	\$177,897,928	\$154,613,883	\$133,349,386	\$122,966,187	\$130,387,886
<b>Revenue</b>					
Taxes	\$40,090,700	\$41,403,000	\$38,679,600	\$37,985,300	\$36,920,100
State, Fed or Gov't Aid	\$21,841,681	\$31,905,796	\$16,298,500	\$10,988,100	\$12,435,830
Fee/Rate <sup>(4)</sup>	\$12,900	\$73,310	(\$117,000)	(\$47,050)	\$232,850
Other Revenue	\$20,939,852	\$6,650,623	\$7,971,587	\$5,534,965	\$2,362,150
Total Revenue	\$82,885,133	\$80,032,729	\$62,832,687	\$54,461,315	\$51,950,930
Operating Transfers In	\$33,956,518	\$22,272,899	\$26,383,395	\$15,207,671	\$23,113,619
Total Sources	\$116,841,651	\$102,305,628	\$89,216,082	\$69,668,986	\$75,064,549
<b>Fund Balance</b>	\$61,056,277	\$52,308,255	\$44,133,304	\$53,297,201	\$55,323,337

Source: County of San Bernardino Special Districts Final Budgets for Fiscal Years 2007-08 through 2011-12.

(1) Amounts represent original adopted budgets as shown in Adopted Budget books published annually by San Bernardino County Special Districts.

(2) Schedule has been restated for Fiscal Years 2007-08 through 2010-11 to reflect the revised budget format in the 2011-12 Adopted Budget.

(3) Adjustments to the 2011-12 Adopted Budget subsequent to adoption include a \$0.7 million decrease in Total Revenue, with an offsetting decrease of \$0.7 million in Total Appropriation. Transfers between funds within the District account for an increase in both Operating Transfers In and Operating Transfers Out of \$3.1 million.

(4) Includes property tax administration fees paid, which reduces revenue reported in this category.

**San Bernardino County Flood Control District**  
**2011 Continuing Disclosure**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**

**SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Fiscal Year Ended June 30, 2008 through Fiscal Year Ended June 30, 2011**

	<b>Fiscal Year 2007-08</b>	<b>Fiscal Year 2008-09</b>	<b>Fiscal Year 2009-10</b>	<b>Fiscal Year 2010-11</b>
<b>REVENUES</b>				
Property Taxes <sup>(1)</sup>	\$37,475,897	\$40,262,175	\$38,067,639	\$36,164,379
Other Taxes	\$2,355,447	\$985,687	\$373,080	\$266,880
Interest	\$2,829,432	\$2,023,728	\$183,195	\$278,686
Government aid	\$4,965,776	\$9,548,931	\$12,310,449	\$16,798,468
Rents, concessions and royalties	\$2,079,944	\$1,142,806	\$1,650,990	\$931,262
Intergovernmental	\$0	\$1,451,892	\$1,170,596	\$924,458
Other revenues	\$1,717,539	\$1,798,316	\$1,363,038	\$1,052,046
Total Revenues	<u>\$51,424,035</u>	<u>\$57,213,535</u>	<u>\$55,118,987</u>	<u>\$56,416,179</u>
<b>EXPENDITURES</b>				
Salaries and benefits	\$14,093,752	\$14,673,121	\$15,315,387	\$15,002,060
Service and supplies	\$36,664,687	\$37,245,776	\$37,577,547	\$34,843,516
Debt service				
Principal	\$8,915,519	\$4,656,315	\$3,451,315	\$3,741,842
Interest	\$4,966,976	\$4,284,428	\$3,762,729	\$3,897,303
Bond issuance costs	\$269,330	\$0	\$0	
Capital outlay	\$32,210	\$114,971	\$911,932	\$93,747
Total Expenditures	<u>\$64,942,474</u>	<u>\$60,974,611</u>	<u>\$61,018,910</u>	<u>\$57,578,468</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(\$13,518,439)</u>	<u>(\$3,761,076)</u>	<u>(\$5,899,923)</u>	<u>(\$1,162,289)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	\$37,295,000	\$0	\$0	\$0
Discount on refunding bond issued	(\$135,756)	\$0	\$0	\$0
Payment to refunded escrow agent	(\$36,800,000)	\$0	\$0	\$0
Transfers Out	\$0	\$0	(\$49,583)	\$0
Sale of capital assets	\$482,800	\$35,745	\$1,989,740	\$2,929,816
Total Other Financing Sources (Uses)	<u>\$842,044</u>	<u>\$35,745</u>	<u>\$1,940,157</u>	<u>\$2,929,816</u>
Net change in fund balance	(\$12,676,395)	(\$3,725,331)	(\$3,959,766)	\$1,767,527
<b>Fund Balance - beginning</b>	<u>\$77,684,366</u>	<u>\$65,007,971</u>	<u>\$61,282,640</u>	<u>\$57,322,874</u>
<b>Fund Balance - ending</b>	<u>\$65,007,971</u>	<u>\$61,282,640</u>	<u>\$57,322,874</u>	<u>\$59,090,401</u>

Source: San Bernardino, California Special Districts - Audit Reports - County Flood Control District - For the Fiscal Years Ended June 30, 2008 through 2011.

(1) Amounts are exclusive of an administrative fee charged for property

**San Bernardino County Flood Control District  
2011 Continuing Disclosure  
Aggregate Annual Debt Obligations**

**SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT  
LOANS PAYABLE  
June 30, 2011**

<b>Year Ending June 30</b>	<b>Army Corps of Engineers San Timoteo <sup>(1)</sup></b>
2012	-
2013	-
2014	-
2015	-
2016	-
2017	4,000,000
	<u>\$ 4,000,000</u>

(1) Amount includes principal only. Interest will be determined by the Secretary of the Treasury upon completion of the project.

Source: County of San Bernardino, California Special Districts - Audit Report - County Flood Control District

**COUNTY OF SAN BERNARDINO FLOOD CONTROL DISTRICT  
BONDS PAYABLE  
June 30, 2011**

<b>Year Ending June 30</b>	<b>Judgment Obligation Bonds <sup>(1)</sup></b>	<b>Refunding Bonds</b>	<b>Total Amount</b>
2012	6,149,176	2,400,550	8,549,726
2013	6,151,575	2,403,150	8,554,725
2014	6,143,450	2,395,725	8,539,175
2015	6,112,403	2,393,463	8,505,866
2016	6,143,964	2,412,162	8,556,126
2017-2021	30,670,593	12,121,750	42,792,343
2022-2026	30,578,146	2,993,000	33,571,146
2027-2031	29,352,227	0	29,352,227
2032-2036	27,323,294	0	27,323,294
2037-2039	10,765,134	0	10,765,134
Total Payments	\$ 159,389,962	\$ 27,119,800	\$ 186,509,762
Less Amount Representing Interest	\$ 68,549,962	\$ 6,404,800	\$ 74,954,762
Total Principal	\$ 90,840,000	\$ 20,715,000	\$ 111,555,000

(1) Reflects interest on the \$37.295 million principal amount of variable rate bonds at an assumed interest rate of 4.85% per annum

Source: County of San Bernardino, California Special Districts - Audit Report - County Flood Control District

**San Bernardino County Flood Control District**  
**2011 Continuing Disclosure**  
**'Outstanding Indebtedness'**

**Outstanding Indebtedness**

***Bonded Indebtedness***

***Series 2007 Refunding Bonds.*** In May 2007, the District issued its Refunding Bonds Series 2007 (the "Series 2007 Refunding Bonds") in the aggregate principal amount of \$23,845,000 to refund the San Sevaine Creek Water Project Loan (defined herein). As of June 30, 2011, \$20,715,000 principal amount of the Series 2007 Refunding Bonds are outstanding.

***Judgment Obligation Bonds.*** In May 2007, the District issued its Judgment Obligations Bonds, Series A (Auction Rate Bonds) in the aggregate principal amount of \$58,780,000 (the "Series 2007A Judgment Obligation Bonds (ARB)") and its San Bernardino County Flood Control District Judgment Obligations Bonds, Series B (Auction Rate Bonds) in the amount of \$45,000,000 (the "Series 2007B Judgment Obligation Bonds (ARB)"). The Series 2007A Judgment Obligation Bonds and the Series 2007B Judgment Obligation Bonds (ARB) were issued to pay the obligation of the District under a settlement agreement relating to an inverse condemnation action against the District. The Series 2007A Judgment Obligation Bonds were subsequently refunded with proceeds of the District's \$58,355,000 Judgment Obligation Bonds, Series A (the "Series 2007A Judgment Obligation Bonds"). In April 2008, the District issued Judgment Obligation Refunding Bonds, Series 2008 in the principal amount of \$37,295,000 (the "Series 2008 Bonds") and used the proceeds thereof, together with available funds of the District, to refinance the Series 2007B Judgment Obligation Bonds (ARB). As of June 30, 2011, there are outstanding \$53,545,000 principal amount of Series 2007A Judgment Obligation Bonds and \$37,295,000 principal amount of Series 2008 Bonds.

***Loans.*** As of June 30, 2011, the District had outstanding one loan in the approximate aggregate principal amount of \$4.0 million, with the Army Corps of Engineers for the San Timoteo Creek Project (herein defined). The loan for the San Timoteo Creek Project is payable from any available revenues of the District. However, such loan is not secured by a pledge of Revenues as are the District's Series 2008 Bonds, Series 2007A Judgment Obligation Bonds and Series 2007 Refunding Bonds.

***Dissolution of Redevelopment Agencies*** In December 2011, the California Supreme Court upheld the constitutionality of ABX126 and ordered that the redevelopment agencies be dissolved on February 1, 2012. The impact of the dissolution of these agencies on the agreements between the District and certain redevelopment agencies described in this section are currently being assessed. The District does not believe that the dissolution of redevelopment agencies will impair the ability of the District to pay, when due, any of its outstanding indebtedness.

***Reimbursement Agreements – Payments to the District.*** Certain of the amounts owed by the District pursuant to its outstanding loans are subject to reimbursement pursuant to agreements with certain federal or local agencies for specific projects. Under these agreements, the District pays for all of the costs relating to a particular project and is reimbursed by the local agencies for all or a portion of the costs relating thereto.

**San Bernardino County Flood Control District**  
**2011 Continuing Disclosure**  
**'Outstanding Indebtedness'**

*San Sevaine Creek Water Project and Related Projects.* The San Sevaine Creek Water Project was financed in part with a construction loan (as amended, the "San Sevaine Creek Water Project Loan") by and between the Bureau of Reclamation and the County. In 1996, the County and the District approved a repayment agreement for the loan. The District repaid in full the San Sevaine Creek Water Project Loan with the proceeds of its Series 2007 Refunding Bonds. See "Outstanding Indebtedness – Bonded Indebtedness – Series 2007 Refunding Bonds" herein. The Etiwanda/San Sevaine Project was completed in May 2009.

The San Sevaine Creek Water Project includes certain improvements to the San Sevaine Creek Channel System. In 2003, the City of Fontana and the District entered into an agreement (the "Fontana Reimbursement Agreement") pursuant to which the City of Fontana used a portion of the Fontana Flood Control Fees received pursuant to a drainage fee ordinance established by the City of Fontana to help finance various San Sevaine Creek Channel System improvements within the City of Fontana. To date the City of Fontana has contributed approximately \$10 million for the channel construction from Jurupa Avenue to Philadelphia Street. The City of Fontana has agreed to, and has approved an amendment to, the original agreement regarding the transfer to the District, upon completion of the San Sevaine Creek Water Project, any remaining Fontana Flood Control Drainage Fees to help repay the Series 2007 Refunding Bonds. Since the amendment, the District has received \$4,776,040.35 from the City to go towards the Refunding Bond payments.

In 2003, the District and the County of San Bernardino Redevelopment Agency (the "San Bernardino Redevelopment Agency") entered into a reimbursement agreement to establish and allocate responsibilities relating to the acquisition of rights-of-way and design and construction of eleven flood control projects within the San Sevaine Creek Channel System and memorialize the San Bernardino Redevelopment Agency's agreement to reimburse the District in an amount of \$3,292,400 upon completion of the projects described therein, which amount is equal to the San Bernardino Redevelopment Agency's estimated share of the project costs. The District has been reimbursed for completed projects in the amount of \$1,181,879 as of June 30, 2011. The 2003 reimbursement agreement was superseded by the 2008 reimbursement agreement described under "San Bernardino Redevelopment Agency Projects" below. This agreement was terminated in February 2011 because the West Fontana Channel project construction is scheduled to go to construction beyond the year 2015 and per the original agreement, the project was to be completed by 2015. In 2008, the District and the City of Ontario entered into a reimbursement agreement pursuant to which the City of Ontario will contribute \$1.2 million for a share of project costs on the Etiwanda San Sevaine project. The funds will be generated from the City of Ontario's Old Model Colony Development Impact Fees and will be paid to the District when this area is developed. As of December 2011, the District has received \$0.6 million in reimbursement from the City of Ontario. The balance will be received when economic development improves.

*Etiwanda/San Sevaine Mainline System Design Project.* The District has entered into an agreement with the City of Rancho Cucamonga (the "City of Rancho Cucamonga") pursuant to which the City of Rancho Cucamonga will reimburse the District for design and construction contracts on the Etiwanda/San Sevaine mainline drainage system. The project is complete. The District is considering entering into similar reimbursement agreements with other local agencies, including the Etiwanda School District for the San Sevaine Creek Water Project.

**San Bernardino County Flood Control District**  
**2011 Continuing Disclosure**  
**'Outstanding Indebtedness'**

*San Timoteo Creek Project.* The San Timoteo Creek Project is financed in part by a local cooperation agreement (the "Cooperation Agreement") among the District, the Orange County Flood Control District, the Riverside County Flood Control and Water Conservation District and the U.S. Army Corps of Engineers (the "San Timoteo Loan"). Pursuant to the Cooperation Agreement, the District will repay the principal of and accrued interest on the San Timoteo Loan upon completion of the San Timoteo Creek Project. The interest rate applicable to the San Timoteo Loan will to be determined by the U.S. Secretary of the Treasury in accordance with the Cooperation Agreement upon completion of the San Timoteo Creek Project. As of June 30, 2011, the unpaid balance on the San Timoteo Loan was \$4 million. The Cooperation Agreement provides that the District has 30 years to repay the San Timoteo Loan. A portion of the \$4 million may be paid in fiscal year 2012-13 if sufficient funds are available. The project is not yet completed.

*Upper Etiwanda Creek Improvement Project.* In 2005, the District and the Rancho Cucamonga Redevelopment Agency ("RCRA") entered into an agreement (the "Upper Etiwanda Reimbursement Agreement") pursuant to which the RCRA would use its accumulated tax increment funds to reimburse the District up to \$25 million for construction of the Upper Etiwanda Creek Improvement Project. The RCRA has reimbursed the District \$29.4 million through December 2011. The City of Rancho Cucamonga has provided over \$5 million from their drainage fees. In addition, the City of Rancho Cucamonga and its RCRA have amended the aforementioned funding agreements to provide for the ongoing use of their drainage fees to assist the District in the annual payment of the Series 2007 Refunding Bonds described herein.

*Sultana-Cypress Storm Drain Project.* In 2002, the District entered into an agreement with the National Resources Conservation Service ("NRCS") pursuant to which the NRCS agreed to reimburse the District \$5.6 million upon completion of the Sultana-Cypress Storm Drain Project, which is expected to cost approximately \$11.10 million. Construction of all phases are complete and the District has been reimbursed in full.

*Alabama Street at City Creek.* The District currently has two cooperative agreements related to repairs needed to Alabama Street at City Creek which was severely damaged in the storms of January 2005. The first is a cooperative agreement with the Federal Highway Administration ("FHWA") and the State of California Office of Emergency Services ("OES") for design and construction. The second is a cooperative agreement for design among the District, the Inland Valley Development Agency, and the Cities of Highland, San Bernardino and Redlands. Project cost is estimated at \$4.1 million. FHWA has awarded 88.53% and OES has awarded 8.6% of the project for a total of \$3,068,862. The remaining \$1,031,140 is to be shared equally among the five parties to the second agreement. The cooperative agreement for construction was approved on June 15, 2010. The District will be reimbursed \$206,228 by each party to the second cooperative agreement upon award of the contract to a successful bidder. Construction will begin Summer of 2012.

*San Bernardino Redevelopment Agency Projects.* On October 7, 2008, the District entered into Agreement No. 08-1027 with the San Bernardino Redevelopment Agency ("CoRDA") to complete two flood control projects: Etiwanda/San Sevaine Channel and West Fontana Channel. The total project is estimated at \$38,912,400; the CoRDA will reimburse the District \$3,292,400 of the project costs. As of June 2011, the District has been reimbursed \$1,181,879 under this agreement for the Etiwanda/San Sevaine Channel project. In February 2011, the agreement was terminated due to the construction scheduled for West Fontana Channel went beyond the year 2015 as was originally listed in the agreement.

**San Bernardino County Flood Control District**  
**2011 Continuing Disclosure**  
**'Outstanding Indebtedness'**

*San Sevaine Channel Reconstruction Projects.* The District has entered into an agreement with the Inland Empire Utilities Agency and Chino Basin Watermaster pursuant to which the District will reconstruct approximately 1,500 feet of the San Sevaine Channel damaged by several severe storms in exchange for payment of \$245,750 by each of the other contracting parties. The District will be responsible for \$491,500 of the total estimated project cost of \$983,000. The agreement was approved on January 25, 2011. The Project was completed in November 2011 and the agencies have been invoiced for their shares of the project costs.

*Reimbursement Agreements – Payments by the District.* The District has debt obligations pursuant to certain expenditure agreements with local agencies. Under such agreements, the District contributes a specified amount to the local agency for projects for which the local agency is responsible. The reimbursement agreements discussed below are debt obligations of the District payable from any available revenues of the District, but are not secured by a pledge of Revenues as are the District's Series 2008 Bonds, Series 2007A Judgment Obligation Bonds and Series 2007 Refunding Bonds.

*English Channel Project.* In 2006, the District entered into a reimbursement agreement with the City of Chino Hills ("City of Chino Hills") pursuant to which the District agreed to contribute 50%, up to a maximum of \$2,185,000, of the construction costs relating to additional improvements for the English Channel project. Pursuant to the agreement, the District will provide an initial advance of \$300,000 to the City of Chino Hills. The balance of \$1,885,000 will be paid to the City of Chino Hills by the District as funds become available to the District once the project is complete. Construction has not yet started and as of December 2011 no funds have been paid to the City of Chino Hills by the District.

*Cucamonga Drain Project.* In 2006, the District entered into an agreement with the City of Rancho Cucamonga pursuant to which the District agreed to reimburse the City of Rancho Cucamonga 50% of the total construction costs, up to a maximum of \$2.6 million, relating to the upgrade of the Cucamonga Drain to accommodate 100-year storm flows. The estimated construction costs of this project are \$5,170,000. Pursuant to the Cucamonga Reimbursement Agreement, amounts in excess of the District's portion of the total construction costs will be paid by the City of Rancho Cucamonga. The project is complete and the District will reimburse the City of Rancho Cucamonga when funds are available.

*Victorville Regional Flood Control Facility (Line E-01) Segment Project.* On May 13, 2006, the District entered into a reimbursement agreement with the City of Victorville wherein the District agreed to reimburse the City of Victorville up to a maximum of \$1 million towards construction engineering and construction of the Line E-01 culvert extension, which traverses the NW corner of Route-18 and Highway 395. Pursuant to the agreement, the District will reimburse the city for project costs within 30 days of receipt of an itemized invoice. Amounts in excess of the District's \$1 million will be paid by the City of Victorville. This project is in the design phase and the District has reimbursed the city approximately \$0.1 million.

*Forest Insect Infestation.* In August 2008, the District entered into a 3-year agreement with the California State Department of Forestry and Fire Protection for the control of forest insect infestation damaging or threatening destruction of timber or forest growth. The total cost of the 3-year project is \$1,503,570. The District agreed to pay \$405,600 of the costs. The District will reimburse the Dept. of Forestry and Fire Protection on a quarterly basis upon receipt of an itemized invoice. Invoices and payments should be made quarterly. A new 3-year agreement was approved on February 7, 2012.

**San Bernardino County Flood Control District**  
**2011 Continuing Disclosure**  
**'Outstanding Indebtedness'**

*Other Reimbursement Agreements.* The District has entered into various other reimbursement agreements, including an agreement to reimburse the City of Chino Hills in the amount of \$433,208 in connection with preliminary engineering expenses relating to the English Channel project area and an agreement to reimburse the Cities of Colton and San Bernardino an aggregate amount of \$1.576 million for improvements in connection with the Randall Basin project. An agreement with the City of Colton for \$205,000 for design of CSDP 3-5 which has been partially paid, an agreement with the Town of Apple Valley in an amount not to exceed \$312,500 (District portion) to update the Apple Valley Master Plan of Drainage, and an agreement with the Army Corps of Engineers to research and analyze flooding in the vicinity of Long Canyon in the Town of Yucca Valley. The Corp of Engineers awarded \$586,000 towards the project.

*Contemplated Reimbursement Agreements.*

Other agreements contemplated include an agreement with the City of Rialto for Cactus Basin #3 Street Improvements and an agreement with the Town of Yucca Valley to cost share the local sponsor portion of the Army Corps of Engineers study for Long Canyon in the Town of Yucca Valley. The District and Town will fund up to \$104,750 each, with the Corp of Engineers awarding \$486,000 towards the project.

**San Bernardino County Flood Control District  
2011 Continuing Disclosure  
Pooled Investment Fund of the County**

**COUNTY OF SAN BERNARDINO  
POOLED INVESTMENT FUND OF THE COUNTY  
As of June 30, 2011**

<u>Security Type</u>	<u>Book Value</u>	<u>Market Value</u>
Bankers Acceptances	\$0	\$0
Certificates of Deposit	785,001,624	784,923,023
Collateralized CD	0	0
Commercial Paper	874,945,368	874,966,205
Corporate Notes	0	0
Federal Agencies	1,986,680,792	1,997,477,212
Money Market Funds	26,000,000	26,000,000
Municipal Debt	0	0
Repurchase Agreements	0	0
TLGP Corp. Debt	100,363,622	100,731,100
U.S. Treasuries	326,224,041	328,105,975
Total Securities	<u>\$4,099,215,447</u> <sup>(1)(2)</sup>	<u>\$4,112,203,515</u> <sup>(1)(2)</sup>

Source: County of San Bernardino, Auditor-Controller/Treasurer/Tax Collector

(1) Does not include accrued interest of \$9,799,480, or cash balances of \$197,309,855 .

(2) Amounts may not total due to rounding.

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**CONTINUING DISCLOSURE AGREEMENT**  
**\$58,355,000**  
**Judgment Obligation Bonds, Series 2007 A**  
**(Fixed Rate Conversion)**  
**San Bernardino County Flood Control District**

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The SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT (the "District"), in connection with \$58,355,000 principal amount of District 2007 Judgment Obligation Bonds (Fixed Rate Conversion), encloses the following information pursuant to the Continuing Disclosure Agreement dated May 1, 2007:

1. Assessed Valuations.
2. Tax Levies for real property located in the District.
3. An update of the information contained in Table No. 2 of the forepart of the Official Statement.
4. The District's Adopted Budget for the current fiscal year.
5. Summary of Aggregate Annual Debt Obligations.
6. An update of the information in Table No. 1 contained in Appendix A to the Official Statement.
7. An update of the information in Table No. 4 contained in Appendix A to the Official Statement.
8. An update of the information contained in Appendix A to the Official Statement under the heading titled "Outstanding Indebtedness".

In regards to significant events, there have been no material occurrences in:

- A. Principal and interest payment delinquencies.
- B. Non-payment related defaults.
- C. Unscheduled draws on debt service reserves reflecting financial difficulties.
- D. Unscheduled draws on credit enhancements reflecting financial difficulties.
- E. Substitution of credit or liquidity providers, or their failure to perform.
- F. Adverse tax opinions or events affecting the tax-exempt status of the security.
- G. Modifications to rights of security holders.
- H. Contingent or unscheduled bond calls.
- I. Defeasances.
- J. Release, substitution, or sale of property securing repayment of the securities.

Dated: February 29, 2012

**SAN BERNARDINO COUNTY  
FLOOD CONTROL DISTRICT**

By /s/  
Gary McBride  
Deputy Executive Officer  
*Acting ex-officio on behalf of the District*

<b>CUSIPs</b> <b>\$58,355,000</b> <b>Judgment Obligation Bonds, Series 2007</b> <b>(Fixed Rate Conversion)</b> <b>San Bernardino County Flood Control District</b>			
MATURITY DATE	CUSIP	MATURITY DATE	CUSIP
August 1, 2012	796860 AG9	August 1, 2018	796860 AN4
August 1, 2013	796860 AH7	August 1, 2019	796860 AP9
August 1, 2014	796860 AJ3	August 1, 2020	796860 AQ7
August 1, 2015	796860 AK0	August 1, 2021	796860 AR5
August 1, 2016	796860 AL8	August 1, 2025	796860 AS3
August 1, 2017	796860 AM6	August 1, 2029	796860 AT1

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**CONTINUING DISCLOSURE AGREEMENT**  
**\$23,845,000**  
**Refunding Bonds, Series 2007**  
**San Bernardino County Flood Control District**

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The SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT (the "District"), in connection with \$23,845,000 principal amount of District 2007 Refunding Bonds, encloses the following information pursuant to the Continuing Disclosure Agreement dated May 1, 2007:

1. Assessed Valuations.
2. Tax Levies for real property located in the District.
3. An update of the information contained in Table No. 2 of the forepart of the Official Statement.
4. The District's Adopted Budget for the current fiscal year.
5. Summary of Aggregate Annual Debt Obligations.
6. An update of the information in Table No. 1 contained in Appendix A to the Official Statement.
7. An update of the information in Table No. 4 contained in Appendix A to the Official Statement.
8. An update of the information contained in Appendix A to the Official Statement under the heading titled "Outstanding Indebtedness".

In regards to significant events, there have been no material occurrences in:

- A. Principal and interest payment delinquencies.
- B. Non-payment related defaults.
- C. Unscheduled draws on debt service reserves reflecting financial difficulties.
- D. Unscheduled draws on credit enhancements reflecting financial difficulties.
- E. Substitution of credit or liquidity providers, or their failure to perform.
- F. Adverse tax opinions or events affecting the tax-exempt status of the security.
- G. Modifications to rights of security holders.
- H. Contingent or unscheduled bond calls.
- I. Defeasances.
- J. Release, substitution, or sale of property securing repayment of the securities.

Dated: February 29, 2012

**SAN BERNARDINO COUNTY  
FLOOD CONTROL DISTRICT**

By /s/  
Gary McBride  
Deputy Executive Officer  
*Acting ex-officio on behalf of the District*

<b>CUSIPs</b> <b>\$23,845,000</b> <b>Refunding Bonds, Series 2007</b> <b>San Bernardino County Flood Control District</b>			
MATURITY DATE	CUSIP	MATURITY DATE	CUSIP
August 1, 2012	79686P AE9	August 1, 2017	79686P AK5
August 1, 2013	79686P AF6	August 1, 2018	79686P AL3
August 1, 2014	79686P AG4	August 1, 2019	79686P AM1
August 1, 2015	79686P AH2	August 1, 2020	79686P AN9
August 1, 2016	79686P AJ8	August 1, 2021	79686P AP4