



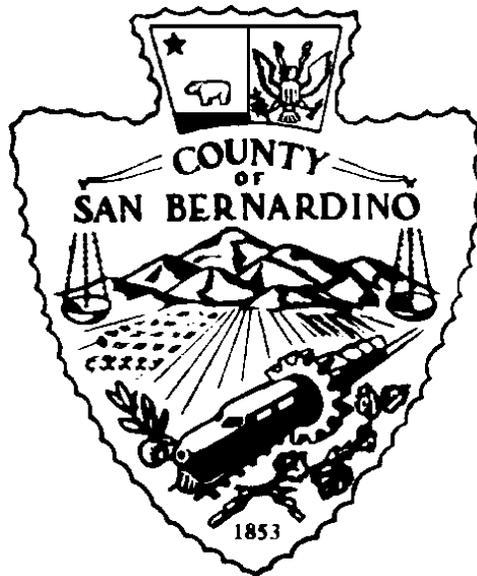
# COMPREHENSIVE ANNUAL FINANCIAL REPORT

County of San Bernardino  
State of California

For the Year Ended June 30, 2009  
Larry Walker, Auditor/Controller-Recorder

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2009**

**COUNTY OF SAN BERNARDINO  
STATE OF CALIFORNIA  
1853**



Supervisor Brad Mitzelfelt ..... First District  
Supervisor Paul Biane ..... Second District  
Supervisor Neil Derry..... Third District  
Supervisor Gary Ovitt, Chairperson ..... Fourth District  
Supervisor Josie Gonzales, Vice Chairperson..... Fifth District

**Dean Arabatzis – Assistant County Administrative Officer**

*Prepared by the Office of the Auditor/Controller-Recorder  
Larry Walker, Auditor/Controller-Recorder*

**COUNTY OF SAN BERNARDINO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 JUNE 30, 2009**

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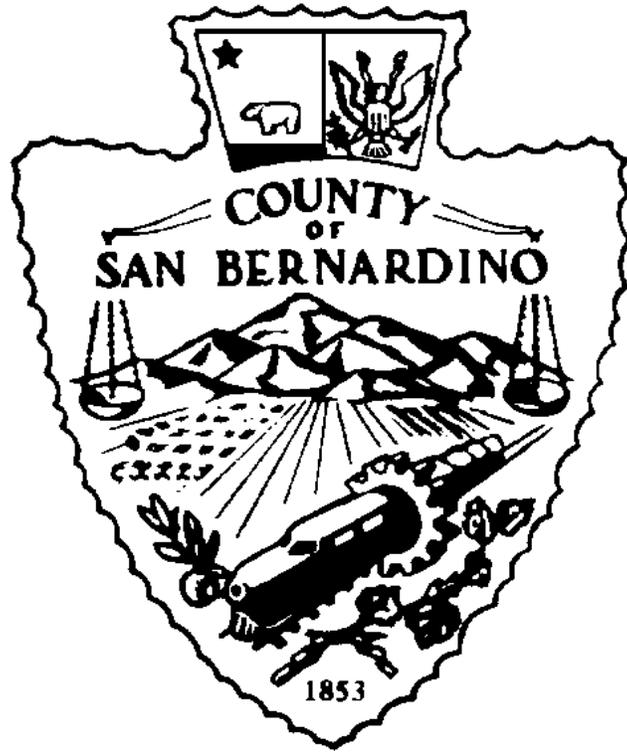
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# Introductory Section

Comprehensive Annual Financial Report

# AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



COUNTY OF SAN BERNARDINO

**AUDITOR/CONTROLLER** • 222 West Hospitality Lane, Fourth Floor  
San Bernardino, CA 92415-0018 (909) 387-8322 Fax • (909) 386-8830

**RECORDER • COUNTY CLERK** 222 West Hospitality Lane, First Floor  
San Bernardino, CA 92415-0022 • (909) 387-8306 • Fax (909) 386-8940

**LARRY WALKER**

Auditor/Controller-Recorder  
County Clerk

**ELIZABETH A. STARBUCK, CGFM**

Assistant Auditor/Controller-Recorder  
Assistant County Clerk

December 4, 2009

**THE HONORABLE BOARD OF SUPERVISORS  
COUNTY OF SAN BERNARDINO  
County Government Center  
385 North Arrowhead Avenue  
San Bernardino, CA 92415-0110**

December 4, 2009

Honorable Board Members:

The Comprehensive Annual Financial Report of the County of San Bernardino for the fiscal year ended June 30, 2009 is submitted herewith in compliance with Section 25253 of the Government Code of the State of California and Article V, Section 8 of the Charter of the County of San Bernardino.

The accompanying Basic Financial Statements were prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data is presented in a manner designed to fairly set forth the financial position and results of operations of the County, and that all disclosures necessary to enable the reader to gain a full understanding of the County's financial activities have been included.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Information related to this single audit, including the schedule of expenditures of federal awards, schedule of findings and questioned costs, and the independent auditor's report on compliance and internal control, are published separately from this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## ***THE REPORTING ENTITY AND ITS SERVICES***

The County of San Bernardino, located in Southern California, was established by an act of the State Legislature on April 26, 1853, forming the County from parts of Los Angeles, San Diego and Mariposa Counties. The County is a charter law county divided into five supervisorial districts on the basis of population. The County encompasses an area of over 20,164 square miles and includes twenty-four incorporated cities. In terms of land area, it is the largest county in the contiguous United States. The County is also one of the fastest growing areas in the nation and is the fifth most populous of the 58 counties in California.

The County provides a wide range of services to its residents including police protection, criminal prosecution, medical and health services, education, senior citizen assistance, roads, library services, support for judicial institutions, airport service, cultural and environmental services, parks and a variety of public assistance programs.

## ***THE REPORTING ENTITY AND ITS SERVICES - Continued***

Special districts and county service areas provide services to remote geographical areas and rapidly growing communities. These services include fire protection, parks, flood control, water, sewer, street lighting, and roads.

The accompanying Basic Financial Statements include all organizations and other entities, functions and activities of the County for which the County Board of Supervisors is financially accountable. Also included are numerous self-governed school and special district funds - for which the County acts as depository. The financial reporting for these entities, which are governed and act independently of the County of San Bernardino, is limited to reporting, as Investment Trust Funds, the total amount of cash and investments and other assets collected for, disbursed by, and held for, these entities.

### ***INTERNAL CONTROLS***

The County's internal accounting control system exists to provide reasonable, but not absolute, assurance that assets are safeguarded against loss or unauthorized disposition and to provide reliable records for preparing financial statements and maintaining accountability for assets. The Auditor/Controller-Recorder, Auditor Division actively participates in evaluating and upgrading the internal accounting control system.

As a recipient of federal and state financial awards, the County is also responsible for ensuring that an adequate internal control structure is in place to assure compliance with applicable laws and regulations related to public assistance programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff.

The County uses the modified accrual basis of accounting for its Governmental Funds. Revenues are recognized when they become measurable and available to finance operations of the year. Expenditures are generally recognized when the related fund liability is incurred except for principal and interest on long-term obligations, which is recognized when payment is due. The accrual basis of accounting is used for all Proprietary Fund Types and the Fiduciary Funds. Revenues are recognized when they are earned and become measurable and expenses are recorded when they are incurred.

The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's Board of Supervisors. Budgets are adopted for the General Fund, certain Special Revenue, Debt Service, and Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the appropriation unit level. Encumbrance accounting is utilized to assure effective budgetary control; purchase orders and contracts are reviewed and a determination is made that valid and sufficient appropriations exist for payment for ordered goods and services. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations expire at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

### ***CASH MANAGEMENT***

The Pooled Investment Fund of the County (County Pool) represents monies entrusted to the County Treasurer by the County of San Bernardino, and by school and special districts, and other entities within the County. State law requires that all operating monies of the County, school districts and certain special districts be held by the County Treasurer. In addition, there are approximately \$216.4 million in discretionary deposits. The County Pool does not include investments of the Deferred Compensation program or the County Employees' Retirement Association, which are separately managed.

The County by law pools its cash to facilitate investment opportunities for increasing investment income. The County's pooled cash and investments include U.S. Government and agency securities, commercial paper, money market mutual funds, negotiable certificates of deposits and repurchase agreements. The average rate of return on investments during fiscal year 2008-09 was 2.54%.

## **CASH MANAGEMENT - Continued**

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the pooled cash and investments held in the County Treasury are reported at their fair value at June 30, 2009, which is \$31.1 million more than amortized cost.

Monies deposited in the County Pool by the participants represent an individual interest in all assets and investments in the County Pool based upon the amount deposited. Interest income, gains and losses are distributed quarterly to the participants based on their average daily balance. Participant withdrawals are based on the participant's individual interest in the County Pool, with accrued earnings paid quarterly. Statements reflecting current fair values of County Pool holdings are issued on a monthly basis. Currently, Standard & Poor's Ratings Service rates this investment pool S1+ for market risk and AA+ for credit quality, which are the highest ratings attainable. Fitch's current rating for the County pool is AAA/V-1+, for meeting the highest credit quality standards for underlying assets, diversification, management and operational capabilities. Moody's Investors Service also rates the investment pool at its highest credit rating, Aaa, and safest market risk rating, MR1. Amounts held in the County Pool are invested in the Pooled Investment Fund of the County which invests in securities according to the Investment Policy adopted by the Board of Supervisors for the County Treasurer-Tax Collector as authorized by Section 53635 of the Government Code of California.

The Treasurer's investment policy allows for the purchase of a variety of securities with limitations as to exposure, maturity and ratings varying with each security type. The composition of the portfolio will change over time as old investments mature or are sold, and as new investments are made. The Pool provides monthly reporting of its assets by sector, duration, fair value and other features to both the Treasury Oversight Committee who reviews investment policy and the County Board of Supervisors who review and approve the investment policy.

The County's Investment Policy does not allow investments in derivative instruments in the treasury pool. None of the securities held by the County Pool are considered structured notes that incorporate "derivative" features, i.e., interest rates tied to alternative indices, formulas or other pricing features. Derivative securities exclude traditional floating rate securities tied to indices such as LIBOR, T-Bills, Fed Funds, etc. In addition, the County Pool does not invest in, nor has it ever invested in, "inverse floaters" nor does it invest in reverse repurchase agreements.

The fair value of the Pool will depend upon, among other factors, the maturities and types of investments and general market conditions. The current June 30, 2009 market value analysis indicates an unrealized gain of approximately \$31.1 million. Historically, the Pool has held most of its securities to their respective maturity dates.

At June 30, 2009, approximately \$216.4 million of the Pool assets are attributable to "discretionary" participants who are not legally required to deposit funds in the Pool. Such participants may withdraw their funds from the Pool upon 30 days' notice to the Treasurer, and only with prior approval of the Treasurer. The liquidity of the Pool will vary depending upon the mix and type of investments therein, and the net cash inflows and outflows at any given time. The Treasurer-Tax Collector manages the Pool to ensure sufficient liquidity exists, given reasonable anticipated cash needs. Current liquidity in the portfolio, consisting of cash, cash equivalents and investments with maturities of less than 60 days, is approximately \$1.15 billion. The weighted average maturity of all investments at June 30, 2009 was 371 days, with an effective duration of 0.73 years.

The County believes that the County Pool is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County's expenditures and other scheduled withdrawals. The County has not procured or provided any letters of credit or legal binding guarantees as supplemental support of Pool values during the reporting period.

The County utilizes a Countywide banking program, known as "Consolidated Banking," with a major bank, which accelerates the collection and deposit of monies by participating departments into the County Treasury making them readily available for investment.

## **DEBT MANAGEMENT**

The County maintained the top debt rating for its short-term issues throughout fiscal year 2008-09. In terms of general fund credit, the County's general fund supported Pension Obligation Bonds maintained ratings of A2 from Moody's and A+ from Standard & Poor's. The following is a summary of the County's short-term borrowing highlights of 2008-09.

## ***DEBT MANAGEMENT - Continued***

### **SHORT-TERM BORROWING**

In July 2008, the County issued Tax and Revenue Anticipation Notes totaling \$160 million. The notes were issued at 3.0% per annum with a yield of 1.64%. Standard & Poor's Rating Service and Moody's assigned ratings of SP-1+ and MIG1 respectively. These notes matured on June 30, 2009. The proceeds of the notes were used to meet the County's cash flow needs including General Fund expenditures (both current and capital expenditures).

### ***RISK MANAGEMENT***

The County has self-insurance programs for public liability, unemployment insurance, employee dental insurance, hospital and medical malpractice liability and workers' compensation. Public liability claims are self-insured up to \$2,000,000 per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$50,000,000 is with California State Association of Counties Excess Insurance Authority Liability Program II (CSAC EIA).

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 Insurance Company of Pittsburgh with a \$100,000 deductible and excess limit up to \$10,000,000 per claim or occurrence.

Workers' compensation claims are self-insured up to \$5,000,000 per claim or occurrence. Excess limits are covered by Arch Insurance Company for up to \$3,000,000 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 \$25,000 deductible with several insurers including Lexington Insurance Company, Affiliated FM and Lloyd's of London, among others.

The county supplements its self-insurance for medical malpractice claims with Zurich Insurance Company which provides annual coverage on a claims made form basis with an SIR of \$2,000,000 for each claim. Maximum coverage under the policy is \$25,000,000 in limits per claim provided by Illinois Union Insurance Company.

The activities related to such programs are accounted for in the Risk Management Department's Internal Service Funds (Funds), except for unemployment insurance and employee dental insurance which are accounted for in the General Fund. The liabilities included in these Funds are based on 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 2.75%. It is the County's practice to obtain actuarial studies on an annual basis.

### ***MAJOR INITIATIVES***

#### **Workforce Development**

The American Recovery and Reinvestment Act (ARRA) of 2009 was passed by Congress and signed into law by President Obama on February 17, 2009. The purpose of the \$787 billion recovery package is to jump-start the economy and to create and save jobs. The San Bernardino County Workforce Investment Board received \$16.7 million in ARRA funds to enhance Workforce Investment Act (WIA) programs. The goal of these programs is to meet the changing needs of workers and employers by assisting dislocated workers develop competencies in different technologies and develop new training opportunities to create pathways to higher skilled and higher paying jobs. Using the ARRA funding, the Department of Workforce Development (WDD) provided services to adults and dislocated workers through its three Employment Resource Centers. \$3.5 million has been contracted out to Regional Occupational Programs, Adult Education and Community Colleges for training programs that are in progress. In total, \$6.9 million funded the cost of training and supportive services for 4,151 adults and dislocated workers, with a focus on training in local demand occupations. In addition, ARRA funded the business assistance services in San Bernardino County. These services provided a clearinghouse for information to help employees retain jobs and assist individuals who faced risk of layoffs. \$1.2 million has been obligated for layoff prevention and business retention services. WDD also utilized twenty business resource specialists to provide employment services to more than 1,600 local businesses. To date,

## ***MAJOR INITIATIVES - Continued***

local businesses have used WDD assistance to post more than 13,800 job openings. \$7.1 million in ARRA funding was used to implement a local Summer Youth Employment Program (SYEP). SYEP served more than 1,745 youth between the ages of 14 and 24 by placing them at approximately 648 worksites throughout the County and providing them with paid work experience opportunities over the summer months. WDD spent \$6.9 million of its ARRA youth funds through SYEP, with \$6.6 million or 95% given directly to participants in the form of wages, programs and supportive services. More than 350 county Foster/Independent Living and Transitional Assistance youth got jobs of which more than 200 of our County's youth were hired into an unsubsidized job by the employer who provided them with their internship.

### **Capital Improvement and Infrastructure**

Beginning in July 2004, the Board of Supervisors increased their focus on capital improvement and infrastructure projects. The 2005-06 final budget for capital improvements saw an \$80.5 million increase in appropriations from the prior year, with an additional \$60.4 million in new projects approved in 2006-07 and \$33.3 million in new projects approved in 2007-08. Even in light of current economic conditions, the Board of Supervisors has continued its support of capital improvement and infrastructure projects and approved funding of \$19.0 million for new projects in 2008-09. This compares to a \$3.5 million base level of funding seen in prior year budgets.

Major projects funded in these allocations include the purchase of a jail facility in Adelanto, the purchase and remodel of an office building in the City of San Bernardino, the expansion of the Fontana Government Center, the seismic retrofit and remodel of the County Courthouse in San Bernardino, the remodel of the 6<sup>th</sup> floor of the Arrowhead Regional Medical Center converting administrative space into a new medical/ surgical wing, the purchase of a building in Rancho Cucamonga, and funding for two projects at the County Museum: the Hall of Geologic Wonders and the Hall of Paleontology. Allocations for building maintenance, expansion and modernization, improvements to water systems, improvements to recreation facilities and other deferred maintenance and infrastructure projects have also been funded.

In recent years, the Board of Supervisors has also approved changes to County policy that provide for funding of major capital projects. The amended Reserve Policy provides for the funding of major departmental projects by permitting the establishment of a specific purpose reserve to be augmented annually using the respective department's annual budget savings. The amended Budget Financing Policy allows for the establishment of an annual funding allocation for future debt obligations or planned future projects. This policy change also directs that any portion of such an annual allocation that remains unspent at the end of the year be deposited in a specific purpose reserve to assist in the funding of that project.

As specific purpose reserve balances have increased under these policies, the County elected to cash fund versus incurring debt for the following capital projects:

- New Central Juvenile Hall - \$63.6 million
- New Government Center in the High Desert - \$29.2 million

The County has also used these policies to provide for the following planned capital projects:

- Adelanto Detention Center Expansion
- New Government Center in San Bernardino
- New Sheriff's Crime Lab

### **Safety**

The County is continuing to support the comprehensive crime prevention and neighborhood revitalization programs. The Board of Supervisors approved a grant application for the Recovery and Reinvestment Act of 2009, Edward Byrne Memorial Justice Assistance Grant to prevent or reduce crime and violence throughout the county. County projects supported by this grant include drug courts; a security system for the Sheriff's Colorado River station; case management program enhancements and programming for the Probation department; and a scanning project for the Public Defender

## ***MAJOR INITIATIVES - Continued***

The County was recently designated as "StormReady" by the National Weather Service. StormReady is a nationwide program that helps communities better prepare and protect their citizens during all types of severe weather events. With this designation, participation in the StormReady program, once recognized by the National Flood Insurance Program's Community Rating System, may qualify the community for a discount on Flood Insurance premiums.

## ***ECONOMIC CONDITION AND OUTLOOK***

San Bernardino County is located east of Los Angeles and Kern Counties, northeast of Orange County, north of Riverside County and south of Inyo County. About 90 percent of the County is desert; the remainder consists of the San Bernardino Mountains and the San Bernardino Valley. Popular natural attractions in the area include the San Bernardino National Forest, Joshua Tree National Park, Death Valley National Park, and the East Mojave Scenic Area.

According to the California State Department of Finance, the County's population grew from 2,044,895 in January 2008 to 2,060,950 in January 2009, a mere .8% increase. That is the smallest year-over-year increase this decade. The combination of the housing crisis and the economic downturn are the likely culprits of the slower growth. Nonetheless, the County's population is estimated to grow to 2.2 million within five years and 2.5 million within ten years.

San Bernardino County is one of the most populous counties in the State, ranking fifth after Los Angeles, San Diego, Orange, and Riverside counties. While businesses continue to look to San Bernardino County for its available land and an expanding local market, families are drawn by relatively affordable housing, as compared to neighboring Los Angeles and Orange Counties. The geographic location, transportation infrastructure, and large immediate market have also made the County a desirable location as a regional distribution center for national and international firms.

Between July of 2008 and July of 2009, the County's labor force declined by 4,200 to 872,200; or .5%. The difficulty in finding jobs has caused some to withdraw from the labor force. The County may have experienced net out-migration in recent months also. There is speculation that some people are "bundling-up" with their relatives in older neighborhoods of Los Angeles and Orange counties to save on housing costs. The number of County residents who were employed declined by 48,500 to 750,900; a 6.1% decrease from a year ago. The unemployment rate climbed from 8.8% in July 2008 to 13.9% a year later.

The latest official data available indicates that Countywide taxable retail sales declined by 6.8% between the third quarters of 2007 and 2008. The biggest drop came from the automotive group, which fell by 31.1%. Building materials also declined significantly by 26%. The difficulty is due to the national and regional slowdowns and the importance of declining residential and commercial real property sales volume and prices in the county during this particular recession.

Recovery in retail activity depends on several interrelated factors including consumer confidence which is closely related to both one's evaluation of their job and income security, the general employment situation and availability of consumer credit. With unemployment not projected to decline until at least the end of 2009, consumer confidence, which was devastated by the financial crisis of 2008, is unlikely to return to "healthy levels" until sometime in 2010 or later. Access to consumer credit is still difficult as banks continue to follow tightened lending standards. This has severely impacted retail activity recovery, especially on big-ticket items such as automobiles and home improvement related expenses.

The current economic downturn, created partly by lax lending practices, has negatively impacted the housing industry. The housing bubble started to deflate in early 2006 and has triggered a serious domino effect across the general economy. After peaking in November 2006 at \$380,000, the median home resale price in San Bernardino County has declined to \$140,000 at the end of FY 2008-09 representing a 63% decline from the peak of the market. It has stabilized near that level for several months. The median price is currently at a level that is considered to be rational – in some cases it is arguably now actually cheaper to own a house than to rent a comparable unit.

## ***ECONOMIC CONDITION AND OUTLOOK – Continued***

The construction industry is the sector hardest hit in this current economy. The number of single-family residence (SFR) building permits issued in FY 2005-06 was 15,356. In FY 2008-09, the number of SFR building permits issued was just 1,545; a 51% decline from FY 2007-08 and a 90% decline from peak year FY 2005-06. Builders are hesitant to start construction because of the large supply of unsold units already on the market and the low prices caused by the liquidation of foreclosed and short-sale properties. In addition, some are unable to acquire financing needed due to the worldwide credit crunch. Some units are abandoned while under construction. Until home prices stabilize, the residential construction sector will not see a sustained recovery.

The multi-family sector had a better year in FY 2007-08 with 2,221 units permitted for construction. In FY 2008-09

the number of multi-family sector construction permits issued saw a decline of 77% to 516, the lowest level this decade, from the 2,221 units permitted for construction in FY 2007-08.

Despite the current challenges, the housing market for the County looks bright in the long run. The County's population is projected to be around 3.1 million in 2035, an approximate increase of 50% from today's level.

The County's desert area is engaged in alternative energy development. This emerging industry will help generate jobs and increase our nation's "green" sources of energy. Because of the transmission infrastructure, power producers can also sell renewable energy to utilities outside of California.

A progressive approach to business and education, an attractive Southern California location, an unprecedented transportation network and one of the last sources of affordable and available land within the greater Los Angeles area assure San Bernardino County's economic viability in the 21<sup>st</sup> century.

## ***LONG-TERM FINANCIAL PLANNING***

San Bernardino County's assessed valuation for 2009-10 is down \$11.2 billion, a 6.2% decrease from 2008-09. The mortgage and economic crisis has resulted in large numbers of foreclosures, a substantial reduction in the median sales price and a reduction in the fair market value of homes, all of which have contributed to the reduction of the County's assessed valuation. Secured property tax projections for 2009-10 are \$192.7 million. Projections for 2009-10 assume a 6.0% decrease in the county assessed valuation, translating into a 6.0% decrease in estimated secured property tax revenues for the county general fund.

County policy provides that the County will not use one-time funds to finance ongoing operations of the County, except as part of a multi-year plan to balance expenditures and revenues. County policy also requires, as part of the annual budget process, that the County prepare a multi-year forecast of financial operations for general fund programs based on current service levels and expected future changes to those programs and service levels.

The County has established a number of general fund reserves for a variety of purposes. On January 6, 1998, the Board of Supervisors adopted a County policy to provide guidelines and goals for reserve levels. This includes a general purpose reserve targeted at 10% of locally funded appropriation, and the provision to create special purpose reserves to help meet future needs. The general purpose reserve is designed to protect the County from unforeseen increases in expenditures or reductions in revenues and other extraordinary events which could adversely impact the financial condition of the County. Specific purpose reserves are created to meet identified future obligations and to fund capital projects. The County may redirect funds in any specific purpose reserve for another purpose. As of June 30, 2009, general fund reserves totaled \$183.2 million; \$59.7 million in the general purpose reserve, and a total of \$123.5 million in the specific purpose reserves.

County policy also requires the establishment of a contingency account targeted at 1.5% of locally funded appropriation. This mandatory contingency account is designed to accommodate unanticipated operational changes, legislative impacts or other economic events affecting the county's operations, which could not reasonably be foreseen at the time the budget was prepared. In addition to the mandatory contingency account, the County has two other types of contingencies:

Ongoing Set-Aside Contingencies which represent ongoing sources of financing that have been targeted for future ongoing program needs; and,

## ***LONG TERM FINANCIAL PLANNING - Continued***

Contingency for Uncertainties which represents unallocated financing available from current year sources (both ongoing and one-time) that has not been set-aside and includes unallocated fund balance carried over from the prior year. Final budget action includes a provision that allocates any difference between estimated and final fund balance to this contingency account.

The County's five year Capital Improvement Plan (CIP) is reviewed annually and revised to reflect current circumstances and opportunities. This review identifies needed capital projects, estimates capital requirements, and coordinates their necessary financing and timing. The following major projects have been approved and funding is in process; Space needs – \$300 million for 500,000 square feet of new construction and reuse of 385,000 square feet; Adelanto Detention Center - \$111 million for adding 912 beds; and \$63.2 million for Central Juvenile Hall replacement. Other major projects for future financing include Public Safety Operation Center, addition of jail beds, and law & justice space related to new judgeships.

### ***INDEPENDENT AUDIT***

The County's financial statements have been audited by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants and independent auditors. The auditors' report is included in the financial section, which is an integral part of this Comprehensive Annual Financial Report.

### ***CERTIFICATE OF ACHIEVEMENT***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Bernardino for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. This was the twenty-first consecutive year that the County has received this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to certificate program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### ***ACKNOWLEDGEMENTS***

The preparation of the Comprehensive Annual Financial Report and its timely issuance is the result of a concentrated, dedicated and coordinated effort by the entire Auditor/Controller-Recorder staff. I would like to acknowledge the special efforts of the General Accounting, Internal Audit, and Reimbursable Project sections and our independent auditors, Vavrinek, Trine, Day & Co., LLP, for their assistance in the report preparation. I would also like to thank all County departments who have participated in its preparation.

Respectfully submitted,



LARRY WALKER  
Auditor/Controller-Recorder



**COUNTY OF SAN BERNARDINO  
DIRECTORY OF COUNTY OFFICIALS**

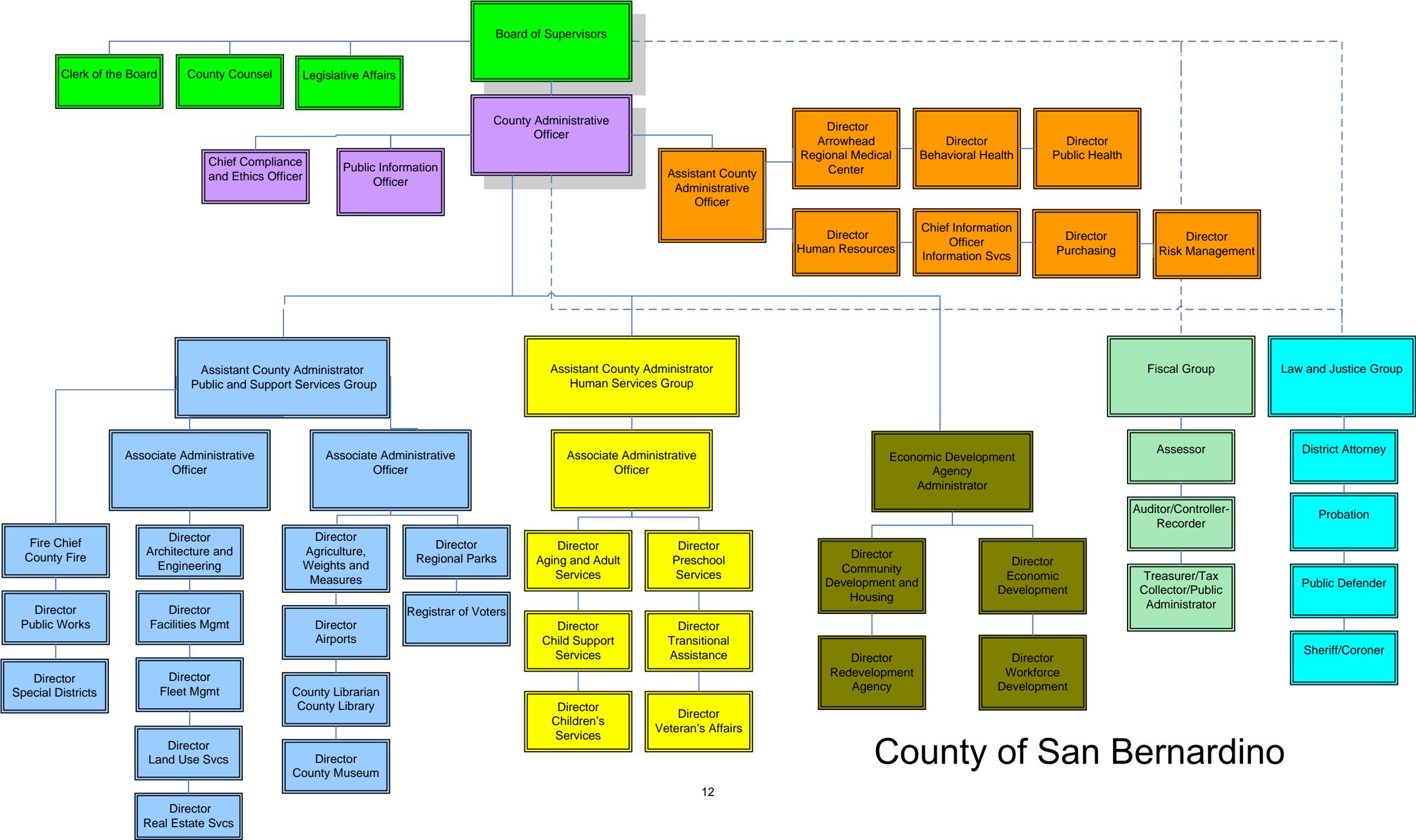
**ELECTED OFFICES**

- COUNTY SUPERVISOR, FIRST DISTRICT ..... BRAD MITZELFELT
  
- COUNTY SUPERVISOR, SECOND DISTRICT..... PAUL BIANE
  
- COUNTY SUPERVISOR, THIRD DISTRICT ..... NEIL DERRY
  
- COUNTY SUPERVISOR, FOURTH DISTRICT (CHAIRPERSON) ..... GARY C. OVITT
  
- COUNTY SUPERVISOR, FIFTH DISTRICT (VICE CHAIRPERSON)..... JOSIE GONZALES
  
- ASSESSOR ..... DENNIS DRAGER
  
- AUDITOR/CONTROLLER - RECORDER..... LARRY WALKER
  
- DISTRICT ATTORNEY ..... MICHAEL A. RAMOS
  
- SHERIFF - CORONER..... ROD HOOPS
  
- SUPERINTENDENT OF SCHOOLS ..... GARY THOMAS
  
- TREASURER - TAX COLLECTOR/PUBLIC ADMINISTRATOR ..... VACANT  
(Annette Kerber, Assistant Treasurer -Tax Collector/Public Administrator)

**COUNTY OF SAN BERNARDINO  
DIRECTORY OF COUNTY OFFICIALS**

**APPOINTED**

AGING AND ADULT SERVICES.....	COLLEEN KRYGIER
AGRICULTURAL COMMISSIONER/SEALER.....	JOHN G. GARDNER
AIRPORTS.....	MICHAEL N. WILLIAMS
ARCHITECTURE AND ENGINEERING.....	CARL ALBAN
ARROWHEAD REGIONAL MEDICAL CENTER.....	PATRICK A. PETRE
BEHAVIORAL HEALTH .....	ALLAN RAWLAND
CHILD SUPPORT SERVICES.....	CONNIE BRUNN
CHILDREN'S SERVICES.....	DeANNA AVEY-MOTIKEIT
CLERK OF THE BOARD OF SUPERVISORS .....	LAURA WELCH
ECONOMIC DEVELOPMENT AGENCY.....	MARK DOWLING
COUNTY ADMINISTRATIVE OFFICE .....	DEAN ARABATZIS
COUNTY COUNSEL .....	RUTH STRINGER
COUNTY LIBRARIAN .....	ED KIECZYKOWSKI
FACILITIES MANAGEMENT .....	CARL ALBAN
FIRE DEPARTMENT/FIRE WARDEN.....	PAT DENNEN
FLEET MANAGEMENT.....	ROGER G. WEAVER
HUMAN RESOURCES .....	ANDREW LAMBERTO
HUMAN SERVICES GROUP .....	LINDA HAUGAN
INFORMATION SERVICES .....	STEPHEN HALL
LAND USE SERVICES .....	DENA M. SMITH
LEGISLATIVE AFFAIRS.....	LANCE LARSON
MUSEUM .....	ROBERT McKERNAN
PRESCHOOL SERVICES .....	RON GRIFFIN
PROBATION.....	MICHELLE SCRAY
PUBLIC DEFENDER.....	DOREEN BOXER
PUBLIC HEALTH .....	JIM LINDLEY
PUBLIC WORKS .....	GRANVILLE "BOW" BOWMAN
PURCHASING.....	LAURIE ROZKO
REAL ESTATE SERVICES.....	DAVID H. SLAUGHTER
REDEVELOPMENT AGENCY .....	KATHY THOMAS
REGIONAL PARKS (INTERIM) .....	MAUREEN SNELGROVE
REGISTRAR OF VOTERS .....	KARI VERJIL
RISK MANAGEMENT .....	LAURIE MILHISER
SPECIAL DISTRICTS .....	JEFF O. RIGNEY
TRANSITIONAL ASSISTANCE DEPARTMENT.....	NANCY SWANSON
VETERANS' AFFAIRS .....	BILL J. MOSELEY
WORKFORCE DEVELOPMENT.....	SANDY HARMSEN



# County of San Bernardino

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of San Bernardino  
California

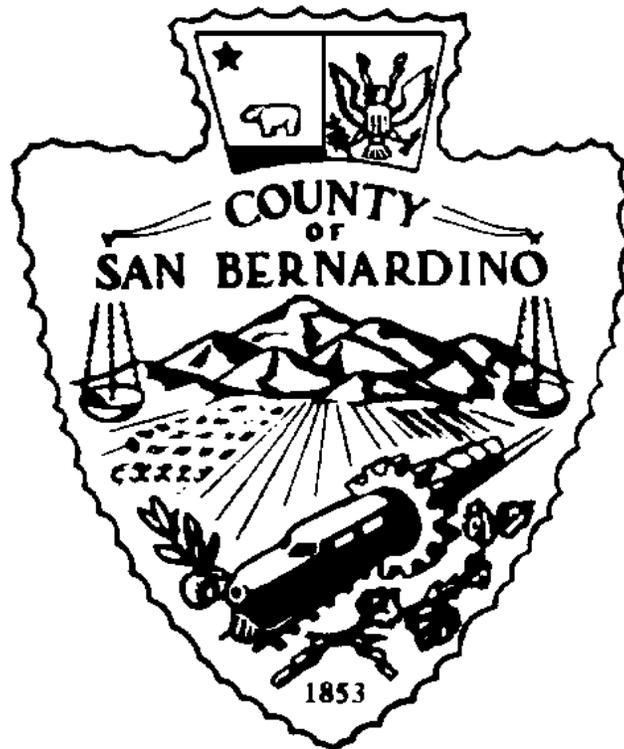
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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

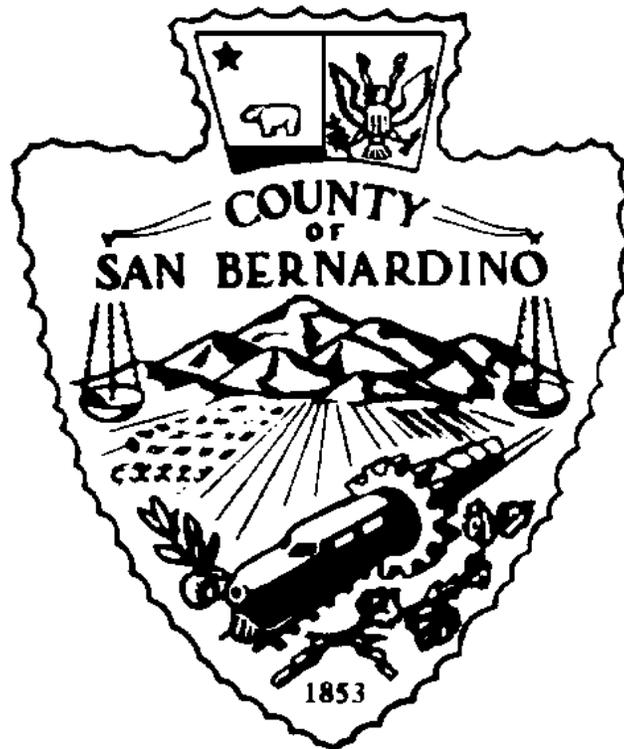
Executive Director





# Financial Section

Comprehensive Annual Financial Report





INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
County of San Bernardino, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (the County), as of and for the fiscal year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County'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 San Bernardino County Flood Control District, the County of San Bernardino Redevelopment Agency and the Children and Families First Commission of San Bernardino County, which collectively represent the following percentages of assets, net assets/fund balances and revenues as of and for the fiscal year ended June 30, 2009:

Table with 4 columns: Opinion Unit, Assets, Net Assets/Fund Balances, Revenues. Rows include Governmental Activities, Aggregate Remaining Fund Information, and Discretely Presented Component Unit.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 and Note 11 to the financial statements, the County has adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 49 – *Accounting and Financial Reporting for Pollution Remediation Obligations* as of July 1, 2008.

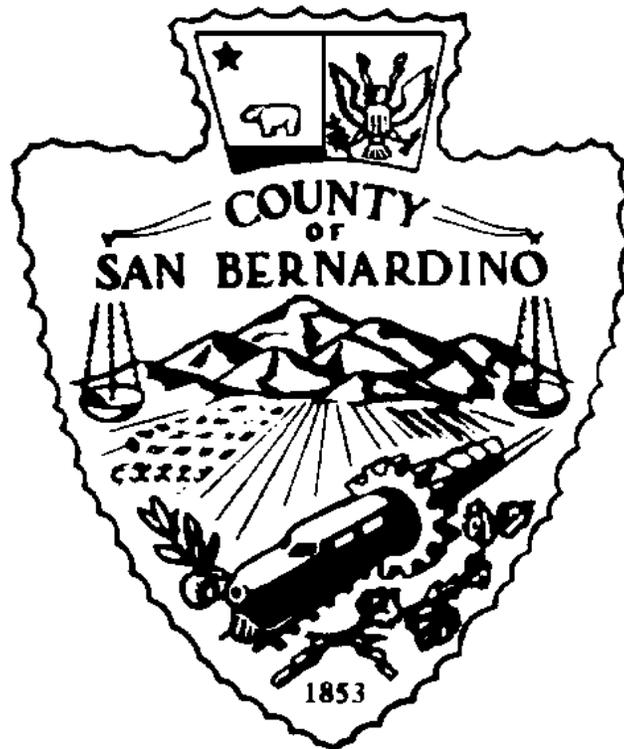
In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 management's discussion and analysis on pages 19 through 38 and the schedule of funding progress on page 111 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors 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 County's basic financial statements. The introductory section, combining and individual non-major fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, 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 by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Vawter, Trine, Day, Co., LLP*

Rancho Cucamonga, California  
December 4, 2009





# Management's Discussion and Analysis

Comprehensive Annual Financial Report



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended June 30, 2009

This section of the County's annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2009. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

#### FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The County's total net assets increased by \$143,373. The net increase is attributable to the \$99,506 increase in governmental activities net assets and the \$43,867 increase in business-type activities net assets.
- As of June 30, 2009, the County governmental funds reported combined fund balances of \$1,138,209, an increase of \$50,258 in comparison with the prior year. Approximately 79% of the combined fund balances, \$900,964 is available to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$367,198, or 18.2% of total general fund expenditures. This is a decrease of \$75,412 in comparison with the prior year.
- The County's total capital assets (net of accumulated depreciation) increased by \$60,037 in comparison with the prior year. (See further detail on page 35)
- The County's total long-term debt decreased by \$41,627 in comparison with the prior year. (See further detail on page 36).

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three Components; 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements.

**Government-Wide Financial Statements** are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business. These statements include *all* assets and liabilities of the County using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's

## Management's Discussion and Analysis (Amounts in thousands)

revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net assets presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollectible taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The County's governmental activities include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services. The County's business-type activities include Medical Center, Crestline Sanitation District, Water and Sewer Facilities, Fire Protection Districts, Waste Systems Division, Museum Gift Shop, and Regional Parks Snack Bar Operations.

Component units are blended in the basic financial statements and consist of legally separate entities for which the County is financially accountable. They share substantially the same board as the County and provide services entirely to the County. The following component units have been blended into the basic financial statements: Fire Protection Districts, Flood Control District, Park and Recreation Districts, Crestline Sanitation District, County Service Areas, various Joint Powers Authorities, (JPAs) including a Public Benefits Corporation created for the benefit of the County, Inland Empire Facilities Corporation, San Bernardino County Financing Authority and the Crestline Financing Authority.

The government-wide financial statements also include a discretely presented component unit, FIRST 5 of San Bernardino County. FIRST 5 is a discretely presented component unit as its governing body is not substantially the same as that of the County and FIRST 5 does not provide services entirely or almost entirely to the County but rather to the citizenry.

**The government-wide financial statements can be found on pages 40-41 of this report.**

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a

## **Management's Discussion and Analysis** (Amounts in thousands)

county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County reports thirty-four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Improvement Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located in a separate section in this report.

In addition to the General Fund, the County has classified and now reports the Capital Improvement Fund as a major fund for fiscal year 2009 as required by GASB 34. This reporting change resulted from a cash transfer of \$59.9 million from the general fund for constructing the new Central Valley Juvenile Detention Center to be completed in fiscal year 2012.

**The governmental fund financial statements can be found on pages 44-46 of this report.**

**Proprietary funds** include in two types of funds, enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. Enterprise funds are used to account for the Medical Center, Crestline Sanitation District, Water and Sewer Facilities, Fire Protection Districts, Waste Systems Division, Museum Gift Shop, and Regional Parks' Snack Bar Operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its printing services, central mail services, telephone services, computer operations, vehicle services, self-insured worker's compensation, public liability, property conservation, and safety programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Medical Center and Waste Systems Division are considered to be major enterprise funds of the County. The County's six internal service activities are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in this report. Data from the other enterprise funds are combined into a single aggregated presentation. Individual fund data for each of these non major enterprise funds is provided in the form of combining statements located in a separate section of this report.

**The proprietary fund financial statements can be found on pages 47-49 of this report.**

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the

## Management's Discussion and Analysis (Amounts in thousands)

primary government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support County programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**The fiduciary fund financial statements can be found on pages 50-51 of this report.**

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements. The notes can be found on pages 53 - 110 of this report.

### Supplemental Information

The Supplemental Information section of this report contains the combining statements, and budgetary comparison schedules. This section is presented to provide additional information to the users of these financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by \$2,340,981 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	As Restated		As Restated		As Restated	
	2009	2008	2009	2008	2009	2008
Current and other assets, as restated	\$ 2,482,390	\$ 2,464,521	\$ 357,894	\$ 363,565	\$ 2,840,284	\$ 2,828,086
Capital assets, as restated	1,480,061	1,433,983	565,097	551,138	2,045,158	1,985,121
Total assets	<u>3,962,451</u>	<u>3,898,504</u>	<u>922,991</u>	<u>914,703</u>	<u>4,885,442</u>	<u>4,813,207</u>
Current and other liabilities	249,324	280,516	58,026	56,344	307,350	336,860
Long-term Liabilities, as restated	1,554,829	1,559,196	682,282	719,543	2,237,111	2,278,739
Total liabilities	<u>1,804,153</u>	<u>1,839,712</u>	<u>740,308</u>	<u>775,887</u>	<u>2,544,461</u>	<u>2,615,599</u>
Net assets:						
Invested in capital assets, net of related debt, as restated	1,214,875	1,147,871	35,784	(20,021)	1,250,659	1,127,850
Restricted	792,895	688,298	37,283	48,814	830,178	737,112
Unrestricted, as restated	150,528	222,623	109,616	110,023	260,144	332,646
<b>Total Net Assets</b>	<u>\$ 2,158,298</u>	<u>\$ 2,058,792</u>	<u>\$ 182,683</u>	<u>\$ 138,816</u>	<u>\$ 2,340,981</u>	<u>\$ 2,197,608</u>

The largest portion of the County's net assets of \$1,250,659 reflects investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

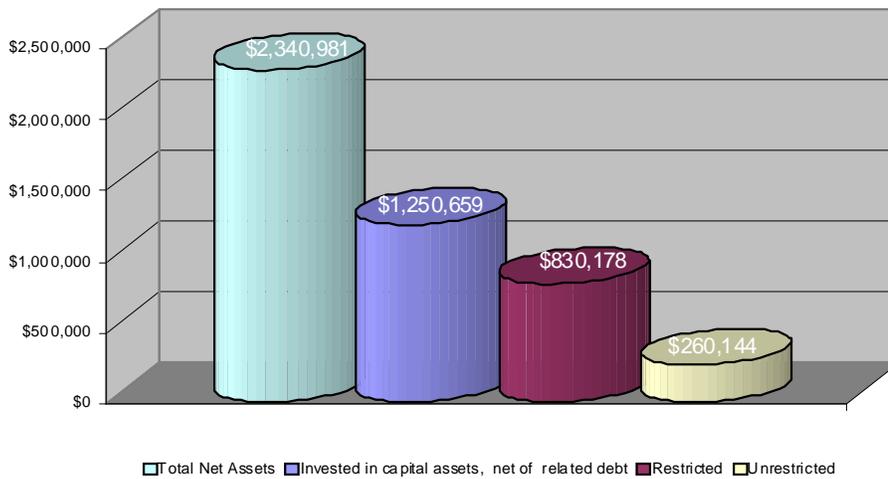
Restricted net assets of \$830,178 represent another significant portion of County net assets.

## Management's Discussion and Analysis (Amounts in thousands)

This amount contains external restrictions imposed by creditors, grantors, contributors or laws and regulation of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

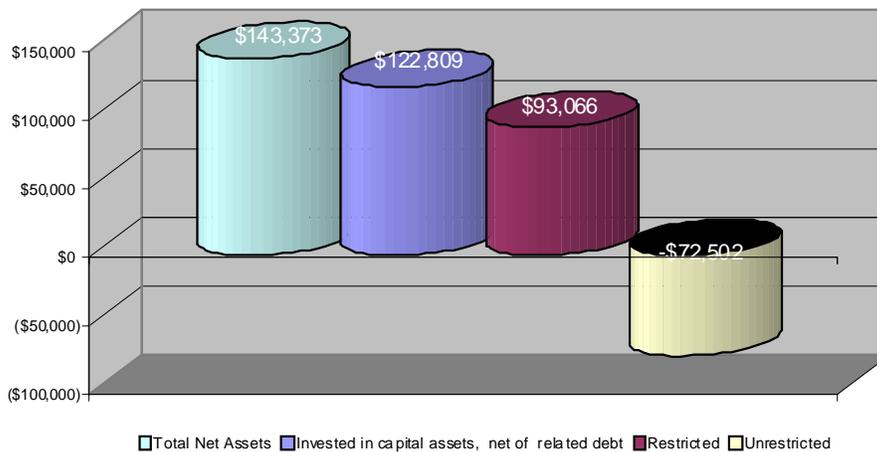
The final component of net assets is unrestricted net assets. Unrestricted net assets are resources that the County may use to meet its current and ongoing obligations to citizens and creditors. The unrestricted net assets balance decreased by \$72,502 during the current year, primarily related to the increases in general fund expenditures exceeding the increases in revenues resulting from declines in various revenue sources including taxes, and revenues from use of money and properties primarily due to the recent economic downturn.

### Net Assets



The County's total net assets increased \$143,373 (\$99,506 increase in governmental activities and \$43,867 increase in business-type activities) during the current fiscal year, indicating that the County generated revenue sufficient to cover the cost of operations.

### Increase in Net Assets



## Management's Discussion and Analysis

(Amounts in thousands)

The following table illustrates the changes in net assets for governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2009	As Restated 2008	2009	As Restated 2008	2009	As Restated 2008
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 437,224	\$ 384,266	\$ 446,033	\$ 423,499	\$ 883,257	\$ 807,765
Operating Grants/Contributions	1,350,074	1,344,999	8,168	12,593	1,358,242	1,357,592
Capital Grants/Contributions	8,667	3,349	19,554	24,142	28,221	27,491
<b>General Revenue</b>						
Property Taxes, Levied for General Purposes	562,625	538,962	4,500	5,972	567,125	544,934
Property Taxes, Levied for Debt Service	18,528	15,620	-	-	18,528	15,620
Public Safety Tax	126,083	147,794	-	-	126,083	147,794
Sales Taxes	21,992	26,316	-	-	21,992	26,316
Other Taxes	21,847	44,381	-	-	21,847	44,381
Unrestricted Revenues from Use of Money and Property	74,567	88,878	10,182	16,630	84,749	105,508
Miscellaneous	65,461	67,409	13,519	14,101	78,980	81,510
Gains on Sale of Capital Assets	1,655	2,055	56	-	1,711	2,055
<b>Total Revenues</b>	<b>2,688,723</b>	<b>2,664,029</b>	<b>502,012</b>	<b>496,937</b>	<b>3,190,735</b>	<b>3,160,966</b>
<b>Expenses</b>						
General Government, as restated	178,257	179,638	-	-	178,257	179,638
Public Protection	922,822	888,798	-	-	922,822	888,798
Public Ways and Facilities	75,721	85,271	-	-	75,721	85,271
Health and Sanitation	337,062	303,533	-	-	337,062	303,533
Public Assistance	883,298	854,721	-	-	883,298	854,721
Education	21,941	20,788	-	-	21,941	20,788
Recreation and Cultural Services	24,697	24,086	-	-	24,697	24,086
Interest on Long Term Debt	83,770	77,444	-	-	83,770	77,444
Medical Center	-	-	440,197	421,531	440,197	421,531
Waste Systems	-	-	56,483	83,543	56,483	83,543
Other	-	-	21,479	53,305	21,479	53,305
<b>Total Expenses</b>	<b>2,527,568</b>	<b>2,434,279</b>	<b>518,159</b>	<b>558,379</b>	<b>3,045,727</b>	<b>2,992,658</b>
<b>Excess (Deficit) before Special Items and Transfers</b>	<b>161,155</b>	<b>229,750</b>	<b>(16,147)</b>	<b>(61,442)</b>	<b>145,008</b>	<b>168,308</b>
<b>Special items Transfers</b>	<b>(61,649)</b>	<b>(49,414)</b>	<b>61,649</b>	<b>49,414</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>99,506</b>	<b>180,336</b>	<b>43,867</b>	<b>(12,803)</b>	<b>143,373</b>	<b>167,533</b>
<b>Net Assets -- Beginning of Year, as restated</b>	<b>2,058,792</b>	<b>1,878,456</b>	<b>138,816</b>	<b>151,619</b>	<b>2,197,608</b>	<b>2,030,075</b>
<b>Net Assets -- End of Year</b>	<b>\$ 2,158,298</b>	<b>\$ 2,058,792</b>	<b>\$ 182,683</b>	<b>\$ 138,816</b>	<b>\$ 2,340,981</b>	<b>\$ 2,197,608</b>

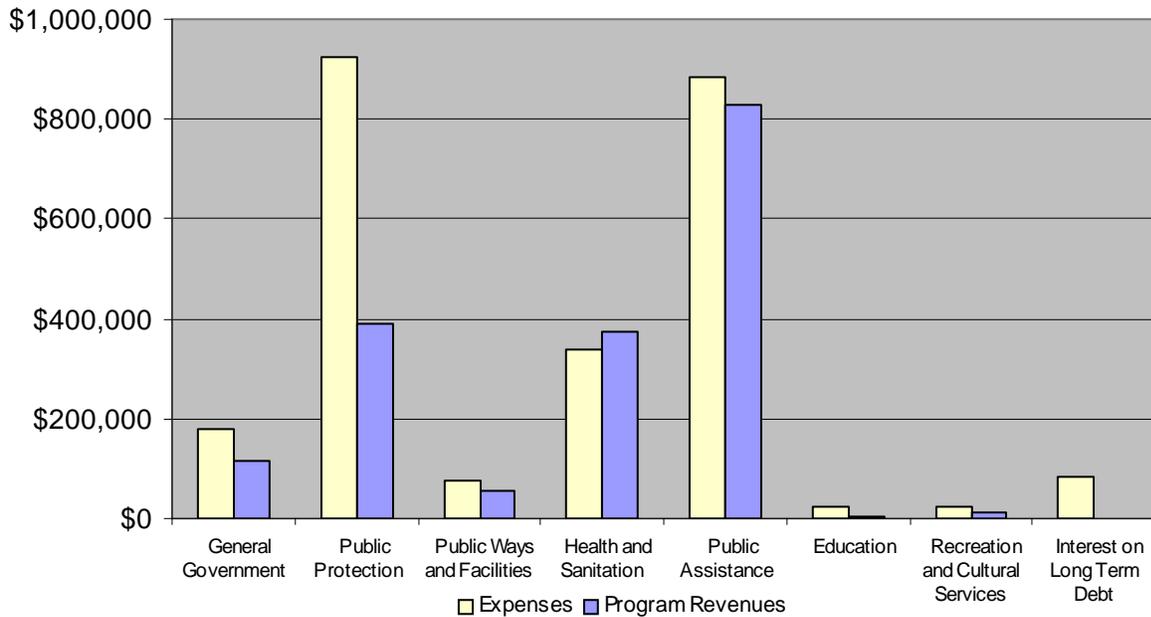
## Management's Discussion and Analysis (Amounts in thousands)

**Governmental Activities** increased the County's net assets by \$99,506. The overall increase in net assets is due to increased amounts in invested in capital assets and restricted assets.

Total revenues of the County's governmental activities increased primarily due to receipt of funding in various state and federal grants to provide health care services and public assistance along with new fire protection service contracts with various cities and other agencies. Although most property related taxes such as current secured, unsecured, and unitary taxes as well as sales related taxes generally decreased from the prior year, property taxes for general purposes increased mainly due to shifts in property tax swap in lieu of vehicle license fees from the State.

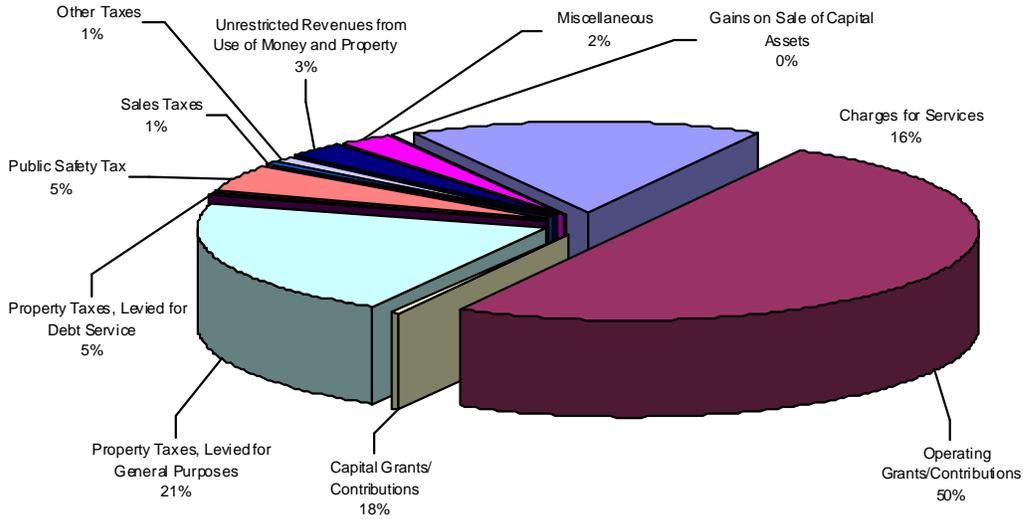
Program expenses for the County's governmental activities increased in services and supplies as a result of receiving additional funding in operating grants and contributions due to the growing need for public assistance resulting from the current economic condition, and health care services.

**Expenses and Program Revenues-Governmental Activities**



## Management's Discussion and Analysis (Amounts in thousands)

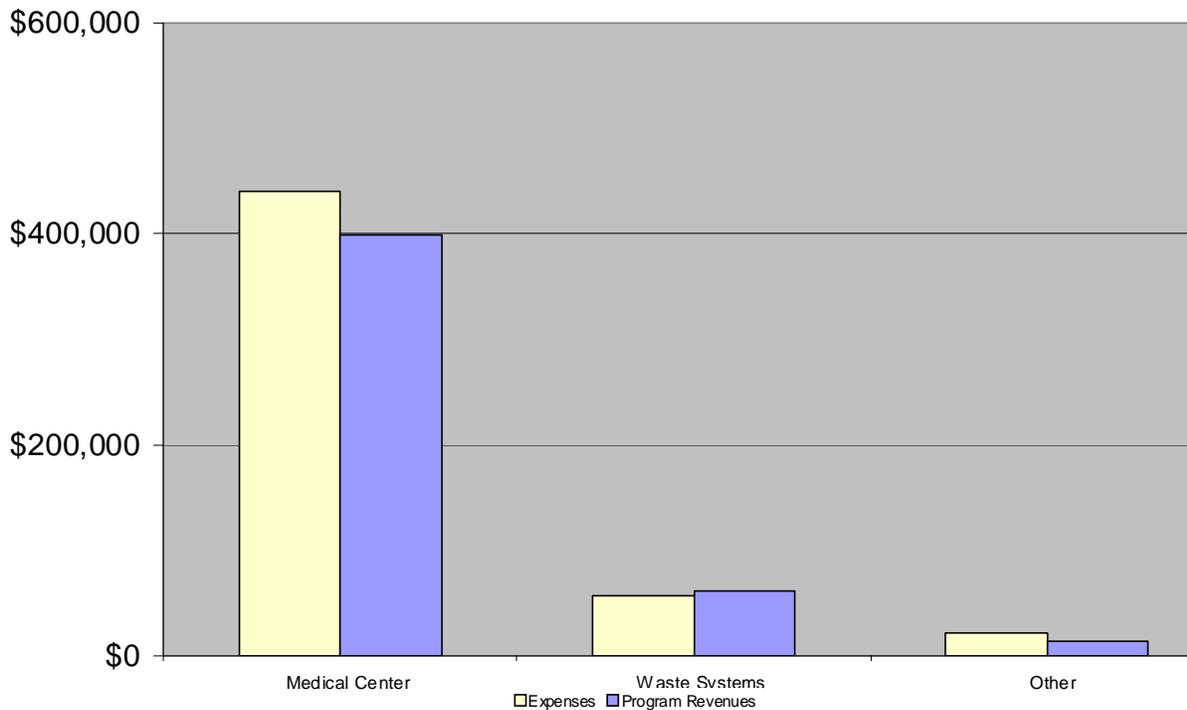
### Revenues by Source-Governmental Activities



**Business-type Activities** increased the County's net assets by \$43,867 primarily due to increases in operating revenues of the Medical Center along with an overall increase to Waste System Division net assets due to decreases in expenses. Deferring certain capital projects to later years along with the related reduced interest, professional services, and services and supplies resulted in the decrease in expenses.

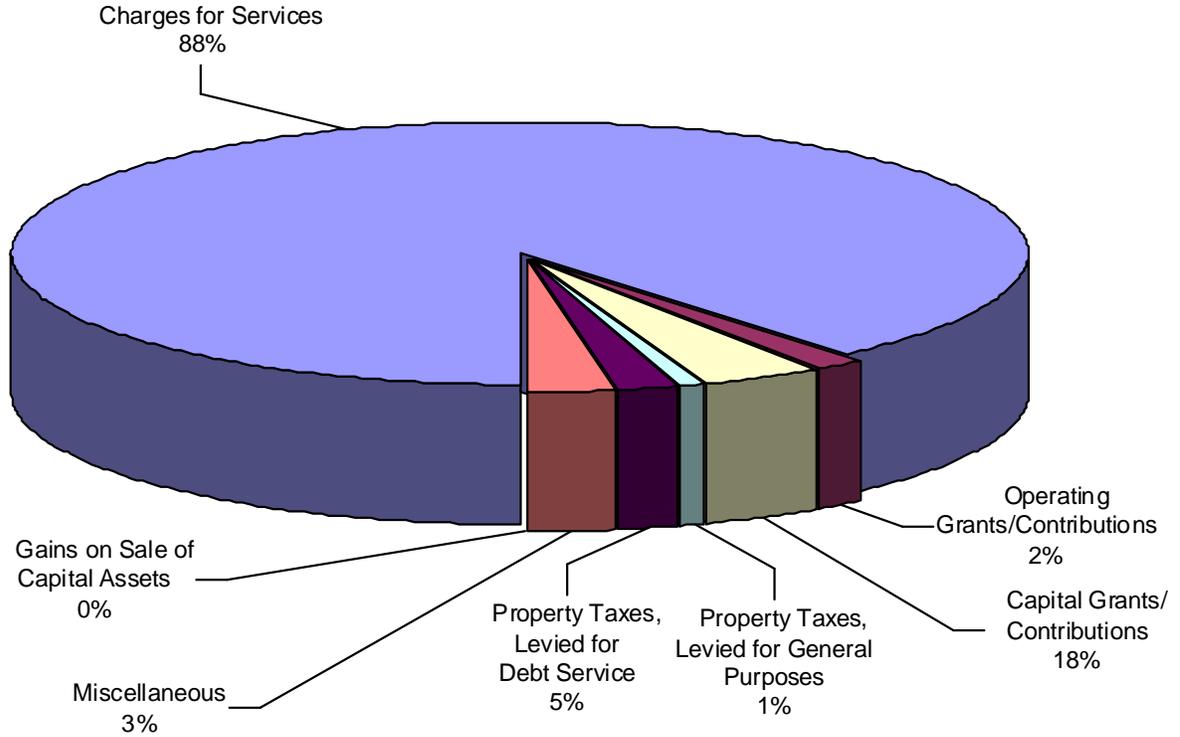
The following table shows actual revenues, expenses and results of operations for the current fiscal year:

### Expenses and Program Revenues-Business-Type Activities



**Management's Discussion and Analysis**  
(Amounts in thousands)

**Revenues by Source-Business Type Activities**



## Management's Discussion and Analysis (Amounts in thousands)

### FINANCIAL ANALYSIS OF COUNTY FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2009, the County's governmental funds reported a total fund balance of \$1,138,209, an increase of \$50,258 in comparison with the prior year. Approximately 79% of the total fund balance, \$900,964 constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has been committed: 1) to pay debt service of \$41,985; 2) to reflect inventories and prepaid assets of \$4,761; 3) to reflect land held for resale of \$16,984; 4) to reflect amounts due as loans and interfund receivable that are long-term in nature of \$55,866 and \$18,461, respectively; 5) to liquidate contractual commitments of the period of \$76,284; and 6) to reflect the mandated 1% reserve for property tax losses of \$22,904.

The General fund is the chief operating fund of the County. At June 30, 2009, unreserved fund balance of the General fund was \$367,198 while total fund balance reached \$486,257. As a measure of the General fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 18.2% of total fund expenditures, while total fund balance represents 24.1%.

The Capital Improvement Fund accounts for the County's major capital acquisition and construction projects. At June 30, 2009, total fund balance of the Capital Improvement Fund was \$150,295. Of this amount, \$16,517 was reserved as the County has entered into contractual agreements for the development and/or improvement of several capital projects.

County management also designates unreserved fund balance to a particular function, project or activity. Fund balance may also be designated for purposes beyond the current year; however, designated fund balance is available for appropriation at any time. Of the \$367,198 General fund unreserved fund balance, 49.9% is designated. The most significant designations include \$59,733 for General Purpose, \$32,075 for Debt Service (additional reserved designated but not required), \$46,500 for Future Retirement Rate, \$1,806 for Teeter Plan (additional reserve designated but not mandated for property tax losses), and \$31,880 for Future Space Needs. Unreserved undesignated fund balance at year-end was \$183,971.

The total governmental fund balance increased 4.6% or \$50,258 with significant changes in the following funds:

- The fund balance of the Mental Health Services Act fund increased by \$15,542. The change is primarily due to an increase in revenues for the Community Service and Support program and Prevention Early Intervention.

## Management's Discussion and Analysis (Amounts in thousands)

- The fund balance of the Redevelopment Agency increased by \$8,021. The increase is due to tax increment revenue being significantly higher than anticipated, due in part to the Educational Revenue Augmentation Fund payment not materializing.
- The total fund balance of the Fire Protection Districts increased \$40,684; however, approximately \$27.9 million was due to a transfer of funds for the fire re-organization. The remaining increase is primarily due to increased services for current charges in regards to new service contracts with the Fontana Fire Protection District, and various cities and agencies.
- The total fund balance of the general fund decreased 10.9% or \$59,427 resulting from revenue decreases in taxes and aid from other governments; increases to expenditures for Health and Sanitation & Public Assistance; and, an increase in transfers to other funds to fund capital projects.

Revenues for governmental functions totaled \$2,679,611 in fiscal year 2008-2009, which represents an increase of 0.8% from the prior year.

The following table presents the amount of revenues from various sources as well as the changes from the prior year.

<u>Revenues</u>	<u>2008-09</u>		<u>Over (Under) 2007-08</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent</u>
Taxes, restated	\$ 753,320	28%	\$ (25,653)	-3%
Licenses, Permits and Franchises	24,779	1%	\$ 288	1%
Fines, Forfeitures and Penalties	22,373	1%	\$ (199)	-1%
Revenues From Use of Money and Property, restated	69,902	3%	\$ (12,889)	-18%
Aid From Other Governmental Agencies	1,358,743	51%	\$ 10,395	1%
Charges for Current Services	385,423	14%	\$ 48,220	13%
Other Revenues	65,071	2%	\$ 1,519	2%
Total Revenues	<u>\$ 2,679,611</u>	<u>100%</u>	<u>\$ 21,681</u>	

The County's three major funding sources; taxes, aid from other governmental agencies, and charges for current services constitute 93% of all revenues.

Taxes decreased by \$25,653. This decline is caused by the mortgage and economic crisis that has resulted in a dramatic rise in foreclosures, which has negatively impacted home prices and the related taxes. Public safety tax (Proposition 172) also decreased significantly from the prior year by \$21,711 since County's taxable sale decreased during the current fiscal year.

Aid from other governmental agencies increased by \$10,395. This increase is primarily due to increased funding under the Mental Health Services Act (MHSA) relating to its Community Service and Support program plan and Preventive and Early Intervention.

Revenues from use of money and property decreased by \$12,889 due to a lower average book value and interest rate in cash and investments during 2008-09 in comparison with the prior year.

Charges for current services increased by \$48,220. The increase is due to new fire protection

**Management's Discussion and Analysis**  
(Amounts in thousands)

service contracts with the Fontana Fire Protection District and various cities and agencies resulting from the County Fire Reorganization (Note 3).

The following table presents expenditures by function compared to prior year amounts.

<u>Expenditures</u>	<u>2008-09</u>		<u>Over (Under) 2007-08</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount Changed</u>	<u>Percent</u>
Current:				
General Government	\$ 161,448	6%	\$ 1,449	1%
Public Protection	892,497	35%	9,753	1%
Public Ways and Facilities	61,814	2%	(13,515)	-22%
Health and Sanitation	334,305	13%	26,739	8%
Public Assistance	877,345	34%	7,727	1%
Education	20,983	1%	270	1%
Recreation and Cultural Services	20,726	1%	813	4%
Debt Service				
Principal	49,041	2%	3,178	6%
Interest and Fiscal Charges	58,313	2%	3,561	6%
Bond Issuance Costs	-	0%	(3,156)	N/A
Advance Refunding Escrow	-	0%	(9,183)	N/A
Capital Outlay	95,185	4%	11,650	12%
Total Expenditures	<u>\$ 2,571,657</u>	<u>100%</u>	<u>\$ 39,286</u>	

Total County expenditures increased \$39,286 or 1.55% from the prior year.

Public Protection expenditures increased by \$9,753. The increase was primarily due to staffing increases and salary and benefit adjustments. The District Attorney had a net increase of 31 positions due to the transfer of positions from other budget units. The Sheriff-Coroner received additional staffing to fulfill Sheriff contract service requirements for cities and had increased costs related to Memorandum of Understanding (MOU) adjustments.

Public Ways and Facilities decreased by \$13,515. Road activities are funded almost entirely from highway-users sources. Due to a general downturn in the economy, there was a \$10.5 million decrease in state highway users' tax resulting in less money for projects.

Health and Sanitation expenditures increased by \$26,739. This increase is attributed to the following three items. 1) An \$8.4 million increase in other charges due to the approved Intergovernmental Transfer Proposal to fund Medi-Cal managed care capitation rate increases; 2) A \$9.6 million increase in professional and specialized services for Mental Health Services Act funded programs and professional services for routine departmental business; and, 3) A \$5.3 million increase in salaries due to increased staffing.

Capital Outlay increased by \$11,650. The Capital Improvements Program increased due to the purchase of a building in Rancho Cucamonga for approximately \$6.9 million and additional costs associated with the Central Courthouse seismic retrofit.

**Management's Discussion and Analysis**  
(Amounts in thousands)

Other financing sources and uses are presented below to illustrate changes from the prior year.

<u>Other Financing Sources (Uses)</u> <u>Governmental Funds</u>	<u>2008-09</u>	<u>Over (Under) 2007-08</u>	
	<u>Amount</u>	<u>Amount Changed</u>	<u>Percent</u>
Transfers to Other Funds	\$ (444,888)	\$ (154,984)	53%
Transfers from Other Funds	382,918	144,252	60%
Refunding Bonds Issued	-	(212,750)	-100%
Discount on Refunding Bonds	-	136	-
Payment to Refunded Bonds Escrow Agent, as restated	-	208,214	-100%
Inception of Capital Lease Obligations	2,619	2,492	1962%
Sale of Capital Assets	1,655	(400)	-19%
Total Other Financing Sources and (Uses)	<u>\$ (57,696)</u>	<u>\$ (13,040)</u>	

Total Other Financing Sources and (Uses) increased by \$13,040.

Transfers to other funds increased by \$154,984 in 2008-09. The key elements of this increase are as follows:

- Increase of \$59.9 million transfer out due to the Central Valley Juvenile Detention and Assessment Center Redevelopment Project.
- Increase of approximately \$30 million transfer out from the Mental Health Services Act to General Fund due to overall increases in staffing and program expenditures including Prevention and Early Intervention, Work Force Education and Training, and a new program incorporated into Community Service and Support.
- Increase of \$27.9 million transfer out due to County Fire Reorganization.
- Increase of \$17.5 million transfer out for the construction of the new Arrowhead Regional Medical Center medical office building.

Transfers from other funds increased by \$144,252 in 2008-09. The key elements of this increase are as follows:

- Increase of \$59.9 million transfer in due to the Central Valley Juvenile Detention and Assessment Center Redevelopment Project.
- Increase of approximately \$30 million transfer in to the General fund from the Mental Health Services Act due to overall increases in staffing and program expenditures including Prevention and Early Intervention, Work Force Education and Training, and a new program incorporated into Community Service and Support.
- Increase of \$27.9 million transfer in due to County Fire Reorganization.
- Increase of \$16.7 million transfer from the general fund to Capital Improvement for an agreement with the City of Hesperia for Program management, construction and future purchase of a high desert government center.

**Management's Discussion and Analysis**  
(Amounts in thousands)

The following table illustrates the changes in fund balances for governmental funds.

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds

	Governmental Activities			Total Governmental Funds
	General Fund	Capital Improvement Fund	Other Governmental Funds	
Revenues	\$ 2,132,426	\$ 5,693	\$ 541,492	\$ 2,679,611
Expenditures	(2,017,868)	(61,361)	(492,428)	(2,571,657)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	114,558	(55,668)	49,064	107,954
Total Other Financing Sources and (Uses)	(173,985)	125,656	(9,367)	(57,696)
Net Change In Fund Balance	(59,427)	69,988	39,697	50,258
Fund Balance, July 1, 2008 as restated	545,684	80,307	461,960	1,087,951
Fund Balance, June 30, 2009	\$ 486,257	\$ 150,295	\$ 501,657	\$ 1,138,209

In fiscal year 2008-09, the fund balance of total governmental funds increased by \$50,258. This increase is the result of ongoing and one-time revenues exceeding ongoing expenditures as discussed in previous pages.

**Management's Discussion and Analysis**  
(Amounts in thousands)

**Proprietary funds:** County proprietary funds provide the same type of format found in the governmental-wide financial statements, but in more detail.

The following table shows actual revenues, expenses and results of operations for the current fiscal year:

	Business-Type Activities – Enterprise Funds			Total Enterprise Funds
	Medical Center	Waste Systems Division	Other Enterprise Funds	
Revenues				
Net Patient Care and Services	\$ 370,464	\$ -	\$ -	\$ 370,464
Charges for Current Services	-	60,733	14,814	75,547
Other	8,012	22	-	8,034
Total Operating Revenues	<u>378,476</u>	<u>60,755</u>	<u>14,814</u>	<u>454,045</u>
Operating Expenses				
Professional Services	41,410	28,699	1,880	71,989
Salaries and Employee Benefits	197,650	7,121	7,088	211,859
Services and Supplies	149,140	16,923	3,306	169,369
Depreciation and Amortization	21,554	2,322	2,282	26,158
Other	927	-	1,156	2,083
Total Operating Expenses	<u>410,681</u>	<u>55,065</u>	<u>15,712</u>	<u>481,458</u>
Operating Income (Loss)	<u>(32,205)</u>	<u>5,690</u>	<u>(898)</u>	<u>(27,413)</u>
Nonoperating Revenues (Expenses)				
Interest Revenue	3,419	5,728	1,035	10,182
Interest Expense	(28,680)	(1,418)	(321)	(30,419)
Tax Revenue	-	-	4,500	4,500
Grant Revenue	19,554	-	156	19,710
Gain (Loss) on Sale of Capital Assets	-	56	(201)	(145)
Other Nonoperating Revenues	492	2,952	10,075	13,519
Other Nonoperating Expenses	(836)	-	(5,245)	(6,081)
Total Nonoperating Revenues (Expenses)	<u>(6,051)</u>	<u>7,318</u>	<u>9,999</u>	<u>11,266</u>
Income (Loss) Before Special Item and Transfers	(38,256)	13,008	9,101	(16,147)
Special Item- Litigation Settlement	-	(724)	(911)	(1,635)
Transfers to Other Funds	(12,353)	(313)	(3,695)	(16,361)
Transfers from Other Funds	76,015	26	1,969	78,010
Change in Net Assets	25,406	11,997	6,464	43,867
Net Assets, July 1, 2008, as restated	<u>17,450</u>	<u>30,774</u>	<u>90,592</u>	<u>138,816</u>
Net Assets, June 30, 2009	<u>\$ 42,856</u>	<u>\$ 42,771</u>	<u>\$ 97,056</u>	<u>\$ 182,683</u>

The net increase of \$43,867 in net assets was primarily due to the following reasons:

- The total net assets of the Medical Center increased \$25,406 due to an increase in revenue from a settlement of SB 1100 Medi-Cal Funding of \$20,678.
- The total net assets of the Waste System Division increased \$11,997. This increase is due to decreased professional services, and services and supplies related to landfill capacity costs, reduced debt service interest expense, payments to judgments, and certain capital projects being deferred to later years.
- The non-major enterprise fund net assets increased by \$6,464 primarily due to receipt of additional funding for certain capital assets.

## **Management's Discussion and Analysis** (Amounts in thousands)

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The County's final expenditure budget differs from the original budget by approximately .19%. A net increase in appropriations of \$4,363 was approved during the fiscal year. The significant components of this net increase are summarized below:

- On August 26, 2008, the Board adopted a budget amendment which decreased the General Fund Contingencies budget by \$6,467. This decrease was for the acquisition of an office building for County departments.
- On December 9, 2008, the Board adopted a budget amendment which increased the budget for the Mental Health department by \$1,981. This fund increase was due to funding received to support the Prevention and Early Intervention program.
- On March 24, 2009, the Board adopted a budget amendment which increased the budget for the Registrar of Voters department by \$3,820. This increase was due to two special elections which took place in fiscal year 2009.
- On April 28, 2009, the Board adopted a budget amendment to increase the budget for Human Services Fund by \$22,779. This increase is due to payments for federal and state mandated public assistance programs.
- On March 3, 2009, the Board adopted a budget amendment which decreased the contingency budget for the Capital Improvements Program by \$20,170. This decrease was due to the funding of Future Space Needs, Juvenile Hall Project, and Jail Expansion Project.
- On May 12, 2009, the Board adopted a budget amendment which increased the budget for Mental Health by \$2,300. This increase allowed the addition of 4 positions and reclassifications in the departmental budget. These positions were deemed necessary for operations in MHSA, Community Crisis Response Team, and Triage/Diversion Program.

The County's Other Financing Sources/Uses final budget was about double the original budget. Supplemental appropriations of \$92,442 were approved during the fiscal year. The significant elements of this increase are summarized below:

- On December 12, 2008, the Board adopted a budget amendment to increase Mental Health's transfers out budget by \$1,242. These funds were transferred from the Mental Health Services Act to fund Workforce Education and Training component of the department.
- On June 2, 2009, the Board adopted a budget amendment which increased the budget for the Capital Improvements Program by \$16,663. This increase was from the transfer of capital from contingencies set aside for Future Space Needs Reserve, Contingency for Future Space, and the Reserve for Future Space Needs to be used for the High Desert Government Center Project.

## **Management's Discussion and Analysis** (Amounts in thousands)

- On March 3, 2009, the Board adopted a budget amendment which increased the budget for the Capital Improvements Program by \$59,555. This increase was for structures and improvements of \$17,885 funded by transfers from the Juvenile Maximum Security Reserve; \$20,170 for the Future Space Needs Reserve; and \$21,500 from the Jail Expansion Reserve.
- On February 10, 2009, the Board adopted a budget amendment which increased Financial Administrations transfer out budget by \$10,000. This was a one time funding for Capital Improvements Program to continue work of the High Desert Government Center project.
- On August 8, 2009, the Board adopted a budget amendment which increased Financial Administrations transfer out budget by \$12,217. This was to support the Capital Improvements Program for the Big Bear Zoo relocation project.

The difference between the final budget and actual expenditures resulted in \$298,144 of unspent appropriations. Health and Sanitation and Public Assistance account for the largest variances of \$89,054 and \$85,107, respectively. The Health and Sanitation variance is due to decreases in computer software and inventoriable equipment resulting from not implementing MHSA funded projects in this fiscal year. The Public Assistance variance is due primarily to the transfer of \$46.5 million of state childcare programs from Transitional Assistance Department to County School Districts.

The remaining variance is largely due to unexpended appropriations in Salaries and Benefits, and Services and Supplies as part of the departmental savings effort resulting from the current economic environment.

The General fund budget to actual statement can be found on page 46 of this report.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital assets**

The County's total capital assets for governmental and business-type activities as of June 30, 2009, amounted to \$2,045,158. The County's total related debt used to acquire those assets as of June 30, 2009, amounted to \$794,499. This investment in capital assets less any related debt includes land and easements, improvements to land, structures and improvements, equipment and vehicles, development-in-progress (DIP), and infrastructure less bonds and capital leases payable related to those assets.

Major capital asset events during the current fiscal year include the following:

- The Flood Control funds have various flood control channel facilities under construction with a DIP value of \$37,984. The flood control facilities are primarily comprised of the West State Street Drain in the amount of \$13,847, the Mojave River at I-15 Levee in the amount of \$3,065, and the San Timoteo Channel project with a DIP value of \$9,406.
- The Capital Improvement Fund had approximately \$40,259 in additions to DIP comprised of the following large projects: 1) High Desert Government Center (design phase) in the amount of \$1,939; 2) Remodel of the Courts Jury Assembly Room in the amount of

## Management's Discussion and Analysis (Amounts in thousands)

\$2,115; 3) Construction of the Central Juvenile Hall in the amount of \$4,170; and 4) Central Courthouse Seismic Retrofit in the amount of \$17,021.

- Infrastructure increased approximately \$51,095. Flood Control funds had the following large projects complete in FY 2009: 1) San Sevaine Channel IIID in the amount of \$5,758; 2) Etiwanda Levees in the amount of \$23,293; and 3) Etiwanda Creek in the amount of \$7,156.
- The primary increases in Equipment and Vehicles consisted of: 1) the lease purchase of information technology equipment by the Department of Public Works – Transportation and the Human Services Department in the amounts of \$1,446 and \$1,024, respectively; 2) the purchase of a mobile simulator by the Fire Department in the amount of \$777; and 3) the purchase of a prisoner bus by the Sheriff's Department in the amount of \$496.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business Activities		Total		Increase/ (decrease)
	2009	2008 as restated	2009	2008 as restated	2009	2008	Percent of Change
Land	\$ 103,774	\$ 99,145	\$ 21,638	\$ 21,355	\$ 125,412	\$ 120,500	4.08%
Development in Progress	181,812	171,011	44,032	29,437	225,844	200,448	12.67%
Improvement other than Buildings	185,874	178,974	235,729	225,059	421,603	404,033	4.35%
Structures and Improvements, as restated	596,298	581,169	513,942	513,858	1,110,240	1,095,027	1.39%
Equipment, as restated	276,415	264,080	117,520	111,717	393,935	375,797	4.83%
Infrastructure	1,165,365	1,114,270	-	-	1,165,365	1,114,270	4.59%
Accumulated Depreciation, as restated	(1,029,477)	(974,666)	(367,764)	(350,288)	(1,397,241)	(1,324,954)	5.46%
Total	<u>\$ 1,480,061</u>	<u>\$ 1,433,983</u>	<u>\$ 565,097</u>	<u>\$ 551,138</u>	<u>\$ 2,045,158</u>	<u>\$ 1,985,121</u>	<u>3.02%</u>

Additional information on the County's capital assets can be found on Note 9 on pages 80-81 of this report.

The County's infrastructure assets are recorded in the government-wide financial statements at historical cost except for those assets installed prior to fiscal year 2001, whereby the County determined cost based on standard and normal costing techniques, according to GASB 34

### Long-term debt

Major long-term debt events during the current fiscal year include the following:

- Principal payments made on Certificates of Participation, Bonds and Notes totaling \$81,858.
- Amortization of deferred amount of refunding and discounts totaling \$27,173.
- Amortization of premium totaling \$561.
- The estimated liability for closure/postclosure care costs decreased by \$909.
- The estimated liability for litigation and self-insured claims increased by \$620.
- The pollution remediation obligation decreased by \$3,673 (Note 3 and 11).
- Termination benefits increased by \$7,264.

## Management's Discussion and Analysis (Amounts in thousands)

Long-term debt of the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business Activities		Total		Increase/ (decrease)
	2009	2008 as restated	2009	2008	2009	2008	Percent of Change
Certificates of Participation	\$ 155,801	\$ 172,024	\$ 530,325	\$ 563,741	\$ 686,126	\$ 735,765	-6.75%
General Obligation Bonds	-	-	1,570	1,695	1,570	1,695	-7.37%
Revenue Bonds	448,874	451,137	-	-	448,874	451,137	-0.50%
Other Bonds and Notes Payable	637,450	640,521	2,823	2,971	640,273	643,492	-0.50%
Compensated Absences	147,779	136,655	12,582	10,920	160,361	147,575	8.66%
Termination Benefits Payable	6,523	-	741	-	7,264	-	-
Capital Lease Obligations	3,231	1,627	1,359	2,751	4,590	4,378	4.84%
Pollution Remediation Obligations, as restated	-	-	33,202	36,875	33,202	36,875	-9.96%
Estimated Liability for							
Litigation and Self-Insured Claims	149,941	149,321	-	-	149,941	149,321	0.42%
Estimated Liability for Closure/ Postclosure Care Cost	-	-	99,680	100,589	99,680	100,589	-0.90%
Other Long-Term Debt, as restated	5,230	7,911	-	-	5,230	7,911	-33.89%
Total	<u>\$ 1,554,829</u>	<u>\$ 1,559,196</u>	<u>\$ 682,282</u>	<u>\$ 719,542</u>	<u>\$ 2,237,111</u>	<u>\$ 2,278,738</u>	<u>-1.83%</u>

Additional information on the County's long-term debt can be found in Note 11 on pages 83-93 of this report.

### ECONOMIC FACTORS AND BUDGETING

The Board of Supervisor adopted the County's final budget on June 23, 2009. The budget plan uses no one-time monies to finance on-going costs and does not rely on the use of County reserves for operation.

The total spending authority for the County and Board Governed Special Districts in fiscal year 2010 is \$3.8 billion and \$0.5 billion, respectively, for a combined total of \$4.3 billion. Although total spending authority remained the same as in the prior year, considerable decreases in general fund financing were offset with significant increases from State and Federal sources for Human Services programs.

The General Fund spending authority totals \$2.4 billion and is funded by departmental revenues, countywide discretionary revenues, financing transfers from departments, the use of reserves, and the beginning fund balance of the General Fund. Of this \$2.4 billion, the Board of Supervisors has discretion over \$627.7 million.

The following factors were considered in preparing the County's budget:

1. The County is continuing to support the comprehensive crime prevention and neighborhood revitalization program. The Board of Supervisors approved an award through the Recovery and Reinvestment Act of 2009, Edward Byrne Memorial Justice Assistance Grant (JAG) to prevent or reduce crime and violence throughout the county.

## **Management's Discussion and Analysis** (Amounts in thousands)

This grant supports County projects, which include, but are not limited to, drug courts, a security system for the Sheriff's Colorado River station, case management program enhancements and programming for the Probation department, and a scanning project for the Public Defender.

2. Three major health programs are committed to the concept of integration – integrating health care services in community based, full service clinics thereby bringing the most efficient, service oriented health care to the residents of San Bernardino County. In 2008-09, the Integration Team brought forward the first of several plans that will ultimately introduce five regional integrated health service facilities aimed at bringing comprehensive health services to every area of the County.
3. Due to the economic downturn, federal stimulus funds have been received. These funds are designed to augment and maintain services for San Bernardino County residents during the economic downturn.
4. The Human Services Foster Care program continues to experience caseload decreases (approximately 19% over the past two years) as a result of the Family to Family Program implemented by Children and Family Services
5. Population growth related service level demand combined with national and local economic conditions present the following financing issues:
  - Jail expansion
  - Hospital expansion
  - State/federal financing issues
  - Building needs
  - Economic and redevelopment needs
  - Economic slowdown
  - Decreases in the taxable values of properties

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or separate reports of the County's component units, or if you need any additional financial information, contact the Auditor/Controller-Recorder Office, 222 W. Hospitality Lane, County of San Bernardino, California, 92415.



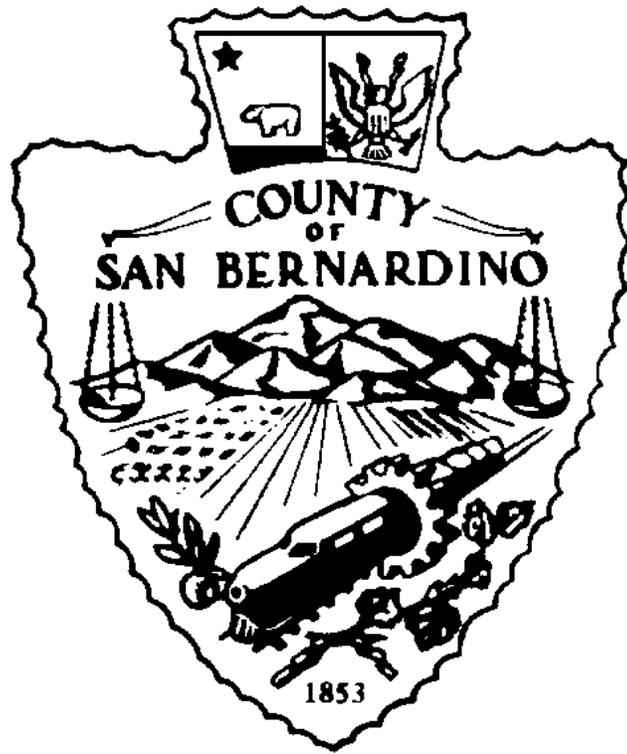
# Basic Financial Statements

Comprehensive Annual Financial Report



# Government-Wide Financial Statements

Comprehensive Annual Financial Report



COUNTY OF SAN BERNARDINO  
STATEMENT OF NET ASSETS  
JUNE 30, 2009 (IN THOUSANDS)

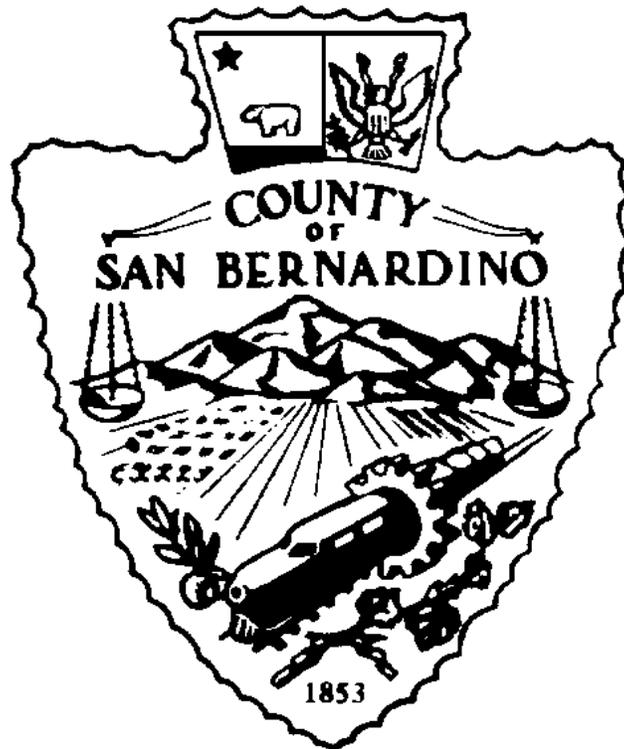
	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (NOTE 6)	1,297,758	132,255	1,430,013	98,135
INVESTMENTS	10,995	-	10,995	-
ACCOUNTS RECEIVABLE, NET (NOTE 2)	11,270	41,985	53,255	-
TAXES RECEIVABLE (NOTE 2)	78,222	284	78,506	-
INTEREST RECEIVABLE	7,215	447	7,662	-
LOAN RECEIVABLE	57,096	175	57,271	-
OTHER RECEIVABLES	9,479	-	9,479	-
DUE FROM OTHER GOVERNMENTS	192,418	12,823	205,241	5,577
INTERNAL BALANCES	2,286	(2,286)	-	-
LAND HELD FOR RESALE (NOTE 2)	16,984	-	16,984	-
INVENTORIES	2,321	1,607	3,928	-
PREPAID ITEMS	10,267	5,766	16,033	22
DEFERRED CHARGES	10,613	7,260	17,873	-
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	5,721	157,268	162,989	-
OTHER ASSETS	-	310	310	-
PREPAID PENSION ASSET	769,745	-	769,745	-
LAND (NOTE 9)	103,774	21,638	125,412	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9)	1,947,537	749,671	2,697,208	-
EQUIPMENT (NOTE 9)	276,415	117,520	393,935	326
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9)	(1,029,477)	(367,764)	(1,397,241)	(236)
DEVELOPMENT IN PROGRESS (NOTE 9)	181,812	44,032	225,844	-
<b>TOTAL ASSETS</b>	<b>3,962,451</b>	<b>922,991</b>	<b>4,885,442</b>	<b>103,824</b>
<b>LIABILITIES</b>				
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	48,903	29,207	78,110	73
SALARIES AND BENEFITS PAYABLE	90,439	14,426	104,865	162
DUE TO OTHER GOVERNMENTS	74,553	3,316	77,869	3,777
INTEREST PAYABLE	17,261	11,033	28,294	-
DEFERRED REVENUE	18,168	44	18,212	-
NONCURRENT LIABILITIES (NOTE 11):				
PORTION DUE PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	90,840	8,994	99,834	-
TERMINATION BENEFITS PAYABLE	1,305	148	1,453	-
POLLUTION REMEDIATION OBLIGATIONS	-	2,704	2,704	-
COP BONDS AND NOTES PAYABLE (NOTE 11)	59,833	28,525	88,358	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 13)	978	829	1,807	-
OTHER LONG TERM LIABILITIES (Note 11)	3,681	-	3,681	-
ESTIMATED LIABILITY FOR CLOSURES POST-CLOSURE				
CARE COSTS (NOTES 11 & 16)	-	9,304	9,304	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED				
CLAIMS (NOTES 10 & 11)	37,752	-	37,752	-
PORTION DUE OR PAYABLE AFTER ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	56,939	3,588	60,527	114
TERMINATION BENEFITS PAYABLE	5,218	593	5,811	-
POLLUTION REMEDIATION OBLIGATIONS	-	30,498	30,498	-
COP BONDS AND NOTES PAYABLE, NET (NOTE 11)	1,182,292	506,193	1,688,485	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 13)	2,253	530	2,783	-
OTHER LONG TERM LIABILITY (NOTE 11)	1,549	-	1,549	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE				
CARE COSTS (NOTES 11 & 16)	-	90,376	90,376	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED				
CLAIMS (NOTE 10 & 11)	112,189	-	112,189	-
<b>TOTAL LIABILITIES</b>	<b>1,804,153</b>	<b>740,308</b>	<b>2,544,461</b>	<b>4,126</b>
<b>NET ASSETS</b>				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,214,875	35,784	1,250,659	90
RESTRICTED (NOTE 5)				
LEGALLY SEGREGATED SPECIAL REVENUE FUNDS				
FOR GRANTS AND OTHER PURPOSES	400,024	-	400,024	735
DEBT SERVICE	41,985	37,283	79,268	-
CAPITAL PROJECT FUNDS	209,382	-	209,382	-
PERMANENT FUNDS:				
EXPENDABLE	5	-	5	-
NONEXPENDABLE	556	-	556	-
STATE REALIGNMENT FUNDS	140,943	-	140,943	-
UNRESTRICTED	150,528	109,616	260,144	98,873
<b>TOTAL NET ASSETS</b>	<b>\$ 2,158,298</b>	<b>\$ 182,683</b>	<b>\$ 2,340,981</b>	<b>\$ 99,698</b>

The notes to the financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

FUNCTIONS/PROGRAMS	PRIMARY GOVERNMENT							COMPONENT UNIT FIRST 5 SAN BERNARDINO
	PROGRAM REVENUES				NET (EXPENSE)/REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>PRIMARY GOVERNMENT:</b>								
GOVERNMENTAL ACTIVITIES:								
GENERAL GOVERNMENT	\$ 178,257	\$ 110,817	\$ 11,752	\$ 4,728	\$ (50,960)	\$ -	\$ (50,960)	\$ -
PUBLIC PROTECTION	922,822	249,714	140,036	-	(533,072)	-	(533,072)	-
PUBLIC WAYS AND FACILITIES	75,721	7,183	48,876	3,919	(15,743)	-	(15,743)	-
HEALTH AND SANITATION	337,062	56,732	319,212	-	38,882	-	38,882	-
PUBLIC ASSISTANCE	883,298	2,656	826,639	-	(54,003)	-	(54,003)	-
EDUCATION	21,941	1,240	907	-	(19,794)	-	(19,794)	-
RECREATION AND CULTURAL SERVICES	24,697	8,882	2,652	20	(13,143)	-	(13,143)	-
INTEREST ON LONG TERM DEBT	83,770	-	-	-	(83,770)	-	(83,770)	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>2,527,568</u>	<u>437,224</u>	<u>1,350,074</u>	<u>8,667</u>	<u>(731,603)</u>	<u>-</u>	<u>(731,603)</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES:								
MEDICAL CENTER	440,197	370,464	8,012	19,554	-	(42,167)	(42,167)	-
WASTE SYSTEMS	56,483	60,755	-	-	-	4,272	4,272	-
OTHER	21,479	14,814	156	-	-	(6,509)	(6,509)	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>518,159</u>	<u>446,033</u>	<u>8,168</u>	<u>19,554</u>	<u>-</u>	<u>(44,404)</u>	<u>(44,404)</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,045,727</u>	<u>\$ 883,257</u>	<u>\$ 1,358,242</u>	<u>\$ 28,221</u>	<u>(731,603)</u>	<u>(44,404)</u>	<u>(776,007)</u>	<u>-</u>
<b>COMPONENT UNIT</b>								
FIRST 5 SAN BERNARDINO	<u>\$ 32,092</u>	<u>\$ -</u>	<u>\$ 29,077</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,015)</u>
GENERAL REVENUES:								
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					562,625	4,500	567,125	-
PROPERTY TAXES, LEVIED FOR DEBT SERVICE					18,528	-	18,528	-
PUBLIC SAFETY TAX					126,083	-	126,083	-
SALES TAXES					21,992	-	21,992	-
OTHER TAXES					21,847	-	21,847	-
UNRESTRICTED REVENUES FROM USE OF MONEY AND PROPERTY					74,567	10,182	84,749	3,452
MISCELLANEOUS					65,461	13,519	78,980	8
GAIN ON SALE OF CAPITAL ASSETS					1,655	56	1,711	-
SPECIAL ITEMS					-	(1,635)	(1,635)	-
TRANSFERS					(61,649)	61,649	-	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS AND TRANSFERS					<u>831,109</u>	<u>88,271</u>	<u>919,380</u>	<u>3,460</u>
CHANGE IN NET ASSETS					99,506	43,867	143,373	445
NET ASSETS - BEGINNING, AS RESTATED (NOTE 3)					2,058,792	138,816	2,197,608	99,253
NET ASSETS - ENDING					<u>\$ 2,158,298</u>	<u>\$ 182,683</u>	<u>\$ 2,340,981</u>	<u>\$ 99,698</u>

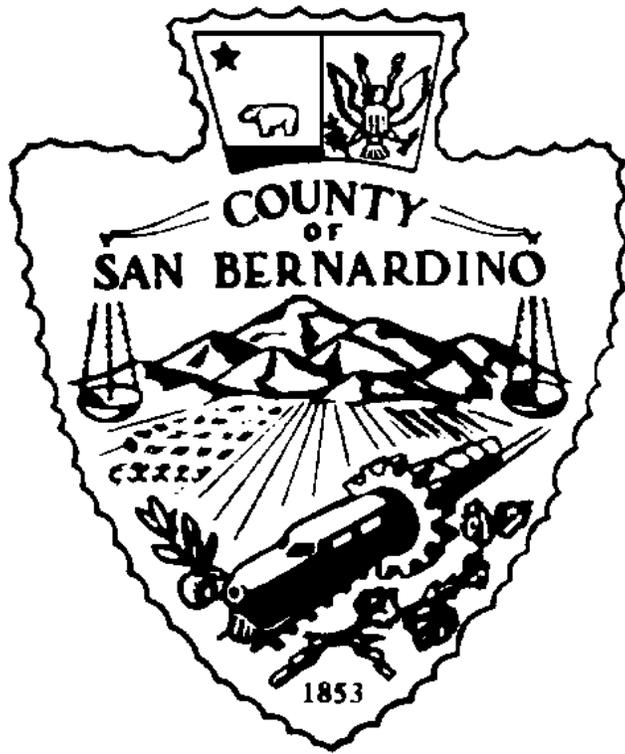
The notes to the financial statements are an integral part of this statement.





# Fund Financial Statements

Comprehensive Annual Financial Report



COUNTY OF SAN BERNARDINO  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2009 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 336,761	\$ 134,372	\$ 513,030	\$ 984,163
INVESTMENTS (NOTE 6)	-	-	10,995	10,995
ACCOUNTS RECEIVABLE - NET	5,438	-	4,948	10,386
TAXES RECEIVABLE (NOTE 2)	74,012	-	4,210	78,222
INTEREST RECEIVABLE	9,357	-	-	9,357
LOAN RECEIVABLE	54,396	-	1,470	55,866
OTHER RECEIVABLE	4,900	-	14	4,914
DUE FROM OTHER FUNDS	22,729	14,031	9,352	46,112
DUE FROM OTHER GOVERNMENTS	166,225	5,255	20,247	191,727
LAND HELD FOR RESALE (NOTE 2)	-	-	16,984	16,984
INVENTORIES	350	-	126	476
PREPAID ITEMS	4,145	-	140	4,285
INTERFUND RECEIVABLE (NOTE 7)	18,461	-	-	18,461
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	-	-	5,721	5,721
<b>TOTAL ASSETS</b>	<b>\$ 696,774</b>	<b>\$ 153,658</b>	<b>\$ 587,237</b>	<b>\$ 1,437,669</b>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ 30,877	\$ 2,635	\$ 11,497	\$ 45,009
SALARIES AND BENEFITS PAYABLE	75,311	-	12,474	87,785
DUE TO OTHER FUNDS	11,325	728	33,715	45,768
DUE TO OTHER GOVERNMENTS	68,075	-	6,459	74,534
INTEREST PAYABLES	-	-	2,143	2,143
DEFERRED REVENUE	24,929	-	4,081	29,010
INTERFUND PAYABLE (NOTE 7)	-	-	15,211	15,211
<b>TOTAL LIABILITIES</b>	<b>210,517</b>	<b>3,363</b>	<b>85,580</b>	<b>299,460</b>
<b>FUND BALANCES (NOTE 5):</b>				
<b>RESERVED FOR:</b>				
ENCUMBRANCES	18,803	16,517	40,964	76,284
PREPAID ITEMS	4,145	-	140	4,285
NONCURRENT INTERFUND RECEIVABLES	18,461	-	-	18,461
LAND HELD FOR RESALE	-	-	16,984	16,984
INVENTORIES	350	-	126	476
LOANS RECEIVABLE	54,396	-	1,470	55,866
DEBT SERVICE	-	-	41,985	41,985
TEETER	22,904	-	-	22,904
<b>UNRESERVED, REPORTED IN:</b>				
DESIGNATED	183,227	-	11,990	195,217
<b>UNDESIGNATED</b>				
GENERAL FUND	183,971	-	-	183,971
SPECIAL REVENUE FUND	-	-	335,589	335,589
CAPITAL PROJECTS FUND	-	133,778	51,848	185,626
PERMANENT FUNDS	-	-	561	561
<b>TOTAL FUND BALANCES</b>	<b>486,257</b>	<b>150,295</b>	<b>501,657</b>	<b>1,138,209</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 696,774</b>	<b>\$ 153,658</b>	<b>\$ 587,237</b>	

Amounts reported for governmental activities in the statement of net assets are different due to the following (Note 4):

Capital assets used in governmental activities that are not financial resources and, therefore, not reported in the funds. 1,445,490

Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 28,656

Prepaid pension asset 769,745

Internal service funds that are used by management to charge the costs of general services, telephone services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. 193,072

Interest payable (17,261)

Long-term liabilities, including bonds payables, that are not due and payable in the current period and, therefore not reported in the funds. (1,399,613)

Net assets of governmental activities (page 40) \$ 2,158,298

The notes to the financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
TAXES	\$ 621,850	\$ -	\$ 131,470	\$ 753,320
LICENSES, PERMITS, AND FRANCHISES	24,272	-	507	24,779
FINES, FORFEITURES, AND PENALTIES	12,205	-	10,168	22,373
REVENUE FROM USE OF MONEY AND PROPERTY	50,927	620	18,355	69,902
AID FROM OTHER GOVERNMENTAL AGENCIES	1,109,538	3,919	245,286	1,358,743
CHARGES FOR CURRENT SERVICES	290,968	33	94,422	385,423
OTHER REVENUES	22,666	1,121	41,284	65,071
<b>TOTAL REVENUES</b>	<b>2,132,426</b>	<b>5,693</b>	<b>541,492</b>	<b>2,679,611</b>
<b>EXPENDITURES</b>				
CURRENT:				
GENERAL GOVERNMENT	150,900	1,325	9,223	161,448
PUBLIC PROTECTION	703,856	-	188,641	892,497
PUBLIC WAYS AND FACILITIES	2,527	-	59,287	61,814
HEALTH AND SANITATION	325,596	-	8,709	334,305
PUBLIC ASSISTANCE	804,560	-	72,785	877,345
EDUCATION	3,734	-	17,249	20,983
RECREATION AND CULTURAL SERVICES	13,203	-	7,523	20,726
DEBT SERVICE:				
PRINCIPAL	384	-	48,657	49,041
INTEREST AND FISCAL CHARGES	2,829	8	55,476	58,313
CAPITAL OUTLAY	10,279	60,028	24,878	95,185
<b>TOTAL EXPENDITURES</b>	<b>2,017,868</b>	<b>61,361</b>	<b>492,428</b>	<b>2,571,657</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	114,558	(55,668)	49,064	107,954
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS TO OTHER FUNDS (NOTE 7)	(268,623)	(130)	(176,135)	(444,888)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	92,914	125,786	164,218	382,918
INCEPTION OF CAPITAL LEASE OBLIGATION (NOTE 11)	1,173	-	1,446	2,619
SALE OF CAPITAL ASSETS	551	-	1,104	1,655
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(173,985)</b>	<b>125,656</b>	<b>(9,367)</b>	<b>(57,696)</b>
NET CHANGES IN FUND BALANCE	(59,427)	69,988	39,697	50,258
FUND BALANCE, JULY 1, 2008 AS RESTATED (NOTE 3)	545,684	80,307	461,960	1,087,951
FUND BALANCE, JUNE 30, 2009	\$ 486,257	\$ 150,295	\$ 501,657	\$ 1,138,209

**NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL**

\$ 50,258

Governmental funds report capital outlay 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 exceeds depreciation in the current period.

40,908

Internal service funds are used by management to change the costs of general service group, telephone service, computer operations, vehicle services, risk management, and flood control equipment.

The net revenues of the internal service fund is reported within governmental activities.

41,918

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

7,457

Expenses in the statement of activities that do not require the use of current financial resources and therefore, are not reported as expenditure in the governmental fund.

(23,232)

Amortization of the 95 POBs prepaid assets and amortization of the 04 POB deferred costs.

(44,296)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net assets. Also, governmental funds, report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

26,493

Changes in net assets of governmental activities (page 41)

\$ 99,506

The notes to the financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL ON A BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
TAXES	\$ 649,944	\$ 650,139	\$ 621,850	\$ (28,289)
LICENSES, PERMITS AND FRANCHISES	26,215	26,414	24,272	(2,142)
FINES, FORFEITURES AND PENALTIES	11,045	11,181	12,205	1,024
REVENUES FROM USE OF MONEY AND PROPERTY	45,942	45,996	50,927	4,931
AID FROM OTHER GOVERNMENTAL AGENCIES	1,101,043	1,137,115	1,109,538	(27,577)
CHARGES FOR CURRENT SERVICES	315,361	324,235	290,968	(33,267)
OTHER REVENUES	13,638	13,752	22,666	8,914
<b>TOTAL REVENUES</b>	<b>2,163,188</b>	<b>2,208,832</b>	<b>2,132,426</b>	<b>(76,406)</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
GENERAL GOVERNMENT	268,092	217,667	150,767	66,900
PUBLIC PROTECTION	738,929	754,097	703,607	50,490
PUBLIC WAYS AND FACILITIES	2,655	2,503	2,518	(15)
HEALTH AND SANITATION	402,659	408,483	319,429	89,054
PUBLIC ASSISTANCE	859,076	889,506	804,399	85,107
EDUCATION	4,309	4,309	3,734	575
RECREATION AND CULTURAL SERVICES	13,792	13,451	13,230	221
<b>DEBT SERVICE:</b>				
PRINCIPAL	369	419	384	35
INTEREST AND FISCAL CHARGES	6,545	6,545	2,829	3,716
CAPITAL OUTLAY	10,671	14,480	12,419	2,061
<b>TOTAL EXPENDITURES</b>	<b>2,307,097</b>	<b>2,311,460</b>	<b>2,013,316</b>	<b>298,144</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(143,909)</b>	<b>(102,628)</b>	<b>119,110</b>	<b>221,738</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS TO OTHER FUNDS (NOTE 7)	(187,532)	(293,323)	(268,623)	24,700
TRANSFERS FROM OTHER FUNDS (NOTE 7)	93,948	107,297	92,914	(14,383)
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11)	1,173	1,173	1,173	-
SALE OF CAPITAL ASSETS	337	337	551	214
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(92,074)</b>	<b>(184,516)</b>	<b>(173,985)</b>	<b>10,531</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(235,983)</b>	<b>(287,144)</b>	<b>(54,875)</b>	<b>232,269</b>
<b>FUND BALANCE (DEFICIT), JULY 1, 2008, RESTATED</b>	<b>1,809</b>	<b>(17,817)</b>	<b>522,329</b>	<b>540,146</b>
<b>FUND BALANCE (DEFICIT), JUNE 30, 2009</b>	<b>\$ (234,174)</b>	<b>\$ (304,961)</b>	<b>\$ 467,454</b>	<b>\$ 772,415</b>

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNADINO  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
<b>ASSETS</b>					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 33,904	\$ 60,347	\$ 38,004	\$ 132,255	\$ 313,595
ACCOUNTS RECEIVABLE, NET (NOTE 2)	31,444	6,709	3,832	41,985	884
TAXES RECEIVABLE	-	-	284	284	-
INTEREST RECEIVABLE	447	-	-	447	-
DUE FROM OTHER FUNDS	2,384	34	925	3,343	1,443
DUE FROM OTHER GOVERNMENTS	10,843	1,969	11	12,823	691
INVENTORIES	1,554	-	53	1,607	1,845
PREPAID ITEMS	2,020	3,746	-	5,766	5,982
TOTAL CURRENT ASSETS	<u>82,596</u>	<u>72,805</u>	<u>43,109</u>	<u>198,510</u>	<u>324,440</u>
NONCURRENT ASSETS:					
NOTES RECEIVABLE	-	-	175	175	-
DEFERRED CHARGES	6,765	495	-	7,260	-
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	47,974	109,294	-	157,268	-
OTHER ASSETS	-	310	-	310	-
LAND, STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE	514,991	164,325	91,993	771,309	8,455
EQUIPMENT	113,525	1,541	2,454	117,520	77,301
ACCUMULATED DEPRECIATION AND AMORTIZATION	(224,508)	(100,052)	(43,204)	(367,764)	(53,399)
DEVELOPMENT IN PROGRESS	28,508	5,291	10,233	44,032	2,214
TOTAL NONCURRENT ASSETS	<u>487,255</u>	<u>181,204</u>	<u>61,651</u>	<u>730,110</u>	<u>34,571</u>
TOTAL ASSETS	<u>569,851</u>	<u>254,009</u>	<u>104,760</u>	<u>928,620</u>	<u>359,011</u>
<b>LIABILITIES</b>					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	19,876	8,144	1,187	29,207	3,894
SALARIES AND BENEFITS PAYABLE	13,895	525	6	14,426	2,654
DUE TO OTHER FUNDS (NOTE 7)	3,396	531	452	4,379	751
DUE TO OTHER GOVERNMENTS	-	3,247	69	3,316	19
INTEREST PAYABLE	10,691	40	302	11,033	-
DEFERRED REVENUE	-	-	44	44	1,405
COMPENSATED ABSENCES PAYABLE (NOTE 11)	8,597	397	-	8,994	1,752
POLLUTION REMEDIATION GASB 49	-	2,704	-	2,704	-
BONDS AND NOTES PAYABLE (NOTE 11)	21,788	6,405	332	28,525	-
CAPITAL LEASE OBLIGATIONS (NOTE 11)	829	-	-	829	-
TERMINATION BENEFITS PAYABLE	142	6	-	148	62
ESTIMATED LIABILITY FOR CLOSURES POST-CLOSURE CARE COSTS	-	9,304	-	9,304	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED	-	-	-	-	37,752
TOTAL CURRENT LIABILITIES	<u>79,214</u>	<u>31,303</u>	<u>2,392</u>	<u>112,909</u>	<u>48,289</u>
NONCURRENT LIABILITIES:					
INTERFUND PAYABLE (NOTE 7)	-	-	1,250	1,250	2,000
COMPENSATED ABSENCES PAYABLE	3,228	360	-	3,588	3,215
TERMINATION BENEFITS PAYABLE	569	24	-	593	246
BONDS AND NOTES PAYABLE	443,454	58,677	4,062	506,193	-
CAPITAL LEASE OBLIGATIONS	530	-	-	530	-
POLLUTION REMEDIATION OBLIGATIONS	-	30,498	-	30,498	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE	-	90,376	-	90,376	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED	-	-	-	-	112,189
TOTAL NONCURRENT LIABILITIES	<u>447,781</u>	<u>179,935</u>	<u>5,312</u>	<u>633,028</u>	<u>117,650</u>
TOTAL LIABILITIES	<u>526,995</u>	<u>211,238</u>	<u>7,704</u>	<u>745,937</u>	<u>165,939</u>
<b>NET ASSETS</b>					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	(27,321)	6,023	57,082	35,784	34,571
RESTRICTED FOR:					
DEBT SERVICE	37,283	-	-	37,283	-
UNRESTRICTED	32,894	36,748	39,974	109,616	158,501
TOTAL NET ASSETS	<u>\$ 42,856</u>	<u>\$ 42,771</u>	<u>\$ 97,056</u>	<u>\$ 182,683</u>	<u>\$ 193,072</u>

The notes to the financial statements are an integral part of this statement

COUNTY OF SAN BERNADINO  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
	MEDICAL CENTER	WASTE SYSTEM DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
NET PATIENT CARE AND SERVICE	\$ 370,464	\$ -	\$ -	\$ 370,464	\$ -
CHARGES FOR CURRENT SERVICES	-	60,733	14,814	75,547	164,213
OTHER	8,012	22	-	8,034	-
TOTAL OPERATING REVENUES	378,476	60,755	14,814	454,045	164,213
OPERATING EXPENSES:					
PROFESSIONAL SERVICES	41,410	28,699	1,880	71,989	11,726
SALARIES AND EMPLOYEE BENEFITS	197,650	7,121	7,088	211,859	35,676
SELF-INSURANCE CLAIMS	-	-	-	-	28,572
SERVICES AND SUPPLIES	149,140	16,923	3,306	169,369	53,150
DEPRECIATION AND AMORTIZATION	21,554	2,322	2,282	26,158	8,424
OTHER	927	-	1,156	2,083	309
TOTAL OPERATING EXPENSES	410,681	55,065	15,712	481,458	137,857
OPERATING INCOME (LOSS)	(32,205)	5,690	(898)	(27,413)	26,356
NONOPERATING REVENUES (EXPENSES)					
INTEREST REVENUE	3,419	5,728	1,035	10,182	7,153
INTEREST EXPENSE	(28,680)	(1,418)	(321)	(30,419)	-
TAX REVENUE	-	-	4,500	4,500	-
GRANT REVENUE	19,554	-	156	19,710	694
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	56	(201)	(145)	615
OTHER NONOPERATING REVENUES	492	2,952	10,075	13,519	6,836
OTHER NONOPERATING EXPENSES	(836)	-	(5,245)	(6,081)	(57)
TOTAL NONOPERATING REVENUES (EXPENSES)	(6,051)	7,318	9,999	11,266	15,241
CHANGE IN NET ASSETS BEFORE SPECIAL ITEM AND TRANSFERS	(38,256)	13,008	9,101	(16,147)	41,597
SPECIAL ITEM (NOTE 22)	-	(724)	(911)	(1,635)	-
TRANSFERS TO OTHER FUNDS (NOTE 7)	(12,353)	(313)	(3,695)	(16,361)	(1,811)
TRANSFER FROM OTHER FUNDS (NOTE 7)	76,015	26	1,969	78,010	2,132
CHANGE IN NET ASSETS	25,406	11,997	6,464	43,867	41,918
TOTAL NET ASSETS, JULY 1, 2008 AS RESTATED	17,450	30,774	90,592	138,816	151,154
TOTAL NET ASSETS, JUNE 30, 2009	\$ 42,856	\$ 42,771	\$ 97,056	\$ 182,683	\$ 193,072

The notes to the basic financial statement are an integral part of the statement.

COUNTY OF SAN BERNARDINO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES --	
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 385,436	\$ 67,673	\$ 18,214	\$ 471,323	\$ 168,880
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(201,002)	(52,087)	(8,218)	(261,307)	(93,791)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(194,791)	(6,990)	(7,035)	(208,816)	(34,988)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(10,357)	8,596	2,961	1,200	40,101
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
TAXES RECEIVED	-	-	5,553	5,553	-
GRANTS RECEIVED	10	-	186	196	41
TRANSFERS RECEIVED	76,015	16	1,086	77,117	2,132
TRANSFERS PAID	(12,353)	(116)	(3,788)	(16,257)	(1,811)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	63,672	(100)	3,037	66,609	362
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
STATE DEBT SERVICE FUNDING RECEIVED	19,544	-	-	19,544	-
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(26,193)	(3,814)	(4,112)	(34,119)	(12,475)
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(1,392)	-	-	(1,392)	(21)
PRINCIPAL PAID ON BONDS AND NOTES	(29,795)	(6,430)	(273)	(36,498)	13
INTEREST PAID ON CAPITAL DEBTS	(29,375)	(1,577)	(245)	(31,197)	-
GRANT REVENUE	-	-	-	-	645
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	58	12	70	886
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(67,211)	(11,763)	(4,618)	(83,592)	(10,952)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
INTEREST ON INVESTMENTS	2,972	5,728	1,090	9,790	7,202
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,972	5,728	1,090	9,790	7,202
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,924)	2,461	2,470	(5,993)	36,713
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	92,802	167,180	35,534	295,516	276,882
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 81,878	\$ 169,641	\$ 38,004	\$ 289,523	\$ 313,595
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
OPERATING INCOME (LOSS)	\$ (32,205)	\$ 5,690	\$ (898)	\$ (27,413)	\$ 26,357
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION AND AMORTIZATION	21,554	2,322	2,282	26,158	8,424
LITIGATION EXPENSES RELATED TO OPERATING INCOME	-	(724)	-	(724)	-
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING	(836)	2,952	1,519	3,635	6,778
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	(1,157)	155	(174)	(1,176)	(118)
DUE FROM OTHER FUNDS	1,349	1,065	-	2,414	97
DUE FROM OTHER GOVERNMENTS	6,768	1,895	39	8,702	(1,099)
INVENTORIES	(21)	-	1	(20)	1,381
PREPAID ITEMS	538	3,997	-	4,535	(353)
DEFERRED CHARGES	-	12	-	12	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(9,206)	(9,355)	193	(18,368)	(2,633)
SALARIES AND BENEFITS PAYABLE	11,629	54	(1)	11,682	145
DUE TO OTHER FUNDS	-	-	-	-	(33)
DUE TO OTHER GOVERNMENTS	-	1,365	-	1,365	(8)
ESTIMATED LIABILITIES FOR CLOSURE/POST CARE CLOSURE COSTS	-	(909)	-	(909)	-
ESTIMATED LIABILITIES FOR LITIGATION AND SELF-INSURANCE CLAIMS	-	-	-	-	620
COMPENSATED ABSENCES PAYABLE	(8,770)	77	-	(8,693)	543
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (10,357)	\$ 8,596	\$ 2,961	\$ 1,200	\$ 40,101
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS</b>					
CASH AND CASH EQUIVALENTS	\$ 33,904	\$ 60,347	\$ 38,004	\$ 132,255	\$ 313,595
RESTRICTED CASH AND INVESTMENTS	47,974	109,294	-	157,268	-
	\$ 81,878	\$ 169,641	\$ 38,004	\$ 289,523	\$ 313,595

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2009 (IN THOUSANDS)

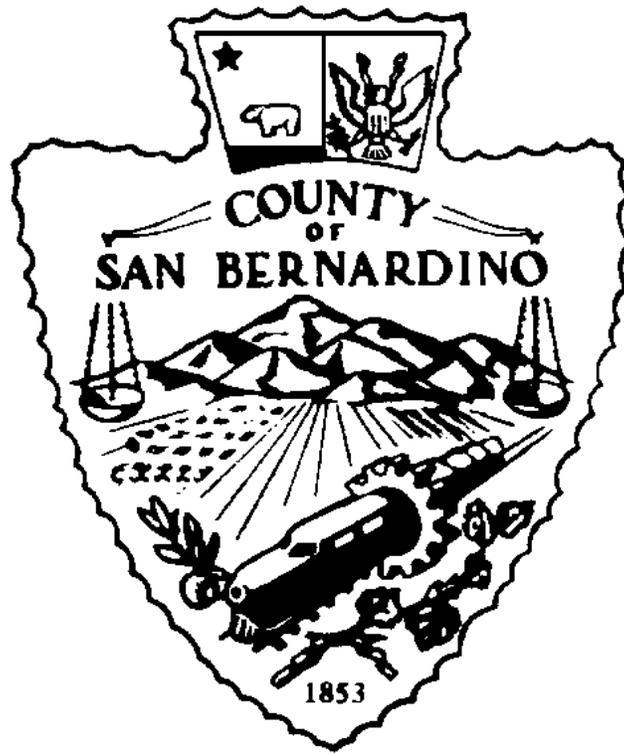
	<u>INVESTMENT TRUST</u>	<u>AGENCY</u>
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 2,568,780	\$ 298,326
ACCOUNTS RECEIVABLE - NET	49	26,542
TAXES RECEIVABLE	-	91,627
LOANS RECEIVABLE	45	-
DUE FROM OTHER GOVERNMENTS	25,014	52,114
PREPAID ITEMS	<u>82</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,593,970</u>	<u>\$ 468,609</u>
<b>LIABILITIES AND FUND BALANCE</b>		
LIABILITIES:		
DUE TO OTHER GOVERNMENTS	\$ -	\$ 468,609
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 468,609</u>
<b>NET ASSETS</b>		
NET ASSETS HELD IN TRUST FOR INVESTMENT POOL PARTICIPANTS	<u>\$ 2,593,970</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
 INVESTMENT TRUST FUND  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>INVESTMENT TRUST FUND</u>
ADDITIONS:	
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 9,656,595
NET INCREASE IN FAIR VALUE OF INVESTMENTS	15,737
INTEREST INCOME ON CASH AND SECURITIES	<u>11,426</u>
TOTAL ADDITIONS	<u>9,683,758</u>
DEDUCTIONS:	
DISTRIBUTIONS FROM POOLED INVESTMENTS	<u>9,706,900</u>
TOTAL DEDUCTIONS	<u>9,706,900</u>
NET DECREASE IN NET ASSETS	(23,142)
NET ASSETS HELD IN TRUST, JULY 1, 2008	<u>2,617,112</u>
NET ASSETS HELD IN TRUST, JUNE 30, 2009	<u>\$ 2,593,970</u>

The notes to the financial statements are an integral part of this statement.





# Notes to the Basic Financial Statements

Comprehensive Annual Financial Report

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Amounts in thousands)**

**NOTE 1 – THE FINANCIAL REPORTING ENTITY**

**(a) Reporting Entity**

The County of San Bernardino (County), which was established by an act of the State Legislature on April 26, 1853, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a five-member Board of Supervisors (Board) which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by generally accepted accounting principles, these basic financial statements present the primary government and its component units, which are, in substance, although legally separate entities, part of the County's operations and so data from these units are blended with the data of the primary government. Each blended component unit has a June 30 year-end.

Additional detailed financial information for each of these entities, including the blended component units below, can be obtained from the Auditor/Controller-Recorder's Office at 222 W. Hospitality Lane, San Bernardino, CA 92415-0018.

**(b) Blended Component Units**

Using the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 39 - *The Financial Reporting Entity*, management determined that the following component units should be blended:

- Fire Protection Districts
- Flood Control District
- Park and Recreation Districts
- Crestline Sanitation District
- County Service Areas
- Various joint powers authorities (JPAs)
- The Inland Empire Facilities Corporation, created for the benefit of the County
- San Bernardino County Financing Authority
- Crestline Financing Authority
- Redevelopment Agency of the County of San Bernardino

The County is financially accountable for each of the above component units through the County's elected officials and descriptions of these component units are contained in subsequent sections of this Comprehensive Annual Financial Report. Acting as the governing body of the component units, the Board of Supervisors demonstrates financial accountability. Because of their relationship with the County and the nature of their operations, each of the component units is, in substance, part of the County's operations and, accordingly, the activities of these component units are combined (blended) with the activities of the County for purposes of reporting in the accompanying basic financial statements.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Amounts in thousands)**

**(c) Discretely Presented Component Unit**

FIRST 5 of San Bernardino County, formerly known as the Children and Families First Commission, was formed in 1998 under the California Health and Safety Code - Section 130100, Chapter 29 of Title 1 of the San Bernardino County Code, and the California Children and Families First Act of 1998. The Commission was created for the purpose of promoting, supporting and improving the early development of children from the prenatal stage to five years of age and is funded by allocations of California Proposition 10 Tobacco Tax. The FIRST 5 is a discretely presented component unit because the County has the ability to impose its will by appointing all of the FIRST 5 commissioners who serve at the pleasure of the San Bernardino County Board of Supervisors.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Presentation**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 (GASB 34), the basic financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the basic financial statements.

*Government – Wide Financial Statements*

The Statement of Net Assets and Statement of Activities display information about the primary government, the County and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Certain indirect costs are included in the program expenses of the appropriate functions. Program revenues include 1) charges paid by the recipient for goods or services offered by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements*

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary are presented. The emphasis of fund financial statements is on major

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Amounts in thousands)**

governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- *The General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as General Government, Public Protection, Public Ways and Facilities, Health and Sanitation, Public Assistance, Education, and Recreation and Cultural Services.
- *The Capital Improvement Fund* is used to account for construction, rehabilitation, and repair projects for numerous facilities and structures administered by the Architecture and Engineering Division. The fund is primarily financed by transfers from the general fund.

The County reports the following major enterprise funds.

- *The County Medical Center Fund* accounts for inpatient and outpatient care including emergency room services and indigent care to County residents. The fund is financed primarily by patient care services.
- *The Waste Systems Division Fund* accounts for refuse disposal services provided to the public by six landfill sites. The waste disposal program is financed by funds derived from gate fees at the San Bernardino Valley landfill sites and from land use fees charged to property owners in both the mountain and desert areas.

The County reports the following additional fund types in their fund financial statements:

- *Internal Service Funds* account for printing services, central mail, telephone services, computer operations, vehicle services, risk management, and flood control equipment operations that provide services to other departments or agencies of the County on a cost reimbursement basis.
- The *Investment Trust Fund* accounts for the pooled investments of numerous self-governed school and special districts for which cash and investments are held by the County Treasurer. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and other assets, and the related fiduciary responsibility of the County for disbursements of these assets. Activities of the school districts and special districts are administered by their own separate elected boards and are independent of the County Board of Supervisors. The County Auditor/Controller makes disbursements upon the request of the responsible school and self-governed district officers. The County Board of Supervisors has no effective authority to govern, manage, approve budgets, assume financial responsibility, establish revenue limits, or to appropriate surplus funds available in these entities. Therefore, these entities are fiscally independent of the County.
- The *Agency Funds* are custodial in nature and do not involve measurement of results of operations. Such funds are primarily to account for assets held by the County in an agency capacity pending transfer or distribution to individuals, private organizations, other governmental agencies, or other funds.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Amounts in thousands)**

**(b) Basis of Accounting**

The government-wide, proprietary, and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and sales taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period, and recognized as revenue. The County considers items available if received within 9 months of year end, for voluntary non-exchange transactions such as federal and state grants. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when the payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds are used to account for business-type activities, which are financed mainly by fees and charges to users of the services provided by the funds' operations. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County has elected not to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989.

**(c) Capital Assets And Long-Term Debt**

GASB 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide Statement of Net Assets.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Amounts in thousands)**

**(d) Due From Other Governments**

At June 30, 2009, the General Fund accrued \$166,225 of receivables from other governments, of which \$120,606 was due from the State of California. Of the amount owed by the State, \$39,639 was for Health Care Services, \$10,510 was for Public Social Services, \$46,577 was for motor vehicle license fees and sales tax monies, and the remaining \$23,880 was for other services. The remaining amount of \$45,619 was due from the federal government and other governmental agencies.

**(e) Taxes, Accounts, Loans, Interest and Other Receivables**

The \$41,985 accounts receivable balance in the Business-Type Activities column of the statement of net assets at June 30, 2009 is due to the \$231,207 accounts receivable of the Medical Center Fund, net of an allowance for doubtful accounts of \$199,763, and the \$6,709 accounts receivable of the Waste System Division Fund respectively. The \$1,071 accounts receivable balance of the Fire Protection Districts – Ambulance Fund at June 30, 2009 is net of an allowance for doubtful accounts of \$2,227. The accounts receivable balance of the Crestline Sanitation District Fund is \$958 at June 30, 2009. The \$1,803 accounts receivable balance of County Service Areas is net of allowance for doubtful accounts of \$706. These funds are reflected as part of the business-type activities on the statement of net assets.

The \$78,222 taxes receivable balance in the Governmental Activities column of the statement of net assets at June 30, 2009 is net of an allowance of doubtful accounts of \$660.

The \$57,096 loans receivable balance in the Governmental Activities column of the statement is accrued. Of this amount, \$43,289 represents the Teeter advance receivable, \$4,134 is due from other various agencies, and \$9,673 represents a County loan to the City of Adelanto Redevelopment Agency. The loan is to assist the Agency in meeting County approved debt requirements authorized by Section 25 (b) of the September 1995 agreement for allocation of tax increment funds.

The \$7,215 interest receivable in the Governmental Activities column of the statement is accrued. Of this amount, \$6,087 is due from the City of Adelanto Redevelopment Agency.

The \$9,479 other receivables in the Governmental Activities column of the statement are accrued for amounts due to the County that do not specifically relate to one of the above receivable accounts. This amount is primarily due to delinquent penalties, redemption penalties and redemption interest related to Teeter advance receivable.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**  
(Amounts in thousands)

**(f) Deferred Revenue**

In the fund financial statements, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2009, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<b>Governmental Funds</b>			
General Fund			
Developer Deposits	\$ -	\$ 8,664	\$ 8,664
Property Tax Receivable	6,838	-	6,838
Due from governmental agencies	6,187	3,240	9,427
Nonmajor funds			
Property Tax Receivable	3,606	-	3,606
Due from governmental agencies	<u>-</u>	<u>475</u>	<u>475</u>
Total Governmental Funds	<u>\$ 16,631</u>	<u>\$ 12,379</u>	<u>\$ 29,010</u>

**(g) Cash and Cash Equivalents**

For purposes of the statement of cash flows, the County considers all pooled investments and other highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

**(h) Investments**

The County's investments are governed by the California Government Code and the County's Investment Policy. These approved investments include U.S. Government Treasury and Agency securities, bankers' acceptances, commercial paper, medium term notes, mutual funds, repurchase agreements and reverse repurchase agreements as authorized by the Government Code Sections 53601, 53635 and 53638 that limit the investments to certain maximum percentages by investment type in the pool.

The County's investments and securities are reported at fair value based upon quoted market prices. Securities having no sales are valued based upon last reported bid prices. The County intends to either hold investments until maturity or until market values equal or exceed cost. The value of the various investments will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Investment contracts are recorded at cost.

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**(i) Inventories and Prepaid Items**

Inventories, which consist principally of materials and supplies held for consumption, are valued at cost (first-in, first-out basis) for governmental fund types and at an amount which approximates the lower of average cost or market for proprietary fund types. Inventories of the governmental and business-type activities are accounted for as expenses when the inventory items are consumed. In the governmental fund financial statements, reported inventories are offset with a corresponding reservation of fund balance because these amounts are not available for appropriation and expenditure.

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

**(j) Property Taxes**

The County levies, collects and apportions property taxes for all taxing jurisdictions within the County, including school and special districts. Property taxes are determined by applying approved rates to the assessed values of properties. The total 2008-09 gross assessed valuation of the County of San Bernardino was \$127,866,587 (after deducting \$57,203,286 for the redevelopment tax allocation increment).

Article XIII A of the State of California Constitution limits the property tax levy to support general government services of the various taxing jurisdictions to \$1.00 per \$100.00 of assessed value. Taxes levied to service voter-approved debt prior to June 30, 1978 are excluded from this limitation.

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

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. In the fund financial statements, property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. Property taxes are recorded as deferred revenue when not received within sixty days after fiscal year-end. In the government – wide financial statements, property taxes are recorded as revenue when levied regardless of when the cash is collected.

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**(k) Capital Assets**

Capital assets, which include property, plant, equipment, software and infrastructure assets (roadways, bridges, roadway signage, guardrails, drainage systems, traffic lights, dams, and flood control), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or developed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Structures and improvements, equipment, software and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	10 to 100 years
Structures and improvements	Up to 45 years
Equipment	5 to 15 years
Software	5 to 10 years

The County has six networks of infrastructure assets – roads, runways/taxiways, water/sewer, lighting, drainage, and flood control.

**(l) Employee Compensated Absences**

Liabilities for vacation, holiday benefits, sick pay and compensatory time are accrued when incurred in the government-wide and proprietary fund financial statements. In the event of retirement or termination, an employee is paid 100% of accumulated vacation pay, and those with ten or more years of continuous services are paid approximately 30% to 60% of their accumulated sick leave. Up to two times the annual vacation accrual rate may be carried over from one year to the next.

**(m) Interfund Transactions**

Interfund transactions are reflected as loans, services-provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “Due to/from other funds” (i.e., the current portion of interfund loans) or “Interfund receivables/payables”(i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Interfund receivables, as reported in the fund financial statements, are offset by the fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund

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transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**(n) Land Held for Resale**

The Redevelopment Agency has acquired several parcels of land as part of its primary purposes. The Agency records these parcels as land held for resale in its financial records. The properties are being carried in the Capital Project and Special Revenue funds at the lower of cost or estimated net realizable value, until such time as there is an event which would indicate an agreed-upon sales price. At June 30, 2009, the land held for resale is being carried at a cost of \$16,984 (Special Revenue Funds at \$10,213 and Capital Project Funds at \$6,771) and is offset by a reservation of fund balance.

**(o) Termination Benefits**

The County provided benefits and monetary incentives intended to hasten an employee's voluntary termination of services (Retirement). Termination benefits are different in nature from the salaries and benefits, including post employment benefits. Accordingly, a liability for termination benefits is accrued and presented separately from the salaries and benefits (Note 11).

**(p) Pollution Remediation Obligations**

In accordance with GASB 49, "*Accounting and Financial Reporting for Pollution Remediation Obligations*," pollution remediation costs are accrued and recorded. GASB 49 requires estimating pollution remediation outlays to remediate the effects of a pollution event. Those outlays include remedial investigation, site assessment, corrective measures feasibility studies, remediation work, equipment and monitoring of the polluted site (Note 11).

**(q) Use of Estimates**

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

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**(r) Implemented Accounting Pronouncements**

***Governmental Accounting Standards Board Statement No, 49***

During fiscal year 2009, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 49, *Pollution Remediation Obligations* (Note 3 and Note 11).

***Governmental Accounting Standards Board Statement No, 52***

During fiscal year 2009, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 52, *Land and Other Real Estate Held as Investment by Endowments*.

***Governmental Accounting Standards Board Statement No, 55***

During fiscal year 2009, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

***Governmental Accounting Standards Board Statement No, 56***

During fiscal year 2009, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.

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**NOTE 3 – RESTATEMENT OF NET ASSETS**

**Pollution Remediation Obligations – Solid Waste Division**

GASB 49, “*Accounting and Financial Reporting for Pollution Remediation Obligations*,” addresses pollution remediation obligations. Governments are required to estimate expected cash outlays for the various components of expected remediation activities related to current or potential detrimental effects of existing pollution. Solid Waste Division has been named as a responsible party and has obligated itself to commence pollution remediation for the perchlorate and volatile organic compounds in the soils and groundwater at the Mid-Valley Landfill. As a result, the beginning net assets of Solid Waste Division have been restated and decreased by \$48,169.

**County Loan and Other Receivables – General Fund**

In accordance with an agreement entered into between the County and the City of Adelanto Redevelopment Agency (Agency) in September 1995, the County annually lends a portion of the annual Tax Incremental Revenues generated in the entire merged Improvement Project 95-1 area to the Agency to meet certain annual debt service requirements. As a result, the beginning fund balance of the General Fund has been restated and increased by \$9,684 to record this previously unrecorded loan amount.

The County of San Bernardino adopted the Teeter Plan beginning in fiscal year 1994, which allows the County to allocate secured, utility, assessment, and/or supplemental property taxes to jurisdictions at 100% of the billed amount rather than the actual tax collection amounts as of June 30 of each year. Upon adoption by the County, the Teeter Reserve Fund was established to collect payments of delinquent penalties, redemption penalties and redemption interest in accordance with Revenue & Taxation Codes. The beginning fund balances have been restated and increased by \$5,080 to record this previously unrecorded receivable.

**Interest Receivable – County Loan**

Net Assets as of July 1, 2008 have been restated and increased by \$6,087 to record interest receivable from the City of Adelanto Redevelopment Agency in accordance with the above mentioned County loan agreement. Meanwhile, the balance as of June 30, 2009 for the interest receivable and related deferred revenue is recorded in the general fund. As a result, the fund balance in the general fund remains unchanged as the revenue for interest receivable has not been readily available.

**Assets Contribution – Internal Service Funds**

The beginning net assets of Telephone Services Fund have been increased by \$1,769 to record the previously unrecorded capital assets, including structures and improvements, and equipment from a service contract agreement with the West End Communications Authority to assume and maintain WECA systems, and provide 800MHz radio services to WECA agencies beginning in fiscal year 2008.

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**Fund Reclassification – County Fire Reorganization**

In accordance with San Bernardino County Local Agency Formation Commission Resolution No. 2997, the County Fire Protection District was reorganized effective July 1, 2008. As a result of the reorganization, the County Fire District funds reported as County Service Areas prior to fiscal year 2009 are now shown separately from County Service Areas. No ending fund balance or net asset for fiscal year 2008 is restated. Transfers are made for fiscal year 2009 to reflect these reclassifications.

Ending Net Asset balance for fiscal year 2008 is being restated by these prior period adjustments:

**Restatements to the Fund Financials:**

	<u>General Fund</u>	<u>Waste Systems Division</u>	<u>Internal Service Funds</u>
Beginning Fund Balances/Net Assets, as previously reported	\$ 530,920	\$ 78,943	\$ 149,385
Development in Progress	-	(11,294)	-
Structures and Improvements (Net)	-	-	590
Equipment (Net)	-	-	2,511
Pollution Remediation Obligations	-	(36,875)	-
County Loans	9,684	-	-
Other Receivables	5,080	-	-
Deferred Revenue	-	-	(1,332)
Beginning Fund Balances/Net Assets, as restated	<u>\$ 545,684</u>	<u>\$ 30,774</u>	<u>\$ 151,154</u>

**Restatements to the Government-Wide:**

	<u>Governmental Activities</u>	<u>Business Activities</u>
Beginning Net Assets, as previously reported	\$ 2,036,172	\$ 186,985
General Fund - County Loan and Other Receivables	14,764	-
Interest Receivable - County Loan	6,087	-
Development in Progress	-	(11,294)
Pollution Remediation Obligations	-	(36,875)
Contribution of Assets	1,769	-
Beginning Net Assets, as restated	<u>\$ 2,058,792</u>	<u>\$ 138,816</u>

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**NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Amounts reported for governmental activities in the statement of net assets are different from those reported for governmental funds in the balance sheet. The following provides a reconciliation of those differences.

	Total Governmental Funds (Page 44)	Long-Term Assets and Liabilities (1)	Internal Service Funds (2) (Page 47)	Eliminations	Statement of Net Assets Totals (Page 40)
<b>ASSETS</b>					
CASH AND CASH EQUIVALENTS	\$ 984,163	\$ -	\$ 313,595	\$ -	\$ 1,297,758
INVESTMENTS	10,995	-	-	-	10,995
ACCOUNTS RECEIVABLE - NET	10,386	-	884	-	11,270
TAXES RECEIVABLE	78,222	-	-	-	78,222
INTEREST RECEIVABLE	9,357	1	-	(2,143)	7,215
LOANS RECEIVABLE	55,866	1,230	-	-	57,096
OTHER RECEIVABLES	4,914	4,565	-	-	9,479
DUE FROM OTHER FUNDS	46,112	-	1,443	(47,555)	-
DUE FROM OTHER GOVERNMENTS	191,727	-	691	-	192,418
INTERNAL BALANCES	-	-	-	2,286	2,286
LAND HELD FOR RESALE	16,984	-	-	-	16,984
INVENTORIES	476	-	1,845	-	2,321
PREPAID ITEMS	4,285	-	5,982	-	10,267
DEFERRED CHARGES	-	10,613	-	-	10,613
INTERFUND RECEIVABLE	18,461	-	-	(18,461)	-
RESTRICTED CASH AND INVESTMENTS	5,721	-	-	-	5,721
PREPAID PENSION ASSET	-	769,745	-	-	769,745
LAND	-	103,378	396	-	103,774
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	-	1,939,478	8,059	-	1,947,537
EQUIPMENT	-	199,114	77,301	-	276,415
ACCUMULATED DEPRECIATION AND AMORTIZATION	-	(976,078)	(53,399)	-	(1,029,477)
DEVELOPMENT IN PROGRESS	-	179,598	2,214	-	181,812
<b>TOTAL ASSETS</b>	<b>\$ 1,437,669</b>	<b>\$ 2,231,644</b>	<b>\$ 359,011</b>	<b>\$ (65,873)</b>	<b>\$ 3,962,451</b>
<b>LIABILITIES</b>					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	\$ 45,009	\$ -	\$ 3,894	\$ -	\$ 48,903
SALARIES AND BENEFITS PAYABLE	87,785	-	2,654	-	90,439
DUE TO OTHER FUNDS	45,768	-	751	(46,519)	-
DUE TO OTHER GOVERNMENTS	74,534	-	19	-	74,553
INTEREST PAYABLE	2,143	17,261	-	(2,143)	17,261
DEFERRED REVENUE	29,010	(12,247)	1,405	-	18,168
INTERFUND PAYABLE	15,211	-	2,000	(17,211)	-
COMPENSATED ABSENCES PAYABLE	-	142,812	4,967	-	147,779
TERMINATION BENEFITS PAYABLE	-	6,215	308	-	6,523
COP BONDS AND NOTES PAYABLE	-	1,496,837	-	-	1,496,837
CAPITAL LEASE OBLIGATIONS	-	3,231	-	-	3,231
OTHER LONG TERM LIABILITIES	-	5,230	-	-	5,230
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	149,941	-	149,941
DEFERRED AMOUNT ON REFUNDING PREMIUM	-	(9,810)	-	-	(9,810)
DISCOUNT	-	5,084	-	-	5,084
	-	(249,986)	-	-	(249,986)
<b>TOTAL LIABILITIES</b>	<b>\$ 299,460</b>	<b>\$ 1,404,627</b>	<b>\$ 165,939</b>	<b>\$ (65,873)</b>	<b>\$ 1,804,153</b>
<b>FUND BALANCE/NET ASSETS</b>	<b>1,138,209</b>	<b>827,017</b>	<b>193,072</b>	<b>-</b>	<b>2,158,298</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE/NET ASSETS</b>	<b>\$ 1,437,669</b>	<b>\$ 2,231,644</b>	<b>\$ 359,011</b>	<b>\$ (65,873)</b>	<b>\$ 3,962,451</b>

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(1) Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.				
Land		\$	103,378	
Structures, Improvements, and Infrastructure			1,939,478	
Equipment			199,114	
Accumulated Depreciation and Amortization			(976,078)	
Development in Progress			179,598	
			1,445,490	\$ 1,445,490
(1) Other long-term assets that are not available to pay for current-period expenditures and are therefore deferred in the governmental funds.				28,656
(1) Prepaid Pension Asset				769,745
(1) Interest Payable				(17,261)
(1) Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the funds.				
Compensated Absences Payable			(142,812)	
Termination Benefits Payable			(6,215)	
COP Bonds and Notes Payable			(1,496,837)	
Capital Lease Obligations			(3,231)	
Other Long Term Liabilities			(5,230)	
Deferred Amount on Refunding			9,810	
Premium			(5,084)	
Discount			249,986	
			(1,399,613)	(1,399,613)
				\$ 827,017
(2) Internal service funds that are used by management to charge the costs of general services, telephone services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.				\$ 193,072
(1) GASB 34 Conversion Entries				
(2) Internal Service Funds reported as part of Governmental Activities				

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**NOTE 5 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**(a) Budgetary Information**

In accordance with the provisions of Section 29000 – 29143 of the Government Code of the State of California, commonly known as the County Budget Act, the County prepares and adopts a budget on or before August 30, for each fiscal year. Budgets are adopted for the General Fund, certain Special Revenue Funds, and certain Capital Projects Funds. Budgets are prepared on the modified accrual basis of accounting, except that current year encumbrances are budgeted as expenditures.

Annual budgets are not adopted for the following funds: Pension Obligation Bonds Debt Service, Joint Powers Authorities Special Revenue, Debt Service and Capital Projects, and the Redevelopment Agency Bonds Debt Service Fund.

The legal level of budgetary control is maintained at the object level and sub-object level for capital assets within departments. However, presentation of the basic financial statements at the legal level of control is not feasible due to excessive length. Because of the large volume of detail, the budget and the actual statements have been aggregated by function. The County does prepare a separate final budget document at the object and sub-object level that is made available to the public by the office of the Auditor/Controller-Recorder.

Amendments or transfers of appropriations between funds or departments must be approved by the Board. Throughout the year, supplemental appropriations may be necessary and are normally financed by unanticipated revenues. These must also be approved by the Board. Amendments or transfers of appropriations between object code levels within the same department may be approved by the Board or the County Administrative Office. Transfers at the sub-object code level or cost center level may be done at the discretion of the department head. Any deficiency of the budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided in the County Budget Act.

**(b) Excess of Expenditures Over Appropriations**

Although there appears to be an excess of expenditures over appropriations in the general fund for Public Ways & Facilities, this variance was caused by intra-fund reimbursements (or offsets to expenditures) to the Airports department function less than the budgeted amount. Combining functions related to the reimbursements with the Airport department would result in no budget variance. Therefore, in fiscal year 2008-09, there were no instances in which actual expenditures exceed appropriations.

**(c) Reconciliation of Budgetary Basis to GAAP Basis**

The annual County Budget is prepared, approved and adopted in accordance with provisions of the County Budget Act. In preparing the budget, the County utilizes a basis of accounting which is different from the basis prescribed by generally accepted accounting principles (GAAP). The accompanying General Fund Statement of Revenues, Expenditures, and Changes in Fund

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Balances – Budget and Actual on a Budgetary Basis presents a comparison of the legally adopted budget and the actual data on a budgetary basis.

The following adjustments are necessary to provide a meaningful comparison of the actual results of operations with the budget:

	General Fund	Capital Improvement Fund
Fund balance - budgetary basis	\$ 467,454	\$ 133,778
Outstanding encumbrances for budgeted funds	18,803	16,517
Fund balance - GAAP basis	\$ 486,257	\$ 150,295

**Net Assets/Fund Balances**

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets as well as any premium or discount paid on debt reduce the balance in this category.
  
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Examples of restricted net assets include federal and state grants that are restricted by grant agreements for specific purposes and restricted cash set aside for debt service payments. At June 30, 2009, the County reported restricted net assets of \$792,895 in the Governmental Activities restricted for the following purposes:

Restricted for:	Amount
Legally segregated special revenue funds for grants and other purposes	\$ 400,024
Debt Service	41,985
Capital Projects	209,382
Permanent funds	561
State Realignment Funds	140,943
	\$ 792,895

- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

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In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

Fund balances which are not available for appropriation at June 30, 2009 are reserved or designated for the following purposes:

*Reserved Fund Balance*

	Governmental Activities			Total
	General Fund	Capital Improvement Fund	Nonmajor Funds	
Encumbrances	\$ 18,803	\$ 16,517	\$ 40,964	\$ 76,284
Prepaid Items	4,145	-	140	4,285
Noncurrent Interfund Receivables	18,461	-	-	18,461
Debt Service	-	-	41,985	41,985
Land Held For Resale	-	-	16,984	16,984
Inventories	350	-	126	476
Loans Receivable	54,396	-	1,470	55,866
Teeter Plan	22,904	-	-	22,904
Total	<u>\$ 119,059</u>	<u>\$ 16,517</u>	<u>\$ 101,669</u>	<u>\$ 237,245</u>

*Designated Fund Balance*

	General Fund	Nonmajor Funds	Total
General Purpose	\$ 59,733	\$ 11,990	\$ 71,723
Debt Service	32,075	-	32,075
Justice Facilities	141	-	141
Future Retirement Rate	46,500	-	46,500
Teeter Plan	1,806	-	1,806
Restitution	1,670	-	1,670
Insurance	3,000	-	3,000
Electronic Voter System	275	-	275
Capital Projects	4,000	-	4,000
Business Process Improvement	2,147	-	2,147
Future Space Needs	31,880	-	31,880
Total Designated Fund Balance	<u>\$ 183,227</u>	<u>\$ 11,990</u>	<u>\$ 195,217</u>

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**NOTE 6 – CASH AND INVESTMENTS**

Cash and investments include the cash balances of substantially all funds which are pooled (Pool) and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. The County sponsors an external investment pool which includes cash and investments held by certain joint powers authorities and cash held by various trustee financial institutions in accordance with the California Government Code.

State law requires that all operating monies of the County, school districts, and board-governed special districts be held by the County Treasurer. The net asset value associated with legally mandated participants in the asset pool was \$3,966,232 at June 30, 2009.

As of June 30, 2009, the fair value of the County Pool was \$4.18 billion. Approximately 7% of the County pool is attributable to the County General Fund, with the remainder of the balance comprised of other County funds, school districts and special districts. Additionally, as of June 30, 2009, \$216,351 of the amounts deposited in the County pool was attributable to depositors who are not required to, but choose to, invest in the County pool. These include independent special districts, State Trial Court, and other governmental agencies. The deposits held for both involuntary and voluntary entities are reported in the Investment Trust Fund.

The fair value of the pool is determined monthly, and depends on, among other factors, the maturities and types of investments and general market conditions. The fair value of each participant's position including both voluntary and involuntary participants is the same as the value of the pool share. The method used to determine participants' equity withdrawn is based on the daily average book value of the participants' percentage participation in the pool.

The County has not produced or provided any letters of credit or legal binding guarantees as supplemental support of Pool values during the year ended at June 30, 2009. The Pool provides monthly reporting to both the Board of Supervisors and the County Treasury Oversight Committee who also review and approve investment policy.

The County pools its external participants' investments with the County Pool. The average rate of return on investments during fiscal year 2009 was 2.54%.

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A summary of the investments held by the County Treasurer is as follows:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Average Maturity</u>
U.S. Treasury Securities	\$ 79,721	\$ 79,841	1.25% - 1.75%	05/15/12 - 04/15/14	1,314
U.S. Government Agencies	2,868,755	2,900,027	0.79% - 5.27%	07/06/09 - 06/29/12	480
Negotiable Certificates of Deposit	340,022	340,003	0.24% - 0.54%	07/01/09 - 09/04/09	21
Commercial Paper	274,667	274,904	0.20% - 0.81%	07/01/09 - 12/01/09	39
Corporate Notes	197,310	196,808	1.23% - 3.06%	08/10/09 - 07/15/11	197
Money Market Mutual Funds	391,000	391,000	0.24%	07/01/09	1
<b>Total Treasurer's Pooled Investments</b>	<b>4,151,475</b>	<b>4,182,583</b>			
Investments Controlled by Fiscal Agents:					
Mutual Funds	17,808	17,808			
Guaranteed Investment Contracts	9,707	9,707			
U.S. Treasury Securities	79,090	79,090			
Total Investments Controlled by Fiscal Agents	106,605	106,605			
<b>Total Investments</b>	<b>\$ 4,258,080</b>	<b>\$ 4,289,188</b>			
Cash in Banks:					
Non-Interest Bearing Deposits		280,050			
<b>Total Cash and Investments</b>		<b>\$ 4,569,238</b>			

**INVESTMENTS AUTHORIZED BY DEBT AGREEMENT**

Investment of debt proceeds held by bond trustees are governed by provisions of the trust agreements, created in connection with the issuance of debt (see Note 11) rather than the general provisions of the California Government Code. Certificates of Participation and Revenue Bond indentures specify the types of securities in which proceeds may be invested as well as any related insurance, collateral, or minimum credit rating requirements. Although requirements may vary between debt issues, money market funds are all required to be investment grade. Guaranteed investment contracts are required to be acceptable to the municipal bond insurer. The fair value of investments is based on the valuation provided by trustee banks. Investment contracts are recorded at cost.

**INVESTMENT CREDIT RISK**

*Investment credit risk* exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. GASB Statement No. 40 requires the disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, and other pooled investments of fixed income securities.

California Law and San Bernardino County Treasury Pool Investment Policy (where more restrictive) place limitations on the purchase of investments in the County Pool. Purchases of commercial paper and negotiable certificates of deposit are restricted to the top two ratings issued

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by a minimum of two of three nationally recognized statistical rating organizations (NRSRO's). For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), or F-1 (Fitch) while an issuer of long-term corporate debt must have a minimum letter rating of "AA". Federal Agency notes and bonds, municipal notes and bonds, and money market mutual funds must have a minimum letter rating of "AAA". Limits are also placed on the maximum percentage investment by sector and by individual issuer (see schedule). As of June 30, 2009, all investments held by the County Pool were within policy limits.

<u>Investment Type</u>	<u>Maximum Allowed % of Portfolio</u>	<u>Individual Issuer Limitations</u>	<u>% of Pool 06/30/09</u>
U.S. Treasury Securities	100	None	1.90
U.S. Government Agencies	100	None	69.40
Negotiable Certificates of Deposit	30	\$100MM/5%	8.10
Commercial Paper	40	5%	6.60
Corporate Notes	10/5	\$50MM/5%	3.50
TLGP Corporate Notes	30	None	1.20
Money Market Mutual Funds	15	10%	9.30

**CONCENTRATION OF CREDIT RISK**

An increased risk of loss occurs as more investments are acquired from one issuer (i.e. lack of diversification). This results in a *concentration of credit risk*.

GASB Statement No. 40 requires disclosure of investments by amount and issuer that represent five-percent or more of total investments held. This requirement excludes investments issued or explicitly guaranteed by the United States Government, investments in mutual funds, external investment pools, and other pooled investments. As of June 30, 2009, the following issuers represented more than five-percent of the County Pool balance:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
FHLB	\$ 924,634	22.11
FNMA	830,708	19.86
FHLMC	644,259	15.41
FFCB	500,426	11.97

**INTEREST RATE RISK**

*Interest rate risk* exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Generally, the longer the maturity of an investment, the greater the interest rate risk associated with that investment.

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GASB Statement No. 40 requires that *interest rate risk* be disclosed using a minimum of one of five approved methods which are: *segmented time distribution, specific identification, weighted average maturity, duration, and simulated model.*

The County manages its exposure to interest rate risk by carefully matching cash flows and maturing positions to meet expenditures, limiting 40% of the County Pool to maturities of one year or less, and by maintaining an overall *effective duration* of 1.5 years or less. *Duration* is a measure of a fixed income's cash flow using present values, weighted for cash flows as a percentage of the investments full price. *Effective duration* makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds.

California Law and where more restrictive, the San Bernardino County Pool Investment Policy, place limitations on the maximum maturity of investments to be purchased by sector (see schedule). As of June 30, 2009, all investments held by the County Pool were within policy limits. A summary of investments for Maturity Range, Limits, and effective duration is as follows:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Maturity Range (Days)</b>	<b>Maturity Limits</b>	<b>Effective Duration</b>
U.S. Treasury Securities	\$ 79,841	1,050 - 1,749	5 Years	3.54
U.S. Government Agencies	2,900,027	6 - 1,095	5 Years	0.83
Negotiable Certificates of Deposit	340,003	1 - 66	365 days	0.06
Commercial Paper	274,904	1 - 154	270 days	0.11
Corporate Notes	146,570	41 - 127	18 months	0.20
TLGP Corporate Notes**	50,238	395 - 745	5 Years	1.53
Money Market Mutual Funds	391,000	1	Daily Liq.	0.003
Total Securities	<u>\$ 4,182,583</u>			

\*\*Fully insured and issued through the FDIC's Temporary Liquidity Guarantee Program.

**CUSTODIAL CREDIT RISK**

*Custodial Credit Risk for Deposits* exists when, in the event of a depository financial institution failure, a government may be unable to recover deposits, or recover collateral securities that are in the possession of an outside party.

GASB Statement No. 40 requires the disclosure of deposits into a financial institution that are not covered by FDIC depository insurance and are uncollateralized.

California Law requires that a financial institution secure deposits made by state or local government 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 County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2009, the carrying amount of the County's deposits was \$280,050 and the corresponding bank balance was \$139,953. The difference of \$140,097 was primarily due to outstanding warrants, wires and deposits in transit. Of the bank balance, \$138,078 was insured by the FDIC depository insurance through the Transaction Account Guarantee Program.

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*Custodial Credit Risk for Investments* exists when, in the event of a 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.

In order to limit *Custodial Credit Risk for Investments*, San Bernardino County Pool Investment Policy requires that all investments and investment collateral be transacted on a delivery versus payment basis with a third-party custodian and registered in the County's name. All counterparties to repurchase agreements must sign a TBMA Master Repurchase Agreement and/or Tri-Party Repurchase Agreement before engaging in repurchase agreement transactions.

As of June 30, 2009, Cash and Investments are classified in the accompanying financial statements as follows:

	<b>Total Governmental Activities</b>	<b>Total Business-type Activities</b>	<b>Total Fiduciary Funds</b>	<b>Discretely Presented Component Unit</b>	<b>Total</b>
Cash and Investments	\$ 1,308,753	\$ 132,255	\$ 2,867,106	\$ 98,135	\$ 4,406,249
Restricted Cash and Investments	5,721	157,268	-	-	162,989
Total Cash and Investments	<u>\$ 1,314,474</u>	<u>\$ 289,523</u>	<u>\$ 2,867,106</u>	<u>\$ 98,135</u>	<u>\$ 4,569,238</u>

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2009:

<b>Statement of Net Assets</b>	
Equity of internal pool participants	\$ 1,588,613
Equity of external pool participants:	
Voluntary	216,351
Involuntary	2,377,619
Total Net Assets held for pool participants	<u>\$ 4,182,583</u>
<b>Statement of Changes in Net Assets</b>	
Net Assets at July 1, 2008	\$ 4,335,079
Net change in investments by pool participants	(152,496)
Net Assets at June 30, 2009	<u>\$ 4,182,583</u>

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**NOTE 7 – INTERFUND TRANSACTIONS**

Interfund receivables and payables have been eliminated in the government-wide financial statements to minimize the grossing-up effect on assets and liabilities within the governmental and business type activities, except for internal balances that are residual amounts due between the governmental and business-type activities.

***Due to/from other funds at June 30, 2009 are as follows:***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 17,686
	Nonmajor Enterprise Funds	89
	Capital Improvement Fund	553
	Medical Center	3,255
	Waste Systems Division	491
	Internal Service Funds	<u>655</u>
		<u>22,729</u>
Capital Improvements Fund	General Fund	151
	Nonmajor Governmental Funds	13,879
	Medical Center	<u>1</u>
		<u>14,031</u>
Nonmajor Governmental Funds	General Fund	7,898
	Nonmajor Governmental Funds	933
	Capital Improvements Fund	80
	Nonmajor Enterprise Funds	349
	Internal Service Funds	56
	Waste System Divison	<u>36</u>
		<u>9,352</u>
Medical Center	General Fund	2,289
	Capital Improvements Fund	<u>95</u>
		<u>2,384</u>
Waste Systems Division	Nonmajor Governmental Funds	<u>34</u>
		<u>34</u>
Nonmajor Enterprise Funds	General Fund	95
	Nonmajor Governmental Funds	<u>830</u>
		<u>925</u>
Internal Service Funds	General Fund	892
	Nonmajor Governmental Funds	353
	Nonmajor Enterprise Funds	14
	Medical Center	140
	Waste Systems Division	4
	Internal Service Funds	<u>40</u>
		<u>1,443</u>
Total		<u>\$ 50,898</u>

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The amount due from the Medical Center to the General Fund represents repayment of the realignment advance.

The amount due from Nonmajor Governmental Funds to the General Fund is primarily due to transfers and payments for services provided to Other Governmental Funds.

The amount due from Nonmajor Governmental Funds to Capital Improvement Funds is primarily due to the reallocation of funds to the Courthouse Seismic Retrofit project.

***Interfund Receivable/Payable at June 30, 2009 is as follows:***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Funds	\$ 2,000
	Nonmajor Governmental Funds	15,211
	Nonmajor Enterprise Funds	<u>1,250</u>
		<u>\$ 18,461</u>

The payable amount from Non-Major Governmental Funds to the General Fund is comprised of an interfund advance to County Service Areas and the Redevelopment Agency to fund various capital projects and operations.

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***Transfers To/From Other Funds for the year ended June 30, 2009 are as follows:***

Transfers reflect funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

**Transfers In/Out**

**(a) Between Governmental and Business-type Activities:**

Transfer Out	Transfer In	Amount
General Fund	Medical Center	\$ 58,931
	Non-Major Enterprise	532
		59,463
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	290
	Waste System Division	26
	Medical Center	17,084
		17,400
Waste System Division	Nonmajor Governmental Funds	313
		313
Medical Center	Nonmajor Governmental Funds	7,428
	General Fund	4,925
		12,353
Nonmajor Enterprise Funds	General Fund	10
	Nonmajor Governmental Funds	2,538
	Nonmajor Enterprise Funds	1,147
		3,695
	Total	\$ 93,224

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**(b) Between Funds within the Governmental or Business-type Activities (1):**

Transfer Out	Transfer In		
General Fund	Nonmajor Governmental Funds	\$	95,409
	Capital Improvement		111,619
	Internal Service Funds		2,132
			209,160
Capital Improvement Funds	General Fund		50
	Nonmajor Governmental Funds		80
			130
Internal Service Funds	Nonmajor Governmental Funds		1,630
	General Fund		181
			1,811
Nonmajor Governmental Funds	General Fund		87,748
	Capital Improvement Funds		14,167
	Nonmajor Governmental Funds		56,820
			158,735
	Total	\$	369,836

(1) These transfers were eliminated in the consolidation, by column, for the Governmental and Business-type Activities.

Amounts transferred from the General Fund to the Medical Center are the results of year-end budgeted transfers and the annual transfer of realignment health care costs to the Medical Center.

Amounts transferred from the General Fund to the Nonmajor Governmental Funds are the results of the joint power authorities' debt service payments and the pension obligation bond debt service payments.

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**NOTE 8 – RESTRICTED CASH AND INVESTMENTS**

Cash and cash equivalents that are restricted by legal or contractual requirements at June 30, 2009 are comprised of the following:

**Special Revenue Funds**

*Flood Control District:*

The Flood Control District has set aside a total of \$5,721 of which \$174 is to be used per loan agreement for the Etiwanda / San Sevaine construction project and the amount of \$5,547 is to be used for debt service payments.

**Enterprise Funds**

*Medical Center:*

Restricted cash and cash equivalents of \$47,974 represent funds set aside for debt service payments.

*Waste System Division:*

Restricted cash and cash equivalents of \$109,294 represent funds set aside as specified by bond covenants and for groundwater detection, treatment and remediation, and for State mandated site closure and maintenance costs.

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**NOTE 9 – CAPITAL ASSETS**

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

**Primary Government**

	Balance as restated July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Governmental Activities</b>				
Capital assets, non-depreciable:				
Land	\$ 99,145	\$ 4,664	\$ 35	\$ 103,774
Development in progress	171,011	60,304	49,503	181,812
Total assets, non-depreciable	<u>270,156</u>	<u>64,968</u>	<u>49,538</u>	<u>285,586</u>
Capital Assets, depreciable:				
Improvements other than Buildings	178,974	6,925	25	185,874
Structures and Improvements, as restated	581,169	15,296	167	596,298
Equipment, as restated	264,080	33,767	21,432	276,415
Infrastructure	1,114,270	51,330	235	1,165,365
Total assets-depreciable	<u>2,138,493</u>	<u>107,318</u>	<u>21,859</u>	<u>2,223,952</u>
Less accumulated depreciation for :				
Improvements other than Buildings	81,645	7,476	-	89,121
Structures and Improvements, as restated	178,839	14,403	103	193,139
Equipment, as restated	162,884	27,733	18,925	171,692
Infrastructure	551,298	24,321	94	575,525
Total accumulated depreciation	<u>974,666</u>	<u>73,933</u>	<u>19,122</u>	<u>1,029,477</u>
Total capital assets, depreciable, net	<u>1,163,827</u>	<u>33,385</u>	<u>2,737</u>	<u>1,194,475</u>
Governmental activities capital assets, net	<u>\$ 1,433,983</u>	<u>\$ 98,353</u>	<u>\$ 52,275</u>	<u>\$ 1,480,061</u>
<b>Business-type Activities</b>				
Capital assets, non-depreciable:				
Land	\$ 21,355	\$ 379	\$ 96	\$ 21,638
Development in progress, as restated	29,437	25,334	10,739	44,032
Total assets, non-depreciable	<u>50,792</u>	<u>25,713</u>	<u>10,835</u>	<u>65,670</u>
Capital Assets, depreciable:				
Improvements other than Buildings	225,059	20,444	9,774	235,729
Structures and Improvements	513,858	84	-	513,942
Equipment	111,717	6,656	853	117,520
Total capital assets-depreciable	<u>850,634</u>	<u>27,184</u>	<u>10,627</u>	<u>867,191</u>
Less accumulated depreciation for :				
Improvements other than Buildings	131,779	3,480	4,652	130,607
Structures and Improvements	123,659	12,897	-	136,556
Equipment	94,850	6,509	758	100,601
Total accumulated depreciation	<u>350,288</u>	<u>22,886</u>	<u>5,410</u>	<u>367,764</u>
Total capital assets, depreciable, net	<u>500,346</u>	<u>4,298</u>	<u>5,217</u>	<u>499,427</u>
Business-type activities capital assets, net	<u>\$ 551,138</u>	<u>\$ 30,011</u>	<u>\$ 16,052</u>	<u>\$ 565,097</u>

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**Depreciation**

Depreciation expense is charged to governmental functions as follows:

General Government	\$ 12,505
Public Protection	32,699
Public Ways and Facilities	22,384
Health and Sanitation	727
Public Assistance	1,475
Education	532
Recreation and Cultural Services	<u>3,611</u>
Total depreciation expense - governmental functions	<u><u>\$ 73,933</u></u>

Depreciation expense is charged to business-type functions as follows:

Medical Center	\$ 18,700
Waste Systems Division	1,865
Other:	
Crestline Sanitation	496
County Service Areas	1,818
Fire Protection	<u>7</u>
Total depreciation expense - business type functions	<u><u>\$ 22,886</u></u>

**Development in Progress**

Development in Progress consists of the following projects:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Medical Center	\$ -	\$ 28,508
Flood Control Projects	37,984	-
Other County Projects	<u>143,828</u>	<u>15,524</u>
Total	<u><u>\$ 181,812</u></u>	<u><u>\$ 44,032</u></u>

**Discretely Presented Component Unit**

Activity for the FIRST 5 of San Bernardino for the year ended June 30, 2009 is as follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Capital assets, depreciable:				
Furniture and Computer Equipment	<u>\$ 302</u>	<u>\$ 29</u>	<u>\$ 5</u>	<u>\$ 326</u>
Less accumulated depreciation for:				
Furniture and Computer Equipment	<u>213</u>	<u>27</u>	<u>4</u>	<u>236</u>
Component unit capital assets, net	<u><u>\$ 89</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 90</u></u>

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**NOTE 10 – SELF INSURANCE**

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 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$50 million is provided through a Risk Pool Agreement with California State Association of Counties (CSAC) Excess Insurance Authority (EIA) Liability Program II. 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 Zurich Ins. Co., which provides annual coverage on a claims made form basis with an SIR of \$2 million for each claim. Maximum coverage under the policy is \$25 million in limits per claim provided by Illinois Union 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.

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 2.75%. It is the Risk Management's practice to obtain actuarial studies on an annual basis.

The total claims liability of \$149.9 million reported at June 30, 2009 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 2008 and 2009 were:

<b>Fiscal Year</b>	<b>Claims Payable July 1,</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Claims Payable June 30,</b>
2007-08	\$129,683	\$51,702	(\$32,064)	\$149,321
2008-09	\$149,321	\$32,909	(\$32,289)	\$149,941

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**NOTE 11 – LONG TERM DEBT**

**Primary Government**

The following is a summary of long-term liability transactions for the year ended June 30, 2009:

	Balance July 1, 2008 as restated	Additions	Reductions	Ending Balance June 30, 2009	Due Within One Year
<b>Governmental Activities</b>					
Certificates of Participation, net	\$ 172,024	\$ -	\$ 16,223	\$ 155,801	\$ 15,650
Revenue Bonds, net	451,137	-	2,263	448,874	32,475
Other Bonds and Notes	640,521	-	3,071	637,450	11,708
Compensated Absences	136,655	102,596	91,472	147,779	90,840
Termination Benefits Payable	-	6,523	-	6,523	1,305
Capital Lease Obligation	1,627	2,619	1,015	3,231	978
Estimated Liability for Litigation and Self-Insured Claims	149,321	32,909	32,289	149,941	37,752
Other Long-Term Liabilities	7,911	-	2,681	5,230	3,681
	<u>1,559,196</u>	<u>144,647</u>	<u>149,014</u>	<u>1,554,829</u>	<u>194,389</u>
Total Governmental Activities - Long-term Liabilities	<u>\$ 1,559,196</u>	<u>\$ 144,647</u>	<u>\$ 149,014</u>	<u>\$ 1,554,829</u>	<u>\$ 194,389</u>
<b>Business-type Activities</b>					
Certificates of Participation, net	\$ 563,741	\$ -	\$ 33,416	\$ 530,325	\$ 28,193
General Obligation Bonds	1,695	-	125	1,570	180
Notes	2,971	-	148	2,823	152
Compensated Absences	10,920	11,691	10,029	12,582	8,994
Termination Benefits Payable	-	741	-	741	148
Capital Lease Obligation	2,751	-	1,392	1,359	829
Pollution Remediation Obligations	36,875	-	3,673	33,202	2,704
Estimated Liability for Closure/ Postclosure Care Costs	100,589	1,089	1,998	99,680	9,304
	<u>719,542</u>	<u>13,521</u>	<u>50,781</u>	<u>682,282</u>	<u>50,504</u>
Total Business-type Activities - Long-term Liabilities	<u>\$ 719,542</u>	<u>\$ 13,521</u>	<u>\$ 50,781</u>	<u>\$ 682,282</u>	<u>\$ 50,504</u>

**Termination Benefits Payable**

In March 2009, the County offered a Retirement Incentive Program to employees as a salary savings measure for the upcoming years. Under this program, employees retiring between March 3, 2009 and June 30, 2009 were eligible to receive \$250 (not expressed in thousands) for each completed quarter of continuous regular County service (\$1,000 per year of service [not expressed in thousands]), payable annually over a five-year period, and the position would have to remain vacant.

Approximately 304 employees accepted the incentive and retired during the eligible period, resulting in a county-wide termination benefit payable at June 30, 2009 of \$7,264. The first of five annual installment payments were paid in July 2009.

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**Pollution Remediation Obligations**

GASB 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," addresses pollution remediation obligations. GASB 49 was implemented for the fiscal year ending June 30, 2009. Governments are required to estimate expected cash outlays for the various components of expected remediation activities related to current or potential detrimental effects of existing pollution. The County has been named as a discharger in orders issued by a state regulator for the perchlorate and volatile organic compounds in the groundwater at the Mid-Valley Landfill and has been named in lawsuits to compel it to participate in pollution remediation in the Rialto-Colton Basin alleged to be related to activities at the Mid-Valley Landfill.

In accordance with the requirements of GASB 49, current and future cash outlays for pollution remediation events are estimated and accrued as an adjustment to beginning net assets (Note 3).

Solid Waste Management Division (SWMD) is currently managing a remediation project related to the Mid-Valley Landfill, which is adjacent to land formerly used in various manufacturing operations. Perchlorate and volatile organic compounds have been detected in the soils and groundwater.

In 2002 to 2004, directives were issued by the Regional Water Quality Control Board (RWQCB) to SWMD requesting samples for levels of perchlorate. SWMD conducted additional tests for perchlorate and volatile organic compounds (VOC) in soils groundwater. The findings led to a remediation plan approved by the RWQCB.

Current and future remediation costs are based on actual component costs adjusted for inflation in the post FY 2008/09 years. Future estimates may be revised to reflect changes to equipment and service costs as well as any changes in technology and regulations. Testing and remediation outlays in FY 2008/09 totaled \$3,673. Outlays expected to be incurred in FY2009/10 are \$2,704. No recoveries were received and no recoveries are anticipated. The presence of perchlorate and VOC will continue to be remediated and monitored with an expected outlay of \$30,498 from FY 2010/11 through FY 2038/39.

**Other Long-Term Liabilities**

Other Long-Term Liabilities include \$1,230 for the Day Creek Project and \$4,000 relating to the San Timoteo Creek Project.

In October 1986, the Flood Control District entered into a loan agreement with the Federal Government for construction of the Day Creek Project for \$13,400. A subsequent agreement between the County (on behalf of the District) and the City of Rancho Cucamonga Redevelopment Agency provides the terms and conditions for repayment of the loan. Payments are reflected in the Flood Control District as other revenue (from the City of Rancho Cucamonga) and debt service-principal (to the Bureau of Reclamation). This agreement is to be in force approximately 24 years or until the project is complete and the federal loan is repaid. Payments commenced in 1992 and the remaining balance of the loan as of June 30, 2009, is \$1,230.

At June 30, 2009, \$4,000 is owed to the United States Army Corp of Engineers for the construction of the San Timoteo Creek Project.

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The ten-year revolving loan to finance a road paving project within the boundaries of County Service Area 70, Improvement Zone G (Wrightwood), is reclassified and reported under Loans Payable for the year ended June 30, 2009.

In governmental activities, the liability for compensated absences is mostly liquidated by the General fund.

A summary of bonds and notes payable recorded in the governmental activities and payable from Debt Service Funds is as follows:

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<u>Certificates of Participation</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 6-30-09</u>
Capital Improvement Refinancing (1996)	0.17	06-21-96	11-01-25	\$ 9,200	\$ 6,800
County Center Refinancing (1996)	0.12	07-11-96	07-01-15	39,600	17,000
Public Improvement Project (1997)	3.85 to 5.00	10-01-97	10-01-25	17,790	9,090
West Valley Detention Center (2001 A)	4.00 to 4.60	10-25-01	11-01-18	8,365	7,070
West Valley Detention Center (2001 B)	3.50 to 4.00	10-25-01	11-01-12	42,075	20,655
Justice Center/Airport Improvement	3.00 to 5.00	03-01-02	07-01-16	68,100	42,835
West Valley Detention Center (2002 A)	4.50 to 5.25	08-06-02	11-01-18	44,480	43,075
Glen Helen Blockbuster (2008 A)	0.25	04-16-08	03-01-24	8,860	8,280
Glen Helen Blockbuster (2008 B)	0.70	04-16-08	03-01-24	5,695	5,565
Subtotal					<u>160,370</u>
Deferred Amount on Refunding:					
West Valley Detention Center (2001 B)					(1,252)
Justice Center/Airport Improvement					(1,292)
West Valley Detention Center (2002 A)					(1,760)
Glen Helen Blockbuster (2008 A & B)					(2,655)
Premium(Discounts):					
West Valley Detention Center (2001 B)					513
Justice Center/Airport Improvement					856
West Valley Detention Center (2002 A)					1,021
Net Certificates of Participation					<u>155,801</u>
<b>Revenue Bonds</b>					
Pension Obligation Bonds (1995)	5.68 to 7.72	11-22-95	08-01-21	386,266	680,770
Courthouse Project Bonds (2007)	5.10 to 5.50	06-29-07	06-31-37	18,370	18,090
Subtotal					<u>698,860</u>
(Discounts):					
Pension Obligation Bonds (1995)					(249,986)
Net Revenue Bonds					<u>448,874</u>
<b>Other Bonds and Notes</b>					
County Library Note	3.41	07-18-01	02-01-31	1,982	1,664
Pension Obligation Bonds (2004)	0.54 to 5.86	06-24-04	08-01-23	463,895	301,595
San Sevaine Redevelopment (2005 A)	4.00 to 5.00	11-30-05	09-01-35	58,275	55,345
CSA 70 Zone G Wrightwood Loan	6.38	12-30-06	12-30-16	725	583
Flood Control District:					
Judgment Obligation Bonds (Series A)	4.50 to 5.00	05-30-07	08-01-29	58,355	57,150
Refunding Bonds (Series 2007)	4.25 to 5.00	05-29-07	08-01-21	23,845	23,075
Refunding Bonds (Series 2008)	0.66 to 4.86	04-16-08	08-01-37	37,295	37,295
Pension Obligation Refunding Bonds (2008)	6.02	04-16-08	06-30-24	160,900	160,900
Subtotal					<u>637,607</u>
Deferred Amount on Refunding:					
San Sevaine Redevelopment (2005 A)					(141)
Flood Control - Refunding Bonds (Series 2008)					(699)
Pension Obligation Refunding Bonds (2008)					(2,011)
Premium(Discounts):					
San Sevaine Redevelopment (2005 A)					1,122
Flood Control District:					
Judgment Obligation Bonds (Series A)					385
Refunding Bonds (Series 2007)					1,187
Net Other Bonds and Notes					<u>637,450</u>
Total Bonds And Notes Payable, Governmental Activities					<u>\$ 1,242,125</u>

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A summary of bonds and notes payable recorded in the business-type activities is as follows:

<u>Medical Center</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 6-30-09</u>
Certificates of Participation:					
Medical Center Project (Series 1994)	4.60 to 7.00	02-01-94	08-01-28	\$ 283,245	\$ 175,520
Medical Center Project (Series 1995)	4.80 to 7.00	06-01-95	08-01-22	363,265	93,210
Medical Center Project (Series 1996)	5.00 to 5.25	01-01-96	08-01-28	65,070	65,010
Medical Center Project (Series 1997)	4.30 to 5.50	09-01-97	08-01-08	121,095	-
Medical Center Project (Series 1998)	4.1895	10-22-98	08-01-26	176,510	175,510
					<u>509,250</u>
Less:					
Deferred Amount on Refunding					(32,430)
Discounts					(11,578)
Subtotal					<u>465,242</u>
 <u>Waste Systems Division</u>					
Certificates of Participation:					
Solid Waste Financing (Series 2008 B)	0.70	04-16-08	03-01-24	74,390	67,960
Less:					
Deferred Amount on Refunding					(2,877)
Subtotal					<u>65,083</u>
Net Certificates of Participation					<u>530,325</u>
 <u>County Service Areas</u>					
General Obligation Bonds:					
Spring Valley Lake Sewer Facilities:					
Series A	6.50 to 6.75	02-15-72	02-15-02	1,300	15
Series B	6.10 to 6.15	04-01-74	04-01-04	1,000	15
Helendale Sewer Facilities:					
Series A	5.00	06-01-78	06-01-98	1,550	5
Helendale Water Facilities:					
Series B	7.00	09-01-82	06-01-97	1,450	5
Pinon Hills Water Distribution:					
Series A	5.00	03-01-78	03-01-18	1,708	710
Series B	5.00	03-01-78	03-01-18	275	90
Series C	9.00 to 11.00	11-01-84	03-01-05	1,518	5
Landers Water Distribution System	5.00	06-01-79	06-01-19	1,540	720
Oak Hills Water Distribution Facilities	7.00	09-01-74	09-01-94	750	5
General Obligation Bonds					<u>1,570</u>
Notes Payable:					
Crestline Sanitation District (Loan)	1.719	01-01-97	03-01-18	2,160	893
Oak Hills Water (Loan)		11-25-03	08-25-33	2,150	1,930
Notes Payable					<u>2,823</u>
Total Business-type Activities					<u>\$ 534,718</u>

General Obligation Bonds are issued to provide funds for the acquisition and construction of major capital facilities. These bonds are backed by the full faith and credit of the County and revenue for the retirement of such bonds is provided by ad valorem taxes on property within the jurisdiction of the governmental unit issuing the bonds.

Certificates of Participation (COP) are secured by annual lease payments payable by the County for use of the facilities constructed or acquired from the COP proceeds. The County has created

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nonprofit organizations and joint powers authorities to issue the Certificates. The County leases various projects from the authorities. The lease payments are used by the authorities to pay interest on, and principal of, the COPs.

The Certificates of Participation contain certain bond covenants, which are deemed by the County to be duties imposed by law. The County must include the applicable lease-purchase payments due each year in its annual budget and make the necessary appropriations. The County is also covenanted to maintain certain levels of liability, property damage, casualty, rental interruption and earthquake insurance in connection with each lease-purchase agreement. The County is in compliance with all significant financial restrictions and requirements as set forth in its various debt covenants. In addition, the County is in compliance with arbitrage regulations on all applicable bonds. Arbitrage computations are computed on an annual basis to determine if a rebate or liability exists as described in Section 103 of the Internal Revenue Code of 1954, Section 148(f) of the Internal Revenue Code of 1986, as amended and all applicable regulations issued thereunder.

In November 2005, the San Bernardino County Redevelopment Agency (SBCRDA) issued Tax Allocation Bonds, 2005 Series A (2005 Bonds) in the amount of \$58,275 to provide funds for the acquisition and construction of various projects in the San Sevaine Redevelopment Project Area and to advance refund the 2000 Bonds. The 2005 Bonds are special obligations of the SBCRDA and are payable solely from and secured by a pledge of tax increment revenues. The pledged revenues will be available for other purposes upon repayment of the total debts. The 2005 Bonds will be matured on September 1, 2035.

The debt service schedule for the current fiscal year required principal and interest payments totaling \$3,754, and the total tax increment revenues received during the fiscal year totaled \$19,593. Tax increment revenues are projected to produce 100 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$100,532. Interest is payable semi-annually at interest rates from 4.0% percent to 5.0% percent starting March 1, 2006. The 2005 Bonds maturing after September 1, 2015, are not subject to optional redemption prior to maturity. The 2005 Bonds maturing after September 1, 2016, are subject to redemption at the option of the SBCRDA.

In prior years, the County has defeased certain Certificates of Participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the County's basis financial statements. At June 30, 2009, approximately \$61,070 of outstanding debt was considered defeased.

In November 1995, one of the joint powers authorities issued Revenue Bonds for the purpose of enabling the County to finance outstanding pension indebtedness.

In June 2007, the joint powers authority (Authority) issued Revenue Bonds in order to provide funds for the County to finance the costs of refurbishing and renovating a county courthouse facility. The Revenue Bonds are special, limited obligations of the Authority payable solely from and secured by a first pledge of and exclusive lien on Surcharge Revenues consisting of a fee not to exceed thirty-five dollars charged on certain civil court filings made in Superior Courts located in the County. Only Surcharge Revenue received after June 29, 2007 has been pledged. The collection of the Surcharge shall terminate upon repayment of the amortized costs incurred, or 30 years from the sale of the Revenue Bonds, whichever occurs first.

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The prior fiscal years and current fiscal year Surcharge Revenues were more than the required scheduled annual principal and interest payments. The debt service schedule for the current fiscal year required principal and interest payments totaling \$920. The total Surcharged Revenues received during the fiscal year totaled \$2,513. Surcharge Revenues are projected to produce 150 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$37,777. Interest is payable semi-annually at interest rates from 5.10 percent to 5.50 percent starting December 1, 2007. The bonds are not subject to optional redemption prior to maturity; \$3,100 is expected to mature on June 17, 2017, and \$15,270 is expected to mature on June 1, 2037.

The total net outstanding balance of the Revenue Bonds at June 30, 2009 is \$448,874.

The County's Board of Supervisors adopted a resolution to authorize the issuance of the County of San Bernardino pension obligation debenture in order to finance the County's share of the unfunded accrued actuarial liability of the San Bernardino County Employee Retirement Association (SBCERA). On June 24, 2004, the County issued County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in a respective aggregate principal amounts of \$189,070, \$149,825, and \$125,000.

The Bonds have various maturity dates ranging from: 2005 to 2018 for Fixed Rate Bonds; 2004 to 2023 for Auction Rate Bonds; 2004 to 2023 for Index Bonds. Series 2004 A Fixed Rate Bonds has fixed interest rates that range from 2.43% to 5.86%. The Series 2004 B Pension Obligation Bonds were fully refunded in April 2008 by the issued Pension Obligation Refunding Bonds, Series 2008, which has fixed interest rate at 6.020%.

Additional information on the County's long-term debt can be found in the separately issued financial statements of the Inland Empire Public Financing Corporation and the San Bernardino County Financing Authority.

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The following is a schedule of principal debt service requirements to maturity as of June 30, 2009 for bonds and notes payable in the governmental activities:

<u>Years Ending June 30</u>	<u>Certificates of Participation</u>	<u>Revenue Bonds</u>	<u>Other Long-Term Debt</u>	<u>Total</u>
2010	\$ 15,650	\$ 32,475	\$ 11,708	\$ 59,833
2011	14,745	36,925	14,381	66,051
2012	14,825	41,830	16,977	73,632
2013	15,340	45,560	19,804	80,704
2014	16,035	47,940	22,851	86,826
2015-2019	70,510	279,695	170,655	520,860
2020-2024	11,045	202,790	289,434	503,269
2025-2029	2,220	3,555	30,705	36,480
2030-2034	-	4,640	34,932	39,572
2035-2039	-	3,450	26,160	29,610
Total Principal	160,370	698,860	637,607	1,496,837
Plus Premium	2,390	-	2,694	5,084
Less:				
Deferred Amount on Refunding	(6,959)	-	(2,851)	(9,810)
Discount	-	(249,986)	-	(249,986)
Total Bonds and Notes Payable	<u>\$ 155,801</u>	<u>\$ 448,874</u>	<u>\$ 637,450</u>	<u>\$ 1,242,125</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2009 for bonds and notes payable in the governmental activities:

<u>Years Ending June 30</u>	<u>Certificates of Participation</u>	<u>Revenue Bonds</u>	<u>Other Long-Term Debt</u>	<u>Total</u>
2010	\$ 5,659	\$ 7,602	\$ 28,117	\$ 41,378
2011	5,166	5,191	27,598	37,955
2012	4,665	2,424	26,821	33,910
2013	4,159	936	25,886	30,981
2014	3,615	919	24,761	29,295
2015-2019	8,262	4,298	99,573	112,133
2020-2024	774	3,668	50,745	55,187
2025-2029	66	2,833	18,918	21,817
2030-2034	-	1,742	11,323	13,065
2035-2039	-	386	2,820	3,206
Total Interest	<u>\$ 32,366</u>	<u>\$ 29,999</u>	<u>\$ 316,562</u>	<u>\$ 378,927</u>

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The following is a schedule of principal debt service requirements to maturity as of June 30, 2009 for bonds and notes payable in the business-type activities:

<b>Years Ending June 30</b>	<b>Certificates of Participation</b>	<b>General Obligation Bonds</b>	<b>Notes Payable</b>	<b>Total</b>
2010	\$ 28,193	\$ 180	\$ 152	\$ 28,525
2011	28,528	140	155	28,823
2012	23,732	145	159	24,036
2013	25,149	150	162	25,461
2014	20,393	160	166	20,719
2015-2019	135,384	795	780	136,959
2020-2024	138,168	-	426	138,594
2025-2029	177,663	-	496	178,159
2030-2034	-	-	327	327
Total Principal	<u>577,210</u>	<u>1,570</u>	<u>2,823</u>	<u>581,603</u>
Less:				
Deferred Amount on Refunding	(35,307)	-	-	(35,307)
Discount	<u>(11,578)</u>	<u>-</u>	<u>-</u>	<u>(11,578)</u>
Total Bonds and Notes Payable	<u>\$ 530,325</u>	<u>\$ 1,570</u>	<u>\$ 2,823</u>	<u>\$ 534,718</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2009 for bonds and notes payable in the business-type activities:

<b>Years Ending June 30</b>	<b>Certificates of Participation</b>	<b>General Obligation Bonds</b>	<b>Notes Payable</b>	<b>Total</b>
2010	\$ 25,751	\$ 76	\$ 82	\$ 25,909
2011	24,491	69	78	24,638
2012	23,411	63	75	23,549
2013	22,523	55	71	22,649
2014	21,610	48	68	21,726
2015-2019	92,704	114	279	93,097
2020-2024	60,670	-	200	60,870
2025-2029	22,363	-	128	22,491
2030-2034	-	-	38	38
Total Interest	<u>\$ 293,523</u>	<u>\$ 425</u>	<u>\$ 1,019</u>	<u>\$ 294,967</u>

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**Non-Obligation Debt**

The County issues Single Family Mortgage Revenue Bonds to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed and existing single-family residences. Additionally, the County issues Multi-Family Mortgage Revenue Bonds to finance the construction of multi-family apartment projects in the County. These programs assist persons and families of low and moderate income within the County to afford the costs of decent, safe and sanitary housing. The bonds will be payable solely from and secured by a pledge of payment received on the acquired mortgage loans, certain insurance with respect thereto, and other monies pledged under the bond resolution. Single Mortgage Revenue Bonds of \$5,765 and Multi-Family Mortgage Revenue Bonds of \$133,129 at June 30, 2009 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

The County acts as an agent for the property owners benefited by the projects financed from special assessment bond proceeds, in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if appropriate. Special assessment bonds of \$30,576 at June 30, 2009 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

**Discretely Presented Component Units**

Long-term liability transactions for FIRST 5 of San Bernardino for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Compensated Absences	\$ 93	\$ 169	\$ 148	\$ 114	\$ -

**Agreement with Liquidity Facilities**

**1996 County Center Refinancing Project:** Included in long-term debt at June 30, 2009, is \$17,000 Variable Rate Demand Certificates of Participation for the 1996 County Center Refinancing Project. The Certificates have a tender provision for bondholders, on 7 days notice, to tender their certificates at par value plus accrued interest. In connection with the issuance of the 1996 County Center Refinancing Certificates of Participation, the County executed a Letter of Credit and Reimbursement Agreement between the County and BNP Paribas (Bank). The term of this Agreement expires on May 4, 2013. The Agreement is terminated prior to the expiration date only if the occurrence of "events of defaults".

As of June 30, 2009, there were no outstanding certificates that have been tendered but failed to be remarketed. In accordance with the Agreement, interest is required to be paid to the Bank at the higher of a) Prime Rate or b) Federal Funds plus 1%, which were 3.25% and 1.22% respectively on June 30, 2009.

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**Medical Center – Series 1998:** The 1998 Medical Center Certificates of Participation (COPs) were sold with a Demand Purchase Option. This option allows the owners of the COPs to sell them back to the Tender Agent upon seven days notice, and requires that the tender agent purchase the COPs at par plus accrued interest unless the COPs can be successfully sold to a new investor by the Remarketing Agent. Cash for the purchase of tendered COPs that cannot be resold to investors is provided pursuant to a Standby Purchase Agreement (SPA) with Landesbank Hessen-Thüringen Girozentrale (Helaba). The initial term of the SPA has been extended to December 31, 2015, however the agreement also allows Helaba to terminate their commitment to purchase COPs in November 2010 and November 2013. The obligation of Helaba to purchase tendered COPs is also subject to several conditions.

As of June 30, 2009, \$135,600 of the outstanding \$175,510 certificates was owned by Helaba pursuant to the terms of the SPA. In accordance with the liquidity agreement, interest on the \$135,600,000 is required to be paid to the SPA at Federal Funds plus 0.5%, which was .72% at June 30, 2009.

**1996 Capital Improvement Refinancing Project:** Included in long-term debt at June 30, 2009, is \$6,800 Variable Rate Demand Certificates of Participation for the 1996 Capital Improvement Refinancing Project. The Certificates have a tender provision for bondholders, on 7 days notice, to tender their certificates at par value. In connection with the issuance of the 1996 Capital Improvement Refinancing Certificates of Participation, the County executed a Letter of Credit and Reimbursement Agreement between the County and BNP Paribas (Bank). The term of this Agreement expires on May 4, 2013. The Agreement is terminated prior to the expiration date only if the occurrence of “events of defaults”.

As of June 30, 2009, there were no outstanding certificates that have been tendered but failed to be remarketed. In accordance with the Agreement, interest is required to be paid to the Bank at the higher of a) Prime Rate or b) Federal Funds plus 1%, which was 3.25% and 1.22% respectively at June 30, 2009.

**2008 Refunding Program - Glen Helen Block Buster and Solid Waste Financing:** The 2008 Certificates of Participation (2008 Refunding Program) have an optional tender provision for bondholders, on seven days notice, to tender their certificates at par value. The 2008 Refunding Program includes \$8,860 of Series A Certificates of Participation and \$80,085 of Series B Taxable Certificates of Participation. In connection with the issuance of the 2008 Certificate of Participation, the County executed a Letter of Credit and Reimbursement Agreement between the County and Bank of America, N.A. (Bank). The term of this Agreement expires in April 1, 2013. The Agreement is terminated prior to the expiration date only if the occurrence of “events of defaults”.

As of June 30, 2009, there were no outstanding certificates that have been tendered but failed to be remarketed. In accordance with the Agreement, interest is required to be paid to the Bank at the higher of a) Prime Rate or b) Federal Funds plus 0.5%, which was 3.25% and .72% respectively at June 30, 2009.

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**NOTE 12 – INTEREST RATE SWAP**

**(a) Medical Center Series 1998 A Certificates of Participation**

*Objective of the Interest Rate Swap.* As a means to lower financing costs, and to reduce the risks to the County associated with the fluctuation in market interest rates, the County entered into an interest rate swap in connection with the Medical Center Series 1998A Certificates of Participation (COP) in the amount of \$176,510. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 4.1895 percent.

*Terms.* The COPs and the related swap agreement mature on August 1, 2026, and the swap's notional amount of \$176,510 matches the \$176,510 variable-rate COPs. The swap was effective at the same time the COPs were issued on October 22, 1998. Starting in fiscal year 2008-09, the notional value of the swap and the principal amount of the associated debt will decline. Under the swap agreement, through August 1, 2005, the County pays Merrill Lynch a fixed rate of 4.1895 percent and Merrill Lynch pays the County an amount equal to the variable rate interest payable on the outstanding COPs. After August 1, 2005 the County pays Merrill Lynch Capital Services (MLCS), Inc. a fixed payment of 4.1895 percent and receives from Merrill Lynch a variable payment computed as 73 percent of the monthly London Interbank Offered Rate (LIBOR). Conversely, the COPs variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA).

*Fair Value.* Because interest rates have increased since execution of the swap, the swap had a negative fair value of \$24,231 as of June 30, 2009. The swap's negative fair value may be countered by a decrease in total anticipated future interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the variable-rate series 1998 Certificates adjust to changing interest rates, the Series 1998 Certificates do not have a corresponding fair value decrease. The fair value was the quoted market price from Merrill Lynch & Co. at June 30, 2009.

*Credit Risk.* The swap counterparty was rated A2 by Moody's and A by Standard & Poor as of June 30, 2009. The swap agreement specifies that if the long-term senior unsecured debt rating of Merrill Lynch & Co. is withdrawn, suspended or falls below A- (Standard & Poor) or A3 (Moody's), a collateral agreement will be executed within 30 days or the swap agreement will terminate.

*Basis Risk.* The swap exposes the County to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the Series 1998 Certificates. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized. As of June 30, 2009, the BMA rate was 0.3 percent, the actual variable interest rate was 5.50 percent and 73 percent of LIBOR was 0.2 percent.

*Termination Risk.* The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the County if Merrill Lynch's credit quality rating falls below A- as issued by Standard & Poor or A3 by Moody's. If the swap is terminated, the variable-rate Series 1998 certificates would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the County would be liable to the MLCS for a payment equal to the swap's fair value.

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*Swap payments and associated debt.* Using rates as of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rate remain the same for their term, were as follows. As rates vary, variable rate Series 1998 Certificates interest payments and net swap payments will vary.

Fiscal Year	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2009/2010	\$ 1,100	\$ 9,623	\$ 6,929	\$ 17,652
2010/2011	1,200	9,560	6,884	17,644
2011/2012	9,200	9,274	6,678	25,152
2012/2013	9,600	8,757	6,305	24,662
2013/2014	10,000	8,218	5,917	24,135
2014-2028	144,410	59,396	42,770	246,576
	<u>\$ 175,510</u>	<u>\$ 104,828</u>	<u>\$ 75,483</u>	<u>\$ 355,821</u>

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**(b) Pension Obligation Series 2004 C Bonds – Novation Agreement**

*Objective of the interest rate swap.* As a means to lower financing costs, and to reduce the risks to the County associated with the fluctuation in market interest rates, the County entered into an interest rate swap in connection with the Pension Obligation Series 2004 C Bonds (POB) in the amount of \$125,000. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 6.3820 percent.

*Terms.* The POBs and the related swap agreement mature on August 1, 2023, and the swap's notional amount of \$125,000 matches the \$125,000 variable-rate POBs. The swap was effective at the same time the POBs were issued on June 24, 2004. Under the swap agreement, the County paid Goldman Sachs Mitsui Marine Derivative Products L.P. (GSMMDP) a fixed rate of 6.3820 percent and GSMMDP paid the County a variable rate computed as the monthly London Interbank Offered Rate (LIBOR), plus a LIBOR margin equal to 23 basis points (.23%).

*Swap payment Termination (Novation Agreement).* The County entered into a Novation Agreement, releasing the county from the Swap Agreement and transferred it to Natixis Financial Products, Inc. effective August 1, 2008. The terms of the Novation Transaction follow:

Novation Trade Date	April 2, 2008
Novation Date:	August 1, 2008
Novation Amount:	\$125,000 USD

Transferor 1:	County of San Bernardino
Transferor 2:	Goldman Sachs Capital Markets, L.P.

Transferee1:	Natixis Financial Products Inc.
Transferee 2:	Goldman Sachs Capital Markets, L.P.

New Agreement between Transferee 1 and Transferee 2: ISDA Master Agreement dated as of November 19,1998, subject to governing law as defined in the New Agreement.

Consequently the County no longer pays the fixed swap rate of 6.3820 percent in accordance with the Novation Agreement. Instead, the County pays the variable rate on the 2004 Series C index bonds computed as the monthly LIBOR, plus a LIBOR margin equal to 23 basis points. The variable rate as of June 30, 2009 was 0.54%.

An assignment fee of \$8,100 was paid by the general fund to Natixis Financial Products as a condition precedent to the acceptance of the transfer and assignment of the rights, title, interests, powers, privileges and remedies and the assumption of all duties, liabilities and obligations from the County of San Bernardino to Natixis Financial Products Inc. and to effect the release of all duties, liabilities and obligation of the County of San Bernardino to Goldman Sachs Capital Markets, L.P.

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**NOTE 13 – LEASES**

***Capital Leases***

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met. Equipment and related accumulated amortization for capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Equipment	\$ 5,481	\$ 10,306
Less: Accumulated depreciation	2,308	7,866
Total	\$ 3,173	\$ 2,440

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, are as follows:

Year Ending June 30:	Governmental Activities	Business-type Activities
2010	\$ 1,077	\$ 871
2011	920	433
2012	812	98
2013	554	19
2014	82	-
Total Minimum Lease Payments	3,445	1,421
Less: Amount Representing Interest	(214)	(62)
Present Value of Minimum Lease Payments	\$ 3,231	\$ 1,359

***Operating Leases***

The following is a schedule by years of future minimum rental payments, principally for the General Fund, required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2009:

Year Ending June 30,	
2010	\$ 38,338
2011	21,339
2012	17,221
2013	12,021
2014	7,129
2015-2022	7,513
Total Minimum Payments	\$ 103,561

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The County incurred rental expenditures of \$39,932, principally in the General Fund, for the year ending June 30, 2009.

**NOTE 14 – COLLATERALIZED FACILITIES**

The following County Facilities have been pledged as collateral in certain County financing transactions:

<u>Facilities</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Foothill Law and Justice	\$ 42,642	\$ -	\$ -	\$ 42,642
Victorville Law Center	8,644	-	-	8,644
West Valley Detention Center	146,327	-	-	146,327
Courthouse & Annex	9,450	-	-	9,450
Mid-Valley Landfill	59,260	-	-	59,260
West Valley Juvenile Detention Center	5,077	-	-	5,077
Information Services Bldg	500	-	-	500
Central Jail	10,819	-	-	10,819
Offices and Bindery	4,247	-	-	4,247
Vehicle Services Garage	3,469	-	-	3,469
Coroner's Office	1,212	-	-	1,212
Child Care Facilities	1,400	-	-	1,400
Fontana Government Center	566	-	-	566
Fontana Government Center	2,274	-	-	2,274
Arrowhead Regional Medical Center	490,481	-	-	490,481
Hall of Records (New)	12,666	-	-	12,666
Hall of Records (Old)	2,054	-	-	2,054
Glen Helen Pavilion Ampitheather	26,174	-	-	26,174
Civic Center	5,117	-	-	5,117
Sheriff's Admin Bldg	13,416	-	-	13,416
County Government Center	25,711	-	-	25,711
	<u>\$ 871,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 871,506</u>

**NOTE 15 – MEDICARE AND MEDI-CAL PROGRAMS**

The Medical Center provides services to eligible patients under Medi-Cal and Medicare programs. For the years ended June 30, 2009 and 2008, the Medi-Cal program represented approximately 20% and 33%, and the Medicare program represented approximately 15% and 15%, respectively, of the Medical Center's net patient service revenues. Medi-Cal inpatient services are reimbursed at contractually agreed-upon per diem rates and outpatient services are reimbursed under a schedule of maximum allowances. Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Outpatient services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. Final reimbursement is determined as a result of audits by the intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2004 for Medicare and June 30, 2005 for Medi-Cal. Adjustments as a result of such audits are recorded in the year the amount can be determined.

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**NOTE 16 – CLOSURE AND POSTCLOSURE CARE COST**

State of California Financial Assurance Mechanism regulations require landfill operators to set aside funds, or provide alternative funding mechanisms, to fund the closure and postclosure maintenance of landfills. The funding must be completed prior to the final date of closure. These regulations apply only to those landfills operating prior to 1989. The closure and postclosure care costs of other landfills not subject to these State regulations are funded separately in the Site Closure and Maintenance Fund.

Closure and postclosure care costs include, but are not limited to, such items as final cover, groundwater monitoring, well installations and landfill gas monitoring systems.

The twenty (20) landfills listed below (with their capacity used and estimated remaining lives) are those currently subject to the State regulations:

<i>LANDFILL</i>	<b>Capacity Used</b>	<b>YEARS Remaining</b>	<i>LANDFILL</i>	<b>Capacity Used</b>	<b>YEARS Remaining</b>
Apple Valley	100%	Inactive	Milliken	100%	Inactive
Baker	100%	Inactive	Morongo Valley	100%	Inactive
Barstow	4%	65	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	82%	7	Phelan	100%	Inactive
Hesperia	100%	Inactive	San Timoteo	38%	37
Landers	60%	5	Trona-Argus	100%	Inactive
Lenwood-Hinkley	100%	Inactive	Twentynine Palms	100%	Inactive
Lucerne Valley	100%	Inactive	Victorville	14%	39
Mid-Valley	32%	25	Yermo	100%	Inactive

The landfill closure and postclosure care cost estimate of \$188,894 and \$135,293 respectively are based upon the most recently submitted Closure/Postclosure Maintenance Plan documents filed with the State and Federal permitting agencies. If, at some future date, these closure cost estimates are adjusted (due to changes in inflation, technology, regulations, etc.), the County is required to make corresponding changes in the amount of funds deposited for closure.

Each year a portion of each landfill's estimated closure and postclosure cost is recognized as an expense and liability based upon the amount of capacity used during the year. Colton Landfill capacity was increased by 2,200,000 cubic yards due to a scale house area liner expansion.

As of June 30, 2009 the cumulative liability recorded by the County based upon individual landfill capacity usage was \$189,856. The remaining \$134,331 of estimated closure and postclosure costs will be recorded and funded as landfill capacity is used. Closure and postclosure related expenditures of \$83,175 and \$7,002 have been incurred through June 30, 2009, which reduced the landfill closure and postclosure liabilities to \$29,957 and \$69,723.

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The noncurrent closure and postclosure activity for the year ended June 30, 2009 includes the following:

	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
Noncurrent Closure costs payable	\$ 30,362	\$ (405)	\$ 29,957
Noncurrent Postclosure costs payable	<u>70,226</u>	<u>(503)</u>	<u>69,723</u>
Total	<u>\$ 100,588</u>	<u>\$ (908)</u>	<u>\$99,680</u>

In accordance with a Pledge of Revenue Mechanism adopted by the County of San Bernardino Board of Supervisors on August 30, 1994, Solid Waste has pledged tipping fees and interest revenue to fund the post-closure maintenance costs as needed. Total tipping fees received in the current year were \$48,532 and postclosure expenditures were \$1,488. Each landfill site's maintenance costs are budgeted annually following the Closure and Post-Closure Maintenance Plan as approved by the California Integrated Waste Management Board. The term for each landfill site funding requirements is 30 years starting with the date of closure as certified by the State.

**NOTE 17 – RETIREMENT PLAN**

***Plan Description***

The San Bernardino County Employees' Retirement Association (SBCERA) is a cost-sharing multiple-employer defined benefit pension plan (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 (AQMD), San Bernardino Associated Governments (SANBAG), Local Agency Formation Commission (LAFCO), San Bernardino County Law Library, Barstow Fire Protection District, Hesperia Parks and Recreation, SBCERA, City of Chino Hills, Crest Forest Fire District, Mojave Desert Air Quality Management District (MDAQMD), California Electronic Recording Transaction Authority (CERTNA), Inland Valley Development Agency (IVDA), San Bernardino International Airport Authority (SBIAA), and the Superior Courts were later included, along with the County, and are collectively referred to as the "Participating Members". The plan is governed by the San Bernardino 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. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3<sup>rd</sup> 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

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component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes SBCERA pension trust fund as of June 30, 2009.

***Funding Policy***

Participating members are required by statute (Sections 31621, 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). Members are required to contribute 7.68% - 12.96% for general members and 9.85% - 15.29% for safety members, of their annual covered salary of which the County pays approximately 7%. County of San Bernardino employer contribution rates are as follow: County General 11.25%, County Safety 24.46%. All employers combined are required to contribute 13.95% of the current year covered payroll. For 2009, the County's annual pension cost of \$200,300 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 of the 1937 Act.

The County's annual pension cost and prepaid asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2009, were as follows:

Annual Required Contribution (County fiscal year basis)	\$ 200,300
Interest On Pension Assets	(7,834)
Adjustment To The Annual Required Contribution	<u>51,805</u>
Annual Pension Cost	244,271
Annual Contributions Made	<u>200,300</u>
Increase/(Decrease) in Pension Assets	(43,971)
Pension Asset, Beginning of Year	<u>813,716</u>
Pension Asset, End of Year	<u><u>\$ 769,745</u></u>

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

Year Ended June 30	SBCERA	County	Percentage Contributed
2007	\$ 239,857	\$ 194,130	100%
2008	241,721	203,712	100%
2009	246,232	200,300	100%

The County, along with the AQMD, issued Pension Refunding Bonds (Bonds) in November 1995 with an aggregate amount of \$420,527. These Bonds were issued to allow the County

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and the AQMD 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. The outstanding liability at June 30, 2009 is \$430,784 (see Note 11).

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 a respective aggregate principal amounts of \$189,070, \$149,825, and \$125,000. 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, 2009 is \$301,595.

In April 2008, the County of San Bernardino issued its \$160,900 in Pension Obligation Refunding Bonds (POB), Series 2008 (Series 2008 Bonds). The outstanding liability at June 30, 2009 is \$158,889 (Note 11).

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**NOTE 18 – LEASE/LEASEBACK**

In May 1997, the County entered into a lease agreement whereby seven separate County parcels (each a Parcel and together, the Parcels), including related buildings, valued at a total of approximately \$146 million, were leased to a Delaware business trust (Trust) formed for a certain lease-leaseback transaction to act in various capacities for the benefit of the investor (the Investor) as described in the transaction. The County simultaneously entered into a sublease agreement with the Trust to lease the buildings back. With respect to the lease agreement, the County received a prepayment of \$25.6 million from the Trust, which was created by the Investor and the trustee for the Trust. The County transferred \$17.0 million to a sublease guaranty entity (Sublease Guaranty Trust) in order to induce the Sublease Guaranty Trust to provide a guaranty for the County's obligations under the sublease agreement. In order to secure its obligations, the Sublease Guaranty Trust used the monies to cause AIG-FP Special Finance and AIG-Matched Funding Corp to deliver a Letter of Credit (Loan) and a Letter of Credit (Equity), respectively, under the terms of a certain Debt Payment Agreement and a certain Equity Payment Agreement. After transaction expenses were paid, the County retained \$8.8 million.

The Letter of Credit (Loan) and the Letter of Credit (Equity) provide for the payment of the County's obligation under the sublease and exercise of its purchase option. As a result, obligations under the lease-leaseback arrangement are considered to be economically, although not legally defeased. Therefore, the trust assets and the related debt have been excluded from the County's financial statements. The term of the full lease with the financing institution ends in 2034. However, the sublease provides a procedure to terminate the sublease with respect to one Parcel on a certain date specified in 2010, with respect to another Parcel on a certain date specified 2014 and with respect to five Parcels on a certain date specified in 2021.

The County plan at this time is to exercise its purchase options rights as available. On September 12, 2008, American International Group, Inc. (AIG), which provided a guarantee with respect to each of the above-mentioned letters of credit, was downgraded by both Moody's and S&P. The downgrade triggered provisions of the lease-leaseback transaction that allows certain parties to demand AIG to collateralize the Letter of Credit (Equity) and allows the replacement of an AIG related entity, AIG-FP Special Finance (Cayman) Limited, as the provider of the Letter of Credit (Loan).

As requested by the investor, in October 2008, AIG posted collateral to secure its obligations under the Letter of Credit (Equity). The County is analyzing all options relating to this transaction, including the replacement of the provider of the Letter of Credit (Loan). As of June 30, 2009, assuming that the investor would agree to a termination in whole of the lease-leaseback transaction, the County estimated that the cost of termination would be approximately \$31 million. If AIG were unable to fulfill its guarantee under the Letter of Credit (Loan), the County estimates that the cost to the County to make the remaining sublease payments and purchase option payments would be approximately \$226.9 million over the next 12 years.

AIG is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (SEC). Such reports, proxy statements and other information can be inspected and copied at public reference facilities maintained by the

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SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC. The County takes no responsibility for the accuracy, completeness or timeliness of such reports, proxy statements or other information, and such reports, proxy statements and other information is not incorporated herein by reference.

The Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), enacted on May 17, 2006, included excise taxes and disclosure rules that target certain tax shelter transactions to which a tax exempt entity is a party. In August 2006, the County received notice from the lease/leaseback investor that the transaction is a prohibited tax shelter transaction as defined in the new TIPRA legislation. The U.S. Treasury issued proposed, temporary and final regulations related to TIPRA and they provide that disclosure by a tax-exempt entity is not required for any transaction entered into by the entity on or before May 17, 2006. The County is unable to determine at this time whether and/or to what extent excise taxes would be applicable to this transaction.

**NOTE 19 – COMMITMENTS AND CONTINGENCIES**

- (a) The County has been named as a defendant in numerous lawsuits and claims arising in the normal course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County; such loss has been accrued in the accompanying basic financial statements. In the opinion of County management and County Counsel, the ultimate outcome of the remaining claims cannot be determined at this time.
- (b) The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the County's grant programs are being audited through June 30, 2009 in accordance with the provisions of the Single Audit Act of 1996, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.
- (c) The County has entered into several contractual agreements for the development and/or improvement of several capital projects. These commitments include \$16,517 for various projects of the Capital Improvements Fund.
- (d) A County employee was using a personal vehicle in the course and scope of employment. The employee turned in front of a motorcycle which contained two passengers, causing them to be ejected from the motorcycle. Both passengers suffered serious orthopedic injuries and are also claiming brain injury. In mediation, defense position values that the combined cases are probable, approximately up to \$3 million.
- (e) The County was part of litigation involving County employees and an inmate at West Valley Detention Center. The County prevailed on summary judgment for all defendants

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except for one. The litigation involves civil rights claims based upon alleged deliberate indifference by a Sheriff's Deputy who allowed the Plaintiff to be beaten by other inmates at the Detention Center by classifying him for the general population instead of placing him in protective custody. The resulting injuries have resulted in brain damage to the plaintiff. The County is participating in a mediation program striving to settle the case. If unsuccessful, the appeal would be pursued on the issue of qualified immunity. The potential exposure of this case is \$2 to \$3 million and the County is self-insured for the first million dollars. The outcome is questionable given the pending appeal.

- (f) **Leachate Contamination of ground water:** On November 10, 1998, the County approved a settlement agreement with the San Gabriel Valley Water Company (SGVWC). This agreement settles the claim that Leachate from the Mid-Valley Landfill has negatively impacted some of SGVWC's wells. This agreement requires the County to pay for the annual operation and maintenance cost of the treatment system for as long as necessary. As security for each annual payment, the County must annually post a letter of credit for 125% of the year's operations and maintenance costs, based upon an estimated budget submitted by the water company. When the agreement was approved, the then current estimate for the annual operations and maintenance costs was \$500 per year. The agreement does not state a specified number of years over which these annual costs may be incurred; therefore, a reasonable estimate of the contingent liability cannot be determined.
- (g) **Perchlorate Water Contamination:** The following lawsuits have at their core the operative events of perchlorate water contamination alleged to arise from the Mid-Valley Sanitary Landfill operated by the Solid Waste Management Department (SWMD) or collateral matters related to that contamination. One of the collateral lawsuits involves a fee challenge relating to the County's recovery of the costs of clean up of the perchlorate contamination while another collateral lawsuit is filed by former owners of property currently owned by the County and involves a breach of contract for an alleged failure to provide a defense and indemnification to the federal perchlorate actions.
- City of Rialto and City of Colton lawsuits involving Perchlorate at the Mid-Valley Landfill: The County has entered into a settlement of \$5 Million, of which the County's portion of \$775 was paid in fiscal year 2008, for the federal and state perchlorate lawsuits filed by the City of Rialto and the City of Colton (Cities). However, the effectiveness of the independent settlement is subject to certain conditions, including that the County reach a settlement regarding perchlorate with the Regional Water Quality Control Board, Santa Ana Region and that the federal court make a determination that the proposed independent settlement is in good faith. While these conditions are believed to be achievable, in light of the possibility of a settlement of the perchlorate lawsuits involving all parties (global settlement), the County and Cities have temporarily deferred further action on their independent settlement. The global settlement discussions failed to result in a settlement and so in October 2009, the federal court perchlorate lawsuits were refiled. In addition to the lawsuits refiled by the Cities, two additional lawsuits were filed by Goodrich Corporation and by Emhart Industries Inc., both of which name the County a defendant. Since the mediation for a global settlement was not successful, the County and Cities are proceeding with satisfying the conditions necessary to make their independent settlement effective. The County and Cities entered into a settlement

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(independent settlement) of \$5 million, of which the County's portion of \$775 thousand was paid in FY 2007/08, for the federal and state perchlorate lawsuits filed by the Cities.

- Breach of contract lawsuit for indemnity: A settlement agreement of \$2 million was signed by all parties as of November 19, 2009. Pursuant to the settlement, the lawsuit will be dismissed within 10 days. Additional costs may be incurred. The lawsuit concerned the County's duty to defend the sellers of land adjacent to the Mid-Valley Sanitary Landfill which the County purchased for expansion purposes. A term of the sale was the County's agreement to indemnify the former owners against claims arising from the presence of hazardous materials discovered on the property after the close of escrow. When Rialto filed its federal lawsuit, it named the former landowners as defendants. The County agreed to defend and indemnify the former owners pursuant to the terms of the sales agreement. However, this offer was rejected as the former owners claimed that a conflict of interest existed relative to the attorney chosen by the County to provide the defense. The former landowners filed suit seeking recovery from the County of their attorneys' fees and costs in defending themselves in the federal perchlorate action.
  - San Gabriel Valley Water Company lawsuit involving Perchlorate at the Mid-Valley Landfill: On July 1, 2008, San Gabriel Valley Water Company filed a claim alleging that perchlorate from the County's Mid Valley Landfill, including the expansion portion of the property where aggregate mining is taking place, has impacted its wells in the Rialto-Colton Basin. It is too early to determine the potential liability of the County.
- (h) Volatile Organic Compounds (VOC) ground water contamination:** The following lawsuit had at its core the alleged VOC ground water contamination from the closed Cajon Disposal Site operated by the county from 1963 through 1980.
- United States Environmental Protection Agency (US EPA) lawsuit: The Federal Court approved a Consent Decree settling the liability of the County for the alleged contribution of pollutants by the closed Cajon Disposal Site to the Newmark and Muscoy groundwater contamination plumes. In return for an \$11 million payment (the County paid \$2.5 million in November 2007 from its own funds, the balance was provided by its insurers), the County receives the full extent of the US EPA's protection from suits by other potential polluters as well as receiving protection from the Federal Government seeking reimbursement for the approximate \$160 million it paid for the cleanup of the contamination. The approved Consent Decree, which follows the standard form of an EPA Consent Decree, contains various standard "re-openers" that allow the EPA to seek additional funds from the County in certain limited instances.

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**NOTE 20 – SHORT-TERM DEBT**

In July 2008, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$160,000 which were repaid June 30, 2009. This issue followed the prior year issued TRANS of \$75,000 which was repaid June 30, 2008. The proceeds of the TRANS were intended to provide financing for 2008-09 General Fund expenditures, including current expenditures, capital expenditures and the discharge of other obligations or indebtedness of the County. The TRANS were secured by a pledge of various monthly amounts of property taxes on the secured roll.

<b>Beginning Balance July 1, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance June 30, 2009</b>
\$ -	\$ 160,000	\$ 160,000	\$ -

**NOTE 21 – SUBSEQUENT EVENTS**

***Tax and Revenue Anticipation Notes (TRANS)***

In July 2009 the County issued \$165,000 of Tax and Revenue Anticipation Notes in the form of Series A Bonds (Bonds) due June 30, 2010. The stated interest for the Bonds is set at 2.00% per annum with a yield of 0.40%. In accordance with California law, the Bonds are general obligations of the County and are payable only out of the taxes, income, revenues, cash receipts, and other monies of the County attributable to fiscal year 2009-2010 and legally available for payment thereof. Proceeds from the Bonds will be used for fiscal year 2009-10 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

**Medical Center Financing Project – Certificates of Participation, Series 1998**

On September 30, 2009, Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch (Helaba), notified Wells Fargo Bank, N.A., as trustee (Trustee) for the Certificates of Participation, Series 1998 (Medical Center Financing Project), that Helaba's Available Commitment and its obligation to purchase the Series 1998 Certificates pursuant to the Standby Certificate Purchase Agreement, dated as of October 1, 1998, by and among Helaba, San Bernardino County and the Trustee, had been terminated. In the notice to the Trustee, Helaba stated that the reason for the termination was the ratings downgrade of MBIA Insurance Corporation to below investment grade by Standard & Poor's on September 28, 2009.

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**June 30, 2009**  
**(Amounts in thousands)**

The terms of the Standby Certificate Purchase Agreement require that the outstanding Certificates (Bank Certificates) purchased with funds from Helaba not be remarketed at the termination of Helaba's commitment to purchase. Certificates shall be subject to mandatory redemption in five equal amounts commencing on January 1, 2010 and on each annual date thereafter with the last redemption occurring on the fifth annual date. The outstanding Bank Certificates subject to the mandatory redemption at September 28, 2009 was \$35,890. Interest on the \$35,890 is required to be paid to Helaba at the higher of (a) Prime plus 2% or (b) Base Rate plus 2%, which were 5.25% and 2.63% respectively on September 28, 2009.

Although the County does not agree with the termination notice and is in discussions to resolve the matter, the first annual amount due on January 1, 2010 of \$7,178 has been recorded as a current liability. In addition, the County is actively pursuing the restructuring of these certificates of participation.

**Refunding Certificates of Participation, Series 2009 (Medical Center Financing Project)**

On December 3, 2009, the County entered into a Certificate Purchase Contract with Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Senior Managing Underwriter and E.J. De La Rosa & Co., Inc. and Morgan Stanley & Co. Incorporated, as Co-Managing Underwriters relating to the execution and delivery of \$288,730 in refunding Certificates of Participation. This Certificate Purchase Contract is scheduled to close on December 17, 2009.

The Certificates of Participation – Arrowhead Refunding Project, Series 2009A for \$243,980 will be executed and delivered for the purpose of: (a) refinancing the Certificates of Participation, – Medical Center Financing Project, Series 1995 with a maturity date of August 1, 2022 and all of the Certificates of Participation – Medical Center Financing Project, Series 1998; (b) funding a debt service reserve parity account pursuant to the Trust Agreement; (c) funding a termination payment in connection with the termination of the Swap Agreement in effect for the Series 1998 Certificates; and (d) financing the costs of execution and delivery of the 2009 Series A Certificates.

The Certificates of Participation – Arrowhead Refunding Project, Series 2009B for \$44,750 will be executed and delivered for the purpose of: (a) refinancing the Certificates of Participation – Medical Center Financing Project, Series 1994 with maturity dates of August 1, 2019 and August 1, 2024 and (b) financing the costs of execution and delivery of the 2009 Series B Certificates.

The Series 2009A and 2009B are fixed rates certificates with interest rates that range from 3.00% to 5.50% depending on the maturity dates. The Certificates mature at various dates, with the final maturity on August 1, 2026. The Series 2009 Certificates are subject to optional and mandatory redemptions.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Amounts in thousands)**

**NOTE 22 – SPECIAL ITEM**

***Litigation Settlement***

On May 19, 2009 the county agreed to a settlement in the Waste Disposal Agreement (WDA) Cities lawsuit regarding the perchlorate surcharge. At the October 25, 2005 SWMD Financial Status Report presentation at the Board, the Board adopted the perchlorate surcharge of a flat sixty-nine cents per ton to recover the 30-year projected costs for clean up. Waste System Division began collecting the new fee on February 1, 2006. Eleven WDA cities filed a state lawsuit against the County alleging that the County had no authority, under the WDA contracts, to impose the surcharge. The cities received a favorable ruling in the state court. A settlement agreement was signed on May 19, 2009 that provided for reimbursement to the litigants of the perchlorate fees collected by the County since February 2006. The reimbursement was to take place over the next eighteen months. In June 2009 the County began the reimbursement process to repay \$724. The \$636 will be refunded to the cities in FY 2010 and FY 2011.

**Acquisition of Arrowhead Manor Water Company**

On October 17, 2006, CSA 70 Cedar Glen and the court-appointed receiver for Arrowhead Manor Water Company entered into an asset acquisition agreement for the purchase of Arrowhead Manor Water Company. The agreement involved the purchase (\$305) and the transfer of a State Safe Drinking Water Bond Act (SDWBA) Loan that was previously acquired by the Water Company. The balance of the loan was \$911. This involved the passing of Assembly Bill Number 2680 which passed on September 30, 2008 and went into effect January 1, 2009. The asset acquisition agreement was effective as of the close of escrow, which was January 30, 2009. Before escrow was closed, CSA 70 Cedar Glen had to pay the SDWBA loan in full. This resulted in an expenditure of \$911 in FY09. It is considered a Special Item because it was a one time expense incurred in order to acquire AMWC.

**NOTE 23 – NEW ACCOUNTING PRONOUNCEMENTS**

***GASB 51 – Accounting and Financial Reporting for Intangible Assets***

The GASB issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

***GASB 53 – Accounting and Financial Reporting for Derivative Instruments***

The GASB issued Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Amounts in thousands)**

***GASB 54 – Accounting and Financial Reporting for Fund Balance Reporting and Governmental Fund Type Definition***

The GASB issued Statement No. 54, Accounting and Financial reporting for Fund Balance Reporting and Governmental Fund Type Definition to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.



# Required Supplementary Information

Comprehensive Annual Financial Report

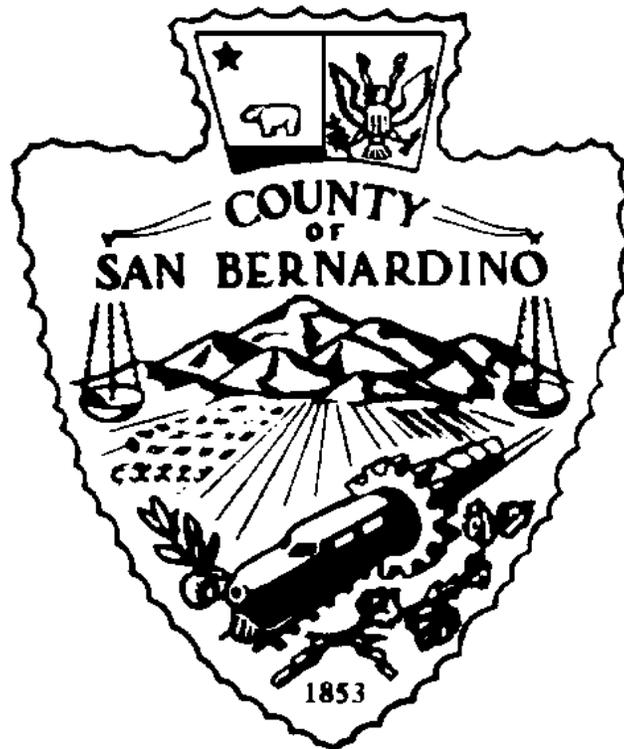
**REQUIRED SUPPLEMENTARY INFORMATION  
(Unaudited)**

**San Bernardino County Employees Retirement Association  
Schedule of Funding Progress  
(Amounts in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL)** (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [( b ) - ( a )] / ( c )
6/30/2004	4,418,152	4,719,865	301,713	93.61%	943,545	31.98%
6/30/2005	4,750,229	5,215,719	465,490	91.08%	968,674	48.05%
6/30/2006	5,175,767	5,624,646	448,879	92.02%	1,028,731	43.63%
6/30/2007	5,797,400	6,227,013	429,613	93.10%	1,102,151	38.98%
6/30/2008	6,341,531	6,773,629	432,098	93.62%	1,219,562	35.43%
6/30/2009	\$6,383,388	\$7,013,534	\$630,146	91.02%	\$1,226,431	51.38%

\* Includes assets for Survivor Benefits, Burial Allowance, General Retiree Subsidy, and Excess Earnings Reserves

\*\* Includes liabilities held for Survivor Benefits, Burial Allowance, General Retiree Subsidy, and Excess Earnings Reserves





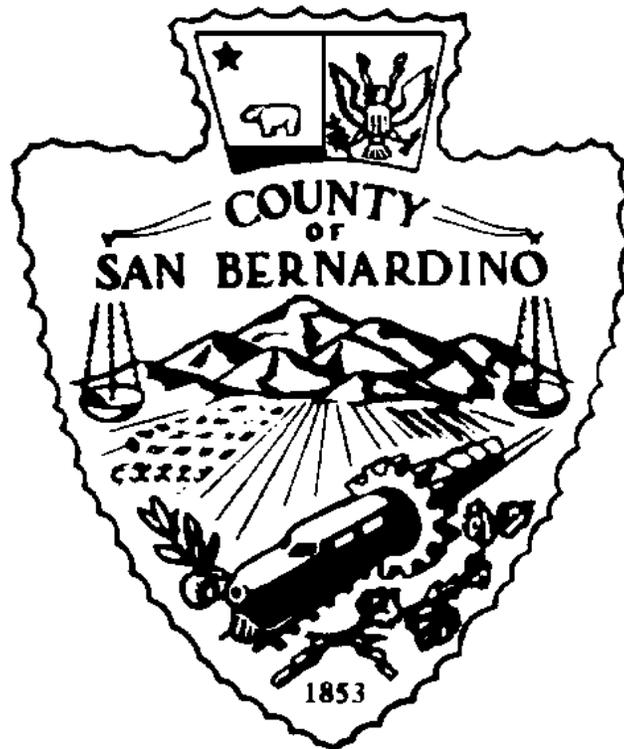
# Supplemental Information

Comprehensive Annual Financial Report



# Combined Financial Statements Nonmajor Governmental Funds

Comprehensive Annual Financial Report



COUNTY OF SAN BERNARDINO  
 COMBINED BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2009 (IN THOUSANDS)

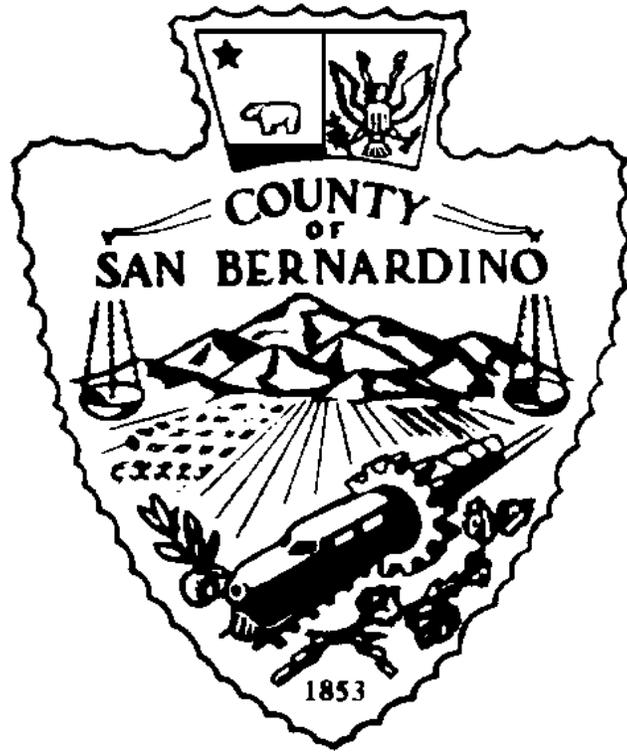
	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
<b>ASSETS</b>					
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 428,428	\$ 31,074	\$ 52,967	\$ 561	\$ 513,030
INVESTMENTS (NOTE 6)	-	10,995	-	-	10,995
ACCOUNTS RECEIVABLE - NET	4,948	-	-	-	4,948
TAXES RECEIVABLE	4,210	-	-	-	4,210
LOAN RECEIVABLE	1,470	-	-	-	1,470
OTHER RECEIVABLES	14	-	-	-	14
DUE FROM OTHER FUNDS	9,191	-	161	-	9,352
DUE FROM OTHER GOVERNMENTS	20,247	-	-	-	20,247
LAND HELD FOR RESALE (NOTE 2)	10,213	-	6,771	-	16,984
INVENTORIES	126	-	-	-	126
PREPAID ITEMS	140	-	-	-	140
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	5,721	-	-	-	5,721
<b>TOTAL ASSETS</b>	<b>\$ 484,708</b>	<b>\$ 42,069</b>	<b>\$ 59,899</b>	<b>\$ 561</b>	<b>\$ 587,237</b>
<b>LIABILITIES AND FUND BALANCES</b>					
ACCOUNTS PAYABLE	\$ 10,834	\$ -	\$ 663	\$ -	\$ 11,497
SALARIES AND BENEFITS PAYABLE	12,474	-	-	-	12,474
DUE TO OTHER FUNDS	33,482	84	149	-	33,715
DUE TO OTHER GOVERNMENTS	6,459	-	-	-	6,459
INTEREST PAYABLE	2,143	-	-	-	2,143
DEFERRED REVENUE	4,081	-	-	-	4,081
INTERFUND PAYABLE (NOTE 7)	15,211	-	-	-	15,211
<b>TOTAL LIABILITIES</b>	<b>84,684</b>	<b>84</b>	<b>812</b>	<b>-</b>	<b>85,580</b>
<b>FUND BALANCES:</b>					
ENCUMBRANCES	40,496	-	468	-	40,964
PREPAID ITEMS	140	-	-	-	140
LAND HELD FOR RESALE	10,213	-	6,771	-	16,984
INVENTORIES	126	-	-	-	126
LOANS RECEIVABLE	1,470	-	-	-	1,470
DEBT SERVICE	-	41,985	-	-	41,985
<b>UNRESERVED, REPORTED IN:</b>					
DESIGNATED	11,990	-	-	-	11,990
UNDESIGNATED	335,589	-	51,848	561	387,998
<b>TOTAL FUND BALANCES</b>	<b>400,024</b>	<b>41,985</b>	<b>59,087</b>	<b>561</b>	<b>501,657</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 484,708</b>	<b>\$ 42,069</b>	<b>\$ 59,899</b>	<b>\$ 561</b>	<b>\$ 587,237</b>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
<b>REVENUES</b>					
TAXES	\$ 131,470	\$ -	\$ -	\$ -	\$ 131,470
LICENSES, PERMITS, AND FRANCHISES	507	-	-	-	507
FINES, FORFEITURES, AND PENALTIES	10,168	-	-	-	10,168
REVENUES FROM USE OF MONEY AND PROPERTY	16,160	574	1,602	19	18,355
AID FROM OTHER GOVERNMENTAL AGENCIES	240,538	-	4,748	-	245,286
CHARGES FOR CURRENT SERVICES	94,418	-	4	-	94,422
OTHER REVENUES	36,024	5,110	130	20	41,284
TOTAL REVENUES	529,285	5,684	6,484	39	541,492
<b>EXPENDITURES</b>					
CURRENT:					
GENERAL GOVERNMENT	8,897	69	148	109	9,223
PUBLIC PROTECTION	188,641	-	-	-	188,641
PUBLIC WAYS AND FACILITIES	59,287	-	-	-	59,287
HEALTH AND SANITATION	8,709	-	-	-	8,709
PUBLIC ASSISTANCE	72,785	-	-	-	72,785
EDUCATION	17,249	-	-	-	17,249
RECREATION AND CULTURAL SERVICES	7,523	-	-	-	7,523
DEBT SERVICE:					
PRINCIPAL	5,662	42,995	-	-	48,657
INTEREST AND FISCAL CHARGES	5,879	49,597	-	-	55,476
CAPITAL OUTLAY	15,432	-	9,446	-	24,878
TOTAL EXPENDITURES	390,064	92,661	9,594	109	492,428
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	139,221	(86,977)	(3,110)	(70)	49,064
<b>OTHER FINANCING SOURCES (USES):</b>					
TRANSFERS TO OTHER FUNDS (NOTE 7)	(170,416)	-	(5,719)	-	(176,135)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	52,290	95,639	16,289	-	164,218
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,446	-	-	-	1,446
SALE OF CAPITAL ASSETS	1,104	-	-	-	1,104
TOTAL OTHER FINANCING SOURCES AND (USES)	(115,576)	95,639	10,570	-	(9,367)
NET CHANGES IN FUND BALANCE	23,645	8,662	7,460	(70)	39,697
FUND BALANCE, JULY 1, 2008	376,379	33,323	51,627	631	461,960
FUND BALANCE, JUNE 30, 2009	\$ 400,024	\$ 41,985	\$ 59,087	\$ 561	\$ 501,657

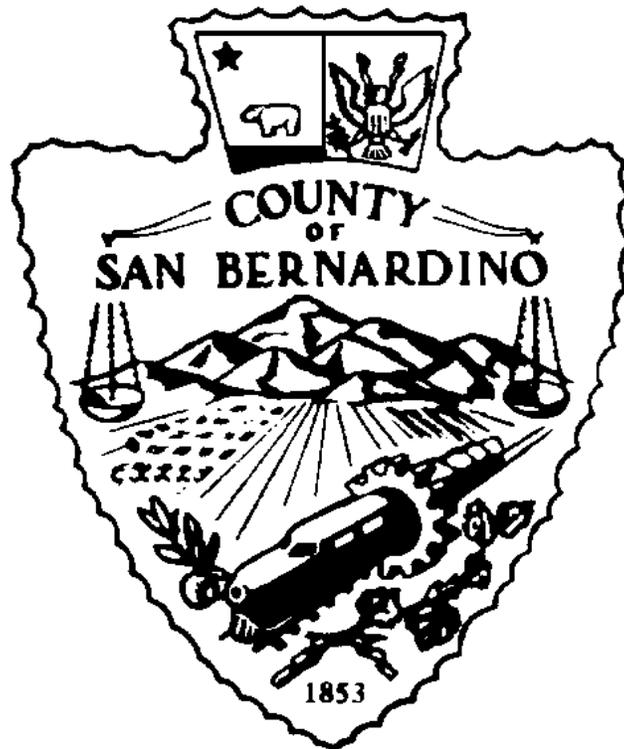
See accompanying independent auditor's report.





# Combining Financial Statements Nonmajor Governmental Funds

Comprehensive Annual Financial Report



# NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

## SPECIAL REVENUE FUNDS DESCRIPTIONS

### ***TRANSPORTATION***

The Transportation Fund is responsible for the administration, planning, design, contracting, traffic management and maintenance of approximately 2,899 miles of County roads. The fund is financed principally from the State Highway User's Tax, a small share of the state sales tax, and State and Federal aid for road improvements.

### ***SPECIAL TRANSPORTATION***

The Special Transportation Fund was established for the purpose of accounting for various transportation projects within the County. Funding comes from Measure I money (½% sales tax approved by voters in November 1989).

### ***SPECIAL AVIATION***

The Special Aviation Fund accounts for the County's airport construction projects financed principally by state and federal grants.

### ***MENTAL HEALTH SERVICES ACT***

Mental Health Services Fund accounts for the monies to be used for reducing the long-term adverse impact on individuals and families from untreated serious mental illness. Revenues are derived from a state income tax surcharge of one percent on the portion of taxpayers' annual income that exceeds \$1 million.

### ***PRESCHOOL SERVICES DEPARTMENT***

The Preschool Services Department Fund administers the following programs: Headstart State Preschool, Child Development, Alternative Payment, and Child Nutrition Services. These programs are funded by the U.S. Department of Health and Human Services, and the California State Department of Education.

### ***AGING AND ADULT SERVICES***

The Aging and Adult Services Fund accounts for services provided to the County's elderly through senior citizen programs financed primarily by state aid.

### ***JOBS AND EMPLOYMENT SERVICES***

The Jobs and Employment Services Fund was established to provide various job training programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to economically disadvantaged individuals facing barriers to employment.

### ***COURTHOUSE TEMPORARY CONSTRUCTION***

The Courthouse Temporary Construction Fund accounts for monies to be used for the acquisition, rehabilitation, construction, and financing of courtrooms and courtroom facilities. Revenues are derived from a surcharge on parking fines, non-parking offenses, and criminal fines.

## **NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued**

### ***CRIMINAL JUSTICE TEMPORARY CONSTRUCTION***

The Criminal Justice Temporary Construction Fund accounts for the monies to be used for improvements to criminal justice facilities. Revenues are derived from a surcharge on criminal fines.

### ***CENTRAL COURTHOUSE SURCHARGE***

The Central Courthouse Surcharge Fund accounts for the monies to be used Central Courthouse seismic retrofit/remodel project. Revenues are derived from a surcharge on civil filing fees.

### ***MICROGRAPHICS FEES***

The Micrographics Fees Fund was established to account for the automation of record keeping systems. Revenues are derived from a portion of the County Clerk's filing fees.

### ***LOCAL LAW ENFORCEMENT BLOCK GRANT***

Local Law Enforcement block grant from the U.S. Department of Justice accounts for the purpose of reducing crime and improving public safety.

### ***SHERIFF'S SPECIAL PROJECTS***

Sheriff's Special Projects Fund accounts for the following functions: public gatherings -- appropriations set aside to fund Sheriff protective services for public gatherings; contract training -- represents special law enforcement training provided to the County Sheriff; asset seizures -- represents funds appropriated from drug asset seizures to be used for the purchase of non-budgeted services and equipment; High Intensity Drug Trafficking Area Program and the Regional Narcotics Task Force to enable regional cooperation and coordination in fighting major drug trafficking and surveillance of criminal and narcotics activities; and CAL-ID -- an automated criminal identification system through fingerprinting.

### ***FIRE PROTECTION DISTRICTS***

The Fire Protection Districts account for the operation and maintenance of fire protection facilities. Property taxes represent the principal source of financing.

### ***TOBACCO TAX PROGRAM***

The Tobacco Tax Program, which was implemented by State Assembly Bill (AB) 75, accounts for Cigarette and Tobacco Products Surtax Funds. These funds are to be used for Hospital Services, Physician Services, and other Health Services.

### ***FLOOD CONTROL DISTRICT***

The Flood Control District Fund accounts for the control of flood and storm waters and for the conservation of such waters for beneficial and useful purposes to the public. The Flood Control District's primary source of funding is from property taxes.

### ***COUNTY SERVICE AREAS***

The County Service Areas Special Revenue Funds account for a broad range of services to remote geographical areas as well as rapidly growing communities. These funds are financed principally from property taxes.

## **NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued**

### ***PARK AND RECREATION DISTRICTS***

The Park and Recreation Districts account for the operation and maintenance of recreational facilities. Property taxes represent the principal sources of financing to the extent that service fees are not sufficient to provide such financing.

### ***COUNTY FREE LIBRARY***

The County Free Library Fund provides public library services through a network of 30 branches to all of the unincorporated areas and 17 of the cities within the County. Two bookmobiles reach people who live in sparsely populated areas or who are not able to use traditional branches. The fund is financed principally from property taxes.

### ***REDEVELOPMENT AGENCY***

The Redevelopment Agency Fund accounts for administration and revenues and expenditures related to the San Sevaire project and low and moderate-income housing.

### ***ECONOMIC AND COMMUNITY DEVELOPMENT***

The Economic and Community Development Fund accounts for Federal Community Development Block Grants. These grants are used to develop viable urban communities by providing decent housing, suitable living environments and economic opportunities for low and moderate income individuals.

### ***JOINT POWERS AUTHORITIES***

The Joint Powers Authorities Funds account for cash accumulated for the payment of all administrative costs of the authorities, incidental to the issuance of Certificates of Participation.

### ***OTHER SPECIAL REVENUE***

Other Special Revenue Funds account for revenues received for various activities and programs including Master Settlement Agreement, Fish and Game, Off-Highway Vehicle License Fees, Intergovernmental Training, Industrial Development Authority, California Grazing Fees, Litter Cleanup, Survey Monument Preservation, Geothermal Energy, Hazardous Waste Awards, Glen Helen Amphitheater, and the Chino Open Space Project.

## **DEBT SERVICE FUNDS DESCRIPTIONS**

### ***JOINT POWERS AUTHORITIES***

The Joint Powers Authorities Debt Service funds account for the accumulation of resources for, and payment of, general long-term debt principal and interest. Long-term lease payments from the General Fund present the primary source of financing the requirements.

### ***PENSION OBLIGATION BONDS***

The Pension Obligation Bond Fund administers the debt service payments related to the County's pension obligation bonds.

### ***REDEVELOPMENT AGENCY BONDS***

This fund is used to account for Redevelopment Agency of the County of San Bernardino bonds.

# NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued

## CAPITAL PROJECTS FUNDS DESCRIPTIONS

### *REDEVELOPMENT AGENCY*

This fund is used to account for establishing one or more redevelopment projects areas of the County.

### *COUNTY SERVICE AREAS*

The County Service Areas Capital Projects funds account for the financial resources and acquisition and construction of facilities within certain geographical areas of the County.

### *FIRE PROTECTION DISTRICTS*

The Fire Protection Districts Capital Projects funds account for the financial resources and acquisition and construction of fire protection facilities within certain geographical areas of the County.

### *PARK AND RECREATION DISTRICTS*

The Park and Recreation Districts' Capital Projects funds account for the financial resources and the acquisition and construction of recreational facilities within certain geographical areas of the County.

## PERMANENT FUNDS DESCRIPTIONS

**Barstow Cemetery Endowment Care Fund** - The Barstow Cemetery Endowment Care Fund accounts for all cash deposits collected for each grave lot sold, and are used to defray the actual costs of care and maintenance of the cemetery.

**Lucerne Valley Cemetery Endowment Care Fund** - The Lucerne Valley Cemetery Endowment Care Fund accounts for all cash deposits collected for each grave lot sold, and are used to defray the actual costs of care and maintenance of the cemetery.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2009 (IN THOUSANDS)

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 428,428	\$ 30,851	\$ 36,049	\$ 7,264
ACCOUNTS RECEIVABLE - NET	4,948	-	93	-
TAXES RECEIVABLE	4,210	-	500	-
LOAN RECEIVABLE	1,470	-	-	-
OTHER RECEIVABLES	14	-	-	-
DUE FROM OTHER FUNDS	9,191	531	5	206
DUE FROM OTHER GOVERNMENTS	20,247	5,149	130	-
LAND HELD FOR RESALE	10,213	-	-	-
INVENTORIES	126	126	-	-
PREPAID ITEMS	140	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	5,721	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 484,708</u>	<u>\$ 36,657</u>	<u>\$ 36,777</u>	<u>\$ 7,470</u>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ 10,834	\$ 1,518	\$ 489	\$ -
SALARIES AND BENEFITS PAYABLE	12,474	2,082	-	-
DUE TO OTHER FUNDS	33,482	189	183	70
DUE TO OTHER GOVERNMENTS	6,459	-	-	-
INTEREST PAYABLE	2,143	386	-	-
DEFERRED REVENUE	4,081	-	201	-
INTERFUND PAYABLE	15,211	4,000	-	-
<b>TOTAL LIABILITIES</b>	<u>84,684</u>	<u>8,175</u>	<u>873</u>	<u>70</u>
<b>FUND BALANCES</b>				
RESERVED FOR:				
ENCUMBRANCES	40,496	15,964	3,468	800
PREPAID ITEMS	140	-	-	-
LAND HELD FOR RESALE	10,213	-	-	-
INVENTORIES	126	126	-	-
LOANS RECEIVABLE	1,470	-	-	-
UNRESERVED, REPORTED IN:				
DESIGNATED	11,990	-	-	-
UNDESIGNATED	335,589	12,392	32,436	6,600
<b>TOTAL FUND BALANCE</b>	<u>400,024</u>	<u>28,482</u>	<u>35,904</u>	<u>7,400</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 484,708</u>	<u>\$ 36,657</u>	<u>\$ 36,777</u>	<u>\$ 7,470</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2009 (IN THOUSANDS)

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES DEPARTMENT	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 62,230	\$ 224	\$ 273	\$ 583
ACCOUNTS RECEIVABLE - NET	-	-	-	-
TAXES RECEIVABLE	-	-	-	-
LOAN RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	-	32	-	9
DUE FROM OTHER GOVERNMENTS	-	2,986	1,910	727
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 62,230</b>	<b>\$ 3,242</b>	<b>\$ 2,183</b>	<b>\$ 1,319</b>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ -	\$ 1,817	\$ 184	\$ 597
SALARIES AND BENEFITS PAYABLE	-	722	112	401
DUE TO OTHER FUNDS	10,890	29	475	123
DUE TO OTHER GOVERNMENTS	-	78	-	-
INTEREST PAYABLE	-	-	-	-
DEFERRED REVENUE	-	-	-	-
INTERFUND PAYABLE	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>10,890</b>	<b>2,646</b>	<b>771</b>	<b>1,121</b>
<b>FUND BALANCES</b>				
RESERVED FOR:				
ENCUMBRANCES	-	5	-	158
PREPAID ITEMS	-	-	-	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
LOANS RECEIVABLE	-	-	-	-
UNRESERVED, REPORTED IN:				
DESIGNATED	11,990	-	-	-
UNDESIGNATED	39,350	591	1,412	40
<b>TOTAL FUND BALANCE</b>	<b>51,340</b>	<b>596</b>	<b>1,412</b>	<b>198</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 62,230</b>	<b>\$ 3,242</b>	<b>\$ 2,183</b>	<b>\$ 1,319</b>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2009 (IN THOUSANDS)

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 6,006	\$ 7,897	\$ 1	\$ 15,452
ACCOUNTS RECEIVABLE - NET	-	-	-	56
TAXES RECEIVABLE	-	-	-	-
LOAN RECEIVABLE	-	-	-	1,470
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	-	-	-	-
DUE FROM OTHER GOVERNMENTS	-	-	-	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,006</b>	<b>\$ 7,897</b>	<b>\$ 1</b>	<b>\$ 16,978</b>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ 51
SALARIES AND BENEFITS PAYABLE	-	-	-	107
DUE TO OTHER FUNDS	-	-	-	131
DUE TO OTHER GOVERNMENTS	-	-	-	183
INTEREST PAYABLE	-	-	-	-
DEFERRED REVENUE	-	-	-	-
INTERFUND PAYABLE	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>472</b>
<b>FUND BALANCES</b>				
RESERVED FOR:				
ENCUMBRANCES	-	-	-	2,301
PREPAID ITEMS	-	-	-	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
LOANS RECEIVABLE	-	-	-	1,470
UNRESERVED, REPORTED IN:				
DESIGNATED	-	-	-	-
UNDESIGNATED	6,006	7,897	1	12,735
<b>TOTAL FUND BALANCE</b>	<b>6,006</b>	<b>7,897</b>	<b>1</b>	<b>16,506</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 6,006</b>	<b>\$ 7,897</b>	<b>\$ 1</b>	<b>\$ 16,978</b>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2009 (IN THOUSANDS)

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF'S SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	TOBACCO TAX PROGRAM
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 7,564	\$ 16,074	\$ 44,811	\$ 785
ACCOUNTS RECEIVABLE - NET	-	-	3,861	-
TAXES RECEIVABLE	-	-	1,032	-
LOAN RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	14	-
DUE FROM OTHER FUNDS	-	27	2,785	-
DUE FROM OTHER GOVERNMENTS	20	11	3,085	71
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	13	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 7,584</b>	<b>\$ 16,112</b>	<b>\$ 55,601</b>	<b>\$ 856</b>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ 5	\$ -	\$ 497	\$ -
SALARIES AND BENEFITS PAYABLE	-	17	6,049	-
DUE TO OTHER FUNDS	7	322	968	-
DUE TO OTHER GOVERNMENTS	-	250	2,384	-
INTEREST PAYABLE	-	-	-	-
DEFERRED REVENUE	-	-	1,803	-
INTERFUND PAYABLE	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>12</b>	<b>589</b>	<b>11,701</b>	<b>-</b>
<b>FUND BALANCES</b>				
RESERVED FOR:				
ENCUMBRANCES	74	1,015	765	-
PREPAID ITEMS	-	-	13	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
LOANS RECEIVABLE	-	-	-	-
UNRESERVED, REPORTED IN:				
DESIGNATED	-	-	-	-
UNDESIGNATED	7,498	14,508	43,122	856
<b>TOTAL FUND BALANCE</b>	<b>7,572</b>	<b>15,523</b>	<b>43,900</b>	<b>856</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 7,584</b>	<b>\$ 16,112</b>	<b>\$ 55,601</b>	<b>\$ 856</b>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2009 (IN THOUSANDS)

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 61,412	\$ 17,204	\$ 1,076	\$ 15
ACCOUNTS RECEIVABLE - NET	592	124	31	157
TAXES RECEIVABLE	1,433	505	46	238
LOAN RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	2,150	212	146	611
DUE FROM OTHER GOVERNMENTS	276	215	75	408
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	5,712	9	-	-
<b>TOTAL ASSETS</b>	<b>\$ 71,575</b>	<b>\$ 18,269</b>	<b>\$ 1,374</b>	<b>\$ 1,429</b>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ 5,081	\$ 167	\$ 21	\$ 10
SALARIES AND BENEFITS PAYABLE	942	647	136	850
DUE TO OTHER FUNDS	511	65	-	13
DUE TO OTHER GOVERNMENTS	1,663	22	-	-
INTEREST PAYABLE	-	9	-	-
DEFERRED REVENUE	1,358	245	67	342
INTERFUND PAYABLE	-	446	-	-
<b>TOTAL LIABILITIES</b>	<b>9,555</b>	<b>1,601</b>	<b>224</b>	<b>1,215</b>
<b>FUND BALANCES</b>				
RESERVED FOR:				
ENCUMBRANCES	12,094	969	11	-
PREPAID ITEMS	-	-	-	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
LOANS RECEIVABLE	-	-	-	-
UNRESERVED, REPORTED IN:				
DESIGNATED	-	-	-	-
UNDESIGNATED	49,926	15,699	1,139	214
<b>TOTAL FUND BALANCE</b>	<b>62,020</b>	<b>16,668</b>	<b>1,150</b>	<b>214</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 71,575</b>	<b>\$ 18,269</b>	<b>\$ 1,374</b>	<b>\$ 1,429</b>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2009 (IN THOUSANDS)

	REDEVELOPMENT AGENCY	ECONOMIC AND COMMUNITY DEVELOPMENT	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 34,565	\$ 21,047	\$ 18,815	\$ 38,230
ACCOUNTS RECEIVABLE - NET	-	-	-	34
TAXES RECEIVABLE	323	1	-	132
LOAN RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	74	3	-	2,400
DUE FROM OTHER GOVERNMENTS	970	1,493	-	2,721
LAND HELD FOR RESALE	10,213	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	114	-	13	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 46,259</b>	<b>\$ 22,544</b>	<b>\$ 18,828</b>	<b>\$ 43,517</b>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ 25	\$ 191	\$ -	\$ 181
SALARIES AND BENEFITS PAYABLE	60	169	-	180
DUE TO OTHER FUNDS	101	1,378	13,465	4,562
DUE TO OTHER GOVERNMENTS	216	1	51	1,611
INTEREST PAYABLE	1,748	-	-	-
DEFERRED REVENUE	-	-	12	53
INTERFUND PAYABLE	10,415	-	-	350
<b>TOTAL LIABILITIES</b>	<b>12,565</b>	<b>1,739</b>	<b>13,528</b>	<b>6,937</b>
<b>FUND BALANCES</b>				
RESERVED FOR:				
ENCUMBRANCES	-	1,725	-	1,147
PREPAID ITEMS	114	-	13	-
LAND HELD FOR RESALE	10,213	-	-	-
INVENTORIES	-	-	-	-
LOANS RECEIVABLE	-	-	-	-
UNRESERVED, REPORTED IN:				
DESIGNATED	-	-	-	-
UNDESIGNATED	23,367	19,080	5,287	35,433
<b>TOTAL FUND BALANCE</b>	<b>33,694</b>	<b>20,805</b>	<b>5,300</b>	<b>36,580</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 46,259</b>	<b>\$ 22,544</b>	<b>\$ 18,828</b>	<b>\$ 43,517</b>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	TOTAL	TRANSPORTATION	SPECIAL TRANSPORTATION	SPECIAL AVIATION
<b>REVENUES:</b>				
TAXES	\$ 131,470	\$ -	\$ 6,844	\$ -
LICENSES, PERMITS AND FRANCHISES	507	460	-	-
FINES, FORFEITURES AND PENALTIES	10,168	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	16,160	924	944	855
AID FROM OTHER GOVERNMENTAL AGENCIES	240,538	48,822	-	120
CHARGES FOR CURRENT SERVICES	94,418	1,407	2,060	961
OTHER REVENUES	36,024	341	969	56
TOTAL REVENUES	<u>529,285</u>	<u>51,954</u>	<u>10,817</u>	<u>1,992</u>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	8,897	-	-	-
PUBLIC PROTECTION	188,641	-	-	-
PUBLIC WAYS AND FACILITIES	59,287	50,026	5,967	994
HEALTH AND SANITATION	8,709	-	-	-
PUBLIC ASSISTANCE	72,785	-	-	-
EDUCATION	17,249	-	-	-
RECREATION AND CULTURAL SERVICES	7,523	-	-	-
DEBT SERVICE:				
PRINCIPAL	5,662	480	-	-
INTEREST AND FISCAL CHARGES	5,879	57	-	-
CAPITAL OUTLAY	15,432	5,659	-	2,269
TOTAL EXPENDITURES	<u>390,064</u>	<u>56,222</u>	<u>5,967</u>	<u>3,263</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>139,221</u>	<u>(4,268)</u>	<u>4,850</u>	<u>(1,271)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS TO OTHER FUNDS	(170,416)	(2,222)	(160)	(1)
TRANSFERS FROM OTHER FUNDS	52,290	184	-	706
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,446	1,446	-	-
SALE OF CAPITAL ASSETS	1,104	475	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(115,576)</u>	<u>(117)</u>	<u>(160)</u>	<u>705</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	23,645	(4,385)	4,690	(566)
FUND BALANCE, JULY 1, 2008	<u>376,379</u>	<u>32,867</u>	<u>31,214</u>	<u>7,966</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 400,024</u>	<u>\$ 28,482</u>	<u>\$ 35,904</u>	<u>\$ 7,400</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES DEPARTMENT	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
<b>REVENUES:</b>				
TAXES	\$ -	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	1,386	27	28	226
AID FROM OTHER GOVERNMENTAL AGENCIES	64,791	40,351	3,215	13,683
CHARGES FOR CURRENT SERVICES	-	83	-	-
OTHER REVENUES	317	187	6	263
<b>TOTAL REVENUES</b>	<b>66,494</b>	<b>40,648</b>	<b>3,249</b>	<b>14,172</b>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	-	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	-
PUBLIC ASSISTANCE	-	39,493	3,844	13,789
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-	-
CAPITAL OUTLAY	-	748	-	39
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>40,241</b>	<b>3,844</b>	<b>13,828</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	66,494	407	(595)	344
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS TO OTHER FUNDS	(50,952)	(219)	(60)	(245)
TRANSFERS FROM OTHER FUNDS	-	-	661	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	-	-	-
SALE OF CAPITAL ASSETS	-	10	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(50,952)</b>	<b>(209)</b>	<b>601</b>	<b>(245)</b>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	15,542	198	6	99
FUND BALANCE, JULY 1, 2008	35,798	398	1,406	99
FUND BALANCE, JUNE 30, 2009	\$ 51,340	\$ 596	\$ 1,412	\$ 198

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
<b>REVENUES:</b>				
TAXES	\$ -	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-	-
FINES, FORFEITURES AND PENALTIES	2,699	3,334	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	147	188	2	87
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-	-
CHARGES FOR CURRENT SERVICES	-	-	2,513	4,038
OTHER REVENUES	33	43	-	10
<b>TOTAL REVENUES</b>	<b>2,879</b>	<b>3,565</b>	<b>2,515</b>	<b>4,135</b>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	-	-	-	4,508
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	-
PUBLIC ASSISTANCE	-	-	-	-
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-	-
CAPITAL OUTLAY	-	-	-	274
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,782</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,879	3,565	2,515	(647)
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS TO OTHER FUNDS	-	-	(2,987)	(1,068)
TRANSFERS FROM OTHER FUNDS	-	-	-	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	-	-	-
SALE OF CAPITAL ASSETS	-	-	-	7
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(2,987)</b>	<b>(1,061)</b>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	2,879	3,565	(472)	(1,708)
FUND BALANCE, JULY 1, 2008	3,127	4,332	473	18,214
FUND BALANCE, JUNE 30, 2009	\$ 6,006	\$ 7,897	\$ 1	\$ 16,506

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF'S SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	TOBACCO TAX PROGRAM
<b>REVENUES:</b>				
TAXES	\$ -	\$ -	44,238	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-	-
FINES, FORFEITURES AND PENALTIES	-	18	72	-
REVENUES FROM USE OF MONEY AND PROPERTY	235	390	1,041	6
AID FROM OTHER GOVERNMENTAL AGENCIES	285	9,492	15,274	864
CHARGES FOR CURRENT SERVICES	-	2,678	65,330	-
OTHER REVENUES	54	4,611	735	2
<b>TOTAL REVENUES</b>	<b>574</b>	<b>17,189</b>	<b>126,690</b>	<b>872</b>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	586	9,235	116,552	-
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	322
PUBLIC ASSISTANCE	-	-	-	-
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	137	-
INTEREST AND FISCAL CHARGES	-	-	22	-
CAPITAL OUTLAY	724	1,410	1,946	-
<b>TOTAL EXPENDITURES</b>	<b>1,310</b>	<b>10,645</b>	<b>118,657</b>	<b>322</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(736)	6,544	8,033	550
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS TO OTHER FUNDS	(142)	(3,182)	(7,965)	-
TRANSFERS FROM OTHER FUNDS	-	-	40,562	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	-	-	-
SALE OF CAPITAL ASSETS	-	-	54	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(142)</b>	<b>(3,182)</b>	<b>32,651</b>	<b>-</b>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(878)	3,362	40,684	550
FUND BALANCE, JULY 1, 2008	8,450	12,161	3,216	306
FUND BALANCE, JUNE 30, 2009	\$ 7,572	\$ 15,523	\$ 43,900	\$ 856

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
<b>REVENUES:</b>				
TAXES	\$ 41,810	\$ 3,694	\$ 2,189	\$ 14,117
LICENSES, PERMITS AND FRANCHISES	47	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	3,099	542	105	-
AID FROM OTHER GOVERNMENTAL AGENCIES	9,549	1,331	198	907
CHARGES FOR CURRENT SERVICES	230	5,235	1,137	1,240
OTHER REVENUES	1,701	342	32	884
TOTAL REVENUES	<u>56,436</u>	<u>11,144</u>	<u>3,661</u>	<u>17,148</u>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	-	1,832	-	-
PUBLIC PROTECTION	51,490	538	-	-
PUBLIC WAYS AND FACILITIES	-	2,166	-	-
HEALTH AND SANITATION	-	120	-	-
PUBLIC ASSISTANCE	-	-	-	-
EDUCATION	-	-	-	17,249
RECREATION AND CULTURAL SERVICES	-	1,352	3,629	-
DEBT SERVICE:				
PRINCIPAL	4,656	59	-	50
INTEREST AND FISCAL CHARGES	4,308	52	-	73
CAPITAL OUTLAY	115	385	21	222
TOTAL EXPENDITURES	<u>60,569</u>	<u>6,504</u>	<u>3,650</u>	<u>17,594</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,133)</u>	<u>4,640</u>	<u>11</u>	<u>(446)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS TO OTHER FUNDS	(573)	(33,192)	(812)	(601)
TRANSFERS FROM OTHER FUNDS	1,452	1,691	475	1,015
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	-	-	-
SALE OF CAPITAL ASSETS	36	520	2	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>915</u>	<u>(30,981)</u>	<u>(335)</u>	<u>414</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(3,218)</u>	<u>(26,341)</u>	<u>(324)</u>	<u>(32)</u>
FUND BALANCE, JULY 1, 2008	<u>65,238</u>	<u>43,009</u>	<u>1,474</u>	<u>246</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 62,020</u>	<u>\$ 16,668</u>	<u>\$ 1,150</u>	<u>\$ 214</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	REDEVELOPMENT AGENCY	ECONOMIC AND COMMUNITY DEVELOPMENT	JOINT POWER AUTHORITIES	OTHER SPECIAL REVENUE
<b>REVENUES:</b>				
TAXES	\$ 18,528	\$ 5	\$ -	\$ 45
LICENSES, PERMITS AND FRANCHISES	-	-	-	-
FINES, FORFEITURES AND PENALTIES	-	3	-	4,042
REVENUES FROM USE OF MONEY AND PROPERTY	987	711	420	3,810
AID FROM OTHER GOVERNMENTAL AGENCIES	-	12,832	-	18,824
CHARGES FOR CURRENT SERVICES	-	7	-	7,499
OTHER REVENUES	14	3,464	6	21,954
<b>TOTAL REVENUES</b>	<b>19,529</b>	<b>17,022</b>	<b>426</b>	<b>56,174</b>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	6,900	-	155	10
PUBLIC PROTECTION	-	-	-	5,732
PUBLIC WAYS AND FACILITIES	-	-	-	134
HEALTH AND SANITATION	-	-	2	8,265
PUBLIC ASSISTANCE	-	15,475	-	184
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	2,542
DEBT SERVICE:				
PRINCIPAL	-	-	280	-
INTEREST AND FISCAL CHARGES	369	-	998	-
CAPITAL OUTLAY	889	-	-	731
<b>TOTAL EXPENDITURES</b>	<b>8,158</b>	<b>15,475</b>	<b>1,435</b>	<b>17,598</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11,371	1,547	(1,009)	38,576
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS TO OTHER FUNDS	(3,720)	(418)	(12,417)	(49,480)
TRANSFERS FROM OTHER FUNDS	370	-	3,487	1,687
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	-	-	-
SALE OF CAPITAL ASSETS	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,350)</b>	<b>(418)</b>	<b>(8,930)</b>	<b>(47,793)</b>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	8,021	1,129	(9,939)	(9,217)
FUND BALANCE, JULY 1, 2008	25,673	19,676	15,239	45,797
FUND BALANCE, JUNE 30, 2009	\$ 33,694	\$ 20,805	\$ 5,300	\$ 36,580

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUNDS  
 JUNE 30, 2009 (IN THOUSANDS)

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>	<u>REDEVELOPMENT AGENCY BONDS</u>
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 31,074	\$ 18,182	\$ 12,488	\$ 404
INVESTMENTS	<u>10,995</u>	<u>-</u>	<u>7,209</u>	<u>3,786</u>
TOTAL ASSETS	<u>42,069</u>	<u>18,182</u>	<u>19,697</u>	<u>4,190</u>
<b>LIABILITIES AND FUND BALANCES</b>				
DUE TO OTHER FUNDS	<u>84</u>	<u>10</u>	<u>-</u>	<u>74</u>
TOTAL LIABILITIES	<u>84</u>	<u>10</u>	<u>-</u>	<u>74</u>
FUND BALANCE				
RESERVED FOR :				
DEBT SERVICE	<u>41,985</u>	<u>18,172</u>	<u>19,697</u>	<u>4,116</u>
TOTAL FUND BALANCE	<u>41,985</u>	<u>18,172</u>	<u>19,697</u>	<u>4,116</u>
TOTAL LIABILITIES AND BALANCE	<u>\$ 42,069</u>	<u>\$ 18,182</u>	<u>\$ 19,697</u>	<u>\$ 4,190</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 DEBT SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>	<u>REDEVELOPMENT AGENCY BONDS</u>
<b>REVENUES</b>				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 574	\$ 182	\$ 329	\$ 63
OTHER REVENUES	5,110	-	4,820	290
TOTAL REVENUES	<u>5,684</u>	<u>182</u>	<u>5,149</u>	<u>353</u>
<b>EXPENDITURES</b>				
CURRENT:				
GENERAL GOVERNMENT	69	15	54	-
DEBT SERVICE:				
PRINCIPAL	42,995	16,780	25,215	1,000
INTEREST AND FISCAL CHARGES	49,597	6,592	40,251	2,754
TOTAL EXPENDITURES	<u>92,661</u>	<u>23,387</u>	<u>65,520</u>	<u>3,754</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(86,977)</u>	<u>(23,205)</u>	<u>(60,371)</u>	<u>(3,401)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS FROM OTHER FUNDS (NOTE 7)	95,639	21,546	70,416	3,677
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>95,639</u>	<u>21,546</u>	<u>70,416</u>	<u>3,677</u>
NET CHANGE IN FUND BALANCE	8,662	(1,659)	10,045	276
FUND BALANCE, JULY 1, 2008	<u>33,323</u>	<u>19,831</u>	<u>9,652</u>	<u>3,840</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 41,985</u>	<u>\$ 18,172</u>	<u>\$ 19,697</u>	<u>\$ 4,116</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 2009 (IN THOUSANDS)

	<u>TOTAL</u>	<u>REDEVELOPMENT AGENCY</u>	<u>COUNTY SERVICE AREAS</u>
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	\$ 52,967	\$ 30,430	\$ 6,459
DUE FROM OTHER FUNDS	161	33	48
LAND HELD FOR RESALE	<u>6,771</u>	<u>6,771</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 59,899</u>	<u>\$ 37,234</u>	<u>\$ 6,507</u>
<b>LIABILITIES AND FUND BALANCES</b>			
ACCOUNTS PAYABLE	\$ 663	\$ 30	\$ 232
DUE TO OTHER FUNDS	<u>149</u>	<u>131</u>	<u>13</u>
TOTAL LIABILITIES	<u>812</u>	<u>161</u>	<u>245</u>
FUND BALANCE:			
RESERVED FOR ENCUMBRANCES	468	-	292
RESERVED FOR LAND FOR RESALE	6,771	6,771	-
UNRESERVED, UNDESIGNATED	<u>51,848</u>	<u>30,302</u>	<u>5,970</u>
TOTAL FUND BALANCE	<u>59,087</u>	<u>37,073</u>	<u>6,262</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 59,899</u>	<u>\$ 37,234</u>	<u>\$ 6,507</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 2009 (IN THOUSANDS)

	<u>FIRE PROTECTION DISTRICTS</u>	<u>PARK AND RECREATION DISTRICTS</u>
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 7,727	\$ 8,351
DUE FROM OTHER FUNDS	80	-
LAND HELD FOR RESALE	-	-
TOTAL ASSETS	<u>\$ 7,807</u>	<u>\$ 8,351</u>
<b>LIABILITIES AND FUND BALANCES</b>		
ACCOUNTS PAYABLE	\$ 380	\$ 21
DUE TO OTHER FUNDS	-	5
TOTAL LIABILITIES	<u>380</u>	<u>26</u>
FUND BALANCE:		
RESERVED FOR ENCUMBRANCES	176	-
RESERVED FOR LAND FOR RESALE	-	-
UNRESERVED, UNDESIGNATED	<u>7,251</u>	<u>8,325</u>
TOTAL FUND BALANCE	<u>7,427</u>	<u>8,325</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,807</u>	<u>\$ 8,351</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	TOTAL	REDEVELOPMENT AGENCY	COUNTY SERVICE AREAS
<b>REVENUES</b>			
REVENUES FROM USE OF MONEY AND PROPERTY	1,602	1,127	71
AID FROM OTHER GOVERNMENTAL AGENCIES	4,748	-	4,748
CHARGES FOR CURRENT SERVICES	4	-	-
OTHER REVENUES	130	4	14
TOTAL REVENUES	<u>6,484</u>	<u>1,131</u>	<u>4,833</u>
<b>EXPENDITURES</b>			
CURRENT:			
GENERAL GOVERNMENT	148	-	148
CAPITAL OUTLAY	9,446	2,065	3,194
TOTAL EXPENDITURES	<u>9,594</u>	<u>2,065</u>	<u>3,342</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,110)</u>	<u>(934)</u>	<u>1,491</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
TRANSFER TO OTHER FUNDS (NOTE 7)	(5,719)	-	(5,447)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	16,289	-	3,249
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>10,570</u>	<u>-</u>	<u>(2,198)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	7,460	(934)	(707)
FUND BALANCE, JULY 1, 2008	51,627	38,007	6,969
FUND BALANCE, JUNE 30, 2009	<u>\$ 59,087</u>	<u>\$ 37,073</u>	<u>\$ 6,262</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>FIRE PROTECTION DISTRICTS</u>	<u>PARK AND RECREATION DISTRICTS</u>
<b>REVENUES</b>		
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 240	\$ 164
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-
CHARGES FOR CURRENT SERVICES	4	-
OTHER REVENUES	<u>41</u>	<u>71</u>
TOTAL REVENUES	<u>285</u>	<u>235</u>
<b>EXPENDITURES</b>		
CURRENT:		
GENERAL GOVERNMENT	-	-
CAPITAL OUTLAY	<u>3,392</u>	<u>795</u>
TOTAL EXPENDITURES	<u>3,392</u>	<u>795</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,107)</u>	<u>(560)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
TRANSFER TO OTHER FUNDS (NOTE 7)	(42)	(230)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	<u>6,516</u>	<u>6,524</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>6,474</u>	<u>6,294</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	3,367	5,734
FUND BALANCE, JULY 1, 2008	<u>4,060</u>	<u>2,591</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 7,427</u>	<u>\$ 8,325</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 PERMANENT FUNDS  
 JUNE 30, 2009 (IN THOUSANDS)

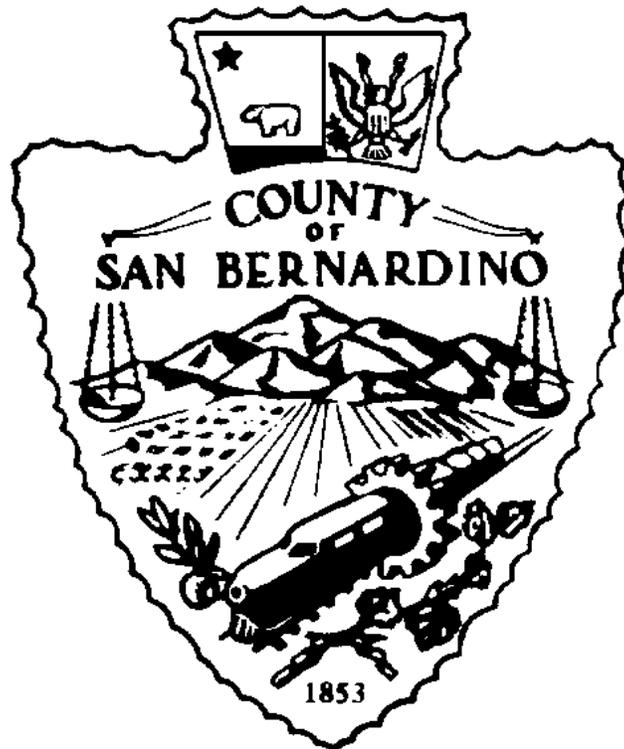
	<u>TOTAL</u>	<u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	\$ 561	\$ 471	\$ 90
TOTAL ASSETS	<u>\$ 561</u>	<u>\$ 471</u>	<u>\$ 90</u>
<b>FUND BALANCE</b>			
FUND BALANCE:			
RESERVED FOR ENDOWMENTS	\$ 561	\$ 471	\$ 90
TOTAL FUND BALANCE	<u>\$ 561</u>	<u>\$ 471</u>	<u>\$ 90</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 PERMANENT FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>TOTAL</u>	<u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>
<b>REVENUES:</b>			
REVENUES FROM USE OF MONEY & PROPERTY	\$ 19	\$ 17	\$ 2
OTHER REVENUES	<u>20</u>	<u>19</u>	<u>1</u>
TOTAL REVENUES	<u>39</u>	<u>36</u>	<u>3</u>
<b>EXPENDITURES:</b>			
CURRENT:			
GENERAL	<u>109</u>	<u>109</u>	<u>-</u>
TOTAL EXPENDITURES	<u>109</u>	<u>109</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(70)	(73)	3
FUND BALANCE , JULY 1, 2008	<u>631</u>	<u>544</u>	<u>87</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 561</u>	<u>\$ 471</u>	<u>\$ 90</u>

See accompanying independent auditor's report.





# Combining Financial Statements Nonmajor Enterprise Funds

Comprehensive Annual Financial Report

## **NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS**

### ***CRESTLINE SANITATION DISTRICT***

The Crestline Sanitation District provides sewage collection, treatment and disposal service for 5,040 equivalent dwelling units. Three treatment plants and 100 miles of sewer lines are maintained. User fees are the principal source of revenue.

### ***COUNTY SERVICE AREAS***

The County Service Areas Enterprise Funds account for water and sewer facilities within certain geographical areas of the County. User fees are the principal source of revenue.

### ***FIRE PROTECTION DISTRICTS***

The Fire Protection Districts-Ambulance Funds account for ambulance transport services. User fees are the principal source of revenue.

### ***OTHER ENTERPRISE***

The Other Enterprise Funds account for the Museum Gift Shop, and Regional Parks Snack Bar operations. Sales are the principal source of revenue.

COUNTY OF SAN BERNADINO  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	TOTAL	CRESTLINE SANITATION DISTRICT	COUNTY SERVICE AREAS	FIRE PROTECTION DISTRICTS	OTHER ENTERPRISE
<b>ASSETS</b>					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 38,004	\$ 6,056	\$ 31,074	\$ 701	\$ 173
ACCOUNTS RECEIVABLE, NET (NOTE 2)	3,832	958	1,803	1,071	-
TAXES RECEIVABLE	284	38	246	-	-
DUE FROM OTHER FUNDS	925	63	862	-	-
DUE FROM OTHER GOVERNMENTS	11	-	11	-	-
INVENTORIES	53	-	-	-	53
TOTAL CURRENT ASSETS	<u>43,109</u>	<u>7,115</u>	<u>33,996</u>	<u>1,772</u>	<u>226</u>
NONCURRENT ASSETS:					
NOTES RECEIVABLE	175	-	175	-	-
LAND, STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE	91,993	22,584	69,409	-	-
EQUIPMENT	2,454	1,261	1,193	-	-
ACCUMULATED DEPRECIATION AND AMORTIZATION	(43,204)	(16,899)	(26,305)	-	-
DEVELOPMENT IN PROGRESS	10,233	3,000	7,233	-	-
TOTAL NONCURRENT ASSETS	<u>61,651</u>	<u>9,946</u>	<u>51,705</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>104,760</u>	<u>17,061</u>	<u>85,701</u>	<u>1,772</u>	<u>226</u>
<b>LIABILITIES</b>					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	1,187	280	907	-	-
SALARIES AND BENEFITS PAYABLE	6	-	-	-	6
DUE TO OTHER FUNDS (NOTE 7)	452	18	140	280	14
DUE TO OTHER GOVERNMENTS	69	-	69	-	-
INTEREST PAYABLE	302	-	302	-	-
DEFERRED REVENUE	44	-	44	-	-
BONDS AND NOTES PAYABLE	332	93	239	-	-
TOTAL CURRENT LIABILITIES	<u>2,392</u>	<u>391</u>	<u>1,701</u>	<u>280</u>	<u>20</u>
NONCURRENT LIABILITIES:					
INTERFUND PAYABLE (NOTE 7)	1,250	-	1,250	-	-
BONDS AND NOTES PAYABLE	4,062	800	3,262	-	-
TOTAL NONCURRENT LIABILITIES	<u>5,312</u>	<u>800</u>	<u>4,512</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>7,704</u>	<u>1,191</u>	<u>6,213</u>	<u>280</u>	<u>20</u>
<b>NET ASSETS</b>					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	57,082	9,053	48,029	-	-
UNRESTRICTED	39,974	6,817	31,459	1,492	206
TOTAL NET ASSETS	<u>\$ 97,056</u>	<u>\$ 15,870</u>	<u>\$ 79,488</u>	<u>\$ 1,492</u>	<u>\$ 206</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNADINO  
 COMBINING - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	TOTAL	CRESTLINE SANITATION DISTRICT	COUNTY SERVICE AREAS	FIRE PROTECTION DISTRICTS	OTHER ENTERPRISE
OPERATING REVENUES:					
CHARGES FOR CURRENT SERVICES	\$ 14,814	\$ 2,734	\$ 10,502	\$ 1,578	\$ -
TOTAL OPERATING REVENUES	14,814	2,734	10,502	1,578	-
OPERATING EXPENSES:					
PROFESSIONAL SERVICES	1,880	154	1,531	194	1
SALARIES AND EMPLOYEES BENEFITS	7,088	2,047	4,927	-	114
SERVICES AND SUPPLIES	3,306	784	2,337	13	172
DEPRECIATION AND AMORTIZATION	2,282	495	1,780	7	-
OTHER	1,156	-	1,156	-	-
TOTAL OPERATING EXPENSES	15,712	3,480	11,731	214	287
OPERATING INCOME (LOSS)	(898)	(746)	(1,229)	1,364	(287)
NONOPERATING REVENUES (EXPENSES):					
INTEREST REVENUES	1,035	170	851	13	1
INTEREST EXPENSE	(321)	(17)	(304)	-	-
TAX REVENUE	4,500	1,288	3,212	-	-
GRANT REVENUE	156	42	114	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	(201)	7	(115)	(93)	-
OTHER NONOPERATING REVENUES	10,075	29	9,662	3	381
OTHER NON OPERATING EXPENSES	(5,245)	-	(5,245)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	9,999	1,519	8,175	(77)	382
CHANGE IN NET ASSETS BEFORE SPECIAL ITEMS TRANSFERS	9,101	773	6,946	1,287	95
SPECIAL ITEM	(911)	-	(911)	-	-
TRANSFERS TO OTHER FUNDS	(3,695)	-	(1,434)	(2,251)	(10)
TRANSFERS FROM OTHER FUNDS	1,969	63	683	1,223	-
CHANGE IN NET ASSETS	6,464	836	5,284	259	85
TOTAL NET ASSETS, JULY 1, 2008	90,592	15,034	74,204	1,233	121
TOTAL NET ASSETS, JUNE 30, 2009	\$ 97,056	\$ 15,870	\$ 79,488	\$ 1,492	\$ 206

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	TOTAL	CRESTLINE SANITATION DISTRICT	COUNTY SERVICE AREAS	FIRE PROTECTION DISTRICTS	OTHER ENTERPRISE
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
CASH RECEIVED FROM SERVICES	\$ 18,214	\$ 2,398	\$ 12,593	\$ 2,843	\$ 380
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(8,218)	(901)	(6,909)	(249)	(159)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(7,035)	(2,047)	(4,873)	-	(115)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,961	(550)	811	2,594	106
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
TAXES RECEIVED	5,553	1,261	4,292	-	-
GRANTS RECEIVED	186	62	124	-	-
TRANSFERS RECEIVED	1,086	63	683	340	-
TRANSFERS PAID	(3,788)	-	(1,527)	(2,251)	(10)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	3,037	1,386	3,572	(1,911)	(10)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
ACQUISITION OF CAPITAL ASSETS	(4,112)	(1,215)	(2,783)	(114)	-
PRINCIPAL PAID ON BONDS AND NOTES	(273)	(91)	(182)	-	-
INTEREST PAID ON BONDS AND NOTES	(245)	(17)	(228)	-	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	12	7	5	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(4,618)	(1,316)	(3,188)	(114)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
INTEREST ON INVESTMENTS	1,090	170	906	13	1
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,090	170	906	13	1
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,470	(310)	2,101	582	97
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	35,534	6,366	28,973	119	76
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 38,004	\$ 6,056	\$ 31,074	\$ 701	\$ 173
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
OPERATING INCOME (LOSS)	\$ (898)	\$ (746)	\$ (1,229)	\$ 1,364	\$ (287)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION AND AMORTIZATION	2,282	495	1,780	7	-
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	1,519	29	161	950	379
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	(174)	(396)	206	16	-
DUE FROM OTHER GOVERNMENTS	39	50	(11)	-	-
INVENTORIES	1	-	-	-	1
ACCOUNTS PAYABLE AND OTHER LIABILITIES	193	18	(96)	257	14
SALARIES AND BENEFITS PAYABLE	(1)	-	-	-	(1)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,961	\$ (550)	\$ 811	\$ 2,594	\$ 106
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS</b>					
CASH AND CASH EQUIVALENTS	\$ 38,004	\$ 6,056	\$ 31,074	\$ 701	\$ 173
	\$ 38,004	\$ 6,056	\$ 31,074	\$ 701	\$ 173

See accompanying independent auditor's report.



# Combining Financial Statements Internal Service Funds

Comprehensive Annual Financial Report

## **INTERNAL SERVICE FUNDS DESCRIPTIONS**

### ***GENERAL SERVICES GROUP***

The General Services Agency Fund accounts for the County's Printing Services and Central Mail Services departments. Services which are available to all County departments and special districts are financed by user fees for services provided.

### ***TELEPHONE SERVICES***

The Telephone Services Fund accounts for County-wide telephone operations including related hardware, software, communication facilities, and a network of microwave sites.

### ***COMPUTER OPERATIONS***

The Computer Operations Fund accounts for 24-hour-per-day, County-wide data processing services including data entry, report distribution and distributed data processing with technical support.

### ***VEHICLE SERVICES***

The Vehicle Services Fund includes both the County Garage and Motor Pool. The Fund accounts for vehicle rental services to all County departments, and maintenance and repair services to the County's vehicle and heavy equipment fleet.

### ***RISK MANAGEMENT***

The Risk Management Fund accounts for the County's self-insured worker's compensation, public liability, property conservation and safety programs which are provided to all County departments and special districts.

### ***FLOOD CONTROL EQUIPMENT***

The Flood Control Equipment Fund accounts for heavy equipment rental and maintenance services provided to each of the six flood control zones within various geographical regions of the County.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	TOTAL	GENERAL SERVICE GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
<b>ASSETS</b>							
<b>CURRENT ASSETS:</b>							
CASH AND CASH EQUIVALENTS	\$ 313,595	\$ 2,512	\$ 12,585	\$ 13,503	\$ 8,173	\$ 272,901	\$ 3,921
ACCOUNTS RECEIVABLE - NET	884	-	707	-	177	-	-
DUE FROM OTHER FUNDS	1,443	1,069	35	38	1	52	248
DUE FROM OTHER GOVERNMENTS	691	130	281	103	177	-	-
INVENTORIES	1,845	362	422	-	1,061	-	-
PREPAID ITEMS	5,982	482	-	-	-	5,500	-
TOTAL CURRENT ASSETS	<u>324,440</u>	<u>4,555</u>	<u>14,030</u>	<u>13,644</u>	<u>9,589</u>	<u>278,453</u>	<u>4,169</u>
<b>NONCURRENT ASSETS:</b>							
LAND, STRUCTURES AND IMPROVEMENTS	8,455	19	2,045	149	6,242	-	-
EQUIPMENT	77,301	1,213	25,651	9,082	27,564	60	13,731
ACCUMULATED DEPRECIATION AND AMORTIZATION	(53,399)	(1,101)	(18,898)	(6,096)	(18,440)	(45)	(8,829)
DEVELOPMENT IN PROGRESS	2,214	-	2,214	-	-	-	-
TOTAL NONCURRENT ASSETS	<u>34,571</u>	<u>131</u>	<u>11,022</u>	<u>3,135</u>	<u>15,366</u>	<u>15</u>	<u>4,902</u>
TOTAL ASSETS	<u>359,011</u>	<u>4,686</u>	<u>25,052</u>	<u>16,779</u>	<u>24,955</u>	<u>278,468</u>	<u>9,071</u>
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES:</b>							
ACCOUNTS PAYABLE	3,894	362	1,240	1,148	510	590	44
SALARIES AND BENEFITS PAYABLE	2,654	156	760	838	512	388	-
DUE TO OTHER FUNDS	751	17	37	36	58	554	49
DUE TO OTHER GOVERNMENTS	19	-	-	-	19	-	-
DEFERRED REVENUE	1,405	370	222	-	-	813	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	37,752	-	-	-	-	37,752	-
COMPENSATED ABSENCES PAYABLE	1,752	136	386	556	332	342	-
TERMINATION BENEFITS PAYABLE	62	7	24	13	7	11	-
TOTAL CURRENT LIABILITIES	<u>48,289</u>	<u>1,048</u>	<u>2,669</u>	<u>2,591</u>	<u>1,438</u>	<u>40,450</u>	<u>93</u>
<b>NONCURRENT LIABILITIES:</b>							
INTERFUND PAYABLE	2,000	-	2,000	-	-	-	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	112,189	-	-	-	-	112,189	-
COMPENSATED ABSENCES PAYABLE	3,215	136	1,010	1,128	763	178	-
TERMINATION BENEFITS PAYABLE	246	28	95	50	28	45	-
TOTAL NONCURRENT LIABILITIES	<u>117,650</u>	<u>164</u>	<u>3,105</u>	<u>1,178</u>	<u>791</u>	<u>112,412</u>	<u>-</u>
TOTAL LIABILITIES	<u>165,939</u>	<u>1,212</u>	<u>5,774</u>	<u>3,769</u>	<u>2,229</u>	<u>152,862</u>	<u>93</u>
<b>NET ASSETS</b>							
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	34,571	131	11,022	3,135	15,366	15	4,902
UNRESTRICTED	158,501	3,343	8,256	9,875	7,360	125,591	4,076
TOTAL NET ASSETS	<u>\$ 193,072</u>	<u>\$ 3,474</u>	<u>\$ 19,278</u>	<u>\$ 13,010</u>	<u>\$ 22,726</u>	<u>\$ 125,606</u>	<u>\$ 8,978</u>

See accompanying independent auditor's report

COUNTY OF SAN BERNARDINO  
 COMBINING - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS  
 INTERNAL SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	TOTAL	GENERAL SERVICES GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
OPERATING REVENUES:							
CHARGES FOR CURRENT SERVICES	\$ 164,213	\$ 12,022	\$ 25,853	\$ 20,716	\$ 20,693	\$ 81,485	\$ 3,444
TOTAL OPERATING REVENUES	164,213	12,022	25,853	20,716	20,693	81,485	3,444
OPERATING EXPENSES:							
PROFESSIONAL SERVICES	11,726	768	675	1,334	1,328	7,620	1
SALARIES AND EMPLOYEES BENEFITS	35,676	2,818	10,238	10,397	6,801	5,422	-
SELF-INSURED CLAIMS	28,572	-	-	-	-	28,572	-
SERVICES AND SUPPLIES	53,150	7,864	12,296	5,410	12,363	13,530	1,687
DEPRECIATION AND AMORTIZATION	8,424	63	1,970	1,116	4,229	4	1,042
OTHER	309	-	-	-	-	309	-
TOTAL OPERATING EXPENSES	137,857	11,513	25,179	18,257	24,721	55,457	2,730
OPERATING INCOME (LOSS)	26,356	509	674	2,459	(4,028)	26,028	714
NONOPERATING REVENUES (EXPENSES):							
INTEREST REVENUES	7,153	-	-	-	196	6,836	121
GRANT REVENUE	694	-	653	-	-	41	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	615	(16)	17	33	548	-	33
OTHER NONOPERATING REVENUES	6,836	-	26	3	4,726	2,054	27
OTHER NONOPERATING EXPENSES	(57)	-	(57)	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	15,241	(16)	639	36	5,470	8,931	181
CHANGE IN NET ASSETS BEFORE TRANSFERS	41,597	493	1,313	2,495	1,442	34,959	895
TRANSFERS TO OTHER FUNDS (NOTE 7)	(1,811)	(105)	(452)	(696)	(302)	(256)	-
TRANSFERS FROM OTHER FUNDS	2,132	-	2,032	100	-	-	-
CHANGE IN NET ASSETS	41,918	388	2,893	1,899	1,140	34,703	895
FUND BALANCE, JULY 1, 2008 AS RESTATED (NOTE 3)	151,154	3,086	16,385	11,111	21,586	90,903	8,083
TOTAL NET ASSETS, JUNE 30, 2009	\$ 193,072	\$ 3,474	\$ 19,278	\$ 13,010	\$ 22,726	\$ 125,606	\$ 8,978

See accompanying independent auditor's report

COUNTY OF SAN BERNARDINO  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	TOTAL	GENERAL SERVICES GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
CASH RECEIVED FROM SERVICES	\$ 168,880	\$ 10,684	\$ 24,975	\$ 21,910	\$ 25,430	\$ 82,527	\$ 3,354
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(93,791)	(8,582)	(13,230)	(6,923)	(13,914)	(49,499)	(1,643)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(34,988)	(2,799)	(10,145)	(10,082)	(6,609)	(5,353)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	40,101	(697)	1,600	4,905	4,907	27,675	1,711
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
GRANT REVENUE	41	-	-	-	-	41	-
TRANSFERS RECEIVED	2,132	-	2,032	100	-	-	-
TRANSFERS PAID	(1,811)	(105)	(452)	(696)	(302)	(256)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	362	(105)	1,580	(596)	(302)	(215)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
ACQUISITION OF FIXED ASSETS	(12,475)	6	(4,640)	(1,347)	(4,709)	-	(1,785)
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(21)	(21)	-	-	-	-	-
PRINCIPAL PAID ON BONDS AND NOTES	13	-	-	13	-	-	-
GRANT REVENUE	645	-	645	-	-	-	-
PROCEEDS FROM SALE OF FIXED ASSETS	886	(16)	17	33	822	-	30
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(10,952)	(31)	(3,978)	(1,301)	(3,887)	-	(1,755)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
INTEREST ON INVESTMENTS	7,202	-	-	-	245	6,836	121
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,202	-	-	-	245	6,836	121
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	36,713	(833)	(798)	3,008	963	34,296	77
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	276,882	3,345	13,383	10,495	7,210	238,605	3,844
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 313,595	\$ 2,512	\$ 12,585	\$ 13,503	\$ 8,173	\$ 272,901	\$ 3,921
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>							
OPERATING INCOME (LOSS)	\$ 26,356	\$ 509	\$ 674	\$ 2,459	\$ (4,028)	\$ 26,028	\$ 714
DEPRECIATION AND AMORTIZATION	8,424	63	1,970	1,116	4,229	4	1,042
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	6,779	-	(31)	3	4,726	2,054	27
CHANGES IN ASSETS AND LIABILITIES:							
ACCOUNTS RECEIVABLE-NET	(118)	49	(16)	-	(34)	-	(117)
DUE FROM OTHER FUNDS	97	(977)	1	1,102	16	(45)	-
DUE FROM OTHER GOVERNMENTS	(1,099)	(130)	(1,110)	89	52	-	-
INVENTORIES	1,381	6	1,055	-	320	-	-
PREPAID ITEMS	(353)	281	-	-	-	(634)	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(2,633)	(517)	(1,036)	(146)	(558)	(421)	45
SALARIES AND BENEFITS PAYABLE	145	(19)	93	57	20	(6)	-
DUE TO OTHER FUNDS	(33)	-	-	(33)	-	-	-
DUE TO OTHER GOVERNMENTS	(8)	-	-	-	(8)	-	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURANCE CLAIMS	620	-	-	-	-	620	-
COMPENSATED ABSENCES PAYABLE	543	38	-	258	172	75	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 40,101	\$ (697)	\$ 1,600	\$ 4,905	\$ 4,907	\$ 27,675	\$ 1,711
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS</b>							
CASH AND CASH EQUIVALENTS	\$ 313,595	\$ 2,512	\$ 12,585	\$ 13,503	\$ 8,173	\$ 272,901	\$ 3,921
	\$ 313,595	\$ 2,512	\$ 12,585	\$ 13,503	\$ 8,173	\$ 272,901	\$ 3,921

See accompanying independent auditor's report.



# Combining Financial Statements Trust and Agency Funds

Comprehensive Annual Financial Report



## TRUST AND AGENCY FUNDS DESCRIPTIONS

### *AGENCY FUNDS*

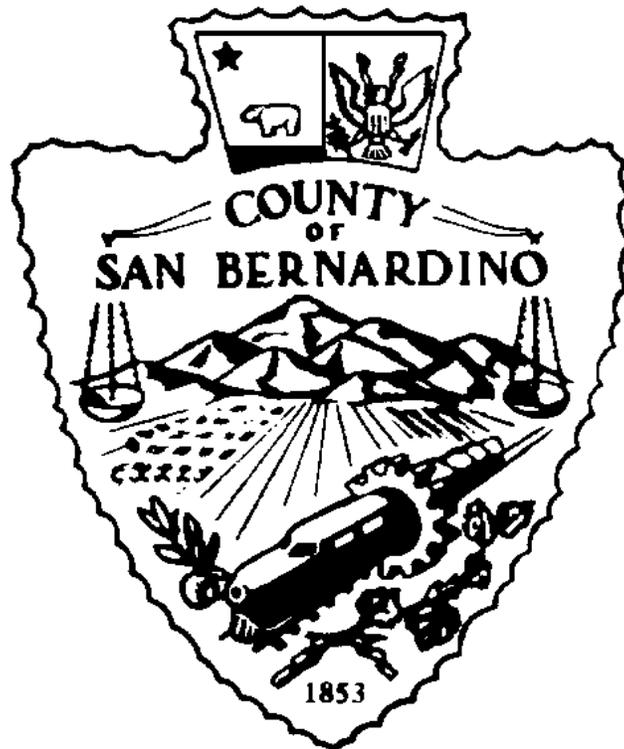
**Special Assessment Agency Funds** - The special assessment funds are administered by the County Treasurer and account for amounts collected from property owners for the payment of special assessment bond principal and interest. The special assessment bonds include both 1911 and 1915 Act Bonds and Mello-Roos Bonds.

**Other Agency Funds** - Accounts for other agency funds where the County holds money either in a custodial capacity for other entities, or as a clearing account to accumulate and hold certain monies until disbursement to the ultimate recipient.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

TOTAL AGENCY FUNDS	BALANCE JULY 1, 2008	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2009
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 321,467	\$ 10,780,938	\$ 10,804,079	\$ 298,326
ACCOUNT RECEIVABLES	-	26,542	-	26,542
TAXES RECEIVABLE	110,480	213,951	232,804	91,627
DUE FROM OTHER FUNDS	-	109	109	-
DUE FROM OTHER GOVERNMENTS	70,461	52,114	70,461	52,114
ADVANCES TO OTHER FUNDS	-	430	430	-
TOTAL ASSETS	<u>\$ 502,408</u>	<u>\$ 11,074,084</u>	<u>\$ 11,107,883</u>	<u>\$ 468,609</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	<u>502,408</u>	<u>209,092</u>	<u>242,891</u>	<u>468,609</u>
TOTAL LIABILITIES	<u>\$ 502,408</u>	<u>\$ 209,092</u>	<u>\$ 242,891</u>	<u>\$ 468,609</u>
<b>SPECIAL ASSESSMENT FUNDS</b>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 5,395	\$ 1,093	\$ 5,406	\$ 1,082
TOTAL ASSETS	<u>\$ 5,395</u>	<u>\$ 1,093</u>	<u>\$ 5,406</u>	<u>\$ 1,082</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	<u>5,395</u>	<u>-</u>	<u>4,313</u>	<u>1,082</u>
TOTAL LIABILITIES	<u>\$ 5,395</u>	<u>\$ -</u>	<u>\$ 4,313</u>	<u>\$ 1,082</u>
<b>OTHER AGENCY FUNDS</b>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 316,072	\$ 10,779,845	\$ 10,798,673	\$ 297,244
ACCOUNT RECEIVABLES	-	26,542	-	26,542
TAXES RECEIVABLE	110,480	213,951	232,804	91,627
DUE FROM OTHER FUNDS	-	109	109	-
DUE FROM OTHER GOVERNMENTS	70,461	52,114	70,461	52,114
ADVANCES TO OTHER FUNDS	-	430	430	-
TOTAL ASSETS	<u>\$ 497,013</u>	<u>\$ 11,072,991</u>	<u>\$ 11,102,477</u>	<u>\$ 467,527</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	<u>497,013</u>	<u>209,092</u>	<u>238,578</u>	<u>467,527</u>
TOTAL LIABILITIES	<u>\$ 497,013</u>	<u>\$ 209,092</u>	<u>\$ 238,578</u>	<u>\$ 467,527</u>

See accompanying independent auditor's report.





# Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit) Budget to Actual on Budgetary Basis

Comprehensive Annual Financial Report

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 125,792	131,470	\$ 5,678
LICENSES, PERMITS AND FRANCHISES	662	507	(155)
FINES, FORFEITURES AND PENALTIES	7,779	10,168	2,389
REVENUES FROM USE OF MONEY AND PROPERTY	18,991	15,740	(3,251)
AID FROM OTHER GOVERNMENTAL AGENCIES	391,593	240,538	(151,055)
CHARGES FOR CURRENT SERVICES	91,787	94,418	2,631
OTHER REVENUES	45,769	36,018	(9,751)
TOTAL REVENUES	<u>682,373</u>	<u>528,859</u>	<u>(153,514)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	42,430	7,914	34,516
PUBLIC PROTECTION	316,410	193,358	123,052
PUBLIC WAYS AND FACILITIES	153,956	58,323	95,633
HEALTH AND SANITATION	58,336	8,667	49,669
PUBLIC ASSISTANCE	123,708	71,226	52,482
EDUCATION	18,316	17,209	1,107
RECREATION AND CULTURAL SERVICES	17,081	6,814	10,267
DEBT SERVICE:			
PRINCIPAL	8,508	5,382	3,126
INTEREST AND FISCAL CHARGES	5,256	4,881	375
CAPITAL OUTLAY	81,697	14,989	66,708
TOTAL EXPENDITURES	<u>825,698</u>	<u>388,763</u>	<u>436,935</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(143,325)</u>	<u>140,096</u>	<u>283,421</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(231,795)	(157,999)	73,796
TRANSFERS FROM OTHER FUNDS	89,673	48,803	(40,870)
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,446	1,446	-
SALE OF CAPITAL ASSETS	417	1,104	687
TOTAL OTHER FINANCING SOURCES (USES)	<u>(140,259)</u>	<u>(106,646)</u>	<u>33,613</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(283,584)</u>	<u>33,450</u>	<u>317,034</u>
FUND BALANCE, JULY 1, 2008	<u>320,614</u>	<u>320,614</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 37,030</u>	<u>\$ 354,064</u>	<u>\$ 317,034</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>TRANSPORTATION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
LICENSES, PERMITS AND FRANCHISES	\$ 600	\$ 460	\$ (140)
REVENUES FROM USE OF MONEY AND PROPERTY	2,056	924	(1,132)
AID FROM OTHER GOVERNMENTAL AGENCIES	81,967	48,822	(33,145)
CHARGES FOR CURRENT SERVICES	1,627	1,407	(220)
OTHER REVENUES	<u>3,612</u>	<u>341</u>	<u>(3,271)</u>
TOTAL REVENUES	<u>89,862</u>	<u>51,954</u>	<u>(37,908)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	95,044	51,775	43,269
DEBT SERVICE:			
PRINCIPAL	3,335	480	2,855
INTEREST AND FISCAL CHARGES	160	57	103
CAPITAL OUTLAY	<u>9,516</u>	<u>5,832</u>	<u>3,684</u>
TOTAL EXPENDITURES	<u>108,055</u>	<u>58,144</u>	<u>49,911</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,193)</u>	<u>(6,190)</u>	<u>12,003</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(2,682)	(2,222)	460
TRANSFERS FROM OTHER FUNDS	350	184	(166)
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,446	1,446	-
SALE OF CAPITAL ASSETS	<u>105</u>	<u>475</u>	<u>370</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(781)</u>	<u>(117)</u>	<u>664</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(18,974)</u>	<u>(6,307)</u>	<u>12,667</u>
FUND BALANCE, JULY 1, 2008	<u>18,825</u>	<u>18,825</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2009	<u>\$ (149)</u>	<u>\$ 12,518</u>	<u>\$ 12,667</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>SPECIAL TRANSPORTATION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 8,078	\$ 6,844	\$ (1,234)
REVENUES FROM USE OF MONEY AND PROPERTY	910	944	34
CHARGES FOR CURRENT SERVICES	4,055	2,060	(1,995)
OTHER REVENUES	-	969	969
TOTAL REVENUES	<u>13,043</u>	<u>10,817</u>	<u>(2,226)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	<u>39,324</u>	<u>4,196</u>	<u>35,128</u>
TOTAL EXPENDITURES	<u>39,324</u>	<u>4,196</u>	<u>35,128</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(26,281)</u>	<u>6,621</u>	<u>32,902</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	<u>(160)</u>	<u>(160)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(160)</u>	<u>(160)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(26,441)</u>	<u>6,461</u>	<u>32,902</u>
FUND BALANCE, JULY 1, 2008	<u>25,975</u>	<u>25,975</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2009	<u>\$ (466)</u>	<u>\$ 32,436</u>	<u>\$ 32,902</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>SPECIAL AVIATION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 933	\$ 855	\$ (78)
AID FROM OTHER GOVERNMENTAL AGENCIES	35,794	120	(35,674)
CHARGES FOR CURRENT SERVICES	-	961	961
OTHER REVENUES	-	56	56
TOTAL REVENUES	<u>36,727</u>	<u>1,992</u>	<u>(34,735)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	4,235	833	3,402
CAPITAL OUTLAY	39,649	1,902	37,747
TOTAL EXPENDITURES	<u>43,884</u>	<u>2,735</u>	<u>41,149</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,157)</u>	<u>(743)</u>	<u>6,414</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(372)	(1)	371
TRANSFERS FROM OTHER FUNDS	897	706	(191)
TOTAL OTHER FINANCING SOURCES (USES)	<u>525</u>	<u>705</u>	<u>180</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(6,632)</u>	<u>(38)</u>	<u>6,594</u>
FUND BALANCE, JULY 1, 2008	<u>6,638</u>	<u>6,638</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 6</u>	<u>\$ 6,600</u>	<u>\$ 6,594</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>MENTAL HEALTH SERVICES ACT</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 775	\$ 1,386	\$ 611
AID FROM OTHER GOVERNMENTAL AGENCIES	71,631	64,791	(6,840)
OTHER REVENUES	-	317	317
TOTAL REVENUES	<u>72,406</u>	<u>66,494</u>	<u>(5,912)</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	<u>42,462</u>	-	<u>42,462</u>
TOTAL EXPENDITURES	<u>42,462</u>	-	<u>42,462</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>29,944</u>	<u>66,494</u>	<u>36,550</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	<u>(53,724)</u>	<u>(50,952)</u>	<u>2,772</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(53,724)</u>	<u>(50,952)</u>	<u>2,772</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(23,780)	15,542	39,322
FUND BALANCE, JULY 1, 2008	<u>35,798</u>	<u>35,798</u>	-
FUND BALANCE, JUNE 30, 2009	<u>\$ 12,018</u>	<u>\$ 51,340</u>	<u>\$ 39,322</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>PRESCHOOL SERVICES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 27	\$ 27
AID FROM OTHER GOVERNMENTAL AGENCIES	40,447	40,351	(96)
CHARGES FOR CURRENT SERVICES	136	83	(53)
OTHER REVENUES	101	187	86
TOTAL REVENUES	<u>40,684</u>	<u>40,648</u>	<u>(36)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	39,824	39,266	558
CAPITAL OUTLAY	799	756	43
TOTAL EXPENDITURES	<u>40,623</u>	<u>40,022</u>	<u>601</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>61</u>	<u>626</u>	<u>565</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(225)	(219)	6
SALE OF CAPITAL ASSETS	-	10	10
TOTAL OTHER FINANCING SOURCES (USES)	<u>(225)</u>	<u>(209)</u>	<u>16</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(164)</u>	<u>417</u>	<u>581</u>
FUND BALANCE, JULY 1, 2008	<u>174</u>	<u>174</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 10</u>	<u>\$ 591</u>	<u>\$ 581</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>AGING AND ADULT SERVICES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 38	\$ 28	\$ (10)
AID FROM OTHER GOVERNMENTAL AGENCIES	3,758	3,215	(543)
OTHER REVENUES	<u>1</u>	<u>6</u>	<u>5</u>
TOTAL REVENUES	<u>3,797</u>	<u>3,249</u>	<u>(548)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>5,940</u>	<u>3,844</u>	<u>2,096</u>
TOTAL EXPENDITURES	<u>5,940</u>	<u>3,844</u>	<u>2,096</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,143)</u>	<u>(595)</u>	<u>1,548</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(60)	(60)	-
TRANSFERS FROM OTHER FUNDS	<u>797</u>	<u>661</u>	<u>(136)</u>
TOTAL OTHER FINANCING SOURCES	<u>737</u>	<u>601</u>	<u>(136)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,406)	6	1,412
FUND BALANCE, JULY 1, 2008	<u>1,406</u>	<u>1,406</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ -</u>	<u>\$ 1,412</u>	<u>\$ 1,412</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>JOBS AND EMPLOYMENT SERVICES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 324	\$ 226	\$ (98)
AID FROM OTHER GOVERNMENTAL AGENCIES	19,628	13,683	(5,945)
OTHER REVENUES	<u>52</u>	<u>263</u>	<u>211</u>
TOTAL REVENUES	<u>20,004</u>	<u>14,172</u>	<u>(5,832)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	19,633	13,801	5,832
CAPITAL OUTLAY	<u>90</u>	<u>89</u>	<u>1</u>
TOTAL EXPENDITURES	<u>19,723</u>	<u>13,890</u>	<u>5,833</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>281</u>	<u>282</u>	<u>1</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	<u>(245)</u>	<u>(245)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(245)</u>	<u>(245)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	36	37	1
FUND BALANCE, JULY 1, 2008	<u>3</u>	<u>3</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 39</u>	<u>\$ 40</u>	<u>\$ 1</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 2,528	\$ 2,699	\$ 171
REVENUES FROM USE OF MONEY AND PROPERTY	140	147	7
OTHER REVENUES	-	33	33
TOTAL REVENUES	<u>2,668</u>	<u>2,879</u>	<u>211</u>
EXPENDITURES:			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,668</u>	<u>2,879</u>	<u>211</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	<u>(5,792)</u>	<u>-</u>	<u>5,792</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,792)</u>	<u>-</u>	<u>5,792</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,124)	2,879	6,003
FUND BALANCE, JULY 1, 2008	3,054	3,054	-
FUND BALANCE (DEFICIT), JUNE 30, 2009	<u>\$ (70)</u>	<u>\$ 5,933</u>	<u>\$ 6,003</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 3,118	\$ 3,334	\$ 216
REVENUES FROM USE OF MONEY AND PROPERTY	207	188	(19)
OTHER REVENUES	<u>-</u>	<u>43</u>	<u>43</u>
TOTAL REVENUES	<u>3,325</u>	<u>3,565</u>	<u>240</u>
EXPENDITURES:			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,325</u>	<u>3,565</u>	<u>240</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	<u>(7,653)</u>	<u>-</u>	<u>7,653</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7,653)</u>	<u>-</u>	<u>7,653</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(4,328)	3,565	7,893
FUND BALANCE, JULY 1, 2008	4,241	4,241	-
FUND BALANCE (DEFICIT), JUNE 30, 2009	<u>\$ (87)</u>	<u>\$ 7,806</u>	<u>\$ 7,893</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>CENTRAL COURTHOUSE SURCHARGE</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 350	\$ 2	\$ (348)
CHARGES FOR CURRENT SERVICES	<u>2,352</u>	<u>2,513</u>	<u>161</u>
TOTAL REVENUES	<u>2,702</u>	<u>2,515</u>	<u>(187)</u>
EXPENDITURES:			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,702</u>	<u>2,515</u>	<u>(187)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	<u>(3,171)</u>	<u>(2,987)</u>	<u>184</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,171)</u>	<u>(2,987)</u>	<u>184</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(469)	(472)	(3)
FUND BALANCE, JULY 1, 2008	<u>473</u>	<u>473</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2009	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ (3)</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>MICROGRAPHICS FEES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 87	\$ 87
CHARGES FOR CURRENT SERVICES	4,125	4,038	(87)
OTHER REVENUES	<u>-</u>	<u>10</u>	<u>10</u>
TOTAL REVENUES	<u>4,125</u>	<u>4,135</u>	<u>10</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	16,625	5,307	11,318
CAPITAL OUTLAY	<u>1,660</u>	<u>289</u>	<u>1,371</u>
TOTAL EXPENDITURES	<u>18,285</u>	<u>5,596</u>	<u>12,689</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(14,160)</u>	<u>(1,461)</u>	<u>12,699</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(1,068)	(1,068)	-
SALE OF CAPITAL ASSETS	<u>-</u>	<u>7</u>	<u>7</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,068)</u>	<u>(1,061)</u>	<u>7</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(15,228)</u>	<u>(2,522)</u>	<u>12,706</u>
FUND BALANCE, JULY 1, 2008	<u>16,727</u>	<u>16,727</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 1,499</u>	<u>\$ 14,205</u>	<u>\$ 12,706</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>LOCAL LAW ENFORCEMENT BLOCK GRANT</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 101	\$ 235	\$ 134
AID FROM OTHER GOVERNMENTAL AGENCIES	1,474	285	(1,189)
OTHER REVENUES	-	54	54
TOTAL REVENUES	<u>1,575</u>	<u>574</u>	<u>(1,001)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	8,898	574	8,324
CAPITAL OUTLAY	755	696	59
TOTAL EXPENDITURES	<u>9,653</u>	<u>1,270</u>	<u>8,383</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,078)</u>	<u>(696)</u>	<u>7,382</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(259)	(142)	117
TOTAL OTHER FINANCING SOURCES (USES)	<u>(259)</u>	<u>(142)</u>	<u>117</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(8,337)</u>	<u>(838)</u>	<u>7,499</u>
FUND BALANCE, JULY 1, 2008	<u>8,336</u>	<u>8,336</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2009	<u>\$ (1)</u>	<u>\$ 7,498</u>	<u>\$ 7,499</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>SHERIFF'S SPECIAL PROJECTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 16	\$ 18	\$ 2
REVENUES FROM USE OF MONEY AND PROPERTY	328	390	62
AID FROM OTHER GOVERNMENTAL AGENCIES	8,778	9,492	714
CHARGES FOR CURRENT SERVICES	3,707	2,678	(1,029)
OTHER REVENUES	<u>2,055</u>	<u>4,611</u>	<u>2,556</u>
TOTAL REVENUES	<u>14,884</u>	<u>17,189</u>	<u>2,305</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	19,715	9,405	10,310
CAPITAL OUTLAY	<u>3,345</u>	<u>1,443</u>	<u>1,902</u>
TOTAL EXPENDITURES	<u>23,060</u>	<u>10,848</u>	<u>12,212</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,176)</u>	<u>6,341</u>	<u>14,517</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(3,384)	(3,182)	202
TRANSFERS FROM OTHER FUNDS	<u>230</u>	<u>-</u>	<u>(230)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,154)</u>	<u>(3,182)</u>	<u>(28)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(11,330)	3,159	14,489
FUND BALANCE, JULY 1, 2008	<u>11,349</u>	<u>11,349</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 19</u>	<u>\$ 14,508</u>	<u>\$ 14,489</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	FIRE PROTECTION DISTRICTS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ 43,813	\$ 44,238	\$ 425
FINES, FORFEITURES AND PENALTIES	35	72	37
REVENUES FROM USE OF MONEY AND PROPERTY	945	1,041	96
AID FROM OTHER GOVERNMENTAL AGENCIES	22,824	15,274	(7,550)
CHARGES FOR CURRENT SERVICES	60,795	65,330	4,535
OTHER REVENUES	15,193	735	(14,458)
TOTAL REVENUES	<u>143,605</u>	<u>126,690</u>	<u>(16,915)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	143,292	117,253	26,039
DEBT SERVICE:			
PRINCIPAL	137	137	-
INTEREST AND FISCAL CHARGES	27	22	5
CAPITAL OUTLAY	15,987	1,712	14,275
TOTAL EXPENDITURES	<u>159,443</u>	<u>119,124</u>	<u>40,319</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,838)</u>	<u>7,566</u>	<u>23,404</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(28,078)	(7,965)	20,113
TRANSFERS FROM OTHER FUNDS	58,473	40,562	(17,911)
SALE OF CAPITAL ASSETS	-	54	54
TOTAL OTHER FINANCING SOURCES (USES)	<u>30,395</u>	<u>32,651</u>	<u>2,256</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	14,557	40,217	25,660
FUND BALANCE, JULY 1, 2008	2,918	2,918	-
FUND BALANCE, JUNE 30, 2009	<u>\$ 17,475</u>	<u>\$ 43,135</u>	<u>\$ 25,660</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>TOBACCO TAX PROGRAM</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 47	\$ 6	\$ (41)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,274	864	(410)
OTHER REVENUES	<u>-</u>	<u>2</u>	<u>2</u>
TOTAL REVENUES	<u>1,321</u>	<u>872</u>	<u>(449)</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	<u>1,626</u>	<u>322</u>	<u>1,304</u>
TOTAL EXPENDITURES	<u>1,626</u>	<u>322</u>	<u>1,304</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(305)	550	855
FUND BALANCE, JULY 1, 2008	<u>306</u>	<u>306</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 1</u>	<u>\$ 856</u>	<u>\$ 855</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	FLOOD CONTROL DISTRICT		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ 41,403	\$ 41,810	\$ 407
LICENSES, PERMITS AND FRANCHISES	62	47	(15)
REVENUES FROM USE OF MONEY AND PROPERTY	5,445	3,099	(2,346)
AID FROM OTHER GOVERNMENTAL AGENCIES	31,906	9,549	(22,357)
CHARGES FOR CURRENT SERVICES	12	230	218
OTHER REVENUES	<u>1,206</u>	<u>1,701</u>	<u>495</u>
TOTAL REVENUES	<u>80,034</u>	<u>56,436</u>	<u>(23,598)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	115,527	54,999	60,528
DEBT SERVICE:			
PRINCIPAL	4,656	4,656	-
INTEREST AND FISCAL CHARGES	4,308	4,308	-
CAPITAL OUTLAY	<u>1,257</u>	<u>114</u>	<u>1,143</u>
TOTAL EXPENDITURES	<u>125,748</u>	<u>64,077</u>	<u>61,671</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(45,714)</u>	<u>(7,641)</u>	<u>38,073</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(21,894)	(573)	21,321
TRANSFERS FROM OTHER FUNDS	22,273	1,452	(20,821)
SALE OF CAPITAL ASSETS	<u>-</u>	<u>36</u>	<u>36</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>379</u>	<u>915</u>	<u>536</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(45,335)</u>	<u>(6,726)</u>	<u>38,609</u>
FUND BALANCE, JULY 1, 2008	<u>56,652</u>	<u>56,652</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 11,317</u>	<u>\$ 49,926</u>	<u>\$ 38,609</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	COUNTY SERVICE AREAS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ 5,574	\$ 3,694	\$ (1,880)
REVENUES FROM USE OF MONEY AND PROPERTY	430	542	112
AID FROM OTHER GOVERNMENTAL AGENCIES	1,937	1,331	(606)
CHARGES FOR CURRENT SERVICES	7,179	5,235	(1,944)
OTHER REVENUES	614	342	(272)
TOTAL REVENUES	<u>15,734</u>	<u>11,144</u>	<u>(4,590)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	12,641	1,004	11,637
PUBLIC PROTECTION	1,245	266	979
PUBLIC WAYS AND FACILITIES	6,921	1,385	5,536
HEALTH AND SANITATION	123	78	45
RECREATION AND CULTURAL SERVICES	2,767	897	1,870
DEBT SERVICE:			
PRINCIPAL	253	59	194
INTEREST AND FISCAL CHARGES	291	52	239
CAPITAL OUTLAY	1,343	518	825
TOTAL EXPENDITURES	<u>25,584</u>	<u>4,259</u>	<u>21,325</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,850)</u>	<u>6,885</u>	<u>16,735</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(34,255)	(33,192)	1,063
TRANSFERS FROM OTHER FUNDS	2,684	1,691	(993)
SALE OF CAPITAL ASSETS	-	520	520
TOTAL OTHER FINANCING SOURCES (USES)	<u>(31,571)</u>	<u>(30,981)</u>	<u>590</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(41,421)</u>	<u>(24,096)</u>	<u>17,325</u>
FUND BALANCE, JULY 1, 2008	<u>39,795</u>	<u>39,795</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2009	<u>\$ (1,626)</u>	<u>\$ 15,699</u>	<u>\$ 17,325</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 2,040	\$ 2,189	\$ 149
REVENUES FROM USE OF MONEY AND PROPERTY	108	105	(3)
AID FROM OTHER GOVERNMENTAL AGENCIES	2,472	198	(2,274)
CHARGES FOR CURRENT SERVICES	1,178	1,137	(41)
OTHER REVENUES	33	32	(1)
TOTAL REVENUES	<u>5,831</u>	<u>3,661</u>	<u>(2,170)</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	4,712	3,611	1,101
CAPITAL OUTLAY	56	29	27
TOTAL EXPENDITURES	<u>4,768</u>	<u>3,640</u>	<u>1,128</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,063</u>	<u>21</u>	<u>(1,042)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(3,014)	(812)	2,202
TRANSFERS FROM OTHER FUNDS	200	475	275
SALE OF CAPITAL ASSETS	312	2	(310)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,502)</u>	<u>(335)</u>	<u>2,167</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(1,439)</u>	<u>(314)</u>	<u>1,125</u>
FUND BALANCE, JULY 1, 2008	<u>1,453</u>	<u>1,453</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 14</u>	<u>\$ 1,139</u>	<u>\$ 1,125</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>COUNTY FREE LIBRARY</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 14,552	\$ 14,117	\$ (435)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,000	907	(93)
CHARGES FOR CURRENT SERVICES	1,264	1,240	(24)
OTHER REVENUES	<u>1,003</u>	<u>884</u>	<u>(119)</u>
TOTAL REVENUES	<u>17,819</u>	<u>17,148</u>	<u>(671)</u>
EXPENDITURES:			
CURRENT:			
EDUCATION	18,316	17,209	1,107
DEBT SERVICE:			
PRINCIPAL	95	50	45
INTEREST AND FISCAL CHARGES	81	73	8
CAPITAL OUTLAY	<u>418</u>	<u>205</u>	<u>213</u>
TOTAL EXPENDITURES	<u>18,910</u>	<u>17,537</u>	<u>1,373</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,091)</u>	<u>(389)</u>	<u>702</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(635)	(601)	34
TRANSFERS FROM OTHER FUNDS	<u>962</u>	<u>1,015</u>	<u>53</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>327</u>	<u>414</u>	<u>87</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(764)</u>	<u>25</u>	<u>789</u>
FUND BALANCE, JULY 1, 2008	<u>189</u>	<u>189</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2009	<u>\$ (575)</u>	<u>\$ 214</u>	<u>\$ 789</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>REDEVELOPMENT AGENCY</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 8,771	\$ 18,528	\$ 9,757
REVENUES FROM USE OF MONEY AND PROPERTY	521	987	466
AID FROM OTHER GOVERNMENTAL AGENCIES	261	-	(261)
OTHER REVENUES	-	14	14
TOTAL REVENUES	<u>9,553</u>	<u>19,529</u>	<u>9,976</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	29,571	6,900	22,671
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	369	369	-
CAPITAL OUTLAY	<u>3,370</u>	<u>889</u>	<u>2,481</u>
TOTAL EXPENDITURES	<u>33,310</u>	<u>8,158</u>	<u>25,152</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(23,757)</u>	<u>11,371</u>	<u>35,128</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(3,826)	(3,720)	106
TRANSFERS FROM OTHER FUNDS	<u>600</u>	<u>370</u>	<u>(230)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,226)</u>	<u>(3,350)</u>	<u>(124)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(26,983)	8,021	35,004
FUND BALANCE, JULY 1, 2008	<u>25,673</u>	<u>25,673</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2009	<u>\$ (1,310)</u>	<u>\$ 33,694</u>	<u>\$ 35,004</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 40	\$ 5	\$ (35)
FINES, FORFEITURES AND PENALTIES	2	3	1
REVENUES FROM USE OF MONEY AND PROPERTY	1,024	711	(313)
AID FROM OTHER GOVERNMENTAL AGENCIES	37,389	12,832	(24,557)
CHARGES FOR CURRENT SERVICES	-	7	7
OTHER REVENUES	<u>2,992</u>	<u>3,464</u>	<u>472</u>
TOTAL REVENUES	<u>41,447</u>	<u>17,022</u>	<u>(24,425)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	57,418	14,122	43,296
DEBT SERVICE:			
PRINCIPAL	32	-	32
INTEREST AND FISCAL CHARGES	20	-	20
CAPITAL OUTLAY	<u>20</u>	<u>20</u>	<u>-</u>
TOTAL EXPENDITURES	<u>57,490</u>	<u>14,142</u>	<u>43,348</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(16,043)</u>	<u>2,880</u>	<u>18,923</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	<u>(551)</u>	<u>(418)</u>	<u>133</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(551)</u>	<u>(418)</u>	<u>133</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(16,594)</u>	<u>2,462</u>	<u>19,056</u>
FUND BALANCE, JULY 1, 2008	<u>16,618</u>	<u>16,618</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 24</u>	<u>\$ 19,080</u>	<u>\$ 19,056</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>OTHER SPECIAL REVENUE</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 1,521	\$ 45	\$ (1,476)
FINES, FORFEITURES AND PENALTIES	2,080	4,042	1,962
REVENUES FROM USE OF MONEY AND PROPERTY	4,309	3,810	(499)
AID FROM OTHER GOVERNMENTAL AGENCIES	29,053	18,824	(10,229)
CHARGES FOR CURRENT SERVICES	5,357	7,499	2,142
OTHER REVENUES	<u>18,907</u>	<u>21,954</u>	<u>3,047</u>
TOTAL REVENUES	<u>61,227</u>	<u>56,174</u>	<u>(5,053)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	218	10	208
PUBLIC PROTECTION	11,108	5,554	5,554
PUBLIC WAYS AND FACILITIES	8,432	134	8,298
HEALTH AND SANITATION	14,125	8,267	5,858
PUBLIC ASSISTANCE	893	193	700
RECREATION AND CULTURAL SERVICES	9,602	2,306	7,296
CAPITAL OUTLAY	<u>3,432</u>	<u>495</u>	<u>2,937</u>
TOTAL EXPENDITURES	<u>47,810</u>	<u>16,959</u>	<u>30,851</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>13,417</u>	<u>39,215</u>	<u>25,798</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(60,747)	(49,480)	11,267
TRANSFERS FROM OTHER FUNDS	<u>2,207</u>	<u>1,687</u>	<u>(520)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(58,540)</u>	<u>(47,793)</u>	<u>10,747</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(45,123)</u>	<u>(8,578)</u>	<u>36,545</u>
FUND BALANCE, JULY 1, 2008	<u>44,011</u>	<u>44,011</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2009	<u>\$ (1,112)</u>	<u>\$ 35,433</u>	<u>\$ 36,545</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 CAPITAL IMPROVEMENT FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON A BUDGETARY BASIS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 10	\$ 52	\$ 620	\$ 568
AID FROM OTHER GOVERNMENTAL AGENCIES	11,786	13,960	3,919	(10,041)
CHARGES FOR CURRENT SERVICES	-	-	33	33
OTHER REVENUES	6,181	6,181	1,121	(5,060)
TOTAL REVENUES	17,977	20,193	5,693	(14,500)
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	5,880	7,011	1,983	5,028
INTEREST AND FISCAL CHARGES	8	8	8	-
CAPITAL OUTLAY	128,058	225,577	55,060	170,517
TOTAL EXPENDITURES	133,946	232,596	57,051	175,545
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(115,969)	(212,403)	(51,358)	161,045
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS TO OTHER FUNDS (NOTE 7)	(19,794)	(18,703)	(130)	18,573
TRANSFERS FROM OTHER FUNDS (NOTE 7)	56,547	135,232	125,786	(9,446)
LONG-TERM DEBT ISSUED	19,748	19,748	-	(19,748)
TOTAL OTHER FINANCING SOURCES AND (USES)	56,501	136,277	125,656	(10,621)
NET CHANGE IN FUND BALANCE	(59,468)	(76,126)	74,298	150,424
FUND BALANCE (DEFICIT), JULY 1, 2008, RESTATED	(616)	(616)	59,480	60,096
FUND BALANCE (DEFICIT), JUNE 30, 2009	\$ (60,084)	\$ (76,742)	\$ 133,778	\$ 210,520

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 1,214	\$ 1,602	\$ 388
AID FROM OTHER GOVERNMENTAL AGENCIES	-	4,748	4,748
CHARGES FOR CURRENT SERVICES	1,400	4	(1,396)
OTHER REVENUES	613	130	(483)
TOTAL REVENUES	<u>3,227</u>	<u>6,484</u>	<u>3,257</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>50,240</u>	<u>9,639</u>	<u>40,601</u>
TOTAL EXPENDITURES	<u>50,240</u>	<u>9,639</u>	<u>40,601</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(47,013)</u>	<u>(3,155)</u>	<u>43,858</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(19,457)	(5,719)	13,738
TRANSFERS FROM OTHER FUNDS	20,112	16,289	(3,823)
TOTAL OTHER FINANCING SOURCES	<u>655</u>	<u>10,570</u>	<u>9,915</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(46,358)</u>	<u>7,415</u>	<u>53,773</u>
FUND BALANCE, JULY 1, 2008	<u>51,204</u>	<u>51,204</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 4,846</u>	<u>\$ 58,619</u>	<u>\$ 53,773</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>REDEVELOPMENT AGENCY</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 1,199	\$ 1,127	\$ (72)
OTHER REVENUES	<u>-</u>	<u>4</u>	<u>4</u>
TOTAL REVENUES	<u>1,199</u>	<u>1,131</u>	<u>(68)</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>19,948</u>	<u>2,065</u>	<u>17,883</u>
TOTAL EXPENDITURES	<u>19,948</u>	<u>2,065</u>	<u>17,883</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,749)</u>	<u>(934)</u>	<u>17,815</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	<u>(13,738)</u>	<u>-</u>	<u>13,738</u>
TOTAL OTHER FINANCING SOURCES	<u>(13,738)</u>	<u>-</u>	<u>13,738</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(32,487)</u>	<u>(934)</u>	<u>31,553</u>
FUND BALANCE, JULY 1, 2008	<u>38,007</u>	<u>38,007</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ 5,520</u>	<u>\$ 37,073</u>	<u>\$ 31,553</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	COUNTY SERVICE AREAS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 15	\$ 71	\$ 56
AID FROM OTHER GOVERNMENTAL AGENCIES	-	4,748	4,748
OTHER REVENUES	<u>613</u>	<u>14</u>	<u>(599)</u>
TOTAL REVENUES	<u>628</u>	<u>4,833</u>	<u>4,205</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>6,988</u>	<u>3,468</u>	<u>3,520</u>
TOTAL EXPENDITURES	<u>6,988</u>	<u>3,468</u>	<u>3,520</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,360)</u>	<u>1,365</u>	<u>7,725</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(5,447)	(5,447)	-
TRANSFERS FROM OTHER FUNDS	<u>4,776</u>	<u>3,249</u>	<u>(1,527)</u>
TOTAL OTHER FINANCING SOURCES	<u>(671)</u>	<u>(2,198)</u>	<u>(1,527)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(7,031)	(833)	6,198
FUND BALANCE, JULY 1, 2008	<u>6,803</u>	<u>6,803</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2009	<u>\$ (228)</u>	<u>\$ 5,970</u>	<u>\$ 6,198</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

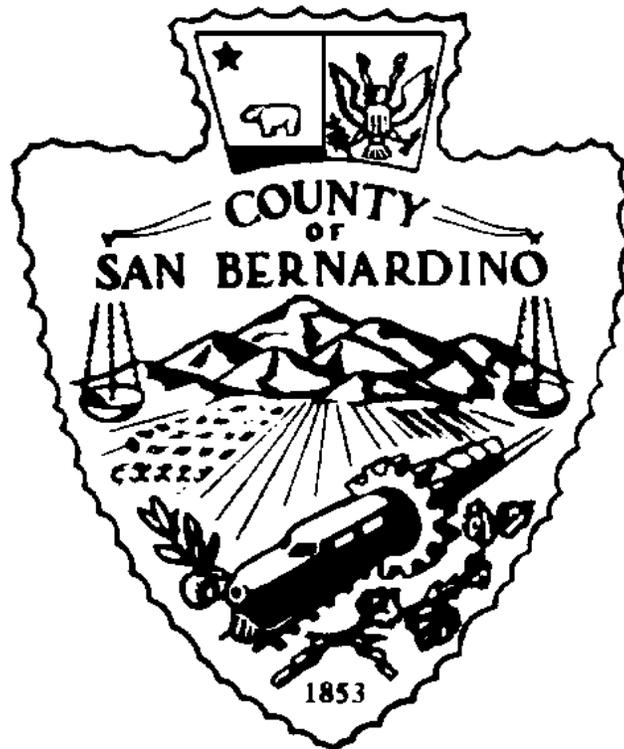
	<u>FIRE PROTECTION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 240	\$ 240
CHARGES FOR CURRENT SERVICES	1,400	4	(1,396)
OTHER REVENUES	-	41	41
TOTAL REVENUES	<u>1,400</u>	<u>285</u>	<u>(1,115)</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>10,791</u>	<u>3,451</u>	<u>7,340</u>
TOTAL EXPENDITURES	<u>10,791</u>	<u>3,451</u>	<u>7,340</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,391)</u>	<u>(3,166)</u>	<u>6,225</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(42)	(42)	-
TRANSFERS FROM OTHER FUNDS	<u>5,268</u>	<u>6,516</u>	<u>1,248</u>
TOTAL OTHER FINANCING SOURCES	<u>5,226</u>	<u>6,474</u>	<u>1,248</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(4,165)</u>	<u>3,308</u>	<u>7,473</u>
FUND BALANCE, JULY 1, 2008	<u>3,943</u>	<u>3,943</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2009	<u>\$ (222)</u>	<u>\$ 7,251</u>	<u>\$ 7,473</u>

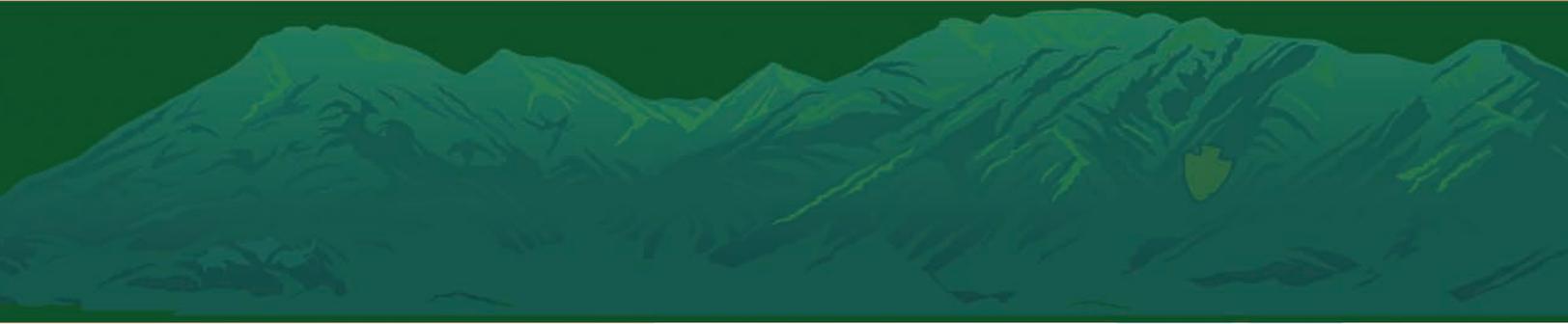
See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2009 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 164	\$ 164
OTHER REVENUES	<u>-</u>	<u>71</u>	<u>71</u>
TOTAL REVENUES	<u>-</u>	<u>235</u>	<u>235</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>12,513</u>	<u>655</u>	<u>11,858</u>
TOTAL EXPENDITURES	<u>12,513</u>	<u>655</u>	<u>11,858</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,513)</u>	<u>(420)</u>	<u>(12,093)</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(230)	(230)	-
TRANSFERS FROM OTHER FUNDS	<u>10,068</u>	<u>6,524</u>	<u>(3,544)</u>
TOTAL OTHER FINANCING SOURCES	<u>9,838</u>	<u>6,294</u>	<u>(3,544)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(2,675)	5,874	8,549
FUND BALANCE, JULY 1, 2008	<u>2,451</u>	<u>2,451</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2009	<u>\$ (224)</u>	<u>\$ 8,325</u>	<u>\$ 8,549</u>

See accompanying independent auditor's report.





# Statistical Section

Comprehensive Annual Financial Report

# STATISTICAL SECTION

The information in this section is not covered by the Independent Auditors' Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a governments condition.

## **CONTENTS**

### **FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

### **REVENUE CAPACITY**

These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.

### **DEBT CAPACITY**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

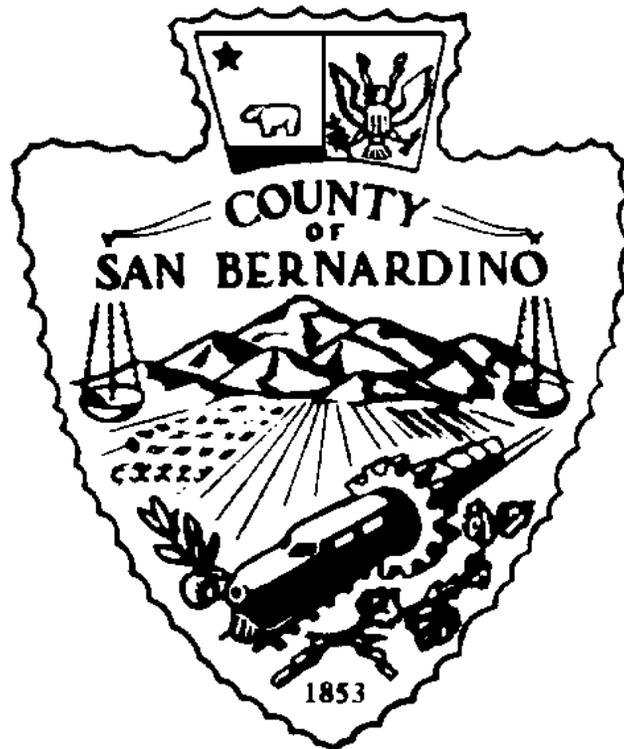
### **ECONOMIC AND DEMOGRAPHIC INFORMATION**

These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.

### **OPERATION INFORMATION**

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**SAN BERNARDINO COUNTY**  
**NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS (in thousands)**  
*(accrual basis of accounting)*

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u> <u>as restated</u>	<u>2002-03</u> <u>as restated</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u> <u>as restated</u>	<u>2006-07</u> <u>as restated</u>	<u>2007-08</u> <u>as restated</u>	<u>2008-09</u>
<b>GOVERNMENTAL ACTIVITIES</b>										
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	--	\$ 792,956	\$ 789,223	\$ 892,791	\$ 919,051	\$ 986,723	\$ 1,095,664	\$ 1,147,871	\$ 1,214,875
RESTRICTED:	--	--	397,757	410,106	400,271	465,540	541,483	674,368	688,298	792,895
UNRESTRICTED	--	--	(318,494)	119,932	77,292	149,702	44,373	108,424	222,623	150,528
SUBTOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	--	--	872,219	1,319,261	1,370,354	1,534,293	1,572,579	1,878,456	2,058,792	2,158,298
<b>BUSINESS-TYPE ACTIVITIES</b>										
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	--	(39,382)	(63,993)	(60,294)	(45,032)	(50,023)	(17,138)	(20,021)	35,784
RESTRICTED:	--	--	44,130	47,357	45,523	47,908	46,444	47,023	48,814	37,283
UNRESTRICTED	--	--	47,487	60,269	88,102	96,577	181,381	121,734	110,023	109,616
SUBTOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	--	--	52,235	43,633	73,331	99,453	177,802	151,619	138,816	182,683
<b>PRIMARY GOVERNMENT</b>										
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	--	753,574	725,230	832,497	874,019	936,700	1,078,526	1,127,850	1,250,659
RESTRICTED:	--	--	441,887	457,463	445,794	513,448	587,927	721,391	737,112	830,178
UNRESTRICTED	--	--	(271,007)	180,201	165,394	246,279	225,754	230,158	332,646	260,144
TOTAL PRIMARY GOVERNMENT NET ASSETS	--	--	\$ 924,454	\$ 1,362,894	\$ 1,443,685	\$ 1,633,746	\$ 1,750,381	\$ 2,030,075	\$ 2,197,608	\$ 2,340,981

**Notes:**

- (1) Trend data is only available for the last six years due to the implementation of GASB 34.
- (2) FY2001-02 'Total Primary Government Net Assets' were restated in FY2002-03 from \$888,017 to \$924,454.
- (3) FY2002-03 'Total Primary Government Net Assets' were restated in FY2003-04 from \$982,908 to \$1,362,894.
- (4) FY2005-06 'Total Primary Government Net Assets' were restated in FY2006-07 from \$1,748,264 to \$1,750,381.
- (5) FY2006-07 'Total Primary Government Net Assets' were restated in FY2007-08 from \$2,048,147 to \$2,030,075.
- (6) FY2007-08 'Total Primary Government Net Assets' were restated in FY2008-09 from \$2,223,157 to \$2,197,608.
- (7) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

**COUNTY OF SAN BERNARDINO**  
**CHANGES IN NET ASSETS**  
**LAST TEN FISCAL YEARS (in thousands)**  
*(accrual basis of accounting)*

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u> <u>as restated</u>	<u>2002-03</u> <u>as restated</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u> <u>as restated</u>	<u>2006-07</u> <u>as restated</u>	<u>2007-08</u> <u>as restated</u>	<u>2008-09</u>
<b>Expenses</b>										
Governmental Activities:										
General Government	--	--	\$ 121,398	\$ 113,270	\$ 132,933	\$ 125,760	\$ 137,092	\$ 153,460	\$ 179,638	\$ 178,257
Public Protection	--	--	532,666	586,715	656,464	702,624	764,154	844,036	888,798	922,822
Public Ways and Facilities	--	--	54,659	53,849	37,095	61,786	73,014	67,254	85,271	75,721
Health and Sanitation	--	--	332,361	303,216	328,530	329,669	241,795	273,143	303,533	337,062
Public Assistance	--	--	804,164	818,786	820,853	827,800	817,924	802,043	854,721	883,298
Education	--	--	14,826	12,782	10,357	16,243	17,612	18,106	20,788	21,941
Recreation and Cultural Services	--	--	15,321	17,456	22,284	21,185	19,355	24,899	24,086	24,697
Interest on Long Term Debt	--	--	49,542	45,109	42,678	72,041	75,350	83,260	77,444	83,770
Total Governmental Activities	--	--	1,924,937	1,951,183	2,051,194	2,157,108	2,146,296	2,266,201	2,434,279	2,527,568
Business-type Activities:										
Medical Center	--	--	399,621	418,332	456,087	496,437	430,459	477,814	421,531	440,197
Waste Systems	--	--	46,051	62,393	29,781	53,835	69,320	53,320	83,543	56,483
Other	--	--	17,492	20,823	19,827	19,446	21,463	31,503	53,305	21,479
Total Business-type Activities	--	--	463,164	501,548	505,695	569,718	521,242	562,637	558,379	518,159
Total Primary Government Expenses	--	--	\$ 2,388,101	\$ 2,452,731	\$ 2,556,889	\$ 2,726,826	\$ 2,667,538	\$ 2,828,838	\$ 2,992,658	\$ 3,045,727
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	--	--	\$ 78,945	\$ 84,719	\$ 93,387	\$ 93,122	\$ 99,452	\$ 103,993	\$ 105,052	\$ 110,817
Public Protection	--	--	119,413	132,329	140,922	160,169	168,524	198,803	214,252	249,714
Public Ways and Facilities	--	--	2,772	3,154	5,463	3,416	4,933	6,772	9,005	7,183
Health and Sanitation	--	--	106,714	110,458	125,299	141,471	42,713	49,020	42,820	56,732
Public Assistance	--	--	2,881	2,915	3,435	2,356	3,296	2,827	3,646	2,656
Education	--	--	816	889	1,054	1,008	1,105	1,170	1,100	1,240
Recreation and Cultural Services	--	--	6,375	8,700	7,833	7,342	7,030	7,695	8,391	8,882
Operating Grants/Contributions:										
General Government	--	--	8,046	5,588	13,982	8,646	9,438	19,275	16,687	11,752
Public Protection	--	--	112,459	121,453	146,814	151,158	168,369	198,710	149,313	140,036
Public Ways and Facilities	--	--	48,822	41,400	38,228	41,539	58,946	69,247	59,600	48,876
Health and Sanitation	--	--	249,609	204,083	222,900	246,782	247,842	315,857	300,174	319,212
Public Assistance	--	--	778,054	785,015	765,606	785,408	780,819	732,626	816,090	826,639
Education	--	--	2,275	1,711	978	762	987	1,219	1,215	907
Recreation and Cultural Services	--	--	102	501	801	4,368	4,262	6,800	1,920	2,652
Capital Grants/Contributions:										
General Government	--	--	-	-	-	-	-	-	-	4,728
Public Protection	--	--	7,705	14,780	-	-	-	57	20	-
Public Ways and Facilities	--	--	-	-	10,608	6,129	2,440	475	3,052	3,919
Recreation and Cultural Services	--	--	-	-	-	-	-	124	277	20
Subtotal Governmental Activities	--	--	1,524,988	1,517,695	1,577,310	1,653,676	1,600,156	1,714,670	1,732,614	1,795,965
Business-type Activities:										
Charges for Services:										
Medical Center	--	--	298,325	320,290	372,815	427,102	345,923	375,973	335,749	370,464
Waste System	--	--	46,274	44,272	54,831	63,240	65,616	63,419	67,898	60,755
Other	--	--	15,086	17,031	18,835	21,026	20,206	20,253	19,852	14,814
Operating Grants & Contributions:										
Medical Center	--	--	46,598	15,386	13,727	13,443	13,147	13,527	12,579	8,012
Waste System	--	--	-	-	946	-	-	-	-	-
Other	--	--	216	235	103	2,318	2,825	833	14	156
Capital Grants & Contributions:										
Medical Center	--	--	30,365	29,735	22,166	20,259	21,521	26,976	24,142	19,554
Subtotal Business-type Activities	--	--	436,864	426,949	483,423	547,388	469,238	500,981	460,234	473,755
Total Primary Government Program Revenues	--	--	\$ 1,961,852	\$ 1,944,644	\$ 2,060,733	\$ 2,201,064	\$ 2,069,394	\$ 2,215,651	\$ 2,192,848	\$ 2,269,720
<b>Net (Expense) / Revenue</b>										
Governmental Activities	--	--	\$ (399,949)	\$ (433,488)	\$ (473,884)	\$ (503,432)	\$ (546,140)	\$ (551,531)	\$ (701,665)	\$ (731,603)
Business-type Activities	--	--	(26,300)	(74,599)	(22,272)	(22,330)	(52,004)	(61,656)	(98,145)	(44,404)
Total Primary Government Net Expenses	--	--	\$ (426,249)	\$ (508,087)	\$ (496,156)	\$ (525,762)	\$ (598,144)	\$ (613,187)	\$ (799,810)	\$ (776,007)

(Continued)

**Notes:**

(1) Trend data is only available for the last seven years due to the implementation of GASB 34.

**COUNTY OF SAN BERNARDINO**  
**CHANGES IN NET ASSETS**  
**LAST TEN FISCAL YEARS (in thousands)**  
*(accrual basis of accounting)*

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u> <u>as restated</u>	<u>2002-03</u> <u>as restated</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u> <u>as restated</u>	<u>2006-07</u> <u>as restated</u>	<u>2007-08</u> <u>as restated</u>	<u>2008-09</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Property Taxes, Levied for General Purposes	--	--	\$ 181,558	\$ 185,768	\$ 206,860	\$ 213,644	\$ 418,703	\$ 477,973	\$ 538,962	\$ 562,625
Property Taxes, Levied for Debt Service	--	--	4,173	4,224	4,932	3,557	8,375	10,907	15,620	18,528
Public Safety Tax	--	--	90,363	94,206	110,188	125,222	140,855	150,903	147,794	126,083
Sales Taxes	--	--	19,572	21,766	22,285	26,683	30,875	31,846	26,316	21,992
Other Taxes	--	--	14,797	20,167	25,202	37,453	54,221	58,261	44,381	21,847
Motor Vehicle In-Lieu Taxes	--	--	111,964	117,661	94,583	175,266	-	-	-	-
Unrestricted Revenues from Use of Money and Property	--	--	51,922	37,247	33,063	43,762	61,590	76,046	88,878	74,567
Miscellaneous	--	--	73,922	58,393	46,876	63,545	51,784	74,695	67,409	65,461
Gains on Sale of Capital Assets	--	--	1,834	2,332	5,051	4,857	5,523	4,182	2,055	1,655
Special Item - Litigation Settlement	--	--	-	-	-	-	(102,000)	28,000	-	-
Transfers	--	--	(9,208)	(41,839)	(24,063)	(26,618)	(85,500)	(55,405)	(49,414)	(61,649)
Subtotal Governmental Activities	--	--	540,897	499,925	524,977	667,371	584,426	857,408	882,001	831,109
Business-type Activities										
Property Taxes, Levied for General Purposes	--	--	4,728	7,221	5,837	5,432	4,768	6,453	5,972	4,500
Unrestricted Revenues from Use of Money and Property	--	--	17,032	14,107	10,289	9,695	5,994	14,628	16,630	10,182
Miscellaneous	--	--	3,497	3,281	11,747	6,687	5,704	8,063	14,101	13,519
Gains on Sale of Capital Assets	--	--	(10)	168	34	20	157	(83)	-	56
Special Item - Gain on Sale of Surplus Land	--	--	-	-	-	-	28,230	-	-	-
Special Item - Eminent Domain Settlement	--	--	-	-	-	-	-	1,676	-	-
Special Item - Litigation Settlement	--	--	-	-	-	-	-	(2,500)	(775)	(1,635)
Transfers	--	--	9,208	41,839	24,063	26,618	85,500	55,405	49,414	61,649
Subtotal Business-type Activities	--	--	34,455	66,616	51,970	48,452	130,353	83,642	85,342	88,271
Total primary government	--	--	\$ 106,714	\$ 566,541	\$ 576,947	\$ 715,823	\$ 714,779	\$ 941,050	\$ 967,343	\$ 919,380
<b>Changes in Net Assets</b>										
Governmental Activities	--	--	\$ 140,948	\$ 66,437	\$ 51,093	\$ 163,939	\$ 38,286	\$ 305,877	\$ 180,336	\$ 99,506
Business-type Activities	--	--	8,155	(7,983)	29,698	26,122	78,349	21,986	(12,803)	43,867
Total Primary Government Net Expenses	--	--	\$ 149,103	\$ 58,454	\$ 80,791	\$ 190,061	\$ 116,635	\$ 327,863	\$ 167,533	\$ 143,373

**Notes:**  
(1) Trend data is only available for the last eight fiscal years due to the implementation of GASB 34.

**COUNTY OF SAN BERNARDINO**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS (IN THOUSANDS)**  
*(modified accrual basis accounting)*

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u> <u>as restated</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u> <u>as restated</u>	<u>2006-07</u>	<u>2007-08</u> <u>as restated</u>	<u>2008-09</u>
<b>General Fund</b>										
Reserved for:										
Encumbrances	--	--	\$ 13,994	\$ 15,542	\$ 9,632	\$ 33,021	\$ 15,267	\$ 18,605	\$ 23,355	\$ 18,803
Prepaid Items	--	--	321	1,489	1,344	7	7	1,278	2,310	4,145
Noncurrent Interfund Receivables	--	--	925	25	1,025	-	2,000	20,765	18,511	18,461
Inventories	--	--	1,192	1,166	1,205	295	296	435	424	350
Loans Receivable	--	--	1,218	1,457	1,462	1,817	16,745	35	42,532	54,396
Teeter	--	--	6,420	9,077	9,077	9,827	13,672	17,720	15,942	22,904
Unreserved:										
Designated	--	--	91,867	106,264	108,878	112,900	127,727	176,451	228,753	183,227
Undesignated	--	--	163,548	150,554	197,175	290,869	237,331	254,437	213,857	183,971
Subtotal General Fund	--	--	279,485	285,574	329,798	448,736	413,045	489,726	545,684	486,257
<b>Capital Improvement Fund</b>										
Reserved for:										
Encumbrances	--	--	-	-	-	-	-	-	-	16,517
Unreserved:										
Undesignated, Reported in:										
Capital Projects Fund	--	--	-	-	-	-	-	-	-	133,778
Subtotal Capital Improvement Fund	--	--	-	-	-	-	-	-	-	150,295
<b>All Other Governmental Funds</b>										
Reserved for:										
Encumbrances	--	--	40,045	47,087	38,293	51,536	68,059	62,569	61,612	40,964
Prepaid items	--	--	43	1,000	-	23	-	89	100	140
Noncurrent Interfund Receivables	--	--	3	453	403	400	400	400	400	-
Land Held for Resale	--	--	-	-	-	-	2,754	9,896	14,657	16,984
Inventories	--	--	919	933	235	214	185	80	131	126
Loans Receivable	--	--	-	144	116	-	-	-	-	1,470
Debt Service	--	--	37,382	48,947	40,193	30,719	26,260	28,444	33,323	41,985
Unreserved:										
Designated	--	--	-	-	-	-	-	-	-	11,990
Undesignated, Reported in:										
Special Revenue Funds	--	--	196,714	200,564	217,986	204,808	241,105	326,420	326,216	335,589
Capital Projects Funds	--	--	34,192	34,898	16,943	53,357	94,529	88,841	105,197	51,848
Permanent Funds	--	--	475	514	543	482	517	583	631	561
Subtotal All Other Governmental Funds	--	--	309,773	334,540	314,712	341,539	433,809	517,322	542,267	501,657
<b>Total Governmental Fund Balance</b>	--	--	\$ 589,258	\$ 620,114	\$ 644,510	\$ 790,275	\$ 846,854	\$ 1,007,048	\$ 1,087,951	\$ 1,138,209

**Notes:**

- 1) Trend data is only available for the last eight fiscal years due to the implementation of GASB 34.
- 2) The substantial increase or decrease in fund balance reserved, or unreserved is explained in Management's Discussion Analysis.
- 3) Capital Improvement Fund became a major fund during fiscal year 2008-09.

COUNTY OF SAN BERNARDINO  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS (IN THOUSANDS)  
 (modified accrual basis accounting)

	1999-00	2000-01	2001-02 as restated	2002-03	2003-04	2004-05	2005-06 as restated	2006-07	2007-08 as restated	2008-09
<b>Revenues (by Source)</b>										
Taxes	\$ 280,499	\$ 303,313	\$ 300,737	\$ 329,753	\$ 371,404	\$ 400,646	\$ 644,390	\$ 733,833	\$ 778,973	\$ 753,320
Licenses, Permits, and Franchises	15,202	15,766	16,520	16,670	18,630	20,964	22,462	25,077	24,491	24,779
Fines, Forfeitures, and Penalties	20,168	18,440	16,574	18,841	16,458	18,744	18,656	19,224	22,572	22,373
Rev from Use of Money and Property	55,948	58,182	51,922	37,247	33,063	44,205	62,919	76,046	82,791	69,902
Aid from Other Governments	1,077,662	1,169,708	1,323,725	1,296,324	1,298,765	1,425,832	1,273,869	1,344,390	1,348,348	1,358,743
Charges for Current Services	239,699	248,090	284,822	307,653	342,305	369,176	285,935	325,979	337,203	385,423
Other Revenues	45,492	70,157	73,967	58,418	47,154	64,227	51,988	73,956	63,552	65,071
<b>Total Revenues</b>	<b>\$ 1,734,670</b>	<b>\$ 1,883,656</b>	<b>\$ 2,068,267</b>	<b>\$ 2,064,906</b>	<b>\$ 2,127,779</b>	<b>\$ 2,343,794</b>	<b>\$ 2,360,219</b>	<b>\$ 2,598,505</b>	<b>\$ 2,657,930</b>	<b>\$ 2,679,611</b>
<b>Expenditures (by Function)</b>										
General Government	\$ 82,523	\$ 91,459	\$ 118,669	\$ 110,847	\$ 178,026	\$ 123,212	\$ 137,547	\$ 152,991	\$ 159,999	\$ 161,448
Public Protection	470,918	510,068	521,433	560,753	859,932	686,855	749,900	851,946	882,744	892,497
Public Ways and Facilities	36,237	43,178	59,269	59,272	57,576	47,364	75,416	81,659	75,329	61,814
Health and Sanitation	274,474	272,180	331,155	301,484	386,749	329,595	245,187	277,677	307,566	334,305
Public Assistance	678,314	709,821	800,038	814,631	923,900	826,829	827,230	820,617	869,618	877,345
Education	11,235	40,899	12,626	12,543	14,029	15,912	17,469	18,149	20,713	20,983
Recreation and Cultural Services	11,340	14,058	14,316	14,986	19,545	18,490	16,443	22,086	19,913	20,726
Debt Service										
Principal (1)	22,136	99,557	24,662	96,480	23,163	31,887	37,596	41,445	45,863	49,041
Interest	49,684	48,577	35,817	30,313	26,727	44,078	54,968	62,191	54,752	58,313
Bond Issuance Costs	-	-	-	-	-	-	2,297	2,230	3,156	-
Advance Refunding Escrow	-	-	-	-	-	-	1,622	-	9,183	-
Capital Outlay	38,262	44,829	59,974	60,147	60,279	53,914	107,057	97,056	83,535	95,185
<b>Total Expenditures</b>	<b>\$ 1,675,123</b>	<b>\$ 1,874,626</b>	<b>\$ 1,976,959</b>	<b>\$ 2,061,456</b>	<b>\$ 2,549,926</b>	<b>\$ 2,178,136</b>	<b>\$ 2,272,732</b>	<b>\$ 2,428,047</b>	<b>\$ 2,532,371</b>	<b>\$ 2,571,657</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	59,547	9,030	106,714	3,450	(422,147)	165,658	87,487	170,458	125,559	107,954
<b>Other Financing Sources (Uses)</b>										
Transfer to Other Funds	(80,316)	(134,149)	(117,727)	(182,454)	(126,812)	(198,539)	(296,777)	(300,797)	(289,904)	(444,888)
Transfer from Other Funds	83,909	116,376	108,519	140,615	102,896	172,054	216,806	253,304	238,666	382,918
RDA Property Conveyance	-	(4,460)	-	-	-	-	-	-	-	-
Refunding Bonds Issued	-	-	119,659	63,791	-	-	58,275	23,845	212,750	-
Premium on Refunding Bonds	-	-	-	-	-	-	1,270	1,385	(136)	-
Payment To Refunded Bond Escrow Agent (1)	-	-	(112,171)	-	-	-	(18,792)	(24,709)	(208,214)	-
Long-Term Debt Issued	19,770	-	-	-	466,142	940	2,118	132,851	-	-
Inception Of Capital Leases Obligations	5,951	2,979	2,903	1,485	1,038	796	823	1,675	127	2,619
Sale of Capital Assets	3,131	4,413	1,834	2,332	3,279	4,856	5,369	4,182	2,055	1,655
Other	-	(49)	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources and (Uses)</b>	<b>\$ 32,445</b>	<b>\$ (14,890)</b>	<b>\$ 3,017</b>	<b>\$ 25,769</b>	<b>\$ 446,543</b>	<b>\$ (19,893)</b>	<b>\$ (30,908)</b>	<b>\$ 91,736</b>	<b>\$ (44,656)</b>	<b>\$ (57,696)</b>
<b>Special Item</b>										
Judgement Obligation Bonds Uses (2)	-	-	-	-	-	-	-	(102,000)	-	-
<b>Total Special Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(102,000)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ 91,992</b>	<b>\$ (5,860)</b>	<b>\$ 94,325</b>	<b>\$ 29,219</b>	<b>\$ 24,396</b>	<b>\$ 145,765</b>	<b>\$ 56,579</b>	<b>\$ 160,194</b>	<b>\$ 80,903</b>	<b>\$ 50,258</b>
<b>Debt Service as a Percentage of Noncapital Expenditures (1):</b>										
	4.39%	8.10%	3.15%	6.34%	2.00%	3.58%	4.27%	4.45%	4.11%	4.33%

(1) - Principal for 2006-07 was restated by \$24,709 to Payment to Refunded Bonds Escrow Agent in accordance with GASB 7.

(2) - Judgement Obligation Bonds Uses for 2006-07 was reclassified from Other Financing Sources (Uses) to Special Item in accordance with GASB 34.

**SAN BERNARDINO COUNTY  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS (IN THOUSANDS)**

<b>FISCAL YEAR</b>	<b>(1) SECURED</b>	<b>(2) UNSECURED</b>	<b>(3) UNITARY</b>	<b>(4) EXEMPT</b>	<b>TOTAL TAXABLE ASSESSED VALUE</b>	<b>TOTAL DIRECT TAX RATE</b>
1999-2000	\$ 70,901,485	\$ 5,727,159	\$ 3,250,320	\$ (1,634,987)	\$ 78,243,977	1.00%
2000-2001	73,958,124	5,992,100	3,126,651	(1,582,587)	81,494,288	1.00%
2001-2002	79,140,890	6,282,204	3,039,460	(1,649,624)	86,812,930	1.00%
2002-2003	85,489,055	6,741,921	3,168,274	(1,677,990)	93,721,260	1.00%
2003-2004	93,691,969	6,814,015	3,103,587	(1,759,907)	101,849,664	1.00%
2004-2005	104,412,156	6,754,932	3,198,469	(1,779,075)	112,586,482	1.00%
2005-2006	119,954,789	7,405,467	3,313,150	(1,777,529)	128,895,877	1.00%
2006-2007	142,703,331	7,590,432	3,538,535	(1,790,813)	152,041,485	1.00%
2007-2008	165,009,379	8,910,772	3,779,487	(1,803,535)	175,896,103	1.00%
2008-2009	172,978,860	9,766,061	4,156,938	(1,831,986)	185,069,873	1.00%

**Notes:**

- (1) Secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.
- (2) Unsecured property is generally personal property including machinery, equipment, office tools and supplies.
- (3) Unitary properties are railroads and utilities crossing the county and are assessed by the State Board of Equalization.
- (4) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- (5) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13) the County does not track the estimated actual value of all County properties. Under Prop 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

**Source:**

Auditor-Controller/Recorder, County of San Bernardino

COUNTY OF SAN BERNARDINO  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - TAX RATE AREA 7000 (1)  
(\$1 PER \$100 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>SAN BERNARDINO COUNTY GENERAL</u>	<u>SCHOOLS</u>	<u>SAN BERNARDINO MUNICIPAL WATER</u>	<u>TOTAL</u>
1999-00	1.0000	0.0426	0.1070	1.1496
2000-01	1.0000	0.0336	0.1070	1.1406
2001-02	1.0000	0.0361	0.1420	1.1781
2002-03	1.0000	0.0315	0.1400	1.1715
2003-04	1.0000	0.0579	0.1400	1.1979
2004-05	1.0000	0.1105	0.1400	1.2505
2005-06	1.0000	0.0954	0.1600	1.2554
2006-07	1.0000	0.0902	0.1550	1.2452
2007-08	1.0000	0.0788	0.1650	1.2438
2008-09	1.0000	0.1071	0.1650	1.2721

**Note:**

(1) The tax rate for Tax Rate Area 7000, which applies to most of the property within the City of San Bernardino, is used to illustrate the breakdown of a tax rate within the County.

**Source:**

Auditor/Controller-Recorder, County of San Bernardino.

COUNTY OF SAN BERNARDINO  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO

TAXPAYERS	TYPE OF BUSINESS	FISCAL YEAR 2009		FISCAL YEAR 2000	
		ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE
SOUTHERN CALIFORNIA EDISON	UTILITY	\$ 1,561,256,753	0.84%	\$ 1,154,157,100	1.16%
LOMA LINDA UNIVERSITY MEDICAL CENTER	HEALTH CARE	803,946,340	0.43%	N/A	N/A
PRO LOGIS	REAL ESTATE	766,973,433	0.41%	N/A	N/A
VERIZON CALIFORNIA	COMMUNICATIONS	685,625,497	0.37%	N/A	N/A
CATELLUS	REAL ESTATE	628,218,846	0.34%	N/A	N/A
MOUNTAIN VIEW POWER	UTILITIES	593,500,000	0.32%	N/A	N/A
HIGH DESERT POWER TRUST 2000-A	UTILITIES	495,245,265	0.27%	N/A	N/A
MAJESTIC REALTY CO	REAL ESTATE	481,611,538	0.26%	N/A	N/A
CEMEX INC	MANUFACTURING	436,223,997	0.24%	N/A	N/A
KAISER FOUNDATION HOSPITALS	HEALTH CARE	436,141,481	0.24%	N/A	N/A
TOTAL		<u>\$ 6,888,743,150</u>	<u>3.72%</u>	<u>\$ 1,154,157,100</u>	<u>1.16%</u>

**Notes:**  
 Net Assesses Secured amounts include Secured & Unitary less exemptions.

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

**SAN BERNARDINO COUNTY  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS (IN THOUSANDS)**

FISCAL YEAR	(1) TAXES LEVIED	(2) COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2009	\$ 2,320,100	\$ 2,167,576	93.43%	\$ -	\$ 2,167,576	93.43%
2008	2,187,535	2,025,529	92.50%	141,715	2,167,244	99.00%
2007	1,908,390	1,799,062	94.30%	88,273	1,887,335	98.90%
2006	1,635,460	1,576,842	96.40%	54,333	1,631,175	99.70%
2005	1,430,975	1,379,658	96.40%	34,145	1,413,803	98.80%
2004	1,297,403	1,257,459	96.90%	33,457	1,290,916	99.50%
2003	1,187,114	1,139,679	96.00%	41,499	1,181,178	99.50%
2002	1,095,919	1,051,265	95.90%	41,366	1,092,631	99.70%
2001	1,044,654	995,354	95.30%	47,211	1,042,565	99.80%
2000	995,499	938,047	94.20%	52,475	990,522	99.50%

**Notes:**

- (1) Secured and Unitary tax levy for the County itself, school districts, cities and special districts under the supervision of their own governing boards.
- (2) Included are amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards.

**Source:**

Auditor-Controller/Recorder, County of San Bernardino

COUNTY OF SAN BERNARDINO  
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT  
 AS OF JUNE 30, 2009

2008-09 ASSESSED VALUATION (1): \$186,901,860,327 (includes unitary utility valuation)  
 Redevelopment Incremental Valuation: 56,688,418,304  
 Adjusted Assessed Valuation: \$130,213,442,023

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>PERCENT APPLICABLE</u>	<u>DEBT 6/30/09</u>
METROPOLITAN WATER DISTRICT	3.112 %	\$ 9,131,386
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000	166,392,310
SAN BERNARDINO VALLEY JOINT COMMUNITY COLLEGE DISTRICT	98.513	430,028,688
OTHER COMMUNITY COLLEGE DISTRICTS	VARIOUS	160,847,672
APPLE VALLEY UNIFIED SCHOOL DISTRICT	100.000	34,278,758
CHINO VALLEY UNIFIED SCHOOL DISTRICT	100.000	143,459,999
COLTON JOINT UNIFIED SCHOOL DISTRICT	97.227	92,487,064
FONTANA UNIFIED SCHOOL DISTRICT	100.000	200,845,251
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	112,599,784
RIALTO UNIFIED SCHOOL DISTRICT	100.000	47,240,038
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000	158,572,567
UPLAND UNIFIED SCHOOL DISTRICT	100.000	57,241,250
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS	77,297,648
UNION HIGH SCHOOL DISTRICTS	100.000	121,380,878
SCHOOL DISTRICTS	100.000	131,463,441
CITY OF REDLANDS	100.000	2,695,000
COUNTY SERVICE AREAS	100.000	800,000
MOJAVE WATER AGENCY	100.000	20,205,000
MOJAVE WATER AGENCY, I.D. M	100.000	31,730,000
COUNTY WATER DISTRICTS	100.000 (1)	1,131,000
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	96,185,000
CITY OF FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	119,330,000
CITY OF CHINO COMMUNITY FACILITIES DISTRICTS	100.000	71,005,000
RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	155,830,000
CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	104,595,000
SAN BERNARDINO COUNTY COMMUNITY FACILITIES DISTRICTS	100.000	43,345,000
OTHER COMMUNITY FACILITIES DISTRICTS	100.000	246,942,904
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	61,765,175
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 2,898,825,813</u>

COUNTY OF SAN BERNARDINO  
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)  
 AS OF JUNE 30, 2009

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	PERCENT APPLICABLE	DEBT 6/30/09
SAN BERNARDINO COUNTY GENERAL FUND OBLIGATIONS	100.000 %	\$ 741,470,000
SAN BERNARDINO COUNTY PENSION OBLIGATIONS	100.000	688,325,591 (1)
SAN BERNARDINO COUNTY FLOOD DISTRICT GENERAL FUND OBLIGATIONS	100.000	117,495,000
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT CERTIFICATES OF PARTICIPATION	99.759	2,244,578
COMMUNITY COLLEGE DISTRICT CERTIFICATES OF PARTICIPATION	Various	65,087,140
CHINO VALLEY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	43,875,000
FONTANA UNIFIED SCHOOL DISTRICT	100.000	53,225,000
HESPERIA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	105,000,000
SNOWLINE JOINT UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	98.681	62,874,599
OTHER UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	Various	55,515,239
UNION HIGH SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	8,805,000
CUCAMONGA SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	12,140,000
OTHER SCHOOL DISTRICT GENERAL FUND OBLIGATIONS	100.000	18,010,000
CITY OF FONTANA CERTIFICATES OF PARTICIPATION	100.000	57,725,000
CITY OF ONTARIO GENERAL FUND OBLIGATIONS	100.000	29,560,000
CITY OF MONTCLAIR GENERAL FUND OBLIGATIONS	100.000	64,504,320
CITY OF SAN BERNARDINO GENERAL FUND OBLIGATIONS	100.000	25,550,000
CITY OF VICTORVILLE GENERAL FUND OBLIGATIONS	100.000	83,770,000
OTHER CITY GENERAL FUND OBLIGATIONS	100.000	154,181,792
WATER DISTRICT CERTIFICATES OF PARTICIPATION	100.000	9,125,000
OTHER SPECIAL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	6,302,064
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		2,404,785,323
LESS:		
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT CERTIFICATES OF PARTICIPATION		2,244,578
SCHOOL DISTRICT QZABS SUPPORTED BY INVESTMENT FUND		3,706,000
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 2,398,834,745</u>
COMBINED GROSS DEBT		\$ 5,303,611,136 (2)
COMBINED NET DEBT		5,297,660,558

**RATIOS TO 2008-2009 ASSESSED VALUATION**

TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT..... 1.55

**RATIOS TO ADJUSTED ASSESSED VALUATION**

COMBINED DIRECT DEBT (\$1,429,795,591)..... 1.10  
 GROSS COMBINED TOTAL DEBT ..... 4.07  
 NET COMBINED TOTAL DEBT..... 4.07

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/2009: \$ 85,555

**Notes:**

- (1) Excludes accreted values.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**Source:**

California Municipal Statistics.

COUNTY OF SAN BERNARDINO  
 COMPUTATION OF LEGAL DEBT MARGIN  
 LAST TEN FISCAL YEARS (IN THOUSANDS)

<u>FISCAL YEAR</u>	<u>(1) ASSESSED VALUE</u>	<u>(2) LEGAL DEBT LIMIT</u>	<u>(3) BONDED DEBT</u>	<u>(4) LEGAL DEBT MARGIN</u>	<u>RATIO OF BONDED DEBT TO DEBT LIMIT</u>
1999-00	\$ 78,243,977	\$ 978,050	\$ 3,691	\$ 814,359	0.38%
2000-01	81,494,288	1,018,679	3,365	1,015,314	0.33%
2001-02	86,812,930	1,085,162	2,979	1,082,183	0.27%
2002-03	93,721,260	1,171,516	2,657	1,168,859	0.23%
2003-04	101,849,664	1,273,121	2,321	1,270,800	0.18%
2004-05	112,586,482	1,407,331	2,045	1,405,286	0.15%
2005-06	128,895,877	1,611,198	1,930	1,609,268	0.12%
2006-07	152,041,485	1,900,519	1,815	1,898,704	0.10%
2007-08	175,896,103	2,198,701	1,695	2,197,006	0.08%
2008-09	185,069,873	2,313,373	1,570	2,311,803	0.07%

**Notes:**

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value and Actual Value of Property" schedule.
- (2) The legal debt limit is 1.25% of assessed value.
- (3) Bonded debt subject to limitation; amount includes only general obligation bonds.
- (4) The legal debt margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable to the legal debt limit.

**Source:**

Auditor-Controller/Recorder, County of San Bernardino

COUNTY OF SAN BERNARDINO  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST EIGHT FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITA)  
JUNE 30, 2009

FISCAL YEAR	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES				TOTAL OUTSTANDING DEBT	PERCENTAGE OF ASSESSED VALUE (1)	PERCENTAGE OF PERSONAL INCOME (2)	PER CAPITA (2)
	CERTIFICATES OF PARTICIPATION	REVENUE BONDS	BONDS AND NOTES	CAPITAL LEASE OBLIGATION	OTHER LONG-TERM LIABILITIES	CERTIFICATES OF PARTICIPATION	GENERAL OBLIGATION BONDS	NOTES	CAPITAL LEASE OBLIGATION				
2001-02	\$ 249,756	\$ 430,898	\$ 21,499	\$ 8,682	\$ 18,177	\$ 622,057	\$ 2,979	\$ 1,556	\$ 669	\$ 1,356,273	1.56%	3.22%	\$ 770
2002-03	232,640	434,889	21,184	6,994	23,246	694,739	2,657	2,729	289	1,419,367	1.51%	3.20%	785
2003-04	225,523	437,820	484,755	5,517	26,553	670,652	2,321	3,836	1,659	1,858,636	1.82%	3.86%	998
2004-05	212,704	439,539	484,409	4,457	29,900	645,146	2,045	4,435	1,305	1,823,940	1.62%	3.59%	952
2005-06	200,528	439,879	522,835	3,889	25,227	618,099	1,930	6,905	2,438	1,821,730	1.41%	3.44%	916
2006-07	186,959	457,038	649,062	4,010	9,290	589,367	1,815	6,399	4,136	1,908,076	1.25%	3.47%	942
2007-08	172,024	451,137	639,878	1,627	8,554	563,741	1,695	2,971	2,751	1,844,378	1.05%	3.31%	898
2008-09	155,801	448,874	637,450	3,231	5,230	530,325	1,570	2,823	1,359	1,786,663	0.97%	3.20%	869

Notes:

- (1) See the "Assessed Value and Actual Value of Taxable Property" table for total taxable assessed value. Assessed value does not include tax exempt property.
- (2) See the "Demographic and Economic Statistics" table for the personal income and the population figures.

Source:

Auditor/Controller-Recorder, County of San Bernardino

COUNTY OF SAN BERNARDINO  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS (IN THOUSANDS)  
 June 30, 2009

**GEOGRAPHICAL LOCATION:** The County of San Bernardino is located in the southern portion of California and is bordered on the east by the State of Arizona and the State of Nevada, on the north by Inyo County, on the west by Kern and Los Angeles Counties, and on the south by Orange and Riverside Counties.

**ALTITUDE:** Elevation ranges from a high of 11,502 feet above sea level to a low of 181 feet above sea level.

**AREA OF COUNTY:** Approximately 20,180 square miles (Largest area in the contiguous United States).

**COUNTY SEAT:** San Bernardino, California

**FORM OF GOVERNMENT:** Chartered County, governed by five-member Board of Supervisors

**DATE CHARTER ADOPTED:** April 7, 1913

**FISCAL YEAR:** July 1 - June 30

**REGISTERED VOTERS:** 805,755 as of June 30, 2009

CALENDAR YEAR	(1), (2) POPULATION	(2) PERSONAL INCOME	(2), (5) PER CAPITA PERSONAL INCOME	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
2000	1,719 (5)	37,772	21.97	374	4.80%
2001	1,762 (5)	40,431	22.95	383	4.60%
2002	1,809 (5)	42,141	23.29	394	5.60%
2003	1,863 (5)	44,290	23.77	407	5.50%
2004	1,916 (5)	48,117	25.11	419	6.90%
2005	1,951 (6)	50,567 (7)	25.92 (7)	423	5.40%
2006	1,992 (6)	52,988 (7)	26.60 (7)	425	4.70%
2007	2,028 (6)	55,020 (7)	27.13 (7)	428	5.70%
2008	2,055 (6)	55,752 (7)	27.13 (7)	428	8.50%
2009	2,061 (6)	56,203 (7)	27.27 (7)	420	13.90%

**ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2009 (whole numbers) (1):**

INCORPORATED CITIES

Adelanto	28,265	Montclair	36,964
Apple Valley	69,861	Needles	5,793
Barstow	24,213	Ontario	173,188
Big Bear Lake	6,255	Rancho Cucamonga	177,736
Chino	84,173	Redlands	71,646
Chino Hills	78,725	Rialto	100,022
Colton	51,684	San Bernardino	204,483
Fontana	189,021	Twentynine Palms	30,832
Grand Terrace	12,484	Upland	75,034
Hesperia	88,184	Victorville	109,441
Highland	52,372	Yucaipa	51,317
Loma Linda	22,619	Yucca Valley	21,239
		<b>Total</b>	<b>1,765,551</b>
		<b>Unincorporated Areas:</b>	<b>295,398</b>
		<b>Total Population</b>	<b>2,060,949</b>

**Sources:**

- (1) California Department of Finance (population for 2006 and 2007).
- (2) Bureau of Economic Analysis U.S. Department of Commerce
- (3) Superintendent of Schools
- (4) California Employment Development Department
- (5) County of San Bernardino 2009-10 Final Budget

**Notes:**

- (5) Population is estimated on July 1
- (6) Population estimated as of January 1
- (7) Estimated amounts

**SAN BERNARDINO COUNTY  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO**

<b>Employer</b>	<b>2009</b>				<b>2000</b>		
	(1) Employees	Rank	(2) Percentage of Total Employment		(1) Employees	Rank	(2) Percentage of Total Employment
County of San Bernardino	18,515	1	2.43%	County of San Bernardino	16,082	1	2.13%
Loma Linda Adventist Health Sciences Center	12,851	2	1.69%	Loma Linda University Medical Center	5,916	6	0.78%
U.S. Marine Corps Air Ground Combat Center	12,486	3	1.64%	U.S. Marine Corps Air Ground Combat Center	12,664	2	1.67%
U.S. Army, Fort Irwin & National Training Center	10,000	4	1.31%	U.S. Army, Fort Irwin & National Training Center	8,903	3	1.18%
Stater Bros.	7,900	5	1.04%	Stater Bros.	6,500	5	0.86%
San Bernardino City Unified School District	7,722	6	1.01%	San Bernardino City Unified School District	5,500	7	0.73%
Wal-Mart	6,125	7	0.80%	Wal-Mart	4,175	10	0.55%
Kaiser Permanente	5,808	8	0.76%	Kaiser Permanente	4,200	8	0.56%
UPS	4,990	9	0.66%	UPS	6,902	4	0.91%
Fontana Unified School District	4,800	10	0.66%	Fontana Unified School District	4,000	9	0.53%
	91,197				74,842		

**Notes:**

- 1) (\*) Data not available.
- 2) Data represent actual number of employees.
- 3) Starting fiscal year 2009, Court employees are excluded from County of San Bernardino total employees.

**Sources:**

- (1) Business Press Book of List
- (2) Employment Development Department
- (3) Inlandsocal.wordpress.com
- (4) San Bernardino County payroll Records as of Nov. 2009
- (5) San Bernardino County Economic Development Agency
- (6) thebizpress.com\*

**COUNTY OF SAN BERNARDINO  
COUNTY EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<b>FUNCTION/PROGRAM</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
General	1,505	1,592	1,677	1,643	1,624	1,639	1,691	1,699	1,790	1,728
Public Protection	6,254	6,462	6,940	7,111	6,923	7,069	7,480	7,777	7,672	6,679
Public Ways & Facilities	370	392	444	455	468	384	384	465	501	522
Health and Sanitation	3,570	3,722	3,909	3,910	3,781	3,840	3,922	4,139	4,339	4,285
Public Assistance	4,035	4,112	4,335	3,880	3,664	3,753	3,735	3,799	4,214	4,163
Education	199	214	216	211	202	218	226	235	261	246
Recreation & Cultural	435	428	395	375	368	333	335	268	386	347
<b>Total</b>	<b>16,368</b>	<b>16,922</b>	<b>17,915</b>	<b>17,585</b>	<b>17,029</b>	<b>17,235</b>	<b>17,774</b>	<b>18,382</b>	<b>19,163</b>	<b>17,970</b>

**Notes:**

- (1) A full-time employee is scheduled to work 260 days per year. At eight hours per day, 2080 hours are scheduled per year (including vacation and sick leave). Full-time equivalent employment (FTE) is calculated by dividing all paid hours by 2080.
- (2) Starting fiscal year 2009, Court total FTE, reported previously under Public Protection function, is no longer included as part of the County FTE.

**Source:**

San Bernardino County payroll records as of June 30.

COUNTY OF SAN BERNARDINO  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST EIGHT YEARS

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Function/Program</b>								
<b>General Government</b>								
Legal Documents Recorded (W)	671,000	860,496	949,864	968,961	945,500	838,333	628,866	564,379
Percentage of payments process within 10 days (P)	*	*	*	*	80%	86%	93%	86%
<b>Public Protection</b>								
Criminal Felonies Filed - District Attorney (W)	16,956	16,700	18,876	20,193	21,950	20,511	24,099	22,409
Criminal Misdemeanor Filed - District Attorney (W)	36,862	36,500	39,412	38,863	38,963	44,035	49,223	45,700
Average Cases Supervised-Probation (W)	20,895	21,052	21,368	*	23,400	25,690	29,205	25,120
Percentage of new adults cases assessed with a valid risk instrument- Probation (P)					59%	77%	79%	78%
Sherriff's calls for Service (W)	607,714	650,264	809,400	*	710,000	1,193,961	1,247,993	1,157,568
Number of inmate-on-inmate assaults per 1,000 per month. (P)	*	*	*	*	11.50%	7.44%	7.00%	5.60%
Percent of autopsies performed per reportable deaths - Coroner (P)	*	*	*	*	6%	19%	9%	17%
<b>Fire Protection</b>								
No. of Fire calls (W)	88,711	92,131	89,553	91,324	99,235	86,915	89,106	89,061
<b>Public Way &amp; Facilities</b>								
<b>Solid Waste</b>								
Total Tonnage Landfilled (W)	1,142,707	1,484,693	1,497,304	1,794,126	1,852,124	1,757,436	1,665,566	1,267,447
Pounds of trash per cubic yard of capacity-High Volume Sites (P)					1,035	1,120	1,130	1,125
Maintained Road Miles (W)	2,830	2,834	2,834	2,822	2,830	2,780	2,774	2,775
Average Pavement Condition index (PCI) of county maintained roads (P)	*	*	*	*	75	76	77	78
<b>Health and Sanitation</b>								
Direct Billable hours: Clinic - Behavior Health (W)	185,996	242,418	228,505	226,811	293,542	201,247	236,285	267,560
Patient Visits - Public Health (W)	95,786	92,853	102,052	110,519	112,037	130,073	76,786	89,110
<b>Arrowhead Regional Medical Center</b>								
Emergency Room Visits (W)	60,490	66,734	88,338	81,712	97,790	106,298	113,537	124,156
<b>Public Assistance</b>								
Annual Paid Cases - CalWORKS-All Other Families (W)	379,681	377,456	364,569	351,902	345,072	307,742	333,096	384,946
Percentage of successful placements of people in Work Participation Rate (P)	*	*	*	*	56%	19%	23%	23%
Annual Paid Cases - CalWORKS-2 Parent Families (W)	34,388	3,120	27,928	23,147	24,155	18,748	26,322	42,284
Average child support collections per month (W)	10,270,874	10,831,461	12,293,906	12,607,140	12,000,000	12,619,615	12,792,980	12,809,690
Percentage of current support collected - Child Support (W)	*	*	*	*	46%	49%	51%	51%
<b>Education</b>								
<b>County Library</b>								
Circulation (W)	2,931,733	2,902,322	2,716,652	2,482,274	2,600,000	2,520,000	2,638,000	3,033,418
Total Patron Visits (W)	3,124,386	3,309,508	3,318,250	3,183,479	3,120,000	3,374,000	3,846,000	4,597,787
Total feet of space available at branch libraries (P)	*	*	*	*	200,000	222,231	326,015	368,795
<b>Recreation and Cultural Services</b>								
<b>County Museum</b>								
Total Paid Attendance (W)	108,909	65,185	67,098	57,971	71,500	71,000	90,810	640,708
Collected Lots, Objects, and Spe (W)	1,200,000	1,500,000	1,510,000	1,600,000	1,601,000	1,601,000	1,800,000	2,300,000
<b>Regional Parks</b>								
Total Attendance (W)	2,287,460	2,516,000	2,258,753	2,280,000	2,160,000	2,200,000	2,200,205	1,898,960
Number of miles of open and usable trails maintained by Regional Parks (P)	*	*	*	*	13.3	16.6	17.6	23.5

**Notes:**  
(1) Operating Indicators by function/program is only available for the last six fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.  
(2) In FY 05-06 work indicators have been replaced with work performance measures and all FY 2005-06 are estimates

**Key:**  
(W) Work Indicator  
(P) Performance Measures  
(\* )Information not available

**Source:**  
SB County and Special Districts Final Budget  
SB County Departments  
Auditor/Controller-Recorder, County of San Bernardino

COUNTY OF SAN BERNARDINO  
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
 LAST EIGHT YEARS

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Function/Program</b>								
<b>General Government</b>								
Recorder's Data Processing Equipment	36	40	43	53	63	60	58	59
<b>Public Protection</b>								
Major Correction & Detention Facilities	4	5	6	6	7	7	7	7
Sheriff Stations	15	15	15	10	10	10	10	9
Sheriff Vehicles	1599	1,605	1,551	1,684	1,618	1,809	1658	1658
Fire Department Equipment	181	207	250	323	373	361	432	429
<b>Public Way &amp; Facilities</b>								
Solid Waste Heavy Equipment	27	30	25	24	18	18	16	12
Transportation: Trucks, Trailers, and Other Vehicles	218	236	273	268	276	274	264	274
Airports	6	6	6	6	6	6	6	6
Bridges	318	318	318	318	318	318	318	318
Traffic Signal	148	160	192	212	220	252	265	329
<b>Health and Sanitation</b>								
Major Health Administration Buildings	2	2	2	2	2	2	2	2
Animal Shelter and Insecticide Buildings	2	2	2	2	2	2	2	2
Public Health Laboratory/Science/Engineering Equipment	33	36	40	46	46	51	99	134
Medical Center: Number of Hospitals	1	1	1	1	1	1	1	1
<b>Public Assistance</b>								
Administrative & Office Equipment	459	463	464	508	549	452	441	495
<b>Education</b>								
Library Branches	28	28	29	29	29	30	30	30
Bookmobiles	2	2	2	2	2	2	2	2
<b>Recreation and Cultural Services</b>								
County Museum: Main Facility	1	1	1	1	1	1	1	1
County Regional Parks	9	9	9	9	9	9	9	9

**Notes:**  
 (1) Capital Assets by function/program is only available for the last eight fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.

**Source:**  
 SB County Budget  
 SB County Special Districts Final Budget  
 SB County Departments  
 Auditor/Controller-Recorder, County of San Bernardino

County of San Bernardino, State of California

Comprehensive Annual Financial Report | For the Year Ended June 30, 2009



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